



# COVID-19

## Legal Insights

### Support Guidelines for Companies

The effects of COVID-19's propagation are spreading rapidly at a global scale, with a negative impact in the economy, across several industries of the companies' activities.

This event is demanding from companies to immediately (re)assess and define the most relevant strategic decisions to carry on with the respective activity.

Therefore, hereunder we provide some information deemed useful to assist the companies in relation to the decision-making process and definition of measures for risk mitigation purposes, considering namely the recently approved legislative measures.

*"The current exceptional situation and the proliferation of registered cases of contagion of COVID-19 requires the application of extraordinary and urgent measures"*

Presidency of the Council of Ministers,  
Decree-Law no. 10-A/2020, of 13 March

## 1# LABOUR

The numbers of those affected with the COVID-19 are increasing exponentially in Portugal, which has forced companies to take preventive measures and follow the recommendations below:

### **Duty to inform / Draw up of a company policy**

Firstly, it is important to draw up a contingency plan, as well as company policy (if possible, by written means) regarding subjects like hygiene to prevent infections, virus symptoms, travel and work from home (teleworking). Employers should keep employees informed.

### **Request the employees to report the trips travelled or they intend to travel**

Employers can and should request their employees to inform when they intend to travel or when they have travelled in the past weeks to COVID-19 affected destinations. The employees should provide all information, including regarding personal travel. If, however, the employee does not mention a specific trip, this cannot have any consequences unless the travel communication policy specifically mentions possible sanctions. Therefore, it is recommended to include such sanctions in the policy to be drafted (if applicable). The employer may not, however, forbid personal travel to infected COVID-19 affected destination. But should recommend to employees not to do so.

### **Limit business trips**

Whenever possible, employers should cancel planned business trips, specifically those to COVID-19 affected destinations. In case of not being able to cancel, if an employee chooses not to travel, this choice should have no consequences under the employment relationship.

### **Absence due to illness**

In the case of sickness of employees and self-employed employees subject to the general social security scheme, with sickness caused by COVID-19, the recognition of the right to sickness benefit does not depend on meeting the guarantee period.

The situation arising from prophylactic isolation for 14 days of dependent children or other dependents of employees of the general social security system, caused by situations of serious risk to public health decreed by the performing the role of health authority, is considered to be justified.

### **When the employee refuses to work**

If an employee refuses to work in order to avoid contamination at the workplace, employers should allow him to work remotely from home where possible. Where this is not feasible (for example, because the work cannot be done remotely) and the employee would nonetheless not show up at the workplace, the employee will not, in principle, be entitled to a salary during the absence. Unjustified absences in a normal situation would give rise to possible disciplinary proceedings. However, considering the exceptional nature of the current situation, it does not seem reasonable to us that any disciplinary measures should be taken.

### **Teleworking / Quarantine**

Employers may decide that employees work from home, maintaining the right to remuneration. The scheme of teleworking may be determined unilaterally by the employer or required by the employee, without the need for agreement by the parties, as long as it is compatible with the functions performed.

In this scheme, the employer, among other measures, should:

- a) Provide the employee with manual access to the remote working environment, from various devices;
- b) Advise about the hygiene measures to be adopted in the place where their will work at home (for example, wash hands, sneeze into the elbow, etc.);
- c) Advise the employee to use, if possible, an adjustable office chair so that employees do not have to raise their shoulders too much;
- d) Advise employees to take short breaks so that they are not in the same position all day.

### **When Teleworking is not possible**

If the nature of the work does not allow work from home and the employee is not absent due to illness, the government has determined that absences from work motivated by urgent assistance to a child or other dependent under 12 years of age, or, regardless of age, with a disability or chronic illness, resulting from the suspension of classroom and non-teaching activities in school or equipment social support for early childhood or disability, are considered justified, with no loss of rights except in relation to retribution.

In these cases, the employee is entitled to receive an exceptional monthly aid.

### **Simplified lay-off scheme**

Another measure taken was the extraordinary support for the maintenance of employment contracts in companies in a business crisis situation, with the right to compensatory similar to a simplified lay-off scheme, in the event of suspension of the activity related to the outbreak of COVID-19 and if there is an interruption in global supply chains or an abrupt and sharp drop in 40 % of sales, with reference to the same period of three months.

