



GREEK LAW DIGEST

The Ultimate Legal Guide
to Investing in Greece

**Papageorgiou Alexandra
& Partners**

PROCEDURE BEFORE
ADMINISTRATIVE COURTS

FACTORING - FORFAITING
(FORFEITING)

NEGOTIABLE INSTRUMENTS

SOCIAL SECURITY LAW



NOMIKI BIBLIOTHIKI



HELLENIC REPUBLIC
Ministry of Development,
Competitiveness and Shipping



Editor-in-chief:

Adonis Karatzas (adonik@nb.org)

Editorial board:

Geena Papantonopoulou (geenap@nb.org)

Marina Tsikouri (marinat@nb.org)

Advertising managers:

Georgia Siakandari (georgias@nb.org)

Juliana Berberi (juliber@nb.org)

Art Director:

Theodoros Mastrogiannis (mastroth@nb.org)

Creative Director:

Andreas Menounos (andreasm@nb.org)

Desktop Publishing – Films:

Yannis Dedousis (yannisd@nb.org)

GREEK LAW DIGEST

ISSN 2241-133X

www.greeklawdigest.gr

NOMIKI BIBLIOTHIKI SA, © 2012

COPYRIGHT

The content of this Guide is copyright of NOMIKI BIBLIOTHIKI S.A. Copying of part or all of the content of the Guide in any form is prohibited other than that in accordance with the following permission: a) you may copy pages from the Guide for your personal use only, b) you may re-copy extracts from the Guide to individual third parties for their personal information, but only if there is acknowledgment to NOMIKI BIBLIOTHIKI S.A. as the copyright owner of the Guide.

DISCLAIMER

The content of this Guide is intended for information purposes only and should not be treated as legal advice. The publication is necessarily of a general nature; NOMIKI BIBLIOTHIKI S.A. makes no claim as to the comprehensiveness or accuracy of the Information provided; Information is not offered for the purpose of providing individualized legal advice. Professional advice should therefore be sought before any action is undertaken based on this publication. Use of this Guide does not create an attorney-client or any other relationship between the user and NOMIKI BIBLIOTHIKI S.A. or the legal professionals contributing to this publication.

**NOMIKI BIBLIOTHIKI**

23, Mavromichali Str., 106 80 Athens Greece
Tel.: +30 210 3678 800 • Fax: +30 210 3678 857
e-mail: info@nb.org
http://www.nb.org



member of Europe's 500
dynamic entrepreneurs



Committed to excellence

Useful insights of the Greek Economic Environment	16
Judicial System	33
Basic Aspects of Civil Law	75
Business Entities	111
Banking System - Finance - Investment	185
Mergers & Acquisitions	243
Financial Contracts	275
Financial Tools	299
Competition	313
Industrial & Intellectual Property Rights	337
Transportation	355
Insurance	403
Insolvency - Bankruptcy	411
Tourism	425
Technology - Media - Electronic Communications	433
Energy	467
Environment	505
Real estate	571
Food & Beverage	589
Life sciences	597
Consumer protection	605
Personal data	611
Lottery – Games	619
Sports Law	625
Employment	633
Immigration	653
Exports / Imports/ Customs	661
Tax	667
Legal profession in Greece	703
Related information	705

Published under the Auspices of



HELLENIC REPUBLIC
Ministry of Development,
Competitiveness and Shipping



GREEK LAW DIGEST

■ JUDICIAL SYSTEM



HELLENIC REPUBLIC
Ministry of Development,
Competitiveness and Shipping



PROCEDURE BEFORE ADMINISTRATIVE COURTS

Alexandra I. Papageorgiou, *Attorney at Law, LLM in European Law*
Founding Partner at **Alexandra Papageorgiou and Partners Law Firm**

Drosoula C. Gerostathou, *Attorney at Law, c.LLM in Civil Law*
Associate at **Alexandra Papageorgiou and Partners Law Firm**

What are Administrative Courts?

Regular Administrative Courts are divided into primary and secondary.

The primary administrative courts are the One- and the Three-Member Administrative Court.

The secondary administrative courts are the Three- and Five-Member Administrative Appeals Court.

The Supreme Administrative Court is the Council of State. Administrative Courts include the Court of Auditors, as a special Supreme Administrative Court.

The Council of State assumed judicial responsibilities as an administrative court in 1929.

Various administrative courts were subsequently specially created, such as the fiscal courts in 1958, with jurisdiction over certain administrative proceedings. The regular administrative courts were established in 1977, with broad powers on administrative differences of substance.

What matters are tried at the regular Administrative Courts?

Disputes arising from:

- municipal and community tax in general,
- mines and quarries,
- signs,
- the validity of municipal and community elections and elections for the administrative instruments of public entities,
- the liability of the government, the local government and public entities for compensation,
- any type of remuneration of staff in government agencies and local public entities in general,
- administrative contracts,
- public revenue collection,
- the granting and revoking of licenses for establishment and operation and sanctions during the operation of catering stores and workshops, and the temporary closure of the stores, offices, factories, workshops and in general professional facilities of traders, the issue of permits for the installation and operation of service stations, garages, car washes - car lubricating facilities and administrative sanctions for violation of the relevant laws.
- implementation of the legislation for the granting, revocation or withdrawal of vehicle circulation licenses and the enforcement of related sanctions, including those imposed by the Highway Code,

- the determination of the operating conditions of public use vehicles (buses, trucks, passenger ships, tankers and others), the change of their seat, and any other relevant change,
- the imposition of disciplinary sanctions on members of professional associations that operate as public entities,
- the imposition of administrative sanctions for the violation of the rules and regulations of labour law and the legislation on health and safety at work,
- the breach of the legislation on tourism enterprises,
- the breach of the legislation on consumer protection,
- the refusal to grant certificates or proofs of no debt to the State or social security for any reason,
- tax offences, or debts to the State for any reason, the refusal to certify tax books and records, due to the non-payment of outstanding and due debt,
- actions issued based on Community and national provisions concerning the payment of the Community aid provided for by the above provisions, subsidies and other cash benefits or the imposition of any relevant measure or sanction,
- deeds for the concession of public spaces to the operators of stores for serving their operation, the issue of permits for outdoor trade and public markets,
- the objections of third country residents to the decisions governing their stay in Greece,
- the recognition, assignment or award of any right or privilege, or any other benefit under the legislation on social security,
- disputes pertaining to the insurance coverage and any kind of benefits for the disabled, war victims, national resistance fighters, earthquake victims and victims of natural disasters,
- the admission and situation in general of students of productive faculties of the above employees and changes in the status of reserve officers,
- promotion of staff,
- the election and the general conditions of service of professors and fellows of higher education and the implementation of educational legislation for pupils, university students, scholars and postgraduate students,
- the revocation of urban planning expropriations, the revocation of urban planning restrictions, the regulation, ratification and discounting of compensation for property, the designation of buildings or structures as illegal constructions and their exemption from demolition, the issuing of building permits and permits for cutting trees, and the connection of buildings with all kinds of networks.
- the issuing of permits for outdoor advertising and signs and the removal of illegal outdoor advertisements and signs and the imposition of fines,
- the fines imposed by the Greek Independent Authorities for any reason, in particular by the Securities and Exchange Commission, the National Broadcasting

Council, the Greek Telecommunications and Post Commission, the Energy Regulatory Authority, etc.

What matters are tried at the Council of State (CS)?

