



**ATHEXGROUP**  
*Athens Exchange Group*

# **XNET NETWORK AND SERVICES: FREQUENTLY ASKED QUESTIONS**

**INFORMATION BULLETIN**

**Version: 1.23 - 26/05/2020**

### **Intellectual Property Rights**

It is hereby recognized and agreed that ownership of all received information shall still be vested with ATHEXGroup. All other rights including but not limited to intellectual property rights, trademark, etc. shall be assigned to ATHEXGroup.

Copyright © 2016 ATHEXGroup

### **All rights reserved**

This is the property of ATHEXGroup and the rights on the information contained in this text are protected by copyright law. It is prohibited to reproduce, republish, modify, copy, sell, transmit or distribute, in any manner or by any means, all or part hereof, without the prior written consent of ATHEXGroup.

### **Warranties & Disclaimers**

ATHEXGroup has made all possible endeavors to ensure that the information and data in this edition is accurate and up to date but is not responsible for its accuracy and completeness nor is it responsible for anything related to access to the information contained in this text, and cannot guarantee that the texts contained herein are true copies of the official texts.

The entire information contained herein is general in nature and does not constitute investment, legal or other advice.

Document Management	
<b>Title</b>	XNET NETWORK AND SERVICES: FREQUENTLY ASKED QUESTIONS
<b>Version</b>	1.23
<b>Status</b>	Final version <b>Issued on:</b> 26/05/2020
<b>Online address</b>	<a href="http://www.athexgroup.gr/web/quest/xnet-regulatory-framework">http://www.athexgroup.gr/web/quest/xnet-regulatory-framework</a> <a href="http://www.athexgroup.gr/el/web/quest/functions-depository-foreing-securities">http://www.athexgroup.gr/el/web/quest/functions-depository-foreing-securities</a> <a href="http://www.athexgroup.gr/el/web/quest/settlement-cross-border">http://www.athexgroup.gr/el/web/quest/settlement-cross-border</a>
<b>Authored by</b>	Hellenic Central Securities Depository S.A. / Central Registry Division
<b>Note</b>	

Revision Table			
Version	Date	Paragraph	Change Description
1.0	29/11/2011		
1.1	30/11/2011		Slight enhancement of the initial version
1.2	12/04/2012		Addenda regarding General Clearing Members (GCMs) and Joint Investor Share Accounts (JISAs)
1.3	26/04/2012		Clarifications regarding PTM Levy and Finland Dividend Tax
1.4	02/05/2012		Clarifications on the use of the Transitory Account
1.5	08/05/2012		Clarifications regarding France Dividend Tax
1.6	27/06/2012	4.2	Amendment for computing the commission for US market
1.7	18/12/2012		Explanations regarding custody at the DSS (Chapter 3) were added - Remaining chapters were renumbered
1.8	19/03/2013		Austria and Canada were added as well as updates on taxation matters
1.9	27/05/2013	4.1	Sec Fee update
1.10	03/10/2013	2.5, 2.6, 4.1, 5.1, 6.1	ADR Fees description, clarifications regarding chilled/frozen securities, taxation of dividend distributed in the form of securities, Market Taxes and Duties list update
1.11	04/11/2014	1.1-1.9 3.6, 3.4, 3.7, 3.8, 3.9, 4.1.3, 5.1, 6.1	Trading matters added Security transfer to France and Italy, Deposit/Withdrawal At Custodian (DWAC) transfer process, EEEK & Viohalco security transfers, out of Xnet trade settlement, dematerializations, updated US SEC Fee, dividend taxation, Market Taxes and Duties update< 2}

<b>Revision Table</b>			
<b>Version</b>	<b>Date</b>	<b>Paragraph</b>	<b>Change Description</b>
1.12	24/03/2015	4.5, 5.1	Xnet new regulatory framework adaptation Discounts to Xnet Participants dividend and coupon taxation, removal of Market Taxes and Duties section
1.13	27/04/2016	1.2, 1.6, 1.8, 2.8, 3.9 4.1	New Intermediary Firm New Contact Details Interruption of Dematerialization services Sec Fee Update
1.14	07/07/2016	6	Addition of new section Holidays
1.15	18/01/2017	2,8, 4,1,2, 4,1,5	New Cash Settlement Agent (Alpha Bank) Taxes for England in EUR Amendment to France Financial Transaction Tax (FTT) .
1.16	11/08/2017	4.1.4	SEC Fee update
1.17	25/09/2017	4.1.7	Tax addition of Germany Regional Market - Frankfurt
1.18	21/05/2018	4.1.4	SEC Fee update
1.19	17/04/2019	4.1.4	SEC Fee update
1.20	12/09/2019	1.11 4 4.5	Change of e-mail regarding the support of the participants on daily issues Section title change Deletion of the section due to annulment of its application
1.21	14/10/2019	1.1 1.5	Addition of note regarding the trading currency in the market of Great Britain Addition of note informing about the RDS files that are available to Xnet Participants on a daily basis
1.22	21/02/2020	4.1.4	SEC Fee update
1.23	26/05/2020	2	Addition of paragraph 2.9 regarding the distribution of securities due to a corporate action while there are pending settlements

**Table of Contents**

**1 TRADING..... 8**

1.1 What is the ISIN employed during order entry (e.g. Reuters, Bloomberg)? ..... 8

1.2 As regards supported markets, what is the starting time from which the Agent accepts orders? ..... 8

1.3 How long does it take between the time an Xnet Participant enters an order and the time the Agent enters it in the exchange? ..... 8

1.4 How long does it take between the time a transaction is concluded and the time on which the Xnet Participant receives the respective ODL message? ..... 8

1.5 What are the files that ATHEX sends to Xnet Participants and at what time are such files sent?..... 8

1.6 As regards the making of transactions, what are the various limits set by in that respect;..... 9

1.7 With regards to calculating credit limit consumption, is there a list of risk factors for the securities traded over Xnet?..... 9

1.8 At what time does the Agent send the trade confirmations that include the respective (buy and Agent) commissions based on which the respective receipts are issued?..... 10

