Decree-Law No. 408/91
of 17 October

(with the amendments introduced by Decree-Law No. 343/98 of 6 November, Decree-Law No. 181/2000 of 18 August (1) and Decree-Law No. 52/2006 of 15 March(2))

Article 1
Notion

Cash bonds are securities whereby the issuing company must undertake to pay a certain amount to the holder, within a period of no less than two years, and the interest incurred.

Article 2(4)
Issuers

Credit institutions having equity of no less than 2,500,000 Euro are permitted to issue cash bonds.

Article 3(4)(5)
Legal framework

Public offers for distribution of cash bonds shall be regulated by Regulation no. 809/2004/EC of the Commission of 29 April, the Securities Code and corresponding supplementary legislation.

Article 4(6)
Authorisations

[Repealed]

Article 5(4)(5)
Formalities

1. The institutions referred to in Article 2 shall publish a prospectus in accordance with the Securities Code and Regulation no. 809/2004/EC of the Commission of 29 April before performing the transactions referred to in Article 4.
2. The prospectus referred to in the previous paragraph must be submitted to Banco de Portugal before placement of the bonds commences.

3. The issuance of cash bonds shall not be subject to the registration referred to in Article 3.1 of the Commercial Registration Act.

**Article 6**(3)(4)

**Par value and representation**

1. Cash bonds shall have a par value of 50 Euro or multiples of this value and may be represented by registered or to the bearer certificates.

2. Cash bonds may also be issued in book-entry form, and their placement and deposit, in accounts opened in the name of the holders on the books of the issuing company, shall be registered.

3. The effects of the conveyance of registered certificates or bonds issued in book-entry format shall only be operational relative to the issuer if it is informed of such fact by the conveyor.

**Article 7**

**Amortisation and early redemption**

1. Cash bonds are issued for a fixed term; however, the institutions issuing them may grant their holders the right to request early redemption, which must not be carried out before 12 months have expired since the date on which the bonds were issued. Early redemption leads to the amortisation of bonds.

2. Without prejudice to the provisions of the previous paragraph in relation to early redemption, cash bonds must not be acquired by the institution issuing them before two years have elapsed since the date on which they were issued.

**Article 8**

**Information to be shown on the certificates**

The certificates representing cash bonds must always carry the following information:

a) The issuing company;

b) The name of the subscriber, in the case of registered bond certificates;

c) The issue date;

d) The number of the order;

e) The par value;

f) Maturity;
g) The interest rate or rates to be applied;
h) The half-yearly or yearly date on which interest is to be paid;
i) The date or period in which amortisation may be carried out and the conditions for this;
j) The subscriptions to which the company is bound.

**Article 9**

**Types of issue**

The issuing of cash bonds may be carried out in a continuous form or in series, in accordance with the financial needs of the institution issuing them and with the level of demand among savers.

**Article 10**(3)

**Admission to listing**

The admission of cash bonds to listing on a regulated market shall be governed by the provisions of the Portuguese Securities Code.

**Article 11**(3)

**Accounting scheme**

The accounts of issuing companies must express the value of bonds issued, amortised and in circulation.

**Article 12**

**Revocations and exoneration**

1. Decree-Law no. 117/83, of 25 February, is hereby revoked, as is notice no. 12/86, published in *Diário da República, 1.ª série* (the Official Journal) on 24 July 1986.

2. Whenever regulatory instruments in force defer to Decree-Law no. 117/83, the deferrals must be considered to refer to this document.

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1 The preambles to which are published in the Appendix
2 In accordance with 13 Decree-Law No. 52/2006, of 15 March, the amendments to the current decree shall enter into force on 31 December 2008, notwithstanding that as from 30 March 2006 the issuers may use the whole prospectus, thus implementing in this case the system resulting from the Securities Code and Commission Regulation (EC) No 809/2004 of 29 April.
3 Amended by Decree-Law No. 343/98, of 6 November
4 Wording by Decree-Law No. 181/2000, of 10 August
5 Wording by Article 7 Decree-Law No. 52/2006, of 15 March
6 Repealed by Decree-Law No. 52/2006, of 15 March
Appendix

Decree-Law No. 408/91
of 17 October

Decree-Law no. 117/83, of 25 February, regulated, for the first time in our legal system, the issuance of the financial instrument called cash bonds.

These legal requirements were successively modified and integrated, in order to equip them with greater flexibility, on the one hand, and, on the other hand, to place this means of financing at the service of other financial institutions not covered by the initial provisions.

It seems that the moment has arrived to completely reformulate these legal provisions, with a view to simplifying the issuance of the securities in question and eliminating the constraints which are not justified under the current circumstances.

In fact, it should be stressed that this financial instrument is only available to entities, the constitution of which does not require prior authorisation of the monetary authorities, which are subject to supervision by the Portuguese Central Bank (Banco de Portugal) and obliged to respect prudential rules.

Thus:

Pursuant to the terms of item a) of Article 201 of the Constitution, the Government hereby decrees the following:

Read and approved by the Council of Ministers on 29 August 1991 - Aníbal António Cavaco Silva - Luís Miguel Couceiro Pizarro Beleza.

Promulgated on 3 October 1991.

For publication.

President of the Republic, MÁRIO SOARES.

Countersigned on 7 October 1991.

The Prime Minister, Aníbal António Cavaco Silva.

Decree-Law No. 181/2000
of 10 August

The experience gleaned from the application of the legal requirements applicable to cash bonds, established by Decree-Law no. 408/91, of 17 October and amended by Decree-Law no. 343/98, of 6 November, revealed the need to establish the conditions for issuing them and for the presentation of the prospectus of the said financial instrument, with a view to ensuring the redemption by subscribers of capital to a value not less than the par value in question.
Under these terms, provision had been made to the effect that *Banco de Portugal* may, on publication of notice, define limits to the remuneration of cash bonds, when the protection of investors requires such actions, thus requiring the interest rate, when variable, to relate to relevant indicators, thus preventing the value redeemed from being inferior to the par value.

The opportunity is also taken, in light of the recent coming into force of the new Portuguese Securities Code, enacted by Decree-Law no. 486/99, of 13 November, to review certain terminology and the content of the legal provisions, with a view to harmonising these with the Code and other related legislation.

Thus:

Pursuant to the terms of item a) of Article 198.1 of the Constitution, the Government hereby decrees the following: