



VIEIRA DE ALMEIDA
& Associados Sociedade de Advogados, RL

FLASH

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NEWS

BANKING & FINANCE | Decree-Law no. 45/2010: Own Funds Adequacy Requirements Applicable to Credit Institutions and Financial Companies

With the entry in force, last May 7th, of Decree-Law no. 45/2010, of May 6th (“DL 45/2010”) the “country risk” has been included in the calculation of the coefficient of the credit institutions’ own funds, such risk not being exclusively considered, from now on, for purposes of the setting up of provisions. The prudential framework applicable to the positions undertaken in relation to countries that are vulnerable to politic, economic and social changes which are susceptible of impacting the value of the investments therein has been, thus, updated.

With this amendment, any transactions involving “country risk” will depend on the existence of a level of own funds which provides credit institutions and financial companies with the necessary robustness for the execution of transactions involving such a risk. The Bank of Portugal will establish, by notice, the own funds requirements which the credit institutions and financial companies must consider in their activities in order to account for the “country risk”.

DL 45/2010 also sets out the reduction of the periods for the disclosure, on a consolidated basis, of information regarding the adequacy of own funds to be provided by credit institutions and financial companies to the Bank of Portugal, which will now have to be provided on a quarterly basis.

