



**ATHEXCSD**  
*Central Securities Depository*

# **INVESTOR CSD SERVICES: FREQUENTLY ASKED QUESTIONS**

**INFORMATION BULLETIN**

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## **2 TRANSACTIONS SETTLEMENT**

### **2.1 How can Participants place OTC settlement instructions on dual listed securities?**

Instructions are entered

1. through the DSS using a screen or file. Participants can find guidance for entering OTC instructions, in the relevant manuals
  - Participants' OTC transactions, [here](#), in section Settlement Manuals
  - Communication files with Participants [here](#), in section Clearing Manuals
2. via swift messages. Participants can find guidance for entering OTC instructions, in the relevant technical manual
  - Development Guide - Vol. 1 (Registry/Securities Settlement/Reporting Services) [here](#) in section Development and Installation's DSS- API Guidelines

### **2.2 What procedure must be followed for the buying or selling foreign currency via Alpha Bank for the purpose of settlement?**

The procedure followed is as follows:

1. A request to buy or sell foreign currency is sent via fax to Alpha Bank by the Participant. A special form must be used and filled in to send the request.
2. A reply with regards to the granting of the Participant's request will be sent via fax to them. The foreign currency conversion rate and the respective sum will be stated in the reply.

The buy or sell of foreign exchange is done on the same day with a 2-day value date, pursuant to the contract, and in any case, at such price as Alpha Bank will establish on the date on which the request was sent. On a case to case basis, conversions with same-day value date are possible.

Practically, this means that on T, participants will be able to buy (or buy in advance) such foreign currency as they will require on the day on which the transaction will be settled, and on T sell such foreign currency as they will receive on the day of the settlement.

### **2.3 Which are the obligations of the Participant on the date of settlement of an OTC (Deliver or Receive instruction in order its settlement to be completed?)**

Participant in the morning of the settlement day should ensure that:

- for each Purchase (receipt versus payment) instruction the amount of money is available in the Cash Settlement Bank, so that ATHEXCSD can collect it and transfer it to the corresponding monetary account held with the respective Settlement Provider. The above procedure requires time, depending on the **currency** of the instruction, which means that for the timely completion of the settlement, the Participant must act proactively for the arrangement of any pending money. Through the Members - Participants Cash Balances screen and the Clearing Cash Obligations printout, the Participant is given the possibility to monitor the cash balances regarding OTC transactions during the day.
- for each Sell (delivery) instruction the quantities are available in the Securities Account.

## **2.4 Which are the alternatives in case of an error during the placement of an order?**

Particular care should be taken to ensure that the resulting OTC instructions can be identical to the corresponding settlement instructions of the Counterparty.

The Participant has the ability to:

- change the investor's account in the DSS before changing the status of the instruction to Release.
- cancel the OTC settlement instruction.

If an incorrect instruction is transmitted, it is rejected by the Settlement Provider.

## **2.5 Under which circumstances the settlement may delay?**

Settlement may delay if:

1. the Participant does not release the instruction in time,
2. the amount of money is not available in the Participant's settlement account until the cut of time of the settlement date, and as a result, the instruction is not being forwarded to the Settlement Provider.
3. the amount of money to be available in the Participant's account after the cut of time set by ATHEXCSD for the mentioned purchase.
4. the quantity of securities is not available in the securities account until the cut of time of the settlement date, and as a result, the instruction is not being forwarded to the Settlement Provider.
5. the quantity of securities should be available in the securities account after the cut of time set by ATHEXCSD for the mentioned market.

In the above cases where the instruction is not forwarded in time for settlement, this will result additional costs from the SIX-SIS Settlement Provider which will be passed on to the Participant.

6. the foreign counterparty is, for whatever reason, late in delivering the securities.

Delay in settlement, depending on the Settlement Repository, may also result in Settlement Discipline penalties.

ATHEXCSD makes every effort to resolve incidents of this kind. However, it is noted that this problem is exacerbated in the case of illiquid securities as it is difficult to obtain them through extraordinary procedures.

## **2.6 What happens in cases of imposition or distribution of cash penalties under the Settlement Discipline regulation?**

In case of cash penalties imposed by a Linked CSD to the Participant, due to settlement fails, ATHEXCSD passes the cost of payment of the relevant cash penalties to the Participant.