1.9 Are commissions and such other fees as the Agent may charge, shown separately per trade in the detailed transactions file? Does the DSS show such information? ..... 10

1.10 What procedure is employed to activate new ISINs in Xnet? ..... 10

1.11 Where they have queries or are faced with problems regarding the making of transactions in Xnet, who should participants contact? ..... 10

**2 TRANSACTION CLEARING & SETTLEMENT ..... 12**

2.1 When does the DSS provide to the operator information about the sums that corresponds to execution fees and various other fees (with the exception of any non-routine fees) that the different markets charge and the XOrder Agent implements? .. 12

2.2 For the purpose of settlement in Xnet, what procedure must be followed for the purpose of buying or selling foreign currency via Alpha Bank? ..... 12

2.3 What are the reasons that could cause a security buy settlement to be delayed? 12

2.4 Are there securities whose settlement in supported markets is not supported by ATHEXCSD? ..... 12

2.5 In which cases is a Trading Member (TM) replaced by a General Clearing Member (GCM) when it comes to Xnet transactions? ..... 13

2.6 Will the credit limit committed to the buy be released in the event that a delay in a buy settlement is attributed to the Xnet Provider? ..... 13

2.7 What will be the obligation of a GCM with regards to the delivery of securities in the event that a TM fails to perform its obligations (the TM cannot deliver the securities to ATHEX)? ..... 13

2.8 What changes will occur from Monday, January 23, 2017?..... 13

2.9	What is applied regarding the distribution of securities due to a corporate action while there are pending settlements? .....	14
2.10	Where they have queries or are faced with problems regarding the clearing or settlement of their transactions in Xnet, who should participants contact? .....	14
<b>3</b>	<b>FOREIGN SECURITIES IN THE DSS .....</b>	<b>16</b>
3.1	On which basis does ATHEXCSD provide custody services in respect of foreign securities? .....	16
3.2	May foreign securities be registered in Joint Investor Share Accounts?.....	16
3.3	With regards to the transfer of foreign security portfolios to DSS/ATHEXCSD, what is the procedure that needs to be followed? .....	16
3.4	Transfer of securities regarding the markets in France and Italy.....	17
3.5	What is the procedure followed to transfer securities from the Direct Registration System (DRS)?.....	18
3.6	What is the procedure followed for a Deposit/Withdrawal at Custodian (DWAC) transfer of securities? .....	18
3.7	EEEK & Viohalco Securities Transfer.....	19
3.8	Settlement of transactions made outside Xnet .....	19
<b>4</b>	<b>THIRD PARTIES COMMISSIONS AND FEES .....</b>	<b>20</b>
4.1	In the various markets what other fees apply besides the execution fees?.....	20
4.1.1	England in GBP .....	20
4.1.2	England in EUR .....	20
4.1.3	Ireland.....	20
4.1.4	United States.....	20
4.1.5	France .....	21
4.1.6	Italy .....	21
4.1.7	Germany Regional Market - Frankfurt .....	21
4.2	In what way is the value of transactions and any such additional fees as may apply (fees, stamp duty, SEC fee, etc.) computed by the XOrder Agent? .....	21
4.3	What is the reason behind the differences in the (fee-free) net value of transactions between XOrder Agent and DSS trade confirmations? What is the fee to be charged to the Xnet Participant? .....	22
4.4	What is the cost involved with regards to the transfer of foreign security portfolios to DSS/ATHEXCSD? .....	22
<b>5</b>	<b>TAXATION .....</b>	<b>24</b>
5.1	How are dividends and coupons taxed? .....	24
5.2	Sales tax.....	24
<b>6</b>	<b>HOLIDAYS .....</b>	<b>25</b>
6.1	Which are the Xnet network days of operation?.....	25
6.2	Which are the cut-off times of Xnet network?.....	25

6.2.1	Cut-off times for orders entry in Xnet markets .....	25
6.2.2	Cut-off times for settlement of transactions realised in Xnet markets.....	25
6.3	Which is the framework of Xnet services offering in case of Greek holiday and operation of foreign markets?.....	25
6.4	Which is the framework of Xnet services offering in case of an Xnet foreign market holiday and operation of the Greek? .....	26

## **1 TRADING**

### **1.1 What is the ISIN employed during order entry (e.g. Reuters, Bloomberg)?**

Order placement is done via ISIN, Venue and Trading Currency where the Xnet Participant employs an application **via an API**.

Order placement is done using the security ISIN and the exchange/market where the Xnet Participant employs Xnet front end client of ATHEX.

Especially as far as Great Britain's market is concerned, it is noted that the currency for order entry in Xnet network is English pennies (GBX).

### **1.2 As regards supported markets, what is the starting time from which the Agent accepts orders?**

Orders can be placed for order routing to the supported markets at market opening.

### **1.3 How long does it take between the time an Xnet Participant enters an order and the time the Agent enters it in the exchange?**

Less than 1 second (order of magnitude) elapses between the moment an order placed by the Xnet Participant, be it through ODL or Xnet client, is received by ATHEX and the time it is routed to the Agent via FIX.

In general, DMA systems are employed for the automatic entry of orders and the exchange of messages pertaining to such orders.

### **1.4 How long does it take between the time a transaction is concluded and the time on which the Xnet Participant receives the respective ODL message?**

Again, less than 1 second (order of magnitude) elapses between the moment ATHEX receives from the Agent a transaction message and the moment when the message is forwarded to the Xnet Participant via ODL.

In general, DMA systems are employed for the automatic entry of orders and the exchange of messages pertaining to such orders.

### **1.5 What are the files that ATHEX sends to Xnet Participants and at what time are such files sent?**

The following files are sent by ATHEX to Xnet Participants via email on a daily basis:

1. **Xnet Markets Close Prices File.** As regards the ISINs they use to trade on Xnet markets, Xnet Participants have the opportunity to be informed about the respective closing prices. The prices pertain to the day before the transaction day (T-1), and the file is sent to Xnet Participants on a daily basis at 8:50 am.
2. **Xnet Participants' Transactions File.** This file contains a breakdown of the transactions concluded by the respective Xnet Participant on the previous day (T-1) on the supported markets and is sent on a daily basis at 7:00 am.



