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Commercial Company Act

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TITLE I General

CHAPTER I Scope of Application

Article 1 General Scope of Application

- 1 – This law shall apply to commercial companies.
- 2 – Commercial companies are those whose purpose is to exercise commercial activities and which take the legal form of partnerships, private limited companies, public companies, limited partnerships or limited partnerships with share capital.
- 3 – Companies having as their purpose the exercise of commercial activities must take one of the forms referred to above.
- 4 – Companies having the sole purpose of practising non-commercial activities may take one of the forms referred to in paragraph 2, in which case they shall be subject to this law.

Article 2

Subsidiary Law

Cases not provided for under this law shall be regulated according to the rules which apply to similar cases, and, in the absence of such rules, according to those set forth in the Civil Code with regard to articles of association, insofar as these are not contrary to the general principles of this law or to the principles which apply to the legal form adopted.

Article 3

Personal Law

1 – Commercial companies shall have as their personal law the laws of the State in which their principal headquarters are located and their central management carried out. Companies having their registered office in Portugal are not, however, permitted to contest the right of third companies to be subject to laws other than Portuguese law.

2 – Companies which transfer their central management and control to Portugal shall retain their legal personality, if permitted to do so under the law by which they are governed, however their articles of association must be in accordance with the laws of Portugal.

3 – For the purpose of the provisions set forth in the previous paragraph, a representative of the company must oversee the registration of the articles of association by which the company is to be governed.

4 – Companies having their central management and control in Portugal may transfer it to another country, maintaining their legal personality, provided that the laws of the country in question permit such a move.

5 – The decision to transfer headquarters pursuant to the previous paragraph must be in observance of the provisions for amendments to a company's articles of association, and under no circumstances shall such a decision be adopted by less than 75% of the votes corresponding to the company's share capital. Those partners who did not vote in favour of the resolution in question shall be permitted to resign from the company, announcing their decision within 60 days of publication of the resolution in question.

Article 4

Companies Exercising their Activity in Portugal

1 – Companies which do not have their central management and control in Portugal, but wish to exercise their activity in this country for more than one year, must establish a permanent representation here and comply with the provisions set forth under Portuguese law in relation to commercial registration.

2 - Any company which fails to comply with the provision set forth in the previous paragraph shall, in spite of this, be bound by any acts carried out on its behalf in Portugal, and shall be jointly liable for such acts with the persons carrying them out and with the company's managers or directors.

3 - Notwithstanding the provision set forth in the previous paragraph, the courts may, at the request of any interested party or of the Public Prosecution Service, order the company failing to comply with the provisions of paragraph 1 to cease their activity in Portugal, and order the liquidation of any assets held by the company in Portugal.

Article 4- A

Written Documentation

The stipulation or provision established in this Code, that documentation relating to any legal transaction be set forth in writing, shall be considered complied with or met even if the hard copy format or signature are substituted by another means of identification which ensures at least equivalent levels of intelligibility, durability and authenticity.

CHAPTER II

Personality and Capacity

Article 5

Personality

Companies shall be deemed to have legal personality and exist as such from the date of final registration of the articles of association by means of which they are established, notwithstanding the stipulations as regards the establishment of companies by merger, division or the conversion of other companies.

Article 6

Capacity

1 - The capacity of a company shall include the rights and obligations necessary or appropriate to the pursuit of its corporate purpose, with the exception of those which are prohibited by law or inseparable from the legal form of a sole tradership.

2 - The non-waiver clauses which can be considered usual, according to the circumstances of the time and the conditions of the company itself, shall not be considered to be contrary to the company's purpose.

3 - The provision of real or personal guarantees for any debts of other entities shall be considered contrary to the purpose of the company, except in cases where the guaranteed company has its own justified interests or it is in a group or controlling relationship.

4 – The standard clauses and a company's resolutions which establish its specific purpose or prohibit the carrying out of certain acts shall not limit the capacity of the company; however the corporate bodies shall be bound by the duty to not exceed the limits of this purpose and to refrain from carrying out such prohibited acts.

5 – The company shall be civilly liable for any acts or omissions by those persons who represent it, under the terms whereby those committing such acts or omissions are liable for acts or omissions by the parties carrying out the acts.

CHAPTER III

Articles of Association

SECTION I

Signing and Registration

Article 7

Format of and Parties to the Articles of Association

1 – The articles of association must be set down in writing and the signatures of the parties thereto must be verified by a witness present at the signing, except where a more solemn declaration is required for the transfer of the assets with which the partners join the company, in which case the articles must adopt that format.

2 – Two shall be the minimum number of parties to a company's articles of association, except when the law requires a higher number or permits a company to be established by only one person.

3 – For the purpose of the previous paragraph, those persons whose equity interest in the company was jointly acquired shall count as a single party.

4 – The incorporation of a company by merger, or by means of the division or conversion of other companies shall be governed by the respective provisions set forth in this law.

Article 8

Equity held by Spouses in Companies

1 – The establishment of companies between spouses is permitted, and spouses are also permitted to have equity interests in companies, provided that only one spouse assumes unlimited liability.

2 – When an equity interest is held jointly by both spouses as a result of the applicable matrimonial property law, in their dealings with the company, the spouse who signed the articles of association shall be considered to be the partner, or, in the case of acquisition subsequent to the articles of association, the spouse who brought the equity into the marriage shall be considered to be the partner.

3 – The provision set forth in the previous paragraph shall not prevent the exercise of administrative powers conferred by civil law upon the spouse of a partner who is for any reason unable to exercise said power; nor does the provision detract from the spouse's right to the equity interest in the event of the death of the spouse who is the partner.

Article 9

Fundamental Elements of the Articles of Association

1 – The articles of association of any type of company must contain the following information:

- a) The names or business names of all founding partners and other data which identifies them;
- b) The type of company;
- c) The business name;
- d) The purpose of the company;
- e) The company's headquarters;
- f) The capital, except in the case of partnerships in which all partners contribute only their services;
- g) The quota held by each partner in the capital of a company and the type of initial capital contribution, as well as any payments made against each quota;
- h) In the event of an initial capital contribution comprising assets other than money, a description of these assets and specific information pertaining to their value;
- i) In cases where the financial year differs from the calendar year, the date on which it closes, which must coincide with the last day of the calendar month, notwithstanding the provisions of Article 7 of the Corporate Income Tax Code.

2 – The stipulations of the articles of association as regards initial capital contributions in kind shall cease to have effect whenever the contributions in question fail to satisfy the requisites set forth in items g) and h) of paragraph 1.

3 – The rules set forth in this law shall only be derogated by the articles of association, unless these expressly permit derogation by means of a resolution by the partners.

Article 10 Business Name

1 – The characteristic elements of business names must not be suggestive of an activity other than that which constitutes the company's corporate purpose.

2 – When the business name of a company consists solely of the names or the business names of all, any or some of the partners, it must be completely different to any business names which have already been registered.

3 – The business name of a partnership established under the name of an individual or under the title and name or business name of a partner shall not be identical to the registered business name of another company, or similar to such an extent that it could lead to errors.

4 – Names consisting solely of terms in current usage, which identify or are related to an activity, technique or product, as well as place names and any indication of geographical provenance shall not be permitted.

5 – The following shall not form part of the names of companies:

a) Expressions which could be misleading as regards the legal characteristics of the company; in particular expressions currently used in the name of public bodies or non-profit organisations;

b) Expressions which are prohibited by law or offensive to morals or morality.

Article 11 Purpose

1 – The indication of the purpose of the company must be correctly worded in the Portuguese language.

2 – Any activities which the partners intend the company to exercise should be indicated in the articles of association as the purpose of the company.

3 – The partners shall be responsible for making decisions as regards the activities included in the company's purpose, as indicated in the articles of association and actually to be exercised by the company. The partners shall also adopt resolutions regarding the suspension or termination of any activity which has been exercised by the company.

4 – The acquisition by the company of equity interests in limited liability companies subject to the provisions of this law and having a corporate purpose equal to that which is exercised by the company, under the terms of the previous paragraph, shall not depend on authorisation in the articles of association or on resolutions adopted by the partners, unless the articles of association provide otherwise.

5 – The articles of association may also authorise the free or conditional acquisition by the company of equity interests as a partner with unlimited liability or of equity interests in companies with a different purpose to the one referred to above, companies regulated by special laws or complementary groupings of companies.

6 – The purpose of a company may consist of the management of the portfolio of securities belonging to the company.

Article 12

Headquarters

1 – The company's headquarters must be established at a concretely defined location.

2 – Except where there are provisions to the contrary in the articles of association, the management may relocate company headquarters within the national territory.

3 – A company's headquarters shall constitute their domicile, notwithstanding the articles of association stipulating a particular domicile for certain areas of business.

Article 13

Local Forms of Representation

1 – Without depending on authorisation in the articles of association, but also notwithstanding the different provisions established therein, the company may establish subsidiaries, agencies, branches or other local forms of representation within the national territory or abroad.

2 – The creation of subsidiaries, agencies, branches or other local forms of representation shall depend on the adoption of a resolution by the partners, when the articles of association do not waive the need for such a resolution.

Article 14

Expression of Capital

The value of a company's share capital must always and solely be expressed in a currency which is legal tender in Portugal.

Article 15

Duration

1 – The company shall have an indefinite duration whenever its duration is not established in the articles of association.

2 – The duration of a company, when established in the articles of association, shall only be increased if such a resolution is adopted prior to the end of said period; after which the extension of the duration of a liquidated company can only be decreed pursuant to the terms of Article 161.

Article 16
Benefits, Compensation Payments and Remuneration

1 – Any benefits granted to partners in connection with the establishment of the company must be set down in the articles of association, with reference to the respective beneficiaries and to the total value owed by the company to partners or third parties, by way of compensation or remuneration for services provided during the incorporation period, with the exception of emoluments and fees for official services and fees paid to liberal professionals.

2 – Failure to comply with the provision set forth in the previous paragraph shall render these rights and agreements with the company null and void, notwithstanding any rights which may be held against the founding partners.

Article 17
Shareholder Agreements

1 – Any shareholder agreements entered into by all or some partners, by which means and in which capacity they are obliged to conduct themselves in a manner which is not prohibited by law, shall legally bind the parties to each other, and acts carried out by the company or by the partners towards the company on the basis of such agreements cannot be contested.

2 – The agreements referred to in the previous paragraph may relate to the exercise of voting rights, but not to the conduct of parties to the agreement or other persons involved in the exercise of management or supervisory functions.

3 – Agreements through which a partner is obliged to vote as follows shall be null and void:

- a) Always following the instructions of the company or one of its bodies;
- b) Always approving the proposals of the company or its bodies;
- c) Exercising the voting right or abstaining from exercising it in return for special benefits.

Article 18
Registration of Articles of Association

1 – Whenever there are no provisions for initial capital contributions in kind or the acquisition of assets by the company, the parties to the establishment of the company may submit a request to the competent Commercial Registry Office for prior registration of the articles of association, together with a full draft of the text of the articles of association.

2 – The articles of association must be worded under the precise terms of the previously registered draft.

3 – Within 15 days of the signing of the articles of association, one of the signatories, or, where the articles were entered into by means of a public deed, the notary public, shall present to the registrar a certified copy of the articles of association, for the purpose of final registration thereof.

4 – The provisions set forth in the previous paragraphs shall not apply to the establishment of public companies, whenever this entails a call for public subscription.

5 – In cases where the interested parties do not adopt the procedure permitted under paragraphs 1 to 3, above, the articles of association, once set forth and signed in the manner required by law, must be registered with the commercial registry, under the terms of the relevant law.

Article 19

Assumption by the Company of Business carried out prior to Registration

1 – With the final registration of its articles of association, a company shall automatically assume the following:

a) The rights and obligations arising from the legal transactions referred to in Article 16.1;

b) The rights and obligations arising from the normal use of an establishment which constitutes an initial capital contribution in kind or which has been acquired on behalf of the company, in compliance with the stipulations of the articles of association;

c) The rights and obligations emerging from legal transactions concluded prior to the articles of association and being specified therein and expressly ratified;

d) The rights and obligations arising from legal transactions conducted by the management or directors under the authorisation granted by all partners in the articles of association.

2 – The rights and obligations arising from other legal transactions conducted in the company's name, prior to the registration of the articles of association, may be assumed by the company by means of a decision by the management, of which the counterparty must be informed in the 90 days following their registration.

3 – The assumption by the company of the transactions indicated in paragraphs 1 and 2 shall take effect retroactively from the date on which the articles of association are signed, freeing the persons indicated in Article 40 of the liability provided for therein, unless they continue to be liable by law.

4 – The company shall not assume obligations derived from legal transactions which are not mentioned in the articles of association and which entail special benefits, incorporation costs, initial capital contributions in kind or the acquisition of assets.

SECTION II
Rights and Obligations of Partners

SUBSECTION I
Rights and Obligations of Partners in General

Article 20
Obligations of Partners

All partners shall be obliged:

- a) To invest in the company with assets which are suitable for pledging, or with their services, when the type of company permits this;
- b) To share in any losses, except in the case of provisions for partners investing only their services.

Article 21
Rights of Partners

1 – All partners shall have the following rights:

- a) To share in any profits;
- b) To participate in resolutions adopted by the partners, notwithstanding any restrictions set forth by law;
- c) To obtain information on the life of the company, under the terms of the law and the articles of association;
- d) To be appointed to the corporate and supervisory bodies of the company, under the terms set forth by law and in the articles of association.

2 – Any stipulation by means of which a partner receives interest or other fixed amounts, in return for their capital or their services, is prohibited.

Article 22
Sharing in Profits and Losses

1 – In the absence of a special provision or agreement to the contrary, the partners shall share in the profits and losses of the company, in the proportion of the par value of their share in the capital.

2 – In cases where the articles of association only specify the share of each partner in the profits of the company, it shall be assumed that they have the same share in any losses incurred.

3 – Any paragraph which excludes a partner from sharing in profits or which exempts them from sharing in any losses incurred by the company shall be null and void, unless provision is made for partners to invest their services alone.

4 – Any paragraph by means of which the apportionment of profits or losses is left to the discretion of a third party shall be null and void.

Article 23

Usufruct Rights and Pledges of Equity Interests

1 – The establishment of usufruct rights over equity interests in a company, acquired subsequent to the articles of association, shall be subject to the relevant legal format and the limits established for the transfer of equity.

2 – The usufruct rights in question are those indicated in Articles 1466 and 1467 of the Civil Code, with the modifications provided in this law, and any other rights attributed hereunder.

3 – Pledges of equity are only permitted in the form stipulated and within the limits established for the transfer of such equity between living persons.

4 – The rights inherent to equity interests, especially the right to share in profits, shall only be exercised by the secured creditor when this is agreed between the parties.

Article 24

Special Rights

1 – Only by means of a stipulation in the articles of association shall special rights be created for any partner.

2 – In the case of partnerships, the special rights conferred upon partners shall be non-transferable, unless otherwise stipulated.

3 – In the case of private limited companies, unless otherwise stipulated, special rights pertaining to equity shall be transferable with the respective quota in the company; all other rights being non-transferable.

4 – In the case of public companies, special rights shall only be assigned to categories of shares and shall be transferred with these shares.

5 – Special rights must not be revoked or limited without the consent of their holder, unless express provision is made to the contrary in a legal rule or a stipulation in the articles of association.

6 – In the case of public companies, the consent referred to in the previous paragraph shall be granted by a resolution adopted at a special meeting of shareholders who hold shares belonging to the category in question.

SUBSECTION II

Obligation to Invest

Article 25

Value of Initial Capital Contribution and Value of Equity Interest

1— The par value of the ownership interest, quota or shares allotted to a partner in the articles of association must not exceed the value of each partner's initial capital contribution, considered as such, or the respective sum in cash or the value assigned to assets in the report by the statutory auditor, as stipulated in Article 28.

2 – Should any error be detected in the valuation by the auditor, the partner shall be responsible for making up any difference, up to the par value of their equity interest.

3 – In the case of a company being deprived, by the legitimate actions of a third party, of the asset invested by a partner or if it becomes impossible to make the contribution in question, or if the stipulation relating to initial capital contributions in kind ceases to have effect, under the terms of Article 9.2, a partner shall make their initial capital contribution in cash, notwithstanding the eventual dissolution of the company, by means of a resolution adopted by the partners or by virtue of the hypothesis provided for in Article 142.1.b) arising.

Article 26

Time-frame for Initial Capital Contributions

Initial capital contributions by partners shall be made prior to the signing of the articles of association, notwithstanding any stipulation set forth therein, whereby initial capital contributions in cash are deferred, in the cases and under the terms permitted by law.

Article 27

Compliance with the Obligation to make an Initial Capital Contribution

1 – Acts performed by the management or resolutions adopted by the partners, which partially or fully exempt the partners from the duty to make the stipulated contributions, shall be rendered null, except in cases of reductions of capital.

2 – Compliance with the obligation to fully pay-up a cash contribution may be declared as an amendment to the articles of association, in observance of the provisions set forth in relation to initial capital contributions in kind.

3 – The articles of association may establish penalties for failure to comply with the obligation to make an initial capital contribution.

4 – Profits corresponding to ownership interests, quotas or shares that are not paid-up shall not be paid to partners who are in arrears, but shall rather be debited from them by way of compensation for the arrears in their initial capital contribution, notwithstanding the execution of the debt to the company, under general or special terms.

5 – Apart from the provision set forth in the previous paragraph, the obligation to make an initial capital contribution shall not be waived by way of compensation.

6 – Failure to make a timely initial capital contribution shall result in all other outstanding contributions in arrears by the same partner falling due, even if these correspond to other ownership interests, quotas or shares .

Article 28

Verification of Initial Capital Contributions in Kind

1 – Initial capital contributions in assets other than cash must be the subject of a report prepared by a statutory auditor with no interest in the company, to be appointed by means of a resolution adopted by the partners, in which partners to whom the initial capital contributions correspond shall be prohibited from voting.

2 – The auditor who draws up the report required under the previous paragraph shall be prohibited from exercising any office or professional functions in the company or companies in a group or controlling relationship with it, for a period of two years from the date on which the articles of association are registered.

3 – The report prepared by the auditor must, at least:

a) Describe the assets in question;

b) Identify the holders of the assets;

c) State the value of the assets, indicating the criteria employed for said valuation;

d) State whether or not the value of the said assets reaches the par value of the ownership interest, quota or shares assigned to partners making such initial capital contributions, plus any issue premiums or the consideration to be paid by the company.

4 – The report must be issued on a date no more than 90 days prior to the date of the articles of association, however the author must inform the founders of the company of any changes in value occurring and brought to their attention during said period.

5 – The auditor's report shall be made available to the founders of the company at least 15 days prior to the signing of the articles of association. The information referred to in paragraph 4 shall also be made available, under the same terms.

6 – The auditor's report, including the information referred to in paragraph 4, above, shall form an integral part of the documentation which shall be subject to publication, pursuant to the terms of this law, however the publication of a mere reference to the fact that the report has been submitted to the commercial registry may suffice.

Article 29

Acquisition of Assets from Shareholders

1 - The acquisition of assets by a public company or a limited partnership with share capital shall be subject to prior approval in a resolution adopted at the general meeting, provided that the following requirements are met cumulatively:

a) They must be acquired, directly or through an intermediary, from a founder of the company or a person who becomes a partner in the period stated in item c);

b) The sum equivalent to the assets acquired by the same person during the period referred to in item c) must exceed 2% or 10% of the capital, according to whether the capital is equal to or in excess of 50,000 Euro or lower than this figure on the date of the agreement from which the acquisition arises;

c) The agreement from which the acquisition arises shall be concluded prior to the signing of the articles of association, simultaneous to it or in the two years following registration of the articles or an increase in the company's capital.

2 - The provision set forth in the previous paragraph shall not apply to acquisitions on the stock market or in executive judicial proceedings or proceedings accounted for in the purpose of the company.

3 - The resolution by the general meeting, referred to in paragraph 1, must be preceded by a verification of the value of the assets, under the terms of Article 28, and shall be registered and published. The founder from whom the assets are acquired shall not participate in the vote.

4 --The agreements from which the acquisitions provided for in paragraph 1 arise must be set down in writing, on pain of nullity.

5 --Acquisitions of the goods provided for in paragraph 1 shall be null and void whenever the respective agreements are not approved by the general meeting.

Article 30

Rights of Creditors to Initial Capital Contributions

1 - The creditors of any company may:

a) Exercise the rights of the company in relation to outstanding initial capital contributions, from the moment at which they fall due;

b) Seek a court order for enforcement of the initial capital contribution prior to the date on which it becomes mandatory, under the terms of the articles of association and provided that this is required in order to protect or satisfy their rights.

2 - The company may deny the request of any such creditors, discharging their loans with late payment penalties, when paid-up, or by means of a discount corresponding to the length of the delay, when it falls due, with added costs.

SUBSECTION III Capital Maintenance

Article 31 Decision to Distribute Assets and Compliance Therewith

1 – Except in the event of early distribution of profits and other allocations expressly provided for by law, corporate assets must under no circumstances be distributed to partners without a resolution having been passed by the partners, even if the distribution is of profits from the financial year or reserves.

2 – The resolutions of partners referred to in the previous paragraph must not be fulfilled by board members if they have reason to believe that:

a) Subsequent changes to the company's assets render the resolution illegal, under the terms of Article 32;

b) The resolution by the partners violates Articles 32 and 33;

c) The decision to distribute profits from the financial year or reserves was based on company accounts approved by the partners, but containing errors, the correction of which would require the amendment of the accounts, in such a way as to render the distribution illegal, under the terms of Articles 32 and 33.

3 – Board members who, by virtue of the provision of the previous paragraph, decide not to proceed with distributions agreed at the general meeting must, within eight days of making their decision, request a judicial inquiry, on behalf of the company, into the facts described in any of the items of the previous paragraph, unless in the meantime the company is summoned for the act of invalidating the resolution for reasons coinciding with the motives behind the said resolution.

4 – Notwithstanding the provision set forth in the Code of Civil Procedure (*Código de Processo Civil*) on the summary procedure of suspending corporate resolutions, from the moment when the company is summoned due to the invalidity of the resolution to approve the balance sheet or distribution of reserves or profits from the financial year, board members shall not proceed with any distribution based on the resolution in question.

5 – Those responsible for the bringing the proceedings provided for in the previous paragraph shall, in the event of dismissal of the case and where there is proof that they acted imprudently or in bad faith, be jointly liable for losses caused to other partners as a result of the delayed distribution.

Article 32 Limit to Distribution of Assets to the Partners

Notwithstanding the provision made for a reduction of the capital of a company, company assets shall not be distributed to the partners when the liquid position of

the company, as demonstrated by the accounts prepared and approved in accordance with the law, is less than the sum total of capital and reserves, the distribution of which is prohibited by law or by the articles of association, or whenever this sum would become lower as a result of such a distribution.

Article 33

Non-distributable Profits and Reserves

1 – Profits from the financial year, which are required to cover any losses brought forward or to form or reconstitute reserves required by law or by the articles of association, shall not be distributed among the partners.

2 – Profits from the financial year shall not be distributed among the partners whenever incorporation costs or research and development costs are not fully redeemed, except in cases where the total value of free reserves and results brought forward is at least equal to the said unredeemed costs.

3 – Whenever the existence or value of reserves is not expressly stated on the balance sheet, such reserves shall not be used for distribution among partners.

4 – The resolution must expressly state which reserves are to be distributed, in full or in part, either in isolation or together with profits from the financial year.

Article 34

Recovery of Assets Received Erroneously

1 – The partners shall reimburse the company for any assets received therefrom in violation of the law; however, monies received as profits or reserves, the distribution of which is not permitted by law, in particular pursuant to Articles 32 and 33, above, shall only be subject to recovery if the irregularity is known or if, taking into account the circumstances, it should not be ignored.

2 – The provision set forth in the previous paragraph shall apply to the assignee of the right of a partner, when he is the recipient of the said sums.

3 – Company creditors may take action to ensure the recovery by the company of those monies referred to in the previous paragraphs under the same terms whereby they have the right to take action against board members.

4 – The company or the creditors shall be responsible for proving their knowledge of an irregularity or the duty to not ignore it.

5 – Any fact which leads to the assets of the persons in question increasing in value as a result of sums which are distributed erroneously shall be equivalent to the receipt provided for in the previous paragraphs.

Article 35
Loss of Half of a Company's Capital

1 – Whenever it emerges, as a result of a company's annual or interim accounts, as prepared by the board of directors, that half of the share capital has been lost, or if there is, at any time, just cause to believe that such a loss has been incurred, the management shall immediately convene a general meeting, or the directors shall promptly call for such a meeting to be convened, with a view to informing the partners of the situation and taking the appropriate steps.

2 – Half of the share capital shall be deemed to have been lost whenever the company's equity capital is equal to or less than half of the company's share capital.

3 – The notice of meeting shall at least contain the following subjects for resolution by the partners:

a) The dissolution of the company;

b) The reduction of the company's share capital to a figure which is not less than its equity capital, with the necessary observance of the terms of Article 96.1, where applicable;

c) Initial capital contributions made by the partners to reinforce coverage of the company's capital.

SECTION III
Legal System Governing the Company Prior to Registration Invalidity of Articles of Association

Article 36
Relations Prior to the Signing of the Articles of Association

1 – If two or more individuals should, either by the use of a common business name or through any other means, create the false illusion that they are jointly bound by articles of association, these individuals shall be jointly and unlimitedly liable for any obligations undertaken under such terms by any of the individuals in question.

2 – In the event of the establishment of a commercial company being agreed, whereupon the partners take up their activity prior to the signing of the articles of association, the relations established between them and third parties shall be subject to the provisions governing civil law partnerships.

Article 37
Relations between Partners Prior to Registration

1 – In the period between the signing of the articles of association and their final registration, relations between partners shall be subject, with the necessary adaptations, to the rules established in the articles of association and in this law, except when such relations depend on the final registration of the articles.

2 – Whatever the type of company envisaged by the parties to the articles of association, the transfer between living persons of equity interests in a company and subsequent modification of the articles of association shall always require the unanimous consent of all partners.

Article 38

Relations between Non-registered Partnerships and Third Parties

1 – All parties to a partnership shall have joint and unlimited liability for all business conducted on behalf of the partnership, with the express or tacit agreement of all partners, in the period between signing the articles of association and final registration thereof; and, furthermore, it shall be assumed that the partners gave their consent for such business.

2 – Should any business be conducted without the authorisation of all partners, under the terms of paragraph 1, they shall be personally and jointly liable for such business and for any obligations arising from operations which they have conducted or authorised.

3 – Paragraphs in the articles of association which apportion representation to only some of the partners, or which limit their respective powers of representation, must not prevail against third parties, except where it can be proven that such parties were aware of them at the time at which their partnership contracts were entered into.

Article 39

Relations between Non-registered Limited Partnerships and Third Parties

1 – All working partners in a limited partnership shall have personal and joint liability for all business conducted on behalf of the limited partnership, with the express or tacit agreement of all working partners, in the period between the signing of the articles of association and final registration thereof; and, furthermore, it shall be assumed that the working partners gave their consent for such business to be conducted.

2 – A sleeping partner who gives his/her consent at the beginning of the company's activities shall be subject to the same liability, except where he/she can prove that the creditor in question was aware of his/her position as a sleeping partner.

3 – Should any business be conducted without the authorisation of all working partners, under the terms of paragraph 1, they shall be personally and jointly responsible for such business and for any obligations arising from operations which they have carried out or authorised.

4 – paragraphs in the articles of association which apportion representation to only some of the working partners or which limit their powers of representation, must not prevail against third parties, except when it can be proven that such parties were aware of the paragraphs at the time at which their partnership contracts were entered into.

Article 40
Relations between Unregistered Private Limited Companies, Public Companies and Unregistered Limited Partnerships with Share Capital and Third Parties

1 - All persons acting in representation of a private limited company, public company or limited partnership with share capital shall have joint and unlimited liability for all business conducted on the company's behalf, in the period between signing the articles of association and final registration thereof; as shall the partners who authorised the business in question, in which case the remaining partners shall be liable up to the limit of the initial capital contribution by which they are bound to the company, plus any sums received by way of profits or the distribution of reserves.

2 - The provision set forth in the previous paragraph shall cease if the business conducted is expressly dependant on the registration of the company and the coming into effect thereof.

Article 41
Invalidity of the Articles of Association Prior to Registration

1 - Until such time as the final registration of the articles of association takes place, the rendering invalid of the articles of association or of one of the negotiating statements shall be subject to the provisions applicable to null or voidable legal transactions, notwithstanding the provisions of Article 52.

2 - Invalidity arising from incapacity may be claimed by a contracting party who is incapacitated or by his/her legal representative, against the other contracting parties and third parties alike. Incapacity arising from a defect of will or usurious practices may only be invoked against other partners.

Article 42
Nullity of Articles of Association of Private Limited Companies, Public Companies and Registered Limited Partnerships with Share Capital

1 - Following the final registration of the articles of association of a private limited company, a public company or a limited partnership with share capital, the articles of association shall only be declared null and void by virtue of one of the following defects:

- a) Failure to comply with the required minimum of two founding partners, except where the law permits the establishment of a company by a single person;
- b) Failure to mention the business name, headquarters, purpose or capital of the company, or the value of the initial capital contribution of any partner or contributions made on that partner's behalf;
- c) Reference to an illegal purpose or one which poses a threat to the public order; d) Failure to comply with the legal rules requiring a minimum percentage of share capital to be fully paid up;

e) Failure to observe the legal requirements for the type of company stated in the articles of association.

2 – Defects arising from the lack of a business name and company headquarters or nullity thereof and of the value of the initial capital contribution made by a partner and any contributions made on their behalf, shall be rectifiable by means of a resolution adopted by the partners under the term established for resolutions relating to the amendment of the articles of association.

Article 43

Invalidity of the Articles of Association of Partnerships and Limited Partnerships

1 – Apart from defects in the constitutional documents of a company, the general motives for invalidity of legal transactions, according to civil law, are also grounds for invalidity of the articles of association of partnerships and limited partnerships.

2 – For the purpose of the previous paragraph, defects relating to the constitutional documents of a company are those referred to in paragraph 1 of the previous article, as is the failure to state the name of the company or business name of any of the partners having unlimited liability.

3 – Defects arising from the failure to state the business name, company headquarters, purpose and capital of a company, or nullity thereof, or those relating to the value of the initial capital contribution made by a partner and any contributions made on their behalf, shall be rectifiable by means of a resolution adopted by the partners under the terms established for resolutions regarding the amendment of the articles of association.

Article 44

Annulment Proceedings and Call for Regularisation

1 – Annulment proceedings may be brought within three years of registration by any member of the board of directors, supervisory board or general board of directors and supervision of a company, or by a partner, as well as any third party having a relevant and serious interest in the proceedings, and, in the case of a rectifiable defect, the proceedings must not be proposed before 90 days have elapsed since the date on which the company was ordered to rectify the defect.

2 – The same proceedings may be brought at any time by the Public Prosecution Service.

3 – Whenever annulment proceedings are brought, the members of the board must inform partners with unlimited liability and partners in private limited companies of this fact, in the shortest possible period of time, and, in the case of public companies, the said notification must be addressed to the supervisory board or the general board of directors and supervision, as the case may be.

Article 45
Defects of Will and Incapacity in Private Limited Companies, Public Companies and Limited Partnerships with Share Capital

1 – In the case of private limited companies, public companies and limited partnerships with share capital, any errors, fraud, coercion and usurious practices may be invoked as just cause for exoneration of a partner affected or damaged thereby, provided that the circumstances, including the timeframe, are verified, whereby, in accordance with civil law, their relevance to the cancellation of the legal transaction in question are proven.

2 – In the aforementioned companies, the incapacity of one of the contracting partners shall be grounds for nullifying the legal transaction in relation to the incapacitated party.

Article 46
Defects of Will and Incapacity in Partnerships and Limited Partnerships

In the case of partnerships and limited partnerships, any errors, fraud, coercion, usurious practices and incapacity may lead to the nullity of the articles of association in relation to the contracting party who has been incapacitated or suffered from the effects of a defect of will or usurious practice; however, the transaction may only be cancelled with regard to all partners if, taking into account the criteria formulated in Article 292 of the Civil Code, it was not possible to reduce the equity interests of the other partners.

Article 47
Effects of Cancellation of Articles of Association

A partner who succeeds in annulling the articles of association, in the cases set forth in paragraph 2 of Article 45 and Article 46, shall have the right to recover the sum invested, and cannot be obliged to complete their initial capital contribution; however, should the cancellation be based on a defect of will or usurious practice, the partner in question shall not be exempted from any responsibility towards third parties and conferred by law, with regard to obligations assumed by the company prior to registration of the proceedings or sentence.

Article 48
Partners Admitted to the Company Subsequent to its Establishment

The provisions of Articles 45 to 47 shall also be valid, insofar as they are applicable and with the necessary adaptations, if the incapacitated partner or the partner whose consent was violated joined the company by means of a legal transaction entered into with the company subsequent to its establishment.

Article 49
Serving of Notice to a Partner to Cancel or Confirm a Transaction

1 – Should one of the partners exercise the right of cancellation or waiver set forth in Articles 45, 46 and 48, any interested party shall have the right to call upon the partner in question to exercise their right, on pain of rectification of the defect. The company must always be informed whenever the said notice is served.

2 – The defect shall be considered rectified if the partner on whom the said notice is served fails to bring proceedings within 180 days of the date on which the notice was received.

Article 50
Satisfaction of the Interests of the Petitioner through other Means

1 – Once proceedings have been proposed with a view to validating the right conferred by Articles 45, 46 and 48, the company or one of its partners shall have the right to petition the courts for the homologation of measures which are proven to ensure the adequate satisfaction of the interests of the petitioner, in order to ensure prevention of the legal consequence in relation to which the proceedings are brought.

2 – Notwithstanding the provision set forth in the following article, the measures proposed shall be subject to prior approval by the partners, and, furthermore, the respective resolution, in which the petitioner shall not participate, must adhere to the provisions in force in the company in question for the type of measures proposed.

3 – The court shall approve the solution which it offers as an alternative, if it is convinced that, under the circumstances, it ensures adequate satisfaction of the interests in conflict.

Article 51
Acquisition of the Petitioner's Quota

1 – Should the measures proposed consist of the acquisition of the equity interest of the petitioner by one of the partners or by a third party indicated by any of the partners, the petitioner must only justify that the company does not seek to present its own alternative solutions and that, apart from this, the requirements set forth by law or in the articles of association, and on which any transfers of equity between partners or third parties depend, respectively, are met.

2 – In such cases, should the parties fail to reach an agreement with regard to the acquisition price, the equity interest shall be valued according to the terms set forth in Article 1021 of the Civil Code.

3 – In the cases provided for in Articles 45.2 and 46, the price indicated by the expert valuers shall not be approved in the event of its being less than the par value of the petitioner's quota.

4 – Once the courts have determined the price to be paid, the acquisition of the quota must be approved as soon as payment is made or the respective sum is deposited by order of the court, or as soon as the acquirer provides sufficient guarantees that the said payment shall be made within the period indicated by the judge, in his/her expert opinion; the homologatory sentence shall be valid as a deed of acquisition of the equity interest.

Article 52

Effects of Invalidity

1 – The annulment and cancellation of the articles of association shall result in the company going into liquidation, under the terms of Article 165, which effect must be stated in the judgement.

2 – The binding nature of legal transactions concluded previously in the name of the company shall not be affected by the annulment or termination of the articles of association.

3 – Notwithstanding the above, should the nullity arise from collusion, illegality of purpose or from the violation of public order or immoral offences, the provisions of the previous paragraph shall only benefit third parties acting in good faith.

4 – The invalidity of the articles of association shall not exempt the partners from the duty to make or complete their initial capital contributions, nor shall it exonerate them from personal and several liability before third parties, to which they may be subject by law.

5 – The provision set forth in the previous paragraph shall not apply to the partner whose incapacitation gave rise to the termination of the articles of association or who objects by making a plea to the company, the other partners or third parties.

CHAPTER IV

Resolutions by Partners

Article 53

Types of Resolution

1 – Resolutions shall only be adopted by partners through one of the means permitted by law for each type of company.

2 – The provisions of the law and the articles of association of a company in relation to resolutions adopted at the general meeting shall include any of the forms of resolutions by partners set forth by law for the particular type of company in question, except when the interpretation thereof imposes a different solution.

Article 54
Unanimous Resolutions and Universal Meetings

1 – The partners in any type of company are permitted to adopt unanimous resolutions in writing and also to convene a general meeting, without observing any prior formalities, provided that all partners are present and all partners demonstrate that they agree with the convening of the meeting in order to discuss a given matter.

2 – In the hypothesis provided for in the final part of the previous number, once all partners have demonstrated their willingness to discuss the matter in question, all of the legal and contractual rules relating to how the general meeting functions shall apply, however, only issues enjoying the consent of all partners may be discussed.

3 – The representative of a partner shall only be permitted to vote in resolutions adopted under the terms of paragraph 1 if expressly authorised to do so.

Article 55
Lack of Consent of Partners

Unless a contrary provision is set forth by law, resolutions adopted on a matter for which the law requires the consent of a given partner shall be without legal effect in relation to all partners while the interested party fails to give their consent, expressly or tacitly.

Article 56
Null and Void Resolutions

1 – The following resolutions of partners shall be null and void:

a) Those adopted at a general meeting which was not convened, except where all partners were present or represented;

b) Those adopted through a written vote without all partners having voting rights being invited to exercise said right, unless all partners submitted their votes in writing;

c) Those whose contents were not, by their nature, subject to resolution by the partners;

d) The content of which, either directly or through acts of other bodies determined or permitted thereby, constitutes an immoral offence or an offence against morality or against legal rules which cannot be derogated, not even with the unanimous agreement of the partners.

2 – Meetings shall be considered not to have been properly convened whenever the notice of meeting is signed by a party not empowered to do so, those whose notice of meeting does not state the date, time and venue of the meeting and those convened for a day or time or at a location other than that stated in the notice of meeting.

3 – The nullity of a resolution in the cases provided for in items a) and b) of paragraph 1 shall not be invoked when written consent is given subsequently by absent and unrepresented partners or partners not participating in the written resolutions.

Article 57

Initiative of the Supervisory Committee with regard to Resolutions which are Null and Void

1 – The supervisory committee of the company shall make the nullity of any prior resolution known to the partners, at a general meeting, with a view to permitting renewed discussions, where possible, or, if desired, the respective judicial declaration.

2 – Should the partners fail to renew a resolution or should the company not be summoned to the said proceedings within a period of two months, the supervisory body shall, without delay, ensure that the judicial declaration of the nullity of the resolution be issued.

3 – A supervisory body which brings the said judicial proceedings shall immediately propose to the courts that a partner be appointed to represent the company.

4 – In the case of companies not having a supervisory body, the provisions set forth in the previous paragraphs shall apply to any manager.

Article 58

Voidable Resolutions

1 – The following resolutions shall be voidable:

a) Those which violate the law, when the case in question is not subject to nullity, under the terms of Article 56, or the articles of association;

b) Those which are likely to satisfy the proposition of one of the partners who, through the exercise of their voting rights, is granted special benefits for themselves or for third parties, resulting in a loss for the company or other partners, or simply placing the company or other partners at risk, unless it is proven that the resolutions would have been adopted even without the contravening votes;

c) Those which were not preceded by the submission to the partner of the minimum required information.

2 – Whenever the contractual stipulations are limited to reproducing legal rules, these legal rules shall be considered to be directly violated, for the purpose of this article and of Article 56.

3 – Those partners who formed the majority in the resolutions referred to in item b) of paragraph 1 shall be jointly liable with the company or towards the other partners for any losses caused.

4 – For the purpose of this article, the following shall be considered to be the minimum required items of information:

- a) The references required under Article 377.8;
- b) The making available of documents for consultation by the partners at the place and time provided by law or in the articles of association.

Article 59 Annulment

1 – Nullity may be pleaded by the supervisory committee or any partner who did not vote in the manner which won the vote nor subsequently approved the resolution, either expressly or tacitly.

2 – The deadline for bringing nullity proceedings shall be 30 days from the following:

- a) The date on which the general meeting was adjourned;
- b) The 3rd day subsequent to the submission of postal ballots;
- c) From the date on which the resolution came to the partner's attention, if the resolution is on a matter which was not stated in the notice of meeting.

3 – In the event of a general meeting being adjourned for more than 15 days, the deed of nullity of a resolution previous to the interruption may be proposed within 30 days of the date on which the resolution was adopted.

4 – The act of bringing nullity proceedings shall not depend on the presentation of the respective nullity declaration, however if the partner should claim that it is impossible to obtain it, the judge shall order the persons who are obliged by law to sign the declaration to do so and present it to the court, within the period established, up to 60 days, and shall suspend the proceedings until such time as the said document is presented.

5 – Although the law stipulates that the annulment be signed by all partners, for the purpose of the previous paragraph, it shall suffice that the deed be signed by all partners voting in the manner which prevailed.

6 – If the vote was cast in secret, it shall be considered that the only partners who did not vote in the manner which prevailed are those who, at the meeting or in the presence of a solicitor and within five days of the meeting, can prove that they voted against the motion.

Article 60
Common Provisions for Declarations of Nullity and Cancellation

- 1 – Both the annulment and cancellation are proceedings brought against the company.
- 2 – In the event of several invalidity proceedings being brought with regard to the same resolution, these shall be joined together, in observance of the rule established in Article 275.2 of the Code of Civil Procedure (*Código de Processo Civil*).
- 3 – The company shall meet all costs arising from proceedings brought by the supervisory committee or, if the company has none, by any manager, even if the case is dismissed.

Article 61
Legal Effect of Res Judicatam

- 1 – Any sentence which declares the nullity or cancels a resolution shall have effect against and in favour of all partners and company bodies, even if they have not been a party to or have not intervened in the proceedings.
- 2 – The declaration of nullity or cancellation shall not affect any rights acquired in good faith by third parties, based on acts practiced in execution of the resolution. Knowledge of nullity or voidability shall exclude good faith.

Article 62
Renewal of Resolution

- 1 – A resolution which becomes void under items a) and b) of Article 56.1 may be renewed by another resolution, which shall take effect retroactively, subject to exceptions applicable to third party rights.
- 2 – The faculty to annul a resolution shall cease when the partners renew the voidable resolution by means of another resolution, provided that this is not affected by the same defect as the previous resolution. However, any partner who has a relevant interest may have the first resolution annulled in relation to the period preceding the renewed resolution.
- 3 – The court in which a resolution has been challenged may, at the company's request, grant it a period of time for the renewal of the resolution.

Article 63
Minutes

- 1 – Resolutions adopted by the partners can only be proven by the minutes of meetings, or, whenever resolutions are permitted in writing, by the documents in which they are set forth.

2 – The minutes must at least contain the following:

- a) The identity of the company and the place, date and time of the meeting;
- b) The name of the chairman and the secretaries, if any;
- c) The names of those partners present or represented and the par value of the ownership interest, quotas or shares held by each partner, except in cases where the law stipulates that an attendance list be attached to the minutes;
- d) The order of business provided in the notice of meeting, except in cases where it is attached to the minutes;
- e) A reference to the documents and reports submitted to the meeting;
- f) The content of the resolutions adopted;
- g) The results of votes;
- h) The manner in which the partners voted, if they should request such information.

3 – In cases where the minutes must be signed by all partners taking part in the meeting, and one partner fails to sign it when capable of doing so, the company shall serve judicial notice upon the partner in question, calling upon them to sign and granting them a period of at least eight days in which to do so. On expiry of the said period, the minutes shall serve as the documentary evidence referred to in paragraph 1, provided that they are signed by the majority of partners taking part in the meeting, notwithstanding the right of those who didn't sign to make a claim before the courts based on the falsity of the minutes.

4 – When the resolutions of the partners are set forth in a deed, a legal document other than the notes or a separate private document, the management, the board of directors or the executive board must record its existence in the relevant book.

5 – Whenever the minutes are registered in a loose-leaf volume, the management or board, the chairman of the board at the general meeting and the secretary, if any, shall take the necessary precautions and steps to prevent falsification thereof.

6 – Minutes shall be drawn up by a notary public, in a separate legal document whenever it is thus decided by the assembly at the start of the meeting, or whenever any partner submits a written request to the management, the board of directors or the executive board of the company, delivering said request to the registered offices of the company five days in advance of the date of the general meeting, and meeting any legal fees arising from the request.

7 – Only those minutes set forth in separate private documents shall serve as documentary evidence, even if they are signed by all partners participating in the meeting.

8 – No partner shall be duty-bound to sign the minutes whenever these are not entered in the respective book or loose-leaf volume and duly numbered and initialled.

CHAPTER V Management and Supervision

Article 64 Fundamental Duties

1 – The company's managers or directors must comply with:

a) Their duty of care towards the organisation, displaying willingness, technical competence and an understanding of the company's business that is appropriate to their role, and executing their duties with the diligence of a careful and organised manager; and

b) Their duty to be loyal to the interests of the company, serving the long term interests of the partners and taking into account the interests of other relevant parties such as employees, clients and creditors in ensuring the sustainability of the company.

2 – Members of the corporate bodies with supervisory powers must execute their duties in the interests of the company, executing proper care and employing high standards of professional diligence and loyalty.

CHAPTER VI Annual Appraisal of the Company's Situation

Article 65 The duty to Disclose Financial Statements and Annual Reports

1 - The members of the board must prepare the financial statements, the annual report and other financial statements required by law in relation to the financial year, and submit them to the competent bodies of the organisation.

2 - The annual report, the financial statements and other financial statements must be prepared in accordance with the applicable legal provisions. The articles of association may complement, but not derogate from these legal provisions.

3 - The annual report and the financial statements for the period must be signed by all members of the board. Refusal to sign by any board member must be justified in the document itself and explained in person to the competent bodies, even if the officer no longer holds his or her position.

4 – The annual report and the financial statements shall be drafted and signed by the managers or directors in office at the time the documents are submitted. However, former members of the board must disclose any information requested for this purpose, relative to the period in which they held the position or office.

5 - With the exception of specific cases provided for by law, the annual report, the financial statements and other financial statements must be submitted to the relevant bodies for review no later than three months following the end of each financial year, or within five months for organisations that submit consolidated accounts or that use the equity method.

Article 65- A Adopting a Financial Year

The first financial year for companies that use a financial year that is different to the calendar year must have a duration of not less than 6 months or more than 18, notwithstanding the provisions set forth in Article 7 of the Corporate Income Tax Code.

Article 66 Annual Report

1 - The annual report must contain at least one clear and faithful description of the evolution of the company's business, its performance and market position, as well as a description of the main risks and uncertainties to which it shall be subject.

2 - The description to which paragraph 1 above refers must consist of a balanced and global analysis of the evolution of the business, its profits and market position, commensurate with the size and complexity of its activities.

3 - To the extent that it is necessary to understand the evolution of the business, its profits and market position, the analysis described in paragraph 2 above must include both financial issues as well as, whenever appropriate, reference to relevant performance issues of a non financial nature, such as environmental and labour related issues.

4 - For the analysis described in paragraph 2 above, whenever possible the annual report must include a reference to the amounts recorded in the accounts for the period and additional explanations of these amounts.

5 - In particular, the report must describe:

a) How the different sectors of activity evolved over the period, specifically in terms of market conditions, initial capital contributions, costs, profits and research and development activities;

b) Any material events occurring after the end of the financial year;

c) The anticipated evolution of the company;

d) The number and the par value of quotas or own shares bought back or sold during the period, the reason for such purchase or sale and the respective price, as well as the total number and par value of any quotas or own shares held at the end of the financial year.

- e) The authorisations granted under the terms of Article 397 for transactions between the directors and the company;
- f) A properly grounded proposal for the application of profits;
- g) The existence of corporate branches;
- h) The company's policies and objectives as regards the management of financial risk, including its hedging policies for each of the main transaction categories for which it expects to use hedge accounting, as well as the company's exposure to pricing, credit, liquidity and cash flow risks, wherever these are materially relevant to assess assets, liabilities, the financial position and profits in relation to the use of said financial instruments.

Article 67

Failure to Disclose Accounts and Resolutions

1 – In the event that the annual reports, the annual accounts and other financial statements are not submitted within two months following the period defined in Article 65.5, any partner may petition the courts to conduct an investigation.

2 – Having heard the managers and directors, if the judge considers that their reasons for not submitting the accounts are valid, a suitable deadline shall be set, depending on the circumstances, for submission of the financial statements. If, on the contrary, the judge does not accept the reasons for not submitting the documents, a manager or director shall be appointed for the exclusive purposes of drafting the annual report, the financial statement and other financial statements defined by law within the period defined by the judge, and submitting them to the appropriate body within the company. The court appointed manager or director may convene a general meeting if this is the corporate body in question.

3 – If the accounts for the period and the other documents prepared by the court appointed director or manager are not approved by the appropriate corporate body, the court appointed director may, as a part of the investigation procedures, submit the differences to the judge for a final decision.

