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Alternative Investment Funds

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1 Regulatory Framework

1.1 What legislation governs the establishment and operation of Alternative Investment Funds?

Activity involving the management, investment and marketing of Alternative Investment Funds (AIFs) is mainly regulated by: the Asset Management Regime (*Regime da Gestão de Ativos*), enacted by Decree-Law no. 27/2023 of 28 April 2023 (AMR), which implemented, in Portugal: Directive 2009/65/EC on undertakings for collective investment in transferable securities (UCITS) (UCITS Directive), as amended from time to time; Directive 2011/61/EU on Alternative Investment Fund Managers (AIFMD), which sets out most of the rules relating to AIFs; CMVM Regulation 7/2023 (CMVM Regulation), which set forth more specific rules regarding certain aspects of the AMR; and the Portuguese Securities Code (*Código dos Valores Mobiliários* or PSC), enacted by Decree-Law no. 486/99 of 13 November 1999, as amended from time to time, which entered into force on 1 March 2000.

The Portuguese Securities and Exchange Commission (*Comissão do Mercado de Valores Mobiliários* or CMVM) is the competent regulatory body in relation to the aforementioned matters.

1.2 Are managers or advisers to Alternative Investment Funds required to be licensed, authorised or regulated by a regulatory body?

Yes. Fund managers are subject to the CMVM's authorisation and supervision in what concerns the rules governing their management of AIFs' activity.

Therefore, the fund managers' authorisation procedure will be conducted before the CMVM.

The AMR distinguishes the large fund managers (when assets under management (AUM) exceed €100 million and include assets acquired through leverage or when AUM exceed €500 million and do not include assets acquired through leverage, and for which there are no redemption rights exercisable for a period of five years from the date of the initial investment), and the small fund managers (when the above mentioned limits are not exceeded), in line with the *de minimis* exemption foreseen in the AIFMD.

Large fund managers are subject to prior authorisation from the CMVM, whereas small fund managers are subject to simplified prior authorisation from the CMVM.

Nonetheless, considering the type of AIFs the fund manager intends to manage, i.e., AIFs investing in securities or financial assets, non-financial assets, real estate, venture capital, etc., there will be additional requirements to be met, notably as regards internal policies.

1.3 Are Alternative Investment Funds themselves required to be licensed, authorised or regulated by a regulatory body?

Yes. The setting up of AIFs is subject to authorisation by or registration with the CMVM, as the case may be, which is the competent regulator to undertake the supervision of AIF managers, ancillary service providers, AIFs' distributors and compliance with the general rules applicable to AIFs, notably those relating to the protection of investors' interests.

1.4 Does the regulatory regime distinguish between open-ended and closed-ended Alternative Investment Funds (or otherwise differentiate between different types of funds or strategies (e.g. private equity *vs* hedge)) and, if so, how?

Yes. The AMR distinguishes between AIFs investing (i) in real estate (real estate investment funds), (ii) loans (loan funds), (iii) multi assets, and (iv) venture capital (venture capital funds).

The AIFs may be open- or closed-ended.

In general terms, open-ended AIFs tend to target the retail market and closed-ended AIFs tend to target affluent or professional investors. As a result, the rules and the CMVM's scrutiny over open-ended AIFs are tighter.

Furthermore, depending on the type of AIF at stake and whether it is open- or closed-ended, different investing limits will apply, notably in respect of leverage and asset allocation.

1.5 What does the authorisation process involve for managers and, if applicable, Alternative Investment Funds, and how long does the process typically take?

Large fund managers are subject to prior authorisation from the CMVM, whereas small fund managers are subject to simplified prior authorisation from the CMVM.

For setting up a large fund manager, the authorisation process takes three months, as from the filing, to be considered formally complete by the CMVM (extendable for one additional month upon the decision of the CMVM), and involves the assessment of the suitability of qualifying shareholders and of the members of the corporate bodies, a strong corporate structure, a comprehensive internal policies and procedures manual, a provisional business and own funds plan regarding the fund manager's management activity for the first three years, etc. For small fund managers, the simplified authorisation process takes 30 business days as from the date the filing is considered formally complete by the CMVM, and it is considerably lighter in what concerns the requirements described above.

The procedure aiming at setting up an AIF must be filed with the CMVM. The AIF's manager must provide the CMVM with the AIF's relevant documentation, notably the Key Investor Information Document (KIID) or the information document addressed to professional investors, the full prospectus of the AIF and/or the AIF's management rules and regulations, as applicable.

The applicable administrative procedure for setting up an AIF varies between a mere prior communication, applicable to externally managed privately subscribed closed-ended AIFs, and a proper authorisation procedure for the remaining types.

Whenever an authorisation is required, the CMVM will issue it within: three months, extendable for one additional month upon the decision of the CMVM, in the case of self-managed collective investment companies above the AIFMD thresholds; 30 business days in the case of self-managed collective investment companies below the AIFMD thresholds; and 15 business days in the remaining cases – in each case the terms are counted from when the filing is considered formally complete by the CMVM.

The CMVM may refuse the authorisation if the applicant does not submit the required documentation or if the fund manager at stake engages in irregular management of other investment funds.

After the authorisation has been granted, an AIF will be fully set up from the moment the first subscription is settled or from the moment the articles of association are registered with the Commercial Registry Office, depending on the AIF being set up, respectively, under the contractual form or as a company.

1.6 Are there local residence or other local qualification or substance requirements for managers and/or Alternative Investment Funds?

Considering that the vast majority of AIFs in Portugal have been set up under the contractual form with no legal personality, they ought to be managed by a separate fund manager.

The fund manager may be a Portuguese incorporated entity or an entity providing services on a cross-border basis under the AIFMD passport legal framework, either through the free provision of services or the freedom of establishment.

As regards Portuguese incorporated fund managers, they shall have a board of directors comprising at least two members.

The members of the board of directors and audit board and/or the sole auditor of the fund manager are subject to control by the CMVM.

Furthermore, the fund manager shall have in place several internal policies aiming to address the risk of its activity, outsourcing, internal control, evaluation of the assets pertaining to the AIFs under management, anti-money laundering, selection of the members of the board of directors and audit board, all subject to the control of the CMVM and, to a certain extent, of the depository and entailing permanent record-keeping by the fund manager.

