

Preliminary note:

The Portuguese Law transposed the Directive through two Decrees, Decree-Law n° 486/99, of 13 December 1999, which approved the new Securities Code (CMV – Código de Valores Mobiliários) hereinafter referred as CVM and the Decree-Law no 221/2000.

The CVM regulates securities settlement systems and Decree n° 221/2000 of 9 September 2000 regulates payment systems.

Initially, the understanding was to transpose the Directive in only one Act which would unify the two systems.

However, that was not the opinion that prevailed and therefore the Directive was, as mentioned above, transposed by two pieces of legislation. This separation of the legislation pieces results from the understanding that the legal framework of the securities systems should be unified. So, as it was understood that all issues related to securities should be regulated in a sole Code it was decided that securities settlement should also be regulated in that Code. It was understood that such Code should be competent to also regulate securities settlement systems.

The CVM is a Code (set of norms) and for that reason did not transpose the Directive using the same method as the Decree-Law.

Consequently, the CVM did not define directly the concepts mentioned in the Directive, however it regulates the various legal situations related to those concepts from where we can extract the scope of its applicability.

According to CVM securities settlement comprises the securities transfers and the money transfers. However, Bank of Portugal executes the financial settlement and consequently the Decree-law n° 221/2000 is the law applicable to the securities financial settlement.

This settlement is executed through the payment system managed by Bank of Portugal more specifically through the SPGT.

In a first period INTERBOLSA (securities settlement systems management entity) calculates the global position of each participant in the system and then sends this information to the Bank of Portugal through a multilateral matrix, based upon which the Bank of Portugal executes the financial settlement and only subsequently is the securities settlement concluded by INTERBOLSA.