4 – If, through no fault of the managers or directors, no decision has been made regarding the financial statements and other financial statements by the end of the period stipulated in paragraph 1, any manager, director or partner may petition the court to call a general meeting for that purpose.

5 – If the accounts are not approved or rejected by the partners at the general meeting convened by the court, any interested party may request that they be examined by an independent statutory auditor. Unless there is a reason to deny such request the judge shall appoint the auditor and, following the auditors report, other records of the proceedings and any investigations that may be ordered, shall either approve or reject the accounts.

Article 68
Refusal to Approve the Accounts

1 – If the proposal submitted by the members of the board with regard to the approval of the accounts is not approved, the general meeting must decide that new financial statements be drawn up or that specific items of the statements submitted be reviewed.

2 – Within eight days following the decision to order new accounts to be drawn up, or that the accounts submitted be reviewed, board members may request a judicial investigation to decide on the reviewing of the accounts submitted, unless the review that was decided upon refers to items for which the law imposes no criteria.

Article 69
Special provision of Invalidity of Resolutions

1 - Violating the legal rules governing the preparation of annual reports, financial statements and other financial statements shall render resolutions adopted by partners null and void.

2—Likewise, any resolution that approves accounts that are themselves irregular may be considered null and void. However, if the irregularities are not serious in nature or can be easily corrected, the Judge may only declare the accounts void if they are not reviewed within the stipulated period.

3 – Violations of the legal rules concerning the constitution, reinforcement or utilisation of statutory reserves shall lead to nullity, as shall any violation of the rules designed exclusively or primarily to protect the public interest or the rights of creditors.

Article 70⁽²⁾
Financial Reporting

1 - The duly approved annual financial statements and other financial statements must be filed with the commercial registry office, under the terms of the applicable law.

2 - The company should provide free of charge an unabridged copy of the following documents to interested parties on the respective website, if applicable and at its headquarters:

- a) Annual Report;
- b) Audit and Audit Report;
- c) Opinion by the Supervisory Board, if applicable.

Article 70- A
Filing for General Partnerships and Limited Partnerships

1 – General and limited partnerships are only subject to the requirements of the previous article if:

a) All of the unlimited liability partners are limited liability partnerships or partnerships not subject to the legislation of a member state of the European Union, but taking a legal form that is comparable or identical to that of a limited liability partnership;

b) All partners with unlimited liability are themselves organised as a limited liability company or according to one of the types described in the previous paragraph.

2 – The requirement described in the previous paragraph shall be waived when the companies mentioned do not exceed two of the limits established in paragraph 2 of Article 262.

CHAPTER VII
Civil liability for Establishing, Administering and Supervising a Company

Article 71
Responsibility for Establishing a Company

1 – The founders, managers or directors shall be jointly liable for any inaccurate or deficient information and statements regarding the establishment of the company, specifically with regard to initial capital contributions, assets purchased by the company, special advantages and compensation or payments owed as a result of the establishment of the company.

2 – The founders, managers or directors who, through no fault of their own, are unaware of the facts that gave rise to the responsibility provided for in the previous paragraph shall be exempt from liability therefrom.

3 – The founders are jointly liable for any damages caused to the company as a result of initial capital contributions, assets acquired prior to the registration of the articles of association or pursuant to Article 29 and for all incorporation costs, provided that they did not act maliciously or in a manner which constitutes serious misconduct.

Article 72
Responsibility of Board Members towards the Company

1 – The managers or directors shall be responsible for damages caused by acts or omissions resulting from dereliction of their legal or contractual duties, unless the managers or directors can prove that they did not act wilfully or maliciously.

2 – This liability shall be waived if any of the persons to which the previous paragraph refers is able to prove that he or she acted in an informed manner, free of any personal interest and using the criteria of corporate rationality.

3 – Likewise, managers and directors who did not participate in a collegiate resolution of the managers or directors, or whose votes were overridden, shall not have equal liability. In this case said managers and directors shall have five days to cast their ballot, either in the book of minutes or in a notice submitted to the supervisory body, if such a body exists, or before a notary or registrar.

4 – A manager or director who does not exercise their right of opposition, as conferred by law, when able to do so, shall be jointly liable for the acts they could have objected to.

5 – Managers or directors shall not be answerable towards the company if the act or omission is part of a resolution adopted by the partners, even if this resolution is voidable.

6 – In companies that have a supervisory body, the favourable opinion or consent of this body shall not release the members of the board from liability.

Article 73

Joint and Several Liability

1 – Founders, managers and directors are jointly and severally liable.

2 – The right to objection exists in the same measure as the respective culpability and the consequences thereof, the culpability of the persons responsible being considered equal.

Article 74

Null and Void Paragraphs. Waiver and Transaction

1 – A paragraph, whether or not inserted in the articles of association, shall be considered null and void if it waives or limits the liability of the founders, managers or directors, or subjects the exercise of a liability suit brought according to the terms of Article 77 to a prior statement of opinion or resolution adopted by the partners, or renders such action subject to a court ruling regarding the existence of cause of liability or in order to ensure the removal from office of the person responsible.

2 – The company may only relinquish its right to indemnification or effect a compromise in relation to it by means of an express resolution by the partners where a dissenting vote is cast by a minority of less than 10% of the share capital. Those potentially responsible shall not vote on this resolution.

3 – The resolution adopted by the general meeting to approve the accounts or the management of the managers or directors shall not imply a waiver of the company's right to indemnification by them, unless the facts that constitute the liability were specifically made known to the partners prior to approval and if it complied with the majority required in the previous paragraph.

Article 75

Legal Action brought by the Company

1 – Any liability suit proposed by the company shall depend on a resolution of the partners adopted by a simple majority, and must be brought no later than six months following said resolution. Partners may appoint special representatives to exercise their right to compensation.

2 – Even if not stated on the notice of meeting, the general meeting that convenes to review the accounts for the period may adopt resolutions regarding liability suits and the removal of managers or directors that the assembly believes to be liable. Said managers or directors may not be reappointed while the legal action is pending.

3 – Partners who may be liable may not vote on the resolutions described in the previous paragraphs.

Article 76

Special Representatives

1 – If the company resolves to exercise its right to indemnification, the court, at the request of one or more partners owning at least 5% of the share capital, shall appoint a person or persons to represent the company who are different from the persons who normally represent the company, if the partners have failed to do so or if replacement of the representative appointed by the partner is justified.

2 – The judicial representatives appointed as per the previous paragraph may demand, as part of the case, that they be reimbursed for expenses as well as receive compensation, to be set by the court.

3 – If the company loses the lawsuit, the minority who petitions for the appointment of judicial representatives must reimburse the company for the judicial costs and other costs resulting from the appointment.

Article 77

Liability Suits brought by Partners

1 – Separately from a claim for indemnification for individual damages they may have suffered, one or more partners who jointly own 5% of the share capital or 2% in the case of a company with shares admitted to trading on a regulated market, may bring a liability suit against the managers or directors to claim reparation for damages caused to the company if such a suit has not been filed.

2 – In the common interest the partners may, at the expense of them all or of some of them, appoint one of the partners to represent them for the purposes of exercising the rights described in the previous paragraph.

3 – If one or more of the partners described in the previous paragraphs are no longer partners, or if they decide to back out in the midst of the proceedings, such a fact shall not prevent the case from going forward.

4 – When a liability suit is brought by one or more of the partners as described in the previous paragraphs, the company shall be cited through its representatives.

5 – If the defendant alleges that the plaintiff brought the proceedings described in this article against them fundamentally to pursue interests that are different from those protected by law, the plaintiff may demand a prior ruling on the matter or that the plaintiff put up a bond.

Article 78

Liability towards Company Creditors

1 – The managers or directors shall be answerable to the company's creditors if, because they wilfully ignore the provisions set forth by law or in the articles of association, designed to protect the company's assets, these become insufficient to pay for the company's debt.

2 – Whenever the company or its partners fail to do so, the company's creditors may exercise the right to indemnifications owed the company, according to the provisions of Articles 606 to 609 of the Civil Code.

3 – From the point of view of the creditors, the obligation to indemnify to which paragraph 1 refers does not cease by resignation or if the company is negotiated, nor does it cease merely because an act or omission was discussed by the general meeting.

4 – In the event that the company goes bankrupt, creditor rights may be exercised by the trustee of the bankrupt estate while the bankruptcy proceedings are underway.

5 – The right to indemnification described in this Article applies to paragraphs 3 to 6 of Article 72, Article 73 and Article 74.1.

Article 79

Liability towards Partners and Third Parties

1 – The managers or directors are also generally answerable to the partners and third parties for damages resulting directly from the exercise of their duties.

2 – The right to indemnification described in this Article shall apply to paragraphs 3 to 6 of Article 72, Article 73 and Article 74.1.

Article 80
Liability of Other Persons in Administrative Positions

The provisions regarding the liability of managers and directors shall also apply to any other person in an administrative position.

Article 81
Liability of the Members of Supervisory Bodies

- 1 – The members of supervisory bodies are liable as per the terms described above.
- 2 – The members of supervisory bodies are jointly liable, with the company's managers or directors, for acts or omissions resulting from the performance of their duties in situations where the damages would not have occurred had the supervisory body properly executed its supervision duties.

Article 82
Liability of the Statutory Auditors

- 1 – Statutory auditors are answerable to the company and its partners for damages resulting from wilful misconduct on their part. In this case Article 73 shall apply.
- 2 – Statutory auditors are answerable to the company's creditors as described in Article 78.

Article 83
Joint and Several Liability of Partners

- 1 – Any partner who, alone or jointly with others with whom it has signed a shareholder's agreement, has the right to appoint a manager without submitting this appointment to discussion by the other partners, pursuant to the articles of association, shall be jointly liable with the manager appointed, whenever said manager is legally answerable towards the company or the partners and the partner who made the appointment is to blame for appointing the assigned manager.
- 2 – The provisions of the previous paragraph shall also apply to legal persons appointed to office with respect to any persons they appoint or that represent them.
- 3 – Any partner who, because of the number of votes it may cast, either alone or jointly with others with whom it has signed a shareholder's agreement, is permitted to elect a manager, director or member of the supervisory body, shall be jointly liable with the person elected and considered to blame for the choice whenever this person is legally answerable to the company or its partners, provided that the resolution was adopted because of the votes cast by this partner and of the other partner referred to above, and at least one half of the votes of the other partners present or represented at the meeting.

4 – Any partner who is permitted, either by contractual rights or because of the number of votes it holds, either alone or jointly with others with whom it has signed a shareholder's agreement, to dismiss a manager, director or member of the supervisory body, or call for their dismissal, and, by exercising undue influence causes this person to practice an act or fail to act, shall be jointly liable with this person if he or she, because of said act or omission, is found to be answerable to the company or its partners, under the terms of this law.

Article 84

Liability of a Sole Partner

1 – Notwithstanding the provisions of the previous Article and to the provisions described for affiliates, if a company that has been reduced to a single partner is declared bankrupt, this partner shall be have unlimited liability for the obligations assumed by the company after concentration of quotas or shares, so long as it can be proven that, during this period, the legal provisions that define how the company equity shall be subject to the meeting of such obligations have not been observed.

2 – The provisions of paragraph 1 above shall apply for the period during which the number of partners was reduced to one, if the bankruptcy is declared after a plurality of partners is reinstated.

CHAPTER VIII

Amendments to the Articles of Association

SECTION I

General Amendments

Article 85

Decision to Amend

1 – Any amendment to the articles of association, be it to change or suppress an existing paragraph or introduce new paragraphs, requires a resolution by the partners, except in cases where the applicable law assigns this responsibility cumulatively to another body.

2 – A resolution to amend a company's articles of association must conform with the requirements set forth for each type of company.

3 – Amendments to a company's articles of association must be made in writing.

4 – For the purposes of the provisions of the previous paragraph, the minutes of the meeting at which the resolution was made shall be sufficient, unless said minutes, the law or the company's articles of association determine that another document be used for the purpose.

5 – For the provisions described in the final part of the previous paragraph, any member of the board has the duty to take all necessary measures to amend the articles of association, as promptly as possible, without needing to be especially assigned the task by the partners.

Article 86 Partner Protection

1 – Amendments to a company's articles of association may only be made retroactive by a unanimous vote by the partners and only insofar as they concern relationships between partners.

2 – If the amendment involves an increase in the capital contribution to which partners are bound by the articles of association, this increase shall be considered without effect for those partners who did not give their consent.

SECTION II Capital Increase

Article 87 Requirements for a Resolution for a Capital Increase

1 – The resolution to increase the company's capital must expressly state:

- a) How the capital increase shall take place;
- b) The amount of the capital increase;
- c) The par value of the new equity interests;
- d) The nature of the new initial capital contributions;
- e) Any interest or premium;
- f) The schedule for payments of initial capital contributions, notwithstanding the provision of Article 89;
- g) The persons who shall participate in the capital increase.

2 – For the purposes of item g) above, depending on the case, it shall be sufficient to state that participating partners shall be those who exercise their right of preference, or that only partners shall participate, although without the said right of preference, or that the capital increase shall be by public subscription.

3 – A resolution for a capital increase in the form of new initial capital contributions may not be made before the previous increase has been finally registered and all initial and previous capital contributions have been paid in.

Article 88
Internal Effects of a Capital Increase

1 – For all internal purposes, the capital shall be considered increased and the equity interests constituted on the date the resolution is taken if the minutes of the resolution state which payments have been made and that there is no legal requirement or provision in the articles of association stipulating that additional capital payments must be made.

2 – If the resolution fails to make reference to the facts described in the final part of the previous paragraph, the capital shall be considered increased and the equity interests constituted on the date on which any member of the board states, in writing and at his or her own responsibility, which payments have been made and that there is no resolution, stipulation in the articles of association or legal requirement for additional inputs.

Article 89
Initial Capital Contributions and Asset Acquisition

1 – Except for the provisions of the following paragraphs, capital increases shall be subject to the same regulations as initial capital contributions of a similar nature made to establish a company.

2 – If the resolution fails to mention the requirement for initial capital contributions in cash that the law states may be deferred, they shall fall due as soon as the capital increase is registered definitively.

3 – A resolution for a capital increase shall lapse in one year if the statement described in paragraph 2 of Article 88 cannot be made due to capital contributions not being paid in, notwithstanding any indemnification owed by delinquent subscribing partners.

Article 90
Supervision

(Revoked)

Article 91
Capital Increase by Incorporation of Reserves

1 – A company may increase its capital by incorporating reserves available for this purpose.

2 – This capital increase shall require the prior approval of the financial statements for the period prior to the resolution. However, if more than six months have passed since the financial statements were approved, the existence of reserves to be incorporated shall only be approved if a special balance statement is issued, structured and approved according to the same requirements as those which exist for the annual balance sheet.

3 – The company's capital may not be increased by incorporating reserves before all of the instalments for the initial capital input or for prior capital increases have come due.

4 – The resolution must expressly define:

- a) How the capital increase shall take place;
- b) The amount of the capital increase;
- c) The reserves to be incorporated into the capital.

Article 92

Increases in Partners' Equity Interests

1 – An increase in capital by incorporation of reserves shall increase the equity interest of each partner in an amount proportional to its par value, except if another profit sharing criterion is in force, and the articles of association state that this criterion shall also apply to the incorporation of reserves, or if the articles of association stipulate another special criterion for this purpose.

2 – The company's own quotas or shares shall participate in this type of capital increase, unless otherwise resolved by the partners.

3 – The resolution to increase capital must state whether new quotas or shares are to be created or if the par value of the existing shares shall be increased. If there is no such indication, the par value of the shares shall be increased.

4 – If there are equity interests in the company which are subject to usufruct, this shall continue to apply, under the same terms, to the new shares or to existing shares of a higher par value.

Article 93

Supervision

1 – The balance sheet used as a basis for the resolution must, if it has not already been filed with the registry office, be attached to the request for registration of a capital increase by incorporation of reserves.

2 – The board of directors and, where applicable, the supervisory body, must state in writing that they are not aware of any decrease in equity that would prevent the capital increase between the date the supporting balance sheet was issued and the date of the adoption of the resolution to increase capital by incorporating reserves.

SECTION III Capital Decrease

Article 94 Notice of Meeting

1 – The notice of meeting for a general meeting convened to reduce the capital must include:

a) The reason behind the reduction in capital, including, at a minimum, if this capital reduction is for the purposes of covering losses, for the release of excess capital or for a special purpose;

b) How the capital reduction shall be carried out, specifying whether the par value of the equity interests is to be reduced or if equity interests shall be regrouped and some written off.

2 – A description of which holdings the operation shall affect, in the event that it shall not affect all holdings equally.

Article 95⁽²⁾ Resolution for Reduction of Capital

1 – Capital reduction may not be determined if the company's liquidity does not exceed the new capital by at least 20%.

2 – The company may decide to reduce the capital to an amount that is less than the minimum defined in this law for the particular type of company if this reduction is expressly conditional upon an increase in capital to an amount equal to or larger than the minimum within 60 days following the resolution.

3 – The provisions of this law regarding minimum capital shall not impede the validity of the resolution if, at the same time, a resolution is passed to convert the company to another type of company that can legally operate with lower capital.

4 – The partners shall not be released from their obligation to pay up the capital.

Article 96⁽²⁾ Protection of Creditors

1 – Notwithstanding the provisions of the following Article and within one month after the date of publication of the capital reduction, any company creditor may apply to court for the distribution of available reserves or profits for the financial year to be prohibited or limited within a time period to be defined, unless the company's debt to the creditor is fully paid, if due, or appropriate guarantees have been provided in the remaining cases.

2 – This power conferred on the creditors in the preceding paragraph may only be carried out if said creditors had requested the company to full pay up the debt or provide appropriate guarantees at least 15 days prior hereto and said request has been ignored.

3 – The company may not distribute available reserves or profits before the end of the period established for creditors referred to in sub-paragraph c) above. The same prohibition shall hold upon notice served to the company by a creditor.

CHAPTER IX Company Mergers

Article 97 Concept – Modes

1 – Two or more companies, even if of different types, may merge into one.

2 – Dissolved companies may merge with other companies, dissolved or not, even if they were judicially liquidated, so long as they meet the requirements they would be subject to if they were to return to their former corporate activities.

3 – A company may not merge after a petition for insolvency has been made or insolvency declared.

4 – The merger may take place:

a) By transferring the entire assets of one or more companies to another and the assignment of ownership interests, shares or quotas to the partners in the merging company;

b) By establishing a new company and transferring the equity of the merged companies to the new one, assigning ownership interests, shares or quotas in the new company to the partners of the merging companies.

5 – In addition to ownership interests, shares or quotas in the merging company or new company to which item 4 above refers, the partners of the merged or incorporated companies may be offered cash not to exceed 10% of the par values of the equity interests assigned to them.

Article 98 Merger Plan

1 – The managements of companies that plan to merge must draft a joint merger plan to include the following elements, in addition to other required or appropriate elements for full legal and economic transparency of the transaction:

- a) The mode, reasons, terms and objectives of the merger with respect to the participating companies;
- b) The business name, headquarters, capital and registration number with the commercial registry of each of the participating companies;
- c) The equity interests one company owns in the other;
- d) The balance sheet for each of the participating companies, specifying the value of assets and liabilities to be transferred to the incorporating or new company;
- e) The ownership interests, shares or quotas to be assigned to partners in the company to be incorporated under the terms of paragraph 4 a) of the previous article, or of the companies to be merged according to 4 b) of the aforementioned Article and, if applicable, the cash amounts to be distributed to these same partners and a description of the relationship between equity and cash for swap purposes;
- f) A draft of the changes to be introduced in the articles of association of the incorporating company, or a draft of the new articles of association;
- g) The measures taken to protect the rights of non partner third parties to the company's profits;
- h) The measures taken to protect creditor rights;
- i) The date on which, from an accounting point of view, the incorporated or merging companies shall be considered to be the incorporated or new company;
- j) The rights ensured by the incorporating or new company to the partners of the incorporated or merging companies who own special rights;
- l) Any special advantages assigned to the experts who intervened in the merger and to the members of the administrative or supervisory bodies of the companies that participated in the merger;
- m) In mergers where the incorporating or new company is a public company, how the shares of these companies shall be delivered and the date on which they shall have the right to profits, and the specifics of this right.

2 – The balance sheet to which d) above refers is:

- a) The balance sheet for the last financial period, provided that it ended no more than six months prior to the date of the merger plan; or
- b) A reported balance sheet issued on a date not before the first day of the third month prior to the date of the merger plan.

3 – The plan itself or an attachment thereto must describe the evaluation criteria used, as well as the basis of the swap described in item e) above.

Article 99 Plan Supervision

1 – The management of each of the companies participating in the merger must receive a copy of the merger plan and its annexes so as to issue a statement of opinion.

2 – In addition to the communication to which paragraph 1 above refers or in substitution of the said communication, if the company does not have a supervisory body, the management in each participating company must submit the merger plan to the review of a statutory auditor or to a firm of auditors that is independent of all participating companies.

3 – If all or some of the companies participating in the merger agree, a common auditor or firm of auditors may be used to examine the accounts of all of the companies or of the assenting companies for the purposes of the audits to which the previous paragraph refers. In this case the auditor or firm of auditors must be appointed, at the joint request of the interested companies, by the Chamber of Official Account Auditors.

4 – The auditors shall issue a report on the suitability and the reasonable nature of the equity swap including at least the following:

a) The methodology used to define the proposed swap relationship;

b) A justification for using the methods used by the boards of directors of the companies or by the auditors, the values found using each of these methods, the relative amount assigned when defining the proposed values and the particular difficulties encountered in the course of the audits.

5 – Each auditor may require additional information and documentation from the participating companies, as well as conduct any investigations necessary to the execution of its duties.

6 – The audit of the merger plan to which paragraph 2 refers may be waived by common agreement of all partners in each of the companies participating in the merger.

Article 100 Registration of Merger Plan and Notice of Meeting

1 – The merger plan must be registered.

2 – The merger plan must be submitted to the partners of each participating company at a general meeting, whatever the nature of the company. The general meeting shall be called following registration and at least one month prior to the date of the meeting.

3 – The notice of meeting must state that the merger plan and attached documentation are available for examination by the partners and company creditors at the headquarters of each company, must give the date of the meetings and refer to the fact that creditors have the right to oppose the merger, according to the terms of Article 101-A.

4 – The notice of meeting to which the previous paragraph refers must state that its purpose is likewise to inform creditors.

5 – Provided that a notice to the creditors with the content referred to in paragraph 3 is published, the provisions of paragraphs 2 and 3 do not prevent the use of other types of notification to the partners in accordance with the terms envisaged for each type of company and the adoption of resolution in accordance with Article 54. ⁽²⁾

Article 101⁽²⁾ **Document Consultation**

Following publication of the notice convening the meeting, notification to the partners or warning notice to the creditors as required in the preceding Article, the partners and creditors of any of the companies taking part in the merger have the right to consult the following documents at the headquarters of each company, and obtain unabridged copies free of charge:

- a) The merger plan;
- b) The report from the corporate bodies and the auditors;
- c) Accounts, annual reports, reports and statements of opinion from the supervisory bodies and resolutions adopted at the general meeting regarding the accounts for the previous three periods.

Article 101-A⁽²⁾ **Objections by Creditors**

Within a period of one month following the notice convening a general meeting or the notice to creditors, the creditors of the participating companies with debts that pre-date the said publication may judicially object to the merger based on the fact that it would damage the creditor's rights. This may be carried out provided that the creditor demanded that the company discharge its debt or provide appropriate guarantees in the 15 days preceding hereto and this demand was ignored.

Article 101 - B

Effects of Objection

1 – Judicial appeal by any creditor shall impede the final registration of any merger in the commercial registry until such time as one of the following occurs:

a) The objection is turned down, or, in the case of a ruling being passed down in res judicata by the court, the opponents fail to file a new suit within 30 days;

b) The opposing parties desisted;

c) The company paid the opposing creditor or provided the guarantee defined by agreement or judicial decision;

d) The opposing parties agreed to the registration;

e) The amount owed to the opposing party has been deposited.

2 – If the court grants the appeal, it shall decide whether or not to reimburse the credit of the objecting party or, if this is not possible, that suitable guarantees be provided.

3 – The provisions of the previous article and paragraphs 1 and 2 of the current article do not preclude the enforcement of any contractual paragraphs that give the creditor the right to immediate satisfaction of the amounts owed in the event of a merger involving the debtor company.

Article 101 - C

Bondholding Creditors

1 – The provisions of Articles 101-A and 101 -B shall apply to bondholding creditors, with the amendments established below.

2 – The bondholding creditors of each of the companies must meet and issue an opinion regarding the merger and the possible damage that might be incurred by these creditors as a result of the merger. Resolutions adopted at the meeting of bondholding creditors must be by absolute majority of the bondholding creditors present and represented at the meeting.

3 – If the meeting does not approve the merger, the right to object shall be exercised collectively through an elected representative.

4 – The bearers of bonds or other securities convertible into shares or notes with the right to subscribe to shares shall be protected by the rights granted to them in the event of a merger and, if no specific rights have been granted, have the right to object to the merger if no specific rights were assigned.

Article 101 - D

Bearers of Other Securities

Bearers of securities other than shares, but which convey special rights upon the bearer shall continue to have rights that are at least equivalent in the incorporating or new company, except if:

- a) A special meeting of the bearers of securities decides that these rights may be changed, in which case the vote must be by absolute majority of the number of each different type of security;
- b) All of the bearers of each type of security individually agree to change their rights if both the law and the articles of association fail to require a special meeting;
- c) The merger plan anticipates that these securities shall be purchased by the incorporating or new company under terms that have been approved, at a special assembly, by the majority of the bearers present and represented.

Article 102

The General Meeting

1 – The general meeting shall start with a statement by the board as to whether or not there have been material changes in the elements upon which the merger plan was based since it was drafted and, if there have been material changes, which changes were necessary.

2 – In the event of material changes according to the previous paragraph, the assembly shall resolve if the merger process must be renewed or if it may proceed with the evaluation of the proposal.

3 – The proposal presented to each of the assemblies must be rigorously identical. Any changes made to the proposal during the assembly shall constitute a rejection of the proposal, notwithstanding any renewal thereof.

4 – Any partner at the assembly may demand any additional information about the participating companies that it feels is essential to clarify the merger proposal.

Article 103

Decision-making

1 – In the absence of specific terms, resolutions shall be adopted according to the terms described for amending the articles of association.

2 – The merger may only be registered with the consent of the harmed partners if:

- a) It increases the liabilities of some or all of the partners;
- b) It affects the special rights of some of the partners;

c) It changes a partner's share of equity relative to the remaining partners in the same company, except to the extent that such change is the result of payments required to comply with legal requirements that impose a minimum or fixed value for each investment unit.

3 – If any of the participating companies has several share categories, the resolution to merge made at the general meeting shall only take effect if it is approved by the general meeting for each category of shares.

Article 104

Equity Interest of One Company in the Other

1 – If one of the companies owns equity in the other, it may not have a number of votes that is larger than the sum of the votes of the other partners.

2 – For the purposes of the previous paragraph, the votes of other companies in a group or controlling relationship with it shall be added to the company's votes, as well as the number of votes cast by individuals voting in their own name on behalf of one of these companies.

3 – For the purposes of a merger by incorporation, the incorporating company shall not receive its own ownership interests, shares or quotas in exchange for ownership interests, shares or quotas in the incorporated company that are owned by one or the other company or by individuals acting in their own name but on behalf of one of these companies.

Article 105

Partners' Right to Resign

1 – If the law or the articles of association allow any partner who voted against the merger plan to resign, within one month starting from the date of the resolution, the partner in question may demand that the company purchase its equity interest or arrange for its purchase.

2 – Unless the company's articles of association or an agreement between the parties stipulates otherwise, the consideration for this acquisition shall be calculated by a mutually appointed statutory auditor, pursuant to Article 1021 of the Civil Code with reference to the date on which the resolution to merge was adopted. If no agreement is reached regarding an acceptable statutory auditor, the courts shall calculate the value of the consideration. Any of the parties may seek a second evaluation as per the Code of Civil Procedure (*Código de Processo Civil*).

3 – The provisions of the final part of the previous paragraph shall also apply in cases where the company has offered no consideration or has not done so regularly. In this case the deadline shall start to run 20 days after the date on which the partner demanded that the company purchase its equity interest.

4 – The provisions of the preceding paragraphs shall not affect a partner's right to otherwise dispose of its equity interest, nor shall the limitations described in the company's articles of association affect this disposal if it takes place within the appointed deadline.

Article 106⁽²⁾
Form and Provisions that Apply

1 – The merger should abide by the requirements for assigning the assets of the incorporated company or, in the event of forming a new company, the companies taking part in said merger.

2 – Notwithstanding the provisions of the preceding paragraph, if the merger results in a new company being formed, the provisions governing said new company should be complied with, unless something else ensues therefrom.

Article 107
Publication of the Merger and Objections by Creditors

(Revoked)

Article 108
Effects of Objection

(Revoked)

Article 109
Bondholding Creditors

(Revoked)

Article 110
Bearers of Other Securities

(Revoked)

Article 111
Merger Registration

Once all of the participating companies have agreed to merge, and if no timely objection has been filed within the period described in Article 101-A or, if an objection was made, one of the facts described in paragraph 1 of Article 101-B came to pass, any of the directors of the merging companies or of the new company must be asked to register the merger with the commercial registry.

Article 112

Effects of Registration

Once the merger has been registered:

a) The incorporated companies shall be extinguished or, if a new company is formed, all of the merged companies shall be extinguished and their rights and liabilities assigned to the incorporating or new company;

b) The partners of the extinguished companies shall become partners of the incorporating or new company.

Article 113

Conditions or Terms

If the merger should be subject to suspensive conditions or terms and if, before these can be checked, material changes occur to the elements upon which the resolution was based, the general meeting of any of the companies may decide to ask for a articles of association resolution or amendment, in which case the articles of association shall only take effect after the final court decision is passed down in res judicata.

Article 114

Liability emerging from a Merger

1 – If, upon checking the company equity at the end of the merger, evidence of sound, orderly and diligent management is not found, the members of the board of directors and the supervisory body of each of the participating companies shall be jointly liable for any damages the merger may cause to the company and to its partners and creditors.

2 – The fact that companies have been dissolved as a result of the merger shall not impede the exercise of the right to indemnification described in the previous paragraph, nor the rights for or against them resulting from the merger, said companies being considered in existence for the purposes of this paragraph.

Article 115

Coming into force of Liability following Company Dissolution

1 – The rights described in the previous article, when referring to companies described in paragraph 2, shall be exercised by a special representative. Appointment of such a representative may be petitioned judicially by any partner or creditor of the company in question.

2 – The special representative must publish a notice calling all company partners and creditors to claim their right to indemnification within a period of no less than 30 days, to be defined by said representative.

3 – The indemnification owed to the company shall be used to satisfy the creditors who have not been paid and for whom no suitable guarantees have been put up by the incorporating or new company. Any surplus shall be shared by the partners according to the rules that govern the sharing of the liquidation asset.

4 – The partners and creditors who do not claim their rights in a timely way shall not be included in the provisions of paragraph 3 above.

5 – The special representative shall be reimbursed for reasonable expenses and shall be remunerated for his activity. The court shall decide the value of said expenses and compensation, and shall define how they shall be borne by the interested partners and creditors.

Article 116⁽²⁾

Incorporating a Fully Owned Company

1 – With the exceptions described in the following paragraphs, the preceding articles shall apply when one company incorporates another in which it is the sole owner of all ownership interests, shares or quotas, either directly or through persons who own these equity interests on behalf of the company but in their own name.

2 – The provisions regarding equity swaps, reports of experts and of the corporate bodies, and the responsibility assigned to these bodies and experts shall not apply.

3 – The merger may be registered without the requirement of a prior resolution by the general meeting, provided that all of the following requirements are met:

a) The merger plan mentions that there is no requirement for a prior resolution by the general meeting if item d) hereunder does not require a general meeting to be convened;

b) The notice to creditors referred to in Article 100 has been published;

c) The partners have had the opportunity, at the registered office, to review the documents to which Article 101 refers no later than the 8th day following publication of the merger plan, and were so informed simultaneously with the plan or its announcement;

d) Within 15 days of publication of the merger plan, no partner with 5% or more of the share capital requested a general meeting to discuss the merger.

Article 117

Annuling the Merger

1 – The merger may only be annulled by judicial decision, based on the non-fulfilment of legal requirements or a prior declaration of annulment or the annulment of certain resolutions passed at general meetings of participating companies.⁽²⁾

2 – The annulment of a merger must be proposed before the existing irregularities are corrected, but must never be proposed more than six months after the registration of the merger is made public or after publication of the sentence annulling the merger or some of the resolutions adopted at the general meetings referred to has passed in *res judicata*.

3 – The court may not declare a merger null and void if the irregularities underlying the annulment are corrected within the assigned period.

4 – The judicial declaration of annulment shall be subject to the same publication requirements as the merger announcement.

5 – The annulment shall not affect the acts practiced by the incorporating company after the merger is registered in the commercial registry and before a decision is made to declare the merger null and void. The incorporated company shall, however, be jointly responsible for the liabilities entered into by the incorporating company during this period; the merged companies are likewise responsible for the liabilities entered into by the new company if the merger is declared null and void.

CHAPTER X

Division of Companies

Article 118

Concept – Modes

1 – A company may:

- a) Spin off part of its equity to build another company;
- b) Dissolve and spin-off its equity, following which each part shall become a new company;
- c) Spin off part of its equity or dissolve, splitting its equity into two or more parts to merge these parts with existing companies or with part of the equity of other companies, spun off for identical purposes using identical mechanisms.

2 – The companies that result from the spin-off may be of a different type than the parent company.

Article 119

Division Plans

It is the responsibility of the management of a company that spin-offs or, in the case of a spin-off/merger, of the managements of the participating companies to draft joint plans for the spin-off, to include the following elements, in addition to other required or relevant information aimed at ensuring full legal and economic transparency of the transaction:

- a) The mode, reasons, terms and objectives of the spin-off with respect to the participating companies;
- b) The business name, location, capital and registration number with the commercial registry of each of the participating companies;
- c) The equity interests one company owns in the other;
- d) A full listing of the assets to be transferred to the incorporating or new company, and the values assigned to these assets;
- e) In the case of a spin-off/merger, the balance sheet for each participating company, prepared according to item d) of paragraph 1 and paragraph 2 of Article 98;
- f) The ownership interests, shares or quotas to be assigned to the incorporated or new company and, where applicable, the cash sums that shall be assigned to the partners of the company to be spun off and also, where applicable, the cash amounts to be distributed to these same partners and a description of the relationship between equity and cash for swap purposes;
- g) How the shares representing the capital of the companies resulting from the spin-off shall be delivered;
- h) The date on which the new equity interests shall grant the bearers the right to share in the profits, as well as any peculiarities pertaining thereto;
- i) The date on which, from an accounting point of view, the operations of the parent company are considered to be the responsibility of, or carried out by the companies that result from the spin-off;
- j) The rights ensured by the spun off companies to the partners of the parent company who own special rights;
- l) Any special advantages assigned to the experts who intervened in the spin-off and to the members of the boards of directors or supervisory bodies of the companies that participated in the spin-off;
- m) A draft of the changes to be made to the articles of association of the incorporating company or draft articles of association for the new company;
- n) The measures taken to protect creditor rights;
- o) The measures taken to protect the rights of non partner third parties to the company's profits;
- p) The assignment of the contractual position of the participating company or companies resulting from employment contracts entered into with employees that shall remain in effect following the spin-off.

Article 120

Applicable Provisions

The provisions set forth for mergers shall apply to spin-offs, with the necessary adaptations.

Article 121

Novation Exclusion

The assignment of debts of the parent company to the incorporating or new company shall not constitute novation.

Article 122

Liability for Debts

1 – The parent company shall be jointly liable for debts that, because of the spin-off, were assigned to the incorporating or new company.

2 – The companies that benefit from capital paid in as a result of the spin-off shall be jointly liable up to the amount of these capital contributions, for the debts of the parent company that precede the registration of the spin-off with the commercial registry. It may, however, be decided that this liability shall merely be joint.

3 – If any company pays debts that have not been assigned to it, because of the joint liability described above, it shall have the right to appeal to the main debtor.

Article 123

Requirements of a Simple Spin-off

1 – A spin-off as described in Article 118.1.a) shall not be possible if:

a) The value of the company's equity falls below the sum of the share capital and statutory reserves and the share capital is not reduced before or during the spin-off;

b) If the capital of the parent company has not been paid-up in its entirety.

2 – In the case of private limited companies, the value of the supplementary capital payments to which the partners are committed but that have not yet been paid off shall be added, for the purposes of item a) of the previous paragraph.

3 – The reports and statements of opinion issued by the board of directors and supervisory bodies, as well as the report of the statutory auditor or auditing firm, shall expressly verify compliance with the requirements set forth above.

Article 124
Detachable Assets and Liabilities

1 – In a simple spin-off only the following may be detached to set up the new company:

a) Equity interests in other companies, whether they comprise the entirety or a part of the equity interest owned by the parent company for the purposes of opening a new company whose exclusive corporate purpose is equity management;

b) Assets that are grouped into a single economic unit in the equity of the parent company.

2 – Debts that are economically related to the establishment or operation of the units to which b) above refers may be assigned to the new company.

Article 125
Reducing the Capital of the Parent Company

Reducing the capital of the parent company shall only be subject to the general legal requirements to the extent that it is not contained in the total capital of the new companies.

Article 126
Spin-off / Dissolution.
Extension

1 – The spin-off / dissolution described in item b) of paragraph 1 of Article 118 must include the entire equity of the parent company.

2 – If the resolution to proceed with a spin-off did not define criteria for assigning assets or debts that are outside the final spin-off plan, these assets shall be assigned to the new companies in a proportion equivalent to that stated in the spin-off plan. The new companies shall be jointly liable for the debt.

Article 127
Shares in the New Company

Unless otherwise agreed by the interested parties, the partners in the company dissolved by spin-off / dissolution shall own the same proportional amount in the new companies as they did in the parent company.

Article 128
Special Requirements for a Spin-off / Merger

The contractual and legal requirements governing the assignment of certain assets or rights shall not be waived in a spin-off / merger.

Article 129
Establishing New Companies

1 – When a new company is established as a result of the simultaneous spin-off and merger of two or more companies, no other company may participate therein.

2 – The share of the partners of the parent company in the capital of the new company may not be larger than the value of the detached assets, net of the debt that is assigned to these assets.

CHAPTER XI
Transforming Companies

Article 130
Concept and Modes

1 – Unless prohibited by law or by their articles of association, the companies established according to paragraph 2 of Article 1 may subsequently adopt a different form.

2 – The companies established according to the provisions of article 980 and subsequent articles of the Civil Code may subsequently change to one of the types of companies described in paragraph 2 of article 1 of this law.

3 – Transforming a company according to the terms of the previous numbers shall not result in its dissolution, unless the partners so resolve.

4 – The provisions of this chapter shall apply to the two modes of conversion admitted in the previous number.

5 – If the decision is made to dissolve the company, dissolution shall be governed by the relevant legal or contractual terms if these are more demanding than the rules relating to conversion. The new company shall automatically and totally succeed its predecessor.

6 – A company established by conversion according to the provisions of paragraph 2 shall automatically and totally succeed its predecessor.

Article 131
Impediments to Conversion

1 – A company may not be converted if:

a) The capital has not been fully paid in or if not all of the initial capital contributions stipulated in the articles of association have been paid in;

b) If the balance sheet of the company to be converted shows that its equity is less than the sum of its capital and statutory reserves;

c) If the partners who own special rights, which cannot be maintained following conversion, oppose the transaction;

d) If, in the case of a public company, it has issued bonds, convertible into shares, that have not been fully redeemed or converted.

2 – The objection described under c) of the previous paragraph must be registered in writing by the partners who own special rights, within the deadline established in paragraph 1 of Article 137.

3 – If specific categories of shares have special rights, the period to register an objection shall be twice the period described in the previous paragraph.

Article 132

Reports and Notice of Meetings

1 – The management of the company shall draft a report justifying the conversion, which must include the following as attachments:

a) The balance sheet for the last financial period, so long as this is not more than six months prior to the date of the resolution to convert the company, or a reported balance sheet issued on a date not before the first day of the third month prior to the date of the resolution to convert the company;

b) A draft of the articles of association that shall govern the company following the conversion.

2 – The report to which the previous paragraph refers must include a statement by the management, to the effect that there have been material changes in the equity of the company since the date of publication of the balance sheet and, if there have been material changes, what these were.

3 – The suitably adapted provisions of Articles 99 and 101 shall apply. The documents must be made available to the partners as of the date the general meeting is called.

4 – The provisions of the preceding paragraphs do not prevent the approval of the conversion in accordance with Article 54, with the documents being made available in advance within the same time period as envisaged for the notice convening the meeting.⁽²⁾

Article 133

Super Quorum

1 – Converting a company shall require a resolution adopted by the partners, as described for the particular type of company in this Code or Article 982 of the Civil Code.

2 – In addition to the requirements of the previous paragraph, resolutions to transform a company that result in unlimited liability for all or some of the partners shall only be valid if they are approved by the partners who shall take on this liability.

Article 134 **Content of the Resolutions**

The following must be subject to separate resolutions:

- a) Approval of the balance sheet or equity situation according to the terms of paragraphs 1 and 2 of Article 132;
- b) Approval of the conversion;
- c) Approval of the articles of association that shall govern the company.

Article 135 **Deed of Conversion**

(Revoked)

Article 136 **Equity Interests of Partners**

1 – Unless otherwise agreed by all interested partners, the par value of the equity interest of each partner in the share capital, and the proportion of each one relative to the capital shall not be altered in the conversion.

2 – Non capital or working partners, if any, shall be assigned the agreed equity interest, to be proportionately deducted from the equity interest allotted to the remaining partners.

3 – The provisions of the previous paragraphs shall not prejudice the legal rules that may impose minimum amounts for the equity interests of partners.

Article 137 **Partners' Right to Resign**

1 - If the law or the articles of association allow any partner who voted against the conversion to resign, within one month starting from the date on which the resolution was adopted, the resigning partner may demand that the company purchase its equity in the company or arrange to have it purchased.

2 – Partners who resign from the company according to the provisions of paragraph 1 shall receive compensation for their equity interests as calculated by the terms described in Article 105.

Article 138
Bondholding Creditors

Regardless of the form adopted by the converted company, all existing bondholder rights shall continue to be governed by the standards that apply to this type of creditor.

Article 139
Unlimited Partner Liability

1 – The conversion shall not affect a partner's personal and unlimited liability for company debts prior to the conversion.

2 – A partner's personal and unlimited liability resulting from the conversion shall not apply to company debts prior to the conversion.

Article 140
Rights conferred by Equity Interests

The rights or guarantees that are conferred by equity interests, as at the date of the company's conversion, shall be retained by the new types of equity interest.

Article 140- A
Conversion Registration

1 – For the purposes of registering the conversion, a member of the board must issue a written statement, for which he/she shall be responsible, without any special appointment by the partners, that there was no objection to the conversion, according to the provisions of paragraphs 2 and 3 of Article 131. The said statement must also contain a reproduction of the new articles of association.

2 – Notwithstanding the provisions of the previous paragraph, if a partner decides to exercise its right to resign under Article 137, the members of the management shall:

a) Declare which partners resigned and the liquidation value of their share of the equity or quotas, as well as the value assigned to each share and the global amount paid to resigning shareholders;

b) State that the rights of the resigning partners may be met without affecting the capital as per Article 32;

c) Identify the partners that remain in the company and each one's equity interest, according to what is defined in the rules that apply to the type of company adopted.

CHAPTER XII

Dissolution of the Company

Article 141

Cases of Immediate Dissolution

1 – A company may be dissolved in the instances described in its articles of association as well as:

- a) At the end of the term established in the articles of association;
- b) By a resolution adopted by the partners;
- c) Following the complete fulfilment of the corporate purpose;
- d) Due to the supervening illegality of the corporate purpose;
- e) If the company declares itself insolvent.

2 – For the immediate dissolution cases described in a), c) and d) of the previous paragraph, the partners may resolve to recognise the dissolution by a simple majority of the votes cast at a general meeting and any partner, partner successor, company creditor or the creditor of an unlimited liability partner may file for notarial justification or for simplified justification proceedings.

Article 142

Causes for Administrative Dissolution or Dissolution by Partner Resolution

1 – A request for the administrative dissolution of the company may be submitted in the cases described by law or in the articles of association, and whenever:

- a) The number of partners is smaller than the minimum legal requirement for a period of no less than one year, except if one of the partners is a public legal entity or an entity that is legally comparable thereto;
- b) If the corporate purpose becomes impossible to fulfil;
- c) If the company has not exercised any activity for two consecutive years;
- d) If the company activity is substantially different from the purpose stated in the articles of association.

2 – If the law makes no provision regarding the effects of any of the situations described as the basis for dissolution, or if the precise interpretation of the articles of association is in doubt, the dissolution shall not be immediate.

3 – In any of the cases described under paragraph 1 the partners may dissolve the company based on a past fact by absolute majority of the votes cast at a general meeting.

4 – The company shall be declared dissolved starting on the date of the resolution described in the previous paragraph. However, if the resolution is contested in court, the dissolution shall take effect on the date of the passing down of the final sentence in *res judicata*

Article 143

Causes of Compulsory Dissolution

If the interested parties do not initiate administrative dissolution proceedings then the appropriate registration service should enforce such proceedings whenever:

a) The company has not filed its financial statements for a period of two consecutive years, and the tax authorities inform the registration service that the company has not filed its income tax return for an equal period;

b) The tax authorities inform the appropriate registration service of a lack of company activity, as defined by the provisions of the applicable tax legislation;

c) The tax authorities issued an official statement to the appropriate registration authority to the effect that the company activities have ceased, as defined by the provisions of the applicable tax legislation.

Article 144

Provisions for Administrative Dissolution Proceedings

Administrative dissolution proceedings are regulated by a separate document.

Article 145

Form of Dissolution and Registration

1 – Company dissolution resulting from a resolution adopted at the general meeting is not subject to any special form.

2 – In the situations to which the previous paragraph refers, the management or the receivers must petition that the dissolution be registered by the appropriate service. Any partner may file this request at the cost of the company.

CHAPTER XIII Company Liquidation

Article 146 General Rules

1 – Unless otherwise provided for by law, a dissolved company shall be immediately placed in liquidation according to the provisions of the following articles of this Chapter. In the case of insolvency or in those expressly provided for by law for judicial settlement, the provisions in the relevant procedure laws shall also apply.

2 – A company in liquidation shall retain its legal personality and, unless facts come to pass that result in the applicability of any of the subsequent provisions or the mode of liquidation, shall be subject to the suitably adjusted provisions that govern non dissolved companies.

3 – A dissolved company must add to its business name «company in liquidation» or «in liquidation».

4 – The company's articles of association may define that liquidation be administrative. The partners may also so resolve by casting the majority vote required for amendments to the articles of association.

5 – The company's articles of association and partner resolutions may govern the liquidation in all aspects that are not described in the following articles.

6 – When administrative dissolution is officiously initiated, liquidation shall also be processed by the appropriate registration service.

Article 147 Immediate Distribution of Assets

1 - Notwithstanding the provisions of Article 148, if, on the date of the resolution to dissolve the company it has no debts, the partners may immediately proceed to distribute its assets as described in Article 156.

2 – Tax debts that have not yet come due on the date of dissolution shall not impede the distribution described in the previous paragraph. However, in this case all of the partners shall have joint and unlimited liability for these debts, regardless of any estimates of reserves that may have been made to cover such debt.

Article 148 Liquidation by Global Assignment

1 – All of the equity, assets and liabilities of the dissolved company may be assigned to one or some of the partners by the articles of association or a resolution adopted by the partners, against payment in cash, so long as the assignment is preceded by the written agreement of all of the company's creditors.

2 - The provisions of paragraph 2 of Article 147 shall apply.

Article 149 **Actions that precede Liquidation**

1 - Before liquidation is initiated according to this law, the company financial statements reported on the date of dissolution must be organised and approved.

2 - The management shall comply with paragraph 1 above within 60 days following dissolution and, if it fails to do so, the responsibility shall fall on the receivers.

3 - Refusal to provide receivers with all books, documents and assets shall constitute an impediment to the fulfilment of the receiver's duties for the purposes of Articles 1500 and 1501 of the Code of Civil Procedure (Código de Processo Civil).

Article 150 **Duration of Liquidation**

1 - Liquidation must be ended and the distribution of assets approved within two years following the date on which the company is considered dissolved, notwithstanding any shorter time period agreed to in the articles of association or a resolution adopted by the partners.

2 - The period described in the previous paragraph may only be extended by partner resolution and only for a period not longer than one year.