The CS hears, at first and last instance:

A) applications for the annulment of enforceable administrative acts by someone who has a lawful interest, in which case it may cancel the act or reject the application for annulment. Mainly, it hears cases concerning the protection of the natural environment, forests and woodlands, waters, flora and wildlife, the protection of the cultural environment, of antiquities and archaeological sites, monuments, listed buildings and traditional settlements, mines and quarries, the sea and beaches, zoning issues as well as issues on the approval, amendment and extension of city plans, general urban plans and planning studies, the imposition of conditions and restrictions for construction, the determination of active urban planning zones and urban land re-allotment, zones receiving special support and providing special incentives and residential control zones, other than those concerning building permits and deeds for the designation of constructions as illegal, issues relating to the establishment and operation of industries, factories and hotels in general and engineering facilities, and the organization and functioning of the administration, legal persons under public law, the local government and higher education establishments.

B) The recourse of civil, military, municipal, etc. officials against decisions of Official Councils on their promotion, dismissal, demotion, etc.

The CS tries, at second instance:

Appeals against final decisions of the Administrative Appeals Court, which are issued as defined in Article 1 of Law 702/1977, in the event of an application for annulment or opposition.

The CS tries, in its function as a Supreme Administrative Court, appeals against decisions of the regular Administrative Courts, in which a citizen has exercised a right to recourse against an administrative act.

How does a case reach the Administrative Courts?

After exercising one of the provided remedies (application for annulment, appeal, action, declaratory action, opposition to enforcement, application for the regulation of controversy over the validity and effect of legal rules) or one of the provided judicial means (appeal against the default judgement, opposition, appeal, review, process repetition and cassation) within the specific deadlines set for each one of these remedies or means, the parties are summoned by the Court at least 30 days before the hearing.

If the person has no known residence and there is no attorney, the service shall be made to the mayor or president of the community of his/her last known address of residence or correspondence.

The service of court documents to the Minister of Finance, as representative of the Greek government, is made to the Central Office of the State Legal Council for court documents addressed to the courts of Athens and Piraeus.

For tax disputes, service is made to the issuing authority of the document.

Subsequently, the administration compiles the administrative file to be sent to the court within 20 days before the hearing. Otherwise, the discussion is postponed if requested by the party.

How do parties attend the Administrative Courts?

The State is always represented by the Minister of Finance, with the exception of cases of tax disputes in general (government, customs, municipal) and signs, in which the State

is represented by the authority issuing the document and the Minister of Development, respectively.

Public entities and private entities are represented by their legal representatives.

Private parties may be present at the hearing without a lawyer:

- In the event of financial differences, when they do not exceed the amount of 586,94 Euros for the main tax.
- In the event of disputes relating to competition,
- In the event of disputes on insurance and its duration, and the contributions payable
- In the event of disputes on injunctive measures.

During the adjudicating of tax disputes, representatives of the State, public entities and the IKA may conduct procedural acts without a judicial power of attorney.

The judicial power of attorney is given by oral statement at the trial of the presented party or the party's legal representative and is recorded in the proceedings of the trial by deed or private document; therefore a certification of the authenticity of the signature of the person providing the power of attorney from any governmental authority is required, or the co-signature (by the lawyer) of the application by the party, in which case the co-signature of the lawyer is regarded as confirmation of the authenticity of the signature of the above person.

A special power of attorney is required for court settlements, the waiver of judicial means or remedies, the challenge of documents as counterfeit and where else expressly provided. It is provided that the legal representative is also the attorney, if residing or working within the geographical jurisdiction of the court, as well as that the legal representative may appoint another legal representative.

It is provided that the legal representative is also the attorney.

During the adjudicating of tax disputes, representatives of the State, public entities and the IKA may conduct procedural acts without a judicial power of attorney.

Is it possible to postpone the hearing of a case?

Only one (1) time per instance, if there is good reason at the discretion of the Court.

The hearing is necessarily postponed if any of the parties is not present, has not been legally summoned, at the request of the parties, which, although present, have not been legally summoned.

What are the fee and the judicial stamp?

The admissibility of the remedies and means must be documented by the submission, until the first hearing of the case, of a proof of payment of the fee.

The fee for tax disputes is 2% of the dispute. Where the amount is determined by a notice, to be sent by the tax authority to the court secretariat, if this is not sent, 1% of the tax difference is paid and any further amount, if more than 3000 Euros, is allocated by the decision.

The fee required to be paid for appeals and cross-appeals is 50% of the dispute.

The admissibility of declaratory claims must be documented by the submission, until the first hearing of the case, of a judicial stamp. If this is not paid by then, the Court, by its decision, suspends the progress of the trial until it is paid. If this is not paid by the new hearing date, the claim is rejected as inadmissible.

For claims of insured parties against the IKA and for income of any kind by employees of the state, local authorities, public entities, no judicial stamp is paid up to the amount of 6,000 Euros.

During processes in general before the CS, the provisions in force for duty stamps and special fees and stamps apply. The submission of the application initiating the proceedings of the trial and the legal fees are accompanied by the submission of the docket registration fees, and the proceedings and decision fees. If the application initiating the proceedings is submitted to a public authority, the fees can be submitted or sent by money order no later than one month from the receipt of the application by the Council. If the fees are not paid or sent in advance, the appeal is dismissed as inadmissible. In case of an application for suspension, the legal duty stamp for the decision are advanced, on penalty for refusal.

What is temporary legal protection?

Until the issue of a decision regulating the difference in a final manner, if certain conditions apply, the parties may be given temporary legal protection. This concerns the:

- Suspension of the performance of the administrative act.
- Suspension of the performance of the verdict.
- Temporary regulation of status.
- Interim adjudication of the claim.

How is administrative enforcement conducted?

The process for the compulsory recovery of claims from public revenue typically includes the following steps:

1. Proof of payment
2. Report of seizure
3. Schedule of auction
4. Report of auction
5. Ranking list
6. Seizure in the hands of third parties

Acts issued in the framework of this procedure may be challenged through the general remedy of the opposition, which is a special case of appeal.

The opposition does not suspend the compulsory collection of debts, but the opponent requests the suspension until a final decision on the opposition.

He also requests an injunction to suspend the execution until a decision on his application for suspension.

How does the State comply with the decisions of administrative courts?

Compliance is either incidental or positive.

Incidental compliance means that the act that was cancelled is not performed or implemented. Such a case also applies to decisions providing temporary legal protection until a final decision.

Positive means compliance through a positive action on the content of the verdict. The positive action is the restoration of affairs to their legal status as before the issue of the cancelled act.

In practice, the administration's compliance with the decisions of administrative courts is now also achieved through the issue of payment orders against it.

The administrated party submits a signed report to the "Ombudsman", to cause the control of the administration due to its failure to comply with the court order.

What is the Court of Auditors?

Under Article 98 of the Constitution, the jurisdiction of the Court of Auditors pertains mainly to the control of the expenditure of the State and local government or other legal entities subject by a specific statutory provision in this scheme, the auditing of contracts of great economic value in which the State or person in lieu of this is a party, the auditing of the accounts of public officers and local authorities, the opinion on bills on pensions, the drafting and submission of reports to the Parliament on the annual report and balance sheet of the State, the litigation concerning the award of pensions and the audit of accounts and finally the trial of cases relating to the liability of civil or military officials.

What cases are heard before the Supreme Special Court?

The Supreme Special Court is a special court. Under Article 100 of the Constitution, it has special jurisdiction to judge the validity of parliamentary elections, the dismissal of MPs from their office or the resolution of conflicts between the three highest courts of the country. The Supreme Special Court should not be confused with the Special Court of article 86 of the Constitution, which hears cases pertaining to the criminal liability of Ministers. The SSC decisions are final and irrevocable, i.e. they cannot be challenged by any appeal. Its jurisdiction covers the control of the validity of elections and referenda, the ruling on incompatibilities or the dismissal of MPs, the resolution of conflicts regarding the jurisdiction of courts, the control of constitutionality, the resolution of conflicting decisions and the resolution of controversies regarding the generally accepted rule of International Law.