If the settlement fails is related to the counterparty of the Transaction, ATHEXCSD informs the beneficiary Participant in the DSS and settles the prescribed cash penalties in accordance with Regulation (EU) 1229/2018, or other equivalent arrangement based on the law governing the Linked CSD where applicable, only after the collection of these penalties by ATHEXCSD takes place in the context of the link.

## **3 FOREIGN SECURITIES IN THE DSS**

### **3.1 On which basis does ATHEXCSD provide custody services in respect of foreign securities?**

Under the provisions of Law 3756/2009 the framework for monitoring, in accounting form, of transferable securities was restructured extending the ability of the ATHEXCSD Dematerialized Securities System (DSS) to monitor any transferable securities, regardless of whether they have been issued by Greek or foreign corporate forms and regardless of whether they are listed on a regulated market or traded on a multilateral trading facility.

Under Article 5, by being the DSS Operator, ATHEXCSD may have an aggregate account in a foreign dematerialized or immobilized securities registry (depositories), directly or via a credit institution acting as custodian. Such account will be kept in ATHEXCSD's name but on account of third party beneficiaries. Such securities accounts as are kept in the DSS in their name shall be used to monitor the beneficiaries of foreign securities held in a foreign registry (depository). Under the DSS Regulation, ATHEXCSD may, acting as custodian or sub-custodian, monitor the beneficiaries of transferable securities issued by foreign issuers and entered into a foreign dematerialized or immobilized securities registry (depository).

The aforementioned law also enables the ATHEXCSD DSS operation framework for the purpose of linking ATHEXCSD with other registries (depositories) of transferable securities in book entry form. Under Article 6, ATHEXCSD may, being the DSS Operator, enter into agreements regarding the keeping transferable securities in book entry form or associate with foreign systems or registries (depositories) or credit institutions acting as custodians. Where it believes that the smooth functioning of the market and the protection of investors is not safeguarded, the Hellenic Capital Market Commission may oppose to the conclusion of agreements or the creation of links.

Links have been created between the Clearstream Banking Frankfurt (Germany) and ATHEXCSD, as well as between the Suisse CSD (SIXSIS) and ATHEXCSD with a view to the provision of custody services in respect of securities held in the depositories of the markets of Austria, Belgium, France, Denmark, Switzerland, USA, Ireland, Spain, Italy, Canada, UK, Norway, Netherlands, Portugal, Sweden, Finland, Australia, Hong Kong, Japan, South Africa, Singapore, New Zealand, as well as at the International Central Securities Depository (ICSD) Euroclear Bank.

### **3.2 May foreign securities be registered in Joint Investor Share Accounts?**

According to the relevant explanations of the competent bodies of the Hellenic Capital Market Commission, keeping positions on foreign transferable securities in Joint Investor Share Accounts (JISAs) in the DSS in the context of Investor CSD services falls within the framework for the use of Joint Accounts in accordance with existing legislation.

### **3.3 With regards to the transfer of dual listed security portfolios to DSS/ATHEXCSD, which is the procedure that needs to be followed?**

A participant wishing to transfer to the DSS (managed by ATHEXCSD) an existing own portfolio or portfolio of its clientele with dual listed securities, managed by another custodian in one of the depositories of the supported countries, is required to take the following steps:

1. must agree in advance with the existing custodian on the settlement date, the securities (ISINs) to be delivered and their quantities, the foreign depository where the transfer will be carried, and counterparty settlement details must be exchanged, namely:

