Chambers | Practice Guides

Alternative Funds 2026

Definitive global law guides offering comparative analysis from top-ranked lawyers



Greece: Law and Practice

Ioannis Charalampopoulos, Petros Machas and Katia Zygoulianou
Machas & Partners

GREECE



Law and Practice

Contributed by:
Ioannis Charalampopoulos, Petros Machas and Katia Zygoulianou
Machas & Partners

Contents

1. General P.4
1.1 General Overview of Jurisdiction p.4
1.2 Key Trends p.5

2. Funds P.5
2.1 Types of Alternative Funds and Structures p.5
2.2 Regulatory Regime for Funds p.6
2.3 Disclosure/Reporting Requirements p.7
2.4 Tax Regime for Funds p.8
2.5 Private Credit p.8
2.6 Non-Traditional Assets p.9
2.7 Use of Subsidiaries for Investment Purposes/ Co-Investments p.9
2.8 Local/Presence Requirements for Funds p.10
2.9 Rules Concerning Service Providers p.10
2.10 Anticipated Changes for Funds p.10

3. Fund Managers P.11
3.1 Origin of Promoters/Sponsors of Alternative Funds p.11
3.2 Legal Structures Used by Managers p.11
3.3 Regulatory Regime for Managers p.12
3.4 Tax Regime for Managers p.12
3.5 Rules Concerning Permanent Establishments p.12
3.6 Taxation of Carried Interest p.13
3.7 Outsourcing of Investment Functions/Business Operations p.13
3.8 Local Substance Requirements p.14
3.9 Change of Control p.14
3.10 AI and Use of Data p.14
3.11 Anticipated Changes for Fund Managers p.14

4. Investors P.15
4.1 Types of Investors in Alternative Funds p.15
4.2 Side Letters p.15
4.3 Marketing of Alternative Funds to Investors p.15
4.4 Rules Concerning Marketing of Alternative Funds p.15
4.5 High Net Worth or Retail Investors p.16
4.6 Retirement Investors p.16
4.7 Private Placements p.16
4.8 Compensation and Placement Agents p.16
4.9 Tax Regime for Investors p.17
4.10 Double Tax Treaties p.17
4.11 Foreign Account Tax Compliance Act (FATCA)/ Common Reporting Standard (CRS) Compliance Regime p.17
4.12 Anti-Money Laundering (AML) and Know Your Customer (KYC) Regime p.18
4.13 Data Security and Privacy for Investors p.18
4.14 Anticipated Changes for Investors p.19

Machas & Partners is redefining the full-service law firm model in Greece, combining progressive thinking with deep commercial insight. The firm is particularly renowned for its expertise in investment funds across various sectors such as technology, innovation and AI, real estate, hospitality, education and energy. Its specialised investment funds practice has extensive experience in the formation and structuring of alternative investment funds (AIFs), including hedge funds, real estate investment companies (REICs) and other regulated entities. The firm's expertise extends to all fund-related corporate transactions, including cross-border holding restructurings, demergers and public offerings, providing fully integrated legal solutions that address regulatory, corporate, and commercial challenges to optimise revenue flows. The firm advises investee companies and institutional sponsors on capital raising, VC financing rounds with equity, quasi-equity or equity-linked instruments, including SAFEs, convertible bonds, and tailor-made derivative instruments, as well as private equity investments, divestments, secondaries, joint ventures, partnership arrangements and bespoke shareholder agreements, vesting agreements and carried-interest arrangements.

Authors



Ioannis Charalampopoulos is a partner and head of the corporate and M&A practice at Machas & Partners. Ioannis has a particular interest in collective investment schemes and the ecosystem of innovative start-ups, providing comprehensive advice on the structuring of venture capital funds, private equity funds, hedge funds, and other sophisticated alternative investment funds, including REICs. Ioannis provides legal advice on operational, organisational and investment matters relating to domestic and cross-border corporate and quasi-fund structures. He advises on strategic entry and exit planning, as well as designing optimal schemes for the upstream flow of revenue to investors and has deep expertise in the drafting of trust settlements, bespoke shareholders agreements and carried-interest and other performance-based profit-sharing.



Petros Machas is the founding partner and chair of Machas & Partners. A serial entrepreneur and venture capital business angel, Petros has developed a pro-business approach and has been recognised by peers and clients for his solid, proactive and effective multi-jurisdictional expertise in various fields of law spanning from commercial litigation and arbitration to sophisticated cross-border corporate transactions, as well as estate, tax and succession planning acting for ultra-high-net-worth individuals as well as family and multi-family offices. Petros is an expert in cross-border corporate and fund structures and has successfully negotiated complex commercial deals, leveraging his strategic foresight, intuition, and disruptive attitude to generate exponential value.



Katia Zygoulianou is a senior associate at Machas & Partners specialising in mergers and acquisitions, capital markets and financial regulation, with particular emphasis on the funds industry. Her experience includes primary and secondary public offerings, corporate and financing transactions, private equity and venture capital investments, and regulatory matters concerning entities supervised by the Hellenic Capital Market Commission and the Bank of Greece. Combining transactional and regulatory expertise with hands-on experience, Katia advises clients on initial fund formation processes, as well as the execution of complex transactions and the practical regulatory considerations surrounding them. She has served as in-house legal counsel and compliance officer at a Greece-based listed alternative investment fund.

Machas & Partners

8 Koumpari str
Kolonaki
10674 Athens
Greece

Tel: +30 210 7211100
Fax: +30 210 7254750
Email: info@machas-partners.com
Web: www.machas-partners.com

1. General

1.1 General Overview of Jurisdiction

Greece has emerged as an increasingly sophisticated jurisdiction for alternative investment funds, having undergone significant regulatory modernisation aligned with EU standards over the past decade. This alignment with EU regulatory standards has attracted increasing interest from both domestic and international investors. The market demonstrates a clear bifurcation between a relatively mature sector of Undertakings for Collective Investment in Transferable Securities (UCITS) serving retail investors and a steadily expanding Alternative Investment Funds (AIFs) market focused on professional and well-informed investors.

UCITS remain a core component of the retail offering, distributed mainly through banks and investment firms, with stable inflows even in periods of macroeconomic volatility. The AIF segment, meanwhile, has gained strong momentum, particularly in private equity and real estate sectors.

In recent years, there has been a notable uptick in the establishment of Greek AIFMs, reflecting growing confidence in Greece as a jurisdiction for the establishment of fund managers. The implementation of the AIFMD has created a robust framework that attracts both domestic and international managers. Greek AIFMs benefit from full EU marketing passport rights, making the jurisdiction attractive for managers seeking pan-European distribution capabilities while maintaining operational flexibility.

EU passporting of Greek alternative investment fund managers enables the assumption of management of EU alternative investment funds without jeopardising the ability of assuming or migrating management of other non-EU existing collective investment vehicles, while the expected safe harbours relating to the acquisition of permanent establishment or tax residence have been included in clear statutory provisions. The framework has become particularly supportive of alternative investment fund structures and professional management, marking an upgrade of Greece from an investment destination to a base for the implementation of regional and global management strategies.