PAPAGEORGIU ALEXANDRA & PARTNERS

**42, DIMITSANAS STREET
115 22 ATHENS**

Tel.: +30 210 33 14 530
+30 210 33 14 536
+30 210 32 36 976

Fax: +30 210 32 35 632

E-mail: info@plo.gr

Url: www.plo.gr

<http://paplaw.tk>

Languages

English, French, German, Italian

Number of Lawyers: 8

Contact

Simopoulou Ada

AREAS OF PRACTICE

Commercial and Company Law

Alexandra Papageorgiou
Grigorios Drosos
Ioannis Vaonakis

Administrative Law

Alexandra Papageorgiou
Grigorios Drosos

Consumer Protection Law

Alexandra Papageorgiou
Drosoula Gerostathou
Ioannis Vaonakis
Ada Simopoulou

Labor & Social Security Law

Grigorios Drosos

Compensations

Dimitrios Avlonitis
Drosoula Gerostathou
Georgia Mandali

Capital Market Law

Alexandra Papageorgiou
Ioannis Vaonakis

Banking and Finance

Alexandra Papageorgiou
Ioannis Vaonakis

Securities

Maria Clio Leventi
Georgia Mandali

Criminal Law

Dimitrios Avlonitis
Drosoula Gerostathou
Ioannis Vaonakis

Family Law

Maria Clio Leventi
Grigorios Drosos
Georgia Mandali

Property and Real Estate

Alexandra Papageorgiou
Dimitrios Avlonitis
Drosoula Gerostathou

Intellectual Property Law

Trademarks & Patents

Drosoula Gerostathou
Georgia Mandali
Ada Simopoulou

GREEK LAW DIGEST

■ FINANCIAL CONTRACTS



HELLENIC REPUBLIC
Ministry of Development,
Competitiveness and Shipping



FACTORING - FORFAITING (FORFEITING)

Ioannis E. Vaonakis, *tr. Attorney at Law,*
c.L.L.M. in International Economic Financial and Banking Law
Jr. Associate at **Alexandra Papageorgiou and Partners Law Office**

I. INTRODUCTION

The increasing changes in trading conditions, as the result of modern transactional needs, has lead to the adoption of new methods that meet the new requirements. In this context, new forms of trading have been developed, in order to respond to these new circumstances. Due to the above, new conventional forms are taking shape worldwide. Two of the most significant are Factoring and Forfaiting, that have also recently been applied in Greece, according to the article 361 of the Greek Civil Code and, mainly, to the 1905/1990 Greek Law.

II. FACTORING

What is Factoring?

Factoring is a contract form that refers to three parts; the Factor, the Supplier and the Debtor. With the contract, the supplier assumes the claims against his client (debtor), with respect to sales or service on credit, to the Factor, who offers a package of services to the first one, such as prepayment, customers' solvency monitoring, accounting, recovery and, on some occasions, adoption of credit default risk, depending on the format of Factoring chosen (see below), with remuneration.

What are the criteria that should be met by the Factor?

According to Greek Law, Factoring can only be exercised either by credit institutions (Banks), that are established and operating legally in Greece or a company in the form of a *societe anonyme* (S.A.) whose sole purpose is dealing with Factoring. For foreign companies that are installed and operating in Greece, it is not necessary to have the form of S.A. Furthermore, a special license from the Bank of Greece, the surveillance authority, has to be granted. This special licence has also to be granted to companies transformed into S.A.s with the sole purpose of dealing with Factoring and to foreign companies that are installed and operating in Greece with the same sole purpose as the above.

What are the conditions required by the Bank of Greece for granting the special licence?

The person(s) concerned with the establishment of such a company has to meet the minimum capital requirements as described below and maintain them at least at that level. Furthermore, an application must be submitted to the Bank of Greece, accompanied by notification of the identity of;

- a. the person(s) owning more than 10% of the shares of the company or the rights to vote.
In case of legal persons, the Bank of Greece is entitled to request information about the persons controlling them.

Those persons have to fill out a special questionnaire accompanied by:

- i) a declaration of its accuracy
- ii) a copy of criminal records (type A)
- iii) a certificate of non-bankruptcy and

- iv) a declaration of origin of financial resources
- b. the (at least two) persons responsible for determining the orientation of the company (that have to be members of the Governing Board), the other members of the Governing Board and the heads of the sections of the company.

Those persons also have to fill out a special questionnaire accompanied by:

- i) a declaration of its accuracy
- ii) a copy of criminal records (type A)
- iii) a certificate of non-bankruptcy
- iv) Full curriculum vitas and
- v) Two letters of recommendation for each person, given by persons not related to the company

The following must also be submitted;

- i) Draft statutes of the company under establishment with its full name
- ii) Feasibility study and action plan of the company with description of the origin of capitals, the system of internal controls and procedures, the organizational and administrative structure and the system for drawing information.

In case of a change in the above persons or the statutes, the Bank of Greece must be informed at least a month beforehand.

What are the capital requirements of a company dealing with Factoring?

According to paragraph 3 of article 4 of the Greek Law 1905/1990, as it was modified by article 10 of Greek Law 2232/1994, the Share Capital is required to be at least 4.500.000 euros, ie a quarter of the minimum share capital required for the establishment of a banking S.A, that is 18.000.000 euros, according to the 2471/2001 Governor's of Bank of Greece Act. Alternatively, the Share Capital may be half of that, ie 2.250.000 € and the remaining half by contribution in kind, if it is to be used by the company to meet its needs.

What are the most common formats of Factoring?

According to the principle of the freedom of contracts, the parties are able to adjust the factoring contract to their occasional needs. The following forms of Factoring are considered the most usual;

- True vs. Non-true Factoring;

In True Factoring, the Supplier does not carry the risk of the debtor's insolvency, which is brought by the Factor, within the limits he has set. Therefore, the Factor cannot claim on the Supplier, if he is not able to collect the debt from the debtor. In this case, the Factor pays the Supplier the amount of the debt, with the removal of his remuneration and the interest discount, or, in any case, the amount agreed.

In Non-True Factoring, if the Factor cannot collect the debt from the Debtor, he maintains the right of recourse against the supplier, who is obliged to pay for it.

- "Apparent" vs. "Invisible" Factoring

The "invisible" form helps to avoid the possibility of the Supplier's clients perceiving the Factoring as his economic weakness. However, apparent Factoring has nowadays become more prevalent. In any case, it depends on the parties and especially the Supplier, to decide whether they either choose the apparent or the Invisible form of Factoring.

- Domestic vs. International Factoring

With domestic Factoring, the Supplier is able to cover his import needs or his needs related to the Internal Market, while with International Factoring he is able to cover his needs related to exports or the International Market. In the latter form, the Factor collaborates

with a correspondent Factor based on the state of Import by sharing the duties and the remuneration between them. Alternatively, the Supplier can directly address a Factor based on the state of Import.

How does Factoring technically work?

An open (clearing) account is usually kept between the Factor and the Supplier that works as the accounting for reciprocal debts. It typically only contains invoices and refers to continuous and repeated collaboration, in terms of short-term funding (up to 4 months).

What are the primary functions of Factoring?