The employees who are part of the scheme receive, at least, a gross monthly remuneration of two thirds, up to a maximum limit of three guaranteed monthly remunerations, i.e. EUR 1,905.00, for a period of one month, which can be extended monthly after evaluation, up to a maximum limit of six months. The Social Security ensures payment of 70 % of the remuneration and the remaining amount is borne by the employer.

### **The situation of the self-employed workers**

Self-employed workers are also covered by the Government support through (i) exceptional family aid or (ii) reduction of self-employed worker's economic activity measures. Regarding exceptional family aid, the self-employed subject to the fulfillment of the contributory obligation for at least 3 consecutive months for at least 12 months, in proven situation of total stoppage of its activity or the activity of the respective sector, is entitled to exceptional monthly or proportional support.

- The aid value corresponds to one third of the monthly contribution base for the first quarter of 2020, with a minimum limit of a Social Aid Index (IAS), i.e. 438.81 euros and a maximum limit of 2.5 times the IAS, i.e. 1,097.03 euros.

As regards aid for the reduction of activity, during the period of application of this measure, the self-employed person is entitled to financial aid with a duration of one month, extendable monthly, up to a maximum of six months, corresponding to the value of the remuneration recorded as a contributory base, with the limit of IAS value, i.e. EUR 438.81.

The employees can only receive one of the two aids provided.

### **Contact person**

It is advisable to appoint a person/team within the company, who employees can contact with questions regarding the outbreak of the virus or any situation related to the measures taken by the company.

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The measures adopted by employers should be reviewed on a daily basis, according to the constraints and measures that may be adopted by the Government, so that they are properly adapted to developments since the outbreak.

## **2# CONTRACTS<sup>1</sup>**

Within the current circumstances, several questions have been raised regarding contractual compliance/non-compliance.

In face of an international contract, the applicable legislation shall be assessed. Within the scope of International Private Law principles, as a general rule, the parties' autonomy determines the law applicable to the contracts.

The various jurisdictions have distinct legal solutions in case of impossibility to comply with a contract under situations such as the COVID-19. For instance in China, a country that has a paramount role in international

<sup>1</sup> This overview analysis only includes contracts in general, excluding contracts subject to specific legal regimes, such as employment contracts, contracts entered into with consumers or those subject to public law.

commerce, namely in the supply of goods to many other countries, it was adopted a governmental decision under which the Chinese Council for the Promotion of International Trade will issue Force Majeure Certificates for all the affected companies, upon solicitation.

Which is the applicable regime pursuant to Portuguese law? May the contracting party affected by COVID-19 invoke force majeure in order to withdraw from the agreement? Which are the legal consequences in such case?

Beforehand, the contract in question shall be analyzed for the assessment on whether it foresees the occurrence of this kind of situation, with special focus to the provisions regarding force majeure and change of circumstances, as well as the confirmation of the respective validity and applicability.

In general terms, a force majeure event is the occurrence of an unexpected, inevitable, out of control event that prevents the compliance and the full execution of the obligations undertaken under an agreement.

May the pandemic COVID-19 be considered as force majeure event, invoked as an impediment to comply with a contract, without the liability to pay a compensation for related damages?

Pursuant to the applicable law, *"the obligation is extinct whenever the performance becomes impossible by cause not attributable to the debtor"*. This means that this legal provision includes the cases of impossibility attributable to third parties, to fortuitous or force majeure events, to the creditor or to the law.

In general terms, it is defensible that the COVID-19 pandemic may be considered a case of force majeure. However, the specific contractual relationship shall be analyzed on a case-by-case basis in order to assess if the impossibility to comply derives solely from the pandemic plus if the party affected by such force majeure cause has taken all the possible measures in order to mitigate the effects of the contractual non-compliance.

