



8 June 2015

Approval of the Regime for Financial Credit Companies

A new regime for **financial credit companies** has been approved last June 2 by Decree-Law no. 100/2015 which also amended the regimes for investment, financial leasing, factoring and mutual guarantee companies.

The new regime follows recent amendments to the Legal Framework of Credit Institutions and Financial Companies (“**RGICSF**”) enacted by Decree-Law no. 157/2014, of 24 October which, among other things, (i) broadened the scope of the main activities which can be undertaken by financial companies, allowing them to undertake the exercise of activities that may also be undertaken by banks (except receiving deposits or other repayable funds from the public, the provision of payment services and the issuance of electronic monies) and (ii) created a new type of financial companies called **financial credit**.

The purpose of this piece of legislation has been to approve specific rules applicable to **financial credit companies**, extending the scope of activities so as to allow these entities to pursue banking activities (with the exceptions mentioned above), thus allowing to regroup, under a sole legal entity, the prosecution of financial up until now being pursued in a disperse way by the remaining financial companies which were formerly classified as credit institutions. As such, **financial credit companies** shall be governed by the new Regime for Financial Credit Companies as well as by the recently modified RGICSF rules and the legal regime of limited liability companies (“*sociedade anónima*”), and contain the expression “financial credit company” in their legal names.

We note also that notwithstanding recent modifications to the Commercial Companies Code (namely to Article 349 on the limit to the issuance of notes by limited liability companies), the present legislation has maintained a limit to the issuance of notes by these companies equivalent to the quadruple of its own funds.

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