The Greek alternative funds sector has demonstrated activity in the areas outlined below.

Private Equity

Supported by EU financial instruments and other funding toolkits, along with private investments from financial institutions and other institutional investors, EU-domiciled private equity funds managed by Greek AIFMs are focusing on mid-market transactions and regional expansion strategies.

Venture Capital

Supported by initiatives from Hellenic Development Bank of Investments (HDBI) and EU-sponsored investment platforms along with private investments from financial institutions, family offices, business angels and high-net-worth individuals, Greek venture capital funds operate mostly under a sector-agnostic investment strategy with focus on deep tech and artificial intelligence, while a few funds are sector-specific, concentrating in particular on renewable energy sources

or pursuing a niche investment strategy focused on impact investing.

Real Estate

Leveraging Greece's strategic location and recovery-driven opportunities, listed real estate investment companies (REICs) have a dominant position in the Greek real estate market. REICs have gained significant popularity in recent years due to their special tax treatment and other tax incentives, especially for foreign investors.

Greece offers a compelling proposition combining EU regulatory credibility, operational flexibility, tax efficiency, and strategic geographic positioning for Southeastern European and Eastern Mediterranean investment strategies.

1.2 Key Trends

The recently enacted Law 5313/2026 introduced a number of amendments to the Greek carried-interest tax regime with the advantageous general flat 15% rate for venture capital funds being expanded to alternative fund structures and further reduced under conditions to 5% for carried interest beneficiaries relocating their tax residence to Greece. The law also clarified the tax treatment applicable to EU and qualifying third-country AIFMs and AIFs, with the aim of enhancing Greece's position as a regional hub for alternative investment funds (AIFs).

Additionally, a major tax reform was introduced in the taxation of AIFs by virtue of Article 38 of Law 5162/2024. More specifically, the tax regime applicable to venture capital mutual funds under the relevant provisions of Article 7 of Law 2992/2002 was reinstated with the introduction of two alternative taxation methods, allowing fund managers to opt for tax opaqueness instead of the tax transparency of the funds, which had been the sole taxation method. The relevant tax provisions are also applicable to licensed mutual fund AIFs by virtue of Article 56 of Law 4706/2020. The new taxation regime is solely applicable to funds established on or after 1 January 2025, while existing venture capital mutual funds and licensed mutual fund AIFs are tax-transparent.

Following the introduction of Law 5193/2025, a new legal framework was introduced for the listed REICs. A REIC is a société anonyme with the sole purpose of acquiring and managing real estate. REICs are institutional entities, and their lawful operation requires the obtaining of a licence from the Capital Market Commission. The introduction of the new legal framework expanded the eligible investments of REICs to include, inter alia, the exploitation and management of real estate for the purpose of commercial profit or any other benefit, or for any residential, industrial, commercial or other purpose, including but not limited to hotel and general tourist activity, the exploitation of energy production and storage structures from renewable energy sources (RES), the exploitation of parking spaces, marinas, shopping centres or parks, or data centres. This is expected to further increase the penetration of REICs in the Greek real estate market. However, at the same time, REICs previously licensed as AIFMs were allowed to request the revocation of their licence to be regulated solely under the specific REIC regime.

2. Funds

2.1 Types of Alternative Funds and Structures

The Greek market for AIFs is characterised by a limited but clearly defined set of legal vehicles governed by a distinct legal and regulatory structure. The most commonly established alternative investment funds in Greece include:

- Mutual Fund AIFs;
- Venture Capital Mutual Funds (VCMFs);
- Venture Capital Companies (VCCs); and
- Real Estate Investment Companies (REICs).

Mutual Fund AIFs governed by Articles 37–56 of Law 4706/2020 are the sole regulated form of Greek licensed alternative investment funds. As a contractual form of funds, they constitute pools of assets that do not have legal personality and are licensed and supervised by the Hellenic Capital Market Commission (HCMC). They may be structured as open-ended or closed-end and can include multiple compartments, each treated as a distinct AIF. These funds are favoured for their regulatory clarity, operational flex-

ibility, and compatibility with a range of investment strategies, including real estate, equity, or private credit. They must be managed by a licensed AIFM, either a Greek or EU-based entity, under passporting rights.

Venture Capital Mutual Funds (VCMFs) are domestic, regulated, but non-licensed mutual funds that lack legal personality and are formed via a tripartite agreement between the investors, the fund manager, and the custodian. Unlike Mutual Fund AIFs, VCMFs do not require HCMC prior authorisation and are established exclusively for the purpose of investing in equity and quasi-equity interests of companies that operate in Greek territory or contribute to the Greek economy. Investors are classified as unitholders and carry rights in rem over the fund's assets as undivided owners of their portfolio.

Venture Capital Companies (VCC) are incorporated entities in the form of a Greek société anonyme (S.A.). Their investment scope is similar to that of VCMFs, but the vehicle has a separate legal personality and issues shares instead of units. VCCs may invest in equity, debt instruments, or hybrid securities, and are required to list their shares on a regulated market or MTF within two years from incorporation. VCCs may either be internally managed and self-manage their assets or delegate asset management to licensed entities such as AIFMs, UCITS managers, or investment firms.

Real Estate Investment Companies (REICs) operate in the form of sociétés anonymes but are governed by the special legal framework of Law 5193/2025. Previously included in the broader AIF landscape, REICs may now opt out of AIFM licensing under Law 4209/2013 following a recent legislative amendment. Once the AIFM licence is revoked, these vehicles fall outside the AIF framework and are subject exclusively to REIC-specific legislation.

Evergreen structures remain relatively uncommon in Greece, although Mutual Fund AIFs established under Law 4706/2020 may be constituted as open-ended funds with an indefinite duration. The Greek alternative funds market is predominantly characterised by closed-end AIFs with a fixed term (typically between seven and twelve years). The market has historically relied on support from institutional investors, which have traditionally favoured standard drawdown structures.

Hybrid structures (for example, incorporating both private and liquid asset strategies) are also relatively rare compared with other European fund domiciles. Although legally possible depending on the fund's constitutional documents and investment strategy, they are not a defining feature of the Greek AIF market.

2.2 Regulatory Regime for Funds

The regulatory framework for AIFs in Greece is governed by a combination of EU-derived and domestic legislation, reflecting both the EU Directives and national policy priorities. The core legislation includes some of the following.