3 - At the end of the periods described in the previous paragraphs, if no petition has been made to register liquidation, the appropriate registration service shall officiously initiate administrative liquidation procedures.

Article 151 **Receivers**

1 - Unless otherwise stipulated by the articles of association or a resolution adopted by the partners, the members of the company's management shall become receivers at the time the company is considered dissolved.

2 - The partners may resolve to remove the receivers at any time without just cause or appoint new receivers to add to or replace existing receivers.

3 - The company's supervisory board or any of its partners or creditors may petition that the receiver be administratively removed from office based on just cause.

4 - If no receiver has been appointed, the company's supervisory board or any of its partners or creditors may submit a request that the appropriate registration service administratively appoint a receiver, whereupon liquidation shall proceed according to the provisions of this Code.

5 – A legal entity may not be appointed receiver, except for the case of law firms or statutory auditing firms.

6 – Notwithstanding any clauses in the articles of association or resolutions to the contrary, if there is more than one receiver, each one shall have equal and independent powers for liquidation activities, except for the powers regarding the disposal of company assets which shall require the participation of at least two receivers.

7 – Resolutions to appoint or remove receivers or grant some of the powers described in paragraph 2 of Article 152 must be registered with the appropriate registration service.

8 – The receiver's powers shall end when the company is dissolved, notwithstanding, however, the provisions of Articles 162 to 164.

9 – The remuneration of receivers shall be set by partner resolution and shall form part of the liquidation costs.

Article 152

Receiver Duties, Powers and Responsibilities

1 – With the exception of the legal provisions that specifically apply and the limitations resulting from the nature of their role, receivers, in general, have the duties, powers and responsibilities of the company's board of directors.

2 - A resolution adopted by the partners may authorise the receivers to:

- a) Temporarily continue the company's previous activities;
- b) Contract any loans necessary to effectively liquidate the company;
- c) Proceed with the global disposal of the company's assets;
- d) To proceed with the conveyance of the company's premises.

3 – The receiver must:

- a) Finalise any outstanding business;
- b) Fulfil the company's obligations;
- c) Demand payment of credits owed to the company;
- d) Convert any residual assets to a monetary value, except for the provisions of paragraph 1 of Article 156;

e) Propose the distribution of the company's assets.

Article 153
Enforceable Company Debts and Credits

1 – With the exception of bankruptcy or other agreement between the company and a creditor, company dissolution shall not render its debts enforceable, but receivers may make early payment thereof, regardless of any deadlines that may have been established in favour of the creditors.

2 – Receivers must call in third party and partner credits for debts not included in the following paragraph, regardless of any deadlines that may have been established in favour of the company.

3 – The clauses governing the deferment of initial capital contributions shall lapse on the day the company is dissolved. Receivers may only demand that partners pay in these amounts as necessary to pay the company's liabilities and liquidation costs after the company assets have been depleted, excluding any credits that are in litigation or considered non recoverable.

Article 154
Settlement of the Company's Liabilities

1 – To the extent permitted by the company's assets, receivers must pay off all of the company's debts.

2 – If the circumstances described in Article 841 of the Civil Code come to pass, the receivers must pay the instalment into an escrow account that may not be revoked by the company, unless proof is offered that the debt is extinguished for other reasons.

3 – For debts that are subject to litigation, receivers must provide adequate bond or guarantee for creditor rights as described in the Code of Civil Procedure.

Article 155
Annual Accounts of Receivers

1 – Receivers must issue a statement of the liquidation account within the first three months of every calendar year. These accounts must include a detailed report of the status of the liquidation.

2 – The receiver's accounts and reports must be organised, reviewed and approved as described for the management's financial statements, with the appropriate adjustments.

Article 156

Partition of Remaining Assets

1 – The assets that remain after satisfying or making adequate provisions for the rights of the company's creditors, as described in Article 154, may be distributed in kind if such a provision is made in the articles of association or if the partners unanimously agree such action.

2 – The remaining assets are assigned primarily to reimburse the partners for the amount actually invested. This amount is the fraction of the capital that corresponds to each partner, notwithstanding whatever the articles of association describe in the event of assets used by a partner as its initial capital contribution being of a higher value than the par value of the fraction to which it is entitled.

3 – If full reimbursement is not possible, the remaining assets shall be partitioned to the partners so that any losses are distributed across the partners in proportion to the share of losses of each one in the company. To this end, the amount of the initial capital contribution owed each partner must be taken into account.

4 – If, following the full reimbursement to the partners, assets remain, these should be distributed in the same proportion as used for profit distribution.

5 – Receivers may exclude from the distribution any amounts assigned to cover liquidation costs until the company is in effect dissolved.

Article 157

Report, Final Accounts and Resolutions by Partners

1 – The final accounts of receivers must include a full report describing the liquidation and a plan as to how the remaining assets shall be distributed.

2 – Receivers must state and warrant in the report that suitable provisions have been made for all creditor rights and that the receipts and relevant supporting documents are available for examination by the partners.

3 – The final accounts must be organised in such a way as to describe the results of the liquidation transactions carried out by the receivers and a chart of the distribution, according to the plan presented.

4 – Receiver reports and final accounts must be submitted to the partners for approval. The partners shall appoint a trustee of the books, documents and other company deeds that must be retained for a period of five years.

Article 158
Liability of Receivers towards Company Creditors

1 – Receivers who maliciously or falsely state, in the documents to be presented at the general meeting, pursuant to this law, that all of the rights of the company's creditors have been legally satisfied or provided for, shall be personally answerable to the creditors whose rights were not satisfied or adequately provided for if the distribution of assets takes place.

2 – Except for cases of wilful misconduct, receivers who were made liable according to the terms of the previous paragraph shall have the right to objection to the former partners.

Article 159
Delivery of Distributed Assets

1 – Pursuant to a resolution by the partners, receivers may deliver the assets assigned to each partner. Receivers shall be responsible for any formalities required to assign the assets to the partners.

2 – In general terms deposits may be made into an account.

Article 160
Commercial Registry

1 – Receivers must request registration of the closure of liquidation proceedings.

2 – Notwithstanding the provisions of articles 162 to 164, the company shall be considered dissolved, even among the partners, as soon as the closure of liquidation has been registered.

Article 161
Return to Business

1 – So long as the provisions of this article are met, the partners may resolve to terminate liquidation procedures and return to business.

2 – This resolution shall require the number of votes required by law or in the articles of association in order to be adopted, unless a qualified majority or other requirement has been agreed upon for this purpose.

3 – This resolution may not be adopted:

a) Prior to the settlement of the company's liabilities as per article 154, except for situations where creditors have expressly waived the requirement for reimbursement upon liquidation;

b) If there remains a cause for dissolution;

c) If the balance of the liquidation is insufficient to cover the share capital, unless this capital is reduced.

4 – For the purposes of b) above, the same resolution may be used to take the necessary measures to end one of the causes for dissolution. In the cases described in paragraph 1 a) of article 142 and paragraph 3 of article 464, the resolution shall only take effect when the legal number of partners has been reinstated. In the case of dissolution because of the death of a partner, a necessary but not sufficient condition is the assenting vote of the successors in the resolution referred to in paragraph 1.

5 – If the resolution is taken after partition has commenced, any partner whose equity interest is significantly reduced, relative to what he owned previously, may seek permission to resign from the company and receive that portion of the partition that would be his right.

Article 162 Pending Action

1 – Any legal action in which the company is involved shall continue following its dissolution and shall be considered replaced by the partners in general, represented by the receivers, for the purposes of paragraphs 2, 4 and 5 of Article 163 and paragraphs 2 and 5 of article 164.

2 – Court proceedings shall not be suspended nor shall qualification be necessary.

Article 163 Incidental Liabilities

1 – Following liquidation and dissolution of the company, the former partners shall be responsible for any company liabilities which are outstanding or for which provision has not been made, up to the amount they received in the distribution of assets, notwithstanding the paragraphs regarding unlimited liability partners.

2 – The action required for the purposes of the previous paragraph may be brought against the partners in general, in the person of the receivers, who shall be considered their legal representatives for the purpose, including the purpose of legal citation. Any partner may participate as an assistant; notwithstanding the exceptions described in article 341 of the Code of Civil Procedure, the sentence passed on the partners in general shall apply to each one individually.

3 – If a former partner pays a debt because of the provisions of paragraph 1, it shall have the right to objection against the other partners so as to retain the proportion of each one in the company's profit and loss.

4 – Receivers shall inform the former partners of any legal action in the most efficient way possible, and may demand that adequate provision be made for judicial costs.

5 – Receivers may not have the responsibilities conferred by this article waived. In the event of death of the receiver the responsibility shall fall to the most recent managers or directors and, in the case of their death, to the partners, in decreasing order of their equity interest in the company's capital.

Article 164

Supervening Assets

1 - Following liquidation and winding-up of the company, if non-distributed assets are discovered, the receivers shall propose the distribution of these assets among the former partners, converting them into monetary amounts if no agreement is reached for a distribution in kind.

2 – Proceedings to collect credits owed to the company under the previous paragraph may be brought by the receivers who, for the purpose, shall be considered the legal representatives of the partners in general. Any partner may, however, take legal action that is limited to his/her own interests.

3 – The sentence passed on the partners in general shall apply to each one individually and may be executed individually, in the measure of the interests of each one.

4 - The provisions of paragraph 4 of Article 163 shall apply.

5 – In the event of the death of the receivers the provisions of paragraph 5 of Article 163 shall apply.

Article 165

Liquidation in the Event of Invalidity of the Articles of Association

1 – If the articles of association are declared null and void, the partners shall proceed with liquidation according to the previous Articles, with attention to the following specifics:

a) Unless the company has not started its activities, receivers must be appointed;

b) The term for extrajudicial liquidation is two years, commencing on the date the articles of association were declared null and void, and may only be extended by the court;

c) Resolutions adopted by the partners must follow the rules for general partnerships;

d) The distribution of assets shall be carried out in accordance with the rules of the articles of association, except if these rules are, in themselves, not valid;

e) Registration of any activities is contingent on the company itself having been registered.

2 – In the cases described in the previous paragraph, any partner, company creditor or the creditor of any unlimited liability partner may petition for judicial liquidation before the partners initiate liquidation, or the continuance of liquidation if it has not concluded within the legal time limit.

CHAPTER XIV

Publication of Company Documents

Article 166

Company Documents Subject to Registration

Documents pertaining to the company are subject to registration and publication, according to the terms of the applicable law.

Article 167

Required Publications

1 – Required publications must be made at the company's expense on an Internet site accessible to the general public and regulated by a directive issued by the Ministry of Justice, in which the published information may be accessed in chronological order.

2 – (Revoked)

Article 168

Failure to Register or Publish

1 – Third parties may avail themselves of documents that have not been published or registered, unless the law protects these documents against all effects, or specifies the purposes for which third parties may avail themselves of them.

2 – The company may not withhold from third parties instruments subject to publication merely because they have not been published, unless the company can prove that the instrument has been registered and that the third party is aware of this.

3 – For transactions taking place within the first 16 days following publication, the instruments may not be withheld by the company from third parties who can prove that, during this period, they were unable to learn of the publication.

4 – The instruments subject to registration but that need not be published may not be withheld from third parties before registration .

5 – Statements rendering company resolutions null and void may not proceed until it is demonstrated that registration has been requested. Legal action to declare company resolutions null and void may not proceed before there is evidence that a request for registration was submitted. In no case shall a decision be issued before such evidence is submitted.

Article 169
Responsibility for Discrepancies in Published Documents

1 – The company shall be liable for damages to third parties resulting from differences between the contents of the registered and published documents and the actual facts, when the responsibility lies with the managers, directors, receivers or representatives.

2 – The persons responsible for submitting a request for registration and for publishing the deeds and documents must take adequate steps to correct any discrepancies between the actual deed or document and the registered and published versions, in as short a period of time as possible.

3 – If there is any discrepancy between the published and registered deed and documents, the company may not withhold the published text from third parties who may avail themselves of the published deed or document, unless the company can prove that the third party was aware of the text in the registered version.

Article 170
Binding Nature of Documents for the Company

The binding nature of deeds or documents of which the company must be notified by law shall not depend on registration or publication thereof.

Article 171
References to External Documents

1 – Notwithstanding other references that may be required by specific legislation, all contracts, correspondence, publications, advertisements, web sites and, in general all external activities must clearly state the business name, the type of company, the location of its headquarters, the registry office with which the company is registered, its registration number and legal person identification number. If applicable, mention must be made that the company is in receivership.

2 – Private limited companies, public companies and limited partnerships must also indicate the value of their capital, the amount of paid in capital if it is different and the amount of equity capital as per the most recent approved balance sheet, whenever this value is less than or equal to one half of the share capital.

3 – paragraph 1 applies to the subsidiaries of companies with headquarters abroad. These companies, in addition to the paragraphs mentioned above, must also indicate the registry office with which it is registered and the registration number with this registry office.

CHAPTER XV
Supervision by the Public Prosecution Service

Article 172
Requests for Judicial Liquidation

If the articles of association have not been entered into legally or if the corporate purpose is or becomes illegal or contrary to the public order and the partners do not initiate liquidation procedures, or liquidation is not completed within the legal time frame, the Public Prosecution Service must file for judicial liquidation of the company, without the need for declaratory action to that effect.

Article 173
Settling the Company's Situation

1 – Before implementing the measures described in the previous Article, the Public Prosecution Service must notify the company or the partners and give them a reasonable period in which to rectify the company's situation.

2 – The company situation may be rectified until the sentence passed on the legal action brought by the Public Ministry is passed down in *res judicata*.

3 – The provisions of the previous paragraphs shall not apply to companies that have been declared null and void as a result of their corporate purpose being illegal or contrary to the public order.

CHAPTER XVI
Limitations

Article 174
Limitations

1 – The rights of the company against its founders, partners, managers, directors, members of the supervisory board, the general and supervisory council, statutory auditors and receivers, as well as the rights of these with respect to the company shall expire after five years have elapsed since the following took place:

a) The start of arrears regarding the obligation to pay in capital or supplementary capital contributions;

b) The cessation of the wilful or fraudulent misconduct on the part of the founder, manager, director, member of the supervisory board or the general and supervisory council, statutory auditor or receiver or the discovery of such misconduct, if it had been covered-up, and the causing of damage, regardless of whether or not the full extent of the damage was felt, relative to the obligation to indemnify the company;

c) The date on which assignment of the quotas or shares from the company to the assignees takes effect;

d) The maturity of any other obligation;

e) The practice of any act practiced in the name of a company that is irregular by virtue of their not being in accordance with the legal form adopted or not being registered.

2 – Five years after the time referred to in b) the rights of partners and third parties relative to founders, managers, directors, members of the supervisory board, general and supervisory council, receivers, statutory auditors and partners in the cases provided for in Articles 82 and 83 shall expire.

3 – Five years following the registration of extinction of the company, the rights of third party creditor interests against the company, executable against the former partners and those enforceable by these against third parties, as per Articles 163 and 164 shall end, if said rights have not terminated before this by force of other legal rules.

4 – The rights to compensation set forth in Article 114 shall expire five years after the date of final registration of the merger.

5 – If the illegal fact that results in the obligation is a crime for which the law defines a longer statute of limitations, the longer term shall apply.

TITLE II General Partnerships

CHAPTER I Characteristics and Articles of Association

Article 175 Characteristics

1 – In General Partnerships, in addition to being individually responsible for the initial capital contribution, partners are jointly liable for the company's liabilities.

2 – Partners shall not be liable for the obligations assumed by the company on a date subsequent to the date they exited the partnership, but shall be responsible for the obligations assumed on a date that is prior to the date the partner joined.

3 – Partners who, because of the provisions set forth in the previous paragraphs, satisfy any of the company's obligations, shall have the right to appeal against the other partners to the extent that the payment made exceeds the amount the partner would be liable for if the rules regarding the assignment of company losses were to apply.

4 – The provisions of paragraph 3 above shall also apply if a partner has met the company's liabilities with the intent of avoiding foreclosure.

Article 176
Content of the Articles of Association

- 1 – The articles of association for a general partnership must specifically provide:
 - a) A description of the amount and nature of the initial capital contribution to be made by each partner, whether services or assets, as well as the value attributed to each asset;
 - b) The value assigned to the services rendered by the partners by way of a contribution, for the purpose of sharing profit and losses;
 - c) The quota in the capital corresponding to the assets put up by each partner.
- 2 – Securities representing equity interests may not be issued.

Article 177
Business Name

- 1 – The partnership name shall be formed by the name of one or more partners, and when the names of all partners are not included, the words «and company» or their equivalent shall be added.
- 2 – Any person who is not a partner but has his or her name included in the business name shall be subject to the liabilities imposed upon the partners by Article 175.

Article 178
Non-capital Partners

- 1 – The value of the partner's contribution in the form of services shall not be included in the share capital.
- 2 – Non capital partners shall not be liable, in internal relationships, for losses except as otherwise stated in the company's articles of association.
- 3 – When, according to the terms of the final part of the previous paragraph, the non capital partner is liable for the losses and, for this reason puts up capital, the partner shall receive part of the share capital corresponding to that contribution, which shall be proportionately deducted from the remaining share capital.
- 4 – (Revoked)

Article 179
Liability for the Value of Initial Capital Contributions

Initial capital contributions in kind as described in Article 28 may be replaced by express assumption by the partners, as stated in the articles of association, of joint but not several liability for the value assigned to the assets.

Article 180
Prohibition of Competition and Holding Equity Interests in other Companies

1 – No partner may, on its own behalf or in the name of third parties, undertake any activity that competes with the company, nor be an unlimited liability partner in any other company unless expressly authorised to do so by the other partners.

2 – Partners who violate paragraph 1 above shall be liable for any damages caused to the partnership. In lieu of indemnification for said liability, the company may demand that any transactions entered into by the partner on his own behalf be considered as transactions on behalf of the company, and that the partner hand over the profits resulting from these transactions entered into by the partner on behalf of a third party, or assign the rights to said profits.

3 – Competing activity shall be taken to mean any activity that competes with the stated purpose of the partnership, even if the competitor is not at this time exercising this activity.

4 – The exercise of activities in its own name shall include ownership of at least 20% of the capital or profits in a company in which the partner has limited liability.

5 – Consent shall be assumed to have been granted if the activity or equity interest in another company predates the partner's joining the company and if all other partners were aware of the facts.

Article 181
Partners' Right to Information

1 – Upon request, the managers must provide partners with information, relating to the management of the company, that is full, accurate and complete and make any deeds, books and documents available at the company's headquarters. Information shall be provided in writing, if so requested.

2 – Information may be requested in relation to acts which have already been practiced or acts which are expected to be practiced, when these are capable of resulting in liability on the part of the person committing the acts, in accordance with the law.

3 – Consultations of accounts, books or documents must be carried out in person by the partner, who may be assisted by a statutory auditor or other expert, and may also avail of the faculty recognised under Article 576 of the Civil Code.

4 – The partner may inspect company assets under the terms stated in the previous paragraphs.

5 – Any partner who uses information obtained in such a way as to unduly damage the company or other partners shall be held liable, under the general terms, for any damages caused, and shall be subject to expulsion.

6 – If a partner is refused its rights as described in the previous paragraphs, it may ask for a judicial enquiry according to the provisions of Article 450.

Article 182

Equity Assignment between Living Persons

1 – A partner may only assign its shares to another living person with the expressed consent of the other partners.

2 – The assignment of a partner's equity must be recorded in writing.

3 – The provisions of the paragraphs above apply to the real rights conferred by the partner's ownership interest.

4 – For the company, the assignment of the partner's share shall take effect as soon as it is communicated in writing or as soon as the company tacitly or expressly acknowledges the fact.

Article 183

Foreclosure on a Partner's Share

1 – A partner's creditor may not foreclose on his share of the company but merely on the partner's rights to profits and the liquidation quota.

2 – Once the rights referred to in the previous paragraph have been seized, the creditor shall have 15 days following notice to ask that the company be ordered to proceed with the liquidation of the partner's share within a reasonable period not to exceed 180 days.

3 – If the company is able to demonstrate that the debtor partner has sufficient assets to satisfy the debt, foreclosure shall proceed on these other assets.

4 – If the company can prove that the partner's ownership interest cannot be liquidated because of the provisions of Article 188, foreclosure shall proceed on the right to profits and the liquidation quota, but the creditor may demand that the company be dissolved.

5 – The remaining partners shall have right of preference on the sale or adjudication of the rights described in the previous paragraph. If more than one partner wishes to exercise its right of preference, they shall be apportioned according to the value of each partner's ownership interest in the company's equity.

Article 184

Death of a Partner

1 – Upon the death of a partner, unless otherwise provided for in the articles of association, the remaining partners or the company must pay the successor the value of the inherited rights, unless the decision is made to dissolve the company and notify the successor within 90 days following the date on which they learned of the fact.

2 – The surviving partners may also continue the company with the successor of the deceased partner if the successor has given his or her expressed consent, which may not be waived by articles of association.

3 – If there is more than one successor, they may freely split this among them or assign one of the successors to lead.

4 – If any of the successors is incapable of becoming a partner, the remaining partners shall have 90 days following notice of the death to convert the company so that the successor who is incapable may become a limited liability partner.

5 – In the absence of a resolution as described in the previous paragraph the remaining partners must, within the following 90 days, adopt a resolution to either dissolve the company or liquidate the holding of the deceased partner.

6 – If the partners fail to make any of the resolutions provided for in the previous paragraph, the representative of the incapable successor shall petition the courts to exonerate the person they represent or, if this is not legally possible, that the company be administratively dissolved.

7 – It shall be understood that, once the company has been dissolved or the decision made to liquidate the deceased partner's ownership interest, all rights and liabilities inherent to that ownership interest shall be considered dissolved, and succession shall apply only to the rights to the proceeds of liquidation of the ownership interest reported on that date and calculated according to the terms of article 1021 of the Civil Code.

8 – This article shall also apply to the surviving spouse's community property rights to the deceased partner's ownership interest.

Article 185 Resignation of Partners

1 – Every partner has the right to seek permission to resign from the company in the cases described by law or articles of association, or if:

a) The articles of association do not specify the duration of the company or if it supposed to last for the entire lifetime of a partner or for a period longer than 30 years and the partner seeking to resign has been a partner for no less than 10 years;

b) When there is just cause.

2 – It shall be understood that there is just cause for the resignation of a partner whenever, against the partner's expressed vote:

a) The company decides not to remove a manager in situations where there is just cause for this;

b) The company decides not to expel a partner, in situations where there is just cause for this;

c) The partner is removed from the management of the company.

3 – If a partner seeks to resign with just cause, he must do so within no less than 90 days following the date upon which he learned of the fact that gave cause for resignation.

4 – Resignation shall only become effective at the end of the fiscal year in which the notice is given, but never less than three months following notice.

5 – The resigning partner shall have the right to the value of its ownership interest in the company, calculated according to the terms of paragraph 2 of article 105, with reference to the moment when their resignation takes effect.

Article 186 Expulsion of a Partner

1 – The company may expel a partner in the cases described by law and in the articles of association and also:

a) Where the partner shall be responsible for seriously violating its duties to the company, specifically the prohibition to compete described in Article 180, or if the partner has been removed from management based on just cause consisting of wilful misconduct that may harm the company.

b) In the case of interdiction, incapacity, bankruptcy or insolvency;

c) When, being the non-capital partner, it becomes impossible to provide the services it has undertaken to provide to the company.

2 – Exclusion requires a majority of three quarters of the votes of the remaining partners, unless the articles of association require a larger majority, taken no less than 90 days following the date on which one of the managers learned of the fact allowing exclusion.

3 – If the company has only two partners, exclusion of either one based on any of the facts described in items a) and c) of paragraph 1 shall require a court order.

4 – The dismissed partner shall have the right to his share of the equity, calculated as per paragraph 2 of article 105 at the time the partner's exclusion was resolved.

5 – If, because of the provisions of article 188, the partner's equity cannot be sold, the partner shall retain the right to profits and to its liquidation quota until such time as payment is made.

Article 187
Use of the Wound-up Ownership Interest

1 – If the liquidated ownership interest is not accompanied by a corresponding reduction in capital, the par value shall be proportionately added to the remaining ownership interests, according to the proportion existing between them, and the articles of association must be amended to reflect this change.

2 – The company's articles of association may stipulate, or the partners may unanimously resolve, that one or more ownership interests be created with a par value equal to the value of the ownership interest that was written off, but always for immediate assignment to partners or third parties.

Article 188
Liquidating an Ownership Interest

1 – In no case may an ownership interest in a non dissolved company be liquidated if this would result in the company's liquidity being reduced to a level below the value of the share capital.

2 – Liquidation of the ownership interest shall follow the terms of article 1021 of the Civil Code, and the ownership interest shall be evaluated according to the provisions of paragraph 2 of article 105 at the time of the incident leading to liquidation or the moment liquidation takes effect.

Article 188- A
Registering Ownership Interests

The suitably adapted provisions governing the registration of quotas shall apply to registering ownership interests.

CHAPTER II
Partner and Management Resolutions

Article 189
Resolutions by Partners

1 – Unless otherwise required by law or the articles of association, partner resolutions and a call for a general meeting shall be subject to the same provisions as those that apply to private limited companies.

2 – Unless otherwise required by law or the articles of association, partner resolutions shall be adopted by a simple majority of the votes cast.

3 – In addition to other topics covered by law or the articles of association, the following matters shall require a resolution by the partners: the review of the annual report and the financial statements, the application of profits, a resolution on proposing, transacting or deciding against company activities involving partners or

managers, the appointment of commercial managers and the consent described in paragraph 1 of Article 180.

4 – Partners may only be represented at general meetings by their spouse, direct descendents, parents, grandparents or by another partner and need only address a letter addressed to the company to that effect.

5 – The minutes of the general meetings must be signed by all partners or their representatives.

Article 190 Voting Rights

1 – Unless otherwise provided for in the articles of association, each partner shall have one vote and no vote may be suppressed.

2 – Non capital partners shall always, at least, have a number of votes equal to the smallest number conferred upon capital partners.

Article 191 Composition of the Management

1 – Unless otherwise provided for and with the exception of the provisions in paragraph 3, all partners who established the company shall be managers, even if they acquired the quality of partner at a subsequent date.

2 – Persons not belonging to the company may be appointed to the position of manager through a unanimous vote by the partners.

3 – A legal entity that is a partner may not be a manager but, unless prohibited in the company's articles of association, may appoint an individual to exercise this role in its name.

4 – A partner who is appointed manager by a special paragraph in the company's articles of association may only be removed from management if the company files suit against him or if another partner files suit against the manager and the company, where there is just cause.

5 – A partner who holds a management position because of the provisions of paragraph 1 or who was appointed to the position of manager by means of a resolution adopted by the partners may only be removed from office by means of a resolution adopted by the partners, where there is just cause, unless otherwise provided for in the company's articles of association.

6 – Non partner managers may be removed from management by partner resolution regardless of whether there is just cause.

7 – If the company has only two partners, only the courts may decide to remove them from office, where there is just cause, following a suit brought by the other partner against the company.

Article 192

Management Responsibilities

- 1 – The managers are responsible for administering and representing the company.
- 2 – The responsibility of the management for the administration and representation of the company must always be exercised within the boundaries of the stated corporate purpose and, through the articles of association, may be subject to additional limitations or conditions.
- 3 – The company may not appeal against transactions entered into on its behalf by its managers, even if the managers lacked the power to do so, if said transactions were tacitly or expressly agreed to by unanimous resolution of its partners.
- 4 – The transactions to which the previous paragraph refers, if not confirmed, may be impugned by the participating third parties when they are notified of the infraction committed by the manager. Registration or publication of the articles of association shall not constitute notice.
- 5 – The management shall be presumed to receive remuneration. The remuneration payable to each manager, if not excluded in the articles of association, shall be defined by partner resolution.

Article 193

Management Operation

- 1 – Unless otherwise agreed, if there is more than one manager, they shall all have equal and independent powers to manage and represent the company, but any one of the managers may object to the acts of another manager and the majority of the managers shall decide on the merits of the objection.
- 2 – The objection to which the paragraph above refers shall not take effect against third parties unless they have been made aware of it.

CHAPTER III

Amendments to the Articles of Association

Article 194

Amendments to the Articles of Association

- 1 – Amendments to the articles of association and the decision to merge, spin off, transform or dissolve the company shall require the unanimous vote of all shareholders, unless the articles of association stipulates approval by majority vote which, in any case, may not be less than three quarters of the votes of all partners.
- 2 – New partners may only be admitted by a unanimous vote of all partners.

CHAPTER IV
Dissolution and Liquidation of the Company

Article 195
Dissolution and Liquidation

1 – In addition to the situations provided for by law, the company may be dissolved:

a) At the request of the successor of a deceased partner, if his share of the equity may not be liquidated because of the provisions of Article 188.1;

b) At the request of a partner who plans to resign from the company based on Article 185.2, items a) and b), if its share of the equity may not be liquidated because of the provisions of paragraph 1 of Article 188.

2 – For the purposes of complying with the provisions of paragraph 3 of article 153, the receivers must demand from the partners, in addition to the initial debt, sufficient resources to satisfy the company debt in an amount that is proportional to each partner's share of the losses. Should any of the partners be insolvent, their share shall be proportionately distributed to the remaining partners.

Article 196
Return to Business Objection by Creditors

1 – A partner's creditors may object to the return to business of a company in liquidation, so long as this objection is voiced within no more than 30 days following the publication of the decision to return to business.

2 – Objections must be filed by legal notice within the deadline stipulated above. Upon receiving notification the company has 60 days to exclude the partner or decide to continue with liquidation proceedings.

3 – Should the company fail to take any of the measures described in the latter part of paragraph 2 above, the creditor may objection to the courts to require that the debtor's portion be liquidated.

TITLE III
Private Limited Companies

CHAPTER I
Characteristics and Articles of Association

Article 197
Company Characteristics

1 – In a private limited company the capital is split into quotas and partners are jointly liable for putting up all of the capital agreed in the articles of association, as per Article 207.

2 – Partners shall only be obligated to pay the additional capital contributions if the legally binding articles of association or applicable legislation so require.

3 – Unless otherwise provided for in the following Article, only corporate assets may be used to pay creditors.

Article 198

Direct Liability of Partners towards Company Creditors

1 – The articles of association may stipulate that one or more of the partners be answerable not only to the company as described in paragraph 1 of the previous article, but also answerable to the company's creditors, up to a stated value. This liability may be joint with the company as well as several in relation to the company, and shall take effect only upon liquidation.

2 – The liability described in the previous paragraph shall apply only to the liability assumed by the company during the period in which the partner was a member of the company, and shall not be transferred upon the partner's death, notwithstanding any other previous partner liabilities that may be transmitted.

3 – Unless otherwise stated in the company articles of association, a partner who settles the company's debt according to this article shall have the right to appeal these amounts against the company, but not against the other partners.

Article 199

Content of the Articles of Association

The company's articles of association must specifically state:

- a) The amount of each quota in the capital and the name of the bearer;
- b) The value of the initial capital contribution paid in by each partner and the value of deferred initial capital contributions.

Article 200

Business Name

1 – The business name of these companies shall include the name or business name of one, some or all of its partners, or a name indicating the business in question, (for example insurance brokers), or a mixture of the two, with or without abbreviations. The business name must include the word «limitada» or its abbreviation «Lda.».

2 – The business name shall not include or maintain expressions indicating a corporate purpose which is not specifically provided for in the respective paragraph of the articles of association.

3 – In the event of the purpose of the company being altered, whereby it ceases to include the activity specified in the business name, the amendment of the purpose must coincide with the modification of the business name.

Article 201

Capital

The minimum capital for a private limited company is € 5,000. At no time may the capital of a private limited company be reduced to a value lower than this.

CHAPTER II

Rights and Obligations of Partners

SECTION I

Obligation to Invest

Article 202

Initial Capital Contributions

- 1 – Initial capital contributions consisting of services are not permitted.
- 2 – A maximum of fifty percent of the cash contribution can be deferred, but the total sum of the cash payments made immediately and sum of the par value of the quotas corresponding to payments in kind shall not be lower than the statutory minimum share capital.
- 3 – The sum-total of initial capital contributions in cash which are already paid-up must be deposited with a credit institution, in an account opened in the name of the future company, prior to the moment of signing the articles of association.
- 4 – The partners are required to declare in the memorandum of association, at their own liability, that they have made the deposit referred to in the previous paragraph.
- 5 – Withdrawals shall only be made from the account referred to in paragraph 3 as follows:
 - a) Once the articles of association have been definitively registered;
 - b) After the articles of association have been signed, if the partners authorise the managers to withdraw funds for specific purposes;
 - c) Due to liquidation resulting from the non-existence of articles of association or articles of association that are void or not registered.

Article 203

Time-frame for Initial Capital Contributions

- 1 – Initial capital contributions which are not required by law to be made upon signing the articles of association or at the moment of an increase in capital may be deferred until specific dates, or be made contingent upon specific facts. In any event, capital inputs may be demanded five years following the signing of the articles of association or five years after the decision to increase the capital or when one half of the duration of the company is over, whichever comes first.

2 – Unless otherwise agreed, all partners shall pay in their capital contributions simultaneously in equal fractions of the total amount.

3 – Regardless of the deadlines described in the company's articles of association, a partner shall only be considered delinquent after the company has demanded payment, in a period that may vary from 30 to 60 days.

Article 204

Notice to Delinquent Partners and Partner Expulsion

1 – If a partner does not pay the instalment due within the period specified in the judicial summons, the company shall notify the partner by registered mail informing them that, as of the 30th day following the date on which notice is received, the partner shall be subject to expulsion and to the loss of all or part of its quota.

2 – If payment is not made within the deadline stipulated in the paragraph above, and if the company has decided to exclude the partner, the partner must be informed of this by registered mail and informed that its quota and any payments made shall revert to the company, unless the partners, at their own initiative or at the request of the delinquent partner, decide to limit the loss to the quotas corresponding to the unpaid contribution. In this case, a statement must be sent to the partner describing the par value of the portion lost and of the portion retained.

3 – The provisions of paragraph 3 of article 219 shall not apply to these ownership interests, however each one may not be less than (Euro) 50.

4 – If, pursuant to the terms of paragraph 2 of this Article it is decided that the delinquent partner shall lose only a portion of his quota, the provisions of the following Articles shall apply to the sale of this portion, to the liabilities of the partner and to the former bearers of this same quota.

Article 205

Sale of an Expelled Partner's Quota

1 – Unless the partners decide to sell the quotas that reverted to it to third parties, the company may decide to sell these quotas at public auction. In this case, if the final price is less than the value of the debt including payment made for the quota, the sale may only take place with the consent of the partner who was expelled.

2 – The partners may also decide:

a) That the quota that reverts to the company be proportionately sold to the remaining partners. In this case paragraph 3 of Article 204 shall apply;

b) That the quota be sold as a unit or sold after being split in proportion to the remaining quotas to all, some or one of the partners. This decision must comply with paragraph 1 of Article 265 and to any other requirements described in the company's articles of association. Any partner may, however, demand the right to an equity interest that is proportional to his or her quota.

3 – In the situations described in paragraph 2 above, the company must inform the dismissed partner by registered mail of the price at which the other partners plan to purchase the quota. If the total price offered is less than the sum-total of the amount of the debt plus any amounts already paid, the dismissed partner shall have 30 days to lodge an objection, so long as the offered price was less than the real value of the quota calculated according to the terms of Article 1021 of the Civil Code at the time the decision was made.

4 – Under the hypothesis described in the second part of paragraph 3 above, the decision may not take effect before the deadline for the dismissed partner to file an objection to the decision has expired or, in the event of a successful objection, before a court ruling that, at the request of any partner, decides that this objection is without effect.

Article 206

Liabilities of the Partner and Previous Bearers of the Quota

1 – The dismissed partner and prior holders of the quota shall be jointly liable for the difference between the proceeds of the sale and the value of the capital contribution in arrears. Offsetting against company credit is not allowed.

2 – The prior bearer of the quota who has paid the company or a subrogated partner according to the terms of the following Article may claim his right to the assets of the dismissed partner and any of its predecessors reimburse him or her for the amounts paid, minus the amount for which he or she shall be responsible. The obligations described in this paragraph shall be joint.

Article 207

Liabilities of the Other Partners

1 – Once a partner is expelled, or whenever a portion of the partner's quota is declared relinquished in favour of the company, the other partners shall be jointly liable for the capital contribution in arrears, whether or not the quota has already been sold according to the terms of the previous Articles. For internal purposes these partners shall be liable in the proportion of their quotas.

2 – According to the previous Article, in the case of an increase in capital, the former partners are required to pay the outstanding capital contributions with respect to the new quotas, and the new partners are required to pay the capital contributions in arrears in relation to the old quotas. However, if a former partner who pays up his quota may be relieved of this requirement by making his quota available to the company within 30 days following the demand for payment. This right may not be excluded or limited in the articles of association.

3 – Any partner who has made any payments pursuant to this Article may subrogate its rights to the company against the dismissed partner and its predecessors, according to the provisions of Article 206, in order to secure reimbursement of the amounts paid.

4 - If the company fails to make any of the statements mentioned in paragraph 2 of Article 204 and, because a delinquent partner, is unable to secure the amount of the debt, the relevant portion of paragraph 1 of this Article shall apply to the partners.

5 - In order to determine the partners who are liable, the time period for the resolutions outlined in paragraph 1 above shall be respected, as well as the date proposed for the executive action described in paragraph 4.

Article 208

Uses of the Proceeds of the Sale of a Quota

1 - The proceeds resulting from the sale of the quota of an expelled partner, minus the corresponding expenses, shall belong to the company up to the limit of the amount of the debt.

2 - If there is any excess the company shall proportionately reimburse the other partners for payments made. The balance shall be returned to the dismissed partner in an amount not to exceed the amount paid in. Any remaining balance shall belong to the company.

SECTION II

The Obligation to Pay Additional Capital Contributions

Article 209

The Obligation to Pay Additional Capital Contributions

1 - The company's articles of association may require that some or all of the partners pay in additional capital contributions, so long as the basic tenets of this obligation are clear and the partners are aware of whether these contributions are to be subject to a charge or free of charge. Whenever the content of the obligation corresponds to a typical contract, it shall be governed by the regulations that normally apply to this type of contract.

2 - If the capital contributions are not pecuniary in nature, the rights of the company may not be assigned.

3 - If the partners agree that additional contributions shall be onerous, the consideration may be paid regardless of whether or not the company showed a profit for the period.

4 - Unless there is a contractual provision to the contrary, non-compliance with the accessory obligations does not affect the situation of the partner as such.

5 - Accessory obligations shall be extinguished with the dissolution of the company.

SECTION III Supplementary Capital Contributions

Article 210 Obligation to Pay Supplementary Capital Contributions

1 – The partners may decide that they shall be required to pay in supplementary capital contributions, provided that the articles of association permit such a decision.

2 – These contributions shall always ideally be in cash.

3 – The articles of association that enable supplementary capital contributions must define:

a) The overall amount of these supplementary capital contributions;

b) The partners who are obligated to pay these supplementary capital contributions;

c) The criteria used to allocate these supplementary capital contributions among the partners obligated to do so.

4 – The requirement referred to in item a) of the previous paragraph is always essential. If no number is mentioned as per item b) above, all of the partners shall be obligated to pay supplementary capital contributions. If no criteria are defined as per item c) above, each partner shall be liable for an amount proportional to its quota of the capital.

5 – Interest shall not apply to supplementary capital contributions.

Article 211 Enforceability of Obligation

1 – The requirement for supplementary capital contributions shall always depend on a resolution by the partners, setting the amount enforceable and the schedule for payment, which may not be less than 30 days following notification of the partners.

2 – The resolution of paragraph 1 above may not be taken until such time as a demand has been made of all partners that they pay up their quotas of the capital in full.

3 – Supplementary capital contributions may not be demanded after the company has been dissolved, whatever the reason.

Article 212
Legal Requirements Governing the Obligation to Pay Supplementary Capital Contributions

1 – Articles 204 and 205 shall apply to the obligation to pay in supplementary capital contributions.

2 – Objection may not be made for offsetting the company's credit for supplementary capital contributions.

3 – The company may not release the partners from the requirement of paying in supplementary capital contributions, regardless of whether or not the demand is past due.

4 – The right to demand supplementary capital contributions may not be assigned nor shall it subrogate to the company's creditors.

Article 213
Recovery of Supplementary Capital Contributions

1 – Recovery by partners of supplementary capital contributions may only occur if, in doing so, the company's liquidity does not fall below the sum of the capital and of the statutory reserves, and if the partner has already paid-up his quota.

2 - Partner restitution for supplementary capital contributions shall depend on a partner resolution.

3 - Partner restitution for supplementary capital contributions may not be made after the company has been declared bankrupt.

4 - Partner restitution for supplementary capital contributions must be equivalent for all partners who paid these supplementary contributions, notwithstanding paragraph 1 of this Article.

5 – To calculate the amount of the existing liability for supplementary capital contributions the resituated payments shall not be included.

SECTION IV
Right to Information

Article 214
Partners' Right to Information

1 – Managers shall submit truthful, complete and elucidating information on the management of the company to any partner requesting it, and shall also make the respective accounts, books and documents available for consultation at the company's registered offices. Information shall be provided in writing, if so requested.

2 – The right to information may be regulated in the articles of association, provided that the exercise of this right is not impeded or the scope of its application unduly limited; in particular, this right must not be excluded when in order to exercise it, suspicion is invoked of practices which are capable of resulting in liability to the party committing them, under the terms of the law, or when the consultation is aimed at judging the exactitude of financial statements or to empower a partner to at a general meeting which has already been convened.

3 – Information may be requested in relation to acts which have already been practiced or acts which are expected to be practiced, when these are capable of resulting in liability on the part of the person committing the acts, in accordance with the law.

4 – Consultations of accounts, books or documents must be carried out in person by the partner, who may be assisted by a statutory auditor or other expert, and may also avail of the faculty recognised under Article 576 of the Civil Code.

5 – The partner may inspect company assets under the terms stated in the previous paragraphs.

6 – Any partner who uses information obtained in such a way as to unduly damage the company or other partners shall be held liable, under the general terms, for any damages caused, and shall be subject to expulsion.

7 – The provision of information at a general meeting shall be subject to the provision set forth in Article 290.

8 – The right to information conferred in this section shall also apply to the usufructuary whenever they are permitted by law or agreement to exercise voting rights.

Article 215

Impediments to the Exercise of Partners' Rights

1 – Unless otherwise stipulated in the articles of association, being legal under the terms of Article 214.2, information made available for consultation or inspection shall only be refused by the management when there are grounds to suspect that the partner is using such information for purposes other than the purpose of the company and to the detriment of the company, and, also, when the provision of such information leads to a violation of the confidentiality imposed by law in the interest of third parties.

2 – In the event of information being refused or information being provided which is presumed to be false, incomplete or not elucidating, the partner in question may table a motion among the partners that the information be provided or rectified.

Article 216
Judicial Inquiry

1 – A partner who has been refused information or received information which is presumed to be false, incomplete or not elucidative may request that the company be investigated by the courts.

2 – The inquiry shall be regulated by the provisions of paragraph 2 et seq of Article 292.

SECTION V
Right to Share in Profits

Article 217
Right to Share in the Profits of the Financial Year

1 - Unless otherwise provided in a clause in the articles of association, or a resolution adopted by a majority of three-quarters of the votes corresponding to the company's capital, at a general meeting called for this purpose, one-half of the profit of the financial year which is distributable under this law must be distributed among the partners.

2 – The part of the profits corresponding to each partner shall mature once 30 days have elapsed since the resolution to distribute profits, unless the partner agrees to its deferral. However, in exceptional circumstances, partners may request an extension of the said period for more than 60 days.

3 - If, under the company's articles of association, the management or supervisors have the right to share in the profits, this may only be paid after all allocations of profits have been paid to the partners.

Article 218
Statutory Reserves

1 – The constitution of statutory reserves is mandatory.

2 – The provisions set forth in Articles 295 and 296 shall apply, except with regard to the minimum limit of the statutory reserve, which shall never be lower than 2,500 Euro.

CHAPTER III

Quotas

SECTION I

Unit, Value of Quotas and Splits

Article 219

Unit and Value of Quotas

- 1 – With the establishment of the company, each partner shall have the right to one quota, which shall correspond to their initial capital contribution.
- 2 – In the event of a stock split or a company's capital being increased, each partner shall only be entitled to one new quota. In the latter case, however, partners may be allotted as many quotas as they already possessed.
- 3 – The par value of quotas may be different, however none may be less than 100 Euro, except when permitted by law.
- 4 – A partner's initial quota shall be separate from any previously acquired quota. The holder may, however, unite them, provided that they are fully paid-up and that they are not subject to different rights and obligations, under the terms of the articles of association.
- 5 – The said unification must be carried out in writing, registered and brought to the company's attention.
- 6 – The rights and obligations inherent to each quota shall be determined according to the ratio of the par value of the share to the company's capital, except where these are to be otherwise determined, in accordance with the law or the articles of association.
- 7 – Securities representing quotas must not be issued.

Article 220

Acquisition of Own Quotas

- 1 – A company is not permitted to acquire its own shares if these are not fully paid-up, except in the case of their being relinquished to the company by the holder, as provided for in Article 204.
- 2 – Own shares shall only be acquired by the company free of charge, or in proceedings brought by the board against the partner, or if, to this end, the company has free reserves to a value of no less than twice the counter value to be paid.
- 3 – Infractions of the provisions of this article shall give rise to the nullity of acquisitions of own quotas.

4 – The provisions of Article 324 shall apply to own quotas.

Article 221 Stock Split

1 – Quotas may only be split by means of partial amortisation, partial assignment or the assignment of lots, split or division between co-holders. Each of the quotas arising from the division must have a par value in accordance with the provisions of Article 219.3.

2 – Documents giving rise to quotas split shall be set down in writing.

3 – The articles of association may prohibit stock splits, provided that the said prohibition does not cause an impediment to the splitting or division of quotas between co-holders for a period of more than five years.

4 – In the case of splits by means of the assignment of lots or partial transfer, unless otherwise stated in the articles of association, the stock split shall not be effective against the company if it does not give its consent. In the case of the transfer of part of a quota, consent shall refer simultaneously to the transfer and the split.

5 – The provisions set forth in the final part of Article 228.2 shall apply to stock splits.

6 – Consent for stock splits must be granted by means of a resolution adopted by the partners.

7 – Should the articles of association be altered so as to exclude splits or make them difficult, the amendment shall only take effect with the consent of all partners affected by it.

8 – A quota may also be divided by means of a resolution adopted by the company, under the terms of Article 204.2.

SECTION II Co-holdership of Quotas

Article 222 Rights and Obligations Inherent to Indivisible Quotas

1 – The co-holders of a quota must exercise the rights inherent to the quota by means of a common representative.

2 – Any communications and statements by the company that may be of interest to co-holders shall be addressed to the common representative and, in the representative's absence, to one of the co-holders.

3 – Co-holders shall be jointly liable for the legal or contractual obligations inherent to the quota.

4 – In the event of the common representative being impeded or where one can be appointed by a court, under the terms of Article 223.3, but has yet to be appointed, when more than one holder seeks to exercise their voting right and no agreement is reached between them as regards how to vote, the opinion of the majority of co-holders present shall prevail, provided that they represent at least half of the total value of the quota and that in the case in question the consent of all co-holders is not needed, pursuant to the terms of Article 224.1.

Article 223

Common Representative

1 – The common representative, when not appointed by law or by the provisions of a shall, shall be appointed and may be dismissed by the co-holders. The respective resolution shall be adopted by majority voting, under the terms of Article 1407.1 of the Civil Code, except where another rule is agreed and the company is informed thereof.

2 – The co-holders shall have the right to appoint one of their number or the spouse of one of them as a common representative. This appointment shall only involve a third party if the articles of association expressly authorise it or permit the partners to be represented by a third party in company resolutions.

3 – In the event of it not being possible, in accordance with the provisions of the previous paragraphs, to appoint a common representative, it shall be legal for any co-holders to request the appointment by the district court having jurisdiction over the headquarters of the company. Any co-holder may request of the same court that a common representative not legally appointed be dismissed, if there is just cause.

4 – Appointments and dismissals shall be brought to the company's attention in writing, however the company may waive the need for such communication, albeit tacitly.

5 – The common representative may exercise, before the company, all powers conferred by the indivisible share, except for the provision set forth in the following paragraph. Any reduction of these powers shall only be claimed if it is notified thereof in writing.

6 – It is illegal for the common representative to practice acts which lead to the writing off, disposal or encumbrance of the quotas, an increase in obligations and the relinquishment or reduction of partners' rights, except in cases where such powers are conferred by the law, a shall, all co-holders or the courts. The company must be notified in writing of the conferral of such powers by the co-holders.

Article 224

Decisions by Co-holders

1 – Decisions by co-holders as to the exercise of their rights may be adopted by a majority vote, under the terms of Article 1407.1 of the Civil Code, except where such exercise is aimed at the writing off, disposal or encumbrance of a quota, an increase

in obligations or a reduction of partners' rights; in which cases the consent of all co-holders shall be required.