- i) Funding Function; The Supplier conveys a claim to the Factor at a price agreed, that enforces the liquidity of the first one. The commission for the Factor's services and the risk-taking is deducted from the price.
- ii) Insurance Function; It refers to the risk of insolvency that is undertaken either by the Factor ("true" factoring) or by the Supplier ("non-true" factoring).
- iii) Management function; It includes the accounting and legal monitoring of the process of collecting the debts by the Factor and the periodical informing of the Supplier.

What are the benefits of Factoring for the Supplier?

- i) The Supplier can be committed to his aims, without the need of imposing this duty on his accountants, who are usually busy with other duties related to the Supplier's objectives.
- ii) Funding can be raised immediately, strengthening the liquidity of the Supplier's company with the prepayment of the larger part of the claims assigned (usually about 80%) by the Factor. The liquidity would otherwise be based on bank lending with high interest rates and would be recorded as liability on the Balance Sheet of the Supplier.
- iii) Collateral security is not necessary, as it would be in terms of bank lending. Funding is based on the solvency of the Supplier's clients, as estimated by the Factor.
- iii) The risk of the insolvency of his clients, especially in "true" Factoring, does not burden the Supplier, but the Factor, which is responsible for assessing it in advance.
- iv) The cost of the Factor's services is agreed in advance as a rate of the debt (usually about 1-3% of the claims assigned), so the supplier knows how much he will need to pay.
- v) The Factor also provides consulting services that have been proved to be highly helpful for the Supplier's planning.
- vi) The Factor's services are also agreed in advance and the Factor is responsible for informing the Supplier periodically about the status of the debts and the amount accrued.
- vii) The advance payment of the debts by the Factor is recorded on the Balance Sheet of the Supplier as an asset, improving its figure considerably.
- viii) The Supplier is released from the duty of asking his clients, and especially the captious ones, to pay their debts and good cooperation and relations between them are maintained.

What is the cost of Factoring?

It depends on the agreement and the format of Factoring chosen. Usually, the commission varies between 0.50%-2.50% plus the interest discount.

What kind of companies should think about Factoring?

Companies with developing and profitable domestic or international activity with notable turnover, that issue invoices of considerable value with short-term credit and a constant range of customers would obtain plenty of benefits by using the flexible institution of Factoring.

III. FORFAITING (FORFEITING)

What is forfaiting?

Forfaiting is a rapidly spreading modern method of funding export transactional activity, with wider application to postponed payments of debts. Forfaiting is connected to medium- and long-term international commerce (6 months to 10 years) and literally means that the seller (exporter) loses his right for future payments from the buyer (importer), because the forfaiter pays at the current time, on a base of 100% of the commercial price (deducting the commission agreed and the discount interest), without the right of recourse, because of the total risk-taking by the forfaiter.

How does forfaiting technically work?

The function of Forfaiting refers to the purchase of securities, such as bills of exchange or treasury bills from the forfaiter. The securities are guaranteed by a bank and include debts on international transactions of capital goods or supply of services. The Forfaiter (purchaser) cannot claim on the seller of them (Exporter), if the Principal Debtor does not pay. The Forfaiter undertakes the whole risk.

What kinds of risks are undertaken by the forfaiter?

In typical Forfaiting contracts, all risks such as credit risk, political risk, currency (exchange) risk, legal risk and interest rate risk are undertaken by the Forfaiter.

What is the liability of the exporter?

The exporter is only responsible for the legitimacy of the claim, the authenticity of the documents used and the completion of the commercial contract. Additionally, before the conclusion of the contract, the exporter must get the Forfaiter's approval.

How can a forfaiter be secured?

Normally, the debts the Forfaiter assumes (purchases) should be accompanied by a bank guarantee from a credit institution in the country of the importer. The guarantee has to be irrevocable, fully transferable, with specific reference to every individual payment and expiring date and independent of the execution of the commercial operation.

What kind of bank guarantees are the most common?

It varies, but it can be said that the Letter of Guarantee or an annotation on the body of the security ("per aval") are mostly used.

Who can be a forfaiter?

Forfaiting services are usually offered either by a factoring company (see the requirements above and procedure of establishment) or a bank.

What are the benefits of forfaiting?

- i) For the Exporter
 - a. Indirect funding immediately, without the need for bank loans
 - b. The risks are transferred to the Forfaiter
 - c. Quick and simple documentation
 - d. Ability of calculating the financial costs in advance
 - e. Foreign capitals can be collected without spending time and money
- ii) For the Importer
 - a. The excessively binding contracts can be avoided

- b. Legal and administrative costs are eliminated
- c. Rapid processing of trade is achieved
- d. There is no publicity

iii) For the Forfeiter

The significant commission overshadows all the reservations about the risks undertaken and, especially with the bank guarantee, Forfeiting becomes a profitable business activity.

iv) For the Economy

By enforcing the liquidity of the companies, it contributes to the whole commercial and, ultimately, financial circuit, offering a lot to economic development and market growth.

What is the cost of forfeiting?

It depends on the agreement. Usually, it is rather higher than the cost of Factoring because of the more extensive risks undertaken, despite the fact that no other services are usually provided.

What kind of companies should use Forfeiting Services?

Companies with a significant turnover in export activity that need indirect funding immediately with low cost and without the risk of clients' insolvency or any other risk represent the typical target group of Forfeiting.

IV. COMPARATIVE ASSESSMENT

How to choose between Factoring and Forfeiting?

It depends on the following criteria;

i. International or Domestic Commerce

Factoring can be applied to both, whereas Forfeiting mainly applies to international commerce.

ii. Ability of Recourse against the Supplier/Exporter

Factoring (the "non-true" one) gives this ability, whereas true Factoring and Forfeiting do not.

iii. Provision of Services

Whereas factoring offers a huge range of services, forfeiting mainly offers funding.

iv. Due Date

Factoring is connected to short-term debts (up to 4 months), while Forfeiting is appropriate for medium- and long-term ones (6 months to a decade).

v. Kind of cooperation

Factoring creates constant cooperation, but Forfeiting refers to a specific assignment.

vi. Risks undertaken

Whereas the greatest risk undertaken by the factor is basically the insolvency of the debtor, the Forfeiter undertakes all the range of risks.

vii. Assurance

For the Factor to be ensured, a further contract with an insurer is required, whereas the Forfeiter is from the outset ensured because of the bank guarantee.

viii. Type of merchandise

Factoring is also appropriate for consumer goods. On the other hand, Forfeiting only involves capital goods.

ix. Compatibility

While factoring is more flexible, Forfeiting uses mostly certain currencies, such as €, CHF, \$ and JPY.

It is obvious that Forfeiting is not an alternative to Factoring, but the one is applicable where the other one is not.

V. BUSINESS BENEFIT AND TAXATION

It is a fact that the cost of both Factoring and Forfaiting is well worth it. The use of these services minimizes other costs, such as intercompany human resources and infrastructure cost that would be much larger than the one demanded for the services of a Factor or Forfeiter for the same purposes.

The taxation for the supplier/exporter consists of the VAT on services, ie 23% of the price. Despite that, Factoring and Forfaiting remain worthwhile.

Furthermore, the taxation for the Factoring or Forfaiting Company depends on the individual existing income tax law.

VI. THE GREEK MARKET

In Greece, the relevant market opened up in 1991, after the publication of the 1905/1990 Greek law. Since then, it has rapidly expanded.

Nowadays in Greece, such services are mainly offered by Subsidiary Companies of Banks or by Banks themselves. There are also a few branches of foreign companies with sole purpose or branches of foreign (especially European) credit institutions (Banks).

