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A.M.PEREIRA, SÁRAGGA LEAL, OLIVEIRA MARTINS, JÚDICE E ASSOCIADOS
SOCIEDADE DE ADVOGADOS, RL

Amendments to the Portuguese Securities Code – Market Abuse and Public Offers of Securities

Last March 15th was published Decree Law nr. 52/2006 implementing Directive 2003/6/CE, of the European Parliament and the Council, dated January 28th, on insider dealing and market manipulation, and Directive 2003/71/CE, of the European Parliament and the Council, dated November 4th, on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/CE.

This informative note intends to summarize the key amends to the Portuguese Securities Code arising from the implementation of said Directives which, in our opinion, have an immediate impact upon the Portuguese capital markets' agents:

- Revocation of the material events regime by the new framework on immediate disclosure of Inside Information (covering, for instance, negotiations in course likely to materially influence the relevant securities' price);
- New issuers' disclosure obligations, reinforcing the market abuse preventive measures, in particular, insiders lists and transactions by persons discharging managerial functions and related persons;
- New rules governing the content, dissemination and conflicts of interests regarding investment recommendations;

- Revised scope of insider dealing and market manipulation criminal sanctions and the new administrative sanctions related to Inside Information;
- Financial Intermediaries' duty to report suspicious transactions which might constitute market abuse;
- The new format and approval regime applicable to the prospectus required in a public offer for distribution of securities (the prior registry and offer announcement is no longer required) as well as the expansion of the exemptions from the public offers regime and the obligation to publish a prospectus;
- Implementing the passport regime for the prospectus of a public offer for distribution of securities;
- Expansion of the institutional investor regime, including legal, regulatory and voluntary qualification of investors;
- Amendment to the prospectus required when securities are admitted to trading in light with the changes to the securities offer prospectus.

This Decree-Law shall enter into force on March 30th, 2006, excepting the amendments to the Title III of the Portuguese Securities Code with respect to Public Offerings (which are already in force since March 16th, 2006) as well as the alterations related to the commercial registration of bonds and warrants' issues and amends to the covered bonds regime, which will be effective on December 31st, 2008, without prejudice of the possibility of using a full prospectus as from March 30th, 2006. ■

LISBON - Edifício Eurolex, Avenida da Liberdade n.º 224, 1250-148 Lisboa
PORTO - Avenida da Boavista n.º 2121, 4.º- 407, 4100-137 Porto
FARO - Rua Pinheiro Chagas, 16, 2.º Dto. (à Pç. da Liberdade) 8000 - 406 Faro

Tel: (351) 21.319 73 00; Fax: (351) 21 319 74 00
Tel: (351) 22 607 47 00; Fax: (351).22 607 47 50
Tel: (351) 289 80 41 37; Fax: (351) 289 80 35 88

Offices in Brazil, Angola and Macao (in joint venture with local Firms)

e-mail Central: plmjlaw@plmj.pt - Website: www.plmj.com