2 – The resolution provided for in the first part of the previous paragraph shall not have legal effect in relation to the company, and shall merely bind the co-holders among themselves and the common representative towards the co-holders.

SECTION III

Assignment of Quota

Article 225

Assignment due to Death

1 – The articles of association may establish that, in the event of the death of a partner, their quota shall not be assigned to their successors, or certain requirements may be applied to such assignments, which shall, however, always be in accordance with the provisions of the following paragraphs.

2 – Whenever, by virtue of the terms of the articles of association, quotas is not assigned to the successors of the deceased partner, the company must write it off, acquire it or ensure that it is acquired by a partner or a third party. If none of these measures come into effect within 90 days of the day on which the death of the partner is communicated to a member of the company's management, the quotas shall be considered assigned.

3 – In cases where it is decided that the quotas be acquired by a partner or a third party, the respective agreement shall be sanctioned by the company's representative and by the party acquiring the quotas.

4 – Unless the articles of association stipulate otherwise, the calculation and payment of the consideration to be paid by the acquirer shall be subject to the corresponding legal or contractual provisions relating to the amortisation of quotas, however the effects of the disposal of quotas shall be suspended until such time as the said consideration is paid.

5 – In the event of failure to pay the consideration in a timely fashion, the interested parties may chose between settlement of the debt and cancellation of the disposal, in which case it shall be considered that the quotas has been assigned to the successors of the deceased partner who holds the right to the said consideration.

Article 226

Assignment depending on the Will of the Successors

1 – Whenever the articles of association confer upon the successors of the deceased partner the right to request the amortisation of a quota or in any way make the assignment of the quotas depend upon the will of the successors, and these successors opt not to accept the assignment, such fact must be declared in writing to the company within 90 days of the death becoming known.

2 – On receipt of the declaration provided for in the previous paragraph, the company must amortise the quota, acquire it or ensure its acquisition by a partner or a third party, within 30 days, on pain of the successor to the deceased partner being entitled to request the dissolution of the company by administrative means.

3 – The provision set forth in paragraph 4 shall apply, as shall paragraphs 6 and 7 of Article 240.

Article 227

Pending Amortisation or Acquisition

1 – The amortisation or acquisition of the quota of a deceased partner carried out in accordance with the provisions of the previous articles shall take retroactive effect on the date of their death.

2 – The rights and obligations inherent to the quota shall remain suspended until such time as it is amortised or acquired, under the terms set forth in the previous articles or until such time as the deadlines established therein shall elapse.

3 – During the suspension period, the successors may, however, exercise all rights necessary to the protection of their legal position, in particular the right to vote in resolutions on the amendment of the articles of association or the dissolution of the company.

Article 228

Assignment among Living Persons and Transfer of Quotas

1 – The assignment of quotas among living persons must be set down in writing.

2 – The transfer of quotas shall not take effect against the company until such time as it gives its consent, except for transfers between spouses, ascendants, descendants or partners.

3 – The transfer of quotas between living persons shall take effect against the company once it is informed in writing or it gives its express or tacit recognition thereof.

Article 229

Contractual Clauses

1 – Clauses which prohibit the transfer of quotas are valid, however the partners shall, in this case, have the right to a waiver of such clauses once 10 years have elapsed since they joined the company.

2 – The articles of association may waive the need for consent by the company, either in general terms or for certain situations.

3 – The articles of association may require the consent of the company for all or some of the transfers referred to in Article 228.2, final part.

4 – The legal effect of a decision to amend the articles of association, prohibiting transfers of quotas or creating barriers thereto, shall depend on the consent of all partners affected by such an amendment.

5 – The articles of association must not make the legal effects of a transfer subordinate to any different requirement for consent on the part of the company, but may establish that such consent be dependant upon specific requirements, provided that the transfer does not depend:

a) On the individual shall of one or more partners or a third party, except in the case of the creditor and for compliance with the clause in the articles of association which ensures the permanent status of certain partners;

b) On any contributions to be made by the transferor or the transferee, from which the company or partners stand to profit;

c) On the assumption by the assigner of obligations not set forth for all partners.

6 – The articles of association may threaten penalties in cases where the transfer is carried out without the prior consent of the company.

Article 230

Request for and Granting of Consent

1 – The consent of the company shall be requested in writing, and the request shall state the transferee and all conditions of the transfer.

2 – Express consent shall be given by means of a resolution adopted by the partners.

3 – Consent must not be subject to conditions, regardless of who may make such conditions.

4 – Should the company fail to reach a decision in relation to the request for consent within 60 days of receipt of the request, the effectiveness of the transfer shall cease to rely on such consent.

5 – Consent granted for a transfer subsequent to one which is not ratified shall result in the ratification of the subsequent transfer, insofar as this is necessary to ensure the legitimacy of the transferor.

6 – The consent of the company shall be deemed to have been given whenever the transferee participates in resolutions by the partners, during which none of the partners withheld their consent on these grounds. Tacit consent shall be considered granted, for the purpose of registering the transfer, upon issuance of the minutes of the resolutions.

Article 231
Refusal of Consent

1 – Should the company refuse its consent, the respective notice addressed to the partner shall include a proposal for the amortisation or acquisition of the quota. Should the transferor fail to accept the proposal within 15 days, it shall cease to have effect, in which case the consent shall continue to be withheld.

2 – The transfer for which consent was requested shall become free:

- a) If the proposal referred to in the previous paragraph is omitted;
- b) If the proposal and acceptance fail to adhere to the requirement that they be set forth in writing and the transaction is not committed to writing within 60 days of its acceptance, for reasons for which the company is answerable;
- c) Should the proposal fail to include all quotas, consent for transfer of which was requested simultaneously by the partner;
- d) If the proposal should fail to offer a cash consideration equal to the value resulting from the transaction carried out by the transferor, except in cases where the transfer was free or the company has proof of collusion in relation to the value, in which case it shall propose the real value of the quotas, calculating it under the terms of Article 1021 of the Civil Code, with reference to the time of the decision;
- e) If the proposal permits the deferral of the payment and, in so doing, fails to provide sufficient guarantees.

3 – The provisions set forth in the previous paragraphs shall only apply if the quotas has been owned by the transferor for more than three years, or by their spouse or a deceased person for whom they became the successor.

4 – Should the company decide to acquire the quota, the right to acquire it shall be conferred upon those partners who declare that they wish to acquire it as at the date of the decision, in proportion to the shares held by the partners at the time. Should the partners fail to exercise this right, the quotas shall be owned by the company.

SECTION IV
Amortisation of Quotas

Article 232
Amortisation of Quotas

1 – The amortisation of quotas, when permitted by law or by the articles of association, may be carried out under the terms set forth in this section.

2 – Amortisation shall have the effect of the quota being written off, notwithstanding any rights already acquired and obligations met.

3 – Except in cases of reduction of capital, the company shall not amortise quotas which are not fully paid-up.

4 – Should the articles of association confer upon the partner the right to amortisation of the quotas, the provisions relating to dismissals of partners shall apply.

5 – In cases where the company has the right to amortise quotas, it may opt rather to acquire it or ensure its acquisition by a partner or a third party.

6 – In the event of the company opting for the acquisition of the quota, the provisions set forth in paragraphs 3 and 4 and the first part of paragraph 5 of Article 225 shall apply.

Article 233

Assumptions relating to Amortisations

1 – Notwithstanding any legal provisions to the contrary, the company shall only be permitted to amortise a quota without the consent of the respective holder in cases where facts arise which are considered by the articles of association to constitute grounds for compulsory amortisation.

2 – The amortisation of quotas shall only be permitted if the fact of permitting it had already been stated in the articles of association at the time of acquisition of the quota in question by the current owner or by the person who succeeded that person on their death, or if the decision to introduce such fact in the articles of association was unanimously adopted by the partners.

3 – The partner may grant their consent for amortisation, or consent may be granted in the resolution itself or by means of a document previous or subsequent to the resolution.

4 – If the amortised quotas shall be subject to usufruct rights or lien, consent must also be granted by the holder of such rights.

5 – Only with the consent of the partner shall quotas be partially amortised, except where the law provides otherwise.

Article 234

Means and Time Frame of Amortisation

1 – Amortisation shall be determined by means of a resolution adopted by the partners, based on the verification of the respective assumptions set forth by law or in the articles of association, and shall take effect by means of a notice addressed to the partner affected thereby.

2 – The said resolution must be adopted within 90 days of the date on which the fact which permits the amortisation comes to the attention of any of the company's managers.

Article 235

Consideration for Amortisation

1 – Unless where otherwise stipulated in the articles of association or an agreement between the parties, the following provisions shall apply:

a) The amortisation consideration is the liquidation value of the quota, calculated under the terms of Article 105.2, with reference to the date of the resolution.

b) Payment of the consideration shall be divided into two instalments, which shall fall due after six months and one year, respectively, from the date on which the final value of the consideration is determined.

2 – Should the amortisation relate to quotas which are registered, distained, subject to lien or included in a bankrupt or insolvent estate, the calculation and payment of the consideration shall observe the terms provided in items a) and b) of the previous paragraph, except when the stipulations of the articles of association are less favourable to the company.

3 – In the event of the consideration not being paid in a timely fashion, apart from the hypothesis stated in paragraph 1 of Article 236, the interested party may choose between calling in the debt and the applying the rule established in the first part of paragraph 4 of the said article.

Article 236

Capital Exceptions

1 – A company is only permitted to amortise quotas when, on the date of such a resolution, its net situation, after satisfaction of the amortisation consideration, does not fall short of the sum total of the capital and statutory reserves, unless a reduction in capital is agreed simultaneously.

2 – The decision to amortise quotas must make express reference to the satisfaction of the requisite established in the previous paragraph.

3 – If, on the date of maturity of the obligation to pay the amortisation consideration, and following such a payment, the net situation of the company should fall below the sum-total of the capital plus the statutory reserves, the amortisation shall cease to take effect and the interested party shall be required to reimburse the company to the value of any sums it may have received in the meantime.

4 – In the case provided for in the previous paragraph, the interested party may, however, opt for the partial amortisation of the quotas, in the proportion which they have already received, notwithstanding any minimum legal value of the quotas. The party in question may also opt to await payment until such time as the conditions of the previous paragraph are met, in which case the amortisation shall proceed.

5 – The company must be informed of the acceptance of the option stated in the previous paragraph, in a declaration to be submitted to it in writing within 30 days of the date on which the partner in question is informed of the impossibility of making the payment for the stated reason.

Article 237

Internal and External Effects on Capital

1 – Should the amortisation of a share not be accompanied by the corresponding reduction in capital, the quotas of the other partners shall be increased in proportion.

2 – The partners must establish the new par value of the quotas in a resolution.

3 – The articles of association may, however, stipulate that the quotas appear in the balance sheet as an amortised quota and may also permit the creation of one or several quotas, to be disposed, prior to amortisation, to one or more of the partners or third parties, instead of amortising the quota. Such a decision must be determined in a resolution adopted by the partners.

Article 238

Co-holdership and Amortisation

1 – In the event that, in relation to one of the co-holders of a quota, a fact arises which is grounds for amortisation by the company, the partners may decide to split the quota, in accordance with the deed which gave rise to the co-holdership, provided that the par value of the quotas in question, following their division, is not less than 50 Euro.

2 – Once the quotas have been split, the amortisation shall occur on the share of the co-holder in relation to whom the grounds for amortisation arose. Should such a split fail to take place, the entire share cannot be amortised.

SECTION V

Enforcement of Quotas

Article 239

Enforcement of Quotas

1 – When a quota is pledged, this shall include all equity claims inherent to it, with the exception of the right to share in profits distributed by means of a resolution adopted by the partners on the date of the pledge, notwithstanding the pledge of this credit. The right to vote shall continue to be exercised by the owner of the quota which is pledged.

2 – The transfer of quotas in executive proceedings or in the event of the liquidation of equity, must not be prohibited or curtailed by the articles of association, nor shall it depend on the consent of the articles of association. However, the articles of association may confer upon the company the right to amortise a quota in case of it being pledged.

3 – The company or partner who satisfies the judgement creditor shall be subrogated to the debt, under the terms of Article 593 of the Civil Code.

4 – The judicial decision which leads to the sale of quotas in executive, bankruptcy or insolvency proceedings relating to the partner must be officially communicated to the company.

5 – In the event of sale or judicial adjudication, the partners shall have first preference, followed by the company or a person appointed by the company.

SECTION VI

Resignation and Dismissal of Partners

Article 240

Resignation of Partners

1 – A partner shall have the right to resign from the company in the cases provided for by law and in the articles of association and also whenever, contrary to the partner's express vote:

a) The company resolves to increase the capital to be subscribed fully or in part by third parties, to change the corporate purpose of the company, to extend the duration of the company, to transfer the headquarters abroad or to return to activity, in the case of a liquidated company;

b) If, when there is just cause to expel a partner, the company does not do so, or does not take any steps towards their exclusion by means of a court order.

2 – Resignation may take only place if the partner's quotas are fully paid-up.

3 – Partners wishing to avail of the faculty conferred by paragraph 1 must submit a written declaration to the company of their intention to resign within 90 days of gaining knowledge of the fact that confers such a faculty upon them.

4 – On receipt of the declaration from the partner, as provided for in the previous paragraph, the company must amortise the quotas, acquire it or ensure its acquisition by a partner or a third party, within 30 days, on pain of the partner being entitled to request the dissolution of the company by administrative means.

5 – The consideration to be paid to the partner shall be calculated under the terms of Article 105.2, with reference to the date on which the partner declares to the company that he/she intends to resign. The payment of the consideration shall be subject to the provisions of Article 235.1.b).

6 – In the event that the consideration cannot be paid, by virtue of the provision set forth in paragraph 1 of Article 236, and the partner not opting to wait for such a payment, the partner shall have the right to request the dissolution of the company by administrative means.

7 – The partner may also request the dissolution of the company by administrative means in the event of the consideration for the quota not being paid on time by the acquirer, notwithstanding the company substituting the said party, under the terms of paragraph 1 of Article 236.

8 – The articles of association cannot set a value lower than that arising from paragraph 5, either directly or through the establishment of any criteria, for the cases of resignation provided for by law, nor can it permit the resignation of a partner through their own arbitrary shall.

Article 241

Dismissal of a Partner

1 – A partner may be dismissed from the company in the cases and under the terms provided by this law, and in the cases regarding their person or their behaviour, as established in the articles of association.

2 – Whenever a dismissal is required by the articles of association, the rules relating to the amortisation of quotas shall apply.

3 – The articles of association may, in the case of dismissal, fix a value or a criterion for the calculation of the value of the quotas, different to that which is established for cases of amortisation of quotas.

Article 242

Judicial Dismissal of a Partner

1 – A partner may be dismissed by means of a judicial ruling by virtue of behaviour which is disloyal or seriously detrimental to the functioning of the company, having caused or having the potential to cause it material damage.

2 – The proposed dismissal must be decided by the partners, who may appoint special representatives for the purpose.

3 – Within the 30 days subsequent to the passing down in res judicata of the sentence of dismissal, the company shall amortise the partner's share, acquire it or have it acquired, on pain of the exclusion failing to take effect.

4 – In cases where the articles of association do not include a paragraph to the contrary, the partner dismissed by means of a sentence shall have the right to receive the value of their quota, calculated with reference to the date on which the dismissal proceedings were brought and paid under the terms set forth for the amortisation of quotas.

5 – In the event of the company opting for the acquisition of a quota, the provisions set forth in paragraphs 3 and 4 and the first part of paragraph 5 of Article 225 shall apply.

SECTION VII
Registration of Quotas

Article 242- A
Effectiveness of Events relating to Quotas

Material events relating to quotas shall not legally bind the company whenever a request for registration, when required, is not made.

Article 242 - B
Pursuit of Registration

1 – The company shall pursue the registration of facts which were in any way material, or by means of a request from the person who has the legitimate right to make such a request, under the terms of the following paragraph.

2 – The following parties shall have the legitimate right to request the processing of the company's registration:

a) The assignee, the assigner and the resigning partner;

b) The usufructuary and the secured creditor.

3 – The request for processing the company's registration should include the documents which support the registration and the fees, charges and any other amounts due.

Article 242 - C
Priority in Registration Application

1 – Registration applications must respect the order of the respective requests.

2 – In cases where the registration of various events relating to the same quota is requested on the same date, the registrations must be requested in order of how old the events are.

3 – In the event of the fact referred to in the previous paragraph having been certified on the same date, registration must be processed in the order of their respective subordination.

Article 242 - D
Succession of Registrations

So as to ensure that the company is able to process the registration of deeds modifying the ownership of quotas and rights conferred by them, the registered owner must have intervened in the process.

Article 242-E

Duties of the Company

1 – The company must not apply for registration in cases where the request is not viable, by virtue of the applicable legal provisions, the documents presented and previous registrations. In particular, the legitimacy of the interested parties, the formal regularity of the constitutional documents and the validity of the deeds contained therein must be verified.

2 – The company must not seek registration of a deed which is subject to charges of a fiscal nature, without proof that these have been paid, however, the correction of settlement of fiscal charges by the tax authorities shall not be subject to verification by the company.

3 – The documents which certify the facts relating to quotas or to their owners must be filed at the headquarters of the company until closure of their settlement, after which time the provisions regarding the company's book-keeping documents must be observed.

4 – The company must grant access to the documents referred to in the previous paragraph to any person expressing a credible interest in consulting them, within five days of the request, and must also issue a copy of the said documents, at the request of interested parties, for which service a charge may be levied, which charge must not be disproportionate to the costs of issuing the copy.

Article 242-F

Civil Liability

1 – Companies shall be liable for any damage caused to the holders of rights to quotas or to third parties, as a result of omissions, irregularities, error, insufficiency or delays in registration applications, except in cases where there is proof of guilt on the part of the injured parties.

2 – Companies shall be jointly and severally liable for complying with the fiscal obligations whenever said companies process a registration in breach of paragraph 2 of the preceding Article.⁽²⁾

CHAPTER IV

Shareholder Loan Agreement

Article 243

Shareholder Loan Agreement

1 – A contract whereby a partner lends money to the company, or another fungible thing, shall be considered as a shareholder loan agreement, in which case the company shall be obliged to repay any other loans of the same quality and type, or agreements whereby the partner agrees to grant the company a deferral of maturity of its loans, provided that, in all cases, the loan continues to be of a permanent nature.

2 – The stipulation of a reimbursement period of more than one year shall serve as an indication of the permanent nature, regardless of whether the said stipulation is contemporary to the establishment of the loan or subsequent to it. In the event of maturity of a loan being deferred, the period of the deferment shall be calculated based on the time elapsing between the establishment of the loan and the deferment transaction.

3 – The permanent nature shall also be indicated by the non-use of the faculty of requesting the reimbursement payable by the company for a period of one year from the date on which the loan is established, whether or not a deadline has been stipulated, or a lesser period established. In the case of profits which are distributable but not collected, the period of one year shall start on the date of the resolution approving the distribution.

4 – The company's creditors may prove the permanent nature of a loan, even if the reimbursement was carried out prior to the expiry of the period of one year referred to in the previous paragraphs. Interested partners may refute the assumption of permanence established in the previous paragraphs, demonstrating that the deferral of loans corresponds to circumstances relating to transactions carried out with the company, regardless of the partner status.

5 – Third party loans against the company that are acquired by the partner by means of a transaction between living persons shall be subject to the legal requirements governing replacement loans, provided that at the time of the acquisition one of the circumstances referred to in paragraphs 2 and 3 exists.

6 – The validity of the replacement articles of association or a transaction on the advancement of funds by the partner to the company or an agreement to defer loans from partners shall not depend on any special legal form.

Article 244

Obligation and Permission for Shareholder Loans

1 – The provision of Article 209, in relation to accessory obligations, shall apply to the obligation to carry out the shareholder loans stipulated in the articles of association.

2 – The said obligation may also be established by means of a resolution adopted by the partners, in which those assuming the obligation vote.

3 – The signing of shareholder loan agreements shall not depend on previous resolutions between the partners, unless the articles of association state otherwise.

Article 245

Legal Requirements governing Shareholder Loan Agreements

1 – Whenever no period is established for repayment of shareholder loan agreements, the provision of paragraph 2 of Article 777 of the Civil Code shall apply. When establishing the deadline, the courts shall, however, take into account the

consequences for the company if it were to fail to repay such a loan, and may, in particular, rule that the payment be split into a certain number of instalments.

2 – Creditors of shareholder loan agreements are not permitted to demand the bankruptcy of the company by virtue of those loans. However, the settlement made during bankruptcy proceedings shall take effect in favour of ownership interest creditors and against them.

3 – Once the bankruptcy or dissolution of the company is decreed, for any reason:

a) Shareholder loans shall only be repaid to their creditors after the debts of the creditor with third parties have been entirely satisfied;

b) Compensation for loans of the company with shareholder loans are not admissible.

4 – The priority of reimbursement of third party loans, as established in item a) of the previous paragraph, may be stipulated in any settlement with creditors occurring during bankruptcy proceedings involving the company.

5 – The repayment of shareholder loans carried out in the year preceding that of the declaration of bankruptcy shall be cancellable under the terms of Articles 1200, 1203 and 1204 of the Code of Civil Procedure.

6 – Any real guarantees provided by the company in relation to obligations to repay shareholder loans shall be null and void and other obligations shall cease to exist when the former are subject to the legal provisions governing shareholder loans.

CHAPTER V

Resolutions by Partners

Article 246

Powers of Partners

1 – The following acts shall require resolutions by the partners, apart from others which are indicated by law or by the articles of association:

a) Calling in and recovering supplementary contributions;

b) The amortisation of quotas, the acquisition, disposal and encumbrance of own quotas and consent for the division or transfer of quotas;

c) The dismissal of partners;

d) The dismissal of managers and members of the supervisory committee;

e) The approval of the annual report and accounts for the financial year, the distribution of profits and apportionment of losses;

f) Waivers of the liability of managers or members of the supervisory committee;

g) Proposals of legal action by the company against the management, partners or members of the supervisory committee and also dismissals and the transaction of such proceedings;

h) Amendments to the articles of association;

i) Merger, division, conversion and dissolution of the company and the return to activity of the dissolved company.

2 – Should the articles of association not provide otherwise, the partners shall also be responsible for deciding the following:

a) The appointment of members of the management;

b) The appointment of members of the supervisory body;

c) The disposal or encumbrance of real estate, the disposal, encumbrance and leasing of premises;

d) The subscription or acquisition of equity interests in other companies and their disposal or encumbrance.

Article 247

Types of Resolution

1 – Apart from resolutions adopted under the terms of Article 54, the partners may also adopt resolutions by means of a written vote and may adopt resolutions at the general meeting.

2 – In the absence of any provision set forth by law or a clause in the articles of association prohibiting it, it is legal for the partners to agree, under the terms of the following paragraphs, that the resolution should be adopted by means of a written vote.

3 – Consultations addressed to the partners by the company's management for the purpose provided for in the final part of the previous paragraph must be by registered letter, in which the purpose of the resolution to be adopted shall be stated, and the addressee shall be warned that the lack of a response within 15 days of dispatch of the letter shall be taken as an indication of their consent to waive the need for a meeting.

4 – Where it is possible, in accordance with the previous paragraph, to proceed with a written vote, the manager shall submit to the attention of all partners the concrete proposal to be discussed, accompanied by the information required as clarification thereof, and shall establish a deadline of no less than 10 days for the vote.

5 – The written vote must identify the proposal and contain an approval or rejection thereof. Any modification of the proposal or one which affects the vote shall lead to the rejection of the proposal.

6 – The manager shall draw up the minutes, which shall state the verification of the circumstance which permits the resolution to go to a written vote, shall transcribe the proposal and the vote of each partner, shall declare the resolution adopted and submit a copy of the deed to all partners.

7 – The resolution shall be considered adopted on the day on which the last response is received or at the end of the established deadline, in the event of a partner failing to respond.

8 – A resolution shall not be adopted by means of a written vote when any partner is prevented from voting, in general or in a specific case.

Article 248

General Meetings

1 – General meetings of private limited companies shall be subject to the provisions regarding the general meetings of public companies, for all matters which are not specifically regulated in relation to private limited companies.

2 – The rights conferred in public companies upon a minority of shareholders with regard to the convening of the general meeting and the inclusion of matters in the order of business may at all times be exercised by any partner in a private limited company.

3 – The act of convening the general meeting is the responsibility of any of the members of the management and must be achieved by means of a registered letter, sent at least 15 days in advance, unless the law or the articles of association stipulate other formalities or establish a longer period.

4 – Except where otherwise provided in the articles of association, the chairing of each general meeting shall be the responsibility of the partner attending the meeting who possesses or represents the largest fraction of the capital, and, in cases where two partners share equal circumstances, the older partner shall have preference.

5 – No partner shall be prevented, not even by means of a provision in the articles of association, from participating in a meeting, even if the partner in question is prevented from exercising their voting rights.

6 – The minutes of general meetings must be signed by all partners participating therein.

Article 249

Representation in Resolutions by Partners

1 – Voluntary representation is not permitted in resolutions by means of a written vote.

2 – Instruments of voluntary representation which do not state the means of resolution included shall only be valid for resolutions to be adopted at regularly convened general meetings.

3 – Voluntary representation instruments not stating the duration of the powers deferred shall only be valid for the calendar year in course.

4 – For the purpose of representation at a given general meeting, whether it is meeting at a first or second date, a letter addressed to the respective chairman shall suffice.

5 – The voluntary representation of the partner must only be conferred upon their spouse, an ascendant or descendant or another partner, unless the articles of association make express provision for other representatives.

Article 250

Votes

1 – Each cent of the par value of a quota shall count as one vote.

2 – However, the articles of association may confer, as a special right, two votes for each cent of the par value of the quota or quotas held by partners which, in total, do not correspond to more than 20% of the capital.

3 – Unless otherwise provided by law or in the articles of association, resolutions shall be considered adopted when they achieve a majority of the votes cast, not taking into account any abstentions.

Article 251

Impediments to Voting

1 – A partner must not vote, either by itself or through a representative, nor in representation of a third party, whenever there is a conflict of interests with the company, in relation to the matter to be decided. The said situation of a conflict of interests shall be understood to arise whenever the matter to be decided is in relation to:

a) Release from an obligation or liability of the partner, either in their capacity as a partner or as a manager or member of the supervisory body;

b) Litigation on the intent of the company against the partner or of the partner against the company, in any of the capacities referred to in the previous item, either before or after having recourse to the courts;

c) Loss by the partner of part of their quota, under the hypothesis provided for in Article 204.2;

d) Dismissal of the partner;

e) The consent provided for in Article 254.1;

f) Dismissal of the management or of a member of the supervisory body, with just cause;

g) Any relations, established or to be established, between the company and the partner, other than those provided for in the articles of association.

2 – The provisions set forth in the previous paragraph cannot be omitted from the articles of association.

CHAPTER VI Management and Supervision

Article 252 Composition of Management

1 – Companies shall be managed and represented by one or more managers, who may be chosen from among persons who are not part of the company and must be individuals with full legal capacity.

2 – Managers shall be appointed in the articles of association or subsequently elected by means of a resolution adopted by the partners, where the articles of association do not provide for another form of appointment.

3 – The managerial functions assigned in the articles of association to all partners shall not be deemed to be conferred upon those who only acquire that capacity subsequently.

4 – Management shall not be transferable by any deed between living persons or by virtue of death, whether the assignment is in isolation or together with a share.

5 – Managers are not permitted to be represented in the exercise of their duties, notwithstanding the provision of paragraph 2 of Article 261.

6 – The provisions set forth in the previous paragraphs do not exclude the faculty whereby the management may appoint professional representatives or attorneys for the company to practice certain acts or categories of acts, without the need for an express clause in the articles of association.

Article 253 Substitution of Managers

1 – In the event of all managers being definitively absent, all partners shall assume their managerial powers, by force of the law, until such time as the managers are appointed.

2 – The provision of the previous paragraph shall also apply to cases where all members of the management are temporarily absent, for all matters which cannot wait for the absences to cease.

3 – In the event of the permanent absence of a manager whose intervention is required under the terms of the articles of association, to represent the company, that paragraph of the articles of association shall be considered to have expired should the requirement have been nominal; otherwise, should the vacancy not be

filled within 30 days, any partner or manager may seek the appointment of a manager by the courts, until such time as the situation is regularised, under the terms of the articles of association or the law.

4 – Managers appointed by the courts shall have the right to indemnity for any reasonable expenses incurred and to remuneration for their activity. In the event of a failure to reach an agreement with the company, the said indemnity and remuneration shall be fixed by the courts.

Article 254

Prohibition of Competition

1 – Managers are not permitted to exercise an activity which is in competition with the company, on their own behalf or on behalf of a third party, without the consent of the partners.

2 – Any activity which comes under the purpose of the company shall be understood as competing with the company, provided that it is exercised by the company and that its exercise was decided by the partners.

3 – Exercise on one's own behalf includes participation, for oneself or through an intermediary, in a company, when this implies the assumption of unlimited liability by the manager, as well as equity interests of at least 20% of the capital or profits of the company in which the manager in question assumes limited liability.

4 – Consent shall be assumed to be granted in cases where the exercise of the activity is prior to the appointment of the manager and known to the partners holding the majority of the capital, and also when the activity of the manager is known, and he/she continues to exercise the functions for more than 90 days after the new activity of the company with which it is in competition is decided, and is exercised thereby.

5 – The violation of the provision of paragraph 1, apart from constituting just cause for dismissal, shall oblige the manager to pay compensation to the company for any losses which it might incur.

6 – The rights of the company mentioned in the previous paragraph prescribe the period of 90 days from the date on which all partners are made aware of the activity exercised by the manager or, in any case, within a period of five years from the commencement of the said activity.

Article 255

Remuneration

1 – Unless otherwise stipulated in the articles of association, managers shall have the right to remuneration, to be fixed by the partners.

2 – The remuneration of managing partners may be reduced by the courts, at the request of any partner, in a judicial inquiry, whenever such remuneration is gravely disproportionate to the service provided or the company's situation.

3 – Except where the articles of association contain an express paragraph to the contrary, the remuneration of a company's management must not consist, in full or in part, of a share in the profits of the company.

Article 256

Duration of Management

The functions of managers shall continue for as long as they are not terminated by virtue of dismissal or resignation, notwithstanding another duration being fixed in the articles of association or the deed of appointment.

Article 257

Dismissal of Managers

1 – The partners may decide at any time to dismiss managers.

2 – The articles of association may require a qualified majority or establish other requirements for the decision to dismiss a manager. However, if there is just cause for the dismissal, the resolution may always be adopted by a simple majority.

3 – The paragraph of the articles of association which confers special managerial rights upon a partner must not be amended without the consent of the partner in question. Partners may, nevertheless, opt for the company to request the suspension and judicial dismissal of a manager, if there is just cause, and shall appoint a special representative for the purpose.

4 – If there is just cause, any partner may request the suspension and dismissal of the manager, in proceedings brought against the company.

5 – If the company has only two partners, the dismissal of the management based on just grounds may only be decided by the courts, in proceedings brought by one partner against the other.

6 – A serious violation of the duties of the manager and their incapacity to exercise the respective functions normally shall constitute just cause for dismissal.

7 – If no indemnity is stipulated in the articles of association, a manager dismissed without just cause shall have the right to compensation for any losses incurred. It is to be understood, however, that such a manager shall not remain in office for more than four years or beyond the time which remains to be served of the period for which the manager was appointed.

Article 258

Resignation of Managers

1 – The resignation of managers must be communicated in writing to the company and shall take effect eight days after receipt thereof.

2 – Resignation without just cause shall require the resigning party to compensate the company for any losses caused, unless the company receives sufficient advance notice.

Article 259

Powers of the Management

Managers must carry out any acts which prove necessary or appropriate to the achievement of the corporate purpose, with respect for the resolutions adopted by the partners.

Article 260

Binding Obligations of the Company

1 – Acts carried out by a company's management on behalf of the company and within the powers conferred upon them by law shall bind them towards third parties, notwithstanding the limitations set forth in the articles of association or arising from resolutions adopted by the partners.

2 – The company may, however, impose limits upon third parties in relation to the powers arising from its corporate purpose, if it has proof that the third party was aware of or could not have been unaware of them, given the circumstances whereby the act committed was not in accordance with the said paragraph and if, in the meantime, the company did not assume such powers, by means of an express or tacit resolution by the partners.

3 – The awareness referred to in the previous paragraph can only be proven by the publicity granted to the articles of association.

4 – Managers shall bind the company, in written deeds, by placing their signature with an indication of this capacity.

5 – Notifications or declarations by a manager, which are addressed to the company, must be addressed to another manager, or, if there is no other manager, to the supervisory body, or, if there is none, to any partner.

Article 261

Plural Management

1 – When there are several managers and unless the articles of association include a paragraph which provides otherwise, the respective powers shall be exercised jointly, considering as valid those resolutions which bring together the votes of the majority of managers. The company shall be considered bound by the legal transactions concluded by the majority of managers or ratified by the company.

2 – The provision of the previous paragraph shall not prevent managers from delegating some of the powers for certain transactions or types of transaction, however, even in these transactions, the delegate managers shall only bind the company if the delegation expressly confers such power upon them.

3 – Notifications or declarations from third parties to the company may be addressed to any of the managers, and any provision to the contrary in the articles of association shall be considered null and void.

Article 262 Supervision

1 – The articles of association may determine that the company have a supervisory board, which shall be governed by the provisions to this respect for public companies.

2 – Companies not having a Supervisory Board must designate a statutory auditor to carry out a statutory audit, provided that two of the following three limits are exceeded during a period of two consecutive years:

- a) Total on balance sheet – 1,500,000 Euro;
- b) Total net sales and other income – 3,000,000 Euro;
- c) Average number of workers employed during the financial year – 50.

3 – The appointment of a statutory auditor shall only cease to be necessary if the company establishes a Supervisory Board or if two of the three requirements set forth in the previous paragraph are not fulfilled for two consecutive years.

4 – The partners shall be responsible for making decisions with regard to the appointment of the statutory auditor, and should none be appointed, the provisions of Articles 416 to 418 shall apply.

5 – The incompatibilities established for members of the Supervisory Board shall also apply to the statutory auditor.

6 – The provisions relating to public companies shall apply to the examination by the auditor and to the auditor's report, according to whether or not the company has a Supervisory Board.

7 – The figures and the number referred to in the three items of paragraph 2 may be modified in a ministerial order from the Ministers of Finance and Justice.

Article 262- A Duty of Prevention

1 – In private limited companies by which a statutory auditor or Supervisory Board are appointed, the statutory auditor or any member of the Supervisory Board shall immediately notify the company, in a registered letter, of any facts which they consider to reveal grave difficulties as regards the pursuit of the company's purpose.

2 – The management must respond through the same means within 30 days of receipt of the said letter.

3 – Should the company fail to reply or if the reply is not satisfactory, the statutory auditor must request the convening of a general meeting.

4 – The duty of prevention in private limited companies shall be subject to the provisions regarding the duty of vigilance in public companies, for all matters which are not specifically regulated in relation to public companies.

CHAPTER VII

Annual Appraisal of the Company's Situation

Article 263

Annual Report and Annual Accounts

1 – The annual report and financial statements must be clearly available for consultation by the partners, under the conditions set forth in Article 214.4, at company headquarters and during opening hours, from the date on which the notice of meeting is sent. The partners must be given notice of this fact in the notice of meeting.

2 – Other forms of appraisal or resolution shall be unnecessary when all partners are managers and all ratify the annual report, the accounts and the proposal for the application of profits and dealing with losses, without any qualifications, with the exception of companies subject to paragraphs 5 and 6 of this article.

3 – In the event of a tied vote on the approval of accounts or the distribution of profits, any partner shall have the right to petition the courts to order the convening of the general meeting for further appraisal of the matters in question. The judge shall appoint a qualified person, unrelated to the company, to preside over the said meeting, preferably a statutory auditor, who shall have the casting vote, if the voting is once more tied, and shall fix any duties occasioned by the appointment, the cost of which shall be met by the company.

4 – The appointed person may request from the management or the supervisory body that any company documents which need to be consulted are provided and also that any information lacking therein be provided.

5 – In the case of companies subject to statutory auditing under the terms of Article 262.2, the financial statements and annual report must be submitted to the appraisal of the partners, accompanied by the legal certification of the accounts and the report from the statutory auditor.

6 – The examination of accounts by the Supervisory Board and the respective report shall be subject to the provisions for public companies.

Article 264

Publication of Accounts

(Revoked by Decree-Law 257/96 of 31 December)

CHAPTER VIII
Amendments to the Articles of Association

Article 265
Required Majority

1 – Resolutions on the amendment of the articles of association shall only be adopted by a majority of three quarters of the votes corresponding to the share capital or an even higher number of votes, if required by the articles of association.

2 – [Repealed]⁽¹⁾

3 – The provision set forth in paragraph 1 of this Article shall apply to resolutions regarding the merger, spin-off and conversion of the company.

Article 266
Right of Preference

1 – The partners shall benefit from a right of preference in relation to increases to the capital to be carried out in cash.

2 – Between the partners, the apportionment of increases in capital shall be calculated as follows:

a) Apportioning to each partner the amount proportional to the quota to which they were entitled on the said date or a lower amount requested by the partner;

b) Satisfying requests which are higher than the amount referred to in the first part of item a), insofar as it arises from one or more allocations of amounts left over, in proportion to the excess of amounts requested.

3 – To the portion of the increase which, in relation to each partner, is not sufficient to form a new quota, shall be added the par value of the original quota.

4 – The right of preference conferred by this article shall only be limited or revoked in accordance with the provisions of Article 460.

5 – The partners are required to exercise the right referred to in paragraph 1 prior to the meeting approving the increase in capital, for which purpose the conditions of the increase must be stated in the notice of meeting or in a communication issued by the managers at least 10 days prior to the date on which the meeting is to take place.

Article 267
Relinquishment of the Right to Share in Increases in Capital

1 – The right of preference applying to shares in an increase in the company's capital may be relinquished with the consent of the company.

2 – The consent required under the previous paragraph shall be waived, granted or refused under the terms set forth for consent to transfer quotas, however the resolution to increase capital may grant the said consent for the entire increase.

3 – In the case provided for in the latter part of the previous paragraph, the acquirers must exercise their right of preference at the meeting approving the increase in capital.

4 – In the event of consent being expressly denied, the company must present a proposal for the acquisition of the right by a partner or a third party, which shall be subject to the provisions of Article 231, with the necessary adaptations.

Article 268

Rights and Obligations of Former and New Partners in cases of Increases of Capital

1 – Partners approving an increase in capital to be carried out by themselves shall be solely responsible for carrying out the respective capital contributions, proportional to their initial right of preference, if in this case they have such rights.

2 – In cases where the increase in capital is aimed at permitting new partners to join, these partners shall declare that they agree to join the company under the terms of the articles of association in force at the time and of the conditions governing resolutions to increase capital.

3 – The declaration provided for in paragraph 2 of Article 88 shall only be made after all new partners have complied with the provisions of the previous paragraph.

4 – Once the initial capital contribution in kind or in cash has been made, the party in question may notify the company, in a registered letter, in order to make the declaration required under the previous paragraph, within a period of no less than 30 days, after which time the partner may request the reimbursement of the initial capital contribution made and any compensation owing.

5 – The resolution increasing the capital shall expire if the company fails to issue the declaration, under the hypothesis provided for in the previous paragraph, or if the party in question fails to comply with the provisions of paragraph 2 of this article, on the date set by the company, by registered letter, a minimum of 20 days in advance.

Article 269

Increase in Capital and Usufruct Rights

1 – In cases where a quota is subject to usufruct rights, the right to share in an increase in capital shall be exercised by the original owner, the usufructuary or both parties, under the terms agreed between them.

2 – Should no agreement be reached, the right to share in the increase in capital shall belong to the original owner, however, if this party should fail to declare that they intend to subscribe the new quota in a period equal to half the period fixed in paragraph 5 of Article 266, the said right shall be returned to the usufructuary.

3 – The communication required under paragraph 5 of Article 266 shall be sent to the original holder and to the usufructuary.

4 – The new quota shall remain in the full property of the party who has exercised the right to participate in the increase in capital, except where the interested parties have agreed for it to also be subject to usufruct rights.

5 – Should the original owner and the usufructuary agree to relinquish the right of preference and the company gives its consent, the sum obtained shall be divided between them, in the proportion of the sums to which they are entitled as at that date.

CHAPTER IX

Dissolution of the Company

Article 270

Dissolution of the Company

1 – The resolution to proceed with the dissolution of the company must be passed by a majority of three quarters of the votes corresponding to the share capital, unless the articles of association stipulate a higher majority or establish other requisites.

2 – The mere will of a partner or partners, when not manifested in the resolution referred to in the previous paragraph, shall not constitute contractual grounds for dissolution.

CHAPTER X

Single-member Private Limited Companies

Article 270- A

Establishment

1 – Single-member private limited companies shall be established by a single partner, an individual or legal person, who is the owner of the entire share capital.

2 – Single-member private limited companies may lead to a concentration in the ownership by a single partner of the quotas in a private limited company, regardless of the reason for the concentration.

3 – The conversion referred to in the previous paragraph shall be brought about by means of a declaration by the single partner, in which their will to convert the company into a single-member private limited company is expressed. The said declaration may form part of the document entitling the transfer of shares.

4 – By virtue of the conversion referred to in paragraph 3, the provisions of the articles of association which presuppose the plurality of partners shall cease to apply.

5 – The individual establishment of limited liability may, at any time, be convert into a single-member private limited company, by means of a written declaration from the party in question.

Article 270 - B Business Name

The business name of such companies must be expressly formed by the expression «sociedade unipessoal» (single-member company) or the word «unipessoal» (single-person) before the word «limitada» (limited) or the abbreviation «Lda.»

Article 270 - C Effects of Single-member Status

- 1 – Only one individual can be a partner in a single-member private limited company.
- 2 – A private limited company cannot have as its single partner a single-member private limited company.
- 3 – In the event of a violation of the provisions of the previous paragraphs, any interested party may request the dissolution of the companies by administrative means.
- 4 – The competent registry office shall grant a period of 30 days for the regularisation of the situation, which may be extended for up to 90 days at the request of the interested parties.

Article 270 - D Plurality of Partners

- 1 – The sole partner of a single-member private limited company may convert the company into a plural private limited company through the division and transfer of the quota or an increase in the share capital by means of an initial capital contribution by a new partner, in which case the expression «sociedade unipessoal» shall be removed from the business name, as shall the expression «unipessoal» contained therein.
- 2 – The document granting a stock split and the transfer of the quotas or increase in capital shall be sufficient documentary evidence for the registration of the conversion.
- 3 – In the case of the company having previously adopted the legal form of a private limited company, it shall come to be governed by the provisions of the articles of association which, under the terms of paragraph 4 of Article 270-A, were inapplicable as a result of the single-member status.
- 4 – In the case of the concentration provided for in paragraph 2 of Article 270-A, the single partner may avoid single-member status if, within the period established by law, the plurality of partners is re-established.

Article 270-E
Decisions by the Partner

1 – In the case of single-member private limited companies, the sole partner shall exercise the powers conferred upon general meetings, and may, in particular, appoint managers.

2 – Decisions by the partner shall have the same nature as resolutions adopted at a general meeting, and must be registered in the minutes assigned to the decision.

Article 270-F
Partnership Agreement

1 – The legal transactions entered into between the single partner and the company shall serve the pursuit of the company's purpose.

2 – Legal transactions between the sole partner and the company shall adhere to the prescribed legal form of the company and shall, in all cases, be set down in writing.

3 – The documents stating the legal transactions entered into between the sole partner and the company shall be disclosed jointly with the annual report and financial statements. Any interested party may consult these documents at any time, at the headquarters of the company.

4 – The violation of the provision of the previous paragraphs shall imply the nullity of any legal transactions entered into and shall confer unlimited liability upon the partner.

Article 270-G
Subsidiary Provisions

Single-member private limited companies shall be governed by the rules regulating private limited companies, except those in which the plurality of partners is assumed.

TITLE IV
Public Companies

CHAPTER I
Characteristics and Articles of Association

Article 271
Characteristics

In public companies, the capital shall be divided into shares and each partner shall limit their liability to the value of the shares they subscribe.

Article 272

Obligatory Content of Articles of Association

The articles of association must, in particular, contain the following:

- a) The par value and number of shares;
- b) The particular conditions to which the assignment of shares shall be subject, if any such conditions exist;
- c) Any categories of shares which may be created, with an express indication of the number of shares and the rights conferred by each category;
- d) Whether the shares are registered or to the bearer and the rules for any conversions thereof;
- e) The value of capital paid-up and the deadlines for paying up capital which has merely been subscribed;
- f) The authorisation for the issue of bonds, if granted;
- g) The structure adopted for the management and supervision of the company.

Article 273

Number of Shareholders

1 – A public company cannot be established by fewer than five partners, except where this requirement is waived by the law.

2 – The provision of paragraph 1 shall be waived for companies in which the State, directly or through the intermediation of state-sector companies or other equivalent entities granted such status by law to this end, hold the majority of the capital, which companies may be established with only two partners.

Article 274

Acquisition of Status of Partner

The status of partner shall be conferred upon signing of the articles of association or with an increase in the company's capital, and shall not depend upon the issuance and delivery of the share certificate or, in the case of book-entry shares, their recording under the individualised record.

Article 275

Business Name

1 – The business names of these companies shall be formed, with or without initials, by the name or business name of one or several of the partners or by a particular title, or by the merging of both these elements, always, however, ending with the expression «sociedade anónima» (public company) or the abbreviation «S. A.».

2 – The business name shall not include or maintain expressions indicating a corporate purpose which is not specifically provided for in the respective paragraph of the articles of association.

3 – In the event of the purpose of the company being altered, whereby it ceases to include the activity specified in the business name, the amendment of the purpose must coincide with the modification of the business name.

Article 276

Par Value of Capital and Shares

1 – The share capital and shares must be expressed as a par value.

2 – All shares shall have the same par value, with a minimum value of one cent.

3 – The minimum par value of the capital is 50,000 Euro.

4 – Shares shall be indivisible.

Article 277

Initial Capital Contributions

1 – Initial capital contributions consisting of services are not permitted.

2 – In the case of initial capital contributions in cash, the paying-in of 70% of the par value of shares may be deferred; the payment of the issue premium, when provision is made for one, cannot be deferred.

3 – The sum-total of initial capital contributions in cash which are already paid-up must be deposited with a credit institution, in an account opened in the name of the future company, prior to the moment of signing the articles of association.

4 – The partners are required to declare in the memorandum of association, at their own liability, that they have made the deposit referred to in the previous paragraph.

5 – Withdrawals shall only be made from the account referred to in paragraph 3 as follows:

a) Once the articles of association have been definitively registered;

b) Once the articles of association have been signed, should the shareholders authorise the directors to make a withdrawal for a specific purpose;

c) For dissolution caused by the inexistence or nullity of the articles of association or failure to register them;

d) For the recovery provided for in Articles 279.6.h) and 280.

Article 278

Structure of Management and Supervision

1 – The management and supervisory body of the company may be structured according to one of three modes:

- a) Board of directors and supervisory board;
- b) Board of directors, to include an audit committee and a statutory auditor;
- c) Executive board of directors, general and supervisory board and statutory auditor.

2 – Wherever provision is made by law, instead of the board of directors or executive board of directors, there may be just one manager and instead of a supervisory board there may be a sole inspector.

3 – In companies which are structured according to the mode provided for in item a) of paragraph 1, the existence of a statutory auditor who is not a member of the supervisory board is mandatory in cases where such a provision is set forth by law.

4 – In companies which are structured according to the mode provided for in item c) of paragraph 1, the existence on the general and supervisory board of a committee for financial matters is mandatory in cases where such a provision is set forth by law.

5 – Companies with a single manager cannot adopt the mode provided for in item b) of paragraph 1.

6 – The articles of association may be amended at any time to adopt another structure which is permitted under the previous paragraphs.

Article 279

Establishment with Recourse to Public Subscription

1 - The establishment of a public company with recourse to the public subscription of shares must be brought about by one or more persons assuming the responsibility established in this law.

2 – The persons responsible for the incorporation must subscribe and fully pay-up shares with a par value totalling at least the minimum capital required under Article 276.3. These shares shall be indisposable during a period of two years from the definitive registration of the company and any transactions involving bonds carried out during that time, in relation to the disposal or encumbrance of such shares shall be null and void.

3 – The persons responsible for the incorporation shall draw up a complete draft of the articles of association and request provisional registration thereof.

4 – The draft shall specify the number of shares still to be subscribed but allocated for public and private subscription.

5 – The purpose of the company must consist of one or more activities which are perfectly specified.