1.7 What service providers are required?

An AIF is legally required in Portugal to have a fund manager (if it is not endowed with legal personality), a depository, an auditor and, in the case of real estate AIFs, real estate appraisal experts.

Furthermore, the AIF may also have, but is not legally compelled to have, distributors or entities that will market the AIF, which is standard practice in the case of open-ended AIFs.

1.8 What rules apply to foreign managers or advisers wishing to manage, advise, or otherwise operate funds domiciled in your jurisdiction?

The same rules established for national managers will apply, in addition to the harmonised rules for requesting a passport to carry out the management of AIF activity in Portugal.

1.9 What relevant co-operation or information sharing agreements have been entered into with other governments or regulators?

In accordance with the information currently available on the CMVM's website, the CMVM has signed memorandums of understanding with the competent regulators of other non-EU Member States, namely Abu Dhabi, Algeria, Angola, Cabo Verde, China, Israel, Malaysia, Mozambique, the US (SEC), etc.

2 Fund Structures

2.1 What are the principal legal structures used for Alternative Investment Funds (including reference where relevant to local asset holding companies)?

An AIF may take one of two forms or structures, both subject to the licensing procedures described in question 1.5 above:

- A contractual structure with no legal personality. This is the classic structure and requires that the AIF be managed by a separate fund manager. The investors' or participants' interests in these funds are called units (*unidades de participação*).
- A collective investment company endowed with legal personality (*sociedade de investimento coletivo*). They may be self-managed or have appointed a third party as their manager, which must be a duly authorised investment fund manager. Participants in these collective investment companies will hold shares (*ações*).

In Portugal, AIFs are mostly set up under the contractual structure with no legal personality.

In an overall assessment of the pros and cons of both structures, it should be taken into account that the contractual structure has a long track record in Portugal, being the preferred choice for setting up AIFs, as it offers an affordable, simple and well-known model for AIFs.

Conversely, the collective investment company endowed with legal personality and being self-managed is clearly a more complex model that allows, however, greater control for the investors over the management of the AIF. Nonetheless, the lack of a decisive incentive to change the current *status quo* in respect of the way AIFs are usually set up in Portugal may be deemed as holding back a better use of the opportunities offered by this structure.

In recent years, we have also been assisting in a market trend based on the transformation of non-AIF companies into collective investment companies endowed with legal personality, but externally managed by a fund manager, mainly for tax reasons. This model does not differ significantly from a contractual structure, given that it needs to have a fund manager in place complying with the aforementioned requirements.

Lastly, real estate investment trusts (SIGIs) are not subject to the AMR nor do they need to be managed by a fund manager. Even though SIGIs are qualified as real estate collective investment companies endowed with legal personality, they are only subject to the SIGIs Framework, the Portuguese companies code and certain provisions of the PSC regarding publicly traded companies.

SIGIs' main activity is the acquisition of rights in real estate, leases, or other forms of economic exploitation of real estate, the acquisition of holdings in companies with similar purposes and under equivalent requirements and the acquisition of units or shares in real estate AIFs, whose profit distribution policy

is equal to the one provided for in the SIGIs Framework. The shares of SIGIs are traded on a regulated market or multilateral trading facility. In addition, SIGIs are subject to specific requirements regarding the dissemination of their share capital, asset allocation and profit distribution to investors.

2.2 Do any of the legal structures operate as an umbrella structure with several sub-funds, and if yes, is segregation of assets between the sub-funds a legally recognised feature of the structure?

The setting up of sub-funds is established under the AMR, and the segregation of assets between sub-funds is legally recognised.

2.3 Please describe the limited liability of investors in respect of different legal structures and fund types (e.g. PE funds and LPACs).

Legally, the asset of an AIF is only liable for its debts; thus, it will not be liable for investors, the fund manager, depository, distributors or other AIFs' debts. Likewise, investors are not personally liable for the AIF's debts and will under no circumstances be burdened by any debt of the AIF.

Notwithstanding, in the case of closed-ended real estate AIFs, the CMVM Regulation allows for the AIF's management rules and regulations to establish that, following a resolution of the investors' assembly, the investors in a privately subscribed real estate AIF will take over the debts of the AIF, provided that the creditors agree so and that it is ensured that the debts arising after the extinction of the AIF will be taken over by the fund manager.

2.4 What are the principal legal structures used for managers and advisers of Alternative Investment Funds?

An AIF, which is not self-managed, will need to be managed by a fund manager authorised to manage AIFs (*sociedade gestora de organismos de investimento coletivo* or *sociedade de capital de risco*).

Considering that it is unusual for an AIF to be self-managed in Portugal, almost every AIF is managed by one of the types of fund managers described above.

2.5 Are there any limits on the manager's ability to restrict redemptions in open-ended funds or transfers in open-ended or closed-ended funds?

The AMR is silent in respect of the ability of the fund manager to restrict redemptions in open-ended funds but, considering that such types of AIFs in general target retail investors, the CMVM will most certainly scrutinise this matter. In fact, such possibility would need to be clearly set out in the AIF's management rules and regulations, which are analysed during the authorisation procedure.

Conversely, regarding closed-ended AIFs, it is possible and common to establish in the AIF's management rules and regulations restrictions on the transfer of units from investors to third parties.

2.6 Are there any legislative restrictions on transfers of investors' interests in Alternative Investment Funds?

There are no legislative restrictions.

2.7 Are there any other limitations on a manager's ability to manage its funds (e.g. diversification requirements, asset stripping rules)?

The ability of the manager to manage its funds will be mainly limited by the investment policy established in the AIF's prospectus or management rules and regulations, as applicable, by the general investment limits applicable to each type of AIF, if any, established in the AMR and by the obligation to conduct its activity in the best interest of the investors.

The AMR has a list of acts that a manager cannot carry out, such as granting loans, executing certain transactions on its own account, executing transactions relating to the assets held by the AIF with related parties, e.g. entities of its group, the depository, etc.

The AIFMD asset stripping rules also apply to fund managers with the notable exemption of those non-listed investee companies that are small or medium-sized enterprises, and that have the specific purpose of acquiring, holding, or managing real estate.

2.8 Does the fund remunerate investment managers through management/performance fees or by a combination of management fee and carried interest? In the case of carried interest, how is this typically structured?

The fund manager may be remunerated by a fixed and/or a variable fee.

In respect of closed-ended AIFs, notably private equity and venture capital funds, the 80/20 split in the form of carried interest, including the hurdle return and catch-up features, is the norm.