- Law 4706/2020 (Articles 37–56), which governs the legal structure and operation of Mutual Fund AIFs.
- Law 4209/2013 (Articles 1–53), which transposes the AIFM Directive into Greek law and regulates the licensing and operation of Alternative Investment Fund Managers (AIFMs).
- Law 2992/2002 (Article 7) for the formation and operation of Venture Capital Mutual Funds (VCMF).
- Law 2367/1995 (Articles 5–9), which governs the establishment and operation of VCCs.
- Law 4548/2018, which provides the general corporate framework for société anonyme structures, including VCCs and AIFMs where relevant.
- Law 5162/2024, which introduced important updates to the tax treatment of AIFs.
- Law 5313/2026, which recently introduced, among others, significant updates regarding the tax residence, permanent establishment and place of effective management provisions applicable to AIFs and AIFMs, as well as the taxation of carried interest.
- Law 4172/2013 (Income Tax Code), which outlines the tax treatment of AIFs and their investors.

The regulatory framework is further specified through binding decisions and circulars issued by the HCMC, which provide detailed guidance on issues such as minimum capital requirements, risk management,

valuation, reporting obligations, and fit-and-proper assessments of key personnel.

Investment limitations applicable to alternative investment vehicles in Greece vary depending on the legal form and regulatory classification of each fund. For Mutual Fund AIFs, a general rule prohibits the placement of more than 20% of the fund's assets in financial instruments issued by the same issuer. Similarly, in the case of real estate investments, no more than 20% of the AIF's assets may be invested in immovable property, which technically restricts the possibility of a sector/industry-specific real estate alternative investment fund to a listed REIC. Ministerial decisions issued upon proposal by the HCMC may introduce additional investment restrictions based on the fund's investment purpose, asset composition, or target investor base.

A VCMF is permitted to invest primarily in equity or quasi-equity instruments of unlisted companies, but may also invest in listed securities provided that, at the time of acquisition, the VCMF holds at least 15% of the share capital of the investee company – unless it was already a shareholder prior to listing. A VCMF may not invest more than 20% of its assets in securities of the same issuer. Moreover, investments in issuers that are affiliated with or significantly owned by individual unitholders (or their relatives up to the third degree) are prohibited, unless unanimously approved by the remaining unitholders. In any case, such investments may not exceed 30% of the VCMF's total assets. A VCMF may also invest in corporate bonds, provided these are listed or are convertible bonds of listed companies, as well as in deposits and money market instruments.

VCCs, structured as société anonyme entities, may invest in shares or equity interests of unlisted companies and in debt instruments issued by such companies. In addition, VCCs may invest in shares, warrants or other securities granting the right to acquire shares of listed companies, subject to an aggregate limit of 40% of the VCC's total assets. VCCs may also invest in bonds issued by listed companies. Furthermore, a VCC may provide guarantees to portfolio companies for the granting of loans and allocate its available cash to deposits, money market instruments, or units of collective investment undertakings, both domestic and foreign. VCCs are permitted to offer ancillary advisory and support services to their investee companies, such as market research, investment programme analysis, and strategic organisation assistance. In terms of regulatory timelines, the approval process is not uniform. It depends on various factors, including the type of fund or fund manager to be authorised, the complexity of the fund's holdings and governance structure, and the fitness and propriety of individuals proposed for key functions (eg, risk management, compliance, and portfolio management). Where licensing by the HCMC is required, the typical timeframe ranges from three to six months. Funds that do not require authorisation (eg, VCMF) can be set up swiftly, although they remain subject to notification and registration requirements.

2.3 Disclosure/Reporting Requirements

In Greece, under Article 23 of Law 4209/2013 (transposing Article 23 of AIFMD), alternative investment fund managers (AIFMs) are subject to detailed disclosure requirements with respect to each AIF they manage or market in the EU. Before any investment in the AIF is made, the AIFM must provide investors with extensive information through the fund's offering documents or other durable medium. Mandatory content includes, among others:

- a description of the investment strategy and objectives of the fund;
- the types of assets it may invest in;
- use and limits of leverage;
- risk and liquidity management procedures;
- valuation methodology;
- all applicable fees and charges;
- conflicts of interest (especially those arising from delegation); and
- any preferential treatment granted to certain investors.

Legal and regulatory disclosures must also cover the identity and role of key intermediaries and service providers, such as the depositary and the auditor, as well as the redemption conditions and the process for amending the fund's investment policy. The latest annual report and NAV, historical performance (if available), and arrangements with prime brokers must also

be disclosed. Periodically, AIFMs must update investors on illiquid assets, risk management metrics, and (where leverage is used) changes in leverage levels and any related reuse of collateral.

2.4 Tax Regime for Funds

The Greek tax regime applicable to alternative funds provides specific and favourable treatment. A major tax reform was recently introduced in the taxation of alternative investment funds by virtue of Article 38 of Law 5162/2024, with the introduction of two alternative taxation methods applicable to VCMF and licensed Mutual Fund AIFs. These methods allow fund managers to opt for tax opaqueness instead of the tax transparency of the funds, which was the sole taxation method previously in place. The two alternative taxation methods are as follows.

- Tax opaqueness – the fund itself is subject to tax, despite being established as a mutual fund without separate legal personality. The management company is responsible for filing and paying an annual tax on behalf of the fund, calculated on the difference between the year-end value of the fund's equity investments and their acquisition cost (adjusted for cumulative operating expenses). The applicable rate is 5% of the prevailing main refinancing operations rate of the European Central Bank. Payment of this tax fully exhausts any income tax obligation of both the fund and its investors for the holding period. Distributions, such as dividends or redemptions, are tax-exempt and not subject to withholding tax. Any foreign tax paid by the fund may be credited against Greek tax liabilities and any excess credit may be carried forward to offset future taxes.
- Tax transparency – the fund shall be tax-transparent, whereby no tax is levied at the fund level, and investors are taxed directly as undivided co-owners of the fund's underlying assets, in application of the common tax look-through principle. In such cases, any transaction involving fund units is treated for tax purposes as if the investor had directly disposed of their pro rata share of the fund's assets.

Regarding VCCs, a flat tax of 20% applies to the grossed-up amount of dividends distributed to investors, subject to specific exemptions where such distributions originate from dividends or profits that have already been taxed at the level of domestic corporations. No dividend withholding tax is imposed on dividends distributed by VCCs.

Finally, REICs have gained significant popularity over recent years due to their special tax treatment, as outlined below.

- REICs are subject to a special corporate tax calculated at a rate equal to 10% of the interest rate provided by the European Central Bank for main refinancing operations, increased by one percentage point, imposed on the average of the fair market value of their investments, including cash items. The special tax exhausts the obligations of the company for income tax in respect of its income from the investment real estate properties.
- No dividend withholding tax is imposed on dividends distributed by REICs. Nonetheless, REICs are required to pay a minimum annual dividend equal to 50% of their annual net profits, excluding those related to capital gains from the sale of real estate, unless otherwise agreed upon by the general meeting of shareholders with an increased majority of 80%.
- REICs are exempt from the real estate transfer tax upon the purchase of real estate (3.09% of the value of the property).

Law 5313/2026 expressly clarified that EU and qualifying third-country AIFs do not constitute entities subject to Greek corporate income tax. This applies retroactively to tax years commencing on or after 1 January 2025.