3. **Reference Data File.** The Reference Data File which is sent on daily basis on the following day at 8:45 and provides detailed statistics about the ISINs traded over Xnet.

Additionally, in the Members restricted area (<https://www.athexgroup.gr/el/rds>), on T+1, at 9:00 a.m. the following RDS (Reference Data System) files are available to Xnet Participants in csv and xml format:

1. **Currencies\_YYYYMMDD.** The particular files consists of the daily exchange rate in Euro of the Xnet supported currencies.
2. **Holidays\_YYYYMMDD.** The Xnet supported markets holidays can be found in the particular file.
3. **InstrumentSeries\_YYYYMMDD.** This file contains all the securities that are available for trading via Xnet.
4. **MarketSchedules\_YYYYMMDD.** The particular file consists of the market schedule of the Xnet supported markets.
5. **PriceTickStructures\_YYYYMMDD.** The price tick structure of the various products is available in the particular file.

#### **1.6 As regards the making of transactions, what are the various limits set by in that respect;**

- **Daily Limit of Transactions:** EUR 3,000,000 is the default daily limit of transactions set for each Xnet Participant. Any sums that exceed the aforementioned limit may be negotiated and the Agent will normally accept them.  
Further, it should be reminded that the respective credit limit of each Xnet Participant also applies.
- **Order Price Limits:** Regarding order price limits from the current share price, in accordance with instructions of the Provider, the following apply:
  - If the orders are 'passive', ie are orders entered into the market and wait to be executed, their entry is permitted at a price within the price range defined by the respective exchanges, as appropriate.
  - If the orders are 'aggressive', that is they are entered in order to "hit" the market (in other words to 'hit' existing bid or ask), they will be executed up to the point where the stock price change has reached 1% compared the price of the last transaction. The unexecuted part of the order will be cancelled. The same is true regardless if the 'aggressive' order is without limit (Market - MKT), or with limit (Limit - LMT).

#### **1.7 With regards to calculating credit limit consumption, is there a list of risk factors for the securities traded over Xnet?**

The Reference Data File received on a daily basis contains the Specific and General Risk per security supported for trading over Xnet.

**1.8 At what time does the Agent send the trade confirmations that include the respective (buy and Agent) commissions based on which the respective receipts are issued?**

With regards to all trades performed, grouped by order or ISIN, depending on the agreement made with the XOrder Agent, trade confirmations are issued and sent to the Xnet Participant by the XOrder Agent. The XOrder Agent sends the trade confirmations, to such email address as the Xnet Participant has provided to that end, either before the execution of the order has been concluded or at the close of each market.

**1.9 Are commissions and such other fees as the Agent may charge, shown separately per trade in the detailed transactions file? Does the DSS show such information?**

No commissions or other fees are shown in the orders/transactions file. Trade confirmations show fees collectively.

Further, the same reports that are used to show the fees for the ATHEX securities markets are also used to show all fees in detail.

**1.10 What procedure is employed to activate new ISINs in Xnet?**

With a view enabling Xnet Participants to manage more efficiently the data they receive either via ODLs or via email, and due to the great number of ISINs traded on Xnet markets, daily access is given to Xnet Participants to a functional subset of ISINs.

Responsibility for the initial activation and maintenance of such functional subset of ISINs lies with ATHEX as the latter is the XOrder system operator.

The following ad hoc requests made by Xnet Participants are also satisfied by ATHEX.

- Requests for confirmation of the activation and inclusion of the total number of ISINs included in the Xnet Participant's client portfolio.
- Requests for activation of the ISINs requested by Xnet Participants and contained in the functional subset of ISINs supported by XOrder.

A request indicating the ISIN, the market code (MIC) and the currency code for the particular ISIN(s) must be sent to Members Support & Network Management Unit for new ISINs to be activated in XOrder.

**1.11 Where they have queries or are faced with problems regarding the making of transactions in Xnet, who should participants contact?**

- For general information regarding Xnet network (i.e. participation issues, provided services, pricing policy issues and more)

E-mail [xnet@athexgroup.gr](mailto:xnet@athexgroup.gr)

Τηλ. 210 336 6330

Fax. 210 336 6296

- For issues of every day operation (i.e. new ISINs activation, issues regarding technical infrastructure and more)

E-mail [Members-Support@athexgroup.gr](mailto:Members-Support@athexgroup.gr)

Τηλ. 210 336 6393, 210 336 6385, 210 336 6818 (μετά τις 19:00)

Fax. 210 336 6286

**2.1 When does the DSS provide to the operator information about the sums that corresponds to execution fees and various other fees (with the exception of any non-routine fees) that the different markets charge and the XOrder Agent implements?**

Currently, it is on the settlement date (SD) that follows the loading of the Greek market transactions over the DSS, that the operator will receive information, either in euros or in foreign currency, on the various fees. (Please bear in mind that the various fees are calculated and collected in the currency of the transaction). ATHEXCSD will collect such fees on SD+1, namely on such business day as follows the settlement date.

**2.2 For the purpose of settlement in Xnet, what procedure must be followed for the purpose of buying or selling foreign currency via Alpha Bank?**

The procedure followed is as follows:

1. A request to buy or sell foreign currency is sent via fax to Alpha Bank by the Xnet Participant. A special form must be filled in and used to send the request.
2. A reply with regards to the granting of the Xnet Participant's request will be sent via fax to them. The foreign currency conversion rate and the respective sum will be stated in the reply.

The buy or sell of foreign exchange is done on the same day with a 2-day value date, pursuant to the contract, and in any case, at such price as Alpha Bank will establish on the date on which the request was sent. On a case to case basis, conversions with same-day value date are possible.

In practical terms, this means that on T + 1 participants will be able to buy (or buy in advance) such foreign currency as they will require on the day on which the transaction will be settled in Xnet, an on T + 1 sell such foreign currency as they will receive on the day of the settlement.

