

**CAPITAL MARKETS**

Shareholder Rights Directive II Transposition

Law 50/2020 of 25 August transposed into Portuguese national law Directive (EU) 2017/828 of the European Parliament and the Council of 17 May 2017 as regards the encouragement of long-term shareholder engagement. This directive is known as the Shareholder Rights Directive II and it amends the previous Directive 2007/36/EC of the European Parliament and the Council of 11 July 2007.

This law introduces amendments to the Portuguese Securities Code, the Portuguese General Rules on Collective Investment Undertakings and the Portuguese General Rules on Credit Institutions and Financial Companies.

1. Amendments to the Portuguese Securities Code (Securities Code)

The most significant changes introduced concern (i) the regulation of access by issuers to information that contributes to the identification of shareholders and holders of securities issued by them, including in cases where the securities are registered with a centralised system (articles 29-B to 29-E of the Securities Code); (ii) the introduction of rules on the approval of transactions with related parties and their disclosure (articles 249-A to 249-D of the Securities Code); and (iii) the introduction of rules into the Securities Code on the approval of a remuneration policy by listed companies, following the repeal of Law no. 28/2009 of June 19 (articles 26-A to 26-F and 245-C Securities Code).

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The new legal provisions also affect the rules on electronic voting at the general meetings of public companies (article 22-A of the Securities Code), a subject that is becoming even more significant due to the impact of the Covid-19 pandemic, and the communication of relevant information by listed companies for the purposes of exercise by shareholders of the rights inherent to the shares. These rules also cover the intervention in this area of financial intermediaries that provide services relating to the registration and deposit of financial instruments. These financial intermediaries must now take into account additional provisions on non-discrimination, proportionality and cost transparency issues, in addition to the centralised system management entity itself.

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Finally, new provisions on institutional investors, asset managers and voting consultants have been added to ensure the transparency of their performance standards (articles 251-A to 251-E of the Securities Code).

2. Amendments to the Portuguese General Rules on Collective Investment Undertakings (RGOIC)

According to certain parameters, Law 50/2020 also introduces considerations relating to transparency issues in the performance of management companies of collective investment undertakings by referring to some of the new provisions of the Securities Code (articles. 92-A to 92-C RGOIC).

3. Amendments to the Portuguese General Rules on Credit Institutions and Financial Companies

Of the three laws that have been amended, this one has the least impact and relates only to penalty issues.

4. Entry into force

These legislative changes came into force on 26 August 2020. However, some of the new rules relating to confirmation of votes cast electronically, identification of shareholders, communication of information to shareholders, and facilitation of the exercise of shareholders' rights, only come into force on 3 September 2020. ■