

## PUBLIC DISCLOSURE OF ASSET SEGREGATION LEVELS AND PROTECTION (ART. 38 PAR. 6 REGULATION (EU) 909/2014)

### 1. PREAMBLE

This documents and its content apply to the accounts and the Securities held in the Hellenic Central Securities Depository (ATHEXCSD).

HSBC Continental Europe, Greece ("HSBC"), has the capacity to operate as a Participant in ATHEXCSD. Under the provisions of article 38 par. 6 of Regulation (EU) 909/2014 (CSDR) and article 10.3 par. 3 of Part 10 of Section III of ATHEXCSD Rulebook, HSBC should disclose to all its clients the levels of segregation, the costs that are connected to the different levels of segregation, the commercial terms under which they are offered and the main legal implications, including information on the applicable insolvency law.

Client assets held in the Dematerialised Securities System (DSS) are not used and are not owned neither by HSBC nor from ATHEXCSD.

In order ATHEXCSD to make use of any client Securities, it should receive the consent of the Participant. In that case, HSBC in its turn will seek client's consent.

Any capitalized term not defined herein shall have the meaning attributed to such term in the Rulebook.

### 2. SEGREGATION AND TYPES OF SECURITIES ACCOUNTS

#### A. Main types

Securities Account are opened in the DSS by ATHEXCSD at the request of the Participant. The main types of Securities Accounts that are available by the ATHEXCSD are the following:

- i. the Own Securities Account of the Participant
- ii. the Client Securities Account for Participant's client,
- iii. the Clients Securities Account for a Registered Intermediary that acts on behalf of its clients as a Participant of through a Participant

The Shares of Clients Securities Accounts serve for the omnibus client segregation while the Shares of Own Securities Account or the Client Securities Account serve for the individual client segregation.

Special cases that fall under the individual client segregation are the Joint Investor Shares, Co-Owner Shares and the Trust Shares.

Each Securities Account corresponds to only one Participant that is responsible for its opening and maintenance in the DSS. Every Participant should maintain at least one Own securities account, while if it operates on behalf of clients it could maintain one or more Clients Securities Accounts or Client Securities Accounts according to the segregation of Securities that it offers to its clients.

The Securities Account is opened following the opening of a Share in the DSS.

Each Securities Account in the DSS is identified by the Registry Share Code Number (RSCN) of the Share to which it belongs and other alphanumeric data in accordance with the procedures of ATHEXCSD.

Indirect Client Accounts and Indirect Registered Intermediary Accounts may open in the DSS for the facilitation of client asset segregation for the Participant's client.

#### B. Special Accounts

The following Special Accounts are maintained in the DSS:

- i. the Deceased's Account, and
- ii. the Provisional Transfer Account.

The Deceased's Account is opened by ATHEXCSD in the framework of provision of the Succession Service

The Provisional Transfer Account is opened by ATHEXCSD in the event of a Participant's insolvency or any other kind of suspension type or revocation of the Participant's license pursuant to the provisions of par. 6, article 30, L.4569/2018. The Provisional Transfer Account is opened in the Share of a beneficiary or Registered Intermediary, as applicable, in which the insolvent Participant has a Securities Account, and it is maintained by ATHEXCSD.

### 3. CLARIFICATIONS FOR THE PROTECTION AND SEGREGATION LEVELS

The maintenance of the above Securities Accounts ensures the compliance of HSBC against the protection and segregation requirements of article 38 of CSDR as well as the provisions of articles 13, 20 and 21 of L. 4569/2018.

For the protection and segregation level of the Securities Accounts held in the DSS the following are clarified:

#### **A.** Segregation per Participant

Securities Accounts are maintained per Participant. The said segregation level in the DSS allows the segregation of a Participant's Securities from the Securities of another Participant in accordance with article 38 par. 1 of CSDR.

Based on this segregation level, the Participant and its clients are protected by the risk in case of another Participant's insolvency as per L. 2789/2000 and the Directive 98/26/EC.

Segregation of Securities between the Participants and ATHEXCSD is not applicable since ATHEXCSD does not hold Securities.

#### **B.** Segregation of Securities between Participant and its clients

The Securities held by the Participant as part of its investment activity are held in the Own Securities Account of the Participant.

