

Regulatory architecture: overview of banking regulators and key regulations

July 27 2018 | Contributed by [VdA](#)

Supervisory authorities Bank regulatory regime

Supervisory authorities

Portuguese banks and credit institutions are supervised by:

- the Bank of Portugal, which supervises core banking activities, such as collecting deposits and credit granting; and
- the Securities Market Commission (CMVM), which supervises financial intermediaries acting as such and performing securities-related transactions.

Banks and credit institutions in Portugal are subject to:

- the General Framework for Credit Institutions and Financial Companies, enacted by Decree-Law 298/92, as amended (the Banking Law); and
- the Securities Code, which transcribes a wide range of EU directives into domestic legislation, including the EU Prospectus Directive (2003/71/EC), the EU Transparency Directive (2004/109/EC), the EU Takeover Directive (2004/25/EC) and the EU Markets in Financial Instruments Directive (MiFID II 2014/65/EU).

The Bank of Portugal and the CMVM have issued a large number of regulations concerning the above legislation.

As the Portuguese central bank, the Bank of Portugal forms part of the European System of Central Banks, which is composed of the European Central Bank (ECB) and the national central banks of EU member states.

Although Portugal's securities sector is not organised as thoroughly, the CMVM is part of the European Securities and Markets Authority, the European Union's financial markets supervisory authority.

Bank regulatory regime

Banking activities in Portugal are governed by the Banking Law, which regulates the banking sector. The Banking Law defines a 'bank' as a credit institution that receives deposits or other repayable funds from the public and grants credit for its own account to third parties in general. Banks are one of several types of credit institutions and financial entities provided for in the law that operate under a universal financial licence and may conduct a long list of activities – including:

- the acceptance of deposits or other repayable funds from the public;
- granting credit;
- any form of lending, including the granting of guarantees and other payment commitments;
- financial leasing; and
- factoring.

AUTHORS

[Benedita Aires](#)



[Maria Carrilho](#)



[Salvador Luz](#)



Banks with a head office in Portugal and branches of banks whose head offices are located overseas can conduct the above activities subject to Portuguese law.

Branches of banks incorporated in EU member states may carry out in Portugal the activities listed in Annex I of the EU Capital Requirements Directive (2013/36/EC) that they are authorised to carry out in their home jurisdiction, provided a number of prerequisites are met. Under the Banking Law, overseas banks without a branch in Portugal can conduct banking activities if they have been authorised in their home jurisdiction to provide the services listed in Annex I of the EU Capital Requirements Directive. The supervisory authority of the bank's home jurisdiction must notify the Bank of Portugal of the activities that said institution intends to carry out and certify that they are authorised in the home jurisdiction.

The Portuguese supervisory system has changed following the recent establishment of a single supervisory mechanism and a single resolution mechanism, which are comprised of the ECB and national competent authorities. The ECB is responsible for the overall functioning of the single supervisory mechanism and the single resolution mechanism, as well as having direct oversight of eurozone banks in cooperation with national supervisory authorities.

For more information please contact [Benedita Aires](#), [Maria Carrilho](#) or [Salvador Luz](#) at VdA by telephone (+351 21 311 3400) or email (bla@vda.pt, mlc@vda.pt or sml@vda.pt). The VdA website can be accessed at www.vda.pt.

The materials contained on this website are for general information purposes only and are subject to the [disclaimer](#).