Therefore, if COVID-19 is the motive that prevented an affected company from the compliance of a contract, such company may invoke a force majeure event to terminate the contract, with grounds on the specific circumstances, as well as on the applicable contractual clauses. This termination is exempt from the payment of a compensation for damages to the other party, without prejudice of the refund or compensation in relation to the part of the contract already complied with (i.e. payment of the price).

Nevertheless, the burden of proof relies on the party that invokes the force majeure, which shall provide evidence for the facts; otherwise, such party may have to compensate the other party for the damages caused by the non-compliance.

The contractual compliance may also become too burdensome or implicate an alteration/suspension of the deadlines due to the COVID-19 pandemic. Following the specificities of the actual situation, before an unusual alteration of circumstances, different from those in which the parties have based their decision to engage in a contract, the damaged party may terminate the contract or modify its terms and conditions according to principles of equity. Such modification is feasible only if the demand of the obligations accepted under the contract severely affect the principles of good faith and is not covered by the risks of the contract itself. The invocation of this situation implies a careful legal assessment considering the risks involved.

The fact that a contracting party (i.e. supplier) claims the impossibility to comply under grounds on the COVID-19 pandemic may also raise the possibility of the other party losing the interest in the compliance. In such case and after thorough analysis of the specific situation, the party that lost the interest may terminate the contract without the liability do compensate the other party, as well as to demand the restitution of whatever has been provided under the contract.

Each situation shall be subject to a detailed legal analysis, in order to choose the solution that better suits and protects the contractual interest in question.

## Real Estate Sector

With regard to the real estate sector in general, it is important to note the timely performance of works agreements, sale and purchase promissory agreements, lease promissory agreements, as well as the performance of the undertaken contractual obligations, particularly those of an economic nature, foreseen, namely, in lease agreements, agreements for the use of stores in shopping centers and tourism exploitation agreements.

As mentioned above, the effects prompted by COVID-19 could jeopardize the agreements' timely performance, inevitably provoking the arise of several legal issues, with particular emphasis on the contractual balance sought by the parties.

In the event of a contractual imbalance in the aforementioned types of agreements, or even in the event of complete impossibility to perform the undertaken contractual obligations, the aggrieved party may take advantage of the protective civil law mechanisms, such as: force majeure clause, suspension clauses, time extension clauses, change of circumstances clause, among others that have been, for example, established in such agreements.

Without prejudice to the analysis that must necessarily be carried out for each agreement, it should be also noted that, in these types of agreements, the aggrieved party may eventually benefit from the COVID-19 framework as a case of force majeure, justifying the discharge of the contractual obligations assumed under a contractual relationship.

Furthermore, taking into consideration, namely, the measures of partial suspension of the commercial activities and restriction of peoples' movement in areas related to the development of such activity, which particularly affect the sectors of hotel business, catering and tourism, the agreements underlying such legal relationships may be prone to amendments or even to the agreement's termination on the basis of the COVID-19 legal framework as a case of force majeure. However, in order to the application of said institute, it will always be necessary that the COVID-19, as a natural and unpredictable event, has made it impossible to effectively and absolutely perform the undertaken contractual obligations in such agreements.

### 3# TAX

Restriction measures imposed to families and economic agents will have a major impact in the economic performance, to a point where many companies may struggle to comply with mandatory obligations.

To mitigate the economic impact of the pandemic disease and to block the negative outlook of the contingency measures adopted by companies and public services, in terms of performance of their tax obligations, the State Secretary of Tax Affairs (SSTA) has issued an Order, from the 9<sup>th</sup> of March, extending the following deadlines, and also waiving any accruals or penalties:

- a) Special payment on account that was due on March, until the 30<sup>th</sup> of June 2020;
- b) Corporate Income Tax Return related to the financial year of 2019, until de 31<sup>st</sup> of July of 2020;
- c) The first payment on account and the first additional payment on account that were due in July, until the 31<sup>st</sup> of August.

Taxpayers and chartered accountants, infected with the virus or that are in prophylactic insulation recognized by medical authorities, that are unable to comply with their tax obligations, can allege justifiable reason for such nonperformance.

It was requested to the Tax Authorities, by the SSTA, to bolster the announcement of electronic and telephone services, as preferential means of communication between taxpayers and the Administration, in order to avoid any personal contacts.