**2.3 What are the reasons that could cause a security buy settlement to be delayed?**

Where for any reason whatsoever the counterparty abroad delays to deliver the securities bought, this can cause the security buy settlement to be delayed. Both ATHEX and ATHEXCSD endeavor to the extent possible to address any such events. Nonetheless, it should be pointed out that in the event of non-liquid securities and given that buying such securities by exceptional procedures is difficult, this problem is made worse.

**2.4 Are there securities whose settlement in supported markets is not supported by ATHEXCSD?**

Yes, DTCC chilled/frozen securities in the United States market. Depository Trust & Clearing Corporation (DTCC) in the United States can limit settlement for specific securities. Such securities, which are settled through the transfer of certificates via transfer agents, are called chilled/frozen securities.

Therefore, major delays and increased costs, that cannot be calculated in advance and are borne by Xnet Participants/Operators, are involved in these cases.

The following documents of SEC and DTCC provide information about such securities:

- [www.sec.gov/investor/alerts/dtcfreezes.pdf](http://www.sec.gov/investor/alerts/dtcfreezes.pdf)
- [www.dtcc.com/downloads/legal/imp\\_notices/2010/dtcc/z0025.pdf](http://www.dtcc.com/downloads/legal/imp_notices/2010/dtcc/z0025.pdf)

Xnet services do not support trading, clearing and settling transactions on such securities as of 7<sup>th</sup> October 2013.

## **2.5 In which cases is a Trading Member (TM) replaced by a General Clearing Member (GCM) when it comes to Xnet transactions?**

Where a TM has failed to perform their obligations vis-a-vis ATHEX both money-wise (buys) and security-wise (sells), a GCM will replace the TM for the purpose of performing the TM's obligations. On the contrary, there will be no need for the GCM to take action and the GCM will have no other responsibilities where a settlement delay is attributed to the Xnet Provider.

## **2.6 Will the credit limit committed to the buy be released in the event that a delay in a buy settlement is attributed to the Xnet Provider?**

There are various reasons, usually linked to the rules of usual functioning of a foreign market, why the settlement of transactions in Xnet can delay for a few (1-2) days. No provision is made for the release of the credit limit in such cases.

On the contrary, the credit limit committed may be released following prior contact with the Securities and Derivatives Clearing and Settlement Department in the event that there is no significant delay in the settlement and where TM-GCM has fulfilled their obligations.

## **2.7 What will be the obligation of a GCM with regards to the delivery of securities in the event that a TM fails to perform its obligations (the TM cannot deliver the securities to ATHEX)?**

The GCM must take action to find and deliver the securities to ATHEX. The obligation can be fulfilled by a third party custodian either buying securities over Xnet (the General Clearing Member must be an Xnet Participant) or transferring existing securities by entering a OTC order (Investor CSD service). At any rate, the settlement of the buy will take place before the settlement of the defaulted sale.

## **2.8 What changes will occur from Monday, January 23, 2017?**

From January 23<sup>rd</sup>, 2017 the ATHEXCSD uses ALPHA BANK as Cash Settlement Transactions Bank in foreign securities in euros, except for the Belgian market. The cash settlement and the fees of Intermediary Firm (Xnet Execution Agent) will be collected from the Cash Settlement Account of the Operators in ALPHA BANK.

The settlement rights for the transfer of foreign securities to and from the DSS (OTC) and the management and operation of the Xnet network charges (fees for settlement transfer, fees for structuring actions (splits, merges), Operator Account communication order fees and fees for Special Settlement Instructions of which the cash Settlement will be transferred to Alpha Bank, will continue to be collected from the financial account of the DSS Operators in Target2.

## **2.9 What is applied regarding the distribution of securities due to a corporate action while there are pending settlements?**

The settlement of foreign exchange transactions in DSS is carried out with the same functionality and algorithms that the settlement of domestic securities is carried out. This solution has been selected for two main reasons:

- 1) In order to enable the netting of the cash obligations arising from transactions, so that Participants do not have to finance the full value of their purchases.
- 2) In order to for Participants to be able to reuse the existing infrastructure and procedures, so that there is no cost burden from the development of new systems and procedures.

However, it is noted that the settlement of foreign transactions in foreign depositories is carried out separately for each transaction (gross settlement). This means that the settlement in DSS may not be able to accurately track the settlement in foreign depositories until the settlement of all outstanding transactions of a security has been completed (this occurs frequently in case of intraday transactions).

As a consequence of this differentiation, the credit of securities in DSS as a result of a corporate action (e.g. a reverse split) may have to be delayed if it occurs during a period when there are unsettled transactions because, in the interim period until the conclusion of all settlements, the balance in which the corporate action has been effected by the foreign depository may differ from the corresponding balance in the DSS in which the corporate action can be effected.

## **2.10 Where they have queries or are faced with problems regarding the clearing or settlement of their transactions in Xnet, who should participants contact?**

- For matters of daily operation that pertain to settlement:

**Athens Exchange S.A.**

Risk Management & Clearing Division

Securities and Derivatives Clearing Department

[Clearing&Settlement-Dpt@athexgroup.gr](mailto:Clearing&Settlement-Dpt@athexgroup.gr)

Tel. +30 210 3366766

Fax. +30 210 3366237

- For matters that regard the transfer of securities:

**Hellenic Central Securities Depository**

Central Registry Division

Foreign Security Settlement

[FSS@athexgroup.gr](mailto:FSS@athexgroup.gr)

Tel. +30 210 3366930

Fax. +30 210 3366475

- For matters that regard corporate trades and taxation:

**Hellenic Central Securities Depository**

Central Registry Division  
Corporate Actions Department  
[corporateactions@athexgroup.gr](mailto:corporateactions@athexgroup.gr)  
Tel. +30 210 3366713  
Fax. +30 210 3366712

## **3 FOREIGN SECURITIES IN THE DSS**

### **3.1 On which basis does ATHEXCSD provide custody services in respect of foreign securities?**

Under the provisions of Law 3756/2009 the framework for monitoring, in accounting form, of transferable securities was restructured extending the ability of the ATHEXCSD Dematerialized Securities System (DSS) to monitor any transferable securities, regardless of whether they have been issued by Greek or foreign corporate forms and regardless of whether they are listed on a regulated market or traded on a multilateral trading facility.

