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PROHIBITION ON THE ISSUANCE OF BEARER SECURITIES - ENTRY INTO FORCE OF LAW NO. 15/2017

Prohibition on the issuance of bearer securities - entry into force of Law no. 15/2017, of 3 May, which prohibits the issuance of bearer securities and foresees the creation of a transitional regime for the conversion of the existing bearer securities into nominative securities

Law no. 15/2017, of 3 May (Law 15/2017) was approved within the framework of anti-money laundering and terrorism financing measures set out in the 4th Anti Money Laundering Directive (Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015). The implementation of this Directive in the Portuguese legal system will result in relevant amendments in terms of transparency in the context of the activities of different players in several sectors, notably in the financial and real estate industries, independent professionals (such as lawyers, notaries and auditors), as well as in relation to entities that provide gambling-related services.

Law 15/2017 entered into force on 4 May 2017, expressly prohibiting since said date the issuance of bearer securities. Several amendments to the Portuguese Companies Code and to the Portuguese Securities Code has been enacted in order to incorporate this prohibition in the aforementioned legislation.

As to the interim regime established for existing bearer securities, the law foresees its mandatory conversion into registered (*nominativas*) securities within six months as from the date Law 15/2017 has entered into force (i.e. until 4 November 2017). On the aforementioned due date and in case the bearer securities have not yet been converted: (i) the transfer of such securities becomes barred; and (ii) the right to receive any dividends or other distributions in connection with said securities is suspended.

The conversion process of the bearer securities into registered (*nominativas*) securities is still to be determined and, in accordance with the Law 15/2017, it shall be subject to additional regulations to be enacted by the Portuguese Government up to 1 September 2017. It is also important to note that the 6 months' period to convert the bearer securities into registered (*nominativas*) securities shall begin as from the date Law 15/2017 has become effective, regardless of the publication and of the entry into force of the Government's regulations in this respect.

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