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BANKING AND FINANCE

Coronavirus: Changes to financing moratoriums

**Analysis of the changes to the special rules
on credit and financing moratoriums.**

In the context of the battle against the economic consequences of the Covid-19 pandemic, the Government approved Decree-Law 10-J/2020 of March 26. This Decree-Law established a set of economic measures to protect liquidity and treasury, and in this document, we focus on the financing moratorium.

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Since it was published, Decree-Law 10-J/2020 has been amended by Law 8/2020 of 10 April, Decree-Law 26/2020 of 16 June, Law 27-A/2020 of 24 July and Decree-Law 78-A/2020 of 29 September, and the updated legislation has been analysed in our Newsletter, which is available [here](#).

Decree-Law 107/2020 of 31 December (“Decree-Law”) has now incorporated a recent decision of the European Banking Authority (“EBA”) to “reactivate” bank moratoriums due to the impact of the second wave of the pandemic. It has changed the provisions of the Decree-Law as described in our Newsletter and now allows for new sign-ups for moratoriums until 31 March 2021, provided the following conditions are met:

- (i) The beneficiary entity did not benefit from a moratorium on 1 October 2020;
- (ii) The communication to sign up for the moratorium is presented by 31 March 2021;
- (iii) The period of application of the measures may not exceed nine months from the date of the communication referred to in (ii);
- (iv) The contracts may not be in arrears or in default for more than 90 days with reference to 1 January 2021;

"This extension of the possibility to sign up for the banking moratorium also covers credit operations that are benefiting or have benefited from the moratorium for a period of less than nine months."

This extension of the possibility to sign up for the banking moratorium also covers credit operations that are benefiting or have benefited from the moratorium for a period of less than nine months. However, any beneficiary entity that signs up during this period will not be able to benefit from the banking moratorium for a total period (the time for which it has already benefited and the time it will benefit after the new sign-up) of more than nine months. ■