

15/10/2018

Greece welcomes the Central Ultimate Beneficial Owner Register

As of January 30, 2019, the Central Ultimate Beneficial Owner (“UBO”) Register will become fully operative in Greece.

In particular, Greece has finally transposed into local law Directive (EU) 2015/849 “*on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing*” (the “Directive”), which *inter alia* provides for the establishment of a central register with which ultimate beneficial owners of all legal entities are to be registered, in an effort to increase transparency and contribute to the minimization of money laundering and terrorist financing practices.

Who is considered as ultimate beneficial owner?

Greek law has adopted the Directive’s threshold of 25%, in order to determine who is to be considered as ultimate beneficial owner. More specifically:

In case of corporate entities, “ultimate beneficial owner” means the natural person(s) who ultimately own(s) or control(s) a legal entity through direct or indirect ownership of a sufficient percentage of the shares or voting rights or ownership interest in that entity, including through bearer shareholdings, or through control via other means.

A shareholding of 25 % plus one share or an ownership interest of more than 25 % in the legal entity held by a natural person shall be an indication of direct ownership, whereas a shareholding of 25 % plus one share or an ownership interest of more than 25 % in a corporate entity held by a third corporate entity, which is under the control of (a) natural person(s), or by multiple corporate entities, which are under the control of the same natural person(s), shall be an indication of indirect ownership¹.

Further, control on a legal entity may be exercised by virtue of a Shareholders Agreement or through the authority to appoint the members of the Board/administrators thereof, etc. Persons empowered with such control are also considered “ultimate beneficial owners”.

In the absence of an “ultimate beneficial owner” as defined above or in case of doubt as to whether the person identified as per the above criterion is indeed the beneficial owner, the “senior management” of the legal entity², even if not a member of a Board thereof, is considered to be the “beneficial owner”.

¹ The above do not apply to listed companies.

² As per the Directive, “senior management” means an officer or employee with sufficient knowledge of the institution’s money laundering and terrorist financing risk exposure and sufficient seniority to take decisions affecting its risk exposure, and need not, in all cases, be a member of the board of directors the legal entity.

In case of trusts, “ultimate beneficial owners” are: the settlor, b) the trustee(s), c) the protector, if any, d) 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, e) any other natural person exercising ultimate control over the trust by means of direct or indirect ownership or by other means.

Which information must be provided?

All legal entities with registered offices in Greece are obliged to keep a special register with adequate, accurate and up to date information on their ultimate beneficial owners, both in law and in fact. Such information includes at least:

- a) Name and surname;
- b) Date of birth;
- c) Nationality;
- d) Country of residence;
- e) Nature and extent of beneficial interest held therein;

The above information should be registered with the Central UBO Register, to be created by the General Secretary of Information Systems of the Ministry of Finance, within 60 days following the starting operation date thereof. Any changes to the initially registered information should also be registered with the Central UBO Register within 60 days as of when such changes occur.

Noncompliance with the above registration requirements triggers the following administrative sanctions:

- a) Suspension of issuance of a tax clearance certificate and
- b) Administrative fine of Euros 10,000, which can be doubled in case the entity does not comply within the deadline for compliance set by the Authorities.

The Central UBO Register is expected to become fully operative as of January 30, 2019.

Athens, October 15, 2018
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