Under Article 5, by being the DSS Operator, ATHEXCSD may have an aggregate account in a foreign dematerialized or immobilized securities registry (depositories), directly or via a credit institution acting as custodian. Such account will be kept in ATHEXCSD's name but on account of third party beneficiaries. Such securities accounts as are kept in the DSS in their name shall be used to monitor the beneficiaries of foreign securities held in a foreign registry (depository). Under the DSS Regulation, ATHEXCSD may, acting as custodian or sub-custodian, monitor the beneficiaries of transferable securities issued by foreign issuers and entered into a foreign dematerialized or immobilized securities registry (depository).

The aforementioned law also enables the ATHEXCSD DSS operation framework for the purpose of linking ATHEXCSD with other registries (depositories) of transferable securities in book entry form. Under Article 6, ATHEXCSD may, being the DSS Operator, enter into agreements regarding the keeping transferable securities in book entry form or associate with foreign systems or registries (depositories) or credit institutions acting as custodians. Where it believes that the smooth functioning of the market and the protection of investors is not safeguarded, the Hellenic Capital Market Commission may oppose to the conclusion of agreements or the creation of links.

Links have been created between the Clearstream Banking Frankfurt (Germany) and ATHEXCSD, as well as between Citibank and ATHEXCSD with a view to the provision of custody services in respect of securities held in the depositories of the markets of Austria, Belgium, France, Denmark, Switzerland, USA, Ireland, Spain, Italy, Canada, UK, Norway, Netherlands, Portugal, Sweden, Finland, Australia, Hong Kong, Japan, South Africa, Singapore, New Zealand, as well as at the International Central Securities Depository (ICSD) Euroclear Bank.

### **3.2 May foreign securities be registered in Joint Investor Share Accounts?**

According to the relevant explanations of the competent bodies of the Hellenic Capital Market Commission, keeping positions on foreign transferable securities in Joint Investor Share Accounts (JISAs) in the DSS in the context of Xnet/Investor CSD services is inconsistent with the philosophy and the framework for the use of Joint Accounts under applicable legislation.

### **3.3 With regards to the transfer of foreign security portfolios to DSS/ATHEXCSD, what is the procedure that needs to be followed?**

The procedure laid down next must be followed in the event that an operator wants to proceed to transfer to the DSS (and place under the management of ATHEXCSD) an existing portfolio of foreign securities held either on the operator's own account or on the account of the operator's clients, and such portfolio is found in a depository in one of the supported countries and subject to the management of another custodian:



1. The operator must first agree in advance with the existing custodian on the settlement date, the securities (ISINs) to be delivered and their numbers, the foreign depository where the transfer will be carried, and counterparty details must be exchanged, namely:
  - the details of such account as ATHEXCSD holds with the foreign depository will be given to the existing custodian for the latter to deliver the securities to such account (ATHEXCSD provides such details in the ATHEXCSD Standard Settlement Instruction Matrix); and
  - the details of such account as the existing custodian holds with the foreign depository (the existing custodian's respective Settlement Instructions) from which ATHEXCSD will receive the securities on the account of the Operator and the Operator's client.
2. Afterwards, the Operator must, pursuant to aforementioned agreements made, ask of the existing custodian to send a DFP instruction (Delivery Free of Payment) (SWIFT MT542) to the foreign depository in respect of the securities.
3. Simultaneously, the Operator must enter in the DSS (OTC transaction management screen) an RFP instruction for the receipt of the securities. In the order, the Operator will indicate as its counterparty the existing custodian with whom the Operator exchanged details as specified above.
4. Provided that the Operator has specified that the securities will be received in the DSS in the Transitory Account of the Operator's Share Account, the Operator must see to it that within 1 day from receiving the securities these are transferred to Securities Accounts of beneficiary investors. To do this, the Operator must, via the OTC Transaction Management screen of the DSS and specifying ATHEXCSD as the depository, enter in the DSS 2 orders (1 delivery order and 1 receipt order).
5. Pursuant to ATHEXCSD's existing pricing policy ([see ATHEXCSD Board Resolution No 1](#)), there will be a cost for each OTC settlement order addressed to a foreign depository. Moreover, a fee of EUR 0.50 will apply per side (receipt-delivery, total fee of EUR 1.00) for each OTC settlement instruction distributing securities from the Operator's transitory account to securities account of investors. As a result, it is in the interest of Operators-Xnet Participants to place, when practicable, aggregate orders for the transfer of portfolios to the DSS and then have further distribution to individual accounts. The following example shows the difference between the costs incurred in a transfer from an existing custodian for 2 clients to a market at EUR 8 per settlement instruction when the orders are executed separately and when an aggregate order is executed:
  - (a) there is a cost of  $2 \times \text{EUR } 8 = \text{EUR } 16$  if 2 orders are settled at the foreign depository; whereas
  - (b) the cost is  $(1 \times \text{EUR } 8) + (2 \times \text{EUR } 1) = \text{EUR } 10$ , namely EUR 6 less than the cost involved in the previous point if an aggregate order is settled for the securities to be transferred to the transitory account and then distributed to the 2 investors in the DSS.

### **3.4 Transfer of securities regarding the markets in France and Italy**

It must be specified whether a transfer of securities for the markets of France and Italy leads to a Change/No Change of Beneficiary Owner - CBO / NCVO respectively, in order for the securities to be transferred. The information should be inputted into the comments filed of the OTC entry screen of the DSS.

### **3.5 What is the procedure followed to transfer securities from the Direct Registration System (DRS)?**

Certain issuers or transfer agents in the United States employ the DRS to register securities in book-entry form in the name of the investors. Where an investor holds securities in the DRS and wishes that the sale of such securities be settled via ATHEXCSD, such investor must first see to it that the securities are transferred to such account as ATHEXCSD holds with the DTCC.