- the details of such account as ATHEXCSD holds with the foreign depository will be given to the existing custodian for the latter to deliver the securities to such account (ATHEXCSD provides such details in the ATHEXCSD Standard Settlement Instruction Matrix); and
  - the details of such account as the existing custodian holds with the foreign depository (the existing custodian's respective Settlement Instructions) from which ATHEXCSD will receive the securities on the account of the Operator and the Operator's client.
2. Afterwards, pursuant to aforementioned agreements made, must ask of the existing custodian to send a DFP instruction (Delivery Free of Payment) (SWIFT MT542) to the foreign depository in respect of the securities.
  3. Simultaneously, must enter in the DSS (OTC transaction management screen) an RF instruction for the receipt of the securities. In the order, the Participant will indicate, as its counterparty, the existing custodian with whom the Participant exchanged details, as specified above.
  4. Provided that the Participant has specified that the securities will be received in the DSS in the Transitory Account of the Participant's Share Account, the Operator must see to it that within 1 day from receiving the securities these are transferred to Securities Accounts of beneficiary investors. To do this, the Operator must, via the OTC Transaction Management screen of the DSS and specifying ATHEXCSD as the depository, enter in the DSS 2 instructions (1 delivery instruction and 1 receive instruction).
  5. Pursuant to ATHEXCSD's existing pricing policy (see [ATHEXCSD Resolutions No 18](#)), there will be a cost for each OTC settlement instruction addressed to a foreign depository. Moreover, a fee of EUR 0.50 will apply per side (receipt-delivery, total fee of EUR 1.00) for each OTC settlement instruction distributing securities from the Participant's transitory account to securities account of investors. As a result, it is in the interest of Participants to place, when practicable, aggregate instructions for the transfer of portfolios to the DSS and then have further distribution to individual accounts. The following example shows the difference between the costs incurred in a transfer from an existing custodian for 2 clients to a market at EUR 8 per settlement instruction when the instructions are executed separately and when an aggregate instruction is executed:
    - (a) there is a cost of  $2 \times \text{EUR } 8 = \text{EUR } 16$  if 2 instructions are settled at the foreign depository; whereas
    - (b) the cost is  $(1 \times \text{EUR } 8) + (2 \times \text{EUR } 1) = \text{EUR } 10$ , namely EUR 6 less than the cost involved in the previous point if an aggregate instruction is settled for the securities to be transferred to the transitory account and then distributed to the 2 investors in the DSS.

**Note: The following applies only if there are dual listed securities, registered in ATHEXCSD, traded in these markets.**

### **3.4 Transfer of securities regarding the markets in France and Italy**

It must be specified whether a transfer of securities for the markets of France and Italy leads to a Change/No Change of Beneficiary Owner - CBO / NCVO respectively, in order for the securities to be transferred. The information should be inputted into the comments filed of the OTC entry screen of the DSS.

### **3.5 What is the procedure followed to transfer securities from the Direct Registration System (DRS)?**

Certain issuers or transfer agents in the United States employ the DRS to register securities in book-entry form in the name of the investors. Where an investor holds securities in the DRS and wishes that the sale of such

securities be settled via ATHEXCSD, such investor must first see to it that the securities are transferred to such account as ATHEXCSD holds with the DTCC.

In order to receive the securities in the DTCC, the Participant must enter a relevant order in the transactions OTC subsystem in which, in addition to isin and the quantity of values, it shall specify:

- the code (in the form of 78xx) that the transfer agent delivering the securities has in the DRS;
- such account number as the investor holds with the transfer agent.

Next, must send scanned copies of the following to the Foreign Security Settlement Department ([FSS@athexgroup.gr](mailto:FSS@athexgroup.gr)):

- investor's tax ID (US citizens);
- W8-BEN form (non-US Citizens);
- statement of the above account of investor with the transfer agent.

Instructions for receipt from the DRS must be entered at 15:00 Athens time at the latest in order for the same-day start of the processing of DRS instructions to take place. An instruction may be rejected and cancelled where information is missing or where the information entered does not match that entered in the DRS by the counterparty transfer agent.

An instruction will be transferred to the intended transfer agent, provided no problems are identified during the checks run by the Provider or the DTCC. The transfer agent has 24 hours to either accept or reject the instruction. On the following business day ATHEXCSD is informed as to whether the instruction was accepted or rejected. Confirmation as to whether the transfer from the DRS was either performed or rejected may, therefore, require at least 2 business days. However, due to the time difference with the US as well as due to transfer agent delays, confirmation may take even longer.

The instruction of transfer from the DRS must be entered on the T of the sell transaction, or, if not possible, no later than 15:00 hours on T+1, where the securities that will originate from the DRS are to be used for the sell transaction settlement.

### **3.6 What is the procedure followed for a Deposit/Withdrawal at Custodian (DWAC) transfer of securities?**

Where transactions/security transfers are made between brokers/dealers, DWAC is the method employed to transfer securities electronically between the DTCC, which acts as the Clearing House, and the transfer agents of companies that have issued the securities to be settled. Under the DWAC, just like under the DRS, investors can instead of keeping their securities in physical form, keep them in the transfer agent's books in registered form.

