



CONVERSION OF BEARER SECURITIES (DECREE-LAW 123/2017, OF 25 SEPTEMBER)

Following the coming into force of Law 15/2017, of 3 May, that prohibits the issue of securities in bearer form and creates a transitional regime for conversion into registered form of the bearer securities existing on the date of its coming into force, Decree-Law 123/2017 was published last 25 September, and entered into force on the following day, setting out the implementing provisions of the said Law 15/2017, of 3 May.

Law 15/2017 sets out that the issuers of securities in bearer form have 6 months to convert the same into registered form, that is, until 4 November 2017.

To expedite the process, the governing body of the issuer is given authority to amend the articles of association and any other documents relating to the conditions of issue of the securities necessary for converting the securities. Besides, no fee will be charged for registering such amendments.

During the transitional period, the issuer of bearer securities shall place a notice¹ informing the relevant holders on the process of conversion into registered form, subject to fulfilment of certain requirements set forth in Decree-Law 123/2017, of 25 September. This statute also specifies the forms of conversion of bearer securities into registered form.

¹ On the portal of the Ministry of Justice or on the Information Disclosure System of the Securities Market (in case of issuers of securities admitted to trading on a regulated market or multilateral trading facility or listed issuers).

The issuers of bearer securities must announce their conversion on their websites, on the Portal of the Ministry of Justice or on the information disclosure system of the Securities Market Commission.

If the securities are registered in a centralised system, the announcement must contain the date scheduled for conversion into registered securities.

If the securities in certificated form are not registered in a centralised system, they must be presented to the issuer, or to the financial intermediary appointed by the issuer, on or before 31 October 2017, for update or replacement.

Bearer securities registered in a centralised system and which have not been converted into registered securities by 4 November 2017 will be converted automatically. The entity that manages the centralized system must convert the same on its own initiative.

Bearer securities in book entry form registered with a single financial intermediary and which have not been converted into registered securities by 4 November 2017 will be converted automatically. The financial intermediary must convert the same on its own initiative.

The remaining bearer securities that have not been converted by 4 November can only be used for the purposes of requesting their conversion to the issuer and cannot be transferred. The right to be paid dividends on such securities is suspended. In the meantime, the income generated from the same (dividends, interest or other income, the payment of which is suspended) must be deposited with a duly authorised entity and forthwith delivered to the holder of the securities upon conversion.

www.abreuadvogados.com

For more information contact apdfin@abreuadvogados.com

Lisbon (New address)
Av. Infante D. Henrique, 26
1149-096 Lisbon
☎ (+351) 217 231 800
☎ (+351) 217 231 899
✉ lisboa@abreuadvogados.com

Porto
Rua S. João de Brito, 605 E - 4º
4100-455 Porto
☎ (+351) 226 056 400
☎ (+351) 226 001 816
✉ porto@abreuadvogados.com

Madeira
Rua Dr. Brito da Câmara, 20
9000-039 Funchal
☎ (+351) 291 209 900
☎ (+351) 291 209 920
✉ madeira@abreuadvogados.com

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