

Central Ultimate Beneficial Owner Register / Anti-Money Laundering

Greece adopts the long expected law implementing the 4th AML Directive.

All Greek legal entities will have to disclose details of their ultimate beneficial owners to the Central UBO Register to be created with the General Secretary of Information Systems of the Ministry of Finance.

Law 4557/2018 implements Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (“4th AML Directive”).

The 4th AML Directive is undoubtedly the most sweeping AML legislation in Europe in several years. Although the 4th AML Directive provided for a 2-year window for implementation, requiring, thus, from all EU member states to be compliant with the new mandates by 26 June 2017, Greece has just completed the implementation procedure.

Law 4557/2018 (the “Law”) with effect from 30.07.2018 was issued on the same date.

Who does qualify as UBO?

The ultimate beneficial owner (“UBO”) is defined as (i) any natural person(s) who ultimately owns or controls a client, namely a legal entity or a legal arrangement, through direct or indirect ownership or control of a sufficient percentage of shares or through control via other means, and (ii) any natural person(s) on whose behalf a transaction or activity is conducted.

A direct or indirect shareholding or ownership interest exceeding 25% in a non-listed company by a natural person constitutes evidence that the natural person(s) under question controls the respective company. Indirect control may exist when a natural person holds the above shareholding or ownership interest through one or more legal entities that such person controls. Control may also exist through other means such as through a shareholders' agreement, the exercise of dominant influence or the power to appoint senior management (in line with the criteria of control in the Greek Accounting Standards¹).

In case no natural person can be identified as UBO or if there are doubts about the UBO identified, the natural person(s) who holds the position of highest management executive of the legal entity (i.e. responsible for decision making which affects the exposure of the legal entity to money laundering, even if he/she is not a member of the Board of Directors) is deemed as the UBO. Companies listed on a regulated market, which are subject to disclosure requirements under EU law or equivalent

¹ Article 32 para. 2-5 of L. 4308/2014.

international standards which ensure sufficient transparency of ownership information, **are exempt** from UBO requirements.

As regards trusts, UBO is considered (i) the settlor; (ii) the trustee(s); (iii) the protector, if any; (iv) the beneficiaries, or where the individuals benefiting 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; (v) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means. In case of foundations and legal arrangements similar to trusts, UBO is considered natural person(s) who are in an equivalent or similar position as the persons referred to on trusts.

So, what provisions does the Law entail regarding information on the beneficial ownership of legal entities?

All corporate and legal entities with registered offices in Greece are required to obtain and hold adequate, accurate and current information on their UBO particularly pertaining at least to:

- (a) their name and surname;
- (b) their date of birth;
- (c) their nationality;
- (d) their country of residence; and
- (e) the nature and extent of beneficial interest held therein.

The aforementioned information (the "Information") should be recorded in a special register kept at the registered offices of such legal entity and shall be registered through taxisnet with a central UBO Register to be created with the General Secretary of Information Systems of the Ministry of Finance ("**Central UBO Register**") within 60 days following the date that the Central UBO Register will become effective. The Central UBO Register has to become fully effective until 31.01.2019.

In case legal entities do not comply with the Information obligation, they face the following administrative sanctions:

- (a) Suspension of issuance of a tax clearance certificate; and
- (b) Imposition of a Euro 10,000 administrative fine and of a deadline for compliance with the above obligations. If the legal entities fail to comply or in case of repetition, the aforementioned fine is doubled.

The Information is linked with the Tax Registration Number of each legal entity. The Central UBO Register may also be connected to the Greek Chamber of Commerce and the Securities Depositories. The Information kept in the Central UBO Register is accessible to:

- (a) the Anti-Money Laundering and Anti-Terrorist Financing Authority, and other competent authorities such as the Bank of Greece and the Hellenic Capital Market Commission, without any restriction;
- (b) the obliged entities (including all credit and financial institutions) and any other competent authority, within the framework of customer due diligence; and
- (c) any person or organization that can demonstrate a legitimate interest upon application.

An exemption to the access could be provided by the Ministry of Finance to all or part of the Information on beneficial ownership on a case-by-case basis in exceptional circumstances, where

such access would expose the beneficial owner to risk of fraud, kidnapping, blackmail, violence or intimidation, or where the beneficial owner is a minor or with no legal capacity.

The processing of Information on beneficial ownership will take place in accordance with data protection rules. The Authority and the competent authorities shall provide the Information kept in the Central UBO Register to the competent authorities and to Financial Intelligence Units of other EU Member States upon the latter's relevant justified request.

In addition, the Law provides the possibility of credit and financial institutions to establish common information systems which allow the registration of information for the legal and beneficial owners of their clients which are legal entities, including foreign legal entities.

A Decision by the Minister of Finance shall set out the content and the structure of the Central UBO Register, as well as the registration procedure.

The Central UBO Register shall become effective until 31.01.2019.

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