Where the Operator of the investor wishes to receive the securities from the DTCC, the Operator must enter in the OTC transactions subsystem a settlement instruction to that effect. Besides the ISINs and the number of the securities involved, the Operator will also specify:

- the code (in the form of 78xx) that the transfer agent delivering the securities has in the DRS;
- such account number as the investor holds with the transfer agent.

Next, the Operator must send scanned copies of the following to the Foreign Security Settlement Department ([FSS@athexgroup.gr](mailto:FSS@athexgroup.gr)):

- investor's tax ID (US citizens);
- W8-BEN form (non-US Citizens);
- statement of the above account of investor with the transfer agent.

Orders for receipt from the DRS must be entered at 15:00 Athens time at the latest in order for the same-day start of the processing of DRS orders to take place. An order may be rejected and cancelled where information is missing or where the information entered does not match that entered in the DRS by the counterparty transfer agent.

An order will be transferred to the intended transfer agent, provided no problems are identified during the checks run by the Provider or the DTCC. The transfer agent has 24 hours to either accept or reject the order. On the following business day ATHEXCSD is informed as to whether the order was accepted or rejected. Confirmation as to whether the transfer from the DRS was either performed or rejected may, therefore, require at least 2 business days. However, due to the time difference with the US as well as due to transfer agent delays, confirmation may take even longer.

The order of transfer from the DRS must be entered on the T of the sell transaction, or, if not possible, no later than 15:00 hours on T+1, where the securities that will originate from the DRS are to be used for the sell transaction settlement.

### **3.6 What is the procedure followed for a Deposit/Withdrawal at Custodian (DWAC) transfer of securities?**

Where transactions/security transfers are made between brokers/dealers, DWAC is the method employed to transfer securities electronically between the DTCC, which acts as the Clearing House, and the transfer agents of companies that have issued the securities to be settled. Under the DWAC, just like under the DRS, investors can instead of keeping their securities in physical form, keep them in the transfer agent's books in registered form.

Where the Operator of the investor wishes to receive the securities from DWAC, the Operator must enter in the ATHEXCSD OTC transactions subsystem an order to that effect. Besides the ISINs and the number of the securities involved, in the order the Operator will also specify:

- the transfer agent's name, the transfer agent's DTCC code and a contact person at the transfer agent;
- the name of the shareholder at the transfer agent on the account of whom the transfer is performed.

Further, Data Source Scheme, DTCYID/3122 must be filled-in in the Counterparty and Order Originator Client fields in the OTC entry screen in the DSS.

### **3.7 EEEK & Viohalco Securities Transfer**

As regards the transfer of EEEK securities between DSS/SIS/Crest/DTCC and of Viohalco securities between DSS/Euroclear Belgium specific instructions can be found on ATHEXGroup's website at:

- <http://www.athexgroup.gr/el/web/guest/members-settlement-manuals>

### **3.8 Settlement of transactions made outside Xnet**

It should be pointed out that Versus Payment transactions made without using Xnet can be settled as part of the Investor CSD service. This applies in the following cases:

- 1) the broker involved in the transaction is other than the Agent; but
- 2) ATHEXCSD undertakes the settlement and custody.

In this case, besides the Operator entering a settlement order in the DSS on the basis of the counterparty broker's SSIs and informing the latter of ATHEXCSD's SSIs, a transaction is also made in the settlement date in the operator's cash settlement account. In order for ATHEXCSD to send the cash settlement amount to the Provider, the Operator must, when receiving securities, proceed to the timely placement of the corresponding cash amount in the cash settlement account on the day of the settlement. On the contrary, in the event of a sell, the Operator expects ATHEXCSD to credit the cash settlement account with the respective amount.

## **4 THIRD PARTIES COMMISSIONS AND FEES**

### **4.1 In the various markets what other fees apply besides the execution fees?**

Besides the execution fees, the following fees are the most common according to the latest information obtained from ATHEXCSD providers:

#### **4.1.1 England in GBP**

- **Stamp Duty:** 0.5% on the value of buys
- **PTM Levy:** Where the value of a ticketed trade (set of trades corresponding to an order) exceeds £ 10,000 the PTM levy stands at £ 1. Such fee is levied on shares of companies established in the United Kingdom, the Channel Islands, the Isle of Man.

#### **4.1.2 England in EUR**

- **Stamp Duty:** 1% on the value of buys
- **PTM Levy:** Where the value of a ticketed trade exceeds € 12,500 the PTM levy stands at € 1.25.

#### **4.1.3 Ireland**

- **Stamp Duty:** 1% on the value of buys
- **ITP Levy:** Where the value of a ticketed trade exceeds EUR 12,500 the ITP levy stands at EUR 1.25.

#### **4.1.4 United States**

- **SEC Fee:** 0.221/1,000,000 on the value of sells (February 2020). The SEC Fee that applies each time is available at following address:  
<http://www.sec.gov/divisions/marketreg/mrfreqreq.shtml>
- In the event of securities on which DTCC has imposed restrictions, an additional, exceptional fee will apply for settlement with physical delivery (see 2.4). The number of certificates that will need to be transferred to cover the amount under settlement will determine the amount of the fee to be charged. Article 33 of [ATHEXCSD Resolution No 1](#) makes provision for this fee, which is passed to Operators.
- **Depository Servicing Fees** (applies where an American Depository Receipt (ADR) is held): Custody fees called Depository Servicing Fees or ADR Pass-through Fees, are charged by banks that offer ADR custody and act as ADR agents, in order to cover the cost incurred for managing the ADR issue.

In the beginning, these fees were charged by ADR agents by deducting them from the dividend sums distributed. However, SEC approval was secured by Depository Trust & Clearing Corporation (DTCC) to collect such fees on the account of ADR agents and in respect of ADRs that do not give rise to dividend payments. Next, Depository Trust & Clearing Corporation charges such fees to its members, such as for instance Citi GTS, that hold ADRs on the account of their clients.

For each ADR a different fee and time of charge applies. The fees and times when such fees are charged for each ADR are established in the ADR prospectus.