In order to receive the securities from DWAC, the Participant must enter a relevant order in the OTC transaction subsystem of ATHEXCSD in which, in addition to ISIN and the quantity of securities, it shall specify:

- the transfer agent's name, the transfer agent's DTCC code and a contact person at the transfer agent;
- the name of the shareholder at the transfer agent on the account of whom the transfer is performed.

Further, Data Source Scheme, DTCYID/3122 must be filled-in in the Counterparty and Order Originator Client fields in the OTC entry screen in the DSS.

### **3.7 EEEK, Cenergy, TITAN & Viohalco Securities Transfer**

As regards the transfer of EEEK securities between DSS/SIS/Crest/DTCC and of Viohalco , Senergy securities between DSS/Euroclear Belgium and TITAN securities between DSS/Euroclear Belgium / Euroclear France specific instructions can be found on ATHEXGroup's website at:

- <http://www.athexgroup.gr/el/web/guest/members-settlement-manuals>

### **3.8 Settlement of transactions made in the framework of Investor CSD services**

It is noted that, under the Investor CSD service, it is possible to settle Versus Payment transactions concluded when settlement and custody are undertaken by ATHEXCSD.

In this case, in addition to the entry in the DSS of a settlement instruction by the Participant based on the SSI of the counterparty broker and its information on the SSI of ATHEXCSD, the Participant's monetary settlement account is also initiated on the settlement date. In particular, when the Participant receives securities, it must, on the settlement date, promptly feed its cash settlement account with the purchase amount so that ATHEXCSD can send it to the Provider for the settlement of the transaction while, respectively, in the case of a sale, it expects to see a monetary credit to its cash settlement account from ATHEXCSD.

## **4 THIRD PARTIES COMMISSIONS AND FEES**

**Note:** The following applies only if there are dual listed securities, registered in ATHEXCSD, traded in these markets.

### **4.1 In the various markets what other fees apply besides the execution fees?**

Besides the execution fees, the following fees are the most common according to the latest information obtained from ATHEXCSD providers:

#### **4.1.1 England in GBP**

- **Stamp Duty:** 0.5% on the value of buys
- **PTM Levy:** Where the value of a ticketed trade (set of trades corresponding to an instruction) exceeds £ 10,000 the PTM levy stands at £ 1. Such fee is levied on shares of companies established in the United Kingdom, the Channel Islands, the Isle of Man.

#### **4.1.2 England in EUR**

- **Stamp Duty:** 1% on the value of buys
- **PTM Levy:** Where the value of a ticketed trade exceeds € 12,500 the PTM levy stands at € 1.25.

#### **4.1.3 Ireland**

- **Stamp Duty:** 1% on the value of buys
- **ITP Levy:** Where the value of a ticketed trade exceeds EUR 12,500 the ITP levy stands at EUR 1.25.

#### **4.1.4 United States**

- **SEC Fee:** 0.0800/1,000,000 on the value of sells (27 February 2023). The SEC Fee that applies each time is available at following address: <http://www.sec.gov/divisions/marketreg/mrfreqreq.shtml>
- **Depository Servicing Fees** (applies where an American Depository Receipt (ADR) is held): Custody fees called Depository Servicing Fees or ADR Pass-through Fees, are charged by banks that offer ADR custody and act as ADR agents, in order to cover the cost incurred for managing the ADR issue.

In the beginning, these fees were charged by ADR agents by deducting them from the dividend sums distributed. However, SEC approval was secured by Depository Trust & Clearing Corporation (DTCC) to collect such fees on the account of ADR agents and in respect of ADRs that do not give rise to dividend payments. Next, Depository Trust & Clearing Corporation charges such fees to its members, such as for instance Citi (SIX SIS custodian in USA), that hold ADRs on the account of their clients.

For each ADR a different fee and time of charge applies. The fees and times when such fees are charged for each ADR are established in the ADR prospectus. Normally, 2 to 5 cents are charged for each ADR computed on the basis of the portfolio value held on a specific date. The following information document of SEC provides additional information: <http://www.sec.gov/investor/alerts/adr-bulletin.pdf>

Under ATHEXCSD Resolution No 18, the Provider charges such fees to ATHEXCSD, which then passes the fee to Participants.