The upper mentioned order also determines that Public Authorities must proceed with readiness with the payments for goods and services provided by its suppliers.

The Government has created a credit line of € 200M to provide SME's with cash-flow support, up to a maximum amount of € 1,5M per SME. Also, small business owners operating in the tourism sector can count with a credit line of € 60M.

Despite such financing measures, we can anticipate that in the event of a continuous spread of the virus, the Portuguese Government may extend VAT payments deadlines, due to the expected inactivity of certain economic sectors.

### 4# PUBLIC PROCUREMENT

In the scope of the implementation of the measures to respond and prevent COVID-19, public and private entities must take into consideration the public procurement legal framework, the applicable rules as to the public contracts and any special rules approved with impact on these matters.

## Public Procurement

The Decree-Law no. 10-A/2020, of March 13, establishes exceptional and temporary measures related to the epidemiologic situation of Coronavirus ("COVID-19") and foresees several rules related to public procurement and authorization of expenditure.

The referred legal framework allows any contracting authority to use the direct award (i.e., invitation addressed to a sole entity) to execute public works agreements, lease and acquisition of goods, as well as rendering of services agreements, without any limitation to the amount, to the extent strictly necessary and for reasons of extreme urgency.

The contracting entities may also adopt the simplified procedure of direct award, meaning that the parties do not need to enter into a written agreement, to execute lease and acquisition of goods and rendering of services agreements, in the case the price is lower than EUR 20,000.00 (current limit established by the Public Procurement Code for the direct award).

The limitations foreseen in the Public Procurement Code in relation to the selection of the entities invited to submit a bid – in the procedures of direct award and prior consultation – are not applicable to the agreements entered into in the circumstances aforementioned.

The agreements executed under the scope of this new regime shall be published. However, the same will enter into force after the award, without the need to wait for the issuance of the authorization of the Court of Auditors, when applicable.

The centralized acquisition of goods and services by the entities belonging to the National Public Purchasing System (e.g, SPMS), covered by master agreements, is exempted from previous authorization.

The public procurement procedures covered by this new legal framework are subject to several exceptional rules as to the authorization of expenditure.

Therefore, the contract decision of acquisition of services related to the performance of studies, legal opinions, consulting projects and services, as well as any specialized works, do not require legal administrative authorization. The member of the government responsible for the sectorial area will be responsible for these decisions.

Which measures the candidates, bidders and contractors may implement in relation to the ongoing deadlines?

Without prejudice of a case-by-case analysis, in relation to the administrative deadlines related to the ongoing public procurement procedures, it is important to mention that those deadlines have not been suspended yet. We are waiting for a decision on this matter. Therefore, economic operators shall act in order to minimize any risks on this regard.

Nevertheless, there are measures that can be implemented in relation to the ongoing deadlines, namely as to the deadlines for the submission of candidatures, bids, clarification requests and qualification documents. In fact, the candidates, bidders and contractors, as the case may be, may request an extension of the deadlines based on the current circumstances - which may be considered as a justifiable reason to not comply with the deadline and a force majeure event.

The contracting entities, on their own behalf, may also extend the ongoing deadlines for the period considered necessary. There shall be no award decision when a change of the circumstances related to the contract decision justifies the same.

## Relationship between private entities and the Portuguese State / Public Administration

Pursuant to the Decree-Law no. 10-A/2020, of March 13, the deadlines related to authorizations and licenses, required by private entities, which may give rise to tacit authorizations, are suspended. The deadlines related to the environmental impact statement, which may give rise to tacit authorizations and licenses, are also suspended.

We are still waiting for the approval of complementary legislation related to the suspension of the other administrative deadlines.

The consequences of the COVID-19 as to the public contracts, entered between private entities and the public administration, including the Portuguese State, must be analyzed on a case-by-case basis.

Nevertheless, the current legal framework already provides that public contracts may be modified in case of unusual and unpredictable change of the circumstances, based on which the parties decided to contract, occurred - provided that the compliance with the contractual obligations is not covered by the risks associated to the contract.

