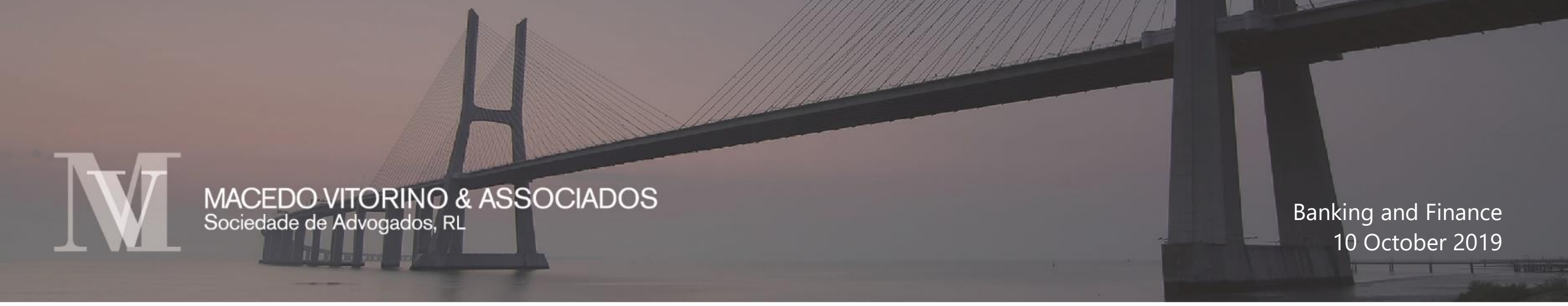


# No-deal Brexit: Portuguese financial and social security transitional rules

*New Portuguese legislation ensures that UK banking, investment and insurance companies may continue to operate in Portugal in a no-deal Brexit scenario until 2020.*

*Emigrants social security rights will also be protected.*

The Portuguese Government has adopted end of September 2019 contingency measures applicable to financial services and social security matters in case a no-deal Brexit occurs.

Under the new rules, a UK credit institution, investment firm or fund manager authorised to provide services in Portugal under an EU passport will be allowed to continue to do so until end of 2020, provided that:

- Before Brexit, the relevant Portuguese authority (Bank of Portugal or CMVM) has received a notice from the relevant UK authority for the provision of services or the performance of an activity in Portuguese territory by such entity; and

- Within three months after Brexit, the relevant entity notifies the CMVM that it intends either to (i) unilaterally terminate the existing contracts or (ii) request authorisation to carry out its activity in Portugal.

Until the authorisation request is submitted, which must occur no later than six months after Brexit, the UK entities may not perform any new transactions with retail clients, save for the termination of existing contracts.

Banking contracts concluded before Brexit, such as deposits or other repayable funds, credit transactions, payment services and electronic money - as well as related ancillary contracts - will remain in force if the UK entities notify the Bank of Portugal within three months and comply with Portuguese laws.

UK investment funds may continue to be traded in Portugal provided that the relevant UK authority notifies the CMVM before Brexit and the fund manager provides the CMVM with the relevant information within the same deadline.

Finally, insurance contracts concluded with UK based insurance companies covering risks located in Portugal prior to Brexit will also remain in force, although they may not be extended.

In what concerns social security, UK individuals who have compulsorily paid contributions in Portugal will be entitled to claim benefits provided equivalent treatment is granted by the UK authorities to Portuguese citizens residing in the UK.

The new rules, approved by Decree-Law 147/2019, will enter into force if a no deal Brexit occurs and will expire on 31 December 2020.



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