6 – Once provisional registration has been carried out, the persons responsible for establishing the company shall place the shares allocated for private subscription and shall draw up an offer of shares allocated for public subscription, to be signed by all those responsible, and containing the following mandatory information:

- a) The draft of the articles of association which has been provisionally registered;
- b) Any benefits which are to be conferred upon those responsible, within the limits of the law;
- c) The deadline, place and formalities of subscription;
- d) The deadline within which the incorporation meeting is to be held;
- e) A technical, economic and financial report on the company's prospects, organised on the basis of truthful and complete data and on forecasts which are justified by the circumstances known on that date, containing the information required for the complete clarification of any parties interested in subscribing;
- f) The rules to which the allocation of subscriptions shall adhere, if necessary;
- g) An indication that the definitive incorporation of the company shall depend upon the full subscription of all shares or on the conditions in which the establishment is permitted in the event of incomplete subscription;
- h) The value of the initial capital contribution to be made on subscription, the deadline and means of recovery of this sum, in the event of the incorporation of the company not taking place.

7 – Initial capital contributions in cash made by all subscribers shall be deposited directly by the subscribers in the account opened by those responsible for the incorporation of the company, as stated in paragraph 3 of Article 277.

8 – Those responsible for the incorporation of the company shall not be entitled to the allocation of any benefit other than the reserve at a percentage of no more than one tenth of the net profits of the company, for a period of time not exceeding one third of the duration of the company and never more than five years, which shall not be paid without the annual accounts having been approved.

Article 280

Incomplete Subscription

1 – In the event of all shares available for public subscription not being subscribed, and where the provision of paragraph 3 of this article does not apply, those responsible for the incorporation of the company must request cancellation of the provisional registration and issue an announcement informing subscribers that they are required to collect their initial capital contributions. A second announcement

must be published if, after one month, all initial capital contributions have not been collected.

2 – The credit institution with which the account referred to in Article 277.3 was opened shall only return amounts deposited on presentation of the subscription and deposit documents and after cancellation or expiry of the provisional registration.

3 – The plan offering shares for public subscription may specify that, in the event of incomplete subscription, the incorporation meeting shall have the power to decide to incorporate the company, provided that at least three quarters of the shares made available to the public have been subscribed.

4 – Should the incorporation of the company fail to take place, all expenses incurred shall be met by those responsible for the incorporation.

Article 281

Incorporation Meeting

1 – Once subscription has finished and the incorporation of the company is possible, those responsible for the incorporation shall convene a meeting of all subscribers.

2 – The call to the meeting shall be made under the terms set forth for general meetings of public companies and the meeting shall be chaired by one of the persons responsible for the incorporation.

3 – All documents relating to subscriptions and, in general, to the incorporation of the company, must be clearly displayed to all subscribers from the date of publication of the notice of meeting, which must refer to this fact, indicating the location at which they may be consulted.

4 – During the meeting, each of the people responsible for the incorporation and each subscriber shall have one vote, regardless of the number of shares subscribed.

5 – On the first date fixed for the meeting, it may only take place if half of the subscribers are in attendance or represented, which number shall not include those responsible for the incorporation; in which case, resolutions shall be adopted by a majority of votes, including the votes of those persons responsible for the incorporation.

6 – If on the second date fixed for the meeting, half of the subscribers are not in attendance or represented, not including the persons responsible for the incorporation, resolutions shall be adopted by two thirds of the votes, including those of persons responsible for the incorporation.

7 – The meeting shall deliberate on the following:

- a) The incorporation of the company, under the precise terms of the registered draft;
- b) Appointments to the corporate bodies.

8 – With the unanimous vote of all persons responsible for the incorporation and all subscribers, amendments may be introduced to the draft of the articles of association.

9 – Where there is private subscription, with initial capital contributions not consisting of cash, the coming into force of the resolution to establish the company is dependant on the said initial capital contributions taking effect.

10 – In the case provided for in Article 280.3, the resolution referred to must fix the value of the capital and the number of shares, in accordance with the subscriptions carried out.

11 – The minutes must be signed by the persons responsible for the incorporation and by all subscribers who have approved the incorporation of the company.

Article 282

Special System of Invalidity of Resolutions

1 – The resolution to establish the company and any complementary resolutions in relation to this may be declared null and void, under the general terms, or may be annulled at the request of a subscriber who has not approved them, in cases where such resolutions, the approved articles of association or the process since provisional registration are in violation of any legal rules .

2 – The annulment may also be requested on the basis of a material falsity of data or a serious error in the forecasts referred to in Article 279.6.e).

3 – The legal provisions for suspension and annulment of corporate resolutions shall apply.

Article 283

Articles of Association

1 – The articles of association must be signed by two of the persons responsible for the incorporation of the company and by any subscribers making an initial capital contribution with assets other than cash.

2 – All documentation, including the minutes of the incorporation meeting, shall be kept on file at the competent Commercial Registry Office, where they must be delivered together with the request for their conversion into a definitive registration.

Article 284

Companies with Public Subscription

(Revoked by Decree-Law 486/99 of 13 November)

CHAPTER II
Rights and Obligations of Shareholders

SECTION I
Obligation to Invest

Article 285
Initial Capital Contribution

1 - The articles of association may not defer paying-in of initial capital contributions in cash for more than five years.

2 - Whatever periods are set in the company's articles of association, the shareholder shall only be in arrears after the company has made a demand that they carry out the payment.

3 - This demand may be made by means of an advertisement, and shall set a period between 30 and 60 days for the payment, after which time arrears shall begin.

4 - The directors may advise shareholders who are in arrears, by registered letter, that a new period of no less than 90 days is granted for them to make the payment for the amount owed, plus interest, on pain of losing the shares on which arrears exist, by their transfer to the company, together with the payments already made in relation to these shares; the advice shall be repeated during the second of the said months.

5 - Interested parties must be advised by registered letter of the losses referred to in the previous paragraph; and further to this, an announcement must be published in which the number of shares relinquished to the company, and the date of the loss, appear, without reference to the owners.

Article 286
Liability of Predecessors

1 - All those who were predecessors to the current shareholder with regard to the ownership of the shares or shareholders in arrears shall be jointly liable for the amounts owed and the respective interest, with reference to the date of the loss of the share by its transfer to the company.

2 - After the relinquishment of the share to the company has been announced, the said previous owners whose liability has not expired by time limitation shall be informed, by registered letter, that they may acquire the share by payment of the amount due and the interest, in a period of no less than three months. The notification shall be repeated during the second of these months.

3 - If more than one predecessor presents himself to acquire the share, the order of his proximity in relation to the last holder shall be obeyed.

4 - If the amount owed and the interest is not paid by any of the previous owners, the company must sell the share with the maximum urgency possible, through a broker, on an organised securities market or at a public auction.

5 - If the sale price is not enough to cover the debt, interest and expenses that have been incurred, the company must demand the difference from the last holder and each one of his predecessors; if the price obtained exceeds that amount, the excess shall belong to the last holder.

6 - The company shall take each of the measures permitted by law or by the articles of association simultaneously for all the shares of the same shareholder in relation to which arrears occur.

SECTION II

Obligation to make Ancillary Contributions

Article 287

Obligation to make Ancillary Contributions

1 - The company's articles of association may impose on all or on some shareholders the obligation to make contributions other than paying the initial capital contributions, provided that it fixes the essential elements of this obligation and specifies whether the action must be paid for a charge or free of charge. When the content of the obligation corresponds to a standard contract, the legal regulations applying to this contract shall apply.

2 - If the obligations stipulated are not pecuniary, the company's right is non-transferable.

3 - If a charge is agreed, the counter-payment may be paid irrespective of whether or not there are profits for the financial year, but may not exceed the value of the respective contribution.

4 - Unless there is a provision to the contrary in the articles of association, non-compliance with the accessory obligations shall not affect the situation of the partner as such.

5 - Accessory obligations shall be extinguished with the dissolution of the company.

SECTION III

Right to Information

Article 288

Right to Minimum Information

1 - Any shareholder who owns shares corresponding to at least 1% of the share capital may, provided he has just cause, consult the following at the company's head office:

a) The annual report and financial statements required by law, relating to the previous three financial years, including statements of opinion from the supervisory board, the audit committee, general and supervisory council or the committee for financial matters, and also any reports from the statutory auditor which are subject to publication, under the terms of the law;

b) The notice of meeting, minutes and attendance lists of general and special meetings of shareholders and meetings of bondholders carried out in the previous three years;

c) The total value of remuneration paid in relation to each of the previous three years to members of the corporate bodies;

d) The total amounts paid in relation to each of the previous three years to the 10 employees of the company who received the highest remuneration (if the workforce exceeds 200) or the 5 employees of the company who received the highest remuneration, if the workforce is 200 or less;

e) The share registration document.

2 - The accuracy of the elements referred to in lines c) and d) of the previous paragraph must be certified by the statutory auditor of accounts, if the shareholder so requires.

3 - The consultation may be made personally by the shareholder or by a person who is permitted to represent them at the general meeting, and this person may be accompanied by a statutory auditor or other expert, and may also use the faculty recognised under Article 576 of the Civil Code.

4 - If not prohibited by the articles of association, the information referred to in items a) and d) of paragraph 1 shall be sent by electronic mail to the shareholders, under the conditions set forth therein requesting such a submission or, if the company has a website, shall be disclosed on the website.

Article 289

Preparatory Information for the General Meeting

1 - During the 15 days prior to the date of the general meeting, shareholders must be allowed to consult the following documents at the company's headquarters:

a) The full names of the members of the boards of directors and supervisory bodies, and also of the board of the general meeting of shareholders;

b) An indication of other companies in which the members of the corporate bodies hold office, with the exception of professional associations;

c) Proposals for resolutions to be presented to the general meeting by the board of directors, and also the reports or justification which should accompany them;

d) When election of members of the corporate bodies is included in the order of business, the names of the persons to be proposed, their professional qualifications, their professional activities carried out in the previous five years, specifically in relation to functions exercised in other companies or in the company itself, and the number of shares of the company that they own;

e) Whenever the meeting is the annual general meeting provided for under paragraph 1 of Article 376, the annual report, the accounts for the financial year, any other financial statements, including the legal certification of the accounts and the statement of opinion from the supervisory board, the audit committee, the general and supervisory board or the financial affairs committee, as the case may be, and also the annual report of the supervisory board, the audit committee, the general and supervisory board and the financial affairs committee.

2 - The requests for inclusion of subjects in the order of business under Article 378 must also be made available for consultation by the shareholders, at the company's headquarters.

3 - The documents referred to in the previous paragraphs must be sent, within eight days:

a) In a letter, addressed to the holders of shares corresponding to at least 1% of the share capital, at their request;

b) By electronic mail, to holders of shares requesting them, if the company does not disclose them on their website.

4 - If the company has a website, the documents referred to in paragraphs 1 and 2 must also be made available on the site, from the same date and for a period of one year, in the cases provided for in items c), d) and e) of paragraph 1 and in paragraph 2, and permanently, in all other cases, except where this is prohibited by the company's articles of association.

Article 290

Information at General Meetings

1 - At the general meeting, the shareholder shall have the right to true, complete and elucidative information which enables him to form a grounded opinion on the subjects which are to be resolved. The duty of information shall include, in its scope, relations between the company and other companies affiliated to it.

2 - The information covered in the previous paragraph must be provided by the corporate body which is qualified to do so and may only be denied if its provision could cause either grave loss to the company or to another company affiliated with it, or violation of secrecy imposed by law.

3 - Unjustified refusal of the information shall be grounds for annulment of the resolution in question.

Article 291

Collective Right to Information

1 - Shareholders whose shares amount to 10% of the share capital may request, in writing, from the board of directors or executive board of directors that they be given information relating to corporate matters, also in writing.

2 - The board of directors or the executive board of directors may not refuse to give information if in the request it is mentioned that the purpose is to establish the responsibilities of the members of that body, of the supervisory board or the general and supervisory board, unless, due to the content of the information or other circumstances, it is patently clear that this is not the intention envisaged by the request for information.

3 - Information may be requested about action taken in the past, or, if the responsibility referred to in paragraph 2 of this article could result from them, about actions which are expected to be taken in the future.

4 - Apart from the case mentioned in paragraph 2, the information requested in general terms may only be refused:

a) When it is feared that the shareholder may use it for purposes extraneous to the company and causing loss to the company or to any shareholder;

b) When the publication, although not for the purposes referred to in the previous paragraph, could cause significant loss to the company or to the shareholders;

c) When it causes a violation of secrecy which is imposed by law.

5 - Information is considered to be refused if not provided within 15 days following receipt of the request.

6 - Any shareholder who uses the information obtained in such a way as to cause an undue damage to the company or to other shareholders shall be held liable, under the general terms of law.

7 - Information provided voluntarily or by virtue of a decision by the courts shall be placed at the disposal of all other shareholders, at the company's headquarters.

Article 292

Judicial Inquiry

1 - Any shareholder who has been refused information requested under Articles 288 and 291 or who has received information which is presumably false, incomplete or not elucidative may petition the courts for an enquiry into the company.

2 - The Judge may order that the information requested be given, or may, as provided for in the Code of Civil Procedure, order:

a) The dismissal of the persons whose responsibility for acts committed in the exercise of corporate office has been established;

b) The appointment of a director;

c) The dissolution of the company, if it is requested and if facts are ascertained which constitute cause for dissolution, under the terms of the law or of the articles of association.

3 – The director appointed under the terms of item b) of the previous paragraph shall be responsible for the following, according to the instructions of the court:

a) Filing and prosecuting liability suits, based on facts ascertained in the proceedings;

b) Conducting the management of the company, if this should be necessary by virtue of dismissals on the grounds of item a) of the previous paragraph;

c) Carrying out any acts indispensable to the reestablishment of legality.

4 - In the case referred to in line c) of the previous paragraph, the Judge may suspend the directors who remain in office, or prohibit them from interfering in tasks entrusted to the person appointed.

5 – The functions of a the director appointed pursuant to the provisions of item b) of paragraph 2 shall end:

a) In the cases provided for in items a) and c) of paragraph 3 when, after the interested parties have been heard, the Judge considers the continuation of the said functions unnecessary;

b) In the event referred to in item b) of paragraph 3, when new directors are appointed.

6 - The enquiry may be requested without a prior request to the company for information if the circumstances of the case give rise to a presumption that the information may not be provided to the shareholder in accordance with the law.

Article 293

Other Parties to the Right to Information

The right to information conferred in this Section shall also be enjoyed by the common representative of bondholders and by persons having usufruct rights over shares or secured creditors when, by law or pursuant to an agreement, they are permitted to exercise the right to vote.

SECTION IV

Right to Share in Profits

Article 294

Right to Share in the Profits of the Financial Year

1 - Unless stated otherwise in a clause in the articles of association, or a resolution adopted by a majority of three-quarters of the votes corresponding to the company's capital, at a general meeting called for this purpose, one-half of the profit of the financial year which is distributable under this law must be distributed among the shareholders.

2 - The shareholder right to credit corresponding to his share in the profits shall mature 30 days after the resolution on the allocation of the profits, unless the shareholder consents to its deferral, notwithstanding the legal provisions which prohibit payment before certain formalities have been observed. A decision may be taken, based on an exceptional situation of the company, to extend that period by up to a further 60 days, if the shares are not admitted to trading on a regulated market.

3 - If, under the company's articles of association, members of the respective corporate bodies have the right to share in the profits, these may only be distributed after all the payments of profits have been made to the shareholders.

Article 295

Statutory Reserves

1 - A percentage not less than one-twentieth of the profits of the company must be destined to the constitution of a statutory reserve and, as the case may be, to its reinstatement, until this reserve represents one-fifth of the share capital. A higher percentage and/or minimum amount for the statutory reserve may be fixed in the company's articles of association.

2 - The reserves made up of the following amounts shall be subject to the legal requirements governing the statutory reserve:

- a) Goodwill premiums obtained on the issuance of shares, bonds with the right to subscription of shares, or bonds convertible into shares, when exchanged for shares, and on capital contributions in kind;
- b) Positive balances of monetary revaluations permitted by law, to the extent that they are not necessary to cover losses already reported in the balance sheet;
- c) Amounts corresponding to assets obtained free of charge, when no other allocation has been given to them, and also bonuses and premiums allocated to securities belonging to the company.

3 - The goodwill premiums referred to in item a) of the previous paragraph consist of:

- a) In relation to the issue of shares, the positive difference between the par value and the amount which the shareholders have disbursed to acquire them;
- b) In relation to issuance of bonds with the right to subscribe shares or of convertible bonds, the positive difference between the issue price and the amount for which they have been redeemed;
- c) In an exchange of bonds carrying rights to subscribe shares or bonds convertible into shares, the positive difference between the issue price of the former and the par value of the latter;
- d) In relation to initial capital contributions in kind, the positive difference between the value attributed to the assets which comprise the capital payment and the par value of the corresponding shares.

4 - The reserves constituted by the amounts referred to in paragraph 2 may be exempted, in whole or in part, from the legal requirement established in item a) of that paragraph, by means of a Ministerial Order from the Finance and Justice Ministries.

Article 296 **Utilisation of Statutory Reserves**

The statutory reserve may be used only for the following purposes:

- a) To cover that part of the loss recorded in the balance sheet for the financial year which cannot be covered by the use of other reserves;
- b) To cover that part of the losses brought forward from the previous financial year which cannot be covered by the profit of the financial year nor by the use of other reserves;
- c) For incorporation into the company's capital.

Article 297 **Advances of Profits during the Financial Year**

1 - The articles of association of the company may permit advance payments to shareholders against the company's profits during the financial year, provided that the following rules are observed:

- a) The board of directors or executive board of directors resolve to pay the advance, with the consent of the supervisory board, the audit committee or the general and supervisory council;

b) The decision of the board of directors or the executive board of directors must be preceded by interim financial statements, prepared at least 30 days previously and certified by the statutory auditor, which demonstrate the availability of funds for the said advances, which funds must comply with the rules of Articles 32 and 33, as applicable, in terms of the results ascertained during the part so far expired of the financial year in which the advance is made;

c) Only one advance may be made in each financial year, and only in the second half of the year;

d) The amounts to be attributed as advances may not exceed half of the amounts that would be distributable under line b).

2 - If the company's articles of association are altered so as to grant the authorisation referred to in the previous paragraph, the first advance may be made only in the financial year following the one in which an amendment to the articles of association is made.

CHAPTER III Shares

SECTION I General Provisions

Article 298 Issue Value of Shares

1 - Shares may not be issued for less than their par value.

2 - The previous paragraph does not prevent the expenses of a firm guarantee by a credit institution or another institution legally equivalent for this purpose from being deducted from the amount of an issue of shares.

Article 299 Registered and to the Bearer Shares

1 - Unless otherwise provided by law or in the articles of association, shares may be registered or to the bearer.

2 - Shares must be registered:

a) While they have not yet been fully paid-up;

b) Whenever, according to the articles of association, they cannot be assigned without the consent of the company or there is some other restriction on their transferability;

c) When their owner is obliged under the company's articles of association to make ancillary contributions to the company.

Article 300 Conversion

(Revoked by Decree-Law 486/99 of 13 November)

Article 301 Coupons

Both bearer and registered shares may be provided with coupons aimed at the payment of dividends.

Article 302 Categories of Shares

1 - The shares issued by a single company may carry different rights, specifically in relation to the distribution of dividends and in relation to the apportionment of the proceeds of liquidation.

2 - Shares which have the same rights form a category.

Article 303 Co-ownership of Shares

1 - Co-holders of a share may exercise the rights conferred by that share through a common representative.

2 - Communications and statements by the company should be directed to the common representative and, in the representative's absence, to one of the co-holders.

3 - The co-holders are jointly answerable to the company for the legal obligations or obligations under the articles of association inherent to the share.

4 - Articles 223 and 224 shall apply to this co-holdership.

Article 304 Provisional Securities and the Issue of Definitive Securities

1 - Before the issue of the final securities, the company may deliver to the shareholder a provisional registered security.

2 - Provisional securities substitute final securities for all purposes as long as the final securities have not been issued, and should contain the indications required for final securities.

3 - Final securities must be delivered to the shareholders within the six months following the final registration of the articles of association or the increase of the company's capital.

4 - (Revoked)

5 - (Revoked)

6 - (Revoked)

7 - Shares shall continue to be tradable after the dissolution of the company, until the liquidation is closed.

8 - Documents proving subscription of shares do not, by themselves, constitute provisional securities, and the rules of these provisions are not applicable thereto.

Article 305 Register of Shares

(Revoked by Decree-Law 486/99 of 13 November)

SECTION II Public Offering for the Acquisition of Shares

Article 306 Addressees and Conditions of Offering

(Revoked by Decree-Law 261/95 of 3 October)

Article 307 Supervisory Authority

(Revoked by Decree-Law no. 142-A/91, of 10 April)

Article 308 Launch of a Public Offering

(Revoked by Decree-Law 261/95 of 3 October)

Article 309 Content of a Public Offering

(Revoked by Decree-Law 261/95 of 3 October)

Article 310 Consideration in a Public Offering

(Revoked by Decree-Law 261/95 of 3 October)

Article 311
Acquisition during the Offering Period

(Revoked by Decree-Law 261/95 of 3 October)

Article 312
Duty of Secrecy

(Revoked by Decree-Law 261/95 of 3 October)

Article 313
Public Offering as a Compulsory Form of Acquisition

(Revoked by Decree-Law 261/95 of 3 October)

Article 314
Shares counted as from One Offeror

(Revoked by Decree-Law 261/95 of 3 October)

Article 315
Public Offerings for Acquisition of Convertible Bonds or Bonds conferring the Right to Subscribe Shares

(Revoked by Decree-Law 261/95 of 3 October)

SECTION III
Own Shares

Article 316
Subscription Intervention of Third Parties

1 - A company may not subscribe its own shares, and may acquire and hold its own shares only in the cases and on the conditions provided for by law.

2 - A company may not agree with another party to subscribe or acquire shares in the company in that party's name but on behalf of the company.

3 - Shares subscribed or acquired in violation of the provisions of the previous paragraph belong for all purposes, including the obligation to pay them up, to the person who subscribed or acquired them.

4 - The company may not waive reimbursement of any amounts which it has advanced to anybody for the purpose mentioned in paragraph 2 nor omit to make all its best efforts for such reimbursement to be made.

5 - Notwithstanding their liability, under the general terms of law, managers or directors involved in the transactions prohibited by paragraph 2 shall be personally and jointly responsible for the payment of subscription of the shares.

6 - Any acts by which a company acquires the shares referred to in paragraph 2 from the persons therein mentioned are null, except in execution for a debt and if the debtor does not have other sufficient goods.

Article 317

Cases of Legal Acquisition of Own Shares

1 - The company's articles of association may totally prohibit the acquisition of own shares or restrict the cases in which it is allowed under this law.

2 - Except for the provisions of the following paragraph and other legal rules, a company may not acquire or hold its own shares to the extent of more than 10% of its registered capital.

3 - A company may acquire its own shares in excess of the amount established in the previous paragraph when:

- a) The acquisition results from compliance on the part of the company with requirements set forth by law;
- b) The acquisition is aimed at the execution of a resolution to reduce the company's capital;
- c) The acquisition forms part of an overall acquisition of an entire ownership interest or portfolio;
- d) The acquisition is made free of charge;
- e) The acquisition is made in executive proceedings for the collection of third party debts, or by transaction in annulment proceedings brought for the purpose;
- f) The acquisition arises from a process established by law or by the company's articles of association when shares are not paid-up by their subscribers.

4 - As a consideration for the acquisition of its own shares, a company may deliver only assets which, under Articles 32 and 33, may be distributed to the partners, and the value of the assets distributable must be equal to at least double the value to be paid for them.

Article 318

Own Shares not Paid-up

1 - The company may only acquire own shares that are entirely paid-up, except in the cases of items b), c), e) and f) of paragraph 3 of the previous Article.

2 - Acquisitions which violate the provision of the previous paragraph shall be null and void.

Article 319

Decision to Acquire

1 - With the exception of the provisions set forth in paragraph 3 of this article, the acquisition of own shares shall depend on the adoption of a resolution by the general meeting, and such resolution must obligatorily state:

- a) The maximum number and, if any, the minimum number of shares to be acquired;
- b) The period, not exceeding 18 months from the date of the resolution, during which the acquisition may be carried out;
- c) The persons from whom the shares must be acquired, when the resolution does not order that they be acquired on a regulated market and acquisition from certain shareholders is lawful;
- d) The minimum and maximum consideration, in acquisitions carried out subject to a charge.

2 - The directors may not execute or continue to execute the resolutions of the general meeting if the requirements set forth in Articles 317, paragraphs 2, 3 and 4 and paragraph 1 of Article 318 are not fulfilled at the time of acquisition of the shares.

3 - The acquisition of own shares may be decided by the board of directors or by the executive board of directors only if, through such acquisition, a severe and imminent loss to the company is avoided, which is presumed to exist in the cases specified in items a) and e) of Article 317.3.

4 - When acquisitions are made in accordance with the previous paragraph, the directors must explain the reasons and the conditions of the transactions made at the first subsequent general meeting.

Article 320

Resolution to Dispose of Shares

1 - With the exception of the provisions of paragraph 2 of this Article, the disposal of own shares shall require a resolution by the general meeting, and such resolution must obligatorily state:

- a) The minimum number and, if any, the maximum number of shares to be sold;
- b) The period, not exceeding 18 months from the date of the resolution, during which the disposal may be carried out;

c) The type of disposal;

d) When the sale is subject to a charge, the minimum price or other consideration.

2 - The disposal of own shares may be decided by the board of directors or by the executive board of directors, if imposed by law.

3 - In the case of the previous paragraph, the directors must state the reasons for and all the conditions of the transaction effected, at the first subsequent general meeting.

Article 321

Equal Treatment of Shareholders

The acquisitions and disposals of own shares must obey the principle of equal treatment of shareholders, unless the very nature of the case is opposed to this.

Article 322

Loans and Guarantees for the Acquisition of Own Shares

1 - A company may not grant loans or in any other way provide funds or give guarantees for a third party to subscribe or in any other way acquire shares of its capital.

2 - Paragraph 1 shall not apply to transactions which are part of day-to-day operations of banks or other financial institutions, nor to transactions carried out with a view to the acquisition of shares by or on behalf of the staff of the company or of a company affiliated with it. However, such transactions and operations cannot result in the company's net assets becoming less than the sum of its subscribed capital and the total of those reserves which the law or the articles of association of the company do not allow to be distributed.

3 - Unilateral contracts or acts of the company which violate the terms of paragraph 1 or the final part of paragraph 2 are null.

Article 323

Shareholding Period

1 - Notwithstanding other periods or requirements established by law, the company may not hold a number of shares greater than the amount established by Article 317, paragraph 2, for more than three years, even if they have been lawfully acquired.

2 - Shares unlawfully acquired by the company must be disposed of within the year following the acquisition, when the law does not decree this acquisition null.

3 - If the disposals specified in the previous paragraphs have not been made within the appropriate time, the shares which were to be disposed of should be annulled; as regards the shares whose acquisition was lawful, the annulment should fall on those most recently acquired.

4 - The directors shall be liable, under the general terms of the law, for any losses suffered by the company, its creditors or third parties as a result of the unlawful acquisition of shares, annulment of shares prescribed by this Article or the failure to annul shares.

Article 324

Legal Requirements governing Own Shares

1 - While the shares are in the ownership of the company:

a) All rights inherent to the shares must be considered suspended, except the right of the owner to receive new shares in the event of an increase in capital by incorporation of reserves;

b) A reserve of an equal amount to the amount for which the shares are accounted becomes unavailable.

2 - In the annual report of the board of directors or the executive board of directors, the following must be clearly indicated:

a) The number of own shares acquired during the financial year, the reasons for the acquisitions made and the disbursements by the company;

b) The number of own shares disposed of during the financial year, the reasons for the disposals and the proceeds to the company;

c) The number of the company's own shares held by it at the end of the financial year.

Article 325

Lien and Surety of Own Shares

1 - When the company receives its own shares as a pledge or by way of guarantee, they shall count towards the limit established in Article 317, paragraph 2, with the exception of those which are deposited by way of guarantee for liabilities related to for the exercise of corporate office.

2 - Directors who accept, on behalf of the company, the company's own shares in pledge or deposit, whether or not the limit set in Article 317, paragraph 2, is exceeded, shall be liable under Article 323, paragraph 4, if the shares come to be acquired by the company.

Article 325- A
Subscription, Acquisition and Holding of Shares

1 - Shares in a public company which are subscribed, acquired or held by a company which is directly or indirectly its subsidiary under Article 486, shall, for all intents and purposes, be considered as own shares of the dominant company.

2 - The subscription, acquisition and holding of shares in a public company by a company which is directly or indirectly its subsidiary but on behalf of a third party who is not the public company referred to in the previous paragraph, or another over which the public company exercises control, shall not be subject to the provisions of the previous paragraph, .

3 - The equivalence referred to in paragraph 1 shall apply even if the subsidiary has its working head office, or its official head office under the articles of association, outside Portugal, as long as the dominant company shall be subject to Portuguese law.

Article 325 - B
Legal Requirements for Subscription, Acquisition and holding of Shares

1 - The legal requirements set forth in Articles 316 to 319 and 321 to 325 shall apply, with the appropriate adaptations, to the subscription, acquisition and holding of shares pursuant to paragraph 1 of the previous Article.

2 - The acquisition of shares in the public company by the subsidiary shall require the adoption of a resolution of the general meeting of the company, but shall not require a resolution by the general meeting of the subsidiary.

3 - While the shares are in the ownership of the subsidiary, the voting rights and the equity rights that are incompatible with paragraph 1 of Article 316 shall be considered suspended.

SECTION IV
Assignment of Shares

SUBSECTION I
Means of Assignment

Article 326
Assignment of Registered Shares

(Revoked by Decree-Law 486/99 of 13 November)

Article 327
Assignment of Bearer Shares

(Revoked by Decree-Law 486/99 of 13 November)

SUBSECTION II

Limits to Assignment

Article 328

Limits to the Assignment of Shares

1 - The articles of association of a company cannot exclude the transferability of shares nor limit it beyond those limits which are permitted by law.

2 - The company's articles of association may:

- a) Subject the assignment of registered shares to the consent of the company;
- b) Establish a right of preference of other shareholders and the conditions for exercise of this right, in the case of disposal of registered shares;
- c) Subject the assignment of registered shares and the constitution of a pledge or usufruct rights over them to the fulfilment of certain requirements, subjective or objective, which are in accordance with the interests of the company.

3 - The limitations referred to in the previous paragraph may be introduced only by an amendment to the articles of association of the company, with the consent of all the shareholders whose shares are affected by such limitations, but may be attenuated or extinguished by an amendment to the articles of association, under the general terms of law. The limitations may relate only to the shares corresponding to a particular capital increase, provided that the resolution is simultaneously with such a capital increase.

4 - The paragraphs referred to in this Article should be transcribed on the share certificates, or in the share registration records, on pain of being unenforceable against acquirers acting in good faith

5 - The paragraphs provided for in items a) and c) of paragraph 2 may not be invoked in executive proceedings or proceedings for the liquidation of assets.

Article 329

Granting and Refusal of Consent

1 - The granting or refusal of consent for the assignment of registered shares shall be the responsibility of the general meeting, unless the articles of association of the company confer this power upon another body.

2 - When the articles of association do not specify the reasons for refusal of consent, it is lawful to refuse it based on any significant interest of the company, and the grounds for the refusal should always be indicated in the resolution.

3 - The company's articles of association, on pain of nullity of the paragraph which establishes the requirement for consent, must contain:

- a) The period set, of not more than 60 days, for the company to make its decision with regard to the request for consent;
- b) A stipulation that the assignment of shares shall become free if the company does not issue a statement within the period referred to in the previous paragraph;
- c) The obligation of the company, in the event of lawful refusal of consent, to allow the shares to be acquired by another person for the price and under the payment conditions established for the transaction for which consent was requested; if the assignment is free, or if the company proves that in that transaction there was price collusion, the acquisition shall be made for the real value, determined in accordance with the provisions of Article 105, paragraph 2.

SUBSECTION III

System of Registration and System of Deposit

Article 330

First Registration

(Revoked by Decree-Law 486/99 of 13 November)

Article 331

System of Registration or Deposit

(Revoked by Decree-Law 486/99 of 13 November)

Article 332

Passage from System of Registration to System of Deposit

(Revoked by Decree-Law 486/99 of 13 November)

Article 333

Passage from System of Deposit to System of Registration

(Revoked by Decree-Law 486/99 of 13 November)

Article 334

Registration of Assignment

(Revoked by Decree-Law 486/99 of 13 November)

Article 335

Periods and Charges

(Revoked by Decree-Law 486/99 of 13 November)

Article 336
Assignment of Registered Shares

(Revoked by Decree-Law 486/99 of 13 November)

Article 337
Declaration of Assignment

(Revoked by Decree-Law 486/99 of 13 November)

Article 338
Proof of Possession of Effects of Assignment

(Revoked by Decree-Law 486/99 of 13 November)

Article 339
Assignment due to Death

(Revoked by Decree-Law 486/99 of 13 November)

Article 340
Registration of Encumbrances and Charges

(Revoked by Decree-Law 486/99 of 13 November)

SECTION V
Non-voting Preferred Shares

Article 341
Issuance and Rights of Shareholders

1 - The company's articles of association may authorise the issue of non-voting preferred shares up to an amount representing half of the capital.

2 - The shares referred to in paragraph 1 confer the right to a priority dividend, of not less than 5% of the respective par value, to be taken from the profits which, under Articles 32 and 33, may be distributed to shareholders, and to the priority reimbursement of their par value in the event of liquidation of the company.

3 - The non-voting preferred shares shall, apart from the rights specified in the previous paragraph, confer all rights inherent to common shares, except the right to vote.

4 - The shares referred to in paragraph 1 shall not count for the calculation of representation of the capital, required by the law or by the articles of association of the company for resolution by shareholders.

Article 342
Failure to Pay Priority Dividends

1 - If the distributable profits or the proceeds of liquidation are not sufficient to satisfy the payment of the dividend or the par value of the shares, in accordance with Article 341, paragraph 2, they shall be divided proportionally between the preferred shares without voting rights.

2 - Any priority dividend which is not paid within the financial year must be paid in the three following years, before the dividends relating to those years, provided there is distributable profit.

3 - If the priority dividend is not fully paid during two financial years, the preferred shares become shares carrying the right to vote, in the same terms as common shares, and shall only lose it in the subsequent financial year to that in which the priority dividends in arrears are paid. Whenever the preferred shares confer voting rights, paragraph 4 of Article 341 shall not apply.

Article 343
Participation in General Meeting

1 - If the articles of association of the company do not allow the holders of non-voting shares to attend the general meeting, holders of non-voting shares from a single issue must be represented in the meeting by one of them.

2 - Article 358 shall apply, with the necessary adaptations, to the appointment and dismissal of the common representative.

Article 344
Conversion of Shares

1 - Common shares may be converted into non-voting preferred shares by means of a resolution adopted by the general meeting, subject to the provisions of Articles 24, 341, paragraph 1, and 389. The resolution must be published.

2 - The conversion referred to in paragraph 1 must be made at the request of the interested shareholders, within the period fixed by the resolution, which must not be less than 90 days from the publication of the decision, adhering in its execution to the principle of equality of treatment.

SECTION VI
Redeemable Preferred Shares

Article 345
Redeemable Preferred Shares

1 - If the articles of association of the company so authorise, the shares which benefit from any equity benefit may, on their issuance, be subject to redemption on a fixed date or when the general meeting of shareholders so decides.

2 - The shares referred to should be reduced in accordance with the provisions of the articles of association, notwithstanding the rules imposed in the following paragraphs.

3 - The shares must be fully paid-up before being redeemed.

4 - The redemption must be made for the par value of the shares, unless the articles of association of the company provide for a premium to be granted.

5 - The consideration for the redemption of the shares, including the premium, may only be withdrawn from funds which, under Articles 32 and 33, may be distributed to the shareholders.

6 - After the redemption, an amount equal to the par value of the shares redeemed must be paid in to a special reserve, which may be used only for incorporation in the company's capital, notwithstanding its elimination in the event of the capital being reduced.

7 - The redemption of shares shall not result in a reduction of capital and, unless specified to the contrary in the company's articles of association, new shares of the same type may be issued by a decision of the general meeting in substitution of the shares redeemed.

8 - The resolution on redemption of shares shall be subject to registration and publication.

9 - The articles of association may provide sanctions for non-compliance by the company with the obligation to redeem shares on the date established therein.

10 - In cases where there are no provisions in the articles of association, any holder of these shares may request the dissolution of the company by administrative means, when one year has elapsed since the date on which the redemption should have taken place.

SECTION VII

Amortisation of Shares

Article 346

Amortisation of Shares without Reduction of Capital

1 - The general meeting may decide, by the same majority required for amendments to the articles of association, that the capital should be redeemed, in whole or in part, whereupon the shareholders shall receive the par value of each share, or a part thereof, provided that only funds which may be distributed among shareholders, under Articles 32 and 33, are used.

2 - Redemption pursuant to this Article shall not result in a reduction of the capital.

3 - Partial reimbursement of the par value must be made equally in relation to all the shares existing on that date; notwithstanding the provisions relating to redeemable shares, reimbursement of the par value of so permit.

4 - After the redemption, the equity rights conferred by the shares are changed as follows:

a) The shares in question shall only entitle the holder to their part of the profits for the financial year, together with the other shares, after a dividend has been allocated to the other shares, the maximum value of which must be fixed in the company's articles of association or, in the absence of this stipulation, shall be equal to the legal interest rate; shares that are only partially redeemed shall confer rights proportional to the said dividend;

b) Such shares shall only receive their portion of the proceeds of liquidation of the company, together with the other shares, after the latter have been reimbursed their par value; shares only partly reimbursed shall have proportional right to this first distribution of proceeds.

5 - Shares that have been totally redeemed shall be described as redeemed shares, shall constitute a category, and this fact shall be stated either on the share certificate or in the share registry.

6 - Reimbursement is final, but reimbursed shares may be converted into shares of capital, by resolutions adopted by the general meeting and a special meeting of their holders, adopted by the same majority as is required for amendments to the company's articles of association.

7 - The conversion referred to in the previous paragraph shall be effected by means of retention of profits which, in one or more financial years, would have been due to the reimbursed shares, unless the said meetings of shareholders grant their permission for it to be carried out by means of new capital contributions offered by the interested shareholders.

8 - The two previous paragraphs shall apply to the reconstitution of partially redeemed shares.

9 - The conversion shall be deemed to take effect at the moment when the dividends retained reach the value of the redemptions carried out or, in the case of capital contributions by the shareholders, at the end of the financial year in which this contribution has been paid in.

10 - Decisions on amortisation and conversion are subject to registration and publication.

Article 347
Amortisation of Shares with Reduction of Capital

1 - The company's articles of association may impose or permit shares to be amortised, in certain cases and with the consent of their holders.

2 - The amortisation of the shares under this Article shall always result in a reduction of the capital of the company; the shares amortised shall cease to exist on the date of the deed of reduction of capital.

3 - The circumstances which impose or allow amortisation should be concretely defined in the company's articles of association.

4 - In the event of amortisation being imposed by the company's articles of association, the articles of association should establish all the conditions essential for the transaction to be carried out, giving the board of directors and executive board of directors the power only to declare, in the 90 days subsequent to their becoming aware of the fact, that the shares are written off in accordance with articles of association, and to take the necessary action required for this event.

5 - In the event that amortisation is permitted by the company's articles of association, the general meeting shall be responsible for deciding to amortise and establishing the conditions necessary for the transaction to be carried out in respect of any part not contained in the articles of association.

6 - If amortisation is allowed by the company's articles of association, the articles of association may set a period, of not more than a year, for the resolution to be adopted; in the absence of a provision in the articles of association, this period shall be six months, from the date of the fact on which the amortisation is based.

7 - Article 95 shall apply to the reduction of capital by amortisation of shares under this Article, except:

a) - In the case of amortisation of shares which have been completely paid-up, and are placed at the disposal of the company, free of charge; or

b) - If only funds which may be distributed to shareholders under Articles 32 and 33 are used for the amortisation of shares that have been fully paid-up; in this event a reserve subject to the legal requirements governing the statutory reserve must be created, in an amount equal to the sum of the par value of the shares amortized.

CHAPTER IV Bonds

SECTION I Bonds in General

Article 348 Issuance of Bonds

1 – Public companies may issue securities which, in the same issue, confer equal credit rights and which are called bonds.

2 – Only companies whose articles of association are definitively registered for more than a year may issue bonds, with the following exceptions:

a) They stem from the merger or spin-off of companies, at least one of which has been registered for more than a year; or

b) The State or an equivalent public-sector body holds the majority of the share capital of the company;

c) The bonds have been subject to a guarantee provided by a credit institution, by the State or by an equivalent public-sector body.

3 - The requirements of the previous paragraph may be waived in full or in part by a Ministerial Order of the Finance and Justice Ministers.

4 - Bonds may not be issued before the capital is entirely paid-in or, at least, all the shareholders who have not made the subscription payments for their shares by the appropriate time have been given placed in arrears.

Article 349 Limits to Issuance of Bonds

1 – Public companies cannot issue bonds to a value which exceeds twice the value of their equity capital, considering the sum-total of the subscription price of all bonds issued which are not amortised.

2 – For the purpose of the previous paragraph, equity capital shall be understood to mean all paid-up capital, minus own shares, with reserves, results brought forward from previous years and adjustments to ownership interests in the capital of affiliated companies.

3 – Compliance with the issue limit must be verified through a statement of opinion from the supervisory board or sole inspector.

4 – The limit established in the previous paragraphs shall not apply to:

- a) Companies issuing shares admitted to trading on a regulated market;
- b) Companies presenting a risk rating in relation to the issue, assigned by a risk rating company registered with Comissão do Mercado de Valores Mobiliário (the Portuguese securities market regulator - CMVM);
- c) Issues whose redemption is ensured by special guarantees established in favour of the bondholders;

5 - A company which is a bondholding debtor may not reduce its capital to an amount inferior to the amount of its debt to the bondholders, unless by virtue of losses, even if the issue has benefited from expansion under paragraph 4 of this Article, or from a special law.

6 - If the capital is reduced by virtue of losses to an amount lower than the amount owed by the company to the bondholders, all the distributable profits shall be applied to strengthening the statutory reserve until the sum of the statutory reserve and the new capital is equal to the amount of the said debt or, if there has been amplification under paragraph 3 of this Article or by a special law, until the proportion initially established between the capital and the value of the bonds issued is reached.

Article 350

Decision-making

1 - Issuance of bonds may be decided by the shareholders, unless the company's articles of association permit this resolution to be adopted by the board of directors.

2 - No resolution to issue bonds may be adopted while a previous issue has not been subscribed and paid up.

3 - The shareholders may authorise that a bond issue which has been decided may be carried out in parts as a series, specified by them or by the board of directors, however such authorisation shall expire after five years, in relation to any series not yet issued.

4 - A new series may not be launched until the bonds of the previous series have been subscribed and paid-up.

Article 351

Registration

1 – The issuance of bonds and the issuance of each of the series thereof shall be subject to commercial registration, when they are issued through a private offering, except where they were admitted to listing on a regulated securities market within the period of the application for registration.

2 - When subject to compulsory registration, until the issue of bonds or of the series has been finally registered, the respective securities may not be issued; the absence of registration shall render the securities invalid, but shall render the directors liable.

Article 352

Denomination of Par Value of Bonds

1 - (Revoked)

2 - (Revoked)

3 - The par value of the bond must be expressed in a currency which is current legal tender in Portugal unless payment in any other currency is authorised by current legislation.

Article 353

Incomplete Public Subscription

1 - If a public subscription for an issue of bonds is carried out and only part of it is subscribed during the period specified in the resolution, the issue shall be limited to these bonds.

2 - The directors must add a note to the commercial register stating the actual value of the issue.

Article 354

Own Bonds

1 - The company may only acquire its own bonds under the same circumstances in which it may acquire its own shares or for conversion or amortisation.

2 - For as long as any bonds are owned by the issuing company their respective rights shall be suspended, however they may be converted or amortised under the general terms of the law.

Article 355

Meeting of Bondholders

1 - The creditors of a single issue of bonds may convene in a meeting of bondholders.

2 - The meeting of bondholders shall be convened and chaired by the common representative of bondholders or, if this person has yet to be appointed or refuses to convene the meeting, by the chairman of the board at the general meeting, and the expenses of convocation shall be borne by the company. The meeting must be convened under the terms prescribed by law for the general meeting of shareholders.

3 - If the common representative of the bondholders and the chairman of the general meeting of shareholders refuse to call the assembly of bondholders, the owners of 5% of the bonds of the issue can apply for convocation of the meeting by the Courts, and this meeting shall elect its chairman.

4 - The assembly of bondholders shall rule on all subjects which are attributed to it by law or are of common interest to the bondholders, and specifically on:

a) The appointment, remuneration and dismissal of the common representative of bondholders;

b) The modification of the credit conditions of the bondholders;

c) Proposals for settlement and agreements with creditors;

d) Claims for the debenture loans in executive proceedings, except in the case of urgency;

e) The constitution of a fund for the expenses necessary to protect the common interests and for the respective reporting of accounts;

f) Authorisation of the common representative to take legal action.

5 - Each bond shall correspond to one vote.

6 - The members of the board of directors and supervisory bodies of the company and the common representatives of the holders of the bonds of other issues may be present at the meeting.

7 - Resolutions shall be adopted by a majority of the votes issued; changes in the terms of the bonds, however, must be approved, either, on the first date set, by half of the votes corresponding to all the bondholders or, on the second date set, by two-thirds of the votes issued.

8 - Resolutions adopted by the meeting shall bind bondholders who are absent or who disagree.

9 - The assembly may not decide on an increase in the charges incumbent on the bondholders or on the adoption of measures which result in unequal treatment of the bondholders.

10 - Bondholders may be represented at the general meeting, empowering their representative by means of a mere letter addressed to the chairman of the meeting.

Article 356
Invalidity of Resolutions

1 - The rules relating to the invalidity of resolutions by shareholders shall apply, with the necessary adaptations, to decisions by the meeting of bondholders, and violation of the conditions of the loan shall lead to their annulment.

2 - Any annulment proceedings or annulment must be filed against the group of bondholders who approved the resolution, in the person of the common representative; if there is no common representative or if he did not approve the decision, the Plaintiff must apply, in the claim, for the bondholders who adopted the resolution to appoint a special representative.

Article 357
Common Representative of Bondholders

1 - For each issue of bonds there shall be a common representative of the respective bondholders.

2 - The common representative must be a law firm, a statutory audit firm or an individual with full legal capacity, even if he is not a bondholder.

3 - One or more replacement representatives may be appointed.

4 - The incompatibilities established by Article 414, paragraph 3, items a) to g) shall apply to the common representative of the bondholders.

5 - The remuneration of the common representative shall be charged to the company; if the company disagrees with the remuneration set by the resolution of the bondholders, the Court shall have the power to decide, at the request of the company or of the common representative.

Article 358
Appointment and Dismissal of Common Representative

1 - The common representative shall be appointed and dismissed by means of a resolution by the bondholders, and such decision must specify whether the duration of the representative's functions is fixed or of indeterminate.

2 - In the absence of a common representative, appointed according to the previous paragraph, any bondholder or the company may petition the court to appoint the said representative, until such time as the bondholders make the appointment.

3 - Any bondholder may petition the court to dismiss the common representative, where there is just cause.

4 - The appointment and dismissal of the common representative must be communicated in writing to the company and registered with the competent commercial registry office at the initiative of the company or by the representative himself.

Article 359

Powers and Responsibilities of the Common Representative

1 - The common representative must carry out, in the name of all the bondholders, all acts of management aimed at the protection of their common interests, and he shall have the following specific powers:

- a) To represent the group of bondholders in their relations with the company;
- b) To represent the group of bondholders in the Courts, specifically in legal action brought against the company and in executive proceedings or the liquidation of the company's assets;
- c) To attend the general meetings of shareholders;
- d) To receive and examine all company documentation submitted to or made available to the shareholders, under the same conditions as those established for the shareholders;
- e) To be present at lotteries for the redemption of bonds;
- f) To call the meeting of bondholders and assume the respective Chairmanship, in accordance with the law.

2 - The common representative must provide bondholders with any information that may be requested of him in relation to facts which are relevant to the common interests.

3 - The common representative shall be liable, in general terms, for acts or omissions which violate the law or the decisions of the meeting of bondholders.

4 - The meeting of bondholders may approve a regulation on the functions of the common representative.

5 - The common representative shall not be permitted to receive interest or any amounts owed by the society to the bondholders, considered individually.

