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REGIME FOR THE CONVERSION OF BEARER SECURITIES INTO REGISTERED SECURITIES - ENTRY INTO FORCE OF DECREE-LAW NO. 123/2017, OF 25 SEPTEMBER

Following the [Commentary](#) that we have made available on 10 May 2017, informing about the 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 registered (nominativos) securities - we inform that today enters into force [Decree-Law no. 123/2017, of 25 September \(DL 123/2017\)](#), which foresees the regime for the conversion of bearer securities into registered securities, in execution of Law no. 15/2017, of 3 May. We point out below the main aspects regulated by this decree-law.

Mandatory conversion of bearer securities into registered securities

DL 123/2017 provides that issuers of bearer securities promote the conversion process of such securities into registered securities within 6 months as from the date Law 15/2017, of 3 May has entered into force - i.e. until 4 November 2017 ("Transitional Period"). Within this context, the decree-law sets out that the amendments to the articles of association and to other documents concerning issuance conditions required for the conversion may be resolved by the management body of the issuer, no approval by the shareholders' general meeting being required.

Procedure and means for conversion

DL 123/2017 foresees the procedure for conversion at the initiative of the issuer, setting out that issuers of bearer securities disclose, during the Transitional Period, an announcement informing the respective holders about the conversion process of said securities into registered securities (which shall include certain information listed in the decree-law).

The announcement shall be mandatorily disclosed in the website of the issuer, if any, and: (i) in the Portuguese Ministry of Justice Portal; or (ii) on the Information Disclosure System of the Portuguese Securities Markets Commission (for issuers of securities admitted to trading on a regulated market or in a multilateral trading facility, as well as for issuers whose capital is open to investment by the public).

DL 123/2017 further foresees the means through which the conversion of bearer securities into registered securities may operate at the issuer's expense. In this regard, the decree-law sets out in relation to securities integrated in a centralized system that the management entity of such system shall establish and disclose the conversion procedures to be adopted.

Consequences in case of non-conversion during the Transitional Period

DL 123/2017 restates the consequences already foreseen in Law no. 15/2017, of 3 May, setting out that bearer securities non converted into registered securities until the end of the Transitional Period only grant the right to request its registration in favour of the respective holders. However, it is foreseen that the amounts corresponding to dividends, interest or other incomes whose payment is suspended shall be deposited in a single entity legally entitled for such purpose.

The decree-law further foresees a conversion mechanism for bearer securities integrated in a centralized system that have not been converted at the issuer's initiative during the Transitional Period, setting out that said securities should be converted by the management entity of the centralized system until the last day of the Transitional Period, in accordance with the terms to be defined by said management entity.

Other aspects

Issuers shall request the commercial registration of the amendments to the articles of association and to other documents subject to registration and required in order to comply with DL 123/2017. The decree-law further sets out that, until the conversion process of the bearer securities is not completed under the terms set out in this regulation, the commercial registry of the issuer shall include a reference to the pendency of such process.

It should be also highlighted that DL 123/2017 foresees certain rules and obligations applicable to financial intermediaries that act as depositories (depositários) or as sole registering entities (*entidades registadoras únicas*) of bearer securities. Furthermore, the decree-law entitles entities that have bearer securities in its possession (notably, holders of any guarantee) to present said securities within the procedure for conversion promoted by the issuer.

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