



VIEIRA DE ALMEIDA  
& Associados Sociedade de Advogados, RL

# FLASH

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NEWS

## **BANKING & FINANCE | Program of progressive reduction of the amounts of subordinated loans which qualify as own funds**

Under the terms of article 7, no. 7 of its Notice no. 6/2010, the Bank of Portugal should establish a program of progressive reduction of the amounts considered as own funds of entities subject to the Bank of Portugal's supervision which are originated from subordinated loans (including the issue of subordinated bonds).

The Circular Letter no. 3/2011/DSP, of 17 March 2011, now sets out the terms of the referred program and establishes that the reduction at stake shall be made in 20%/year, in the last 5 years prior to the loans' maturity date.

Additionally, the entities subject to this regime may repay the amounts of the loans which cease to be considered as own funds, provided that certain conditions are fulfilled, namely the non opposition by the Bank of Portugal.

The Portuguese version of the Circular Letter may be found [here](#) (please note that there is no English version available).