SECTION II

Types of Bonds

Article 360

Types of Bonds

The following types of bond may be issued:

- a) Those which as well as giving their holders the right to a fixed rate of interest, also qualify them for a supplementary interest rate or a redemption premium, which may be either fixed or dependent on the profits made by the company;
- b) Those which bear interest and a redemption plan, dependent on, and variable in accordance with the profits;
- c) Those which are convertible into shares;
- d) Those which confer the right to subscribe one or more shares;
- e) Those which confer issue premiums.

Article 361

Auxiliary Interest or Redemption Premium

1 - In the case of bonds with supplementary interest or redemption premium, these may:

- a) Be established as a fixed percentage of the profit of each financial year, regardless of the value of that profit and changes which may take place during the period of the life of the loan;
- b) Be fixed in terms of the previous paragraph, but only in cases where the profit exceeds a minimum limit which shall be stipulated on issuance thereof, applying the percentage established to all profit calculated or only to the part which exceeds the said limit;
- c) Be determined in any of the manners provided for in the preceding items, based, however, on a percentage which varies according to the volume of profit produced in each financial year or of the profit to be considered above the limit stipulated under item b);
- d) Be calculated on the basis of the previous paragraphs, however with the distribution of profits to shareholders and bondholders in proportion to the par value of the existing securities, which proportion may be adjusted based on a coefficient stipulated on issuance of the bonds;
- e) Be calculated by any other similar manner, approved by the Minister of Finance, at the request of the interested company.

2 - If the company reports losses, or profits lower than the limit on which the participation established depends, the bondholders shall have the right only to the fixed interest.

Article 362

Profits to be Included

1 - The profit to be considered for the purposes of Article 361, paragraph 1, items a) and b), shall be that which corresponds to the net result of the financial year, minus the value of the statutory or obligatory reserves and not considering amortisations, adjustments and provisions created above and beyond the legally permitted maximum for the effects of corporate income tax, as costs.

2 - The calculation made by the company of the profit which must serve as the basis for calculating the amounts payable to the bondholders, and also the calculation of these amounts, must obligatorily be submitted, together with the annual report and accounts for each financial year, to assessment by a statutory auditor.

3 - The statutory auditor referred to in the previous paragraph shall be appointed by the meeting of bondholders, within 60 days from the end of the first subscription of the bonds or of the post becoming vacant.

4 - The incompatibilities established in paragraph 1 of Article 414-A shall apply to this statutory auditor, with the exception of the provision set forth in item h) of the said paragraph.

5 - The profit to be considered in each of the years of the life of the loan for calculation of the amounts payable by way of supplementary interest or redemption premium shall be that referring to the previous financial year.

6 - If there is a distribution of supplementary interest or any amount as redemption premium in the same year as the issue and in accordance with the conditions of the issue, the respective amount shall be calculated based on the criteria established for the purpose in the issue.

Article 363

Resolution to Issue Bonds

1 - For the bonds referred to in Article 361, paragraph 1, items a) and b), the proposal for resolution by the general meeting of shareholders must define the following conditions:

a) The global quantity of the issue and the reasons which justify it, the par value of the bonds, and the price for which they are issued and redeemed or the method of determining the price;

b) The interest rate and, as the case may be, either the manner of calculating the amount on which interest and redemption shall be payable, or the fixed interest rate; or the criterion for calculating the supplementary interest, or the redemption premium;

c) The amortisation plan for the loan;

d) The identity of the subscribers and the number of bonds being subscribed by each one, when the company does not have recourse to public subscription.

2 - The decision may restrict the bonds to be issued to the shareholders or the bondholders, either totally or partially.

Article 364

Payment of Ancillary Interest and Redemption Premium

1 - The supplementary interest for each year shall be paid in one or more instalments, separately or together with the fixed interest, as established on issuance of the bonds.

2 - If amortisation of a bond takes place before the maturity date for the supplementary interest, the issuing company must supply the respective owner with a document which enables him to exercise his right to any supplementary interest.

3 - The redemption premium shall be paid in full on the date of amortisation of the bonds, and such date may not be fixed to take place before the limit date for the approval of the annual accounts.

4 - It may be stipulated that the annual amounts calculated as redemption premiums may be capitalised, in the manner and for the purposes established in the issue conditions.

Article 365

Bonds Convertible into Shares

1 – Public companies may issue bonds which are convertible into shares representing their capital or held by them.

2 – [Repealed].

Article 366

Resolution to Issue Bonds

1 - The resolution to issue bonds convertible into shares must be adopted by the majority specified in the company's articles of association, but may not be less than the majority required for a resolution to increase capital with new capital contributions.

2 - The proposal for the resolution must specifically indicate:

a) The global quantity of the issue and the reasons which justify it, the par value of the bonds and the price for which they shall be issued and redeemed or the manner of determining it, the interest rate and the plan for amortisation of the loan;

b) The basis and the terms of conversion;

c) Whether the right provided in paragraph 1 of the following Article should be withdrawn from the shareholders, and the reasons for such a decision;

d) The identity of the subscribers and the number of bonds being subscribed by each one, when the company does not have recourse to public subscription.

3 - The decision to issue bonds convertible into shares implies the approval of a capital increase by the company to the value of and under the conditions which prove necessary to satisfy the requests for conversion.

4 - The conditions set by the resolution of the general meeting of shareholders for the issue of convertible bonds may only be changed without the consent of the bondholders if the alteration does not result in any reduction in the bondholders' respective advantages or rights or an increase in charges levied on them.

Article 367

Preference Rights of Shareholders

1 - The shareholders shall have right of preference in a subscription of convertible bonds, and Article 458 shall apply.

2 - No person who could benefit specifically from the suppression or limitation of the right of preference of the shareholders in subscriptions of convertible bonds may take part in any vote which results in such suppression or limitation, nor can the shares of such person be taken into consideration in the calculation of the number of people required to be present for the general meeting nor for the majority required for the resolution.

Article 368

Prohibition of Amendments to the Company

1 - As from the date of the decision to issue bonds convertible into shares, and for as long as it is possible for any bondholder to exercise the right of conversion, the issuing company may not change the conditions set in the company's articles of association for the distribution of profits, distribute its own shares to the shareholders, for any reason, amortise shares or reduce the capital by means of redemption or attribute privileges to the existing shares.

2 - If the capital is reduced as a result of losses, the rights of the bondholders who opt for conversion shall be correspondingly reduced, as if these bondholders had been shareholders from the date of issuance of the bonds.

3 - During the period of time referred to in paragraph 1 of this Article, the company may only issue new bonds convertible into shares, change the par value of its shares, distribute reserves to the shareholders, increase the share capital by means of capital contributions paid in by new shareholders or by the incorporation of reserves, or carry out any other act which may affect the rights of the bondholders who opt for the conversion, provided that equal rights are assured to those enjoyed by shareholders.

4 - The rights referred to in the final part of the previous paragraph shall not include the right to receive any yield from the securities or to participate in distribution of the reserves concerned in relation to the period prior to the date on which the conversion produces its effects.

5 - In companies issuing securities admitted to trading on a regulated market, the protection of holders of convertible bonds may, alternatively, be ensured through paragraphs which automatically readjust the conversion relation which safeguards the integrity of the economic interests of the holders, in conditions of fairness.

Article 369

Distribution of Interest and Dividends

1 - The bondholders shall have the right to interest on the respective bonds up to the moment of the conversion, which, for this purpose, shall always be at the end of the quarter in which the request for conversion is presented.

2 - The system of allocation of dividends which shall be applied to the shares into which the bonds shall be converted during the financial year in which the conversion takes place must always be included in the issue.

Article 370

Formalisation and Registration of Increase of Capital

1 - Increases in share capital resulting from the conversion of bonds into shares shall be subject to a written declaration from any director of the company, under their responsibility, to be issued:

a) Within 30 days subsequent to the deadline for presentation of the request for conversion, when, under the terms of the issue, the conversion has to be carried out once only and at a specified moment;

b) within 30 days after the end of each period for presentation of the request for conversion, when, under the terms of the issue, the conversion may be made at more than one moment.

2 - If the resolution specifies only one moment after which the right of conversion may be exercised, the director must, during the months of July and January of each year, declare in writing the increase arising from the conversions requested during the six months immediately preceding the declaration.

3 - The conversion shall be considered, for all intents and purposes, as having taken place:

a) In the cases provided for under paragraph 1, on the last day of the period for presentation of the respective request;

b) In the case provided for in the previous paragraph, on 30 June or 31 December, as the case may be.

4 - The registration of the increase in capital with the commercial registry office must be carried out within a period of two months from the date of the declarations referred to in paragraphs 1 and 2.

Article 371

Issuance of Shares for Conversion of Bonds

1 - The company's management must:

a) In relation to certificated shares, issue the securities for the new shares and deliver them to their holders within 180 days from the date on which the capital increase resulting from the issue takes effect;

b) in relation to book-entry shares, register the new shares in an account immediately after the commercial registry of the capital increase resulting from the issue.

2 - When the request for conversion may be satisfied with shares already issued and which are available for the purpose, it shall not be necessary to proceed with the issue referred to in the previous paragraph.

Article 372

Settlement Agreement with Creditors and Dissolution of the Company

1 - If a company that is an issuer of bonds convertible into shares enters into settlement agreements with its creditors, the right of conversion may be exercised as soon as the said agreement is approved and under the conditions established thereunder.

2 - If the company which has issued bonds convertible into shares is dissolved, without this resulting in a merger, the bondholders, in the absence of a financially reliable surety, may demand early redemption, although this may not be imposed by the company.

Article 372- A

Bonds Conferring the Right to Subscribe Shares

1 - Public companies may issue bonds with warrants.

2 - [Repealed]⁽¹⁾

Article 372 - B

Legal Requirements

1 - Notwithstanding the following paragraph, the bonds mentioned in the previous Article must confer the right to subscription of one or several shares to be issued by the company within a determined period and for the price and under any other conditions set at the moment of issue.

2 - A company may issue bonds which confer the right to subscription of shares to be issued by the company which directly or indirectly holds a majority equity interest in the share capital of the company issuing the bonds, and in this case the issue of the bonds must also be approved by the general meeting of shareholders of that company, and Article 366 shall apply.

3 - The period of exercise of the right to subscribe may not run more than three months beyond the date by which the whole of the loan ought to have been amortized.

4 - The subscription rights may be disposed of or traded independently from the bonds, unless established to the contrary in the conditions of the issue.

5 - Notwithstanding the provisions of the previous paragraphs, Articles 366, 367, 368, 369, paragraph 2, 370, 371 and 372 shall apply to the bonds referred to in this Article, with the necessary adaptations.

CHAPTER V

Resolutions adopted by Shareholders

Article 373

Form and Scope of Resolutions

1 – Shareholders shall adopt resolutions under the terms of Article 54 or at regularly convened general meetings.

2 – Shareholders shall adopt resolutions on matters which are specially assigned to them by law or in the articles of association and which do not fall within the scope of the powers of other corporate bodies.

3 – Shareholders may deliberate on matters relating to the management of the company when requested to do so by the board of directors.

Article 374

Board at the General Meeting

1 – The board at the general meeting shall at least consist of a chairman and a secretary.

2 – The articles of association may stipulate that the chairman, the vice-chairman and the secretaries of the board at the general meeting be elected by the board, for a period of no more than four years, from among the shareholders or other persons.

3 – If provision is not made in the articles of association, if there is a failure to elect people under the terms of the previous paragraph or in the case of elected persons failing to attend, the chairman of the supervisory board, of the audit committee or the general and supervisory council shall serve as chairman of the board at the general meeting, and the secretary shall be a shareholder attending the meeting, chosen by the chairman.

4 – In the event of there being no chairman of the supervisory board, the audit committee or the general and supervisory council, or if they should fail to attend, the general meeting shall be chaired by a shareholder, in the order of the number of shares they own, and in the event of their holding an equal number of shares, the person who has been a shareholder for the greatest period of time or the age of the shareholders shall be taken into account, successively.

Article 374- A

Independence of Members of the Board at the General Meeting

1 – The requirements regarding independence set forth in paragraph 5 of Article 414 and the legal provisions regarding incompatibilities set forth in paragraph 1 of Article 414-A shall apply to the members of the board at the general meeting of companies issuing securities admitted to trading on a regulated market and companies meeting the criteria referred to in item a) of Article 413.2, with the necessary adaptations.

2 – The general meeting may dismiss the members of the board at the general meeting of the companies referred to in paragraph 1, provided that there is just cause.

3 – The provision set forth in Article 422-A shall apply, with the necessary adaptations.

Article 375

General Meetings of Shareholders

1 – General meetings of shareholders must be convened whenever stipulated by law or by the board of directors, the audit committee, the executive board of directors, the supervisory board or the general and supervisory council shall see fit to convene it.

2 – The general meeting must be convened whenever one or more of the shareholders owning shares corresponding to at least 5% of the share capital request it.

3 – The request referred to in the previous paragraph must be made in writing and addressed to the chairman of the board at the general meeting, indicating precisely the matters to be included in the order of business and justifying the need for the meeting.

4 – The chairman of the board at the general meeting must ensure publication of the notice of meeting within 15 days of receipt of the request. The meeting must take place within 45 days of the date of publication of the notice of meeting.

5 – When the chairman of the board at the general meeting does not approve such a request made by the shareholders or does not convene the general meeting under the terms of paragraph 4, he must provide written justification for his decision, within the stated period of 15 days.

6 – Shareholders whose requests are not approved may request that the general meeting be convened by order of the courts.

7 – Any costs incurred by the convening of the general meeting shall be met by the company, as shall any legal expenses, in the cases provided for in the previous paragraph, should the court rule to grant the petition.

Article 376

Annual General Meeting

1 – The annual meeting of shareholders must meet within three months of the close of the financial year or within five months of the same date, in the case of companies required to present consolidated accounts or applying the equity method. The purpose of the meeting shall be:

- a) To discuss the annual report and accounts for the financial year;
- b) To discuss the proposed application of the company's results;
- c) To assess the management and supervision of the company in general and, as the case may be, although such matters might not appear on the order of business, to proceed with the dismissal of managers, within the scope of the meeting's powers, or to table a vote of no confidence in a manager;
- d) To proceed with any appointments which fall within the powers of the meeting.

2 – The board of directors or executive board of directors must request the convening of the general meeting referred to in the previous paragraph and present the proposals and any documentation required for resolutions to be adopted.

3 – The violation of the duty established in the previous paragraph shall not prevent the subsequent convening of the meeting, but shall, however, subject the infringing parties to the sanctions passed down by law.

Article 377
Notice of Meeting and Means of Holding the Meeting

1 – General meetings shall be convened by the chairman of the board at the general meeting, or, in special cases provided for by law, by the audit committee, the general and supervisory council, the supervisory board or the courts.

2 – The notice of meeting must be published.

3 – The articles of association may require other forms of communicating with shareholders and, when all shares in the company are registered, publication may be substituted by a registered letter or, in relation to shareholders who give their prior consent, by electronic mail with receipt of delivery.

4 – There must be a period of at least one month between the date of the last disclosure and the date of the meeting, and a period of at least 21 days between the sending of the registered letters or electronic mails referred to in paragraph 3 and the date of the meeting.

5 – The notice of meeting, whether it is published or sent by registered letter or electronic mail, must contain at least the following:

- a) The references required under Article 171;
- b) The location, date and time of the meeting;
- c) An indication of the type of meeting, whether general or extraordinary.
- d) Any pre-requisites to which participation in the meeting and exercise of voting rights may be subject;
- e) The order of business;
- f) When postal voting is not prohibited in the articles of association, a description of the manner in which postal ballots shall be processed, including the address, physical or electronic, security conditions, deadline for receipt of postal ballots and the date on which they shall be counted.

6 – Meetings shall be held:

- a) at the headquarters of the company or another location within the national territory, to be chosen by the chairman of the board at the meeting, if the company's facilities do not allow for the meeting to be held in satisfactory conditions; or
- b) Unless provision is made to the contrary in the articles of association, through telematic means, in which case the company must vouch for the authenticity of declarations made and the security of communications, and must also register the content of the meeting and anyone intervening in it.

7 – The supervisory board, the audit committee or the general and supervisory council are only permitted to convene the general meeting of shareholders after having requested, without success, that the chairman of the board at the general meeting convene it, in which case the said bodies shall set the order of business and, if justified, choose a location or means of conducting the meeting other than a physical meeting at company headquarters, under the terms of the previous paragraph.

8 – The notice of meeting must clearly state the matter which is to be brought before the assembly for resolution. When the matter in question is the amendment of the articles of association, the paragraphs to be amended, revoked or added to must be stated, and the full text of the proposed paragraphs provided or an indication that this text is available to shareholders at the registered offices, from the date on which it is published, notwithstanding the partners proposing to the assembly a different wording for the same paragraphs or amendments being made to other paragraphs, as a result of the amendments made to the paragraphs referred to in the notice of meeting.

Article 378

Inclusion of Matters in the Order of Business

1 – The shareholder or shareholders who meet the conditions stipulated under Article 375.2 may request the inclusion of certain matters in the order of business of a general meeting which has already been convened.

2 – The request referred to in the previous paragraph must be addressed in writing to the chairman of the board at the general meeting within five days of the last publication of the notice of meeting.

3 – The matters included in the order of business by virtue of the provisions of the previous paragraphs must be communicated to the shareholders through the same means used for the notice of meeting, within 5 or 10 days of the date of the meeting, according to whether the means of communication is registered letter or publication.

4 – In the event of the request not being met, interested parties may petition the courts to convene a new meeting to discuss the matters referred to, in application of the provision of Article 375.7.

Article 379

Participation in the Meeting

1 – Shareholders who, according to the law or the articles of association, are entitled to at least one vote, shall have the right to attend the general meeting and discuss and vote on matters broached therein.

2 – Shareholders without voting rights and bondholders may attend general meetings and participate in the discussion of the matters indicated in the order of business if the articles of association do not stipulate otherwise.

3 – Common representatives of holders of non-voting preferred shares and bondholders shall also have the right to attend general meetings of shareholders.

4 – Managers, members of the supervisory board or the general and supervisory council must be present at general meetings of shareholders, and the statutory auditor who examined the company's accounts must attend the annual general meeting.

5 – Whenever the articles of association require possession of a certain number of shares to confer voting rights, shareholders not possessing the minimum number of shares shall have the right to form groups in order to achieve the required number or a higher number of shares, and to be represented by one of the members of the group.

6 – The presence at the general meeting of any person not indicated in the previous paragraphs shall depend on the authorisation of the chairman of the board at the general meeting. The assembly may, however, revoke such authorisation.

Article 380

Representation of Shareholders

1 – The articles of association cannot prohibit a shareholder from being represented at the general meeting.

2 – As an instrument of voluntary representation, a signed written document, addressed to the chairman of the board at the general meeting, shall suffice. Such documents shall be kept on file by the company for the mandatory period for which documents must be filed.

Article 381

Request for Representation

1 – Should any person request representations of more than five shareholders to vote at a general meeting, the provisions of the following paragraphs and sub-paragraphs must be observed:

a) Representation shall only be granted for a specific meeting, however it shall be valid regardless of whether it is granted on the first or second convening thereof;

b) The granting of representation shall be revocable and attendance of the represented party at the meeting shall result in said revocation;

c) The application for representation must contain at least the following: Details of the meeting in question must be specified by indicating its location, date and time and the order of business; indications on the consultation of documents by shareholders; a precise indication of the person or persons proposed as representatives; whether the representative shall vote in favour or against the motions should the represented party fail to instruct them; reference to the fact that, in the event of unforeseen circumstances arising, the representative shall vote in the manner in which they believe to best serve the interests of those represented.

2 – The company cannot, through its actions or those of an intermediary, solicit the representation of any person; nor shall the members of the audit committee, the supervisory board, the general and supervisory council or the statutory auditors solicit such representation or be indicated as representatives.

3 – (Revoked)

4 – In the event of the shareholder who is solicited granting representation and giving instructions as to how to vote, the petitioner is entitled not to accept the representation, but must urgently inform the shareholder in question of their refusal.

5 – By the same token, those represented must also be informed, with any explanations necessary, of the votes cast in the case provided for in the latter part of item c) of paragraph 1;

6 – The party requesting representation must send the represented shareholder a copy of the minutes of the meeting, at the cost of the petitioner.

7 – In the event of the provisions of the previous paragraphs not being observed, a shareholder shall not be permitted to represent more than five others.

Article 382

Attendance List

1 – The chairman of the board at the general meeting must request the organisation of a list of shareholders attending and represented at the start of the meeting.

2 – The attendance list shall indicate:

a) The name and residence of the each of the shareholders present;

b) The name and residence of each of the shareholders represented and of their representatives;

c) The number, category and par value of shares belonging to each shareholder present or represented.

3 – Shareholders in attendance and the representatives of other shareholders must sign the attendance list in the space provided.

4 – The attendance list must be filed by the company; it may be consulted by any shareholder, and any shareholder requesting it must be provided with a copy.

Article 383

Quorum

1 – The general meeting may adopt resolutions, the first time it is convened, regardless of the number of shareholders present or represented, except in the case of the provision set forth in the following paragraph or the articles of association.

2 – So as to enable the general meeting to adopt resolutions, the first time it is convened, with regard to the amendment of the articles of association, mergers, the spin-off, conversion or dissolution of the company or other matters for which the law requires a qualified majority, without specifying it, shareholders with shares representing at least one third of the share capital must be present or represented.

3 – On being convened a second time, the assembly may adopt resolutions regardless of the number of shareholders present or represented and the capital which they represent.

4 – The notice of meeting of a general meeting may stipulate a second date for a meeting in the event of the meeting not being possible on the first date fixed, due to a lack of representation of the capital required by law or in the articles of association, provided that there is a period of 15 days between the two dates. The functioning of the assembly meeting on the second date fixed shall be subject to the rules relating to the second convening of the general meeting.

Article 384

Votes

1 – In the absence of a different clause in the articles of association, each share shall carry one vote.

2 - The company's articles of association may:

a) Stipulate that a single vote correspond to a certain number of shares, provided that all shares issued by the company are included and that one vote corresponds to at least 1,000 Euro of capital;

b) Establish that votes over and above a certain number shall not be counted, when issued by a single shareholder, on their own behalf or as a representative for another shareholder.

3 – The voting limits permitted under item b) of the previous paragraph may be established for all shares or only for shares of one or more categories, which shall not be determined by shareholders.

4 – From the date on which the paying-up of capital contributions is in arrears and for the duration of the arrears, the shareholder in question shall not be permitted to exercise his/her voting rights.

5 – The articles of association must not establish plural voting.

6 – A shareholder must not vote in person or through a representative, nor in representation of a third party, when the law expressly prohibits it and also when the resolution relates to the following:

a) The paying-up of an obligation or liability which is incumbent upon the shareholder, either in the capacity of shareholder or as a member of the board of directors or the supervisory board;

b) Any litigation arising from claims made by the company against the shareholder or vice-versa, either before or after petitioning the courts;

c) Dismissal from office of a member of a corporate body, with just cause;

d) Any relations, established or to be established, between the company and the shareholder, other than those provided for in the articles of association.

7 – The provisions set forth in the previous paragraph cannot be omitted from the articles of association.

8 – The means of exercising voting rights may be determined by the articles of association, by means of a resolution adopted by the partners or a decision by the chairman of the board at the general meeting.

9 – Where postal voting is not prohibited in the bylaws, they must regulate the exercise thereof, establishing, in particular, the means of verifying the authenticity of the vote and ensuring its confidentiality until the time of the vote, and choosing one of the following options for dealing with postal ballots:

a) Determining that votes cast in this fashion are valid as negative votes in relation to motions tabled, which matters were presented subsequent to the casting of the vote;

b) Authorising votes to be cast until at most five days after the meeting, in which case the final count of votes shall take place up to the 8th day after the meeting, after which the results of the vote must be immediately disclosed.

Article 385 Voting Units

1 - A shareholder having more than one vote shall not be permitted to split his vote to vote in different directions for the same proposal or to abstain from voting with all shares conferring voting rights.

2 – A shareholder who represents others may vote for and against a motion with their shares and those of the parties they represent, and may also abstain from voting with their shares or those of the parties they represent.

3 – The provision of the previous paragraph shall apply to the exercise of voting rights as a usufructuary, secured creditor or representative of co-holders of shares and also in representation of an association or company whose partners have decided to vote contrary to one another, according to certain criteria.

4 – The violation of the provision of paragraph 1 of this article shall lead to the nullity of all votes cast by the shareholder.

Article 386

Majority

1 – The general meeting shall adopt resolutions by a majority of votes cast, regardless of the percentage of the share capital represented, unless otherwise stipulated in the law or the articles of association. Abstentions shall not be counted.

2 – In resolutions on the appointment of holders of office in the corporate bodies or statutory auditors or audit firms, if there are various proposals, that which achieves the highest number of votes in favour shall prevail.

3 – Resolutions in relation to certain of the matters referred to in paragraph 2 of Article 383 must be approved by two thirds of the votes cast, whether the assembly is meeting for the first or the second time.

4 – If, at the meeting convened for the second time, shareholders representing at least half of the share capital are present or represented, resolutions on any of the matters referred to in paragraph 2 of Article 383 may be adopted by a majority of the votes cast.

5 – When the law or the articles of association require a qualified majority, to be determined in terms of the company's capital, shares whose holders are legally impeded from voting, either in general or in that specific case, shall not be taken into account for the calculation of the majority, and, furthermore, the voting limitations permitted under Article 384.2.b) shall not function, unless stated otherwise in the articles of association.

Article 387

Suspension of a Session

1 – Apart from the normal suspensions determined by the chairman of the board at the general meeting, the assembly may decide to suspend its work.

2 – The recommencement of work must be fixed at once, for a date no more than 90 days later.

3 – The assembly is only permitted to decide to suspend the session of the board twice.

Article 388 Minutes

1 – The minutes of each general meeting must be drawn up.

2 – The minutes of general meetings must be typed and signed by the persons acting as chairman of the board at the meeting and the secretary.

3 – The assembly may, however, decide that the minutes be submitted to its approval prior to being signed under the terms of the previous paragraph.

Article 389 Extraordinary Meetings of Shareholders

1 – Extraordinary meetings of holders of shares of a certain category shall be convened, meet and function under the terms set forth by law and in the articles of association with regard to general meetings.

2 – Whenever the law requires a qualified majority for resolutions at a general meeting, the same majority shall be required for resolutions at extraordinary meetings on the same matter.

3 – There shall be no extraordinary meetings of holders of ordinary shares.

CHAPTER VI Management, Supervision and Secretary of a Company

SECTION I Board of Directors

Article 390 Composition

1 – The board of directors shall be composed of the number of directors stated in the articles of association.

2 – The articles of association may provide for the company to only have one director, provided that the share capital does not exceed 200,000 Euro. Those provisions relating to the board of directors which do not assume a plurality of directors shall apply to the sole director.

3 – Directors do not have to be shareholders, but must be individuals with full legal capacities.

4 – In the event of a legal person being appointed as a director, it must appoint an individual to exercise the office in their own name. The legal person shall share liability with the person appointed by it.

5 – The articles of association may authorise the appointment of deputy directors, up to a number equalling one third of the number of permanent directors.

Article 391 Appointment

1 – Directors may be designated in the articles of association or elected by the general meeting or incorporation meeting.

2 – The articles of association may stipulate that the appointment of directors be approved by votes corresponding to a certain percentage of the capital or that the appointment of any of these, in a number not exceeding one third of the total, must also be approved by the majority of votes conferred by certain shares, however the right to appoint directors must not be conferred by certain categories of shares.

3 – Directors shall be appointed for the period fixed in the articles of association, which shall not exceed four calendar years, counting the year in which the directors were appointed as a full calendar year. If the articles of association do not specify, it shall be understood that the appointment shall be for four calendar years, and re-election shall be permitted.

4 – Although appointed for a fixed period of time, directors shall remain in office until such time as a new appointment is made, notwithstanding the provisions of Articles 394, 403 and 404.

5 – The appointed person may manifest their acceptance of the post expressly or tacitly.

6 – Directors shall not be permitted to be represented in the discharge of their office, except in the case provided for in Article 410.5 and notwithstanding the possibility of delegating powers in cases where this is permitted by law.

7 – The provisions set forth in the previous paragraph do not exclude the faculty whereby the company may, through the intercession of the directors who represent it, appoint professional representatives or attorneys to practice certain acts or categories of acts, without the need for an express clause in the articles of association.

Article 392

Special Rules of Appointment

1 – The articles of association may establish that, for a number of directors not exceeding one third of the corporate body, isolated appointments may be made, from persons proposed on lists drawn up by groups of shareholders, provided that none of these groups possesses shares representing more than 20% and less than 10% of the share capital.

2 – Each of the lists referred to in the previous paragraph must propose at least two persons for appointment to each of the offices to be filled.

3 – The same shareholder must not draw up more than one list.

4 – If, in an isolated appointment, lists are presented by more than one group, the voting shall take into account these lists as a whole.

5 – The general meeting must not appoint other directors while the number of directors fixed for the purpose in the articles of association, pursuant to paragraph 1 of this article, have yet to be appointed, except where the aforementioned lists were not presented.

6 – The articles of association may also establish that a minority of shareholders having voted against a motion which was passed in the appointment of directors shall have the right to appoint at least one director, provided that this minority represents at least 10% of the share capital.

7 – In the systems described in the previous paragraphs, appointments are made from among the shareholders who have voted against the motion which was passed at the election of directors, at the same meeting, and directors elected in this manner shall automatically substitute persons who received the fewest votes on the winning list or, in the case of tied votes, the person occupying last place on the same list.

8 – In companies with public subscription or companies controlled by the State or by an entity which is equivalent to the State under the terms of the law, the inclusion in the articles of association of one of the systems provided for in this article is compulsory, and in the event of their being omitted from the articles of association, the provisions arising from paragraphs 6 and 7 shall apply.

9 – The amendment of the articles of association to include any of the systems referred to in this article may be decided by a simple majority of votes cast at the general meeting.

10 – Should the articles of association permit the appointment of deputy directors, the provisions of the previous paragraphs shall apply to the appointment of as many deputies as there are directors subject to those rules.

11 – Directors acting on behalf of the State or a state-sector body equivalent to the State by law for the purpose in question shall be appointed under the terms of the respective legislation.

Article 393

Substitution of Directors

1 – The bylaws of a company must fix the number of absences from meetings, successive or scattered, without justification accepted by the board of directors, leading to a permanent absence by the director.

2 – Permanent absence of a director must be declared by the board of directors.

3 – In the event of permanent absence by a director, they must be substituted under the following terms:

a) By calling in the deputies instated by the chairman, according to the order in which they appear on the list submitted to the general meeting of shareholders;

b) If there are no deputies, by co-optation, except where the permanent directors are not sufficient in number to allow the board to function;

c) If there is no co-optation within 60 days of the default, the supervisory board or the audit committee shall appoint a substitute;

d) By electing a new director.

4 – The co-optation and appointment by the supervisory board or the audit committee must be submitted for ratification at the first subsequent general meeting.

5 – The substitutions carried out under the terms of paragraph 1 shall last until the end of the period for which the directors were appointed.

6 – There shall only be temporary substitutions in cases of suspension of directors, whereby the provision of paragraph 1 shall apply.

7 – In the event of absence of a director appointed pursuant to the special rules established in Article 392, the respective deputy shall be called upon, and if there is no deputy, a new election shall take place, to which shall apply the said special rules, with the necessary adaptations.

Article 394
Appointment by the Courts

1 – Whenever for more than 60 days it has not been possible to convene the board of directors, as a result of there not being enough permanent directors and the substitutions referred to in Article 393 not having taken place, and, furthermore, whenever more than 180 days have elapsed since the end of the period for which the directors were appointed, without a new election taking place, any shareholder shall have the right to request the appointment of a director by the courts, until such time as the election of the said board takes place.

2 – The director appointed by the courts shall be equivalent to the sole director permitted in Article 390.2.

3 – In the cases provided for in paragraph 1, the directors remaining in office must terminate their functions on the date on which the courts appoint a director.

Article 395
Chairman of the Board of Directors

1 – The articles of association may establish that the general meeting convened to appoint the board of directors appoint the chairman of the said board.

2 – In the absence of the clause in the articles of association, referred to in the previous paragraph, the board of directors shall choose its chairman, who may be substituted at any time.

3 – The chairman shall have the casting vote in resolutions by the board in the following situations:

a) When the board is composed of an equal number of directors;

b) In all other cases, if the articles of association should so stipulate.

4 – In the cases referred to in item a) of the previous paragraph, in the event of absences and the impediment of the chairman, the member of the board upon whom such right is conferred in the deed of appointment shall have the casting vote.

Article 396
Surety

1 – The liability of each director must be guaranteed by one or other of the means permitted by law, to the value fixed in the articles of association, which must, however, never fall below 250,000 Euro for companies issuing securities which are admitted to trading on a regulated market, or for companies meeting the criteria of Article 413.2.a) and 50,000 Euro for all other companies.

2 – The surety may be substituted by an insurance contract, in favour of those entitled to the indemnity, the costs of which must not be met by the company, except for the part of the indemnity which is in excess of the minimum value fixed in the previous paragraph.

3 – Except in the case of companies issuing securities admitted to trading on a regulated market and companies meeting the criteria of Article 413.2.a), the surety may be waived at the discretion of the general meeting or the incorporation meeting appointing the board of directors or a director and also when the appointment was by means of the articles of association, in a provision set forth therein.

4 – Liability must be guaranteed within 30 days of the designation or election and the surety must be kept until the end of the calendar year following that in which the director ceases to exercise his/her functions for any reason, on pain of immediate removal from office.

Article 397

Deals with the Company

1 – The company shall be prohibited from granting loans or credit to directors, making payments on their behalf, providing guarantees for obligations assumed by them and granting them salary advances of more than one month.

2 – Any contracts entered into between the company and its directors, directly or through an intermediary, shall be null and void, if prior authorisation was not given in a resolution adopted by the board of directors, in which the party in question cannot vote, and with the assent of the supervisory board.

3 – The provisions of the previous paragraphs shall be extended to deeds or contracts entered into with companies in a group or controlling relationship with the company of which the contracting party is a director.

4 – In its annual report, the board of directors must specify the authorisations it has granted under the terms of paragraph 2 and the report from the supervisory board or the audit committee must refer to the statements of opinion drawn up with regard to these authorisations.

5 – The provisions of paragraphs 2, 3 and 4 shall not apply in the case of acts falling within the scope of the business dealings of the company and where no special benefit is granted to the director who is the contracting party.

Article 398

Exercise of Other Activities

1 – During the period for which they were appointed, the directors must not exercise, in the company or any company with which it is in a controlling or group relationship, any temporary or permanent functions under the terms of an employment contract, on a subordinate or independent basis, nor are they permitted to enter into any such contracts aimed at the provision of services when they cease exercising their functions as a director.

2 – Whenever a person exercising any of the functions referred to in the previous paragraph is appointed as directors in the companies referred to above, the contracts relating to such functions shall terminate if they were entered into less than one year prior to the appointment, or shall be suspended in cases where their duration is of more than one year.

3 – In the absence of the authorisation of the general meeting, the directors shall not exercise any activity competing with the company on their own behalf or on behalf of a third party, nor shall they exercise functions in a competitor company or be appointed on behalf of or in representation of such a company.

4 – The authorisation to which the previous paragraph refers must state the means by which directors shall have access to sensitive information.

5 – The provisions of paragraphs 2, 5 and 6 of Article 254 shall apply.

Article 399

Remuneration

1 – The general meeting of shareholders or the committee appointed by the general meeting shall be responsible for fixing the remuneration of each of the directors, taking into account the functions exercised and the economic situation of the company.

2 – Remuneration may be fixed or may consist partially of a percentage of the profits for the financial year, however the maximum percentage aimed at directors must be authorised by a clause in the articles of association.

3 – The percentage referred to in the previous paragraph must not include distributions of reserves nor any part of the profits from the financial year which, according to the law, must not be distributed between shareholders.

Article 400

Suspension of Directors

1 – The supervisory board or the audit committee may suspend directors whenever:

a) The condition of their health makes it temporarily impossible for them to exercise their functions;

b) Other personal circumstances prevent them from exercising their functions for a time which is expected to last more than 60 days and where they request that the supervisory board or the audit committee grant them a temporary suspension or the audit committee is of the opinion that the interests of the company demand such action.

2 – The articles of association may regulate the situation of directors during their suspension period. If no such regulation is provided, all of their powers, rights and duties shall be suspended, with the exception of any duties which do not require the actual exercise of functions.

Article 401

Incidental Disability

In the event of any disability or incompatibility arising subsequent to the appointment of the director, which disability or incompatibility constitutes an impediment to the appointment and the director does not cease to exercise his/her functions or does not rectify the incidental incompatibility within 30 days, the supervisory board or audit committee must declare the termination of their functions.

Article 402

Retirement of Directors

1 – The articles of association may establish a retirement system due to old age or disability of directors, at the expense of the company.

2 – The company shall be permitted to pay into an old-age pension fund for directors, provided that the remuneration of each active director is never exceeded or, in the case of different forms of remuneration, the greater thereof.

3 – The right of directors to an old-age pension or fund shall cease at the moment at which the company is wound up, but the company may, at its expense, take out insurance contracts against such a risk, in the interests of the beneficiaries.

4 – The regulation for the execution of the provisions of the previous paragraphs shall be approved by the general meeting.

Article 403

Dismissal

1 – Any member of the board of directors may be dismissed at any time by means of a resolution adopted by the general meeting.

2 – The decision to dismiss without just cause a director elected under the terms of the special rules established in Article 392 shall not produce any effect if shareholders owning at least 20% of the capital voted against such a resolution.

3 – One or more shareholders with shares corresponding to at least 10% of the share capital may, for as long as the general meeting has not been convened to deliberate on the matter in question, request the dismissal of the director by the courts, provided that there is just cause.

4 – A serious violation of the duties of the director and their incapacity to exercise their respective functions normally shall constitute just cause for dismissal.

5 – If there is no just cause for the dismissal, the director shall have the right to compensation for any damages suffered, through the means stipulated in the contract signed by the director or under the general terms of the law, however, the compensation must not exceed the value of the remuneration which the director would presumably receive until the end of the period for which they were elected.

Article 404

Resignation

1 – A director may resign from office by means of a letter addressed to the chairman of the board of directors or, in cases where it is the chairman who is resigning, to the supervisory board or audit committee.

2 – The said resignation shall only take effect at the end of the month following that in which it was announced, unless a substitute is designated or appointed in the meantime.

Article 405

Powers of the Board of Directors

1 – The board of directors shall be responsible for managing the activities of the company, and must be subordinate to the resolutions of shareholders or to the intervention of the supervisory board or the audit committee only in cases where the law or the articles of association stipulate it.

2 – The board of directors shall have exclusive and full powers of representation.

Article 406

Management Powers

The board of directors shall be responsible for making decisions on any matter relating to the management of the company, in particular the following:

- a) Appointing its chairman, notwithstanding the provisions of Article 395;
- b) Co-opting directors;
- c) Requesting the convening of general meetings;
- d) Annual reports and accounts;
- e) Acquisition, disposal and encumbrance of real estate;
- f) Providing personal or real surety or guarantees for the company;
- g) Opening or closing establishments or important parts thereof;
- h) Important extensions or reductions of the company's activities;
- i) Important modifications to the organisation of the company;
- j) The establishment or termination of long-term and important cooperation with other companies;
- l) Changes to the headquarters and increases in capital, under the terms provided in the articles of association;
- m) Plans for mergers, spin-off and conversion of the company;
- n) Any other matter on which any director requests a decision from the board.

Article 407

Delegation of Powers of Management

1 – Unless the articles of association prohibit it, the board may especially empower a director or several directors to deal with certain aspects of the management of the company.

2 – The special responsibility referred to in the previous paragraph must not include the matters provided for in items a) to m) of Article 406 and must not exclude the normal powers of the other directors or the board nor their responsibilities, according to the law.

3 – The articles of association may authorise the board of directors to delegate the current management of the company to one or more directors or to an executive committee.

4 – The resolution of the board must fix the limits of delegation, which must not include the matters provided for in items a) to d), f), l) and m) of Article 406 and, in the event of a committee being created, must establish the composition and mode of functioning of the said committee.

5 – In the event of delegation, the board of directors or members of the executive committee must appoint a chairman of the executive committee.

6 – The chairman of the executive committee must:

a) Ensure that all information is provided to all other members of the board of directors in relation to the activities and the decisions of the executive committee;

b) Ensure compliance with the limits of delegation, the company's strategy and the duties of employees towards the chairman of the board of directors.

7 – The provisions of paragraph 3 of Article 395 shall apply to the chairman of the executive committee, with the necessary adaptations.

8 – The delegation provided for in paragraphs 3 and 4 shall not exclude the powers of the board to adopt resolutions on the same matters; the other directors shall be responsible, pursuant to the law, for the general vigilance of the performance of the director or deputy directors or the executive committee and, also, for any losses incurred through acts or omissions on their part, when, having knowledge of such acts or omissions, or the intention to commit them, they fail to seek the intervention of the board to adopt the necessary measures.

Article 408 Representation

1 – The powers of representation of the board of directors shall be exercised jointly by the directors, and the company shall be bound by the legal transactions concluded by the majority of the directors or ratified by them, or by a lower number of directors, as established in the articles of association.

2 – The articles of association may provide for the company to also be bound by the transactions concluded by one or more the delegate-directors, within the limits of the delegation by the board.

3 – Notifications or declarations from third parties to the company may be addressed to any of the directors, and any provision to the contrary in the articles of association shall be considered null and void.

4 – Those notification or declarations which are addressed by a director to the company must be addressed to the chairman of the board of directors or, if the chairman is the author of such declarations, to the supervisory board or the audit committee.

Article 409

Binding Obligations of the Company

1 – Acts practiced by a company's directors on behalf of the company and within the powers conferred upon them by law shall bind them towards third parties, notwithstanding the limitations set forth in the articles of association or arising from resolutions adopted by the shareholders, even if such limitations are made public.

2 – The company may, however, impose limits upon third parties in relation to the powers arising from its corporate purpose, if it has proof that the third party was aware of or could not have been unaware of them, given the circumstances whereby the act committed was not in accordance with the said paragraph and if, in the meantime, the company did not own up to the act, by means of an express or tacit resolution by the shareholders.

3 – The awareness referred to in the previous paragraph can only be proven by the publicity granted to the articles of association.

4 – The directors bind the company whenever they use their signature, indicating their capacity as a director.

Article 410

Meetings and Decision-making by the Board

1 – The board of directors shall meet whenever it is convened by the chairman or two other directors.

2 – The board must meet at least once a month, except where the articles of association state otherwise.

3 – The directors must be summoned in writing, with the appropriate advance notice, except where the articles of association provide for meetings on pre-established dates or another form of convening the meetings.

4 – The board must not adopt resolutions if the majority of its members are not present or represented.

5 – The articles of association may permit any director to be represented at a meeting by another director, by means of a letter addressed to the chairman, however each deed of representation must not be used more than once.

6 – Directors must not vote on matters in relation to which they have a conflict of interests with the company, by themselves or through a third party. In the event of a conflict arising, the director must inform the chairman of such fact.

7 – Resolutions shall be passed by a majority of votes of the directors present or represented and those who cast postal ballots, if this is permitted by the articles of association.

8 – If not prohibited in the articles of association, board meetings may be held by telematic means, provided that the company ensures the authenticity of declarations and the security of communications, registering the content of all interventions.

Article 411

Invalidity of Resolutions

1 – Resolutions adopted by the board of directors shall be null and void:

a) When adopted at a meeting which was not convened, except where all directors were present or represented, or, should the articles of association allow it, where they cast postal ballots;

b) When the content is, by nature, subject to resolution by the board of directors;

c) The content of which is offensive to morals or imperative legal rules .

2 – The provisions of paragraphs 2 and 3 of Article 56 shall apply.

3 – Resolutions which violate the provisions either of the law, when the case is not subject to nullity, or those of the articles of association, shall be voidable.

Article 412

Plea of Invalidity of Resolutions

1 – The board or the general meeting may declare the nullity of or annul resolutions by the board which are corrupt, at the request of any director, the supervisory board or any shareholder with voting rights, within one year of the irregularity becoming known, but not after three years have elapsed since the date of the resolution.

2 – The deadlines referred to in the previous paragraph shall not apply in the case of the appraisal by the general meeting of acts of directors, in which case the assembly may deliberate with regard to the annulment or nullity, even if the matter in question is not stated in the notice of meeting.

3 – The general meeting of shareholders may, however, ratify any voidable resolution of the board of directors or substitute the null resolution, provided that this does not relate to matters which are the sole responsibility of the board of directors.

4 – The directors must execute or consent to the execution of the null resolutions.

SECTION II Supervision

Article 413 Structure and Quantitative Composition

1 – The supervision of companies adopting the form provided for in Article 278.1.a) is the responsibility of:

a) A sole inspector, who must be a statutory auditor or a statutory audit firm, or a supervisory board; or

b) A supervisory board and a statutory auditor or a statutory audit firm which is not a member of the said body.

2 – The supervision of the company under the terms of item b) of the previous paragraph:

a) Is compulsory in relation to companies which are issuers of securities admitted to trading on a regulated market which, not being totally controlled by another company adopting this model, exceed the following limits for two consecutive years:

i) Total balance sheet – 100,000,000 Euro;

ii) Total net sales and other income – 150,000,000;

iii) Average number of workers employed during the financial year – 150;

b) In all other cases, it is optional.

3 – The sole inspector shall always have a deputy, who must also be a statutory auditor or a statutory audit firm.

4 – The supervisory board shall be composed of the number of members specified in the articles of association, with at least three permanent members.

5 – When there are three effective members of the supervisory board, there must be one or two deputies, and there must always be two deputies whenever the number of members is higher than three.

6 – The sole inspector shall be governed by the legal provisions relating to the statutory auditor, and, on a subsidiary basis, where applicable, by the provisions governing the supervisory board and its members.

Article 414

Qualitative Composition

1 – The sole inspector and deputy must be statutory auditors or a statutory audit firm and cannot be shareholders.

2 – The supervisory board must include a statutory auditor or a statutory audit firm, except if the form referred to in item b) of paragraph 1 of the previous articles is adopted.

3 – The remaining members of the supervisory board may be law firms, statutory audit firms or shareholders, however in the latter case they must be individuals with full legal capacity and must have the qualifications and professional experience required for the exercise of their functions.

4 – In the cases provided for in item a) of paragraph 2 of the previous article, the supervisory board must include a member who has completed an undergraduate course suitable for the exercise of their functions and knowledge, in auditing or accountancy, and who is independent.

5 – Persons who are not associated with a group of specific interests in the company nor in any circumstance which is likely to affect their impartiality when analysing or making decisions, particularly by virtue of:

a) Their being the holder or acting on behalf of the holder of qualifying holdings equal to or greater than 2% of the share capital of the company;

b) Their having been re-elected for more than two terms of office, on a continuous or interrupted basis;

6 – In the case of companies issuing shares which are admitted to trading on a regulated market, the supervisory board must be comprised of a majority of independent members.

Article 414- A Incompatibilities

1 – The following must not be elected or designated as members of the supervisory board, the sole inspector or the statutory auditor:

- a) Those enjoying particular benefits pertaining to the company;
- b) Those exercising management functions within the company;
- c) Members of the corporate bodies of a company which is in a controlling or group relationship with the company under supervision;
- d) A partner in a partnership which is in a controlling relationship with the supervised company;
- e) Those who directly or indirectly provide services or establish a significant business relationship with the supervised company or a company in a controlling or group relationship with the supervised company;
- f) Those who exercise functions in a competing company and who act in representation or on behalf of or who are in any way bound by the interests of the competing company;
- g) The spouses, relatives and kin in a direct line of ascendance, up to and including the 3rd degree, in the collateral line, of persons impeded under the terms of items a), b), c), d) and f), as well as the spouses of persons affected by the terms of item e);
- h) Those who exercise directorial or supervisory functions in five companies, with the exception of law firms, statutory audit firms and statutory auditors, to which the terms of Article 76 of Decree-Law no. 487/99, of 16 November, shall apply;
- i) Statutory auditors in relation to whom there are other incompatibilities provided for in the respective legislation;
- j) Those who are banned, incapacitated, insolvent, bankrupt and those sentenced to penalties involving the prohibition, albeit temporary, of exercise of public functions.

2 – Should any of the motives indicated in the previous paragraphs arise, the appointment shall expire.

3 – Should any of the incompatibilities described in paragraph 1 of the previous article or established in the company's bylaws arise in relation to the person appointed, or should the person be deemed not to possess the qualifications required under paragraph 3 of the previous article, the appointment shall be rendered null and void.

4 – A statutory audit firm which forms part of the supervisory board must appoint up to two of its auditors to attend the meetings of the supervisory bodies, the board of directors and the general meeting of the supervised company.

5 – A law firm participating in a supervisory board must, for the purpose of the previous paragraph, appoint one of its partners.

