



FINANCE

The transitory regime for financial services entered into force on 1 January 2021 after the end of the transitional period for the departure of the United Kingdom from the European Union, on 31 December 2020 (the "Transitory Regime").

The Transitory Regime is established in Decree-Law 106/2020 of 23 December (the "Decree-Law").

I. Investment services and activities and services relating to Collective Investment Institutions

The Transitory Regime allows credit institutions, investment companies and management entities based in the United Kingdom which, after the end of the transitional period, operate in Portugal - because they are authorised to provide investment services and activities or services relating to collective investment undertakings - to continue to be able to do so on a transitional basis until 31 December 2021, as long as, within **three months** of the end of the transitional period, the entities in question report to the Portuguese Securities Market Commission ("CMVM"):

- the elements provided for in Annex 1 to the Decree-Law;
- indication of one of the following options:
 - ▶ termination of current contracts;
 - ▶ request for authorisation to maintain activities in Portugal, in which case the competent request for authorisation must be submitted within **6 months** of the end of the transitional period.

CIUs domiciled in the United Kingdom which are marketed in Portugal at the date of the end of the transitional period provided for in the Brexit Agreement, may continue to trade in Portuguese territory; within **three months** of the end of the transitional period, the management entity of the CIUs must send to CMVM the information as set out in the Decree Law.

II. Joint representative of bondholders based in the United Kingdom

An entity authorised to provide investor representation services in the United Kingdom may continue to act as the common representative of bondholders in Portugal

until the maturity of the issue or the issuance programme, provided that the bond have a defined term and that the appointment took place before the end of the transitional period.

In the event that the issuer decides to extend the term of the issue or issuance programme, the above shall no longer apply.

III. Insurance contracts

Insurance contracts covering risks situated on Portuguese territory or in respect of which Portugal is the Member State of the commitment, whose insurer is an insurance undertaking established in the United Kingdom and which were concluded under an authorisation to conduct insurance business in Portugal before the end of the transitional period, remain in force until the date of termination provided for in the contract - they may not be extended after the end of the transitional period and may only be amended for the benefit of the policyholder or where the amendment results from the application of a mandatory legal rule.

In the above situation, the said companies must send to the Insurance and Pension Funds Supervisory Authority (ASF), within two months and annually until 31 March, information on the contracts maintained after the end of the transitional period under the terms defined in Annex IV of the Decree-Law, under penalty of the sanctions as set out in the Portuguese Legal Regime for Access and Exercise of Insurance and Reinsurance Activity.

IV. Banking, payment services and the issuance of electronic Money

The Transitory Regime also provides that credit institutions, payment institutions and e-money institutions based in the United Kingdom, with no establishment in Portugal, and operating in Portuguese territory may only enter into contracts or carry out new operations in Portuguese territory relating to the receipt of deposits, the granting of credit, payment services and the issue of e-money, if they have obtained prior authorisation from Banco de Portugal under the regime for entities from third countries. Without prejudice, they may carry out the necessary acts for the performance and enforcement of contracts relating to services or activities that have been concluded up to the end of the transitional period.

Within three months of the end of the transitional period, the referred entities shall communicate to Banco de Portugal the information set out in the Decree-Law, namely as to their intention to conclude new contracts in Portugal after the end of the transitional period.

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