The unusual and unpredictable change of the circumstances may give rise to the replacement of the economic-financial balance of the contract or to a financial compensation.

If the current epidemic is qualified as a force majeure event, an analysis of the existence of legal and /or contractual reasons to not comply – totally or partially – with the obligations foreseen in the public contracts, namely as to the deadlines, may be done.

## 5# DATA PROTECTION

Organisations, when adopting COVID-19 response and prevention measures, should also bear in mind the applicable data protection legislation, in particular, the obligations of General Data Protection Regulation (alias GDPR) and the national legislation in force, concerning data processing carried out for this purpose. During this period, are commonly collected, personal data such as name, contacts, travel details, persons contacted (customers, relatives and friends), as well as the processing of special categories of data, such as health data and identification of symptoms associated with the virus.

Given the different categories of personal data concerned and taking into account the measures of the contingency plan, it is important that organizations ensure compliance with the Data Protection Principles, in particular the data minimisation, whereby only personal data that are adequate, relevant and limited to what is necessary should be collected and kept for no longer than is necessary.

Besides, GDPR establishes different grounds for the lawfulness of the processing of personal data by organisations, given the epidemiological situation of COVID-19, through legitimate interest in monitoring and responding to the contingency plan adopted (Article 6 (1) (b) of the RGPD). Considering the international public health emergency, the processing of special categories of data, except for the general prohibition rule, may be carried out based on consent or for compliance with obligations under labour law or for reasons of public interest in the area of public health (Article 9 (2) (a), (b) and (i) of GDPR).

Therefore, organisations should adopt the following data protection measures:

- Limit the information collected to those responsible in the organization for the contingency plan;
- Identify the purposes for which the data will be used;
- Maintain the confidentiality of personal data collected;
- Assess the potential impact on data protection to mitigate intrusive actions in private life;
- Store personal data securely (with restricted access);
- Provide clear and transparent information on the scope of the processing of personal data;
- Keep personal data until the organization fulfills its contingency plan;
- Maintain confidentiality about the identification of affected individuals with COVID-19, except for their communication to the competent authorities.

## Q&A

### **Can a questionnaire be required, requesting information on recent travel history to high severity countries, as well as suspected symptoms, from suppliers or customers who wish to meet on an organization's premises?**

To ensure the physical safeguard of their professionals, organisations may collect personal data in strict compliance with the adopted contingency plan. Therefore, the use of a questionnaire should be limited to the essential questions of screening for the spread of the virus, in accordance with the legitimate interests pursued by the organisation and necessary for reasons of public interest in the area of public health, as well as in compliance with the recommendations of the competent authorities.



### **Can it be disclosed that an employee has Coronavirus to other employees of an organization?**

In order to guarantee the confidentiality of employees' personal data, as well as to preserve their privacy, their identification should not be disclosed, without prejudice to the other employees being informed of the suspicious case and proceeding with the necessary additional measures of the contingency plan. However, the competent health authorities may require disclosure of this information as part of the performance of their duties.

## **6# LITIGATION**

### **Communication from the High Council for the Judiciary**

In disclosure no. 69/2020, dated March 11<sup>th</sup>, 2020, the High Council for the Judiciary announces the adoption of exceptional measures, namely, in the Courts of First Instance, so that the most important procedural acts, regarding Fundamental Rights are performed. All the remaining work of the judges will be done remotely.

In addition to the disclosure no. 69/2020, dated March 12<sup>th</sup>, 2020, the High Council for the Judiciary clarified that the acts covered are: (i) all urgent services referred to in article 36 no. 2 of the LOSJ; (ii) specific procedural steps for minors at risk or urgent educational measures;(iii) proceedings and trials of defendants in pre-trial detention; (iv) all other proceedings, of any jurisdiction, that the Judge, using prudent discretion, deems necessary because it involves fundamental rights or are intended to prevent irreparable damage, namely the statutory limitation period.

The measures adopted will remain in effect until March 26<sup>th</sup>, 2020.