2.5 Private Credit

In principle, the legal framework governing lending activities in Greece is strict, and alternative investment funds are generally not permitted to originate loans or engage in consumer credit activities. Nonetheless, AIFs are permitted to subscribe for bonds, provided that such investments are authorised under the fund's constitutional documents and are consistent with their investment policy. In practice, the vast majority of VCMFs are contractually restricted by their fund documentation and, where bond investments are

permitted, these typically concern convertible bonds, aligned with the venture capital nature of the vehicle. The transposition of Directive (EU) 2024/927 ("AIFMD II") into Greek law, which introduced the concept of loan origination by AIFs, is expected to reshape the legal framework requiring AIFMs engaging in loan originating activities to implement effective policies, procedures, and processes for assessing the credit risk and for administering and monitoring their credit portfolio.

In the meantime, individual and bespoke asset-backed financing transactions involving foreign corporate lenders and other alternative asset managers have gained traction in the Greek transactional landscape, driven by rapid transaction origination and disbursement timelines as well as the absence of use-of-proceeds restrictions. These schemes bear a conceptual resemblance to Lombard-style credit facilities, a traditional banking product that enables holders of valuable liquid investment portfolios to obtain immediate, purpose-free liquidity without the requirement for the disposal of such underlying assets and the corresponding loss of any generating income or potential future appreciation. While alternative asset-backed lending can serve similar purposes, it is fundamentally different in that such transactions are typically offered against illiquid collateral and carry short maturities and high yields, due to the lack of real-time mark-to-market valuation of the underlying assets and margin-call mechanisms, the correspondingly increased default exposure, as well as the more complex or less effective enforcement mechanisms.

2.6 Non-Traditional Assets

Under Greek law, AIFs may, in principle, invest in non-traditional asset classes provided that such investments fall within their defined investment strategy and are properly disclosed to investors. In line with Article 4 (1)(a), AIFMD and corresponding clarifications by the European Commission, an undertaking that raises capital to invest in crypto-assets in accordance with a defined policy qualifies as an AIF. While the AIFMD does not set asset eligibility criteria, it requires the AIFM to ensure proper risk management, liquidity, and investor protection, leaving member states free to impose stricter requirements.

However, the European supervisory authorities (ESMA, EBA, and EIOPA) and HCMC have repeatedly stressed the high volatility and speculative nature of such assets, urging caution.

For other non-traditional assets, such as cannabis-related investments, or litigation funding, Greek law does not provide an explicit prohibition; however, such strategies are assessed on a case-by-case basis by the regulator. In practice, AIFMs must demonstrate adequate governance, investor disclosures, and compliance with the risk profile of professional investors, who are the typical target of such products.

2.7 Use of Subsidiaries for Investment Purposes/Co-Investments

The use of subsidiaries, typically in the form of special purpose vehicles (SPVs), is a common practice in the Greek alternative investment funds market, especially for implementing specific investment strategies, facilitating co-investment arrangements or structuring complex transactions. Subsidiaries are frequently used in private equity, real estate, and infrastructure investments, where holding assets through dedicated legal entities provides clear operational, legal, and tax advantages. For example, in real estate strategies, the use of SPVs allows for the segregation of property-level liabilities, simplifies asset ownership, and facilitates financing or joint ventures at the asset level. In private equity deals, SPVs often serve as acquisition vehicles for portfolio companies, allowing the fund to ring-fence liabilities and manage exit strategies more flexibly.

In the context of co-investments, SPVs enable one or more investors to participate alongside the fund in a particular investment. Co-investment structures are more common in private equity and infrastructure transactions, where institutional investors may seek direct exposure to specific investments alongside the AIF, often through an SPV acting as co-investment vehicle. However, any co-investment opportunities must be aligned with the fund's constitutional documents and investment strategy, which typically include restrictions and procedures regarding eligibility, allocation, conflicts of interest and the terms on which such opportunities may be offered to investors. Accordingly, while co-investments are permitted and

may be used in practice, they are generally subject to the restrictions and procedures set out in the fund documentation.

From a regulatory standpoint, while Greek legislation does not impose a general restriction on the use of subsidiaries by alternative investment funds, their use must align with the fund's constitutional documents, investment policy and risk management framework and be disclosed in the fund documentation. The AIFM must retain control and oversight over these vehicles and ensure that their use does not obscure the risk profile of the fund. However, while such structuring is permitted and often justified from a business and operational standpoint, it may introduce additional complexity in terms of regulatory approval and supervision. In particular, a multilayered or opaque ownership structure above the fund or its manager can prolong the licensing process, as the supervisory authority (the HCMC) will assess transparency, control, and potential conflicts of interest at each level. Therefore, although subsidiaries are a widely used and accepted structuring tool, the overall setup must remain transparent and aligned with the principles of sound management and investor protection.

2.8 Local/Presence Requirements for Funds

Mutual Fund AIFs established in Greece under Article 40 of Law 4706/2020 may be managed either by a Greek-authorised AIFM under Law 4209/2013 or an EU AIFM authorised under the AIFMD regime operating via passporting.

VCMFs established under Article 7 of Law 2992/2002 must be managed by a venture capital mutual funds management company established as a Greek société anonyme with an exclusive scope or an authorised manager from another EEA state or by an investment firm or UCITS management company. The same applies to closed-end VCCs under Article 5 of Law 2367/1995, which may also be internally managed.

There is no legal requirement for directors or key executives to reside permanently in Greece, nor is there an obligation for corporate funds to appoint local directors, maintain physical premises, or hire local employees. However, individuals exercising critical functions (eg, portfolio management and risk management) must be fit and proper, and the HCMC must recognise their qualifications.

2.9 Rules Concerning Service Providers

There are strict rules in Greece regarding the selection and location of key service providers for AIFs, including VCMFs and VCCs.

In the case of AIFs, the HCMC will not grant an AIF licence if the fund's manager or custodian does not meet the legal and regulatory standards, including reliability and professional experience relevant to the fund's strategy and assets. Notably, for AIFs established in Greece, the custodian must be established in Greece. For EU AIFs, the custodian must be located in the fund's home member state. For non-EU AIFs, the custodian may be established in the third country where the AIF is based, in Greece, or in the reference member state of the AIFM. Eligible custodians include:

- a credit institution established in Greece or another EU member state operating through a branch; or
- an authorised investment services company or investment firm meeting specific capital adequacy and own funds requirements under EU Regulation 575/2013 and Greek Law 4261/2014.

Functions such as AML compliance can be outsourced, provided the external service provider demonstrates the requisite expertise and standing. However, the regulatory focus remains firmly on the location, licensing and integrity of managers and depositaries.

2.10 Anticipated Changes for Funds

Several important recent and forthcoming legal and regulatory changes do/will affect alternative funds in Greece and, in terms of coming changes, could impact earlier responses in this Law and Practice section.

