

CORPORATE BRIEFING: Special Edition

Ultimate Beneficial Owner Requirements

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A. Introduction to Law 4557

1. Law 4557/2018 (Law 4557) on the Prevention of the Use of the Financial System for the Purposes of Money Laundering of Terrorist Financing, enacted in July 2018 (Official Gazette no. 139/2018), transposed Directive (EU) 2015/849 of the European Parliament and Council of 20 May 2015 (4th AML Directive) on the same subject into Greek law.
2. Law 4557 replaces the previous Law 3691/2008 on the same matter and introduces stricter rules regarding the prevention of the relevant crimes, in particular in relation to the obligation of specific purpose entities (such as credit institutions) to apply customer due diligence measures inter alia with regard to the verification of their identity and the close monitoring of their transactions.

B. New Obligations Introduced

1. According to the provisions of Law 4557, all corporate and other entities with a registered seat in Greece (Incumbent Entities) must obtain and maintain at a registry kept at their premises for this purpose, adequate, accurate and updated information about its beneficial owners (please see E below on the definition of Beneficial Owner).
2. Currently, Incumbent Entities must keep records of at least the full name, date of birth, citizenship and country of residence of the relevant individuals, including details of any

beneficial interests held by them. These requirements may be changed by ministerial decisions introduced to clarify the application of Law 4557.

3. If the shareholding or corporate structure of an Incumbent Entity leads to a listed company, the Incumbent Entity is only required to declare the listing status of the respective shareholder/owner, as well as information on the stock exchange(s) where it is listed.
4. The legal representative of the Incumbent Entity, or any person specifically authorized for this purpose by means of a resolution of its competent corporate body, must:
 - a. continuously update this registry; and
 - b. communicate the information contained in it, through the use of an online application accessed using its Taxisnet codes, to the Central Register of Beneficial Owners, kept by the General Secretariat of Information Systems (Γ.Γ.Π.Σ.) of the Ministry of Finance.
5. Incumbent Entities must also keep a record of any actions they have carried out in the context of determining their beneficial owners.
6. It should be noted that the competent authorities are currently considering linking the Central Register of Beneficial Owners to the General Commercial Register, the Securities Depository and other registers where beneficial ownership information is kept.

C. Sanctions for Failure to Comply

1. Failure of an Incumbent Entity to comply with the obligations outlined above may suspend its ability to issue a tax clearance certificate until it registers the necessary information with the Central Register.
2. The Incumbent Entity may also be subject to a fine amounting to €10,000 imposed by means of a decision of the Greek Anti-Money Laundering Authority, which may be doubled in the case of subsequent non-compliance or recurrence.

D. Latest Developments

1. In accordance with Law 4557, the Central Register of Beneficial Owners was due to be instituted by 31 January 2019 and become fully operational within 2019, while Incumbent Entities would have to disclose the required information within two months of the beginning of operations of the Central Register. To date, the Central Registry has not begun operating and no information is available as to when it will.
2. In light of the requirements for Incumbent Entities to submit the data outlined above to the Central Register when it becomes operational, it would be prudent for companies or legal persons affected by Law 4557 to be proactive and promptly initiate the collection and preparation of the information requested.

E. Definition of Beneficial Owner

1. In accordance with Law 4557, when used in relation to companies, the term beneficial owner (*πραγματικός δικαιούχος*) means:
 - a. Any natural person(s) who ultimately own(s) or control(s) a legal entity through direct or indirect ownership, or has control of a sufficient percentage of the shares or voting rights or other ownership interests in that entity, including inter alia bearer shares, or exercises control via

other means.

- b. The ownership of a shareholding percentage or ownership interest exceeding 25% in a company by a natural person is an indication of direct control.
 - c. The ownership by a company of a shareholding percentage or ownership interest exceeding 25% in another company, whose control is exercised by a natural person(s) or by more than one company controlled by the same natural person(s), is an indication of indirect control.
 - d. Control through other means may be determined inter alia based on the conditions set out in Article 32, par. 2 to 5 of Law 4308/2014.
 - e. The above does not apply in the case of listed companies, which are subject to notification requirements in accordance with EU legislation or equivalent international standards that ensure sufficient transparency in relation to the beneficial owner.
2. Where the ultimate beneficial owner cannot be determined using the criteria above, or if there is any doubt that the person(s) identified is/are the beneficial owner(s), and provided there are no grounds for suspicion, natural person(s) who hold the position of senior management officials are deemed the ultimate beneficial owner(s).
 3. Incumbent Entities must keep records of the actions taken in order to identify the beneficial owner in accordance with the above.

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