#### **4.1.5 France**

- **Financial Transaction Tax (FTT):** The rate that corresponds to this tax is 0.3% computed on the value of buys of shares of companies seated in France, which in addition have an annual capitalization of over EUR 1 billion on December 1<sup>st</sup> each year. This tax is also imposed on other securities such as for instance ADRs, and ETFs whose underlying securities are shares of such French companies. The market on which the shares or other securities have been listed, be it a French or other regulated market, European or otherwise, does not affect the tax which is imposed regardless of market.

#### **4.1.6 Italy**

- **Financial Transaction Tax (FTT):** The rate that corresponds to this tax is 0.1% computed on the value of exchange transactions conducted in regulated markets in the countries in the respective white list. As regards other buys and OTC transactions whether versus payment or free (where a change of share owner is involved), the rate of the tax is 0.2% and is computed on the value of the transaction. This tax applies to shares and other securities such as for instance ADRs and ETFs whose underlying values are shares of companies seated in Italy with a capitalization greater than or equal to EUR 500 million as of November.

#### **4.1.7 Spain**

- **Financial Transaction Tax (FTT):** The rate that corresponds to this tax is 0.2% computed on the value of buys of shares of companies seated in Spain, which in addition have an annual capitalization of over EUR 1 billion on December 1<sup>st</sup> each year, starting from 16/01/2021. This tax is also imposed on other securities such as for instance ADRs, and ETFs whose underlying securities are shares of such Spanish companies. The market on which the shares or other securities have been listed, be it a Spanish or other regulated market, European or otherwise, does not affect the tax which is imposed regardless of market.

### **4.2 What is the cost involved with regards to the transfer of dual listed security portfolios to DSS/ATHEXCSD?**

Pursuant to ATHEXCSD's existing pricing policy (see [ATHEXCSD Resolutions No 18](#)), there will be a cost for each OTC settlement instruction addressed to a foreign depository. Moreover, a fee of EUR 0.50 will apply per side (receipt-delivery, total fee of EUR 1.00) for each OTC settlement instruction distributing securities from the Participant's transitory account to securities account of investors. As a result, it is in the interest of Participants to place, when practicable, aggregate instructions for the transfer of portfolios to the DSS and then have further distribution to individual accounts. The following example shows the difference between the costs incurred in a transfer from an existing custodian for 2 clients to a market at EUR 8 per settlement instruction when the instructions are executed separately and when an aggregate instruction is executed:

(a) there is a cost of  $2 \times \text{EUR } 8 = \text{EUR } 16$  if 2 instructions are settled at the foreign depository; whereas

(b) the cost is  $(1 \times \text{EUR } 8) + (2 \times \text{EUR } 1) = \text{EUR } 10$ , namely EUR 6 less than the cost involved in the previous point if an aggregate instruction is settled for the securities to be transferred to the transitory account and then distributed to the 2 investors in the DSS.

## **5 TAXATION**

The most recent information received by ATHEXCSD from the Ministry of Finance and its Providers on taxation is provided in the following sections.

### **5.1 How are dividends and coupons taxed?**

The Provider making the payment to ATHEXCSD has already withheld the foreign tax before dividends/coupons are received by ATHEXCSD. All end-investors are subject to the highest tax rate that applies to each country which is the same for all of them. The reason for this is that all securities are kept together in an ATHEXCSD omnibus account in a foreign depository; therefore, each investor is not distinguished from other investors based on the tax regime that applies to him.

The following are envisaged in the new taxation framework that has been in force since 1 January 2014 (Law 4172 / 2013, as amended) and in Interpretative Circular POL No 1042/26-1-2015 of the Ministry of Finance on the tax treatment of income from dividends, interest and options following the entry of the new Income Tax Code (Law 4172 / 2013) into force:

1. As of Thursday, 19 February 2015, ATHEX Central Securities Depository SA (ATHEXCSD) will no longer withhold and pay to the government domestic tax on dividends and foreign interest distributed to end beneficiaries via the DSS and the competent Participants.
2. Under paragraph 12 of the aforementioned circular it is pointed out that in particular with regards to distributed foreign interest:
  - I. Competent Participants, being the "payment agents" (see Law 3312/2005 and Circular No 1082/2006), will withhold domestic tax at the time of payment of the distributed interest to their end beneficiaries-clients, the natural persons and bodies corporate alike.