VII. CONCLUSION

The modernization of transactional forms leads to the adoption of new methods as part of the segmentation of duties and the acceleration of trade. Factoring and Forfaiting contribute to the development of modern domestic and international commerce and are very promising.

PAPAGEORGIU ALEXANDRA & PARTNERS

**42, DIMITSANAS STREET
115 22 ATHENS**

Tel.: +30 210 33 14 530
+30 210 33 14 536
+30 210 32 36 976

Fax: +30 210 32 35 632

E-mail: info@plo.gr

Url: www.plo.gr

<http://paplaw.tk>

Languages

English, French, German, Italian

Number of Lawyers: 8

Contact

Simopoulou Ada

AREAS OF PRACTICE

Commercial and Company Law

Alexandra Papageorgiou
Grigorios Drosos
Ioannis Vaonakis

Administrative Law

Alexandra Papageorgiou
Grigorios Drosos

Consumer Protection Law

Alexandra Papageorgiou
Drosoula Gerostathou
Ioannis Vaonakis
Ada Simopoulou

Labor & Social Security Law

Grigorios Drosos

Compensations

Dimitrios Avlonitis
Drosoula Gerostathou
Georgia Mandali

Capital Market Law

Alexandra Papageorgiou
Ioannis Vaonakis

Banking and Finance

Alexandra Papageorgiou
Ioannis Vaonakis

Securities

Maria Clio Leventi
Georgia Mandali

Criminal Law

Dimitrios Avlonitis
Drosoula Gerostathou
Ioannis Vaonakis

Family Law

Maria Clio Leventi
Grigorios Drosos
Georgia Mandali

Property and Real Estate

Alexandra Papageorgiou
Dimitrios Avlonitis
Drosoula Gerostathou

Intellectual Property Law

Trademarks & Patents

Drosoula Gerostathou
Georgia Mandali
Ada Simopoulou

GREEK LAW DIGEST

■ FINANCIAL TOOLS



HELLENIC REPUBLIC
Ministry of Development,
Competitiveness and Shipping



NEGOTIABLE INSTRUMENTS

Dimitrios N. Avlonitis, *Attorney at Law*
Partner at **Alexandra Papageorgiou and Partners Law Office**

What are the most widely known negotiable instruments, mostly used in transactions?

- bills of exchange
- cheques
- shares
- bonds
- insurance policies
- bills of lading
- repositories
- commercial payment orders
- commercial debentures
- warrants
- airway bills

What are the necessary elements a bill of exchange must bear to ensure it has been legally issued?

There are nine (9) standard elements a bill of exchange must necessarily include, as follows: a) The title “Bill of exchange”, b) A clear and simple payment order for a fixed amount, c) The name of the drawee, d) The expiry date of the bill of exchange, e) The place of payment of the bill of exchange, f) The name of the acceptor, g) the date of issue, h) the place of issue, i) the drawer’s signature.

What is the financial importance of a bill of exchange?

Today, the main function of the bill of exchange is for credit, which means that it is used as a means of providing credit, as it does not need to be paid upon presentation, but within a certain period after its issue.

How does the bill of exchange circulate and how does it work?

The bill of exchange is issued according to a certain formula, whereby a person, the “drawer”, instructs another person, the “drawee”, who, if placing his signature is called the “acceptor”, to pay a third bearer “acceptor” or the drawer (in order of myself), a certain amount at a certain time and place. The payment of the bill of exchange can be underwritten by a third party subscribing it in favour of any debtor, i.e. in favour of the drawer, the acceptor or the endorser. Further, the acceptor may transfer the bill of exchange to another person, the “bearer”, by endorsing this, i.e. by placing his or her

signature on the back of the bill exchange, giving it to a debtor who has a debt towards him, who shall have the right to its payment.

How are bills of exchange paid?

Upon the presentation of the bill of exchange by its bearer, the drawee, who, if he has signed it is called the acceptor, must immediately pay the amount stated thereon. Upon paying the entire amount, the drawee is entitled to request the bearer to deliver the bill of exchange paid. If the drawee (or acceptor) fails to pay the bill of exchange upon its presentation for payment by its bearer, the latter may request that it be paid by either the drawer or the previous endorsers. This right of the bearer is called right of recourse, for which a deed of protest is written, unless the bill of exchange has a free return clause.

What other clauses are listed on the bill of exchange and what is their significance?

The most common clauses on bills of exchange, provided expressly by the Law, are as follows:

- a) "no liability to accept," which means that the drawer is exempt from liability for accepting the bill of exchange.
- b) "not to order", which expresses the will of the drawer to prohibit the transfer of the bill of exchange by endorsing it.
- c) "no deed of protest or free return," which exempts the bearer of the bill of exchange from the obligation to draw up a deed of protest in the event of its non-acceptance or non-payment.
- d) "non acceptable", meaning that he/she prohibits its presentation for acceptance.
- e) "at third part domicile", stating that the bill of exchange should not be paid at the domicile of the drawee, but at the domicile of a third party.

What is the collection procedure in case of non-payment?

When a bill of exchange is not paid, the holder of the claim may seek satisfaction by either applying for an order of payment or bringing an unjust enrichment action.

What is the limitation of claims from bills of exchange?

Claims against the acceptor of the bill of exchange through the issue of orders of payment are limited three years from the maturity date of the bill of exchange. Claims of the bearer against the drawer or the other endorsers of the bill of exchange are limited one year from the date of the deed of protest, provided this was drawn up in time. Claims by endorsers who paid the bill of exchange, the drawer and their underwriters are limited six months from the day on which the endorser voluntarily paid the bill of exchange.

Claims by the legitimate bearer of the bill of exchange through an action for unjust enrichment are limited five years from the maturity date of the bill of exchange.

What is the financial significance of cheques?

Cheques have evolved as the most useful bank securities in trade. Although cheques are considered a payment method and not a credit method like bills of exchange, their credit function in transactions has increased, since many of them are post-dated, thus

prolonging, usually for a considerable period, the 8-day deadline within which the law requires that a cheque be presented to the bank for payment. Thus, the issue and circulation of post-dated cheques has essentially substituted the issue and circulation of bills of exchange.

What are the conditions for issuing and circulating a cheque?

Cheques are securities issued in accordance with a statutory formula by which a person, the “drawer,” instructs a Bank, the “drawee,” to pay, upon presentation of the security, a certain amount of money, usually from their account, to the person indicated on the bill (cheque contract).

Furthermore, this “payee” may transfer the cheque to another “bearer” by endorsing it, i.e. putting his signature on the back of the cheque, giving it to a lender who has a debt towards him, who will have the right of its deposit to the paying bank. The bearers and holders of the cheque are legal bearers only when they support their right to an uninterrupted series of endorsements, meaning that there must be a regularity in the signatures on the cheque before them.

What is the standard information a cheque must bear to be valid?

The standard information a cheque should include are: a) The title “Cheque”, b) A simple and clear order for the payment of a fixed amount, c) The name of the drawee, i.e. the name of the Bank, d) The payment place of the cheque, e) The date of issue, f) The place of issue, g) The signature of the drawer of the cheque.

What types of cheque exist?

Depending on their circulation method, cheques are divided as follows:

- a) “not to order” cheques are cheques stating the name of the payee. However, as cheques are securities issued to order according to the law, in order to be valid, these must explicitly state the clause “not to order”.
- b) cheques “to order” are cheques stating the name of the payee, regardless of whether the clause “to order” is included or not.
- c) “to bearer” cheques are cheques issued explicitly to the bearer or holder. Moreover, cheques that do not state the name of the payee (bearer) are considered “to bearer”. Finally, cheques stating the name of the payee (bearer), but including the clause “to bearer” are also considered “to bearer”.

