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*CUSTODY AND SAFEKEEPING POLICY*

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## 1. INTRODUCTION

The Bank implements this Policy in fulfilment of its obligations arising from the applicable statutory and supervisory framework (Article 16 of Law 4514/2018, Articles 46, 49 and 63 of Commission Delegated Regulation (EU) 2017/565, the general principles set out in paragraphs 7, 8.1 and 13.4 of Chapter II of Bank of Greece Executive Committee Decision 147/27.07.2018.

## 2. DEFINITIONS

For the purposes of this Policy, the following concepts have the following meaning:

'Client' means any natural or legal person to whom an investment firm provides investment or ancillary services;

'Retail client' means a client who is not a professional client;

'Professional client' means a client who meets the criteria set out in Annex II to MiFID II;

'Eligible counterparty' means an undertaking belonging to a class of clients that are considered to be professional clients in accordance with paragraphs 1, 2 and 3 of Section I of Annex II to MiFID II;

'Financial instrument' means the instruments specified in Section C of Annex I to MiFID II;

'CCP' means a central counterparty (CCP) as defined in Article 2(1) of Regulation (EU) No 648/2012;

'Securities financing transaction' means a transaction as defined in Article 3(11) of Regulation (EU) 2015/2365 of the European Parliament and of the Council;

'Competent authority' means the authority designated by each Member State in accordance with Article 67, unless otherwise specified in MiFID II;

'Staff' means natural persons (including tied agents) who provide related services to clients on behalf of the Bank.

'Durable medium' means any instrument which:

a) enables a client to store information addressed personally to that client in a way accessible for future reference and for a period of time adequate for the purposes of the information; and

b) allows the unchanged reproduction of the information stored.

### **3. POLICY**

#### **3.1 PROTECTION OF CLIENT FINANCIAL INSTRUMENTS**

To safeguard the rights of clients in relation to the financial instruments and funds belonging to them, the Bank complies with the requirements in Article 2 of Annex 7 of Act of the Governor of the Bank of Greece No. 2577/2006 as follows:

- (a) it keeps such records and accounts as are necessary to enable them at any time and without delay to distinguish assets held for one client from assets held for any other client, and from their own assets;
- (b) it keeps its records and accounts in such a way as to ensure their accuracy and, in particular, their correspondence with the financial instruments and funds held on behalf of clients and to trace the relevant transactions in those records and accounts, i.e. to use them as an audit trail;
- (c) it performs regular reconciliation between its internal files and accounts and those held by third parties who may hold the relevant client assets;
- (d) it has taken the necessary steps to ensure that any client financial instruments deposited with third parties can be segregated from the financial instruments belonging to the Bank or third parties using accounts with different names in the books of third parties or other equivalent measures which achieve the same level of protection;
- (e) it takes the necessary steps to ensure that client funds deposited with a central bank, another credit institution or a bank or credit institution authorised in a non-EEA third country or recognised money market mutual funds are held in an account or accounts separate from other accounts used for monitoring the holding of funds belonging to the Bank;
- (f) it has introduced adequate organisational arrangements to minimise the risk of the loss or diminution of client assets, or of rights in connection with those assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.

#### **3.2 DEPOSITING OF CLIENT FINANCIAL INSTRUMENTS**

In order to maintain a high level of investor protection, the Bank which deposits financial instruments held on behalf of its clients into an account or accounts opened with a third party shall demonstrate all due skill, care and diligence in selecting, appointing and periodically checking the third party and the arrangements for holding and safekeeping the said financial instruments in accordance with the provisions of the Outsourcing Policy.

To ensure that financial instruments are subject to due care and protection at all times, the Bank also takes into account:

- know-how and reputation of the third party in the market;
- any legal requirements relating to the holding of those financial instruments that could adversely affect clients' rights.

When the Bank proposes that client financial instruments be deposited with a third party outside the EEA, it must only be in a country where the safekeeping of financial instruments on behalf of another person is subject to special arrangements and supervision and that third party is subject to specific arrangements and supervision.



The Bank does not deposit financial instruments held on behalf of clients with a third party in a third country that does not regulate the holding and safekeeping of financial instruments for the account of another person unless one of the following conditions is met:

- a) the nature of the financial instruments or of the investment services connected with those instruments requires them to be deposited with a third party in that third country;
- b) where the financial instruments are held on behalf of a professional client, that client requests the credit institution in writing to deposit them with a third party in that third country.

These requirements also apply when the third party has assigned any of its duties relating to the holding and safekeeping of financial instruments to another third party.

### **3.3 USE OF CLIENT FINANCIAL INSTRUMENTS**

The Bank may not use client financial instruments on own account or on behalf of another Bank client except with the express consent of the client relating to the use of financial instruments under specific terms. Consent must be in writing for retail and professional clients.

The Bank may use financial instruments held on behalf of the client with a third party only where the above conditions are met.