6 – The auditors designated under the terms of paragraph 4 and partners in law firms designated under the terms of the previous paragraph shall be subject to the incompatibilities stated in paragraph 1.

Article 414 - B

Chairman of the Supervisory Board

1 – The supervisory board must appoint its own chairman if the general meeting does not do so.

2 – The provisions of Article 395.3 shall apply, with the necessary adaptations.

Article 415

Appointment and Substitution

1 – The effective members of the supervisory board, the deputies, the sole inspector and the statutory auditor shall be elected by the general meeting, for the period established in the articles of association, which must not exceed four years. The first appointment may be made in the articles of association or by the incorporation meeting, and if the period for which they are to be elected is not specified, it shall be understood that the appointment is for four years.

2 – The articles of association or general meeting shall decide which of the effective members shall serve as chairman. If the chairman leaves office prior to the end of the period for which he/she was designated or elected, the other members must choose one of them to exercise the functions until the end of the said period.

3 – The effective members of the supervisory board who are temporarily impeded or whose functions have ceased shall be substituted by the deputies, however the deputy who is a statutory auditor shall substitute the effective member who has the same qualifications.

4 – Deputies who substitute effective members whose functions have ceased shall remain in office until the first annual general meeting, at which the vacancies shall be filled.

5 – In the event of it not being possible to fill a vacancy left by an effective member, due to a lack of elected deputies, the vacant positions, both of effective members and of deputies, shall be filled by means of a new election.

Article 416
Official Appointment of Statutory Auditor

1 – Failure of the competent corporate body to appoint the statutory auditor within the period fixed by law must be brought to the attention of the Order of Statutory Auditors within 15 days, by any shareholder or member of the corporate bodies.

2 – Within 15 days of the communication referred to in the previous paragraph, the Order of Statutory Auditors must officially appoint a statutory auditor to the company, and the general meeting may confirm the appointment or elect another statutory auditor to complete the respective term of office.

3 – The terms of Article 414-A shall apply to the statutory auditor appointed in accordance with the previous paragraph.

Article 417
Judicial Appointment at the Request of the Management or the Shareholders

1 – If the general meeting should fail to elect the members of the supervisory board, or the sole inspector, effective and deputies, not referred to in the previous article, the management of the company must and any shareholder may petition the courts for the appointment thereof.

2 – Judicially appointed members shall have the right to remuneration, as fixed by the courts, in their expert opinion, and shall cease exercising the functions once the general meeting proceeds with the election.

3 – Any legal fees and the payment of the remuneration referred to in the previous paragraph shall be at the company's expense.

Article 418
Judicial Appointment at the Request of Minorities

1 – At the request of shareholders holding shares representing at least one tenth of the share capital, submitted within 30 days of the general meeting at which the members of the board of directors and the supervisory board were appointed, the courts may appoint one further permanent member and one deputy to the supervisory board, provided that the petitioning shareholders voted against the motions which won, and their votes were recorded in the minutes, and their term of office shall begin on the date on which the last general meeting took place, if the election of the members of the board of directors and supervisory board was carried out at different meetings.

2 – If there are various minorities exercising the right conferred by the previous paragraph, the courts may appoint up to two effective members, and the respective deputies, adding the shares which ran simultaneously, in the case of the sole inspector, only one more member can be appointed, and one deputy.

3 – The judicially appointed members shall cease their functions with the normal termination of the term of office of the elected members. They may cease them on a prior date, if the court approves the petition presented by the shareholders requesting the appointment.

4 – The supervisory board may, if there is just cause, request from the court the substitution of the judicially appointed member. The same faculty shall be afforded to shareholders requesting the appointment and the board of directors of the company, if it does not have a supervisory board.

5 – For the purpose of paragraph 1 of this article, the only shares that shall count are those held by shareholders who were already their rightful owners at least three months prior to the date on which the general meetings were held.

Article 418- A Surety or Liability Insurance

1 – The liability of each member of the supervisory board must be guaranteed by means of a surety or insurance contract, to which the provisions of Article 396 shall apply, with the necessary adaptations.

2 – The liability insurance of statutory auditors shall be governed by a special law.

Article 419 Dismissal

1 – The general meeting may dismiss members of the supervisory board, the statutory auditor or the sole inspector if they were not appointed by the courts, provided that there is just cause.

2 – Before the decision shall be made, the opinion of the targeted persons with regard to the facts with which they are being charged must be heard by the assembly.

3 – At the request of the management or those parties which requested the appointment, the court may dismiss the members of the judicially appointed supervisory board, the statutory auditor or the sole inspector, if there is just cause to do so, in which case there must be a further judicial appointment if the court orders the dismissal of the parties in question.

4 – The dismissed members of the supervisory board and the auditors shall be obliged to present to the chairman of the board at the general meeting, within 30 days, a report on the supervision carried out until the end of the respective functions.

5 – When presented with the said report, the chairman of the board at the general meeting must immediately provide the management and the supervisory board with copies of it and must make it available, at its own convenience, for consultation by the assembly.

Article 420

Powers of the Sole Inspector and the Supervisory Board

1 – The sole inspector or supervisory board are responsible for:

- a) Supervising the management of the company;
- b) Ensuring that the law and the articles of association are observed;
- c) Verifying the regularity of all books, accounting registers and supporting documents;
- d) Whenever it deems such action convenient and by the means it considers appropriate, verifying the extension of cash and stock of any kind of the assets or securities belonging to the company or received by it by way of guarantee, deposit or to some other end;
- e) Verifying the exactitude of the financial statements;
- f) Verifying whether the accounting policies and valuing criteria adopted by the company lead to the correct evaluation of the assets and the results;
- g) Drawing up an annual report on the supervision of the company and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- h) Convening the general meeting whenever the chairman of the board at the general meeting fails to do so;
- i) Supervising the efficiency of the risk management system, the internal control system and the internal audit system, if any;
- j) Receiving notification of irregularities presented by shareholders, company employees or others;

l) Engaging the services of experts to assist one or several of their members in the exercise of their functions. The hiring and remuneration of experts must take into account the importance of the matters committed to their attention and the economic situation of the company;

m) Complying with the other functions conferred upon them by law or by the articles of association.

2 – When the form referred to in item b) of Article 413.1 is adopted, apart from the powers stated in the previous paragraph, the supervisory board shall also be responsible for:

a) Supervising the process of preparing and disclosing financial information;

b) Proposing the appointment of the statutory auditor to the general meeting;

c) Supervising the auditing of the company's financial statements;

d) Supervising the independence of the statutory auditor, in particular with regard to the provision of additional services.

3 – The sole inspector or any member of the supervisory board, if one exists, must proceed, whether jointly or separately and at any time of the year, with all acts of verification and inspection which they deem necessary to ensure full compliance with their supervisory duties.

4 – The statutory auditor shall especially and notwithstanding the actions of other members, have the duty to carry out any examinations and checks necessary to the auditing and legal certification of the accounts, under the terms set forth in a special law, and also to carry out any special duties imposed upon them by this law.

Article 420- A Duty of Vigilance

1 – The statutory auditor shall be responsible for immediately informing the chairman of the board of directors or the executive board of directors, in a registered letter, of all facts which comes to its attention and which it considers to reveal serious difficulties in the pursuit of the purpose of the company, such as repeated default on payments to suppliers, protests against instruments of credit, the issue of cheques without sufficient reserves, default on payment of social security contributions or taxes.

2 – The chairman of the board of directors or the executive board of directors must respond by the same means within 30 days of receipt of the said letter.

3 – Should the chairman fail to respond or the response is not considered satisfactory by the statutory auditor, the latter may request that the former convene a meeting of the board of directors or the executive board of directors, within 15 days of the end of the period referred to in the previous paragraph, to be attended by the auditor, who shall assess the facts and take the appropriate steps.

4 – If the meeting referred to in paragraph 3 is not held or if the measures adopted are not considered adequate means of safeguarding the interests of the company, the statutory auditor may, within eight days of the end of the period provided for in paragraph 3 or on the date of the meeting, request, by registered letter, the convening of a general meeting to assess and adopt resolutions regarding the facts stated in the letters referred to in paragraphs 1 and 2 and the minutes of the meeting referred to in paragraph 3.

5 – A statutory auditor who fails to comply with the provisions of paragraphs 1, 3 and 4 shall share joint liability with the board of directors or the executive board of directors for any losses incurred by the company.

6 – The statutory auditor shall not have civil liability for the facts referred to in paragraphs 1, 3 and 4.

7 – Any member of the supervisory board, if one exists, must always, whenever it comes across facts which make the pursuit of the company's purpose difficult, immediately inform the statutory auditor of such fact, in a registered letter.

Article 421

Powers of the Sole Inspector and Members of the Supervisory Board

1 – For the exercise of their functions, the sole inspector, the statutory auditor or any member of the supervisory board may, jointly or separately:

a) Obtain from the management the presentation, any books, registers and documents belonging to the company, for examination and certification thereof, and may verify the existence of any types of stock, namely cash, securities and merchandise;

b) Obtain from the management or from any of the directors, information or clarifications on the course of the operations or activities of the company or on any of its businesses;

c) Obtain from third parties who have carried out operations on behalf of the company, any information required for clarification of such operations;

d) Attend board meetings, whenever it sees fit.

2 – The provision of item c) of paragraph 1 shall not include the communication of documents or contracts held by third parties, except where this is authorised by the courts or requested by the statutory auditor, in the exercise of the powers conferred upon them by the legislation which governs their activity. Professional secrecy may not be claimed with regard to the right conferred by the said item if this can not also be invoked by the management of the company.

3 – For the exercise of its duties, the supervisory board may decide to contract the services of experts to assist one or several of its members in the exercise of their functions.

4 – The hiring and remuneration of the experts referred to in the previous paragraph shall take into account the importance of the matters committed to them and the economic situation of the company.

5 – When engaging the services of the experts referred to in the previous paragraphs, the company shall be represented by the members of the supervisory board, and the provisions of Articles 408 and 409 shall apply, with the necessary adaptations.

Article 422 **Duties of the Sole Inspector and Members of the Supervisory Board**

1 – The sole inspector, the statutory auditor or the members of the supervisory board, if one exists, shall be required to:

a) Participate in board meetings and attend general meetings and meetings of the board to which they are summoned by the chairman or in which the accounts for the financial year are to be discussed;

b) Exercise conscientious and impartial supervision;

c) keep secret all facts and information which come to their knowledge by virtue of their functions, notwithstanding the duty stated in paragraph 3 of this article;

d) Inform the board of any checks, inspections it has carried out and steps it has taken and the results thereof;

e) State, at the first general meeting which takes place, all irregularities and inexactitudes it detected and whether it sought any of the clarifications required for the exercise of its functions;

f) Register in writing all checks, inspections, complaints received and steps taken and the results thereof.

2 – The sole inspector, the statutory auditor and the members of the supervisory board are not permitted to take advantage of commercial or industrial secrets which come to their attention in the performance of their duties, unless they are granted the express authorisation of the general meeting.

3 – The sole inspector, statutory auditor and members of the supervisory board must pass on to the Public Prosecution Service any wrongdoings which have come to their attention and which constitute public crimes.

4 – The sole inspector, statutory auditor or members of the supervisory board shall be removed from office, without justification of the motives, if, during the company's financial year, they are absent from two board meetings or fail to appear at a general meeting or two of the meetings of the company's management provided for in item a) of paragraph 1 of this article.

Article 422- A Remuneration

1 – The remuneration of the members of the supervisory board must consist of a fixed sum.

2 – The provision set forth in 399.1 shall apply, with the necessary adaptations.

Article 423 Meetings and Resolutions

1 – The supervisory board must meet at least once every quarter.

2 – Resolutions of the supervisory board shall be adopted by majority voting, and members not in agreement must state the reasons for their disagreement in the minutes of the meeting.

3 – The minutes of each meeting must be recorded in the respective book or in a loose-leaf volume, signed by all parties participating therein.

4 – The minutes must always state which members were present at the meeting, as well as providing a summary of the most relevant issues raised by the supervisory board or any of its members and any resolutions adopted.

5 – The provision of Article 410.9 shall apply.

Article 423- A Referrals

In there is no supervisory board, all references made thereto shall be considered to refer to the sole inspector, provided that the plurality of members is not presupposed.

SECTION III Audit Committee

Article 423 - B Composition of Audit Committee

1 – The audit committee referred to in Article 278.1.b) is a corporate body composed of some of the members of the board of directors.

2 – The audit committee shall be composed of the number of members specified in the articles of association, with at least three effective members.

3 – The members of the audit committee are prohibited from exercising executive functions in the company, and are subject to the provisions of Article 414-A, with the necessary adaptations, with the exception of the provision of item b) of paragraph 1 of that article.

4 – In companies issuing shares admitted to trading on a regulated market and companies meeting the criteria referred to in Article 413.2.a), the audit committee must include at least one member who has completed an undergraduate course suitable for the exercise of their functions, has some knowledge of auditing and accounting and is independent, pursuant to the terms of Article 414.5.

5 – In the case of companies issuing shares which are admitted to trading on a regulated market, the audit committee must be comprised of a majority of independent members.

6 – Article 414.3 shall apply.

Article 423 - C Appointment of Audit Committee

1 – The members of the audit committee shall be appointed, under the general terms of Article 391, together with the other directors.

2 – The lists of proposals for the board of directors must list those members being put forward for the audit committee.

3 – The audit committee must appoint its own chairman if the general meeting does not do so.

4 – The provisions of Article 395.3 shall apply, with the necessary adaptations.

Article 423 - D Remuneration of Audit Committee

The remuneration of members of the audit committee must consist of a fixed sum.

Article 423-E Dismissal of Members of the Audit Committee

1 – The general meeting is only permitted to dismiss members of the audit committee provided that there is just cause.

2 – The provisions of paragraphs 2, 4 and 5 of Article 419 shall apply to the audit committee, with the necessary adaptations.

Article 423-F Powers of the Audit Committee

The audit committee is responsible for the following:

- a) Supervising the management of the company;
- b) Ensuring that the law and the articles of association are observed;
- c) Verifying the regularity of all books, accounting registers and supporting documents;
- d) Whenever it deems such action convenient and by the means it considers appropriate, verifying the extension of cash and stock of any kind of the assets or securities belonging to the company or received by it by way of guarantee, deposit or to some other end;
- e) Verifying the exactitude of the financial statements;
- f) Verifying whether the accounting policies and valuing criteria adopted by the company lead to the correct evaluation of the assets and the results;
- g) Drawing up and annual report on the supervision of the company and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;

- h) Convening the general meeting whenever the chairman of the board at the general meeting is required to but fails to do so;
- i) Supervising the efficiency of the risk management system, the internal control system and the internal audit system, if any;
- j) Receiving communications of irregularities presented by shareholders, company employees or others;
- l) Supervising the process of preparing and reporting financial information;
- m) Making a proposal to the general meeting as regards the appointment of the statutory auditor;
- n) Supervising the auditing of the company's financial statements;
- o) Supervising the independence of the statutory auditor, in particular with regard to the provision of additional services;
- p) Engaging the services of experts to assist one or several of their members in the exercise of their functions. The hiring and remuneration of experts must take into account the importance of the matters committed to their attention and the economic situation of the company;
- q) Complying with the other functions conferred upon them by law or by the articles of association.

Article 423-G
Duties of the Members of the Audit Committee

1 – Members of the audit committee have the duty to:

- a) Participate in meetings of the audit committee, which must be held at least on a bimonthly basis;
- b) Participate in meetings of the board of directors and the general meeting;
- c) Participate in meetings of the executive committee at which the accounts of the financial year are discussed;
- d) Keep secret all facts and information which come to their knowledge by virtue of their functions, notwithstanding the provision of paragraph 3 of this article;

e) Register in writing all checks, inspections, complaints received and steps taken and the results thereof.

2 – The chairman of the audit committee shall be subject to the provisions of Article 420-A, with the necessary adaptations.

3 – The chairman of the audit committee must pass on to the Public Prosecution Service any wrongful facts which come to its attention and which constitute public crimes.

Article 423-H Referrals

The provisions of paragraphs 3, 4 and 5 of Article 390, Article 393, paragraph 3 of Article 395 and Articles 397 and 404 shall also apply, with the necessary adaptations.

SECTION IV Executive Board of Directors

Article 424 Composition of the Executive Board of Directors

1 – The executive board of directors, to which item c) of Article 278.1 refers, shall be composed of the number of directors stated in the company's articles of association.

2 – The company shall only have one director when its capital does not exceed 200,000 Euro.

Article 425 Appointment

1 – If they are not designated in the articles of association, the directors shall be appointed as follows:

a) By the general and supervisory council; or

b) By the general meeting, when stipulated in the articles of association.

2 – The appointment shall take effect for the period fixed in the articles of association, which period shall not exceed four calendar years, and the calendar year in which the executive board of directors is appointed shall count as a full year of office. Furthermore, unless otherwise stated in the articles of association, it shall be understood that the appointment is for four calendar years.

3 – Although appointed for a fixed period of time, the directors shall remain in office until new ones are appointed, and, unless they are dismissed or resign, may be re-elected.

4 – In the event of permanent absence or temporary impediment of directors, the general and supervisory council shall make provisions for their substitution, notwithstanding the possibility of deputy directors being appointed, under the terms set forth in Article 390.5, and, in the case of item b) of paragraph 1, the need to ratify such a decision to substitute the directors at the next general meeting.

5 – Directors are not permitted to be represented in the exercise of their office, and, furthermore, they are subject to the provisions of Article 391.7 and 410.5.

6 – The directors do not have to be shareholders, but they may be:

a) Members of the general and supervisory council, notwithstanding the provisions of paragraphs 2 and 3 of Article 437;

b) Members of the supervisory committees of companies in a controlling or group relationship with the company in question;

c) Spouses, relatives and kin in a direct line, up to and including the 2nd degree, in the collateral line, of the persons referred to in the previous paragraph;

d) Persons who are not endowed with full legal capacity.

7 – Appointments made contrary to the provisions of the previous paragraph shall be null and void and should any of the circumstances provided for in items b), c) and d) of the previous paragraph arise, this shall result in the immediate termination of the functions in question.

8 – If a legal person is appointed to the position of director, the provisions of Article 390.4 shall apply.

Article 426

Appointment by the Courts

The provision of Article 394 shall apply to the judicial appointment of directors, with the necessary adaptations.

Article 427
Chairman

1 – if not appointed in the act of appointing members of the executive board of directors, that board shall choose its chairman, who may, in this case, be substituted at any time.

2 – The provisions of paragraphs 3 and 4 of Article 395 shall apply, with the necessary adaptations.

3 – (Revoked)

Article 428
Exercise of Other Activities and Transactions with the Company

The directors shall be subject to the provisions of Articles 397 and 398, and the general and supervisory council shall have the power to grant the authorisations referred to therein.

Article 429
Remuneration

The remuneration of directors shall be subject to the provisions of Article 399, and shall be fixed by the general council if stipulated in the articles of association, by the general meeting of shareholders or a committee appointed by it.

Article 430
Dismissal and Suspension

1 – Any director may be dismissed at any time:

a) By the general and supervisory council, in the case provided for in Article 425.1.a); or

b) In the situation provided for in Article 425.1.b), by the general meeting, in which case the general and supervisory council may propose the dismissal and proceed with the suspension, for up to two months, of any member of the executive board of directors.

2 – The provisions of paragraphs 4 and 5 of Article 403 shall apply.

3 – The suspension of a director shall be subject to the provisions of Article 400, and the resolution shall be adopted by the general and supervisory council.

Article 431
Powers of the Executive Board of Directors

- 1 – The executive board of directors shall be responsible for overseeing the activities of the company, notwithstanding the provision of Article 442.1.
- 2 – The executive board of directors shall have full powers to represent the company before third parties, notwithstanding the provision of item c) of Article 441.
- 3 – The powers of overseeing and representation conferred upon directors shall be subject to the provisions of Articles 406, 408 and 409, with the adaptations determined by the powers conferred by law upon the general and supervisory council.

Article 432
Relations between the Executive Board of Directors and the General and Supervisory Council

- 1 – The executive board of directors must provide the general and supervisory council:
 - a) At least once a year, with the management policy it intends to follow, as well as the facts and issues on which its choices are based;
 - b) On a quarterly basis, prior to the meeting of that board, with information on the situation of the company and business in general, indicating in particular the turnover of sales and of the provision of services;
 - c) At the time of year stipulated by law, the full-version annual report for the previous financial year.
- 2 – The executive board of directors must inform the chairman of the general and supervisory council of any transaction which may have a significant impact on the profitability or liquidity of the company and, in general, any abnormal situation or for any situation of importance for any other reason.
- 3 – The information provided for in the previous paragraphs shall include occurrences relating to companies in a group or controlling relationship, whenever such occurrences could be reflected in the situation of the company in question.
- 4 – Apart from the supervision exercised by the committee referred to in paragraph 2 of Article 444, the chairman of the general and supervisory council may demand any such information from the executive board of directors as it sees fit to request or which another member of the council requests of it.

5 – The chairman of the general and supervisory council, a delegate member appointed by this body for the purpose in question and the members of the committee referred to in paragraph 2 of Article 444 shall have the right to attend meetings of the executive board of directors.

6 – Members of the committee provided for in paragraph 2 of Article 444 must attend the meetings of the executive board of directors at which the accounts for the financial year are discussed.

7 – All information received from the executive board of directors under any of the circumstances provided for in paragraphs 2, 3 and 4, as well as information obtained by virtue of participation in the meetings referred to in paragraphs 5 and 6, must be transmitted to all other members of the general and supervisory council, in good time, and no later than at the first meeting thereof.

Article 433

Referrals

1 – Meetings and resolutions by the executive board of directors shall be subject to the provisions of Articles 410 and 411 and paragraphs 1 and 4 of Article 412, with the following adaptations:

a) Declarations of nullity and annulments shall be the responsibility of the general and supervisory council;

b) The request for a annulment or nullity may be formulated by any director or member of the general and supervisory council.

2 – The surety to be provided by directors shall be subject to the provisions of Article 396, however the general and supervisory council shall have the power to waive the requirement of a surety.

3 – The provisions of Article 402 shall apply to the retirement of directors, however it shall be up to the general and supervisory council to approve the regulation, or, if stipulated in the articles of association, the general meeting shall have such power.

4 – Article 404 shall apply, with the necessary adaptations, to the appointment and dismissal of directors.

SECTION V
General and Supervisory Council

Article 434
Composition of General and Supervisory Council

1 – The general and supervisory council, to which item b) of Article 278.1 refers, shall be composed of the number of members stated in the company's articles of association, which number shall always be higher than the number of directors.

2 – (Revoked)

3 – The provisions of the second part of paragraph 3 and paragraphs 4 and 5 of Article 390 shall apply.

4 – The composition of the general and supervisory council shall be subject to the provisions of Articles 414 and 414-A, with the exception of the provisions of item f) of paragraph 1 of this last article, except for what it stipulates with regard to the committee provided for in paragraph 2 of Article 444.

5 – Members of the general and supervisory council shall not exercise any activity competing with the company on their own behalf or on behalf of a third party, if they fail to obtain the approval of the general meeting, nor shall they exercise functions in a competitor company or be appointed on behalf of or in representation of such a company.

6 – The authorisation to which the previous paragraph refers must state the means by which members of the board gain access to sensitive information.

7 – For the purpose of the provisions set forth in paragraphs 4 and 5, the terms of paragraphs 2, 5 and 6 of Article 254 shall apply.

Article 435
Appointment

1 – Members of the general and supervisory council shall be designated in the articles of association or elected by the general meeting or incorporation meeting.

2 – The appointment of members of the general council and supervisory committee shall be subject to the provisions of paragraphs 2 to 5 of Article 391;

3 – The rules established in Article 392 shall also apply to the election of members of the general and supervisory council, with the necessary adaptations.

Article 436
Chair of General and Supervisory Council

The requirements set forth in Article 395 shall apply to the appointment of the chairperson of the general and supervisory council, with the necessary adaptations.

Article 437
Incompatibility between the Functions of Directors and Members of the General and Supervisory Council

1 – Nobody who is a director of the company or of another company in a controlling or group relationship with it shall be appointed as a member of the general and supervisory board.

2 – The general and supervisory council may appoint one of its members to substitute a director who is temporarily incapacitated, for a period under one year.

3 – The member of the general and supervisory council appointed to substitute a director under the terms of the previous paragraph cannot exercise functions on the general and supervisory council simultaneously.

Article 438
Substitution

1 – In the event of the permanent absence of a member of the general and supervisory board, a deputy must be called upon, according to the order in which they appear on the list submitted to the general meeting of shareholders.

2 – In cases where there are no deputies, the substitution shall take place by means of an election by the general meeting.

3 – The substitutions carried out under the terms of the preceding paragraphs shall last until the end of the period for which the general and supervisory council was appointed.

Article 439
Appointment by the Courts

1 – If the general and supervisory council has yet to reach the requisite number of members for it to convene, the courts may make up the number, at the request of the executive board of directors, a member of the general and supervisory council or a shareholder.

2 – The executive board of directors must present the request referred to in the previous paragraph once it is made aware of the said situation.

3 – The appointments carried out by the court shall expire as soon as the vacancies are filled, under the terms of the law or the articles of association.

4 – Members appointed by a judge shall have the same rights and obligations of the other members of the general and supervisory council.

Article 440 Remuneration

1 – In the absence of a stipulation in the articles of association, the functions of members of the general and supervisory council shall be remunerated.

2 – The said remuneration shall be fixed by the general meeting or by a committee appointed by it, taking into account the functions exercised and the economic situation of the company.

3 – Remuneration must consist of a fixed quantity and the general meeting may, at any time, reduce or increase it, taking into account the factors referred to in the previous paragraph.

Article 441 Powers of the General and Supervisory Council

The general and supervisory council shall have the following powers:

a) Appointing and dismissing directors, if such power is not conferred in the articles of association to the general meeting;

b) Appointing the director who shall serve as chairman of the executive board of directors and dismissing them, if such powers are not conferred upon the general meeting in the company's bylaws, notwithstanding the provisions of Article 436;

c) Represent the company in relations with the directors;

d) Supervise the activities of the executive board of directors;

e) Ensuring that the law and the articles of association are observed;

f) Verifying the regularity of books, accounting records and supporting documents, as it shall see fit and in the manner which it deems appropriate, as well as the situation of any assets or securities possessed by the company through any means;

g) Verifying whether the accounting policies and valuing criteria adopted by the company permit the correct valuation of the assets and the results;

- h) Issuing a statement of opinion on the annual report and accounts for the financial year;
- i) Supervising the efficiency of the risk management system, the internal control system and the internal audit system, if any;
- j) Receiving communications of irregularities presented by shareholders, company employees or others;
- l) Supervising the process of preparing and reporting financial information;
- m) Making a proposal to the general meeting as regards the appointment of the statutory auditor;
- n) Supervising the auditing of the company's financial statements;
- o) Supervising the independence of the statutory auditor, in particular with regard to the provision of additional services;
- p) Engaging the services of experts to assist one or several of their members in the exercise of their functions. The hiring and remuneration of experts must take into account the importance of the matters committed to their attention and the economic situation of the company;
- q) Drawing up a report on its activities, on an annual basis, and presenting it to the general meeting;
- r) Granting or denying consent for the transfer of shares, whenever this is required under the terms of the articles of association;
- s) Convening the general meeting, whenever it shall see fit;
- t) Exercising other functions which are assigned to it by law or by the articles of association.

Article 441- A Duty of Secrecy

The members of the general and supervisory council shall be bound by a duty of secrecy regarding the facts and information which come to their attention by virtue of their office.

Article 442

Management Powers

1 – The general and supervisory council shall not have the power to manage the activities of the company, however the law and the articles of association may establish that the executive board of directors be required to seek the prior consent of the general and supervisory board before practising certain categories of acts.

2 – Whenever the consent referred to in the previous paragraph is denied, the executive board of directors may submit its disagreement with the resolution to the general meeting, whereby the resolution with which the meeting gave its consent must be passed by a majority of two-thirds of the votes cast, if the articles of association do not stipulate a higher majority or other requisites.

3 – For the purpose of the provision of the previous paragraph, the deadlines referred to in paragraph 4 of Article 377 shall be reduced to 15 days.

Article 443

Powers of Representation

1 - In all dealings with its directors, the company shall be answerable to the two members of the general and supervisory council appointed by the council.

2 – When engaging the services of the experts referred to in item p) of Article 441, the company shall be represented by the members of the general and supervisory council, and the provisions of Articles 408 and 409 shall apply, with the necessary adaptations.

3 – The general and supervisory council may request deeds of commercial registration relating to its own members.

Article 444

Committees of the General and Supervisory Council

1 – The general and supervisory council shall, at its convenience, appoint one or more committees from its members, for the purpose of exercising certain functions, in particular the supervision of the executive board of directors and fixing the remuneration of directors.

2 – In companies issuing securities which are admitted to trading on a regulated market and companies meeting the criteria referred to in Article 413.2.a), the general and supervisory council must establish a financial affairs committee, which shall be specifically responsible for exercising the functions referred to in items f) to o) of Article 441.

3 – Notwithstanding the provisions of Article 434, the stipulations of Article 414-A.1.f) shall apply to the financial affairs committee.

4 – The financial affairs committee shall draw up an annual report on its supervisory activities.

5 – The committee referred to in the previous paragraph must include at least one member who has completed an undergraduate course suitable for the exercise of their functions and have knowledge of auditing and accountancy, and who is independent, pursuant to Article 414.5.

6 – In the case of companies issuing share which are admitted to trading on a regulated market, the committee referred to in paragraph 3 must be comprised of a majority of independent members.

Article 445 Referrals

1 - Article 397 shall apply, with the necessary adaptations, to transactions between the members of the general and supervisory council and the company.

2 – Meetings and resolutions by the general and supervisory council shall be subject to the provisions of Articles 410 and 412, with the following adaptations:

a) The general and supervisory council must meet at least once every quarter;

b) The convening of the said meeting may be by order of the executive board of directors, if the chairman of the general and supervisory council should fail to convene a meeting within 15 days of receipt of the request made by the former;

c) The request for annulment of a resolution may be formulated by any director or by a member of the general and supervisory council.

3 – The liability of each member of the general and supervisory council must be guaranteed by means of a surety or insurance contract, to which the provisions of Article 396 shall apply, with the necessary adaptations.

SECTION VI
Statutory Auditor

Article 446
Appointment

- 1 – In companies having the structures referred to in items b) and c) of Article 278.1 or the structure referred to in item b) of Article 413.1, based on a proposal by the audit committee, the general and supervisory council, the financial affairs committee or the supervisory board, the general meeting shall appoint a statutory auditor or a statutory audit firm to examine the accounts of the company.
- 2 – The appointment shall be made for a term of office of no more than four years.
- 3 – The statutory auditor shall exercise the functions provided for in items c), d), e) and f) of Article 420.1;
- 4 – (Revoked)

SECTION VII
Secretary of the Company

Article 446- A
Appointment

- 1 – Companies issuing shares which are admitted to trading on a regulated market are required to appoint a company secretary and a deputy.
- 2 – The secretary and their deputy must be appointed by the partners on incorporation of the company, or by the board of directors or executive board of directors, by means of a resolution recorded in the minutes.
- 3 – the functions of secretary shall be exercised by a person who has completed an undergraduate course appropriate to the performance of the functions in question, or by a solicitor, who must not exercise these functions in more than seven companies, except in the situations provided for in Title VI of this Code.
- 4 – In the event of the absence or incapacitation of the secretary, the functions shall be exercised by the deputy.

Article 446 - B Powers

1 – Apart from other functions established in the articles of association, the secretary of the company shall have the following duties:

- a) To act as secretary at meetings of the corporate bodies;
- b) To draw up the minutes of meetings and sign them, together with the members of the respective corporate bodies and the chairman of the board at the general meeting, in the case of general meetings;
- c) To file, store and keep in order the books and loose-leaves containing the minutes, attendance lists, the share registration book and the files relating to them;
- d) To dispatch the legal notices of meeting for meetings of all corporate bodies;
- e) to certify the signatures of the members of corporate bodies on company documents;
- f) To certify that all copies or transcripts extracted from the company's books or documents kept on file are truthful, complete and up-to-date;
- g) To satisfy, within the scope of its powers, any requests formulated by the shareholders, in exercise of their right to information, and to provide information requested of the members of the corporate bodies who exercise supervisory functions in relation to resolutions of the board of directors or the executive board;
- h) To certify the content, full or partial, of the articles of association in force, as well as the identity of the members of the various corporate bodies, and the offices they hold;
- i) To certify updated copies of the articles of association, resolutions by partners and the directors and all current entries in the company's books, while ensuring that they are submitted or sent to the holders of shares who have requested them and have paid the corresponding costs;
- j) To authenticate, with their signature, all documentation submitted to the general meeting and referred to in the minutes thereof;
- l) To ensure registration of the corporate deeds which are subject to registration.

2 – Certifications given by the secretary, as stated in items e), f) and h) of paragraph 1 of this article shall, for all legal purposes, substitute the certification of the commercial registry.

Article 446 - C
Duration of Term of Office

The duration of the functions of secretary shall coincide with the term of office of the corporate bodies appointing the secretary, and the period in question may be renewed one or more times.

Article 446 - D
Contingent System of Appointment of Secretary

1 – Public companies in relation to which the requirement of Article 446-A.1 does not apply and private limited companies may appoint a company secretary.

2 – In private limited companies, the general meeting shall be responsible for appointing the company secretary.

Article 446-E
Registration of Office

The appointment and cessation of the functions of secretary, for any reason other than the passing of time, shall be subject to registration.

Article 446-F
Liability

The secretary shall have civil and criminal liability for acts practiced in the exercise of their functions.

CHAPTER VII
Disclosure of Ownership Interests and Insider Trading

Article 447
Disclosure of Ownership Interests of Members of the Board of Directors and Supervisory Board

1 – Members of the board of directors and supervisory board of a public company must inform the company of the number of company shares and bonds they hold and also all acquisitions, encumbrances or transfers of ownership, for any reason, of shares and bonds of the company and other companies in a controlling or group relationship with it.

2 – The scope of the provisions of the previous paragraph shall extend to shares and bonds:

a) Of a spouse who is not judicially separated, regardless of the matrimonial property law applying;

b) Of descendants who are minors;

c) Of persons in whose names the shares or bonds are recorded, having been acquired on behalf of the persons referred to in paragraph 1 and items a) and b) of this paragraph;

d) Pertaining to a company in which the persons referred to in paragraph 1 and items a) and b) of this paragraph are partners with unlimited liability, exercise the management thereof or occupy one of the offices referred to in paragraph 1, or possess, individually or together with the persons referred to in items a), b) and c) of this paragraph, at least half of the company's share capital or votes corresponding thereto.

3 – The acquisitions or disposals referred to in the previous paragraphs shall be equivalent to forward commitments, option agreements, repurchase or other agreements producing similar effects.

4 – The notice of meeting must be issued:

a) In relation to the shares and bonds held on the date of designation or appointment, within 30 days of such fact;

b) In the 30 days following any of the facts referred to in paragraphs 1 and 3 of this article, but always in time for the requirement set forth in paragraph 5 being met.

5 – An annex to the annual report from the board of directors shall include a list of all shares and bonds held by the persons referred to in paragraph 1 and coming under the scope of paragraphs 1 and 2, with reference to the facts enumerated in the said paragraphs and in paragraph 3, which arise during the financial year to which the report relates, specifying the total value of shares or bonds traded or encumbered, the date of the fact in question and the consideration paid or received.

6 – The provisions of this paragraph shall apply to acquisitions and disposals on the stock exchange and any which may be subject to termination or suspension.

7 – Communication shall be in writing, to the board of directors and the supervisory board.

8 – Intentional contravention of the provisions of paragraphs 1 and 2 of this article shall constitute just cause for dismissal.

Article 448
Public Disclosure of Shareholders' Quotas

1 – Shareholders who own non-registered bearer shares representing at least one tenth, one third or half of the share capital of a company are required to disclose to the company the number of shares they hold, for which purpose the provisions of Article 447.2 shall apply.

2 – The information stipulated under the previous paragraph must also be communicated to the company whenever the shareholder, for any reason, ceases to be the holder of a number of non-registered bearer shares representing one tenth, one third or half of the share capital of the same company.

3 – The communications provided for in the previous paragraphs shall be addressed in writing to the board of directors or supervisory board in the 30 days following the occurrence of the events for which provision is made.

4 – An annex to the annual report of the board of directors shall include a list of shareholders who, on the date on which the financial year ends and according to the company's records and any information disclosed, are the holders of at least one tenth, one third or half the company's share capital, as well as any shareholders who cease to hold the said fractions of the capital.

Article 449
Insider Trading

1 – A member of the board of directors or supervisory board of a public company, as well as any person who, by virtue of or on the occasion of providing permanent or temporary services to the company, or through the holding of public office, becomes aware of events which are material to the company but have not been publicly disclosed and are capable of influencing the value of securities issued by the company and who acquires or disposes shares or bonds of the said company or another in a controlling or group relationship with that company, thereby making a profit or avoiding losses, shall be required to pay compensation to the injured parties, equivalent to the value of the benefit received, and should it not be possible to identify the injured parties, the infringer shall pay the said compensation to the company.

2 – Any of the persons indicated in the previous paragraph who intentionally reveal to third parties facts which are material to the company, as described therein, and any third party who, aware of the confidential nature of the facts revealed, acquires or disposes of shares or bonds issued by the company or by another company which controls it or is in a group relationship with it, thereby making a profit or avoiding a loss, shall be liable under the terms of the previous paragraph.

3 – Should the facts referred to in paragraph 1 relate to mergers of companies, the provisions of the previous paragraphs shall apply to shares and bonds of participating companies and companies which control these or are in a group relationship therewith.

4 – A member of the board of directors or supervisory board who practices any of the acts sanctioned under paragraphs 1 or 2 may also be dismissed by order of the courts, at the request of any shareholder.

5 – Members of the board of directors must make every effort to ensure that persons who receive information of the facts referred to in paragraph 1, in the exercise of their professions or activities carried on outside the company, do not take advantage of such information or disclose it.

Article 450

Judicial Inquiry

1 – For the purpose of paragraphs 1 and 2 of the previous article, any shareholder may request an inquiry, in the course of which the dismissal of the infringer shall be ordered, if necessary.

2 – In the aforementioned proceedings, the infringer may be ordered to pay compensation to the injured parties, under the terms of the previous article.

3 – The judicial inquiry must be requested within six months of publication of the annual report of the board of directors, the annex to which states the acquisition or disposal in question.

4 – For a period of five years from the practice of the acts which provided grounds for dismissal, the persons dismissed shall not be permitted to hold office in the same company or in another which controls it or with which it is in a group relationship.

CHAPTER VIII

Annual Appraisal of the Company's Situation

Article 451

Examination of Accounts in Companies having a Supervisory Board and Audit Committee

1 – Up to 30 days prior to the date of the general meeting convened for the purpose of appraising the financial statements of the company, the board of directors must present to the supervisory board and the statutory auditor the annual report and accounts for the financial year.

2 – The member of the supervisory board who is a statutory auditor or, in the case of companies adopting one of the forms referred to in items a) and b) of Article 278.1 and Article 413.1.b), the statutory auditor must examine the annual report and complete the examination of the accounts with a view to legally certifying them.

3 – As a result of the examination of the accounts, the statutory auditor must issue a document legally certifying them, which must include the following:

a) An introduction, identifying at least the accounts for the financial year which are subject to auditing and the structure of the financial report used in preparation thereof;

b) A description of the scope of the audit, identifying at least the rules according to which the audit is carried out;

c) A statement of opinion as to whether the accounts provide a true and appropriate image, in accordance with the structure of the financial report and, when appropriate, an opinion as to whether or not the accounts are in accordance with the applicable legal requirements, whereby the statement of opinion may contain an opinion which is with or without qualification, or contain an adverse opinion, or, if the statutory auditor is not in a position to express an opinion, constitute an opinion disclaimer;

d) A reference to any questions which the statutory auditor would like to bring to the attention of the company by means of emphasis thereof, without qualifying their opinion;

e) A statement of opinion indicating whether or not the annual report is in accordance with the accounts for the financial year;

f) The date and signature of the statutory auditor.

4 – (Revoked)

Article 452

Appraisal by the Supervisory Board and Audit Committee

1 - The supervisory board and the audit committee must assess the annual report, the annual accounts, and the legal certification of these accounts or the failure to issue certification.

2 – Should the supervisory board or the audit committee agree with the legal certification of the accounts or with the declaration that it is impossible to certify them, such fact must be expressly stated in their statement of opinion.

3 – Should they disagree with the document issued by the statutory auditor, as referred to in the previous paragraph, the supervisory board or the audit committee must set forth in their report the reasons for their disagreement, notwithstanding the declarations made by the statutory auditor.

4 – The report and statement of opinion from the supervisory board and the audit committee must be submitted to the board of directors within 15 days of the date on which the aforementioned financial statements were received.

Article 453
Examination of Accounts in Companies having a General and Supervisory Council

1 – Up to 30 days prior to the date of the general meeting convened for the purpose of appraising the financial statements of the company, the executive board of directors must submit the annual report and accounts for the financial year, for the purposes stated in the following paragraphs, to the statutory auditor and also to the general and supervisory council.

2 – The statutory auditor must assess the annual report and complete the examination of the accounts with a view to the certification thereof.

3 – The provisions of Article 451.3 and paragraphs 2 and 4 of Article 452 shall apply, with the necessary adaptations.

Article 454
Resolutions of the General Council

(Revoked)

Article 455
General Appraisal of Management and Supervision

1 – The general meeting referred to in paragraph 376 shall carry out a general appraisal of the management and supervision of the company.

2 – This appraisal must conclude with a vote of confidence in all or some of the boards of management and supervision and their members or with the dismissal of one or more of these members. The assembly may also pass a vote of no confidence in those directors of the company who are appointed pursuant to Article 425.1.a).

3 – The dismissal and votes of no confidence provided for in the previous article may be decided irrespective of whether they are mentioned in the notice of meeting.

CHAPTER IX
Increases and Decreases of Capital

Article 456
Increases in Capital decreed by the Board of Directors

1 – The articles of association of a company may permit the board to increase the company's capital one or more times, by means of initial capital contributions in cash.

2 – The articles of association shall establish the conditions for exercising the power conferred pursuant to the previous paragraph, and must:

a) Fix the maximum limit for increases;

b) Fix the period during which the said power may be exercised. Should no such period be indicated, it shall be for five years;

c) State the rights conferred by the shares to be issued. Failure to do so shall mean that only ordinary shares may be issued.

3 – A draft of the resolution by the board shall be submitted to the supervisory board, the audit committee or the general and supervisory council, and the board shall have the right to submit its disagreement with the resolution of the general meeting if it fails to give its assent.

4 – The general meeting, adopting a resolution with the majority required for the amendment of the articles of association, may renew the powers conferred upon the board.

5 – The provision of Article 88 shall apply to increases of capital decreed by the board, with the necessary adaptations.

Article 457
Incomplete Subscription

1 – In the event of an increase in capital not being fully subscribed, the resolution by the general meeting or the council shall be considered invalid, except where the resolution states that in such cases the increase shall be limited to those subscriptions which are collected.

2 – The announcement of an increase in capital referred to in Article 459.1 must indicate the rules in force with regard to incomplete subscription.

3 – In the event of a resolution to increase capital failing to take effect, as a result of incomplete subscription, the board shall inform subscribers of this fact in the 15 days following the closure of subscription, and shall immediately reimburse them for the sums paid in.

Article 458

Right of Preference

1 – In the case of increases in capital by way of initial capital contribution in cash, persons who are shareholders on the date of the resolution to increase the capital may subscribe new shares, with a right of preference over non-shareholders.

2 – New shares shall be divided between the shareholders exercising their right of preference in the following manner:

a) Each shareholder receives a number of shares proportional to the number held on the date of the resolution or a lesser number, whereby the shareholder declares their wish to subscribe such a number;

b) Requests over and above the number referred to in the first part of item a) shall be satisfied, insofar as they result from one or more surplus allocations.

3 – In cases where there is no disposal of the respective subscription rights, the right of preference of the old shares not corresponding to a certain number of new shares shall expire; those which for this reason, have not been subscribed shall be made available for subscription once only, to all shareholders.

4 – In cases where a company issues several categories of shares, all shareholders shall have equal rights of preference in the subscription of new shares, be they ordinary or from a specific category, however, should the new shares be equal to those of a particular pre-existing special category, the right of preference shall first and foremost be conferred upon the holders of shares from the same category, and other shareholders shall have the right to subscribe only those shares from the category not subscribed by those having preferential rights thereto.

Article 459

Notice and Deadline for Exercise of Right of Preference

1 – Shareholders must be informed, in an announcement, of the deadline and other conditions for exercise of subscription rights.

2 – The articles of association may provide for additional communications to shareholders and, in the case of all shares issued by the company being registered, the said announcement may be substituted by a registered letter.

3 – The deadline fixed for exercise of the right of preference must not be shorter than 15 days from the date of publication of the announcement, or 21 days from the dispatch of the letter addressed to the holders of registered shares.

Article 460
Limitation or Revocation of Right of Preference

1 – The legal right of preference in relation to the subscription of shares must not be limited or revoked, unless under the condition set forth in the following paragraphs.

2 – The general meeting at which the increase in capital is decreed may, in relation to the increase, limit or revoke the right of preference of shareholders, provided that this is in the interests of the company.

3 – The general meeting may also limit or revoke the right of preference of shareholders, for the same reason, in relation to an increase in capital decided or to be discussed by the board, under the terms of Article 456.

4 – The resolutions of general meetings provided for in the previous paragraphs must be adopted separately from any other resolution, by the majority required for increases in capital.

5 – In the event of presentation of a proposal to limit or revoke the right of preference, the board must submit to the general meeting a written report, stating the justification behind their proposal, the means of allocating the new shares, the conditions under which they are to be paid-up, the issue price and the criteria used to determine this price.

Article 461
Indirect Subscription

1 – The general meeting at which the increase in capital is decided may also decide whether the new shares are to be subscribed by a financial institution, which shall assume the obligation to offer them to shareholders or third parties, under the conditions established between the company and the institution, but always in compliance with the provisions of the previous articles.

2 – The provision of the previous number shall apply to increases in capital decided by the board.

3 – Shareholders shall be informed by the company, by means of an announcement, of the resolution adopted, in accordance with the previous paragraphs.

4 – The provision of Article 459 shall apply to the financial institution subscribing the new shares under the terms of paragraph 1 of this article.

Article 462
Increase in Capital and Usufruct Rights

1 – Should the share be subject to usufruct rights, the right to share in an increase in capital shall be exercised by the original owner, the usufructuary or both, under the terms agreed between them.

2 – Should no agreement be reached, the right to share in the increase in capital shall belong to the original owner, however, if this party should fail to exercise the right in a period of 8 to 10 days from the date of the announcement or written communication referred to in paragraph 3 of Article 459, the said right shall be returned to the usufructuary.

3 – Whenever the communication required under paragraph 3 of Article 459 must be issued, it shall be addressed to the original owner and the person enjoying usufruct rights.

4 – The new share shall remain in the full property of the party who has exercised the right to participate in the increase in capital, except where the interested parties have agreed for it to also be subject to usufruct rights.

5 – If neither the original holder nor the usufructuary should wish to exercise their right of preference over the increase, they shall have the right to sell their respective rights, and the quantity received in return shall be divided between them, in the proportion of the value to which each is entitled as at that date.

Article 463
Reduction in Capital by Write-off of Own Shares

1 – The general meeting may decide that the company's capital is to be reduced by means of a write-off of own shares.

2 – The provisions of Article 95 shall apply to the reduction of capital, except where:

a) Shares which are fully paid-up are written off and acquired free of charge subsequent to the resolution being adopted by the general meeting;

b) If fully paid-up shares, acquired subsequent to the resolution by the general meeting, are written off solely using assets which, under the terms of Article 32 and 33, may be distributed to the shareholders, in this case a special reserve must be created, subject to the rules governing the statutory reserve, with a sum equivalent to the total par value of the written off shares.

CHAPTER X

Dissolution of the Company

Article 464

Dissolution

1 – The resolution to proceed with the dissolution of a company must be adopted under the terms provided in Article 383, paragraphs 2 and 3 and Article 386, articles 3, 4 and 5. The articles of association may require a higher majority or establish other requirements.

2 – The mere will of a partner or partners, when not manifested in the resolution referred to in the previous paragraph, shall not constitute contractual grounds for dissolution.

3 – Public companies may be dissolved by administrative means when, for a period of more than one year, the number of shareholders was less than the minimum required by law, except where one of the shareholders is a public corporation or an entity equivalent to it by law, for this purpose.

TITLE V

Limited Partnerships

CHAPTER I

Common Provisions

Article 465

Notion

1 – In limited partnerships, each of the sleeping partners shall be liable only for their initial capital contribution, whereas working partners shall be liable for any debts incurred by the company under the same terms applicable to partners in general partnerships.