Depending on their issue method, cheques are divided as follows:

- a) Domestic cheques, drawn and payable in Greece.
 - b) International cheques, drawn in Greece and payable in another country or vice versa.
- Depending on the person entitled to collect the funds, cheques are divided as follows:
- a) crossed cheques are those that, by special indication of the drawer, may be paid by the paying bank only to a bank or customer of the paying bank.
 - b) cheques payable in account are those stating “payable in account” in their front part, referring to the payment method. This indicates that they should be paid via an accounting transaction and not in cash.

How are cheques paid?

According to law, cheques are payable upon presentation, even on their drawing day. The presentation deadline is eight (8) days from the day following their drawing, and they must be paid to the lawful bearer and at the place of issue. In practice, it is usual to draw post-dated cheques, which essentially extend the deadline for their presentation and furthermore postpone the start of the limitation.

The paying bank is not obliged towards the lawful bearer to pay the cheque. It is obliged only against the drawer under the cheque contract.

When a cheque presented in time for payment to the Bank is not paid, because the drawer does not have available funds, it is referred to as dishonoured.

What is the cashing procedure of cheques in case of non-payment?

When the rightful holder of the cheque presents it to the paying bank and it is dishonoured, the paying bank confirms the non-payment by “sealing” the cheque, which is done so that the bearers can exercise their rights against the drawer and any other endorsers of the cheque.

In this case, the rightful bearer of the check may proceed to three actions:

- a) Submission of a complaint for a dishonoured check, which constitutes a criminal offence.
- b) Application for an order for payment against the drawer and the endorsers.
- c) Action to condemn the drawer to reimburse, under the provisions of tort.
- d) Action against the drawer and the other endorsers of the cheque under the provisions of unjust enrichment, only when the bearer has lost his right to recourse, either because he did not present the cheque in time, or because he did not confirm the denial of payment correctly or because his right is barred.

What is the limitation of claims for dishonoured cheques?

- a) The complaint is submitted within three (3) months from the end of the 8-day period after the presentation of the cheque.
- b) The application for an order for payment against the drawer and the other endorsers of the cheque may be issued within six (6) months from the expiry of the deadline for the presentation of the cheque.
- c) The action for the condemnation of the drawer to reimbursement under the provisions of tort against the drawer and the other endorsers of the cheque is barred five years after the date of sealing of the cheque and
- d) The action against the drawer and the other endorsers of the cheque under the provisions of unjust enrichment is barred five (5) years after the issue date of the cheque.

Which are the competent courts for exercising remedies for the recovery of debts from bills of exchange and cheques?

The courts with geographic jurisdiction for applications for payment orders are those of the domicile of the defendant or the issuing place of the cheque or bill of exchange, while the local courts hold material jurisdiction, if the value of the securities is up to 20,000 Euro and the First Instance Courts if their value is 20,001 Euro or more.

What is a share?

A share is one of equal parts in which the share capital of a limited liability company is divided. The acquisition of the share's ownership proves the status of the bearer as a shareholder. Shares are primarily divided into:

- a) bearer shares, which do not mention the name of the beneficiary
- b) nominal shares on which the name of the holder is stated, and
- c) intangible shares, issued in intangible form and listed on a regulated stock market.

How are rights on shares exercised?

Rights on shares are proportional to the number of shares held by the shareholder. Indicative rights are a percentage equal to the number of shares held by the shareholder in the total shares of the company, the dividend from the retained earnings of the company, the relevant number of votes at the General Meeting of shareholders as well as corresponding percentage of the company's property, if the company dissolves.

What is the financial function of bonds?

Bonds are securities that are issued by a limited liability company that is to conclude a loan bond. The General Assembly of the company decides on the issue of the loan. After the maturity of the bond loan, bondholders exercise their rights individually, unless otherwise provided by the terms of the loan. Each bond includes a separate autonomous and independent right of lender, who can exercise the rights deriving from the bond solely and independently of the rest.

What is a trade payment order?

These are orders according to which the drawer-merchant instructs the payer-merchant to pay a certain amount of money to a named person (acceptor).

What are commercial debentures?

These are securities drawn only by merchants, which include a promise to the acceptor to provide money or other replacements. The validation data of commercial debentures are as follows:

- a) to order clause
- b) promise to pay a certain amount of money, and
- c) drawer's signature

What are repositories and warrants and what is the difference between them?

These securities are issued by the General Stores that have been specifically authorized in Article 2 of L.D 3077/1954 "On General Stores" and they are trading companies that possess storage facilities.

For each batch of goods, these must issue a repository and a warrant.

The parties in this contract are the contractor of the general stores and the depositor of the goods.

The repository verifies the receipt of the goods described therein and promises to deliver them to their legal holder, while the warrant embodies a request for payment, ensured by a pledge on the goods that are stored in the General Store.

What is the function of the bill of lading?

The bill of lading is a private document issued by the insurer and embodies an insurance claim under a corresponding contract. There are two types: sea and overland bills of lading. Sea bills of lading are securities with a certain content, issued by the charterer or captain or maritime agent that act as representatives of the charterer, and embody a request for the delivery of certain goods loaded for sea transport. Overland bills of lading are issued by carriers and embody their promise to transport goods to their destination and deliver them to their legitimate holder.

What is an Insurance policy?

An insurance policy is a private document proving the existence of an insurance contract. It is issued by the insurer and is deemed a security only when it contains a clause indicating that the insurance claim is incorporated in the insurance policy.

What are airway bills?

These function like bills of lading. They are issued by the air carrier and prove the existence of a contract for the transport of goods.

PAPAGEORGIU ALEXANDRA & PARTNERS

**42, DIMITSANAS STREET
115 22 ATHENS**

Tel.: +30 210 33 14 530
+30 210 33 14 536
+30 210 32 36 976

Fax: +30 210 32 35 632

E-mail: info@plo.gr

Url: www.plo.gr

<http://paplaw.tk>

Languages

English, French, German, Italian

Number of Lawyers: 8

Contact

Simopoulou Ada

AREAS OF PRACTICE

Commercial and Company Law

Alexandra Papageorgiou
Grigorios Drosos
Ioannis Vaonakis

Administrative Law

Alexandra Papageorgiou
Grigorios Drosos

Consumer Protection Law

Alexandra Papageorgiou
Drosoula Gerostathou
Ioannis Vaonakis
Ada Simopoulou

Labor & Social Security Law

Grigorios Drosos

Compensations

Dimitrios Avlonitis
Drosoula Gerostathou
Georgia Mandali

Capital Market Law

Alexandra Papageorgiou
Ioannis Vaonakis

Banking and Finance

Alexandra Papageorgiou
Ioannis Vaonakis

Securities

Maria Clio Leventi
Georgia Mandali

Criminal Law

Dimitrios Avlonitis
Drosoula Gerostathou
Ioannis Vaonakis

Family Law

Maria Clio Leventi
Grigorios Drosos
Georgia Mandali

Property and Real Estate

Alexandra Papageorgiou
Dimitrios Avlonitis
Drosoula Gerostathou

Intellectual Property Law

Trademarks & Patents

Drosoula Gerostathou
Georgia Mandali
Ada Simopoulou

GREEK LAW DIGEST

■ EMPLOYMENT



HELLENIC REPUBLIC
Ministry of Development,
Competitiveness and Shipping



SOCIAL SECURITY LAW

Grigorios Ch. Drosos, Attorney at Law, PhD Candidate in European Law, LL.M. in European Law,
Teaching Laboratory Assistant - Technological Educational Institute of Athens and Piraeus
Partner at **Alexandra Papageorgiou and Partners Law Office**

Which are the main insurance funds in Greece?