- AIFMD II (Directive (EU) 2024/927) entered into force on 15 April 2024, bringing major reforms to the AIFMD regime covering delegation, liquidity risk management, supervisory reporting, depositary and custody services, and harmonised rules for funds that originate loans. Key changes include new liquidity tools (eg, redemption gates and

swing pricing), enhanced reporting and depositary flexibility, including cross-border depositary appointments, and calibrated loan origination rules to facilitate pan-European private credit funds. EU member states, including Greece, were required to transpose the Directive into national law by 16 April 2026, with certain reporting provisions extending to 16 April 2027. As of now, AIFMD II has not yet been transposed into Greek legislation and is therefore not yet part of the domestic legal framework.

- Expanded Bank of Greece Reporting (Regulation 2695/23.06.2025) – since 1 December 2025, all investment entities operating in Greece (including AIFs, REICs, UCITS, etc) must submit detailed statistical reports to the central bank on holdings, loans, returns, liabilities, and fees. UCITS report monthly; other entities report quarterly. The first transmission of accounting data for monthly reports has a reference period of December 2025 and was to occur by the 10th working day of January 2026. For quarterly data, the reference period will be the fourth quarter of 2025.

These reforms collectively signal a trend towards modernisation, enhanced investor protection, clarity around emerging asset classes, and streamlined licensing/capital market access – important factors for structuring and operating AIFs in Greece in the near term.

3. Fund Managers

3.1 Origin of Promoters/Sponsors of Alternative Funds

Promoters and sponsors of AIFs established in Greece typically originate from a diverse range of jurisdictions, both within the European Union and third countries. A significant portion of sponsors comes from EU member states, notably Luxembourg and Cyprus, due to their established fund ecosystems and regulatory proximity. These jurisdictions often host the fund's ultimate holding structures or related SPVs, while Greece is selected when investments are intended to be deployed locally (eg, real estate, infrastructure, or private equity opportunities in Greece or the broader Southeastern Europe region).

While Greece has not yet been established as a primary jurisdiction for international sponsors setting up funds on a stand-alone basis, its strategic geographic position, the improving and maturing regulatory landscape, and tailored vehicles such as VCMFs attract sponsors aiming to combine local substance with broader cross-border structuring. The establishment of Greek fund managers to access EU marketing passports under the AIFMD framework is a common practice and the main jurisdiction for funds under management is Luxembourg. Greek sponsors (ranging from investment firms, family offices, and financial institutions) also play a substantial role, particularly in domestically oriented strategies.

3.2 Legal Structures Used by Managers

The legal structures used by sponsors to serve as alternative fund managers revolve around regulated corporate forms.

- For Mutual Fund AIFs, management must be carried out by an Alternative Investment Fund Manager (AIFM). The AIFM may be established in Greece as a société anonyme licensed under Law 4209/2013 or in another EU member state, provided it is authorised under the AIFMD framework and has completed the required passporting procedures and notifications.
- For VCMFs, management is assigned either to a venture capital mutual fund management company established as a société anonyme solely for that purpose, with a minimum share capital of EUR100,000, or to a licensed investment firm or UCITS management company.
- VCCs may be either internally managed or delegate their management to an AIFM authorised under Law 4209/2013, an EU AIFM operating under the EU passport regime, an investment firm or a UCITS management company. Where a VCC is internally managed and does not qualify as a sub-threshold AIF (see **3.3 Regulatory Regime for Managers**), it must be authorised as an AIFM under Law 4209/2013.

While tax or incentive-driven structuring (such as carried interest vehicles or management share arrangements) can occasionally influence how sponsors structure their management entities, especially in

private equity or venture capital settings, it is not typically the dominant driver. Regulatory compliance, substance, and control over decision-making remain the primary considerations, but the recent legislative amendments have already created appetite for the migration of investment functions and the relocation of management teams in Greece. In any case, equity incentive schemes for key personnel at the level of the management entity or via affiliated vehicles are expected to continue, particularly when long-term alignment with performance is essential. In that respect, the remuneration policy of authorised AIFMs shall provide that at least 50% of any variable remuneration of personnel in critical functions shall consist of units or shares of the relevant AIF managed by the AIFM or equivalent ownership interests or equity-linked financial instruments or equivalent non-liquid instruments, unless the value of the portfolio of AIFs under management is equivalent to less than 50% of the total portfolio managed by the AIFM.

3.3 Regulatory Regime for Managers

Regardless of the type of the AIF (eg, VCMF, VCC or Mutual Fund AIF) its manager is primarily governed by Law 4209/2013, which transposes the AIFMD (Directive 2011/61/EU), along with relevant EU Regulations such as Commission Delegated Regulation (EU) 231/2013. AIFMs must be authorised by HCMC, unless they qualify as sub-threshold managers, in which case they are subject to registration. Sub-threshold (or registered) managers are AIFMs that remain below the AIFMD full-scope thresholds, ie, they manage AIF portfolios with assets under management not exceeding EUR100 million (including leverage), or EUR500 million where the portfolios consist of unleveraged AIFs with no redemption rights exercisable within five years from the initial investment. While sub-threshold AIFMs are subject to lighter reporting obligations, the regulatory framework for full-scope AIFMs imposes strict organisational, capital, risk management, and transparency requirements.

Under Article 9 of Law 4209/2013, the share capital of the AIFM, which is an internally managed AIF, must be at least EUR300,000, whereas the share capital of an AIFM designated as the external manager of an AIF must be at least EUR125,000. According to Article 12 of Law 4209/2013, AIFMs owe a fiduciary duty to both the fund as a pool of assets and its investors, which includes acting honestly, with due skill, care, and diligence, and in the best interests of the AIF and its investors. This fiduciary duty is reinforced by conflict-of-interest rules and robust valuation and risk policies. AIFMs must also ensure that all investors are treated fairly and that preferential treatment is clearly disclosed.

In terms of disclosures, authorised AIFMs, as per Article 23 of Law 4209/2013, are required to provide detailed information to investors before investing and on a regular basis thereafter, including, but not limited to, disclosures on strategy, leverage, risk, liquidity, fees, and conflicts of interest. These are typically outlined in the fund's offering documents (eg, prospectus or formation and management agreement). Although disclosures are not typically made public by default, specific reports, particularly Annex IV AIFMD reports, are submitted to the HCMC. These reports may be subject to regulatory review or publication, especially concerning monitoring systemic risk or facilitating supervisory co-operation across the EU.

3.4 Tax Regime for Managers

There are no specific income tax provisions applying to AIFMs. Management services are, in principle, VAT-exempt. Also refer to **2.4 Tax Regime for Funds** and **3.6 Taxation of Carried Interest**.

3.5 Rules Concerning Permanent Establishments

Law 5313/2026 introduced a safe-harbour provision in relation to the place of effective management, permanent establishment and tax residence of EU and qualifying third-country AIFs.

Under the new rules, the management, full or partial delegation of management, or portfolio management of EU and qualifying third-country AIFs do not constitute a place of effective management in Greece, nor do such activities, in themselves, create a permanent establishment or result in tax residence in Greece. The safe harbour also extends to foreign legal entities in which such AIFs hold, directly or indirectly, at least a 95% participation, as well as to the unitholders of such AIFs.

