

## CENTRAL SECURITIES DEPOSITORIES (CSD) REGIME

The Central Securities Depositories (CSD) regime has been amended to adapt its national rules to Regulation (EU) 2023/2845, which seeks to facilitate the registration and settlement of securities transactions.

This EU regulation is part of an ongoing effort to strengthen efficiency and security in securities settlement systems, especially in the context of CSDs - financial organizations that manage the settlement of securities such as shares and bonds.

Rules were adjusted (articles 6 to 8 of Decree-Law 59/2024) to introduce changes to the procedural regime for qualifying holdings (holdings that represent voting rights in the investee company, or that make it possible to exercise significant influence over the management of that company) and control of 'CSDs'. The concept of qualifying holding was adjusted, which meant that certain holdings would now be counted for CSD control, namely those that make it possible to exercise a significant influence over the management of a company.

It is now required that any holder of qualifying holdings (or now, holdings that make it possible to exercise significant influence over the management of the 'CSD'), who acquires or disposes of a holding, communicate this transaction within 15 (fifteen) days, reinforcing supervision by the 'CSD' (article 7 of Decree-Law 59/2024).

Previously, communications were limited only to holdings of 10 percent, 20 percent, or one-third of voting rights or capital. With the new amendment, information will now be transmitted from any person who holds a qualifying holding (in its new and more inclusive understanding) in the 'CSD'.

Thus, an investor who did not have a 10 percent stake in the company, but who did have a stake that allowed him to exert influence over its management, sold a percentage of his stake and did not need to report the sale. With this change, the sale must be reported within the specified timeframe.

With the new rules, the CMVM (Portuguese Securities Market Commission) will now cooperate more intensively with other regulators, such as the Bank of Portugal and the ASF (Portuguese Insurance and Pension Funds Supervisory Authority), to assess potential acquirers of relevant holdings in 'CSDs', which will help the CMVM assess the impact of acquisitions, particularly concerning the stability of the financial system and compliance with national and European rules.

The CMVM has extended its regulatory powers and is now responsible for all the provisions of the legal framework for Central Securities Depositories. Previously, it was limited to the disclosure and communication of qualifying holdings and control, the appointment of members of the management and supervisory bodies, the content of the report on corporate governance structure and practices, and financial information to be reported to the CMVM and disclosed to the public.

Decree-Law 59/2024 of 25 September, which introduced these changes, aims above all to ensure greater transparency and security in the operations of Central Securities Depositories, especially concerning the ownership and control structure of these entities, which play a key role in the capital markets and the European Union's financial system.

By increasing the robustness of supervision, the legislation seeks to protect investors and the integrity of the financial market, avoiding systemic risks associated with failures in the settlement system.

The decree simplifies the regime applicable to the 'CSD', eliminating rules that were considered obsolete or inadequate in the face of the new regulatory reality - such as paragraph 4 of Article 6, which allowed redundant procedures for reporting transactions or changes in the control structure and which, with the new European regulation, are no longer necessary.

This decree, approved by the Council of Ministers and promulgated by the President of the Republic in September 2024, represents a significant step forward in modernising the legal regime applicable to the CMVM in Portugal, preparing the country for future challenges in the financial markets sector.



Diego Angulo Morales  
*Trainee Lawyer*

This information is not public and does not constitute any form of advertising, and its copying or dissemination is prohibited. The content of this information and the opinions expressed are of a general nature and cannot be understood or substituted for legal advice.