



# Amendments to Mutual Guarantee Companies and Mutual Counter Guarantee Fund

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## INTRODUCTION

Decree-Law n.º 12/2022, of 12 January has made several changes with impact on the activity of mutual guarantee companies and the Mutual Counter Guarantee Fund.

The amendments came into force on 13 January 2022.

### **Amendment to the regime that regulates the activity of mutual guarantee companies**

Mutual guarantee companies will now have the power to acquire the shares of beneficiary members, at their issue value, when these have not carried out a relevant activity for more than three years.

The potestative right must be exercised by the management entity, with a three-month prior notice. Alternatively, the beneficiary partner holding 5% or more of the share capital may make a request to be converted into a sponsoring partner by obtaining the mutual guarantee company's consent.

Mutual guarantee companies will also have variable capital, represented by book-entry shares, without nominal value. Shares issued with nominal value shall be converted into shares without nominal value, the nominal value corresponding to the issue value.

#### **New governance model for the Mutual Counter-guarantee Fund**

The management company of the Mutual Counter-guarantee Fund is now Banco Português de Fomento. The general council will have a different composition and will be chaired by the head of the Directorate-General for the Treasury and Finance and by a representative of the Directorate-General for the Budget, IAPMEI, the Instituto do Turismo de Portugal, Banco Português de Fomento and the mutual guarantee companies, respectively. The powers of the General Council will now take the form of a non-binding opinion.

In addition to the certification of accounts carried out by a chartered accountant, the supervision of the fund will also be carried out by the Inspectorate-General of Finance, which will be responsible for the specific supervision of its functioning, compliance with the applicable laws and regulations, and issuing an opinion on the annual accounts.

#### **Broadening the scope of activity of the Mutual Counter-guarantee Fund**

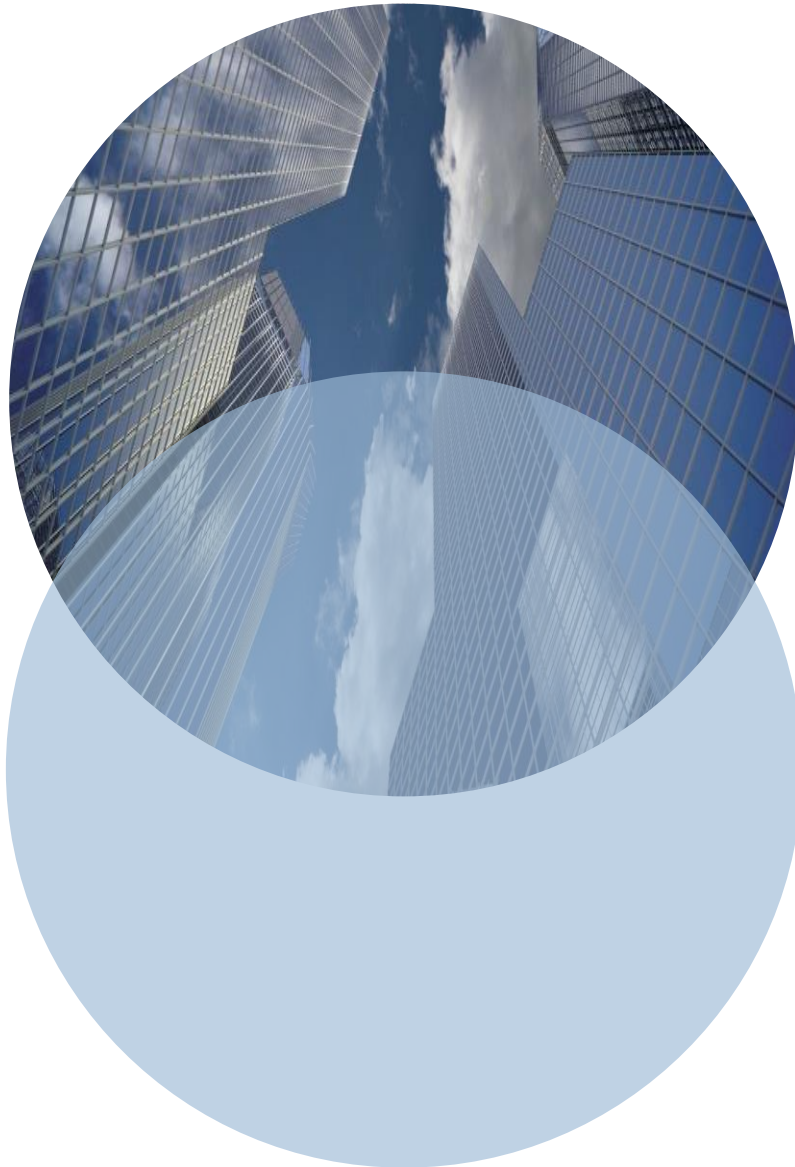
The Mutual Counter-guarantee Fund will now have as potential recipients of individual guarantees Mid Cap (defined by Decree Law No. 81/2017 as companies that, not being SMEs, employ fewer than 3,000 people) and Small Mid Cap (defined by Decree Law No. 81/2017 as companies with fewer than 500 employees).

The maximum amounts guaranteed by the Mutual Counter Guarantee Fund are also amended, making the applicable legal framework more complex, by modifying the quantitative limits and introducing new situations to be considered for calculation purposes.

The risk analysis preceding the operations to be carried out by the Mutual Counter-guarantee Fund is the responsibility of Banco Português de Fomento, as the management company.

#### **CONCLUSIONS**

It is expected that these changes may result in greater agility in the decision-making process and pave the way for the implementation of a wider and more ambitious range of support policies for small and medium-sized Portuguese companies.



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