The Own Securities Account of the Participant allows the segregation of Participant's Securities by its clients' Securities in accordance with article 38 par.2 of CSDR.

#### C. Omnibus Client Segregation

Securities of Participant's clients may be held in a Clients Securities Account.

The Clients Securities Account allows the omnibus client segregation of the Participant in implementation of article 38 par.3 of CSDR. In detail, through the Clients Securities Account any Participant is able to hold in a Securities Account the Securities that belong to different clients of the Participant.

The same applies to Clients Securities Accounts opened for Indirect Registered Intermediaries where they are able to hold Securities that belong to different clients of the Indirect Registered Intermediary.

It is clarified that the omnibus segregation level does not offer in DSS full segregation per client as applicable through the individual client segregation.

#### D. Segregation per client

Securities of Participant's clients may be held in a Client Securities Account.

The Client Securities Account allows the individual client segregation of the Participant in implementation of article 38 par.4 of CSDR. In detail, through the Client Securities Account any Participant is able to hold in a Securities Account a client's Securities separately from its other clients.

It is clarified that the individual segregation level (segregation per client) offers full segregation in the DSS.

### 4. COST OF SEGREGATION

Based on the level of segregation, as defined through the Securities Accounts, costs may apply related with the opening, maintenance and in general the operation of each Securities Account.

Based on the current pricelist of ATHEXCSD, the below fees are passed through to clients:

Maintenance of Clients Securities Account: EUR1,500.00 per annum (paid monthly)

Deactivation fee for any type of Securities Account: EUR10.00 per request

### 5. COMMERCIAL TERMS

The financial terms that apply on the operation of the Securities Accounts and the different levels of segregation are defined in Section 4 regarding cost of segregation.

For the opening, maintenance and deactivation or deletion of Securities Accounts, the provisions of the ATHEXCSD Rulebook apply.

The Client Share opened in DSS is considered unique in order identity of the beneficiary to be traced for regulatory or other needs such as the implementation of the provision of the commercial law.

Participants have the right to open, deactivate or deletion Securities Accounts by submitting the respective applications to ATHEXCSD according to their clients' instructions and preferences.

## 6. LEGAL CONSEQUENCES

For the usage of Securities Accounts as level of protection and segregation in DSS the below legal consequences apply:

- i. All kinds of rights over Securities are rights in rem (article 13 L.4569/2018).
- ii. Pursuant to L.4569/2018, all types of rights on Securities, such as ownership, pledge, are proven, as well as the transfers on them are carried out, from the registration in the DSS or, if it is an omnibus account (implemented in the DSS as Clients Securities Account), with the necessary entries in the books and records of the Participant or another Intermediary as well as with any other evidence.

In relation to the seizure of Securities, the following applies:

- i. In accordance with the formalities of article 20 of L.4569/2018 the Clients Securities Accounts are not subject to seizure.
- ii. A seizure enforced on Securities held in DSS in a Client Securities Account for which clearing as per article 72 of L.3606/2007 or settlement based on transfer orders as per L.2789/2000 is pending, is considered to be levied on the net proceeds of the settlement following the deduction of any kind of charges as stipulated by Resolution 21 of ATHEXCSD Board of Directors.
- iii. The seizure of Securities held in ATHEXCSD is considered as third party confiscation, subject to the provisions of article 991A of the Code of Civil Procedure and as specifically defined by par. 3, 4 and 5 of article 20 of L. 4569/2018.

The maintenance of Securities in DSS that are shares, are subject to shareholder identification procedures as per the provisions of article 16-19 of L. 4569/2018, article 40 par. 6 of L.4548/2018 and article 27 of L.4706/2020.

In the case of a Client Securities Account or an Own Securities Account as a shareholder is considered the one registered in the DSS while in the case of a Clients Securities Account shareholder is considered the one identified through a Participant or a Registered Intermediary or, in case of a further chain of Intermediaries as per the provisions of Regulation (EU) 2018/2012 through another Intermediary of the relevant chain of intermediaries. In a similar way, the beneficiaries of other Securities can be identified according to the procedures of ATHEXCSD, where this is requested by the Issuer or imposed by a mandatory law provision.