Additionally, portfolio management and advisory services provided in the ordinary course of business to (i) AIFMs subject to Directive 2011/61/EU and (ii) equivalent managers established in qualifying third countries do not, in themselves, give rise to a permanent establishment in Greece for such AIFMs.

These clarifications enhance legal certainty for international fund structures and support Greece's development as a jurisdiction for alternative investment fund management services.

3.6 Taxation of Carried Interest

Special provisions for the taxation of carried interest have been introduced in Greek law in respect of venture capital mutual funds, whereby the income from carried interest for the members of the management team is taxed as capital gains income at a rate of 15%.

Law 5313/2026 introduced a series of amendments to the Greek carried-interest tax regime aimed at strengthening the country's position as a regional hub for alternative investment fund management. In particular, the law extends the preferential carried-interest tax treatment, previously applicable only to members of the management team of venture capital mutual funds, to employees of Greek entities providing portfolio-management, advisory and other eligible services to affiliated EU and qualifying third-country AIFMs, which receive carried interest pursuant to a contractual commitment, irrespective of the investment strategies pursued by the fund. The law also clarifies that carried interest paid to such persons constitutes a deductible business expense.

Carried interest is taxed as capital gains at a flat rate of 15%, while a reduced tax rate of 5% is introduced for qualifying individuals who relocate their tax residence to Greece under the special inbound taxpayer regime (Article 5C of the Income Tax Code), provided that the relevant AIFM-affiliated Greek employer incurs annual operating expenses of at least EUR3 million in Greece. The reduced 5% tax rate applies as from the tax year of submission of the application under Article 5C(3) of the Income Tax Code and remains applicable for a fixed period of seven tax years.

Law 5313/2026 provides that these changes apply from 1 January 2026.

Despite the recent legislative adjustments, outstanding equity arrangements for the acquisition of units or shares in the alternative investment fund are and will continue to be in force for the indirect participation in carried interest for existing fund structures. Direct legal arrangements shall be anticipated for future funds, but also from existing funds migrating investment functions and related arrangements into Greek vehicles and relocating management teams in Greece to benefit from the new taxation regime.

3.7 Outsourcing of Investment Functions/ Business Operations

Alternative Investment Fund Managers (AIFMs) may delegate certain investment functions or operational activities to third parties, subject to strict regulatory conditions. For AIFMs, Article 20 of Law 4209/2013 (transposing Article 20 of the AIFMD) permits delegation provided that the HCMC is notified in advance and the arrangement is objectively justified.

- The delegate must have adequate resources, integrity, and professional experience.
- Portfolio or risk management functions can only be delegated to authorised and supervised entities, and if located in a third country, an appropriate co-operation agreement must exist between the HCMC and the foreign supervisory authority.
- Delegation must not hinder effective supervision or compromise the interests of investors.
- The AIFM must retain the ability to give instructions, monitor the delegate on an ongoing basis, and retain overall responsibility.
- Delegation to the depositary, its sub-custodian, or entities with conflicting interests is prohibited unless robust functional and hierarchical separation is ensured.
- Sub-delegation is possible only under similar conditions and with prior consent from HCMC.

In all cases, the manager's responsibility towards the fund and its investors is not diminished, and the scope of delegation must be limited so that the manager continues to exercise substantial decision-making

powers and genuine management control over the fund's operations.

3.8 Local Substance Requirements

The granting of an AIFM licence from HCMC requires the maintenance of a registered seat in Greece. There are no other specific local substance requirements. The regulatory framework does not mandate that certain functions – such as accounting, compliance, portfolio management, or risk management – be physically carried out from Greece, nor does it impose an obligation that employees be employed locally. Managers are also required to demonstrate that they have adequate financial and non-financial resources to perform their functions effectively, regardless of where these resources are located. Regulatory focus is placed on the manager's organisational structure, governance framework, and the capability to supervise and control delegated functions in line with investor protection and regulatory oversight requirements.

3.9 Change of Control

A merger, sale, restructuring, or other change-of-control transaction involving a licensed AIFM under Law 4209/2013 will trigger regulatory requirements as an amendment of the grounds for the granting of the AIFM licence since such transactions will involve the disposal and/or acquisition of qualifying holdings. In these cases, the HCMC must be notified in advance, and its prior approval is required before completion. The HCMC assesses the suitability of the new shareholder(s), including their reputation, financial soundness, and ability to ensure prudent management of the entity. Such transactions generally do not require prior investor consent unless specifically provided in the fund's constitutional or contractual documentation.

3.10 AI and Use of Data

There is no dedicated national framework specifically regulating the use of artificial intelligence (AI), predictive analytics, or big data by licensed fund managers, whether for investment or operational/compliance purposes. Managers may deploy such technologies, provided their use complies with existing obligations under Greek law, as well as broader EU financial regulation. The security and data management policies of managers remain subject to the supervisory authority of the HCMC, which oversees the adequacy of their administrative, accounting, and IT systems. In particular, full-scope AIFMs must maintain appropriate and sufficient administrative and accounting procedures, internal control mechanisms, and security arrangements for electronic data processing, including network and information systems, in line with Regulation (EU) 2022/2554 on digital operational resilience, as well as rules on personal transactions by employees and on proprietary investments. Such mechanisms must ensure traceability of transactions and compliance with fund rules and applicable law.

A key development is the EU Artificial Intelligence Act, which entered into force on 1 August 2024 and became fully applicable from 2 August 2026, with certain provisions applying earlier. While it is not certain that typical fund management activities will fall under the "high-risk" AI category, managers should be aware that certain applications (particularly those influencing investment decision-making or risk assessment) could potentially be classified as such, triggering additional compliance requirements under the AI Act.

In any case, Greek regulators expect managers to ensure human oversight, robust governance, and adherence to data protection obligations under GDPR when using AI or big data solutions. The ultimate responsibility for compliance and investor protection remains with the licensed manager, irrespective of the technology employed.

3.11 Anticipated Changes for Fund Managers

Refer to **2.10 Anticipated Changes for Funds**.

Moreover, the forthcoming implementation of the EU Artificial Intelligence Act, which became fully applicable from 2 August 2026 (with certain provisions effective from 2 February 2025), may impact fund managers using AI-driven tools for investment, operational, or compliance purposes. Depending on the nature of the AI applications, certain use cases could fall within the Act's "high-risk" category, triggering additional governance, transparency, and monitoring obligations.