2 – A private limited company or a public company may be a working partner.

3 – In limited partnerships, there is no representation of the capital by shares, whereas in limited partnerships with share capital only the equity interests of sleeping partners are represented by shares.

Article 466

Articles of Association

1 – The articles of association of a company must indicate and distinguish between sleeping partners and working partners.

2 – The articles of association must specify whether a company is established as a limited partnership or a limited partnership with share capital.

Article 467

Business Name

1 – The business name of the company shall be formed from the name or business name of at least one of the working partners and bear the addendum «em comandita» (limited partnership) or «& comandita», «em comandita por acções» (limited partnership with share capital) or «& comandita por acções».

2 – The names of sleeping partners must not appear in the business name of the company without their express consent, in which case the provisions of the following paragraphs shall apply.

3 – Should the sleeping partner or a third party consent to their name or business name being included in the business name of the company, they shall be subject, towards third parties, to the liability imposed upon working partners, in relation to any deeds signed using the business name, unless they demonstrate that such third parties knew that the person in question was not the working partner.

4 – The sleeping partner or a third party shall be liable in identical circumstances for acts practiced in the name of the company without the express use of the said irregular business name, except if they demonstrate that the inclusion of their name or business name in the company's business name was not known to third parties with relevant interests or that, if they were aware of such fact, they knew that the person in question was not a working partner.

5 – Anyone acting on behalf of the company, whose business name contains the said irregularity, shall also be subject to the same liability, under the terms provided in the previous paragraphs, unless they can demonstrate that they were unaware of the irregularity and did not have the duty to know about it.

Article 468

Initial Capital Contribution of Sleeping Partner

The initial capital contribution of a sleeping partner cannot consist of services.

Article 469

Transfer of Ownership Interests of Working Partners

1 – The transfer between living persons of the ownership interest of a working partner shall only take effect if consent is granted in a resolution adopted by the partners, unless otherwise stated in the articles of association.

2 – The transfer of the ownership interest of a working partner due to their death shall be subject to the provisions relating to the transfer of ownership interests of partners in partnerships.

Article 470 Management

1 - Only working partners are permitted to be managers, except where the articles of association permit the conferring of managerial powers upon sleeping partners.

2 - The management may, however, delegate powers to a sleeping partner or a third party, whenever the articles of association permit this.

3 - The delegate must state this status in all acts in which he/she is involved.

4 - In cases of impediment or absence of permanent managers, any partner, even sleeping partners, may practice any urgent acts which are merely expeditious, but they must, however, declare the capacity in which they are acting and, in cases where urgent acts were carried out, they must immediately convene the general meeting, to permit it to ratify the acts and confirm the provisional management or appoint other directors.

5 - Acts carried out under the terms of the previous paragraph shall continue to bind third parties, even if not ratified, however failure to ratify them shall result in liability on the part of the person committing the acts towards the company, under the general terms.

Article 471 Dismissal of Managing Partners

1 - A working partner who exercises the management of the company may be dismissed, without just cause, by means of a resolution adopted by a two-third majority of votes conferred upon the working partners and two thirds of the votes conferred upon sleeping partners.

2 - Where there is just cause, the working partner shall be dismissed from the management by means of a resolution adopted by a simple majority of votes cast at the meeting.

3 - The sleeping partner shall be dismissed from the management by means of a resolution adopted by a simple majority of votes cast at the meeting.

Article 472 Resolutions by Partners

1 - Resolutions shall be adopted by the partners or passed unanimously, under the terms of Article 54, or at the general meeting.

2 – The articles of association must regulate, according to the capital, the apportionment of votes to partners, however, the working partners as a whole must not hold less than half of the votes pertaining to sleeping partners, also considered as a whole.

3 – The votes of partners investing their services shall be subject to the provisions of Article 190.2.

Article 473 Dissolution

1 – The decision to proceed with the dissolution of the company shall be passed by a majority of two thirds of the votes conferred upon working partners and two thirds of the votes conferred upon sleeping partners.

2 – the disappearance of all working partners or all sleeping partners shall constitute special grounds for the dissolution of limited partnerships.

3 – Should all of the sleeping partners be absent, the company may be dissolved by administrative means.

4 – In the event of the absence of all working partners, whereby the situation is not resolved within 90 days, the company shall be dissolved with immediate effect.

CHAPTER II Ordinary Limited Partnerships

Article 474 Subsidiary Law

Limited partnerships shall be subject to the provisions set forth with regard to general partnerships, insofar as they are compatible with the rules of the previous and the present chapter.

Article 475 Transfer of Ownership Interests of Sleeping Partners

The transfer between living persons or by death of the ownership interest of a sleeping partner shall be subject to the rules regarding the transfer of quotas in a private limited company.

Article 476 Amendment and Other Facts relating to the Articles of Association

Resolutions on the amendment of the articles of association of a company or the merger, spin-off or conversion thereof, must be passed unanimously by the working partners and sleeping partners representing at least two thirds of the capital possessed by the working partners, unless the articles of association dispense with the said unanimity or increase the aforementioned majority.

Article 477
Prohibition of Competition

Working partners shall be obliged to not compete with the company, under the terms prescribed for partners in general partnerships.

CHAPTER III
Limited Partnerships with Share Capital

Article 478
Subsidiary Law

Limited partnerships with share capital shall be subject to the provisions set forth with regard to public companies, insofar as they are compatible with the rules of the chapter I and the present chapter.

Article 479
Number of Partners

Limited partnership with share capital cannot consist of less than five sleeping partners.

Article 480
Right to Supervision and Information

working partners shall always have the right of supervision conferred upon partners in partnerships.

TITLE VI
Affiliated Companies

CHAPTER I
General Provisions

Article 481
Scope of Application of this Title

1 – this title shall apply to relations established between private limited companies, public companies and limited partnerships with share capital.

2 – This title shall only apply to companies having their headquarters in Portugal, except as regards the following:

a) The prohibition established in Article 487 shall apply to the acquisition of equity interests in companies having their headquarters abroad, which, according to the criteria established in this law, are considered to be in a position of control;

b) The publications and disclosure duties relating to equity interests in companies having their headquarters in Portugal shall include any equity interests of these companies in companies with headquarters abroad, and vice-versa;

c) Companies having their headquarters abroad which, according to the criteria established in this law, are considered to control a company having its headquarters in Portugal, shall be answerable towards the company and its partners, under the terms of Article 83 and Article 84, if applicable;

d) The incorporation of a public company, under the terms of paragraphs 1 and 2 of Article 488, by a company whose headquarters are situated in Portugal.

Article 482
Affiliated Companies

For the purpose of this law, affiliated companies are:

a) Companies in a relationship of whereby only one of the companies holds equity interests in the other;

b) Companies with reciprocal equity interests;

c) Companies in a relationship of control over another company;

d) Companies in a group relationship.

CHAPTER II
**Companies in a Relationship whereby Only One has Ownership Interests,
Reciprocal Equity Interests and Control**

Article 483
**Companies in a Relationship whereby Only One has Equity Interests in the
Other**

1 – It shall be considered that a company is in a relationship with another in which only one of the companies holds equity interests in the other, when one of the companies holds ownership interests or shares in another equal to or greater than 10% of its capital, but whereby between both companies there exist none of the relations provided for in Article 482.

2 – The ownership of quotas or shares by a company shall be equivalent, for the purpose of the total referred to in the previous paragraph, to the ownership of quotas or shares by another company which depends upon it, either directly or indirectly, or with which it is in a group relationship, and to shares of which one person is the holder, on behalf of any of the companies in question.

Article 484
Duty of Disclosure

1 – Notwithstanding the duties of disclosure and publication of equity when presenting accounts, a company must notify the other company, in writing, of all acquisitions and disposals of ownership interests and shares which it has carried out, from the moment at which a relationship is established whereby only one of the companies holds equity interests in the other, provided that the total value of the equity interest does not fall below the holdings which determines the said relationship.

2 – The communication stipulated in the previous paragraph shall be separate to the communication relating to the acquisition of quotas, as required pursuant to Article 228.3, and of the registration of the acquisition of shares, referred to in Articles 330 *et seq*, however the company in which the quota is held cannot allege that it was unaware of the value of the equity interest another company holds in it, in relation to the acquisitions of quotas of which it was informed and acquisitions of shares which were registered, under the terms stated above.

Article 485
Companies with Reciprocal Equity Interests

1 – Companies in a reciprocal relationship in relation to their equity interests shall be subject to the duties and restrictions stated in the following paragraphs, from the moment at which both equity interests reach 10% of the capital of the company in which the quota is held.

2 – The company which was the last to issue the communication required under Article 484.1, revealing the value of the equity interests referred to in the previous paragraph, cannot acquire new quotas or shares in the other company.

3 – Acquisitions carried out in violation of the provision of the previous paragraph shall be null and void, and, furthermore, the acquiring company shall not be permitted to exercise the rights conferred by the part of a quota or share which exceeds 10% of the capital, with the exception of the right to share the proceeds of liquidation, albeit subject to the respective obligations, and its directors shall be liable, in general, for any damage suffered by the company with the creation and persistence of such a situation.

4 – In the event of a cumulation of relations, the provisions of Article 487.2 shall prevail over paragraph 3 of this article.

5 – Whenever the law imposes the publication or declaration of equity interests, reference must be made to whether or not reciprocal equity interests exist, to their value and the quotas or shares whose rights cannot be exercised by one or other of the companies.

Article 486

Companies in a Relationship of Control

1 – It shall be considered that two companies are in a relationship of control whenever one of them, the dominant one, is in a position to exercise an influence of dominance over the other company, the controlled company, either directly or through companies or persons fulfilling the pre-requisites indicated in article 483.2.

2 – It shall be assumed that the company is controlled by another, directly or indirectly, when the dominant company:

a) Holds a majority equity interest in the capital;

b) Controls more than half of the votes;

c) Is in a position to appoint more than half of the members of the board of directors or supervisory body of the company.

3 – Whenever the law imposes the publication or declaration of equity interests, the company assumed to be the dominant one and the company assumed to be controlled must state whether any of the situations referred to in the various paragraphs of paragraph 2 of this article arise.

Article 487
Prohibition of Acquisition of Equity Interests

1 – A company shall be prohibited from acquiring quotas or shares in companies which it controls, either directly or through companies or persons meeting the requirements indicated in Article 483.2, unless the acquisitions are free of charge, by means of adjudication in executive proceedings brought against the debtors or in the division of companies in which it is a partner.

2 – The deeds of acquisition of quotas or shares which violate the provisions of the previous paragraph shall be null and void, except if they were acquired on the stock exchange, in which case all shares thus acquired shall be subject to the provisions of Article 485.3.

CHAPTER III
Companies in a Group Relationship

SECTION I
Groups constituted by Total Control

Article 488
Total Initial Control

1 – A company may establish a public company, in which it is initially the only shareholder.

2 – All other requisites for the incorporation of public companies must be observed.

3 – The provisions of paragraphs 4, 5 and 6 of Article 489 shall apply to groups established in this way.

Article 489
Total Subsequent Control

1 – A company which totally controls another company, either directly or through other companies or persons meeting the requisites set forth in Article 483.2, by virtue of the fact that there are no other partners, shall be legally required to form a group with the other company, except where the general meeting of the former adopts any of the resolutions provided for in items a) and b) of the following paragraph.

2 – In the six months following the occurrence of the assumptions referred to above, the board of the dominant company must convene a general meeting to adopt alternative resolutions on the following:

- a) The dissolution of the controlled company;
- b) The disposal of quotas or shares in the controlled company;
- c) The persistence of an existing situation.

3 – When the resolution provided for in item c) of the previous paragraph is adopted, or while no such resolution is adopted, the controlled company shall consider itself to be in a group relationship with the dominant company and shall not be dissolved, even if it only has one partner.

4 – The group relationship shall terminate:

- a) If the dominant company or the controlled company ceases to have its headquarters in Portugal;
- b) If the dominant company is dissolved;
- c) If more than 10% of the capital of the controlled company ceases to be controlled by the dominant company or the companies and persons referred to in Article 483.2.

5 – In the hypothesis provided for in item c) of the previous paragraph, the dominant company must immediately inform the controlled company in writing of such fact.

6 – The management of the controlled company must request the registration of the resolution referred to in item c) of paragraph 2, as well as the end of the group relationship.

Article 490 **Acquisitions leading to Total Control (Takeovers)**

1 – A company which, by itself or jointly with other companies or persons referred to in item 483.2, holds quotas or shares corresponding to at least 90% of the capital of the other company, must disclose such fact within 30 days of the date on which the said quota was acquired.

2 – Within six months of the date of the said disclosure, the dominant company may launch a takeover bid on the ownership interests of the remaining partners, for a consideration in cash or in their own quotas, shares or bonds, justified in a report prepared by a statutory auditor who is independent from the interested companies, to be deposited with the registry and disclosed to the interested parties at the headquarters of the two companies.

3 – the dominant company may become the rightful owner of shares or quotas belonging to free partners from the controlled company, if the proposal decrees it thus, in which case the acquisition shall be subject to registration by deposit and publication.

4 – Registration can only be completed if the company has deposited the consideration for the ownership interests acquired with a custodian, in cash, shares or bonds, which consideration shall be calculated in accordance with the highest values stated in the report from the auditor.

5 – if the dominant company fails to launch the takeover bid permitted under paragraph 2 of this article in a timely fashion, each free partner or shareholder shall be permitted, at any time, to request in writing that the dominant company launch a takeover bid on its quotas and shares in a period of no less than 30 days, by means of a consideration in cash, quotas or shares in the dominant companies.

6 – In the absence of a bid or if it is considered to be unsatisfactory, the free partner may petition the courts to declare the quotas and shares acquired by the dominant company from the date on which the action is brought, to fix their value in cash and order the dominant company to pay it. The action must be brought within 30 days of the end of the period referred to in the previous paragraph or the receipt of the bid, as the case may be.

7 – Takeover bids on a company with capital open investment by the public shall be governed by the terms of the Portuguese Securities Code.

Article 491 **Referral**

The provisions of Articles 501 to 504 and others which apply by virtue thereof, shall apply to groups established by total control.

SECTION II
Articles of Association of a 50/50 Joint Venture

Article 492
Rules applicable to Articles of Association

1 – Two or more companies who are not controlled by one another or by other companies may form a group of companies, by means of an agreement in which they undertake to be subject to a single and common management.

2 – The articles of association and any amendments and extensions thereto must be set forth in writing and preceded by resolutions between all companies involved, adopted at the proposal of their managements and statements of opinion from their supervisory bodies, by a majority stipulated by law or in the articles of association for mergers.

3 – The articles of association cannot be stipulated for an unfixed period of time, but may be extended.

4 – The articles of association cannot modify the legal structure of the management and supervision of the companies. Whenever the articles of association instate a common board of directors or oversight body, all companies must participate equally therein.

5 – The provisions of Article 506 shall apply to the termination of the articles of association.

6 – The legal rules governing competition between companies shall be waived.

SECTION III

Subordination Agreement

Article 493

Notion

1 – A company may, by means of an agreement, subordinate the management of its activities to the direction of another company, regardless of whether or not it is a dominant company.

2 – The managing company shall form a group with all companies it manages, by means of a subordination agreement, and with all companies over which it exercises total control, either directly or indirectly.

Article 494

Essential Obligations of the Managing Company

1 – In the subordination agreement, it is essential that the managing company undertakes:

a) To acquire all quotas or shares of free partners in the subordinated company, in return for a consideration fixed or agreed under the terms of Article 497;

b) to guarantee the profits of free partners of the subordinated company, under the terms of Article 499.

2 – Free partners are all partners or shareholders in the subordinated company, except:

a) The managing company;

b) Companies or persons related to the managing company, under the terms of Article 483.2, or companies in a group relationship with the managing company;

c) The company controlling the managing company;

d) Persons holding more than 10% of the capital in the companies referred to in the previous paragraphs;

e) The subordinated company;

f) Companies controlled by the subordinated company.

Article 495
Draft of Subordination Agreement

The directors of companies seeking to enter into a subordination agreement must draw up, jointly, a draft stating the following, among other information required or appropriate to the perfect disclosure of the targeted operation, from a legal and economic viewpoint:

- a) The motives, conditions and objectives of the agreement in relation to the two companies involved;
- b) The business name, headquarters, capital, number and date of registration with the commercial registry in relation to each of the companies in question, as well as the updated texts of their respective articles of association;
- c) The equity interest of one of the companies in the capital of the other;
- d) The value in cash assigned to the quotas or shares in the company which, according to the agreement, shall be managed by the other;
- e) The nature of the consideration which one company shall offer the partners in the other, in the event of these accepting the proposal by the offeror to acquire their quotas or shares;
- f) In the event of the consideration referred to in the previous paragraph consisting of shares or bonds, the value of these shares or bonds and the relationship between equity and cash for swap purposes;
- g) The duration of the subordination agreement;
- h) The deadline from the date on which the agreement is signed, within which the free partners of the company which is to come under the management of the other may demand the acquisition of its quotas or shares by the other company;
- i) The sum which the company who is to become the director of the other must pay, on an annual basis, to the other company to uphold the distribution of profits, or the means of calculating this amount;
- j) The agreement relating to the distribution of profits, if any.

Article 496

Referral

1 – Whenever possible, the provisions relating to mergers of companies shall apply to the supervision of the drafting of the agreement, the convening of meetings, the consultation of documents, the meeting of assemblies and the requirements for resolutions.

2 – In the case of the signing or modification of the agreement entered into between a dominant company and a controlled company, the respective vote must not have been opposed by more than half of the free partners of the controlled company.

3 – Resolutions between two companies shall be communicated to their respective partners by means of a registered letter, in the case of partners in private limited companies or holders of registered shares; in all other cases, the communication shall be made by means of an announcement.

Article 497

Position of Free Partners

1 – Within 90 days of the last of the publications of the announcement of resolutions or the receipt of a registered letter, free partners shall have the right to object to the subordination agreement, based on a violation of the provisions of this law or on the insufficiency of the consideration offered.

2 – The objection shall be lodged through the means provided for objections by creditors, in cases of mergers of companies; the judge shall always order the managing company to disclose the value of the considerations paid to other free partners or agreed between them.

3 – The management of companies shall be prohibited from entering into a subordination agreement prior to the end of the period referred to in paragraph 1 of this article or prior to the adoption of the resolution to lodge objections through any means.

4 – The fixing by the courts of the consideration for acquisition by the managing company or of the profits guaranteed by the managing company to all free partners, irrespective of whether they have lodged an objection.

Article 498

Signing and Registration of Agreement

The subordination agreement must be set forth in writing, and signed by the management of the two companies, before being registered by deposit by the two companies and published.

Article 499
Rights of Free Partners

1 – Free partners who have not lodged objections to the subordination agreement shall have the right to opt between the disposal of their quotas or shares and the guarantee of profits, provided that they communicate their choice in writing to the two companies within the deadline fixed for objections.

2 – Free partners having lodged objections within the three months following the passing down *in res judicata* of the respective sentences shall enjoy equal rights.

3 – A company which is to manage another by virtue of the agreement may, by means of a written communication submitted to the other company, within 30 days of the passing down *in res judicata* of the last of the objections lodged, refrain from signing the agreement.

Article 500
Guarantee of Profits

1 – By means of a subordination agreement, the managing company shall assume the obligation to pay free partners in the subordinated company the difference between the profits actually realised and the highest of the following values:

a) The mean value of profits received by free partners in the three financial years preceding the subordination agreement, calculated as a percentage of the share capital;

b) The profits which shall be paid for quotas and shares in the managing company, in the event of the quotas or shares of those partners being exchanged.

2 – The guarantee conferred by the previous paragraph shall remain in force for as long as the group agreement remains in force and for the first five financial years following the termination of the said agreement.

Article 501
Liability of the Subordinated Company towards its Creditors

1 – The managing company shall be liable for the obligations of the subordinated company which were constituted prior or subsequent to the signing of the subordination agreement, until such time as it expires.

2 – The liability of the managing company cannot be demanded before 30 days have elapsed since the delayed establishment of the subordinated company.

3 – Proceedings cannot be brought against the managing company based on a feasible deed against the subordinated company.

Article 502
Liabilities for Losses of the Subordinated Company

1 – The subordinated company shall have the right to demand that the managing company compensate it for any annual losses which, for any reason, occur during the period of validity of the subordination agreement, whenever these losses were not compensated by means of reserves constituted during the said period.

2 – The liability provided for in the previous paragraph shall not be feasible after the expiry of the subordination agreement, but shall become feasible during the validity of the agreement if the subordinated company is declared bankrupt.

Article 503
Right to issue Instructions

1 – From the date of publication of the subordination agreement, the managing company shall have the right to issue binding instructions to the management of the subordinated company.

2 – Should the agreement not provide to the contrary, disadvantageous instructions may be issued by the subordinated company, if such instructions serve the interests of the managing company or of other companies in the same group. Under no circumstances shall instructions be valid if issued for the practice of acts which in themselves are prohibited by legal provisions not relating to the operations of companies.

3 – Should instructions be issued to the management of the subordinated company carry out a transaction which, by law or according to the articles of association, depends on the opinion or consent of another body of the subordinated company and such consent or opinion is not offered, the instructions must be observed if, on refusal thereof, they are issued once again, accompanied by the consent or assent of the corresponding body of the managing company, is any.

4 – The managing company is not permitted to determine the transfer of assets of the subordinated company to other companies in the group without the just consideration, except for the case put forth in Article 502.

Article 504
Duties and Responsibilities

1 – The members of the board of director of the managing company must adopt, in relation to the group, the methods required by law with regard to the management of its own company.

2 – The members of the board of the managing company shall also be liable towards the subordinated company, pursuant to Articles 72 to 77 of this law, with the necessary adaptations; the enactment of liability may be proposed by any free partner or shareholder from the subordinated company, on its behalf.

3 – The members of the board of directors of the subordinated company shall not be liable for any acts or omissions committed in execution of any legal instructions received.

Article 505 **Amendment of Agreement**

Amendments to the subordination agreement shall be discussed by the general meetings of the two companies, under the terms stipulated for the signing of the agreement, and must be set forth in writing.

Article 506 **Termination of Agreement**

1 – The two companies may, on mutual agreement, terminate the subordination agreement once it has been in force for a full financial year.

2 – The termination by agreement between the companies shall be decided by the general meetings of the two companies, under the terms stipulated for the signing of the agreement.

3 - The subordination agreement shall be terminated:

a) By means of the dissolution of either of the two companies;

b) At the end of the stipulated term of validity;

c) By means of a judicial ruling, in proceedings brought by either of the companies, with just cause;

d) Should either company decide to terminate it, under the terms of the following paragraph, if the articles of association do not have a specific duration.

4 – Termination by any of the companies shall not occur until such time as the agreement has been in force for five years, and must be authorised by means of a resolution by the general meeting, pursuant to paragraph 2, shall be communicated to the other company in a registered letter and shall only take effect at the end of the following financial year.

5 – The termination provided for in paragraph 3, item a), shall be authorised by means of a resolution adopted pursuant to paragraph 2.

Article 507
Acquisition of Total Control (Takeover)

1 – Whenever, by virtue of the provisions of Article 499 or the acquisitions carried out during the period of validity of the subordination agreement, the managing company comes to acquire total control over the subordinated company, by itself or with one of the companies or persons meeting the requirements set forth in Article 483.2, the respective rules shall become applicable, and any resolutions adopted shall expire or the agreement shall be terminated, according to the case.

2 – The existence of a draft or subordination agreement shall not affect the application of Article 490.

Article 508
Profit Distribution Agreement

1 – The subordination agreement may include a covenant by virtue of which the subordinated company undertakes to distribute the company's annual profits to the managing company or another company in the same group.

2 – The profits to be considered for the purpose of the previous paragraph must not exceed the profits for the financial year, calculated under the terms of the law, from which the necessary amounts are deducted by way of cover for losses from previous financial years and for the establishment of the statutory reserve.

CHAPTER IV
Annual Appraisal of the Situation of Companies obliged to present Consolidated Accounts

Article 508- A
Duty to Consolidate Accounts

1 – The managers or directors of a company obliged by law to consolidate its accounts must prepare and submit to the competent bodies the consolidated business report, the consolidated annual accounts and any other consolidated reporting documents.

2 – The financial statements referred to in the previous paragraph must be presented and examined by the competent bodies within five months of the date on which the financial year closes.

3 – The managers or directors of each affiliate or associate company to be included in the consolidation must, in good time, submit to the consolidating company their report and accounts and the respective legal certification or declaration that it is impossible to certify them to the general meeting, together with any other information required for the consolidation of the accounts.

Article 508 - B
General Principles on the Preparation of Consolidated Accounts

1 – The consolidated business report, the consolidated annual accounts and other documents relating to the consolidated accounts must be prepared in accordance with the law, and the articles of association and agreements between companies to be consolidated may complement but not derogate the applicable legal provisions.

2 – The provisions of Articles 65, paragraphs 3 and 4 and Articles 67, 68 and 69 shall apply to the preparation of consolidated accounts, with the necessary adaptations.

Article 508 - C
Consolidated Business Report

1 – The consolidated business report must contain, at least, a faithful and clear statement in relation to the business activities, performance and the position of the companies included in the consolidation, considered as a whole, as well as a description of the principal risks and uncertainties they faced.

2 – The statement provided for in the previous paragraph must include a balanced and overall analysis of the business activities of the year in question, as well as the performance and position of the companies included in the consolidation, considered as a whole, according to the size and complexity of its activity.

3 – Insofar as it is necessary for an adequate understanding of the performance or position of the said companies, the analysis referred to in the previous paragraph must include financial aspects and, where appropriate, references to non-financial performance which is relevant to the specific activities of the companies, including information on environmental questions and matters relating to employees.

4 – On presentation of the analysis provided for in paragraph 2, the consolidated business report must, where appropriate, include a reference to the amounts entered in the consolidated accounts and additional explanations in relation to these figures.

5 – With regard to companies included in the consolidation, the report must also include an indication of:

- a) Important occurrences after the close of the financial year;
- b) The foreseeable evolution of the companies as a whole;
- c) The activities of the companies as a whole in the area of research and development;

d) The number, par value, or, in the absence of the par value, the accounting value of all ownership interests, as a whole, held by the parent company, by its affiliates or a person acting in their own name but on behalf of these companies, unless such indications are presented in an annex to the consolidated balance sheet and profit and loss account;

e) The objectives and policies of the company as regards the management of financial risks, including policies for covering each of the principal categories of transaction foreseen, for which hedging accounting methods are used, and the statement from the entities included in the consolidation as to price, credit, liquidity and cash flow risks, when they are materially relevant to the assessment of the components of their assets and liabilities, the financial position and the results, in relation to the use of financial instruments.

6 – Whenever, apart from the business report, a consolidated business report is required, the two reports may be presented in the form of a single report.

7 – In the preparation of the single report, it may be appropriate to give greater emphasis to matters which are significant to the companies included in the consolidation, considered as a whole.

Article 508 - D

Supervision of Consolidated Accounts

1 – The entity responsible for preparing the consolidated accounts must submit them to the approval of the statutory auditor and the supervisory committee, under the terms of Articles 451 to 454, with the necessary adaptations.

2 – In cases where the entity does not have a supervisory committee, the consolidated accounts must be submitted to the approval of a statutory auditor, under the terms of the previous paragraph.

3 – The person or persons responsible for inspecting consolidated accounts must also issue, in the respective legal certification of the accounts, a statement of opinion as to whether or not the consolidated business report is in keeping with the consolidated accounts for that financial year.

4 – Whenever the individual accounts of the parent company are attached to the consolidated accounts, the legal certification of the consolidated accounts may be issued in conjunction with the legal certification of the individual accounts of the company.

Article 508-E ⁽²⁾
Provision of Consolidated Accounts

1 – The information on the consolidated accounts, the audit and audit report and other documents relating to the consolidated accounts, approved in accordance with the law, is subject to registration at the commercial registry office, pursuant to the respective law.

2 – The company should gratuitously make available on the respective website, if applicable, and at its headquarters unabridged copies of the following documents to interested parties:

- a) Consolidated Business Report;
- b) Audit and Audit Report;
- c) Statement of Opinion by the Supervisory Board, if applicable.

3 – If the company which prepared the accounts was established as a company other than a public company, private limited company or limited partnership with share capital and provided that it was not required by law to provide consolidated financial statements, the said company should make consolidated financial statements available to the public at its headquarters. A copy of said financial statements may be requested at a price which may not exceed the administrative costs involved.

TITLE VII
Penal Provisions

Article 509
Failure to pay Initial Capital Contribution

1 – The manager or director of a company failing or causing third parties to fail to commit any acts necessary for the initial capital contributions to be paid up shall be punished with a penalty of up to 60 days.

2 – If the act is committed with the intention to cause damage, material or moral, to any partner, to the company or to a third party, the penalty shall entail a period of up to 120 days, if a more severe sentence is not valid by virtue of another legal provision.

3 – Should serious material or moral damage be caused to any partner not giving their assent for such an act or to the company or a third party, whereby the author could have prevented the damage, the penalty shall be the same as that levied in cases of breach of trust.

Article 510
Illegal Acquisition of Quotas or Shares

1- The manager or director of a company which, in violation of the law, subscribes or acquires own quotas or shares on behalf of the company, or instructs a third party to subscribe or acquire them on behalf of the company, even if in their own name, or which through any means provides funds or guarantees on behalf of the company, so as to enable a third party to subscribe or acquire quotas or shares representing its capital, shall be punishable with a penalty of up to 120 days.

2 – The manager or director of a company which, contrary to the law, acquires, on behalf of the company, quotas or shares in another company with which it is in a relation of reciprocal ownership interests or which it controls, shall also be punishable with a penalty of up to 120 days.

Article 511
Amortisation of Quota Not Paid-up

1 - The manager of a company which, contrary to the law, amortises, in full or in part, a quota which has not been paid-up, shall be punishable with a penalty of up to 120 days.

2 - Should serious material or moral damage be caused to any partner not giving their assent for such an act, or to the company or a third party, whereby the author could have prevented the damage, the penalty shall be the same as that levied in cases of breach of trust.

Article 512
Illegal Amortisation of a Quota Pledged or Subject to Usufruct Rights.

1 – The manager of a company which, contrary to the law, amortises or orders the amortisation, in full or in part, of a quota which shall be subject to usufruct rights or pledged, without the consent of the holder of that right, shall be punished with a penalty of up to 120 days.

2 – A partner who is the holder of a quota and who encourages or consents to its amortisation, or who maliciously fails to disclose the fact to the holder of the right of usufruct or pledge, prior to its execution, shall be punishable with the same penalty.

3 - Should serious material or moral damage be caused to the holder of usufruct or pledge rights, which the author could have prevented, or to any partner who did not give their consent for such fact, or to the company, the penalty shall be that of a breach of trust.

Article 513
Other Infractions against the Rules for Amortisation of Quotas or Shares

1 – The manager of a company which, contrary to the law, amortises or orders the amortisation of quotas, in full or in part, such that, on the date of the resolution, and taking into account the consideration payable on amortisation, the net situation of the company falls below the sum-total of the capital and the statutory reserve, without a simultaneous resolution to reduce the capital so as to ensure that the net situation remains above this limit, shall be punishable with a penalty of up to 120 days.

2 – The director of a company which, contrary to the law, amortises or orders the amortisation, in full or in part, of a share, without a reduction in capital or using funds which it is not permitted to distribute among shareholders for such purposes, shall also be punishable with a penalty of up to 120 days.

3 – Should serious material or moral damage be caused to any partner not giving their assent for such an act, or to the company or a third party, whereby the author could have prevented the damage, the penalty shall be the same as that levied in cases of breach of trust.

Article 514
Illegal Distribution of Company Assets

1 – The manager or director of a company which proposes the illegal distribution of company assets to the partners in the course of a meeting shall be punishable with a penalty of up to 60 days.

2 – Should the illegal distribution be executed, in full or in part, the punishment shall be a penalty of up to 90 days.

3 – Should the illegal distribution be executed, in full or in part, without the adoption of a resolution by the partners, at a meeting, the punishment shall be a penalty of up to 120 days.

4 – The manager or director of a company executing or ordering the execution by a third party of the distribution of company assets in contravention of a valid resolution on the part of the regularly convened general meeting, shall also be punishable with a penalty of up to 120 days.

5 – If, in any of the cases provided for in paragraphs 3 and 4, serious material or moral damage should be caused to any partner not giving their assent for such an act, or to the company or a third party, whereby the author could have prevented the damage, the penalty shall be the same as that levied in cases of breach of trust.

Article 515
Irregularities in the Convening of the General Meetings of a Company

1 – A party who, being responsible for convening a general meeting of partners, extraordinary meeting of shareholders or general meeting of bondholders, fails to convene or causes a third party to fail to convene such meetings within the deadlines established by law or in the articles of association, or convenes such meetings or orders the convening thereof, without complying with the deadlines or formalities established by law or by the articles of association, shall be punishable with a penalty of up to 30 days.

2 – If the author of the fact was aware, under the terms of the law or the articles of association, of a request for the convening of a meeting which should have been approved, the punishment shall be a penalty of up to 90 days.

3 – Should serious material or moral damage be caused to any partner not giving their assent for such an act, or to the company or a third party, whereby the author could have prevented the damage, the penalty shall be the same as that levied in cases of breach of trust.

Article 516
Disturbance of Corporate Meetings

1 – Anyone who, through violent means or the threat of violence, prevents any partner or another legitimate person from taking part in a general meeting of partners, a special meeting of shareholders or a meeting of bondholders, convened in accordance with the law, or from exercising their right to information, to make proposals, to discuss or to vote, shall be punishable with a prison term of up to 2 years and a penalty of up to 180 days.

2 – Should the author of the impediment, on the date it occurs, be a member of the board of directors or supervisory board of the company, the maximum limit of the sentence shall, in all cases, be increased by one third.

3 – Should the author of the impediment be employed by the company on the date on which the impediment occurs, and should they have acted on orders or instructions issued by any of the members of the board of directors or supervisory board, the maximum limit of the sentence shall, in all cases, be reduced by half, and the judge may opt for an especially lenient sentence, taking all of the circumstances into consideration.

4 – The punishment for impediment shall not consume that which is applicable to the means employed to execute it.

Article 517
Fraudulent Participation in a Company Meeting

1 – Any party falsely presenting themselves at a general meeting of partners, extraordinary meetings of shareholders or meeting of bondholders as the owner of shares, quotas, ownership interests or bonds, or as someone on whom powers of representation have been conferred by the respective holders, and who votes in this false capacity, shall be punishable, if a more serious punishment does not apply by virtue of another legal provision, with a prison sentence of up to 6 months and a penalty of up to 90 days.

2 – Should any of the members of the corporate or supervisory bodies of the company designate a third party to execute the fact described in the previous paragraph, or a person to aid with the execution thereof, the author shall be punishable, where another more serious punishment is not applicable by virtue of another legal provision, with a prison sentence of between 3 months and 1 year and a penalty of up to 120 days.

Article 518
Illegal Withholding of Information

1 – A manager or director who refuses or orders a third party to refuse the right to consult documents which by law must be made available to interested parties for the preparation of corporate meetings, or who refuses to send documents for this purpose or orders a third party to refuse it, whenever it is required by law to send it, or sends the documents or orders that they be sent, without meeting the terms and conditions applicable by law, shall be punishable, unless a more serious punishment is applicable by virtue of another legal provision, with a prison term of up to 3 months and a penalty of up to 60 days.

2 – A manager or director who refuses or orders a third party to refuse information at a company meeting which it is obliged by law to provide, or, in other circumstances, information which it is required by law to provide and which have been requested in writing, shall be punishable with a penalty of up to 90 days.

3 – If, in the case of paragraph 1, serious material or moral damage is caused to any partner not giving their assent for such an act to the company or the company, whereby the author could have prevented the damage, the penalty shall be the same as that levied in cases of breach of trust.

4 – If, in the case of paragraph 2, the fact is committed for reasons not indicating a lack of care as regards the defence of the legitimate rights and interests of the company and its partners, but merely a misunderstanding as to the purpose of these rights and interests, the author shall be exempt from punishment.

Article 519

False Information

1 – Anyone who is bound by the terms of this Code to provide information to third parties on matters of the life of a company, and who does so falsely, shall be punishable with a prison sentence of up to 3 months and a penalty of up to 60 days, if a more serious punishment is not applicable by virtue of another legal provision.

2 – The same punishment shall apply to anyone who, under the circumstances described in the previous paragraph, maliciously provides information which is incomplete and could lead the addressees to form erroneous conclusions with identical or similar effect to the provisions of false information on the same matter.

3 – If the act is committed with the intention to cause damage, material or moral, to any partner who has not consciously contributed to the fact in question, or to the company, the penalty shall entail a prison sentence of up to 6 months and a penalty of up to 90 days, if a more severe sentence is not valid by virtue of another legal provision.

4 – Should serious material or moral damage be caused to any partner not consciously contributing to the fact, or to the company or a third party, whereby the author could have prevented the damage, the penalty of a prison sentence of up to 1 year and a penalty of up to 120 days shall apply.

5 – If, in the case of paragraph 2, the fact is committed for important reasons not indicating a lack of care as regards the defence of the legitimate rights and interests of the company and its partners, but merely a misunderstanding as to the purpose of these rights and interests, the judge may opt for an especially lenient sentence, or to exempt the author from punishment.

Article 520

Misleading Notice of Meeting

1 – Anyone who, when responsible for convening a general meeting of partners, extraordinary meetings of shareholders or meeting of bondholders, through their own actions or instructions, issues untruthful information in the notice of meeting, shall be punishable, where a more serious punishment is not applicable by virtue of another legal provision, with a prison sentence of up to 6 months and a penalty of up to 150 days.

2 – The same punishment shall apply to anyone who, under the circumstances described in the previous paragraph, maliciously provides information in the notice of meeting which is incomplete in relation to items it is required to contain, by law or according to the articles of association, and could lead the addressees to form erroneous conclusions with identical or similar effect to the provisions of false information on the same matter.

3 – If the fact be practiced with intention to cause material or moral damage to the company or to any partner, the punishment shall be a prison sentence of up to 1 year and a penalty of up to 180 days.

Article 521
Illegal Refusal to Draw Up Minutes

Anyone who, being required to draw up or sign minutes of company meetings, fails to do so, without justification, or who acts in such a way as to lead another party responsible for drawing up the minutes to fail to do so, shall be punished, if another more serious punishment does not apply by virtue of another legal provision, with a penalty of up to 120 days.

Article 522
Impediment of Supervision

A manager or director who impedes or creates barriers to any acts necessary to the supervision of the activities of the company, or leads a third party to impede or create such barriers, which acts are executed, under the terms and through the means set forth by law, by the party specified by law, in the articles of association or by means of a judicial ruling, as being subject to the duty to supervise the company, or by persons acting on the orders of whosoever has the said duty, shall be punishable with a prison sentence of up to 6 months and a penalty of up to 120 days.

Article 523
Violation of the Duty to Take Action to Dissolve the Company or a Reduction of its Capital

The manager or director of a company who, when the accounts show it to be losing half of its capital, fails to comply with the provisions of paragraphs 1 and 2 of Article 35, shall be punishable with a prison sentence of up to 3 months and a penalty of up to 90 days.

Article 524
Insider Trading

(Revoked by Decree-Law no. 142-A/91, of 10 April)

Article 525
Fraudulent Manipulation of the Prices of Securities

(Revoked by Decree-Law no. 142-A/91, of 10 April)

Article 526
Irregularities in the Issuance of Securities

A director of a company who places his/her signature or orders his/her signature to be placed on certificates, be they provisional or definitive, of shares or bonds issued by the company or in its name, when the issue has not been approved by the competent corporate bodies, or when the minimum initial capital contributions required by law have not been made, shall be punishable with a prison sentence of up to 1 year and a penalty of up to 150 days.

Article 527
Common Principles

1 – The facts described in the previous articles shall only be punishable when committed with intent.

2 – Attempts to commit the acts for which prison sentences or prison terms and penalties have been threatened under the previous paragraphs, shall be punishable.

3 – Inherent vice, to the benefit of the author or their spouse, relative or kin, up to the 3rd degree, shall always be considered as aggravating circumstances.

4 – Where the author of a fact described in the previous paragraphs, prior to criminal proceedings being brought, has fully repaired the material damage caused and provided sufficient satisfaction of the moral damage caused, notwithstanding other illegitimate damages to third parties, these damages shall not be considered in the determination of the applicable punishment.

Article 528⁽²⁾
Infractions of a Merely Administrative Nature

1 – A manager or director who fails to submit, or who, through their own actions, prevents a third party from submitting the annual report and accounts and other financial statements stipulated by law, when they are required by law or by the articles of association, or some other provision, to present such information to the competent bodies of the company prior to the end of the deadline imposed under paragraph 1 of Article 376, thereby also violating the terms of Article 65-A, shall be punishable with a fine of between 50 Euro and 1,500 Euro.

2 – A company responsible for the omission in relation to external acts, in full or in part, of the indications referred to in Article 171 of this Code, shall be punishable with a fine of between EUR 250 to EUR 1,500.

3 – A company which is legally bound to keep a book for registering shares under the terms of the applicable legislation, and fails to do so, or fails to comply on time with the legal provision applicable to the registration and deposit of shares, shall be punishable with a fine of between EUR 500 to EUR 49,879.79.

4 - (Revoked by Decree-Law 486/99 of 13 November)

5 – A person who is required by law to issue the communications provided for in Articles 447 and 448 of this Code and fails to do so within the deadlines and by the means established by law, shall be punishable with a fine of between EUR 25 to EUR 1,000 and, if said person is a member of the board of directors or supervisory body, with a fine of between EUR 50 to 1,500.

6 – In the case of the illegal acts provided for in the previous paragraphs, negligence shall be punishable, however the fines shall be reduced in suitable proportion to the lesser seriousness of the fault.

7 – In the graduation of the sentence, the value of the company's capital and the volume of its trading shall be taken into account, as well as the value of the shares to which the infraction relates and the personal economic situation of the infringers.

8 – The organisation of proceedings and decisions as to how to apply the fine shall be the responsibility of the competent Commercial Registry Office for the region in which the company has its headquarters, and also the Directorate General for Registries and Notary Affairs, with the possibility of delegating tasks.

9 – The proceeds of the fines go to the Directorate General for Registries and Notary Affairs.

Article 529

Subsidiary Legislation

1 – The crimes provided for in this Code shall be subject, on a subsidiary basis, to the Penal Code and complementary legislation.

2 – Acts of a mere administrative nature provided for in this Code shall be subject, on a subsidiary basis, to the general rules for offences of a merely administrative nature.

TITLE VIII
Final and Transitory Provisions

Article 530
Inadmissible Contractual Paragraphs

1 – The paragraphs of articles of association entered into, in accordance with the law, prior to the coming into force of this law, which are not permitted by virtue of this law, shall be considered automatically substituted by the provisions of an imperative nature of the new law. It shall be legal to seek recourse to the application of the provisions of a suppletive nature, as may be deemed appropriate.

2 – The provision of paragraph 1 is without prejudice to the powers conferred by law upon the partners, whereby they may resolve to amend the articles of association.

Article 531
Plural Vote

1 – Rights to plural voting which were legally established prior to the coming into force of this law shall be upheld.

2 – Such rights may be revoked or limited by a resolution adopted by the partners under the terms of the provisions for amendments to the articles of association, without the need for consent from the partners holding these rights.

3 – However, in cases where such rights were recognised in return for special contributions to the company, apart from initial capital contributions, the company shall be required to pay fair compensation for the revocation or limitation of the said right.

4 – Application may be made to the courts for the compensation referred to in the previous paragraph within 60 days of the date on which the partner became aware of the resolution, or, if this is objection is appealed, from the date on which the respective sentence was passed down *in res judicata*.

Article 532
Business Names and Titles

Companies incorporated prior to the coming into force of this law may maintain the business names or titles which they hitherto used, in accordance with the law, however public companies shall adopt the abbreviation «S. A.», instead of «S. A. R. L.», irrespective of the amendment of the articles of association.

Article 533

Minimum Capital

1 – Companies incorporated prior to the coming into force of this law, and whose capital does not reach the minimum amounts established herein, must increase their capital, at least until the said minimum amounts, within three years of the said coming into force.

2 – Companies may vote, by a simple majority, for the incorporation of reserves, including reserves for the revaluation of assets, by way of increasing the capital, pursuant to the terms of the previous paragraph.

3 – Deadlines of up to five years may be set for the total paying-up of a company's capital, increased by means of new initial capital contributions, in compliance with paragraph 1 of this article.

4 – Companies which fail to increase their capital and ensure that the capital is fully paid-up, in accordance with the previous paragraphs, must be dissolved under the terms of Article 143.

5 – The par values of quotas or shares stipulated in accordance with the previous legislation may be maintained, even if they are lower than the minimum values established in this law, which, however, shall become applicable once the capital is increased pursuant to this article or other circumstances.

6 – The provision of paragraph 4 shall apply to companies who have not proceeded to increase their capital up to the minimum amount provided for in Article 201 or in paragraph 3 of Article 276, with the wording provided by Decree-Law no. 343/98, of 6 November.

Article 534

Irregularity due to the Absence of Deeds or Registration

The provisions of Articles 36 to 40 shall apply, with the exception of the previously produced effects, in accordance with the law now in force, to companies which, on the date on which this law took effect, were in the situations referred to therein.

Article 535

Legal Persons on Boards of Directors or Supervisory Bodies

Legal persons which, on the date on which this law took effect, exercised functions which are not permitted under this law, shall terminate such functions at the end of the calendar year following that in which this law takes effect, if they have not terminated them before for some other reason.

Article 536
Statutory Audit Firms exercising Functions on the Supervisory Board

Statutory audit firms which, pursuant to Article 4 of Decree-Law no. 49381 of 15 November 1969, were exercising functions on the supervisory board of a company on the date on which this law came into force, shall continue to exercise the functions until such time as the company has a supervisory board or general council, the appointment of which must be conducted prior to the end of the calendar following that in which this law took effect.

Article 537 Early Distribution of Profits

In application of Article 297, the need for authorisation by means of the articles of association shall be waived with regard to companies incorporated prior to the coming into force of this law.

Article 538
Amortised Quotas Own Shares

1 – Quotas amortised prior to the coming into force of this law may continue to appear as such on the balance sheet, regardless of the existence of a stipulation in the articles of association.

2 – Public companies which, on the date on which this law takes effect, possess own shares, may keep them for a period of five years from the said date.

3 – Disposals of own shares to third parties during the five years stated in the previous paragraph may be decided by the board of directors.

4 – The value of own shares, in excess of 10% of the capital, when a company opts to conserve its own shares until the end of the five years stipulated in paragraph 2 shall, on that date, be automatically cancelled.

Article 539
Disclosure of Equity Interests

1 – The disclosure of ownership interests existing up to the date on which this law takes effect, pursuant to Articles 447 and 448, must be made during the 1st subsequent semester.

2 – Companies are required to inform shareholders, through the appropriate means, of the provisions of the previous paragraph.

Article 540
Reciprocal Ownership Interests

1 – The provision of Article 485.3 shall start to apply to reciprocal ownership interests existing between companies on the date on which this law takes effect from the end of the calendar year following the said date, if they are still held at that time.

2 – The prohibition of the exercise of rights shall apply to the equity interests with the lowest par value, except where a contrary agreement is established between the parties.

3 – Equity interests existing on the date on which this law takes effect shall count towards the calculation of 10% of the capital.

Article 541
Acquisitions Leading to Total Control (Takeovers)

The provisions of Article 490 shall not apply if the 90% equity interest already existed on the date on which this law took effect.

Article 542
Reports

The Ministers of Finance and Justice may, in a joint Ministerial Order, complete the mandatory content of the annual reports of the boards of directors and supervisory bodies of companies and of the statutory auditor, notwithstanding the immediate application of the provisions of this law.

Article 543
Deposit of Initial Capital Contributions

The depositing of initial capital contributions required under this law shall continue to be carried out at Caixa Geral de Depósitos, until such time as the Ministers of Finance and Justice shall, in a joint Ministerial Order, authorise the depositing thereof with other credit institutions.

Article 544
Loss of Half of a Company's Capital

Until such time as Article 35 of this law takes effect, the creditors of a public company may request its dissolution if it can be proven that, subsequent to the signing of its articles of association, half of the share capital was lost. The company may, however, object to the dissolution, whenever the necessary guarantees of payment of its creditors are provided.

Article 545
Equivalence to the State

For the effects of this law, the Autonomous Regions, local governments, *Caixa Geral de Depósitos*, *Instituto de Gestão Financeira da Segurança Social* and *IPE - Investimentos e Participações do Estado, S. A.*, shall be equivalent to the State.

- (1) Repealed by Article 19 Decree-Law No. 357-A/2007, of 31 October
(2) Amended by Article 11 Decree-Law No. 8/2007, of 17 January