Normally, 2 to 5 cents are charged for each ADR computed on the basis of the portfolio value held on a specific date. The following information document of SEC provides additional information: <http://www.sec.gov/investor/alerts/adr-bulletin.pdf>

Under Article 33 of [ATHEXCSD Resolution No 1](#), the Provider charges such fees to ATHEXCSD, which then passes the fee to Operators.

#### 4.1.5 France

- **Financial Transaction Tax (FTT):** The rate that corresponds to this tax is 0.3% computed on the value of buys of shares of companies seated in France, which in addition have an annual capitalization of over EUR 1 billion on December 1<sup>st</sup> each year. This tax is also imposed on other securities such as for instance ADRs, and ETFs whose underlying securities are shares of such French companies. The market on which the shares or other securities have been listed, be it a French or other regulated market, European or otherwise, does not affect the tax which is imposed regardless of market.

#### 4.1.6 Italy

- **Financial Transaction Tax (FTT):** The rate that corresponds to this tax is 0.1% computed on the value of exchange transactions conducted in regulated markets in the countries in the respective white list. As regards other buys and OTC transactions whether versus payment or free (where a change of share owner is involved), the rate of the tax is 0.2% and is computed on the value of the transaction. This tax applies to shares and other securities such as for instance ADRs and ETFs whose underlying values are shares of companies seated in Italy with a capitalization greater than or equal to EUR 500 million as of November.

#### 4.1.7 Germany Regional Market - Frankfurt

- **Tax DE-FRANKFURT:** Tax which is applicable in shares traded in Local Market of Frankfurt by each X-Order Agent and is calculated per Order depending on the below form:

<i>Tax</i>	<i>0,011424%</i>	<i>0,059976%</i>
<i>min</i>	<i>0,71</i>	<i>3</i>
<i>max</i>	<i>85,68</i>	<i>No cap</i>

#### 4.2 In what way is the value of transactions and any such additional fees as may apply (fees, stamp duty, SEC fee, etc.) computed by the XOrder Agent?

The average price of the transactions that correspond to the trade confirmation is used to compute the trade confirmation transaction value rather than the sum of the transaction value of the individual trades involved. More specifically, the volume-weighted average of trading prices is first computed and then the total volume is multiplied by the average price computed to give the "initial" value of transactions (gross amount, principal amount). It is on this transaction value that the different fees are computed.

Four decimal places are employed in computing the transaction value of individual trades. Four decimal places are used in the average price. A rounding up to two decimal places is

employed for the "initial" transaction value of trade confirmations and the various fees. A simple sum of individual amounts is used to compute the net amount of trade confirmation transactions.

It should be made clear that a percentage of 5% on the value of the transaction is used, pursuant to the rules put in place by the SEC, as the maximum commission that may be charged for a trade confirmation in respect of transactions made in a United States market.

Next follows a calculation example for the transaction value of trades that have originated from one order:

- Trade 1 (buy): Amount = 250, Price = 7.1000
- Trade 2 (buy): Amount = 250, Price = 7.1000
- Trade 3 (buy): Amount = 250, Price = 7.3000
- Trade 4 (buy): Amount = 250, Price = 7.4000

Average price =  $(7.1000 \times 250 + 7.1000 \times 250 + 7.3000 \times 250 + 7.4000 \times 250) / 1000 = 7.2250$  (4 decimal points)

Initial transaction value =  $1000 \times 7.2250 = 7225.00$  (2 decimal points)

Execution Fees =  $7.225.00 \times 0.02\%$  (2bps) = 1.45 (2 decimal points)

Trade confirmation total value =  $7225.0000 + 1.45 = 7226.45$  (2 decimal points)

#### **4.3 What is the reason behind the differences in the (fee-free) net value of transactions between XOrder Agent and DSS trade confirmations? What is the fee to be charged to the Xnet Participant?**

As a beginning, it should be pointed out that there is no difference between the different fees imposed on the net value of transactions between trade confirmations and the DSS. As regards the net value of transactions a slight difference may arise as a result of two reasons:

1. The first reason is because the XOrder Agent uses the average price to compute the total value of transactions whereas individual transactions are simply summed up at the DSS.
2. The second reason is because four decimal points, instead of the two decimal points used by the DSS, are used in computing the transaction value of individual trades.

The sum shown in the DSS is the one to be charged to the Xnet Participant.

#### **4.4 What is the cost involved with regards to the transfer of foreign security portfolios to DSS/ATHEXCSD?**

Pursuant to ATHEXCSD's existing pricing policy ([see ATHEXCSD Board Resolution No 1](#)), there will be a cost for each OTC settlement order addressed to a foreign depository. Moreover, a fee of EUR 0.50 will apply per side (receipt-delivery, total fee of EUR 1.00) for each OTC settlement instruction distributing securities from the Operator's transitory account to securities account of investors. As a result, it is in the interest of Operators-Xnet Participants to place, when practicable, aggregate orders for the transfer of portfolios to the DSS and then have further distribution to individual accounts. The following example shows the difference between the costs incurred in a transfer from an existing custodian for 2 clients to a market at EUR 8 per settlement instruction when the orders are executed separately and when an aggregate order is executed:

(a) there is a cost of  $2 \times \text{EUR } 8 = \text{EUR } 16$  if 2 orders are settled at the foreign depository; whereas

(b) the cost is  $(1 \times \text{EUR } 8) + (2 \times \text{EUR } 1) = \text{EUR } 10$ , namely EUR 6 less than the cost involved in the previous point if an aggregate order is settled for the securities to be transferred to the transitory account and then distributed to the 2 investors in the DSS.



The most recent information received by ATHEXCSD from the Ministry of Finance and its Providers on taxation is provided in the following sections.

### **5.1 How are dividends and coupons taxed?**

The Provider making the payment to ATHEXCSD has already withheld the foreign tax before dividends/coupons are received by ATHEXCSD. All end-investors are subject to the highest tax rate that applies to each country which is the same for all of them. The reason for this is that all securities are kept together in an ATHEXCSD omnibus account in a foreign depository; therefore, each investor is not distinguished from other investors based on the tax regime that applies to him.