4. Investors

4.1 Types of Investors in Alternative Funds

Investor appetite for AIFs in Greece has been increasing, particularly among high-net-worth individuals, family offices, and sophisticated professional investors seeking diversification outside traditional asset classes. Interest is strong in private equity, private debt, and real estate strategies, with growing attention also being given to venture capital and infrastructure, especially when co-investment opportunities are available. These investors are generally motivated by long-term capital growth and portfolio diversification. The most common investor base for Greek AIFs consists primarily of local and EU-based investors who are familiar with investment structures and willing to accept longer investment horizons. Cross-border participation is supported by the AIFMD passporting framework, which enables distribution to professional investors in other EU jurisdictions without significant regulatory friction. By contrast, retail investors are directed to UCITS, and AIFMs avoid marketing of managed funds to retail investors, given the strict suitability requirements and higher disclosure obligations.

4.2 Side Letters

Side letters are generally permitted under the principle of freedom of contract and there are no restrictions on their scope, subject to compliance with mandatory provisions of law and non-contradiction with the constitutional documents of the fund. Formation and management agreements typically include restrictions on deviations from pari passu treatment of investors, which effectively prevent fund managers from entering into separate arrangements that grant special rights to individual investors or function as "most favoured nation" clauses, entailing the extension of such individual rights to all investors. However, institutional investors of venture capital and private equity funds negotiate side letters mainly to introduce confidential special undertakings that ensure the fund manager's compliance with internal rules and other applicable mandates, without making such undertakings universal for all investors.

4.3 Marketing of Alternative Funds to Investors

In Greece, AIFs may in principle be marketed only to professional investors. Greek AIFMs can manage both EU and non-EU AIFs and are permitted to market EU AIFs in Greece under certain conditions. Marketing to other EU member states requires prior notification of the relevant national authority through the HCMC. EU AIFMs authorised in their home state may manage AIFs established in Greece and can market EU AIFs following notification to the HCMC. Marketing to retail investors is permitted only under strict conditions. These include:

- the appointment of a Greek authorised AIFM or an EU AIFM operating in Greece under the EU passport regime;
- the AIF being licensed and supervised; and
- a minimum investment commitment of EUR100,000 per fund.

Furthermore, suitability assessments must be conducted to ensure that the investor's knowledge, experience, and risk profile align with the investment. Non-EU AIFMs, which have not been authorised by the HCMC or the competent authority of another EU member state, are currently unable to manage or market any AIFs in Greece until further delegated acts are issued by the European Commission. Marketing of non-EU AIFs without a passport is allowed only by Greek AIFMs under certain conditions. Local investors may invest in both EU and non-EU AIFs established in Greece, subject to the applicable regulatory requirements.

4.4 Rules Concerning Marketing of Alternative Funds

The marketing and advertising of AIFs in Greece are regulated to ensure investor protection and compliance with EU and national laws. Only authorised AIFMs and EU AIFMs operating in Greece under the EU passport regime may market AIFs; non-EU AIFMs are currently prohibited from marketing unless they act through Greek AIFMs. Marketing communications, including advertisements, must be clear, fair, and not misleading, in accordance with the Law and EU rules transposed via Directive (EU) 2019/1160. Communi-

cations must be consistent with the fund's offering documents and include appropriate risk disclosures.

Regulatory filings are necessary in specific situations. When marketing EU AIFs in Greece by either EU or Greek AIFMs, prior notification to the HCMC is required. Additionally, for cross-border marketing to other EU member states, the HCMC must notify the relevant national authority. Continuing obligations include adherence to the approved marketing materials, providing updated disclosures when circumstances change, maintaining records of marketing communications, and ensuring ongoing suitability assessments for retail investors. Firms must also comply with reporting and audit requirements, ensuring that their marketing practices remain consistent with investor protection standards and the fund's constitutional documents.

4.5 High Net Worth or Retail Investors

Greece does not have specific products or dedicated distribution channels designed to provide broader access to alternative investment strategies for high-net-worth or retail investors beyond the framework established under the AIFMD.

4.6 Retirement Investors

Greek law does not provide for dedicated AIF products or distribution channels specifically designed to provide retail pension or self-directed retirement plan investors with access to alternative investment strategies. AIFs are generally marketed to professional investors and, where permitted by law, to certain categories of retail investors, subject to the applicable requirements of the AIFMD framework, Law 4209/2013 and Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), as well as the specific provisions governing the relevant AIF.

Occupational pension funds may, subject to the applicable prudential and investment rules, allocate part of their portfolios to AIFs as institutional investors. However, such investments are made by the pension institution itself as part of its investment strategy rather than through products specifically designed for individual retirement savers. Hellenic Republic has implemented national provisions for the supervision and distribution of the Pan-European Personal Pension Product (PEPP) through Law 5042/2023. PEPP assets are invested under a prudent-person standard and subject to provider-sector rules, but market uptake has generally been limited across the EU. Greek banks and financial institutions have made available the investment in non-domestic European Long-Term Investment Funds (ELTIFs), which is not a pension product by itself, but it can be used as an investment component within pension, retirement, insurance, advisory or wealth-management channels.

For individuals seeking retirement-oriented exposure, the more relevant packaged channels are likely to be traditional UCITS products or other insurance-based investment products which provide indirect exposure through underlying funds or model portfolios.

4.7 Private Placements

General solicitation or advertising (even in the context of what may be considered a private placement in other jurisdictions) could, under Greek law, be deemed "marketing" and thus trigger full regulatory requirements. With regard to venture capital mutual funds, any advertisement for the establishment of the fund is expressly prohibited. Sponsors should therefore exercise caution when making any public communications about an AIF, as such actions could compromise reliance on reverse solicitation. Reverse solicitation is only sustained where the investment results from the investor's own initiative, without prior active marketing. The burden of proof lies with the AIFM to demonstrate this was the case, typically through documented investor declarations. Any misstep that suggests active promotion within Greece may forfeit the ability to rely on reverse solicitation and require full compliance with the marketing regime.

4.8 Compensation and Placement Agents

The use of placement agents in Greece for AIFs is not particularly common, with most marketing activity conducted directly by authorised AIFMs or their affiliated entities. Where placement agents are engaged, they must be appropriately licensed and regulated in Greece or another EU member state (typically as MiFID II investment firms or credit institutions) in order to carry out marketing activities lawfully.

Managers' own personnel may be involved in sales efforts, provided such activities fall within the scope of the AIFM's authorisation and internal compliance framework. Sales-related compensation is permitted, but must be structured in line with the AIFM's remuneration policy and the AIFMD requirements, ensuring that incentives do not create conflicts of interest.

4.9 Tax Regime for Investors

General Rules for Taxation of Investors

The applicable tax regime for investors may vary depending on the taxation rules governing the fund. The tax residence of the investor will, in principle, determine the taxation of any income arising from a tax-transparent fund, along with any double tax treaty applicable to the investor. For tax-opaque funds, the income tax liability of investors is exhausted with the payment of tax from the fund, and no withholding applies to any dividends or benefits distributed to investors. With regards to REICs and VCCs, no dividend withholding tax is imposed on dividends distributed to investors, while the transfer of listed shares of REICs or VCCs is exempted from capital gains tax if the investor holds a minority shareholding of less than 0.5% of such REIC or VCC and is solely subject to transaction duty of 0.2% on the gross sale proceeds.

