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BANKING & FINANCE

PORTUGUESE BANKING CODE – PUBLIC CONSULTATION

On 29 October, the Bank of Portugal launched a public consultation on the initial draft of the new Portuguese Banking Code (*Código da Atividade Bancária* or **CAB**).

The regulator has considered that the legal framework applicable to banking activity in Portugal needs to be reviewed and has therefore proposed replacing the existing General Framework of Credit Institutions and Financial Companies (**RGICSF**) with the new Banking Code.

Next steps

The public consultation will be open until **4 December** and interested parties may send their contributions via email to regulacao@bportugal.pt, using the template made available by the Bank of Portugal for this purpose.

If you wish to contribute to this consultation, you may also contact us at the following email address VdA.CodigoAtivBancaria@VdA.pt. The team responsible for collecting responses to the public consultation is headed by the Banking & Finance partner Tiago Correia Moreira (tcm@vda.pt).

The draft

The draft CAB contains various new features, among which we would highlight:

- **Electronic processing:** rules on processing and the notification of interested parties by electronic means;
- **Supervisory measures and transparency:** rules on supervisory measures, and the construction and definition of an express principle of transparency *vis-à-vis* the supervisor which encompasses group participation structures;
- **Culture, governance and members of corporate bodies:** matters relating to organisational culture, corporate governance, the adequateness of members of management and supervisory bodies, internal procedures and remuneration practices and policies;
- **Conflicts of interest and transactions with related parties:** new rules for transactions with related parties;
- **Own financial instruments and prohibition of self-placement:** institutions are prevented from lending to all types of investors for the acquisition of own financial instruments, as well as from marketing these instruments to non-professional investors;
- **Precautionary prohibition of voting rights:** empowering the Bank of Portugal to intervene in urgent situations, including to determine the sale, in whole or in part, of qualifying holdings;
- **Preventing illegal financial activity:** densification of the framework for prevention of illicit financial activity.