3 Marketing

3.1 What legislation governs the production and use of marketing materials?

Please refer to question 1.1 above. In addition, marketing materials are also subject to the general provisions regarding marketing of products to the public, such as the Marketing Code, etc.

3.2 What are the key content requirements for marketing materials, whether due to legal requirements or customary practice?

It is common practice for the fund manager and other distribution entities to provide information on the investment policy, markets targeted, main features (identification of the relevant entities, ISIN Code, terms and conditions of the investment, links to the legal documents) and historic returns of the AIF.

Lastly, as a general note, in accordance with the PSC, the information contained in the marketing materials shall be prepared in Portuguese or followed with a duly legalised translation, and must be complete, true, updated, clear, objective and licit.

3.3 Do the marketing or legal documents need to be registered with or approved by the local regulator?

Marketing materials in respect of AIFs, which – as from 1 January 2023 – are subject to the PRIIPs Regulation, require prior approval by the CMVM, which shall decide within seven business days as from receiving the complete application.

Furthermore, an AIF's legal documents, namely the KIID, the full prospectus of the AIF and/or the AIF's management rules and regulations, as well as any further amendment to them, need to be filed with the CMVM.

3.4 What restrictions (and, if applicable, ongoing regulatory requirements) are there on marketing Alternative Investment Funds?

The marketing or distribution (*comercialização*) of AIFs is defined as the offer or placement of units/shares of an AIF made directly or indirectly at the initiative of the fund manager company or by a third party on its behalf.

The entities that are legally permitted to market AIFs are: (i) AIF managers; (ii) depositaries; (iii) financial intermediaries registered or authorised by the CMVM to perform the relevant activities, namely those of placement or reception and transmission of orders on behalf of third parties; and (iv) other entities as foreseen in the CMVM Regulation and subject to its authorisation.

Furthermore, the concept of reverse solicitation is not an official exemption from the AMR requirements, but rather a tolerated practice, which consists of an investor, on its own initiative and without any previous engagement on the part of the distributor, requesting information on the AIF at stake. However, a case-by-case assessment needs to be conducted, considering that the AIFMD framework has induced a greater use of the reverse solicitation expedient, which may come under the CMVM's scrutiny, particularly considering the "pre-marketing" concept introduced by Directive (EU) 2019/11603 on the Cross-Border Distribution of Collective Investment Undertakings.

3.5 Is the concept of "pre-marketing" (or equivalent) recognised in your jurisdiction? If so, how has it been defined (by law and/or practice)?

Yes. Portugal has implemented the concept and rules in respect of pre-marketing set out in Directive (EU) 2019/11603 on the Cross-Border Distribution of Collective Investment Undertakings.

3.6 Can Alternative Investment Funds be marketed to retail investors (including any specific treatment for high-net-worth individuals or semi-professional or similar categories)?

Yes. However, AIFs passported under the AIFMD can only be marketed in Portugal to professional investors.

In order for the AIF to be marketed to retail investors in Portugal, the fund manager will need to obtain an authorisation of the CMVM, to be granted after the conclusion of a registration procedure in Portugal of the AIF.

3.7 What qualification requirements must be met in relation to prospective investors?

There is no particular requirement to be fulfilled in relation to investors in AIFs.

Nonetheless, the fund manager shall ensure that the "know your customer and investment suitability analysis" is properly carried out in relation to the potential investor, as well as ensure that the anti-money laundering and counter-terrorism financing (AML/CTF) procedures are respected.

We stress that, in the case of AIFs exclusively targeting professional investors or a certain segment of investors, the fund manager shall guarantee that the investors that do not meet such eligibility criteria cannot invest in the AIF.

3.8 Are there additional restrictions on marketing to public bodies such as government pension funds?

There are no additional restrictions.

3.9 Are there any restrictions on the participation in Alternative Investment Funds by particular types of investors (whether as sponsors or investors)?

No. However, the holding of units/shares in AIFs may have an impact, which needs to be assessed on a case-by-case basis, on the own funds and reserves of credit and financial institutions.

Regarding the Portuguese pension funds sector, there are limits relating to the representation of technical provisions with interests in AIFs, as well as to the asset allocation of pension funds, which restricts the exposure to a single AIF or the investment in AIFs of more than a certain percentage of the portfolio, which will vary in accordance with the entity at stake.

3.10 Are there any restrictions on the use of intermediaries to assist in the fundraising process?

Yes, there are.

If the intermediary is the depositary of the AIF, an entity registered or authorised by the CMVM to carry out placement or reception and transmission of orders on behalf of third parties (or other entities as foreseen in the CMVM Regulation and subject to its authorisation), the relationship established between the intermediaries and the AIF's manager shall be put in a written agreement and disclosed in the AIF's legal documents.

In case the intermediary does not fall within one of the categories of regulated entities described above, it will only be able to act as a referral or business introducer, i.e., the actual marketing of the AIF will need to be carried out by the fund manager directly.

As such, the intermediary, when carrying out the fundraising process, needs to act within the scope of activities that it is authorised to take up.

4 Investments

4.1 Are there any restrictions on the types of investment activities that can be performed by Alternative Investment Funds?

Yes. AIFs can only focus on investment activities and their management and investment shall comply with the general rules established in the AMR in accordance with their specific nature.

4.2 Are there any limitations on the types of investments that can be included in an Alternative Investment Fund's portfolio, whether for diversification reasons or otherwise?

Under the AMR, the general rule is that the assets that can be included in an AIF will mainly depend on its investment policy.

Moreover, the assets eligible for the portfolio of the AIF will depend on its specific type, e.g. real estate funds, venture capital funds, loan funds, financial instruments funds, etc.

Particularly, real estate AIFs shall invest the majority of their assets in real estate, but may also invest in shares of real estate investment companies (*sociedades imobiliárias*), derivatives, mainly for hedging purposes, units/shares of other real estate investment funds and liquidity instruments. The extent to which the

investment in the referred assets is limited will depend on whether the AIF is closed-ended or open-ended, and privately or publicly subscribed. Either way, the real estate investment fund cannot invest in assets encumbered, with liens or charges that may render its future disposal more difficult, such as *in rem* security.

4.3 Are there any local regulatory requirements that apply to investing in particular investments (e.g. derivatives or loans)?