The following are envisaged in the new taxation framework that has been in force since 1 January 2014 (Law 4172 / 2013, as amended) and in Interpretative Circular POL No 1042/26-1-2015 of the Ministry of Finance on the tax treatment of income from dividends, interest and options following the entry of the new Income Tax Code (Law 4172 / 2013) into force:

1. As of Thursday, 19 February 2015, ATHEX Central Securities Depository SA (ATHEXCSD) will no longer withhold and pay to the government domestic tax on dividends and foreign interest distributed to end beneficiaries via the DSS and the competent Operators.
2. Under paragraph 12 of the aforementioned circular it is pointed out that in particular with regards to distributed foreign interest:
  - I. Competent Operators, being the "payment agents" (see Law 3312/2005 and Circular No 1082/2006), will withhold domestic tax at the time of payment of the distributed interest to their end beneficiaries-clients, the natural persons and bodies corporate alike.

As of Thursday, 19 February 2015, and for the purpose of facilitating the Operators, ATHEXCSD may via the DSS and subject to prior authorization by interested Operators, proceed to calculate, withhold and pay to the government the interest withholding tax.

### **5.2 Sales tax**

The 0.2% sales tax that applies to the sale of Greek shares also applies to foreign securities (POL. 1056/2011). Investors-sellers are responsible for paying the tax to the tax authorities.



## **6 HOLIDAYS**

### **6.1 Which are the Xnet network days of operation?**

The days of operation of the Xnet network are defined for each year at the end of the previous year and it is published in the relevant [webpage](#) of ATHEX.

### **6.2 Which are the cut-off times of Xnet network?**

The cut-off times of order routing and InvestrCSD services for each Xnet market are defined by the corresponding cut-off times which are referred below.

#### **6.2.1 Cut-off times for orders entry in Xnet markets**

Orders entry by Xorder Participants will have to be realised within the cut-off times which are defined per market (see [Order Entry Cutoff Times](#)) taking into account the special circumstances valid in case of [holiday](#).

#### **6.2.2 Cut-off times for settlement of transactions realised in Xnet markets**

Orders entry by Xsettle participants and their settlement must be realised within the cut-off times defined per market (see [ATHEXCSD SSI Matrix & Cutoff Times](#)) taking into account the special circumstances valid in case of [holiday](#).

### **6.3 Which is the framework of Xnet services offering in case of Greek holiday and operation of foreign markets?**

The framework of Xnet services offering in case of Greek holiday when the Greek bank system or/and Target 2 do not operate, where there are markets on the other hand that operate, is the following:

#### **1. Trading services**

- The offered services (systems, operation and support procedures) are offered normally for all the operating markets, without differentiations compared to working days.
- Especially in case that there are 2 or more, continuous Greek holidays, where the Greek bank system does not operate whereas Target 2 and the foreign market operate, the services will be offered ONLY with the agreement of the Intermediary Firm as far as concerns the unavoidable late submission of required settlement instructions, the first working day after the holidays.

#### **2. Clearing arrangement/Settlement of transactions and Custody services**

- The time of operation of DSS during the holidays, changes at least to 08:00 – 16:30 and is offered to Operators from 11:00 – 16:00 for the performance of actions on foreign securities including the submission of transfer orders with same day (dual listed) securities settlement or other operations not involving Greek securities and not requiring cash movements. Only for these orders the binding of securities (for delivery) as well as the settlement of securities (for delivery) is allowed at the same settlement day.
- In case of extraordinary expenses of ATHEXCSD, especially for the late submission of settlement instructions to the Intermediary Firm (Execution Agent) of the Xnet network, as determined by the applicable pricing policy

of the Providers of ATHEXCSD, will be priced at DSS Operators in accordance with Article 33 ('Extraordinary charges for additional services through providers') of no. 1 Decision of the Board of ATHEXCSD and Participants will be informed that they will be invoiced with the charges (eg for the extra cost of delayed submission of settlement instructions of their transactions because of Greek bank holidays. whereas the Target 2 and foreign markets operate).

- The risk is calculated based on the total transactions of buys that have not been settled and credit limit is offered.
- The day of the holiday is taken into account at the calculation of the settlement period.
- The submission of OTC settlement instructions with Settlement Day the particular day are accepted.
- During the holiday no settlement services of foreign securities in the DSS are offered.
- The settlement operations referring to binding of securities/cash are executed the previous working day.
- The obligations of Operators in securities and cash will have to be covered the next working day.
- The settlement operations referring to delivery/arrangement of securities/cash are executed the next working day.
- Delivery of securities and cash to operators are executed the next working day.
- Cash payment as guarantee should be made by the previous working day.
- Corporate actions are executed the next working day.
- Notifications are sent to Operators the next working day.
- The day of holiday cannot be deadline for the declaration of desire of the investor.

In exceptional cases, if changes are required to the services offered during holidays compared to those described above, the Participants will be promptly informed by an announcement.

Additionally, during the holidays of the Greek Banking System, the communication with ATHEX for issues regarding Xnet network is modified as follows:

- For Members who participate in Xnet network, telephone number of communication is the +30 210 3366818
- For InvestorCSD service, telephone number of communication is the +30 210 3366930.

#### **6.4 Which is the framework of Xnet services offering in case of an Xnet foreign market holiday and operation of the Greek?**

The framework of Xnet services offering in case of holiday of an Xnet foreign market whereas the Greek bank system or/and Target 2 operate, is the following:

##### **1. Trading services**

- Order entry via Xnet for the particular market is not possible
- The risk is calculated based on the total transactions of buys that have not been settled and credit limit is offered.

**2. Clearing arrangement/Settlement of transactions and Custody services**

- The day of the holiday is not taken into account at the calculation of the settlement period.
- During the holiday no settlement services of foreign securities in the DSS are offered.
- The submission of OTC settlement instructions with Settlement Day the particular day are not accepted.
- No corporate actions are executed.
- Notifications are sent to Operators the same day.
- The day of holiday can be deadline for the declaration of desire of the investor.