

Legal base

Title of relevant act	Applicable provision (quote the text)	Remarks (if needed)
Article 91 of Law 3601/2007 and Articles 1 to 9, 12 and 14 of Law 3156/2003.	<p style="text-align: center;">Article 91 of Law 3601/2007 Covered bonds</p> <p>1. Credit institutions may issue covered bonds, according to the provisions of this article and, additionally, articles 1 to 9, 12 and 14 of Law 3156/2003 (Government Gazette 157 A').</p> <p>2. The duties of the representative of bond-holders shall be performed by a trustee which may be a credit institution or an affiliated company of a credit institution that legally provide services in the European Economic Area. Unless otherwise provided for in the terms of the covered bonds issue, the trustee shall be liable to bond-holders for deceit and gross negligence.</p> <p>3. Collateral (cover) of covered bonds may consist of claims of any type of loans and credits and supplementary to claims, of financial derivatives (such as claims from interest rate swaps), of deposits with credit institutions and of transferable securities, as specifically provided for by a Bank of Greece Governor's Act. This Act also provides for the ratio of the value of assets consisting the cover (collateral) to the value of covered bonds issued, the valuation method of these assets, as well as audits for assuring the adequacy of collateral throughout the issue. The ratio of the assets' value to the value of bonds may be different depending on the type of the assets consisting the collateral and especially depending on the type of loans or credits whose claims are included in the collateral.</p> <p>4. The collateral is legally pledged in favour of bond-holders and other lenders, whose claims are attached to the bonds issue (such as claims from financial derivatives attached to the bonds issue, claims from the trustee regarding agreed remuneration and expenses, claims from guarantors and claims from servicers of the bonds issue) and which are referred to as secured lenders in the terms of the covered bonds issue. Should an asset included in the collateral be governed by a foreign law, a lien shall be constituted against it in favour of the bond-holders and other secured lenders, according to the provisions of home law.</p> <p>5. Claims included in the collateral of bonds are mentioned by name in a document signed by the issuer and the trustee, whose synopsis including its most crucial elements is registered according to article 3 of Law 2844/2000 (Government Gazette 220 A'). Claims included in the collateral may be replaced by others or other claims may be added in the collateral in the same way.</p> <p>6. Unless otherwise provided for by the terms of the covered bonds issue, claims which are legally pledged are ranked before the claims of article 975 of Code of Civil Procedure.</p> <p>7. Following the registration of the document mentioned in</p>	Covered bonds may also be issued by an SPV subject to a credit institution unconditionally guaranteeing as primary obligor the claims of the bond holders.

paragraph 5 of this article, the validity of the covered bonds issue, of the legal pledge and of any lien governed by foreign law, as well as of any contract connected with the covered bonds issue shall not be affected by the initiation of insolvency proceedings, as these are provided for in Law 3458/2006 (Government Gazette 94 A'), against the issuer.

8. Confiscation of assets included in the collateral is forbidden. Unless otherwise provided for by the terms of the covered bonds issue, any disposal of these assets by the issuer without having obtained the written consent of the trustee is void.

9. The terms of the covered bonds issue may define that either from the beginning, or after the advent of particular events, such as initiation of insolvency proceedings against the issuer, the trustee shall be able to entrust or to take over the collection and management, in general, of the assets consisting the collateral, according to paragraphs 14 to 16 of article 10 of Law 3156/2003 (Government Gazette 157 A'). In the event of insolvency of the issuer, Bank of Greece shall define a manager, irrespective of the powers entrusted to a Guardian or Liquidator according to articles 63 to 68 of this Law, if this is not done by the trustee. Amounts raised by the collection of receivables and liquidation of other assets included in the legal pledge shall be used for the repayment of bonds and other secured with legal pledge claims, according to the terms of the covered bonds issue.

10. Bonds issued by a Special Purpose Vehicle, established either in Greece or in another member state of the European Economic Area, which acquires securitized, according to the provisions of article 10 of Law 3156/2003 (Government Gazette 157 A'), receivables-claims of any type of loans and credits granted by a credit institution established in Greece, shall be equated with covered bonds, provided that the credit institution guarantees as primary obligor the claims of the bond-holders. Moreover, in order for the issued by the SPV bonds to be equated with covered bonds, the preconditions of the Bank of Greece Governor's Act which is to be issued according to paragraph 3 of this article concerning the value of the bonds and the value and type of assets of the SPV, must be met. Paragraph 8 of this Article still applies.

11. Covered bonds may be admitted to a regulated market within the meaning of paragraph 14 of article 2 of Law 2396/1996 (Government Gazette 73 A'), as currently in force, and they may also be the subject of a public offering, according to home provisions.

12. In the event of a bonds issue governed by a foreign law, which is characterized as a covered bonds issue according to home law, by a credit institution established in a member state of the European Economic Area, the issuer may hold in legal pledge claims governed by Greek law in favour of bond-holders and other lenders, whose claims are connected with the bonds issue according to paragraphs 5, 6 and 8 of this article and article 14 of Law 3156/2003 (Government Gazette 157 A').

13. The details for applying this article shall be provided for by Bank of Greece Governor's Acts.

	(For a Greek version see: http://www.hcmc.gr/photos/Rules/files/3601.pdf)	
Bank of Greece Governor's Act 2620/28.8.2009	See: http://www.bankofgreece.gr/en/epopteia (For a Greek version see: http://www.bankofgreece.gr/pages/el/supervision/legal/creditintitutions/supervisionrules/capitaladequacy.aspx)	