As a matter of principle, the investment in derivatives by an AIF is generally limited to risk management purposes, save for specific cases where they may be used for leveraging purposes and if that is specified in the AIF's constitutional documents.

Loan origination from AIFs that do not hold or intend to hold an equity stake in the borrower is not allowed under Portuguese law. Nevertheless, AIFs that qualify as "loan funds" may extend loans, subject to the limitations established in the CMVM Regulation; namely, loan funds cannot extend credit to natural persons or credit institutions and the maturity of the loans shall not exceed the maturity of the AIF.

4.4 Are there any restrictions on borrowing by the Alternative Investment Fund?

Yes. Pursuant to the limits to be established under the new CMVM Regulation, real estate AIFs are subject to the borrowing limits of 25% of the asset for open-ended AIFs and 50% of the asset for closed-ended, publicly subscribed AIFs. Closed-ended AIFs that are privately subscribed are not subject to any borrowing limit.

As regards AIFs investing in securities or financial assets and AIFs investing in long-term, non-financial assets with a determinable value, their regulations shall set out the limits for borrowing.

The indebtedness of loan funds shall not exceed 60% of the value of its assets.

4.5 Are there are any restrictions on who holds the Alternative Investment Fund's assets?

All AIFs are required to appoint a depositary, save for AIFs exclusively targeting professional investors that are managed by a small fund manager.

The depository is required to register or hold in deposit all assets of the AIF, save for those where, due to their nature, such is not possible, e.g. property or tangible assets.

In case the depository cannot register an asset nor receive it in deposit, it will be required to confirm that the AIF holds valid entitlement of ownership, or other right, over the referred asset, namely by verifying the relevant supporting legal and contractual documentation.

Regarding the bank accounts of the AIF, in case they are not opened with the depository, the latter will be required to set up a system to monitor the cashflow and transaction involving all accounts of the AIF.

5 Disclosure of Information

5.1 What disclosure must the Alternative Investment Fund or its manager make to prospective investors, investors, regulators or other parties, including on environmental, social and/or governance factors?

Besides the reporting obligations referred to in question 5.3 below, the elements that are made available to the public on the CMVM's website and the identity of the persons/companies holding qualifying shareholdings (10% or more) in the fund manager shall also be disclosed to the CMVM.

Furthermore, the legal documents of the AIFs and their updates shall also be made available on the CMVM's website, save for closed-ended venture capital AIFs. Considering that the legal documents shall describe the identity of the fund manager, depository, auditor, distributors and other services providers to the AIF, the majority of the data in connection with the AIF will be made available to the public and/or the investors.

However, the identity of the investors in the AIF is not mandatorily subject to public disclosure.

Additionally, under Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, AIFs, or their managers, as applicable, must publish on their websites their sustainability statement and remuneration policies, including information on how those policies are consistent with the integration of sustainability risks, as well as make available to potential investors pre-contractual information on sustainability.

5.2 Are there any requirements to provide details of participants (whether owners, controllers or investors) in Alternative Investment Funds or managers established in your jurisdiction (including details of investors) to any local regulator or record-keeping agency, for example, for the purposes of a public (or non-public) register of beneficial owners?

The implementation in Portugal of the Anti-Money Laundering Directive set out a broad range of administrative measures to prevent and tackle breaches of the applicable AML/CTF framework. Within this context, the Ultimate Owner Central Registry (*Registo Central do Beneficiário Efetivo*) was created, in order to collect and centralise the data provided by entities subject to this framework.

AIFs and fund managers or any other entity established in Portugal or possessing a Portuguese taxpayer number will need to provide information to the Registry, and keep it permanently updated, on their ultimate beneficial owners, which, depending on the specific case, may include details on the investors and their shareholders or controllers.

5.3 What are the reporting requirements to investors or regulators in relation to Alternative Investment Funds or their managers, including on environmental, social and/or governance factors?

The fund manager must prepare and publish annual and, if applicable, biennial accounts. These must be made available free of charge at the investors' request.

The marketing entity must send or make available to the investors a statement informing them of:

- the number of units such investor holds; and
- their value and the aggregate value of the investment.

In addition to this information, the marketing entity may provide any additional information regarding the investor's financial situation. For example, if the marketing entity is a bank of which the investor is a client, it could provide the above information together with the investor's bank statement.

Any information published pursuant to the requirements set out below is available to investors, usually through the CMVM's information diffusion system (website).

Moreover, the fund manager must publish and send to the CMVM:

- The annual accounts within five months after the end of the financial year.
- The biennial accounts within two months after the end of the relevant semester.
- An inventory of the fund's asset portfolio, its global net value, any responsibilities not found in the balance sheet and the number of units currently in circulation, on a monthly basis.

Venture capital AIFs are subject to a specific reporting of information regime by way of which they report annually to the CMVM and to investors on a biannual basis.

The fund manager as a regulated entity shall also, in respect of its activities, prepare and submit its accounts and financial statements and, if applicable, internal control report to the CMVM.

Lastly, the fund manager needs to provide the CMVM with continuous regulatory reports on its activities and the funds under management, in accordance with the CMVM Regulation.

Regarding environmental, social and/or governance factors, please refer to question 5.1 above.

5.4 Is the use of side letters restricted?

The use of side letters that set out particular terms and conditions in respect of governance, investment, etc. of the AIF is not specifically addressed by the AMR.

However, in the case of open-ended AIFs, considering that they tend to target retail investors and/or a broader unrestricted scope of investors, the use of side letters that alter any relevant provision of the legal documents shall be deemed illegal, considering that, as a general principle, the fund manager needs to abide by the AIF's legal documents during the provision of its activity and treat all investors equally.

In closed-ended AIFs, notably those that are privately subscribed or targeting only professional investors, we trust that there is a wider margin to set out, namely through a side letter, specific provisions in respect of certain matters. However, in general terms, the provisions of the AMR are imperative; therefore, any side letter providing for actions in breach of such legal provisions will be deemed illegal and may subject the fund manager to administrative offence proceedings.

6 Taxation

6.1 What is the tax treatment of the principal forms of Alternative Investment Funds and local asset holding companies identified in question 2.1?

AIFs are subject to corporate income tax (CIT) at the general rate (currently set at 21%) but are exempt from municipal and state surcharges. Taxable income corresponds to the net profit assessed in accordance with an AIF's accounting standards.