The acquisition of units in VCMFs or Mutual Fund AIFs does not entail the investor acquiring tax residence or a permanent establishment in Greece. Any capital gains from the transfer or redemption of VCMF units are fully exempt from tax and any other levy, but capital losses are not tax-deductible.

Preferential Tax Regimes

Non-dom regime

Investments of EUR500,000 in AIFs established in Greece and supervised by the HCMC or whose AIFM is registered with the HCMC (including REICs, VCMFs, and VCCs) may qualify as eligible investments for the purposes of the alternative taxation regime for foreign-sourced income of natural persons who transfer their tax residence to Greece under Article 5A of Law 4172/2013 (Non-Dom Regime). The tax benefit of submitting to the Greek Non-Dom Regime is that the individual foreign investor becomes a tax resident in Greece and is liable solely for a fixed annual lump sum tax of EUR100,000 for their foreign-sourced income, regardless of its amount.

Start-up investments income tax deduction

Law 4712/2020 offers a 50% deduction from taxable income for capital contributions to start-ups that are listed in the National Start-Up Registry, up to a maximum of EUR300,000 per tax year. Capital contributions can involve up to three different start-ups, with a maximum of EUR100,000 per company. This provision is directed towards angel investors: individuals who invest in dynamic, innovative companies, often providing not only capital but also business consulting. In addition, pursuant to Article 38 of Law 5162/2024, the income from any gain arising from the transfer of units in VCMF is exempted from any tax, duty or contribution.

4.10 Double Tax Treaties

The Hellenic Republic (ie, Greece) has signed double tax treaties with a large number of foreign jurisdictions. The applicability of such double tax treaties will depend on the legal form of the AIF, including most importantly whether the fund has separate legal personality and is subject to taxation itself. More specifically, to the extent that the AIF is tax-transparent, taxation solely applies at the level of investors, and any transaction involving fund units is treated as if the investor had directly disposed of their proportionate share of the fund's assets. In such cases, relief under double tax treaties may only be available directly to the investors.

4.11 Foreign Account Tax Compliance Act (FATCA)/Common Reporting Standard (CRS) Compliance Regime

Greece has implemented both the Foreign Account Tax Compliance Act (FATCA) and the OECD Common Reporting Standard (CRS) through domestic legislation, requiring financial institutions to identify and report certain account information to the Greek Independent Authority for Public Revenue (IAPR).

FATCA was adopted pursuant to the intergovernmental agreement (IGA) signed between Greece and the United States in 2014, which was ratified by Law 4493/2017. Under the IGA Model 1 framework, Greek "reporting financial institutions" (including certain

AIFMs, custodians, and other entities holding financial accounts) must identify US-reportable accounts and annually submit the relevant information to the IAPR, which then transmits it to the US Internal Revenue Service.

CRS was implemented into Greek law via Law 4378/2016, aligned with EU Directive 2014/107/EU (DAC2), and Law 4428/2016 ratifying the OECD Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information. Greek reporting financial institutions are required to collect self-certifications, perform due diligence to determine tax residency, and annually report account information on non-resident account holders to the Independent Authority for Public Revenue. This data is automatically exchanged with other participating jurisdictions. Failure to comply with FATCA or CRS obligations can lead to administrative fines and potential reputational risks. Compliance requires robust onboarding procedures, due diligence, and recordkeeping processes to ensure accurate and timely reporting in line with both regimes.

4.12 Anti-Money Laundering (AML) and Know Your Customer (KYC) Regime

Greece maintains a robust AML/KYC regime under Law 4557/2018, as amended, which implements the EU's 4th, 5th, and 6th AML Directives and is fully aligned with the FATF standards. Greece is a member of the FATF, FIU.net, and the Egmont Group through its Financial Intelligence Unit (FIU), and co-operates closely with the EU, the Council of Europe, and other international bodies in combating money laundering and terrorist financing. Additionally, Decision No 1/506/8.4.2009 of the Board of Directors of the HCMC establishes the AML/CFT framework applicable to obliged entities under the HCMC's supervision.

AIFMs (both full-scope and sub-threshold), VCCs and REICs prior to their listing qualify as obliged entities under the Greek AML framework and are required to comply with the applicable AML/CFT obligations. Obliged entities must adopt a risk-based customer due diligence (CDD) approach, verify client identity, identify beneficial owners via the national register, understand the business relationship's purpose, and monitor transactions on an ongoing basis. Enhanced due diligence applies to high-risk cases, including those involving politically exposed persons and jurisdictions with high risk.

Under Articles 22 and 27, institutions and employees must:

- immediately report to the FIU any suspicion or knowledge of money laundering or predicate offences;
- promptly provide all information requested by competent authorities; and
- avoid tipping off clients or third parties.

Suspicious activity encompasses any transaction indicating or suggesting criminal involvement, including cryptocurrency transactions, as "property" under Article 3.

Sanctions for breaches (Article 45) include significant fines, suspension or revocation of licence, restrictions on business operations, and exclusion from public benefits. Ministry of Finance circulars further detail bookkeeping and reporting obligations, clarifying that even general suspicions, without proof, must be reported to the FIU.

4.13 Data Security and Privacy for Investors

Refer to **3.10 AI and Use of Data**.

In Greece, AIFMs are subject to a comprehensive regulatory framework governing data security and privacy, particularly when dealing with investors. The HCMC exercises supervisory authority over managers' administrative, accounting, and IT systems, with a view to ensuring that their policies and practices meet regulatory standards and safeguard investor interests. Managers are required to maintain robust administrative and accounting procedures, internal control mechanisms, and security arrangements for electronic data processing. This encompasses network security, information system integrity, and the protection of all investor-related data. The obligations align with Regulation (EU) 2022/2554 on digital operational resilience, which establishes standards for operational and cyber resilience in financial entities. Compliance requires that managers implement systems capable of preventing unauthorised access, detecting breaches

promptly, and ensuring continuity in the face of operational disruptions.

Additionally, managers must establish rules governing personal transactions by employees and investments on their own account, ensuring that any activity is transparent, traceable, and fully compliant with the fund's rules and applicable law. All electronic records and transaction data must be accurately documented, and procedures must allow for clear audit trails, supporting accountability and compliance monitoring. These requirements also ensure that managers respect data privacy obligations under applicable law, including the General Data Protection Regulation (GDPR), when processing investor information. A holistic approach to data security is required, combining IT safeguards, operational procedures, and employee conduct rules to protect both the integrity of fund operations and the confidentiality of investor information.

4.14 Anticipated Changes for Investors

Refer to **2.10 Anticipated Changes for Funds**.

Chambers | Practice Guides

Chambers Practice Guides bring you up-to-date, expert legal commentary on the main practice areas from around the globe. Focusing on the practical legal issues affecting businesses, the guides enable readers to compare legislation and procedure and read trend forecasts from legal experts from across key jurisdictions.

To find out more information about how we select contributors, email Luke.Wilson@Chambers.com