



New securities depository system comes into force in Greece

The last missing piece of the puzzle

Today, 12 April 2021, the AthexCSD starts to operate under a new AthexCSD regulation as a central securities depository in Greece duly licensed to provide the core and ancillary depository services provided in the Central Securities Depositories Regulation (EU) 909/2014 (CSDR).

The licensing of the AthexCSD by the Hellenic Capital Markets Commission was the last missing step following the enactment of the CSDR, Greek law 4569/2018 on central securities depositories and the EU Shareholders Directive 2017/828 (SRD II), including all delegated acts thereof, towards the completion of a multiyear legislative and organizational gearing up of all market participants in Greece for the creation and operation of a new securities depository system in line with the CSDR.

What's new?

The new system introduces radical changes to the existing securities depository system in Greece, including:

- a. the abolition of the AthexCSD's monopoly as a central securities depository: issuers are now entitled to register their securities in any CSD licensed in any EU member-state and such CSDs are allowed to have access to other EU licensed CSDs (*CSD link access*); and
- b. the operation of "omnibus accounts" in AthexCSD, which brings, among others, the following changes aligned with the EU framework:
 - i. the participants to the Dematerialised Securities System (DSS) operated by the AthexCSD (i.e. the institutions which have access to the DSS and participate in the settlement of transactions in the DSS) are obliged to offer their clients the choice between individual client segregated accounts and omnibus client segregated accounts (which are now available by the AthexCSD) and inform their clients on the costs and risks associated with each option. Both the AthexCSD and participants must publicly disclose the levels of protection and segregation and the costs associated with the different levels that they provide. To that end, the AthexCSD has already published on its website information on the various levels of segregation it provides and costs associated with each level, the commercial terms under which they are provided, the main legal consequences and the applicable insolvency provisions;
 - ii. end-investors acquire in *rem rights* on the securities held in omnibus accounts with the AthexCSD and therefore the legal ownership of end-investors is recognised under Greek law;
 - iii. omnibus accounts are not subject to seizure from anyone;
 - iv. settlement and transfer of securities is not performed necessarily in the DSS's system, but also in the system of the participants or other intermediaries (*internalised trades*);
 - v. equally, the establishment of encumbrances on securities may take place through registration either in the

AthexCSD or in the books of intermediaries

- vi. participants must reconcile balances of omnibus accounts and their systems per client on a daily basis and simultaneously with the finalisation of the respective settlement of transactions in the DSS; the same applies to intermediaries and transactions made by their respective clients ;
- vii. intermediaries become pivotal for the identification of beneficiaries: the new regime brings a new impetus for transparency with respect to the beneficiaries' identification towards the AthexCSD in line with the respective obligations of intermediaries to communicate information to issuers on shareholders' identity under Greek law 4706/2020 transposing SRD II in Greece. Under the new AthexCSD rules participants and registered intermediaries are obliged to establish and maintain sufficient operations and processes which ensure the prompt and sufficient identification of the beneficiaries of omnibus accounts.

How will the omnibus accounts operate in practice?

Despite the introduction of an abundance of new detailed technical rules on the operation of the new securities depository framework, a number of questions on the practical implementation thereof remain open, such as:

- a. How will issuers ensure that foreign intermediaries provide, in a timely manner, identification details of their clients?
- b. How will participants verify the information received by intermediaries?
- c. Will participants be held liable towards competent authorities if other intermediaries, holders of omnibus accounts, fail to comply with their obligations to provide accurate identification details?

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