## 7. APPLICABLE LAW ON INSOLVENCY

The ATHEXCSD as CSD that operates as a société anonyme in Greece it has been authorized by the Hellenic Capital Market Commission (HCMC) and is subject to the Greek law as per article 4 of L.4569/2018. In this context, the DSS, that is managed by ATHEXCSD as part of the Depository Services that it offers according to ATHEXCSD Rulebook and is subject to the Greek Law as a securities settlement system as per L.2789/2000, accounting and for securities accounts keeping in the concept of CSDR.

As per article 8 of L.2789/2000, by which Directive 98/26/EC was transposed in the local legislation, the law governing the System also applies in the case of the initiation of an Insolvency Procedure against a Participant regarding the rights and the obligations that arise by its participation in the System or that they are linked with its participation.

Subject to the above provisions, in case the Insolvency Procedure is initiated against a Participant in ATHEXCSD, the Greek law will apply to the rights and the obligations that arise by the participation in the DSS or they are linked with its participation.

Subject to the provisions of article 21 of L.4569/2018 the following apply:

- i. The rights of the beneficiaries of the Securities that are held in the DSS through the Participant, as per the provisions of Sections 2 and 3, are not affected and are kept intact in case of Bankruptcy or any other type of insolvency of the Participant.
- ii. If there is a shortfall in the Securities Accounts and the available balances do not suffice for the full compensation of the beneficiaries, beneficiaries are compensated preferentially by Participant's own account.
- iii. If the balance of the own account does not suffice, as defined above, the beneficiaries are compensated pro rata. By such Securities Account we mean the Own Securities Account of the participant or even another Securities Account through which the Participant may hold Securities for its own account as a client of another Participant of Intermediary.

Moreover, in case insolvency measures are imposed to a Participant or any other kind of suspension or revocations of its license, the relevant Securities are transferred to the Provisional Transfer Account of the beneficiaries as described in Section 2, point B. The Securities that are transferred are force sold by ATHEXCSD in case another Participant is not appointed for their safekeeping as per par.6 of article 30 of L.4569/2018 as well as the specific terms of Resolution 21 of ATHEXCSD Board of Directors.

As per par.5 of article 30 of CSDR, ATHEXCSD has the necessary procedure that ensures the timely and orderly settlement and transfer of clients' and Participants' Securities to another CSD as per the ATHEXCSD Rulebook. Based on the above terms, the rights of the beneficiaries on the Securities as mentioned in Section 4 and the fact that the Securities do not belong to ATHEXCSD, the transfer of the Securities becomes valid and enforceable against any third party subject to the above provisions by way of derogation of the insolvency procedure (L.4738/2020).

In case of Direct Connections or Indirect Connections of the ATHEXCSD with other CSDs, ATHEXCSD, subject to article 11 of L.4569/2018, ensures through the DSS Securities Accounts and the necessary entries, the rights of the beneficiaries of the Securities as registered or identified through the Participants, Registered Intermediaries or other Intermediaries as per the ATHEXCSD Rulebook. Regarding the right of the beneficiaries of the Securities, as held in the DSS, the Greek law applies as mentioned in Section 4 and 7. ATHEXCSD maintain in its own name omnibus account in the CSD with which it has a Direct Connection or to the intermediary with which it has an Indirect Connection and article 48 of Regulation (EU) as well as articles 84 and 85 of the Regulation (EU) 2017/392 apply. Subject to the above provisions, ATHEXCSD Connections, as approved by the HCMC, ensure that in case of insolvency of the CSD in the Direct Connection or of the intermediary in the Indirect Connection does not affect



the right of the beneficiaries of the Securities that are held through ATHEXCSD and the applicable on a case per case law provides guarantees of protection similar to those mentioned above.

HSBC Continental Europe, Greece, operates as a branch in Greece of a credit institution regulated in France. As a result, the law applicable in case of default of HSBC Continental Europe, Greece, is primarily French Law, whereas Greek Law on credit institutions has limited application.

#### 8. FURTHER REFERENCE

For further information on the DSS Securities Accounts, types of risks and levels of protection and segregation you could refer to the web page of ATHEXCSD ([www.athexgroup.gr](http://www.athexgroup.gr)).

HSBC Continental Europe, Greece reserves the right to amend this Disclosure Document in case of regulatory amendments or amendment to the ATHEXCSD Rulebook.