### **Decree-Law no. 10-A/2020, of 13 March**

#### Procedural acts

Article 14 of the aforementioned diploma, states that the declaration, issued by the health authority in favor of a procedural subject, party, their representatives or agents and other interveners, attesting to the need for a period of isolation, due to the possible risk of contagion of the COVID-19 constitutes a basis: (i) for allegation of just impediment to the face-to-face practice of procedural acts and (ii) justification for non-attending any proceedings.

All face-to-face acts to be performed before judicial courts, administrative and tax courts, arbitral tribunals, the Public Prosecution Service, judges of peace, alternative dispute resolution entities, notary offices, conservatories, services and administrative entities, within the scope of administrative proceedings, respective acts and proceedings and within the scope of procedures, acts regulated by the Administrative Procedure Code and other administrative legislation, are included.

#### Facilities closure

Article 15 of the aforementioned diploma states that: (i) in case of facilities closure, where procedural acts are to be performed or (ii) the suspension of face-to-face service, by decision of a public authority, due to the possible risk of contagion of the COVID-19, the period to practice the act is suspended, from the day of the closing or suspension of service, until the day of the decision of the public authority to reopen the facilities.

The provisions of the preceding article are applicable to citizens, procedural subjects, parties, their representatives or agents who reside or work in the municipalities where the closure of facilities or the suspension of face-to-face service is verified, even if the procedural steps must be practiced in a different municipality.

## **7# CORPORATE**

Within the scope of the adoption of reply action and prevention measures regarding COVID-19, companies shall also bear in mind the corporate legal provisions applicable to companies, namely in matters related to the management duties.

The management corporate bodies are usually subject to duties of care and loyalty in the performance of their management position and such duties shall be particularly ensured in the management of risks inherent to the situation caused by COVID-19; otherwise, they may incur in liability before the company and the shareholders.

Considering the duties of care and loyalty, the companies' management corporate bodies shall define and adopt thoughtful and reasoned management decisions adequate to mitigate the financial, economic and commercial impact and risks in the companies' activity caused by COVID-19.



The referred duties entail the adoption of essential measures to protect the health and safety of all those involved in the operational functioning of the company – shareholders, members of the corporate bodies, employees, clients, suppliers – and also to guarantee the maintenance of the business activity carried on by the company.

It is part of the management’s duty to define and to approve safety recommendations and contingency plans duly sustained and appropriated to the company’s business activity. All the relevant measures that will allow and promote the proper execution of the contingency plans, as well as the provision of reporting structures that ensure the monitoring of the contingency plans execution, taking into account the guidance and measures ordered by the authorities.

In addition, the management has the information duty which implies that they have the obligation to inform either shareholders, as well as other members of the corporate bodies and stakeholders, such as employees, clients and suppliers. In regards to the latter, the directors that bind the company before third contracting parties shall, under this duty of information, inform them in case of impossibility to comply, whether partially, fully, temporarily or definitively, with the obligations engaged in the contracts entered into.

Under the new additional legal measures of exceptional and temporary nature recently approved by the Government, we highlight the extension of the deadline legally established to hold the Annual General Meetings to approve the accounts of the commercial companies, until June 30<sup>th</sup> 2020. The scheduling of such meetings to a date where the risk of contamination is lower should be taken into account.

Therefore, regarding the convene notices for General Meetings that have already been sent and/or received by the shareholders, the latter and the management bodies may make the decision, duly sustained and whenever it is relevant and need, to postpone the convened General Meetings and sustaining the rescheduling, for instance, on the preventive need for social isolation.

However, if and whenever it is required to immediately hold shareholders General Meeting, Board of Directors meetings or meetings from another corporate body, the physical attendance may be avoided - in order to reduce the health and safety risk of the participants - through the resort to the available mechanisms provided by law, as long as the minimum quorum established by law and the bylaws to hold such meetings is verified. Those mechanisms may be the use of representation letters (proxy letters), the telematics means for the participation in the meetings (if not prohibited by the bylaws), the vote by correspondence or to execute unanimous resolutions in writing. Kindly note that for the use of telematics means the law requires the existence of internal regulations, as well as means and resources that ensure the authenticity and safety of the communications. In any case, it will be required to assess in a case-by-case basis the respective bylaws and further legal requirements for such purpose.