However, passive income, such as investment income, rental income and capital gains (except when sourced in a tax haven), are disregarded for taxable profit assessment purposes. Costs incurred in connection with such income (including funding costs) are also disregarded for profit assessment purposes. The following are also disregarded for taxable profit assessment purposes: (i) non-deductible expenses under the CIT Code; and (ii) income and expenses relative to management fees and other commissions earned by AIFs.

An AIF's income is not subject to withholding tax. However, autonomous tax rates established in the CIT Code will apply.

AIFs that are exclusively investing in money market instruments and bank deposits will also be subject to stamp duty calculated on their global net asset value at a rate of 0.0025% (per quarter). Other AIFs (such as real estate AIF) will be subject to stamp duty to be levied on their global net asset value at a rate of 0.0125% (per quarter).

6.2 What is the tax treatment of the principal forms of investment manager/adviser identified in question 2.4?

In the case of AIFs endowed with legal personality that are self-managed, the tax regime referred to in question 6.1 above applies.

On the contrary, in the case of AIFs managed by a third party, income obtained by such an AIF manager (including capital gains earned on the transfer of fund units) is subject to CIT at a rate of 21% to which a municipal surcharge of up to 1.5% may be applicable on taxable profits, depending on the municipality of where the AIF manager is established (the municipalities have the right to decide whether the municipal surcharge is levied and at which rate).

Taxable profits are also subject to a progressive state surcharge that has the following applicable rates: (i) 3% on the part of the taxable profits exceeding €1.5 million up to €7.5 million; (ii) 5% on the part of the taxable profits exceeding €7.5 million up to €35 million; and (iii) 9% on the part of the taxable profits exceeding €35 million.

6.3 Are there any establishment or transfer taxes levied in connection with an investor's participation in an Alternative Investment Fund or the transfer of the investor's interest?

Establishment taxes are not applicable in Portugal to the mere holding of a participation in an AIF. Please note in this regard that when the acquisition of an AIF's units of a privately subscribed closed-ended real estate AIF, as well as operations of redemption, capital increase or reduction, results in a single investor or two spouses holding more than 75% of the units representing the assets of such AIF, property transfer tax should apply proportionally at the applicable rate (up to 7.5%) to the taxable value or the total value of the assets, as the case may be, but in each case with preference to the evaluation report of the investment fund manager, if higher.

6.4 What is the local tax treatment of (a) resident, (b) non-resident, and (c) pension fund investors (or any other common investor type) in Alternative Investment Funds?

(a) Resident investors

The taxation of resident investors is as follows:

Personal income tax (PIT): Income distributed or derived from redemptions to Portuguese individuals (outside their commercial activity) is subject to a 28% final withholding tax. If the investor opts to aggregate the income received, it will be subject to progressive income tax rates of up to 48%. In the latter circumstance, an additional income tax will be due on the part of the taxable income exceeding €80,000 as follows: (i) 2.5% on the part of the taxable income exceeding €80,000 up to €250,000; and (ii) 5% on any taxable income exceeding €250,000.

Income payments to omnibus accounts are subject to a final withholding tax rate of 35%, unless the relevant beneficial owner of the income is identified, in which case the tax rates

applicable to the beneficial owner apply. Capital gains arising from the transfer of units are taxed at a special tax rate of 28% on the positive difference between capital gains and losses or the above progressive income tax rates and additional income tax rates, if the investor opts to aggregate the income received.

CIT: Income payments to a resident entity are subject to withholding tax at a rate of 25% (to be paid on account of the final CIT due) and are qualified as income or gains for CIT purposes. Income payments to omnibus accounts are subject to a final withholding tax rate of 35%, unless the relevant beneficial owner of the income is identified, in which case the standard tax rates applicable to the beneficial owner apply.

A resident entity is subject to CIT at a rate of 21% (if the taxpayer is a small or medium-sized enterprise as established in Decree-Law no. 372/2007 of 6 November 2007, the rate is 17% for taxable profits up to €50,000 and 21% for taxable profits in excess thereof, or if the taxpayer is a small or medium-sized enterprise or a small mid-cap enterprise that qualifies as a start-up under the terms foreseen in Law no. 21/2023 of 25 May, and that cumulatively meets the conditions established in Article 2(1)(f) of the referred Law, the rate is 12.5% for taxable profits up to €50,000 and 21% taxable profits in excess). A resident entity may also be subject to a municipal surcharge (*derrama municipal*) of up to 1.5% on taxable profits, depending on the municipality where it is established (the municipalities have the right to decide whether the municipal surcharge is levied and at what rate). Taxable profits are also subject to a progressive state surcharge (*derrama estadual*) that has the following applicable rates: (i) 3% on the part of the taxable profits exceeding €1.5 million up to €7.5 million; (ii) 5% on the part of the taxable profits exceeding €7.5 million up to €35 million; and (iii) 9% on the part of the taxable profits exceeding €35 million.

Capital gains earned on the transfer of fund units are fully included in the taxable income of the resident entity and are subject to the same rates and surcharges as above.

(b) Non-resident investors

Non-resident investors are taxed as follows:

PIT: Income payments and capital gains derived from units in a securities AIF are exempt from PIT provided that the evidence of non-resident status required by the tax law is timely delivered by the beneficiary of the income to the AIF. A refund procedure is available within a two-year period in cases where a 28% withholding tax was applied for failure to timely deliver the documentation. The refund procedure requires the certification of a special form by the competent authorities of the State of residence. Non-resident investors domiciled in a blacklisted jurisdiction listed in Ministerial Order 150/2004 of 13 February, as amended from time to time, are not able to benefit from income tax exemptions and, in addition, will be subject to an aggravated 35% withholding tax. Income payments to accounts opened in the name of one or more account holders acting on behalf of one or more unidentified third parties are subject to a final withholding tax rate of 35%, unless the relevant beneficial owner of the income is identified, in which case the tax rates applicable to the beneficial owner apply.

Non-resident individuals who obtain income distributed by a real estate AIF or through the redemption of such AIF units shall become subject to withholding tax at the final rate of 10% provided the non-residence evidence in Portugal has been obtained in due time. Capital gains deriving from the sale of said units are taxed autonomously at a 10% rate.

If the exemptions or reduced withholding tax rates do not apply, the general rules and tax rates (28% or 35%, as the case may be) will apply.

CIT: A CIT exemption applies where income arising from the units of a securities AIF is distributed or made available to a non-resident entity without a permanent establishment in Portugal. Capital gains arising from the transfer of the said units are also exempt from CIT.

In order to benefit from such exemptions, adequate evidence of non-resident status must be timely provided.

Non-resident corporate investors who obtain income distributed by a real estate AIF or through the redemption of units on such AIF are subject to withholding tax at the final rate of 10%. Capital gains deriving from the sale of units in a real estate AIF are taxed autonomously at a rate of 10%.

However, non-resident investors cannot benefit from the exemptions or the reduced withholding tax rates, as the case may be, pursuant to the characteristics of the AIF, if: (i) the non-resident entity is domiciled in a blacklisted jurisdiction listed in Ministerial Order 150/2004 of 13 February, as amended from time to time; (ii) more than 25% of the capital of the non-resident entity is held, directly or indirectly, by resident legal entities except when such entities are resident (a) in a Member State of the EU other than Portugal or in a Member State of the European Economic Area provided, in this case, that such a State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of tax information existing within the EU Member States, or (b) in a State with which Portugal has a double tax treaty or tax information exchange agreement in force; (iii) non-resident investors have not timely provided non-residence evidence in Portugal; or (iv) the income is paid or made available to accounts opened in the name of one or more account holders acting on behalf of undisclosed third parties and the beneficial owner of the income is not disclosed.

If the exemptions or reduced withholding tax rates do not apply, the general rules and tax rates (25% or 35%, as the case may be) will apply.

(c) Pension fund investors

Pension fund investors are taxed as follows:

(1) Pension funds that are established and operate in accordance with Portuguese law are taxed as follows:
   (i) In the event of income deriving from AIF distributions, pension funds are exempt from CIT and are exempt from withholding tax.
   (ii) In the event of income deriving from the redemption of the units or liquidation of the AIF, pension funds are subject to withholding CIT at a 25% rate, which will be refunded upon submission of the annual income tax return, since pension funds are exempt from CIT.

(2) Pension funds that are established and operate in accordance with the law of a Member State of the EU other than Portugal or in a Member State of the European Economic Area are taxed as follows:
   (i) In the event of income distributed by real estate AIFs or through the redemption of the units or liquidation of such a real estate AIF, pension funds are subject to withholding tax at a final rate of 10% or taxed autonomously at a 10% rate, respectively.
   (ii) In the event of income deriving from securities AIFs, including income deriving from distributions and from the redemption of the units or liquidation of the AIF, pension funds should be exempt from CIT. In order to benefit from such exemptions, adequate evidence of non-resident status must be timely provided.
   (iii) However, non-resident pension funds cannot benefit from the exemptions or the reduced withholding

tax rates, as the case may be, pursuant to the characteristics of the AIF if: (i) the non-resident pension fund is domiciled in a blacklisted jurisdiction listed in Ministerial Order 150/2004 of 13 February, as amended from time to time; (ii) more than 25% of the capital of the non-resident pension fund is held, directly or indirectly, by resident legal entities except when such entities are resident in a Member State of the EU other than Portugal or in a Member State of the European Economic Area, provided, in this case, that such a State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of tax information existing within the EU Member States or in a State with which Portugal has a double tax treaty or tax information exchange agreement in force; (iii) non-resident pension funds have not timely provided non-residence evidence in Portugal; or (iv) the income is paid or made available to accounts opened in the name of one or more account holders acting on behalf of undisclosed third parties and the beneficial owner of the income is not disclosed.

(iv) If the exemptions or reduced withholding tax rates do not apply, the general rules and tax rates (25% or 35%, as the case may be) will apply.

(3) In addition, pension funds that are established and operate in accordance with the law of a Member State of the EU other than Portugal or in a Member State of the European Economic Area are exempt from CIT, provided, in this case, that such Member State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of tax information existing within EU Member States, provided the following cumulative requirements are met:

(i) the pension fund covers exclusively the payment of retirement benefits for old age or disability, for survival, for early retirement, post-employment healthcare benefits and, where they are supplementary to those benefits and are provided on an ancillary basis to the previously mentioned benefits, the attribution and death grants;

(ii) the pension fund is managed by institutions for occupational retirement, as provided by Directive 2003/41/EC of the European Parliament and of the Council of 3 June;

(iii) the pension fund is the ultimate beneficial owner of the income; and

(iv) with respect to income distributions made by AIFs, the corresponding participation in the share capital is held, continuously, for at least one year.

In this case, however, it is not clear whether the applicable exemption for CIT purposes at the level of the pension funds enables either (i) the operation of a withholding tax exemption upon payment of income from the AIF to the pension fund or, alternatively, (ii) the attribution to the pension funds the right to claim a refund of the CIT withheld. To the best of our knowledge, the tax authorities have not provided any public guidance in this respect as of the time of writing.

6.5 Is it necessary or advisable to obtain a tax ruling from the tax or regulatory authorities prior to establishing an Alternative Investment Fund or local asset holding company?

Portuguese taxpayers may request advance rulings regarding specific tax situations. When advance rulings are issued, the tax authorities may not derogate from such rulings in relation to the taxpayers that requested it, except pursuant to court decisions.

Subject to the payment of a fee (which may range from €2,250 up to €22,500), an advance ruling may be provided urgently, provided that such request by the applicant is accompanied by a tax framework proposal, reasons raised for urgency, and the amount to be determined by the tax authorities according to the complexity of the topic is paid.

If the tax authorities accept the urgency of the matter, the binding ruling will be issued within 75 days from the date of presentation of the request, and in the event that the tax authorities do not issue the ruling in such a time frame, it is considered that the tax treatment presented by the taxpayer is agreed to by the tax authorities. Non-urgent rulings are delivered within 150 days, although this deadline is merely indicative.

Unless the new law does not provide a clear answer on any particular topic that might be raised by an investor, it is not necessary to obtain a tax ruling from the tax or regulatory authorities prior to establishing an AIF.

6.6 What steps have been or are being taken to implement the US Foreign Account Tax Compliance Act 2010 (FATCA) and other similar information reporting regimes such as the OECD's Common Reporting Standard?

Portugal has implemented, through Law no. 82-B/2014 of 31 December, the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA. Portugal signed an Intergovernmental Agreement with the US on 6 August 2015, which has been in force since 10 August 2016, and as such, Portuguese financial institutions (funds and fund managers) have implemented procedures to fully comply with the legal reporting and compliance rules.

