

## Unofficial translation of Bondholders Act 4050/12.

This translation was done by Vassilis Sourlas

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### THE PRESIDENT OF THE HELLENIC REPUBLIC

We issue the following law that has been approved by the Greek Parliament

#### Article 1

1. For the purposes (application) of this article the concept of the following terms is as follows:

- a) As 'title (instrument)' is considered a bond, debenture or other title (instrument) of debt, in physical or dematerialized form (registered or book entry form), governed by Greek law and whose: aa) issuer or guarantor is the Greek State, bb) original duration (maturity) at the time of the first issuance exceeds twelve months and cc) the issuing date precedes the 31<sup>st</sup> December 2011.
- b) As 'eligible title (security)' is considered any title (security) specified by decision of the council of ministers (Cabinet) and by invitation of the Greek State, as defined in paragraph 2.
- c) As 'outstanding capital' is considered the capital (amount) of the eligible title (security) which has not been paid (redeemed) according to the terms of the eligible title (security) on the date specified by the invitation, and as 'aggregate outstanding capital' is considered the sum of all outstanding capitals (amounts) of all eligible titles (securities) which are defined in the relevant decision by the council of ministers (Cabinet) and the corresponding invitation of the Greek State, as provided in paragraph 2, with no regard to the series, duration (maturity), interest rate (coupon) or other individual characteristics of the eligible titles (securities).
- d) As 'amendment' of titles (securities) is considered the change or addition of terms to one or more of the eligible titles (securities) or the exchange of one or more of the eligible titles (securities) with one or more new titles (securities).
- e) As 'new title (security)' is considered a bond, debenture, other title (security) of lending (instrument of debt) or guarantee, or financial instrument, in a physical or dematerialized form (registered or book entry form), or an equivalent of the above for the purpose of applying foreign provisions, that is exchanged for one or more eligible titles (securities) that are amended. If the new title (security) is a financial instrument it is accepted to have its performance (return) linked to the GDP.
- f) As 'Bondholder' is considered the participant who is registered under the System for Monitoring Transactions in Book-entry Securities (the "System") of paragraph 1 of Article 6 of Law 2198/1994 (A 43), to the accounts of which, in the system, the eligible titles (securities) are registered, as it is specified in paragraph 2 of the invitation.  
For the titles (securities) that are not monitored by the system, the 'Bondholder' is considered as: aa) for the debenture of bearer bonds according to paragraph 5 of Article 1 of Law 3156/2003, the bearer of the title (security) on the date specified in the invitation bb) for the debenture with nominal (registered) bonds in paragraph 5 of Article 1 of Law 3156/2003, the beneficiary stated in the title (security) and cc) for a debenture of intangible (*book entry form*) bonds, the person who he has been rated a (nominal) certificate in accordance to paragraph 6 of Article 1 of Law 3156/2003, on the date specified by the invitation.
- g) As the 'Process Manager' is considered the Bank of Greece.

h) As 'investor' is considered: aa) for titles (securities) monitored by the System, the investor who has a claim on or under the title (security) according to the provisions of paragraphs 2 and 4 of Article 6 and Articles 7 and 8 of Law 2198/1994 and bb) for titles (securities) that are not monitored from the System, the bondholder.

i) As 'participation' in the decision-making process of paragraph 4 shall be meant exclusively, the positive or negative vote of the Bondholder in this process, (participating) with a specific amount of outstanding capital of the eligible titles (securities) he possesses. The invitation of paragraph 2 determines the specific conditions and means of the participation, which may be done by representation as well (the participation).

2. The Council of Ministers (Cabinet), following the suggestion of the Minister of Finance, decides to launch the procedure for amending the eligible titles (securities) held by the Bondholders, determines the eligible titles (securities) and upon exchange defines the capital (principal) or nominal amount, the interest rate (coupon) or the yield to maturity, the duration (maturity), the English or other law which will govern the new titles (securities) to be issued by the Greek State and authorizes the PDMA (Public Debt Management Agency) to issue one or more invitations from the Greek State.

The invitation calls the Bondholders of the eligible titles (securities) specified in it to decide, within a certain timeframe, if they accept the amendment of the eligible titles (securities), as proposed by the Greek State and in accordance to the (described) procedure of this article.

In the invitation are defined inter alia: a) the eligible titles (securities), b) the terms which are proposed to be amended, c) the new content of the terms, d) any new terms, e) upon exchange of the eligible titles (securities), the terms of the new titles (securities), as defined by decision of the Council of Ministers (Cabinet) and their additional conditions, such as the subdivisions of the title (security), the grace period, the currency (denomination), the terms and means of payment, repayment and repurchase (buyback), the reasons for termination (events of default), the negative obligations of the issuer (negative pledges), the appointment rights and obligations of the Bondholders trustee, the collective action clauses of the new titles, etc. f) the period within which the bondholders of the eligible titles (securities) are required to decide, g) the particular terms and how to participate in the decision-making process.