The file kept by the Bank includes information about the client on whose orders the financial instruments have been used, and the quantity of financial instruments each client has, in order to correctly allocate potential losses.

The Bank does not enter into title transfer financial collateral arrangements with retail clients for the purpose of securing or covering present or future, actual or contingent or prospective liabilities of clients.

### **3.4 INFORMATION REQUIREMENTS**

The Bank is not obliged to promptly provide all necessary information at the same time about itself, financial instruments, costs and related charges, or about safeguarding client financial instruments or client funds, provided that it provides the relevant information in good time before providing investment and ancillary services. Where the information is notified to the client in good time, the Bank is not obliged to provide that information separately or to incorporate the information into a contract with the client.

The Bank provides existing or potential clients with information about the following:

- It informs the client or potential client whether financial instruments or funds are held by a third party on behalf of the Bank, as well as the Bank's liability under the applicable national law for any acts or omissions of that third party and the consequences for the client of a potential insolvency of the third party.
- If financial instruments of an existing or potential client are held by a third party in a collective account, the Bank informs the client accordingly and clearly warns them about the risks this entails.
- It informs the client or potential client if it is not possible under national law to separate the client's financial instruments held by a third party from the proprietary financial instruments of that third party or the Bank and provides a clear warning of the risks entailed.
- It informs the client or potential client where accounts that contain financial instruments or funds belonging to that client or potential client are or will be subject to the law of a jurisdiction other than that of a Member State and indicates that the rights of the client or potential client relating to those financial instruments or funds may differ accordingly.



- It informs the client about the existence and the terms of any security interest or lien which the firm has or may have over the client's financial instruments or funds, or any right of set-off it holds in relation to those instruments or funds. Where applicable, it also informs the client of the fact that a depository may have a security interest or lien over, or right of set-off in relation to those instruments or funds.
- The Bank, before entering into securities financing transactions in relation to financial instruments held by it on behalf of a retail client, or before otherwise using such financial instruments for its own account or the account of another client, shall in good time before the use of those instruments provide the retail client, in a durable medium, with clear, full and accurate information on the obligations and responsibilities of the Bank with respect to the use of those financial instruments, including the terms for their restitution, and on the risks involved.

The requirements applicable to reports submitted to retail and professional clients under MiFID II apply unless the Bank enters into agreements with eligible counterparties in order to determine the content and timing of reporting.

At least on a **quarterly basis** the Bank shall via the Branch send each client whose financial instruments and funds it holds a list of those instruments and funds, unless such a list has already been provided in another periodic statement. At the client's request, the Bank shall provide this list more frequently at commercial cost.

This list of client assets includes the following information:

- (a) details of all the financial instruments or funds held by the Bank for the client at the end of the period covered by the statement,
- (b) the extent to which any client financial instruments or client funds have been the subject of securities financing transactions,
- (c) the extent of any benefit that has accrued to the client by virtue of participation in any securities financing transactions, and the basis on which that benefit has accrued,
- d) a clear indication of the assets or funds subject to MiFID II rules and its implementing measures, and the assets or funds not subject to them,
- e) a clear indication of assets affected by particularities in their ownership status, due for example to real collateral and
- f) the market value or, where not available, the estimated value of the financial instruments included in the statement, with a clear indication that the lack of market price is likely to be indicative of a lack of liquidity. The estimated value shall be calculated by the Bank with the utmost diligence. Where a client's portfolio includes income from one or more unsettled transactions, the information referred to in point (a) may be based either on the trading date or on the settlement date, provided that the same basis is applied to all information included in the statement.

The periodic statement of the client's assets referred to is not provided where the Bank provides its clients with access to an online system which is considered to be a durable medium and in which clients can easily access up-to-date statements of their financial instruments or funds and the business has evidence that the client had access to this list at least once during the relevant quarter.

The Bank provides information about the financial instruments and directly available funds of clients to the Bank of Greece, in its capacity as supervisory authority and in its capacity as resolution authority, and to the special liquidators. The information available includes the following:



- a) relevant internal accounts and records that easily identify the balances of funds and financial instruments held for each client,
- b) where client funds are held by other credit institutions, details of the accounts in which client funds are held and the relevant arrangements with those institutions,
- c) in cases where the financial instruments are held by credit institutions, details of the accounts opened with third parties and the relevant agreements with those third parties, and details of the relevant agreements with those institutions,
- d) details of third parties performing any relevant duties (outsourcing) and details of any outsourcing duties,
- e) persons holding key positions in the Bank and participating in the relevant procedures, including persons responsible for overseeing the institution's requirements for safeguarding the client's assets and
- f) agreements on the ownership of assets by clients.

### **3.5 RECORD-KEEPING**

The Bank maintains an updated record of financial instruments and/or other assets in the Client's Portfolio for safekeeping and administrative management purposes.