Finally, pursuant to the additional and recently approved legislative measures of exceptional and temporary nature concerning the use of corporate documents, the certificates issued by the registry services, including the commercial extracts/certificates issued by the Commercial Register Office (“*Certidões Permanentes*”), that would expire after March 13<sup>th</sup> 2020 will be accepted under the same terms until June 30<sup>th</sup> 2020.

## 8# BANKING AND FINANCE

Regarding the impact of COVID-19 on the financial markets, on 11 March, ESMA released its recommendations to financial intermediaries and market participants in the following areas:

- Everyone, including market infrastructures, must implement their contingency plans as provided for in the current regulations, including business continuity measures.
- Issuers must disclose to the market, pursuant to the Market Abuse Regulation and as soon as possible, any information considered relevant or significant with regard to the impact of COVID-19 on their key indicators, projections or financial situation.

On 12 March, the European Central Bank’s (“ECB”) Governing Council decided on a comprehensive package of monetary policy measures:

- On a temporary basis, additional longer-term refinancing operations (“LTROs”) will be carried out in order to ensure immediate and effective liquidity support for the euro area financial system.
- Considerably more favorable conditions to interest rates, maximum financing amounts and eligibility of assets pledged as collateral will be applied, during the period between June 2020 and June 2021, to all TLTRO III operations.

- Until the end of the year, in combination with the current asset purchase program (“APP”), a temporary envelope of net acquisitions of supplementary assets will be added, in the amount of 120 billion euros, to ensure a strong contribution provided by purchase programs for private sector assets.
- The interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00%, 0.25% and -0.50% respectively.

On the same day, the European Banking Authority (“EBA”) also issued a statement, determining the coordination of all national supervisors, including Bank of Portugal, in order to alleviate the operational burden of banks in the current context. To this end, it determined the adoption of the following actions to mitigate the impact of the pandemic on the banking sector:

- Postponement of the EU-wide stress test exercise to 2021, easing of supervisory inspections and some reporting obligations in order to allow banks to prioritize the continuity of their core operations and support to their customers.
- Relieve capital requirements, liquidity coverage ratios and classification of exposures, within the flexibility allowed by the regulatory framework, mainly in the EBA Guidelines on management of non-performing and forborne exposures (EBA/GL/2018/06).

In Portugal, in the context of public and health emergency and in order to support companies’ treasury operations, the Government approved, in the Council of Ministers Resolution no. 10-A/2020 of 13 March, the creation of a credit line in the amount of 200 million euros, as well as an incentive package for companies in the shape of accelerated payment of incentives, deferral of subsidies’ amortization and eligibility of expenditures. The operationalization of the distribution of this incentive package to national companies will have to rely on public credit guarantee mechanisms, namely through promotional financial institutions and the national banking and financial sector.

In this new context, it is still possible to foresee that the banking and financial sector may have to intensify the digital transformation of services, products, initiatives and projects, drastically reducing the face-to-face customer service, as a way to guarantee the continuity of its operations and the functioning of the system as whole.

Within the scope of payment services and the provision of remote banking services, national banking institutions and regulations have paved a remarkable path towards digital transformation, but there is still much to be done by institutions, especially in distance contracting with SMEs of financial operations and associated collaterals.

To this end, the Council of Ministers Resolution provides for the reinforcement of the offer of digital services and the strengthening of the support infrastructure for these services, including the implementation of a communication campaign to promote adherence to electronic identification, which could present a contribution to streamlining this process of digitalizing the banking relationship.

## 9# TRANSVERSAL MEASURES

Within the scope of the COVID 19 Contingency Plan, the following measures were approved regarding documentation with expired or expiring validity.

- the Public Authorities accept, for all legal purposes, the display of documents subject to renewal whose validity period expires from the date of entry into force of this decree-law or in the 15 days immediately before or after.
- the citizen's card, extracts and certificates issued by the registration and civil identification services, driving license, as well as documents and visas related to the stay in national territory, whose validity ends from the date of entry into force of this decree- law are accepted, under the same terms, until June 30<sup>th</sup>, 2020.

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