3. The invitation shall be served to the Process Manager and published on the Internet as specified herein. The deadline for a decision cannot be less than ten (10) days from the date of the publication of the invitation.

4. The Bondholder's participation in the process is conducted by all or part of the outstanding capital (principal) of the eligible titles (securities) he possesses, as is defined by the invitation. For the amendment of the eligible titles (securities) is required the participation in the process (quorum) of at least half of the total outstanding capital of all eligible titles (securities) specified in the invitation ("participating capital") and a qualified majority in favor of the amendment of at least two thirds (2/3) of the participating capital.

5. The portion of the outstanding capital of the eligible titles (securities) of whom the investor is the Greek State or, for eligible titles (securities) that are guaranteed by the Greek State, the portion of the outstanding capital of the eligible titles (securities) the investor of which is the issuer or the guarantor of the title (security), is not considered when calculating the total outstanding capital, neither for the calculation of the quorum nor the qualified majority which are stated in paragraph 4.

6. Eligible titles (securities) that are issued (denominated) in a currency other than euro, are converted into euros according to the exchange rate set by the European Central Bank on the date specified in the invitation.

7. The participation of a Bondholder in the decision-making process of this Article is considered, with regard to the Process Manager, the Greek State, the PDMA, their assignees, to be performed under the instructions and with the

consent of the investor. The above mentioned shall not be liable to the investor, the Bondholder and any third party if a Bondholder participated in the process without the consent of the investor or in violation of his instructions.

8. The decision of the Bondholders is certified by an act of the Process Manager, which is published in the same manner as the invitation and is approved by a decision of the Council of Ministers (Cabinet), which is published in the Government Gazette.

9. Since the approval decision of the Council of Ministers (Cabinet) is published in the Government Gazette, the decision of the Bondholders, as witnessed by the Process Manager applies erga omnes, binds the bondholders and investors of the eligible titles (securities) as a whole and prevails any potential contrary legislation, of any kind, general or specific provisions of law or regulation issued by the administration or agreement. In the case of exchange of the eligible titles (securities), the eligible titles (securities) that are exchanged, cancel automatically with the registration in the System of the new titles (securities) and any right or obligation derived therefrom, including all rights and obligations that at any time formed part of them, extinguish.

10. The issuance of the new titles (securities) is conducted upon the decision of the Minister of Finance which is published in the Official Gazette. Any specific technical issue necessary to implement the provisions of this Article may be adjusted by decision of the Minister of Finance which is published in the Government Gazette.

11. The provisions of this Article aim to protect the supreme (overriding) public interest, are mandatory rules effective immediately, prevail any contrary legislation of general or special provisions or regulations issued by the administration or agreements, including the provisions of law 3156/2003 (A' 157) and their application neither does generate or activate any contractual or statutory right in favor of the bondholders or the investors, nor does it activate any contractual or statutory obligation against the issuer or guarantor of the titles (securities), except for those that are explicitly referred to in the provisions of this Article.

## **Article 2**

1. In Article 2 of Law 3156/2003 (A 157) paragraph 4 is added as follows:

“4. Terms of debentures, falling within the scope of this law and guaranteed by the Greek State, which prohibit or restrict the assignment or the transfer of the title (security), should not apply to the assignment or the transfer of a title (security) to the Greek State, according to the application of the programme for the restructuring of the Greek debt.

2. In Article 12 of the Income Tax Code ratified by Law 2238/1994 (A 151), the new paragraph 15 is added which reads:

"15. When as part of the participation program in the redeployment of Greek debt, holders of bonds issued by the Greek State or holders of corporate bonds that are guaranteed by the Greek State acquire new bonds of the European Financial Stability Fund, for the amount of accrued and unpaid interest attributable to the time of the initial bond exchange, the withholding tax due because of discounting the interest (coupon) on the new bonds is conducted at the end time (maturity) of the new bonds by the intermediary bank. The tax is attributed within the first fifteen days (first half) of the following month during which it was withheld with a statement submitted to the competent tax office and in the case that the beneficiary of the interests (coupons) is the bank itself, the bank is obliged to pay the tax due within the same period.

The provisions of paragraph 6 of Article 3 of Law 4046/2012 (A 28) shall apply accordingly concerning the interest (coupon) of this paragraph. "

## **Article 3**

The validity of the present law commences from the publication in the Government Gazette, unless it is specified otherwise in the individual provisions.