In addition, the Common Reporting Standard (CRS) has also been enacted, through Decree-Law no. 64/2016 of 11 October 2016, as amended by Decree-Law no. 98/2017 of 24 August 2017 and Law no. 17/2019 of 14 February 2019, which implemented the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with CRS and, as such, Portuguese financial institutions (funds and fund managers) have implemented procedures to fully comply with the legal reporting and compliance rules.

6.7 What steps have been or are being taken to implement the OECD's Action Plan on Base Erosion and Profit Shifting (BEPS), in particular Actions 2 (hybrids/reverse hybrids/shell entities) (for example, ATAD I, II and III), 6 (prevention of treaty abuse) (for example, the MLI), and 7 (permanent establishments), insofar as they affect Alternative Investment Funds' and local asset holding companies' operations?

There have been several amendments to Portuguese legislation in connection with the recommendations of the Base Erosion and Profit-Shifting (BEPS) action plan, issued by the OECD.

The transposition of ATAD 1 into domestic legislation enacted through Law no. 32/2019 determined a broader scope of financial costs and a different concept of EBITDA (taxable income or loss not exempt, adjusted by the net financial expenses and by the depreciations and amortisations tax deductible).

The missing anti-hybrid mismatch arrangement rules in Portugal were transposed into domestic legislation by Law no. 24/2020.

Although the rules for reverse hybrid mismatch arrangements only became effective from 1 January 2022, this legislation entered into force as of 1 January 2020. Portugal has opted to exclude from the scope of the new legislation, until 31 December 2022, some intra-group financial instruments issued with the purpose of meeting the issuer's loss-absorbing capacity requirements.

The transposition of the anti-hybrid mismatch arrangement rules was made without any significant differences from the wording of ATAD 2.

In what regards the interest limitation rule, Law no. 24/2020 has only amended it by removing securitisation companies from the category of entities that are not subject to interest barrier rules. This exemption continues to apply to supervised banking entities, insurance entities, pension funds, branches of credit institutions located in Portugal, other financial institutions and insurance companies.

Law no. 32/2019 introduced significant changes to the general anti-abuse clause and to its application procedure in order to facilitate the application of the general anti-abuse clause, ensuring a higher level of protection against abusive planning and fiscal avoidance schemes.

The main amendments were (i) the extension of the controlled foreign corporation (CFC) rules' scope, now applicable to entities subject to a clearly privileged tax regime and to entities whose tax effectively paid in their State of residence is less than 50% of what would be due if calculated in accordance with the Portuguese CIT Code (instead of being applicable to entities subject to a tax rate below 60% of its statutory rate), and (ii) the allocation ceases to be made with reference to the accounting profit of the CFC determined according to the accounting standards in force in the State of residence and is instead being implemented with reference to the tax profit assessed under the Portuguese CIT rules.

Portugal is also a signatory to the Multilateral Convention for the implementation of measures related to tax treaties, in force in Portugal since 1 June 2020.

The Portuguese State Budget for 2021 has also implemented substantial amendments to the concept of permanent establishment, by broadening the domestic concept in order to bring it closer to recent developments at OECD level. Notably, the permanent establishment concept now also covers (i) a person who only habitually exercises a determining role in concluding contracts routinely and without substantial change, or (ii) a company providing services in the Portuguese territory and for a period (or periods) exceeding 183 days in total in a 12-month period, by employees of the non-resident entity, as well as other persons contracted by the company.

On 17 January 2023, the European Parliament approved the European Commission's draft ATAD 3.

The Proposal for a Directive follows recent efforts to strengthen the international legal framework against tax avoidance, by setting criteria that will help Member States to identify entities with no economic substance established in the EU and preventing such entities from acceding to benefits under EU law.

ATAD 3 will be applicable to any entity, regardless of its legal form, that is a tax resident and eligible to receive a tax residency certificate in a Member State, irrespective of profitability or turnover volume.

Entities that, due to the nature of their activity, do not pose a risk of lack of substance for tax purposes are excluded. These include, among others, listed companies, regulated financial entities and holding companies that are resident for tax purposes in the same Member State as their shareholders or the ultimate parent entity.

Only entities that are deemed to have a high risk of having low economic substance are subject to the reporting obligations and subsequent scrutiny by the tax authorities in the relevant jurisdiction.

An undertaking is considered a high-risk entity if all of the following requirements are met: (i) in the preceding two tax years, more than 75% of the income is derived from interest or other income generated from financial assets (including crypto assets), royalties, dividends, income from financial leasing, immovable property, income from services outsourced to associated enterprises, insurance, banking and other financial activities (also referred to as "Relevant Income"); (ii) it is predominantly engaged in cross-border transactions, meaning that a majority of the aforementioned income is received or passed to another jurisdiction; and (iii) in the preceding two tax years, the day-to-day management and the decision-making on significant functions of the entity is wholly or partially outsourced.

6.8 What steps have been or are being taken to implement the OECD's Global Anti-Base Erosion (GloBE) rules, insofar as they affect Alternative Investment Funds' and local asset holding companies' operations? Do the domestic rules depart significantly from the OECD's model rules, insofar as they affect Alternative Investment Funds' and local asset holding companies' operations?

In December 2022, the Council Directive 2022/2523 of 14 December on ensuring a global minimum level of taxation for multinational groups in the EU was approved. EU countries were given until 31 December 2023 to transpose and adapt its national legislation to these new rules.

Portugal has already failed to meet the deadline to transpose the Directive risking being fined by the EU institutions. Up to our best knowledge, it is expected that the Portuguese Government will implement the Directive in the course of 2024, even though a full overview of the terms of such implementation is not yet known.

6.9 Are there any tax-advantaged asset classes or structures available? How widely are they deployed?

There are some types of investment funds that benefit from a tax-advantaged treatment, namely: (a) Real Estate Investment Funds in Forest Resources; (b) Residential Letting Real Estate Investment Funds; (c) Real Estate Investment Funds for Affordable Rental Housing; and (d) Venture Capital Funds.

With the entering in force of Law no. 56/2023 of 6 October, based on the "*Mais Habitação*" ("*More Housing*") Programme, tax benefits that have been applicable in the past years to Real Estate Investment Funds for Urban Rehabilitation and respective investors were revoked, being currently tax benefits mainly directed towards affordable rental housing.

