

WATSON FARLEY  
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WILLIAMS

BRIEFING

UPDATE: GREEK CAPITAL CONTROL  
MEASURES  
JULY 2015

- THE BANK HOLIDAY INTRODUCED IN GREECE ENDED ON 20 JULY 2015
- CERTAIN CAPITAL CONTROL MEASURES REMAIN IN FORCE
- THIS BRIEFING PROVIDES AN OVERVIEW OF PROHIBITED TRANSACTIONS, SPECIAL ISSUES AND EXEMPTIONS



By virtue of the Legislative Act issued by the Greek Government on 18 July 2015 (Act No. 84/18.07.2015, the "Act"), the bank holiday introduced by Legislative Act No. 65/28.06.2015, as amended, ended on 20 July 2015. However, certain capital controls and restrictions on banking activities in Greece continue to be in force, as provided by the Act; in particular, the Act provides that as of 20 July 2015:

**Prohibited transactions:**

1. Cash withdrawals from ATMs or branches exceeding the amount of €60 per depositor (CustomerID) per day per credit institution are prohibited; cash not withdrawn on any day(s) may be cumulatively withdrawn up to the maximum amount of €420 per week (i.e. cumulative withdrawal is now allowed);
2. The above prohibition regarding cash withdrawals also extends to all other cash payments, irrespective of their currency, including, among others, the collection of cheques and payments made under letters of guarantee, which are deposited to a bank account;
3. Cash withdrawals by using credit and prepaid cards in Greece and abroad are prohibited;
4. The transfer of capital and cash outside Greece is prohibited (including orders for the transfer of capital to accounts held with credit institutions established and operating outside Greece, as well as the use of credit, debit or prepaid cards for cross-border transfers of capital); exceptionally, the use of credit and debit cards

abroad are permitted for the purchase of goods or services without cash and up to the amount set for each credit institution by the Committee for the Approval of Banking Transactions;

5. The opening of new accounts (current or deposit accounts), the addition of new joint-holders to existing ones and the activation of dormant accounts is prohibited; exceptionally new accounts may be opened exclusively for the transactions listed below, the necessity of which must be documented in writing and on the condition that no other account is available for this purpose:
  - i. payroll payments to personnel;
  - ii. payment of liabilities to the same credit institution, arising from agreements entered into before 28 June 2015;
  - iii. payment of new pensions and new preferential allowances;
  - iv. settlement of card transactions arising from new acquiring agreements;
  - v. service of newly-established (after 1 May 2015) legal entities;
  - vi. service of start-ups participating in programmes supporting new entrepreneurship;
  - vii. deposit of cash as collateral for letters of guarantee or documentary credits or loans with the same credit institution;
  - viii. opening of an account in favour of a third party for the purpose of complying with an order for payment (based on e.g. a payment order or any other executory title) or the repayment of a claim for the satisfaction of which the beneficiary has imposed seizure in the hands of a third party, unless that party has indicated another deposit account;
  - ix. crediting amounts from abroad of at least €10,000 or its equivalent in any other currency;
  - x. acceptance of fixed term deposit only when its beneficiaries are the same as the beneficiaries of the feeder account (term or current);
  - xi. on any other occasion upon the approval of the Committee for the Approval of Banking Transactions.
6. The early partial or total prepayment of a loan is prohibited unless such prepayment is made in cash or by remittance from abroad;
7. The early partial or total termination of a fixed term deposit account is prohibited unless it serves the purpose of paying debts towards the State and social security funds, paying due and payable instalments and debts towards the same credit institution, making payroll payments within the same credit institution, paying against invoices or other equivalent documents suppliers holding an account with the same credit institution on the condition that there are no sufficient funds in an existing savings or current account, paying hospital fees or tuition fees in Greece or abroad.

**Special issues:**

1. In the event of seizure of monetary claims in the hands of a credit institution, of the Bank of Greece or the Consignment Deposits and Loans Fund as third party, the payment will not be made in cash. It will be made either by cheque or by credit of a bank account;
2. The execution of acquiring contracts with payment cards is prohibited, when the settlement is taking place by credit of the trader's account held with a payment

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service provider outside Greece;

3. The transfer of custody abroad in respect of titles acquired after the imposition of the bank holiday is prohibited;
4. The transfer of funds for the acquisition of financial instruments through regulated markets is prohibited.

The prohibitions under paragraphs (3) and (4) above may be waived with the decision of the Minister of Finance, following recommendation of the Bank of Greece and the Hellenic Capital Market Commission.

**Exemptions:**

The Act provides for certain exemptions from the aforementioned restriction measures. Indicatively, the following transactions are permitted:

1. transactions carried out by the Hellenic Republic and the Bank of Greece;
2. transactions approved by the Committee for the Approval of Banking Transactions;
3. cross-border payment orders relating exclusively to the crediting of an account held with a credit institution operating in Greece;
4. transactions for the payment of hospital and medical fees and tuition fees;
5. all amounts transferred from abroad to an account held with a credit institution operating in Greece may then be re-transferred up to the same aggregate amount limit to an account held with a credit institution operating abroad; credit institutions are responsible for monitoring the proper documentation of the inflow and outflow of the relevant funds.

The above restrictions apply to all credit institutions operating in Greece, including the branch offices of foreign credit institutions established in Greece, the Consignment Deposits and Loans Fund, payment institutions, electronic money institutions and the representatives and branch offices of foreign payment institutions and electronic money institutions operating in Greece. The Black Sea Trade and Development Bank does not fall under the scope and the above restrictions of the Act.

All other transactions which are not prohibited nor otherwise regulated by the Act, shall be normally carried out, subject to the provisions of the existing legislation.

The Bank of Greece shall conduct random checks in order to monitor compliance with the provisions of the Act and shall impose fines to the credit institutions which are in breach of the above provisions of up to one tenth of the value of the relevant transaction. In addition, any person violating the provisions of the Act shall bear criminal liability and be punished with imprisonment of at least three months and a fine of up to one tenth of the value of the relevant transaction. Furthermore, the credit institution is obliged to terminate the employment or service agreement with the officer in breach of the above provisions.

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Finally, by virtue of the joint Ministerial Decision of the Ministers of Justice and Finance No. 49214 of 21 July 2015 (Greek Government Gazette No. 1525/2015 issue B') and due to the imposed restrictions to cash withdrawals and capital transfers and the difficulties arising thereunder, any act of enforcement, and in particular the conduction of auctions, seizures, evictions and detentions, is suspended for the period from 21 July 2015 to 31 July 2015.

## FOR MORE INFORMATION

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Should you like to discuss any of the matters raised in this Briefing, please speak with a member of our team below or your regular contact at Watson Farley & Williams.

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