- IKA - ETAM (Social Insurance Fund - Auxiliary Fund for Employees)
- OAEE (Freelancer Insurance Organisation)
- Organisation of Agricultural Insurance (OGA)
- Unified Fund of Independent Employees (E.T.A.A.)
- Unified Insurance Fund for Media Employees (ΕΤΑΠ – ΜΜΕ)
- Unified Auxiliary Insurance Fund for Salaried Employees (ΕΤΕΑΜ)
- Private Sector Auxiliary Insurance Fund (ΕΑΙΤ)
- Insurance Fund for Bank and Utility Company Employees (ΤΑΥΤΕΚΟ)
- Auxiliary Insurance Fund for Public Sector Employees (ΤΕΔΥ)
- Auxiliary Insurance and Welfare Fund for Employees in the Armed Forces (ΤΕΑΠΑΣΑ)
- Private Sector Welfare Fund (ΤΑΠΙΤ)
- Public Employees Welfare Fund (ΤΕΔΥ)
- Unified Insurance Fund for Bank Employees (ΕΤΑΤ)

The insurance funds with the most insured parties in Greece are the IKA-ETAM and the OAEE.

What is the IKA-ETAM?

The IKA-ETAM is the largest Social Insurance Organization in Greece and covers employees who provide:

- Dependent employment in Greece, regardless of their employer's status (Private - Public Sector, public entities, etc.) provided that they are not covered by another Primary Insurance Agency for their work.
- Dependent employment abroad for an employer based in Greece, provided that their employment takes place in a country does not have a bilateral agreement with Greece or does not belong to the European Union.
- Their personal employment under a work contract as their primarily or co-primarily occupation, provided that they are not covered by another Primary Insurance Agency for their work.
- The members of their family.
- Foreigners.

How are contributions paid?

Both the employee and the employer participate in paying the insurance contributions. The sum is paid in full by the employer, within the period provided by law.

Can I choose whether or not to be insured at the IKA-ETAM?

No, insurance is mandatory if the conditions stipulated by law are fulfilled.

What benefits does insurance at the IKA-ETAM offer?

- From the IKA-ETAM
 - Health care
 - Hospital care
 - Sick pay from sickness or accidents, maternity, etc.
 - Pension
 - Other Benefits
- From the OAED
 - Unemployment benefit
 - Military service benefit
 - Family benefits
- From the OEK (Workers' Housing Organization)
 - Mortgage loans or ready houses
 - Rent subsidy
- From the Workers' Club
 - Social Tourism
 - Entertainment

What is auxiliary insurance?

Auxiliary insurance was created to increase the sum of the main pension of the directly insured for the same occupation. As of 1/2/1983, if they do not belong to a particular Sectoral Auxiliary Fund, the directly insured of the IKA-ETAM are covered by the ETEAM insurance (former IKA-TEAM).

This is different from the sector subsumed to the IKA-ETAM and named IKA-ETAM-ETEAM, which aims to the additional auxiliary insurance of the staff of public entities or organizations who receive pensions from a basic insurance fund according to specific provisions on public employees and do not receive another auxiliary insurance for the same occupation, as of 1/4/98.

What happens if I have been working abroad?

If an insured of the IKA-ETAM has also conducted insurable work in Member States of the European Union, in countries of the European Economic Area EEA (Norway, Iceland, Liechtenstein) and Switzerland, he/she can count these periods towards their entitlement to pension (for retirement, disability and survivors) as well as for calculating the amount of pension, both in Greece and in the other State where they had worked, according to the EU Insurance Regulations 1408/71 and 574/72 on migrant workers. Insurance periods may also be jointly calculated for other reasons, such as voluntary insurance and entitlement to sickness benefits in kind and in cash.

When is a person entitled to pension from the IKA-ETAM?

There are two categories of insured in the IKA-ETAM:

1. The insured at the IKA-ETAM, who joined its insurance for the first time before 01/01/1993. The provisions of the Law are different for men and women.
2. The insured at the IKA-ETAM, who joined the insurance for the first time from 1.1.1993. The provisions of the Law are different for men and women.

There is the possibility to award a full or reduced pension. The entitlement to pension, the amount of pension and the time of its reception depend on the number of insured days of each insurer, his/her age, the year during which they complete 60 years of age and 35 years of insurance, the type of work and whether they belong to a vulnerable social group (e.g. mothers with disabled children).

Who are entitled to disability pension?

A. For those insured at the IKA-ETAM before 1.1.1993: Disability Pension due to common diseases is available to insured parties that will be judged by the Health Committees of the IKA-ETAM as disabled with a disability percentage due to a common disease that entitles them to disability pension provided that they have been insured with the IKA-ETAM for:

- 4,500 days, or
- 1,500 days, of which at least 600 in the last 5 years before the year in which the disability occurred, or
- the insurance days, depending on age, referred to in the following table, of which 300 in the last 5 years before the year in which the disability occurred.

B. For those insured at the IKA-ETAM after 1.1.1993:

The insured parties judged by the Health Committees of the IKA-ETAM as disabled due to injury, illness or impairment, either mental or physical, in accordance with the law, are entitled to a disability pension provided that they have completed the minimum insurance period under the following conditions:

- 4,500 days, or
- 1,500 days, of which at least 600 in the last 5 years before the year in which the disability occurred, or
- If they have not completed 600 days of work, the five-year period is extended according to the period of any subsidy due to illness, unemployment or retirement.

What is the OAEF?

The Freelancer Insurance Organisation (OAEF), a new single insurer resulting from the consolidation of no longer existing funds, began its operation on 1/1/2007. The OAEF is the obligatory insurer for all self-employed professionals, craftsmen, traders and motorists. On 1/8/2008, pursuant to law 3655/08 on the Administrative and Organizational Reform of the Social Insurance System, the Basic Insurance Division of the Insurance Fund of Shipping Agents and Employees (TANPY), the Hoteliers' Welfare Fund and the insured parties of the Basic Insurance of the Welfare Fund and Auxiliary Insurance of Racing Personnel (TAPEAGP), riders and trainers joined the OAEF. After registration with the OAEF, insured parties are obliged to pay their corresponding contributions.

Under what conditions is the right to old-age pension established at the OAEF?

At the O.A.E.F., insured parties are entitled to old-age pension after the cessation of their occupation. Moreover, there are two categories of insured parties:

1. Insured parties who joined the insurance organisation for the first time before 01/01/1993.
2. Insured parties who joined the insurance organisation for the first time as of 1.1.1993.

Like in the IKA-ETAM, there is the possibility to award a full or reduced pension. The entitlement to pension, the amount of pension and the time of its reception depend on insured days of each insurer, his/her age, the year during which they complete 60 years of age and 35 years of insurance, their previous insurance organisation and whether they belong to a vulnerable social group (e.g. mothers with disabled children).

What are the benefits and other bonuses received by insured and pensioners of the O.A.E.E ?

Benefits include Medical, Dental, Pharmaceutical, Hospital and Additional care (e.g. provision of wheelchair and other medical remedies with discount). Moreover, the O.A.E.E can provide childbirth, funeral expenses and working accident benefits.

Additional special benefits:

1. AIR TREATMENT

This is granted to all old-age or disability pensioners who suffer from special identified serious diseases such as tuberculosis, lung cancer, etc., renal failure or transplants of kidneys, lungs, the heart and liver.