(a) Real Estate Investment Funds in Forest Resources

Real Estate Investment Funds in Forest Resources (REIFFR) incorporated under Portuguese law are exempt from CIT when at least 75% of their assets are allocated to exploitation of forest resources according to approved forest management plans, provided they are carried out according to the applicable regulations and are subject to the legal forest certification proceedings.

Investors who obtain income distributed by a REIFFR are subject to withholding tax at the rate of 10% unless: (i) the investors are entities exempt from CIT on capital income; or (ii) the investors are non-resident entities with no permanent establishment in Portugal to which the income can be attributed and that do not reside in a blacklisted jurisdiction or are not more than 25%, directly or indirectly, held by resident entities.

Individual investors subject to PIT who opt to aggregate the income received may deduct 50% of the distributed income that concerns dividends, as a means of eliminating economic double taxation.

Capital gains deriving from the transfer of units are taxed at a 10% rate if the investors do not benefit from the specific exemption applicable to capital gains obtained by non-residents (foreseen in Article 27 of the Portuguese Tax Benefits Code) or if they are individual investors who do not obtain this income under their professional activity and do not opt to aggregate the income received.

Whenever the conditions described above regarding the composition of the fund's assets cease to be met, the investment fund and its investors shall be taxed according to the regime described in questions 6.1 and 6.4.

For contributions in kind made for the subscription of units made by resident or non-resident individuals, no income is assessed from the transfer of rural properties intended for forest exploitation, and the acquisition value of such properties is considered as the acquisition value of those contributions for tax purposes.

Also, the acquisitions by a REIFFR of rural properties intended for forest exploitation or parcels of the ownership right relating to these rural properties are exempt from stamp duty.

(b) Residential Letting Real Estate Investment Funds

Residential Letting Real Estate Investment Funds (RLREIFs) incorporated between 1 January 2009 and 31 December 2015 are exempt from CIT, property transfer tax and stamp duty levied on the transfer of the immovable property to the RLREIF when the previous owners become the tenants or when they opt to purchase the immovable property, in accordance with the lease contract. Property transfer tax and stamp duty exemptions on the transfer of the immovable property to the RLREIF are only available if the properties are effectively acquired for permanent residential letting purposes.

Investors who obtain income deriving from these funds are exempt from CIT and PIT, except with regard to capital gains earned on the transfer of fund units.

These benefits shall apply if certain conditions are met, such as the RLREIF's portfolio being composed of a minimum of 75% of real estate located in Portugal and used for residential letting purposes.

Whenever the legally required conditions cease to be met, the investment fund and its investors shall be taxed according to the regime described in questions 6.1 and 6.4 above.

(c) Real Estate Investment Funds for Affordable Rental Housing

Capital gains deriving from the transfer of units on Real Estate Investment Funds incorporated under Portuguese law, where at least 75% of their assets are immovable property allocated to the promotion of affordable rental housing, are taxed at a 10% tax rate if the investors do not benefit from the specific exemption applicable to capital gains realised by non-residents (foreseen in Article 27 of the Portuguese Tax Benefits Code) or if they are individual investors who do not obtain this income under their professional activity and do not opt to aggregate the income received.

(d) Venture Capital Funds

Venture Capital Funds constituted under Portuguese law are exempt from CIT on any type of income.

Investors who obtain income deriving from the distribution of income by a venture capital investment fund or from the redemption of units on such funds are subject to withholding tax at the rate of 10% unless: (i) the investors are entities exempt from CIT on capital income; or (ii) the investors are non-resident entities with no permanent establishment in Portugal to which the income can be attributed. This exception does not comprise investors that reside in a blacklisted jurisdiction or that are more than 25%, directly or indirectly, held by resident entities. This withholding tax becomes final when the investors are non-resident and have no permanent establishment in Portugal or when they are individual investors who earn such capital gains irrespective of their professional activity and do not opt to aggregate the income received.

Individual investors subject to PIT who opt to aggregate the income received may deduct 50% of the distributed income that concerns dividends, as a means of eliminating economic double taxation.

Capital gains deriving from the transfer of units are taxed at a 10% rate if the investors do not benefit from the specific exemption applicable to capital gains obtained by non-residents (foreseen in Article 27 of the Portuguese Tax Benefits Code) or if they are individual investors who do not obtain this income under their professional activity and do not opt to aggregate the income received.

(e) Real Estate Investment Trusts

Real Estate Investment Trusts are subject to the same tax regime as Real Estate Investment Funds, and Real Estate Investment Trust investors are subject to the same tax regime as Real Estate Investment Fund investors.

6.10 Are there any other material tax issues for investors, managers, advisers or AIFs?

The acquisition of real estate by an AIF is subject to property transfer tax (up to 7.5%) and stamp tax (0.8%), and each applicable tax rate will be levied either on the purchase price or the tax value of the property if higher.

6.11 Are there any meaningful tax changes anticipated in the coming 12 months other than as set out at question 6.6 above?

To the best of our knowledge, we are not aware at this stage of any proceedings or actions taken or proposed to be taken by the Portuguese authorities that consist of meaningful tax changes in the coming 12 months.

7 Trends and Reforms

7.1 What have been the main trends in the Alternative Investment Funds space in the last 12 months?

During the last 12 months, the Portuguese AIF market has been driven by the creation of venture capital AIFs that invest in: (i) research and development in order to create a product eligible to benefit from the tax incentives given by Portuguese law to the investment in this sector under the tax incentive system for business research and development (SIFIDE regime); and (ii) Portuguese real estate companies, which are the most sought-after structure by foreign investors. By investing a minimum of €500,000 in such AIFs, companies are eligible to obtain a Portuguese golden visa. However, due to recent changes in the golden visa regime, for the last months we have been noticing a shift of venture capital AIFs from traditional real estate investments to more technological-driven sectors or to investments that use real estate only as part of its business (e.g. hotels).

Furthermore, the conversion of commercial real estate companies into externally managed real estate collective investment companies continues to be an option in high demand to achieve a more efficient tax structure for real estate investments in Portugal.

7.2 What reforms (if any) in the Alternative Investment Funds space are proposed?

The new AMR entered into effect on 28 May 2023 and the CMVM Regulation entered into effect on 1 January 2024. Due to the significance of these recent legal amendments and the ongoing process of adaption to its framework by local players, we do not anticipate further legal changes in the near future.

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