As of Thursday, 19 February 2015, and for the purpose of facilitating the Participants, ATHEXCSD may via the DSS and subject to prior authorization by interested Operators, proceed to calculate, withhold and pay to the government the interest withholding tax.

### **5.2 Sales tax**

The 0.2% sales tax that applies to the sale of Greek shares also applies to dual listed securities (POL. 1056/2011). Investors-sellers are responsible for paying the tax to the tax authorities.

## **6 HOLIDAYS**

### **6.1 Which are the Investor CSD services days of operation?**

The days of operation are defined for each year at the end of the previous year and it is published in the relevant [webpage](#) of ATHEX.

### **6.2 Which are the cut-off times of the Investor CSD services?**

The cut-off times of order routing and InvestrCSD services for each market are defined by the corresponding cut-off times which are referred below.

#### **6.2.1 Cut-off times for settlement of transactions**

Instructions entry by Participants and their settlement must be realised within the cut-off times defined per market (see [ATHEXCSD SSIs](#) , [Cutoff Times](#) ) taking into account the special circumstances valid in case of [holiday](#).

### **6.3 Which is the framework of Investor CSD services offering in case of Greek holiday and operation of foreign markets?**

The framework of services offering in case of Greek holiday when the Greek bank system or/and Target 2 do not operate, where there are markets on the other hand that operate, is the following:

#### **1. Clearing arrangement/Settlement of transactions and Custody services**

- The time of operation of DSS during the holidays, changes at least to 08:00 – 16:30 and is offered to Participants from 11:00 – 16:00 for the performance of actions on dual listed securities including the submission of transfer instructions with same day (dual listed) securities settlement or other operations not requiring cash movements. Only for these instructions the binding of securities (for delivery) as well as the settlement of securities (for delivery) is allowed at the same settlement day.
- In case of extraordinary expenses of ATHEXCSD, especially for the late submission of settlement instructions, as determined by the applicable pricing policy of the Providers of ATHEXCSD, will be priced at Participants in accordance with Article 8 ('Extraordinary charges for additional services through providers') of [ATHEXCSD Resolutions No 18](#) of the Board of Directors and Participants will be informed that they will be invoiced with the charges (eg for the extra cost of delayed submission of settlement instructions of their transactions because of Greek bank holidays. whereas the Target 2 and foreign markets operate).
- The risk is calculated based on the total transactions of buys that have not been settled and credit limit is offered.
- The day of the holiday is taken into account at the calculation of the settlement period.
- The submission of OTC settlement instructions with Settlement Day the particular day are accepted.
- During the holiday no settlement services of foreign securities in the DSS are offered.
- The settlement operations referring to binding of securities/cash are executed the previous working day.

- The obligations of Participants in securities and cash will have to be covered the next working day.
- The settlement operations referring to delivery/arrangement of securities/cash are executed the next working day.
- Delivery of securities and cash to Participants are executed the next working day.
- Cash payment as guarantee should be made by the previous working day.
- Corporate actions are executed the next working day.
- Notifications are sent to Participants the next working day.
- The day of holiday cannot be deadline for the declaration of desire of the investor.

In exceptional cases, if changes are required to the services offered during holidays compared to those described above, the Participants will be promptly informed by an announcement.

#### **6.4 Which is the framework of Investor CSD services offering in case of a foreign market holiday and operation of the Greek?**

The framework of services offering in case of holiday of a foreign market whereas the Greek bank system or/and Target 2 operate, is the following:

##### **1. Clearing arrangement/Settlement of transactions and Custody services**

- The day of the holiday is not taken into account at the calculation of the settlement period.
- During the holiday no settlement services of foreign securities in the DSS are offered.
- The submission of OTC settlement instructions with Settlement Day the particular day are not accepted.
- No corporate actions are executed.
- Notifications are sent to Participants the same day.
- The day of holiday may be deadline for a statement of the investor's wish in the DSS in case of corporate actions.