2. FULL or SOLIDARITY DISABILITY

This benefit is available to those retired due to disability or familial death, provided that they need continual monitoring, as well as to those retired because of old age if blind in both eyes. In this case, the amount of pension is increased by 50%.

3. NON-INSTITUTIONAL or PARAPLEGIC

This is granted to insured persons, pensioners and members of their family suffering from paraplegia and quadriplegia, from myasthenia - myopathy with a disability percentage of 67% or more, with a disability percentage of 67% due to amputation of both arms or legs or one upper and one lower limb, etc.

4. SOCIAL WELFARE BENEFIT (E.K.A.S.)

This is granted to pensioners due to old age and familial death, provided that they have completed their 60th year of age and to disability pensioners and their children without age limit that meet and do not exceed the income criteria applicable each year.

What is the O.A.E.D.?

The Workforce Employment Organization (OAED) covers the following:

- Vocational Guidance of the workforce.
- Technical Vocational Education and Training of the workforce.
- facilitation of contacts between supply and demand of labour.
- various benefits, such as conditional subsidies for the unemployed, the supplementation of the pregnancy and maternity benefits provided by the IKA etc.

What conditions must be fulfilled for an employee to receive unemployment benefits from the O.A.E.D.?

If they receive benefits for the first time:

- The insured party must have been working 80 days a year for the past two years before they receive the benefit. However, they must have been completed 125 days of work in the last 14 months, without counting the last two months.
- Insured parties who have completed 200 working days (without counting the last two months), of which at least 80 days a year in the previous two years before their dismissal are also entitled to an unemployment benefit.

If they receive benefits for the second time:

- Insured parties must have worked 125 days in the last 14 months before their dismissal, without counting the working days in the last two months (in the 125 days).
- For those employed in the tourist sector (or seasonal occupations, such as musicians, actors, etc.) 100 working days in the last 12 months are sufficient.

Applications must be submitted within 60 days from the dismissal date to the relevant Service of the beneficiary's residence. The benefit is paid once a month for 25 days.

When is an unemployment benefit paid?

The unemployment benefit is payable after a waiting period of six days. The waiting period begins on the day of employment termination and ends after the sixth day after this. The benefit is paid once a month for 25 days.

The duration of benefit depends on how many days of work the insured has in the above critical periods (14 months, 12 months or two years, see question and answer no. 17) and is scaled according to the number of working days of the unemployed before the termination of employment.

If the employee is still unemployed after the regular subsidy, he receives 13 daily unemployment benefits per month for three months. The daily benefit is that which he received during the regular benefit period.

What is the amount of the unemployed benefit?

The unemployed benefit consists of the basic amount and its increases due to family burdens. The basic amount is up to 40% for workers and 50% for employees of the implicit wage insurance class of the employee for the insurance benefits received.

Their wages are those proved by the insurance booklet of the IKA, based on which the insurance contributions were calculated at the time when the employment was terminated. This includes the benefits paid by the employer and the Easter and Christmas Gifts paid to employees.

The basic daily unemployment benefit is increased by 10% for each member of the family of the unemployed, without restriction. Family members are: a) the spouse or the disabled and indigent spouse (male), b) unmarried children, c) the mother and the disabled and indigent father and d) the orphans of father or mother, siblings and grandchildren as well as orphans only of father or mother siblings or grandchildren if the surviving parent is included as a member of the insured family, until the completion of 18 years of age and until they are married. The children of the insured shall be regarded as family members, provided that they are unemployed until their 24th birthday or studying until their 26th birthday.

The basic amount of the benefit cannot be less than 2/3 of the wages of an unskilled worker, taking into account that paid during the subsidy and therefore if the wage is increased, the subsidized party is entitled to indexation of the benefit.

Are there any other benefits for the employee or unemployed?

- Family Benefit 2011
- Special Seasonal Help of Article 22 of Law 1836/89
- Special Protection of Maternity
- Special Help after Regular Unemployment Benefit Terminates
- Special Help after staying in the Unemployed Registers for more than 3 months
- Long-term unemployed Benefit
- Outstanding Remuneration due to Insolvency of Employer
- Special Benefit to those who served a custodial sentence
- Additional Maternity Benefits
- Special Help - Retention
- Benefit for young men / women from 20 to 29 years
- Military service benefit
- Availability allowance

What is the AMKA?

It is a unified identification number for work and social insurance. Essentially, it is an insurance identification for all citizens and is mandatory by law for all since October 2009.

Under what conditions is financial assistance provided to Persons with Severe Disabilities of 67% or more?

Under the following conditions:

1. People who do not belong to a specific financial support programs of the Welfare Service, and, due to physical, mental or emotional illness or disability, are disabled by at least 67% (67% or more) and unable to exercise occupations according to the findings of 1st and 2nd degree Health Committees.
2. a) Uninsured (health care by the Social Welfare Administration or any other insurer as required by the current Law).
- b) Indirectly insured [excluding those indirectly insured due to death of the direct insured (father or husband) who receive the pension, in which case they are considered as directly insured].
- c) Insured in the O.G.A as overage.
- d) Directly insured who do not fulfil the insurance requirements for retirement from the insurance fund.

The following are not entitled to benefits: a) those retired abroad, b) those who are hospitalized with public expenses as inpatients or inmates in public, nursing and welfare institutions, respectively, for a period exceeding three months.

PAPAGEORGIU ALEXANDRA & PARTNERS

**42, DIMITSANAS STREET
115 22 ATHENS**

Tel.: +30 210 33 14 530
+30 210 33 14 536
+30 210 32 36 976

Fax: +30 210 32 35 632

E-mail: info@plo.gr

Url: www.plo.gr
<http://paplaw.tk>

Languages
English, French, German, Italian

Number of Lawyers: 8

Contact
Simopoulou Ada

AREAS OF PRACTICE

Commercial and Company Law

Alexandra Papageorgiou
Grigorios Drosos
Ioannis Vaonakis

Administrative Law

Alexandra Papageorgiou
Grigorios Drosos

Consumer Protection Law

Alexandra Papageorgiou
Drosoula Gerostathou
Ioannis Vaonakis
Ada Simopoulou

Labor & Social Security Law

Grigorios Drosos

Compensations

Dimitrios Avlonitis
Drosoula Gerostathou
Georgia Mandali

Capital Market Law

Alexandra Papageorgiou
Ioannis Vaonakis

Banking and Finance

Alexandra Papageorgiou
Ioannis Vaonakis

Securities

Maria Clio Leventi
Georgia Mandali

Criminal Law

Dimitrios Avlonitis
Drosoula Gerostathou
Ioannis Vaonakis

Family Law

Maria Clio Leventi
Grigorios Drosos
Georgia Mandali

Property and Real Estate

Alexandra Papageorgiou
Dimitrios Avlonitis
Drosoula Gerostathou

Intellectual Property Law

Trademarks & Patents
Drosoula Gerostathou
Georgia Mandali
Ada Simopoulou

GREEK LAW DIGEST

The Ultimate Legal Guide
to Investing in Greece

Published under the Auspices of



HELLENIC REPUBLIC
Ministry of Development,
Competitiveness and Shipping



✓ To order a copy of the publication, please visit
www.nb.org/PUBLICATIONS/GREEK_LAW_DIGEST_2012

✓ For more information about Greek Law Digest, please visit
www.greeklawdigest.gr

✓ To purchase books from NOMIKI BIBLIOTHIKI, please visit
www.nb.org



NOMIKI BIBLIOTHIKI

23 Mavromichali street, 106 80 Athens, Greece
T: +30 210 367 8800 (30 lines), F: +30 210 367 8857
E: info@nb.org

