



## Amendments to Portuguese Securities Code

Law no. 28/2017 reviewed the market abuse sanctions framework set out in the Portuguese Securities Code in line with EU directives and regulations.

Furthermore, it extended the scope of supervision of the CMVM to emissions allowances, benchmark indexes and spot commodity contracts.

As from July 2017, issuers, intermediaries and management entities will be subject to new rules arising from the implementation of directives relating to transparency requirements (Directives 2013/50/EU and 2007/14/EC), prospectus (Directive 2003/71/EC) and criminal penalties for market abuse (Directive 2014/57/EU and Implementing Directive 2015/2392).

The implementation was approved by Law no. 28/2017, of 30 May, which also amended the Portuguese Securities Code (**Securities Code**) in order to adapt it to Regulation (EU) no 596/2014 on market abuse (**Market Abuse Regulation**) and appointed the Portuguese Securities Market Commission (*Comissão de Mercado de Valores Mobiliários* - **CMVM**) as the competent authority to ensure the application of the Market Abuse Regulation in Portugal.

Among other changes, new administrative offences and crimes were added, some penalties were aggravated and some duties, requirements and limitations are now cross-referred with those established in the Market Abuse Regulation, including (without limitation) regarding investment recommendations, market abuse, inside information or managers' transactions and duty to report suspicious transactions.

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As an example of the aggravation of the penalties, in a case of market manipulation the maximum penalty increased from five to eight years of imprisonment if the relevant conduct causes an "artificial" change in the regular operation of the market.

For less serious administrative offences, the applicable fines increased from 2,500€ and 5,000€ to 5,000€ and 1,000,000€, respectively.

The statutes of limitation in the case of very serious administrative offences were also increased from five to eight years and the following ancillary penalties were added: (i) suspension of dealing on financial instruments for its own account and (ii) cancellation of registration or revocation of the authorisation for the exercise of functions in entities supervised by the CMVM.

In addition to these changes, greenhouse gas emissions allowances will also be subject to Securities Code rules. As a result, transactions involving these instruments and parties to these transactions will be subject to the supervision of the CMVM, as well as to the new sanctions contemplated in the Securities Code, starting as of 2 January 2018.

Finally, benchmark indexes and spot commodity contracts will also be subject to market manipulation prohibition set out in the Market Abuse Regulation and, consequently, to the supervision of the CMVM and the sanctions now contemplated in Securities Code.

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