

MARCH 2020

COVID 19 CMVM RECOMMENDATIONS

Last Friday, March 20th, the Securities and Exchange Commission (CMVM) issued three Recommendations aimed at reducing the impact of the pandemic outbreak caused by Covid-19 on the financial sector. These recommendations aim at allowing better supervision, better auditing and an alternative means of holding General Meetings in order to mitigate the risk of contagion.

I - GENERAL RECOMMENDATIONS

Among the recommendations and decisions adopted by the CMVM we highlight the need for:

- Companies to reinforce the monitoring of their business continuity plans, in order to fully comply with the legal and regulatory duties of information to which they are subject;
- A reinforcement of the reporting obligations of asset management companies to the CMVM, with this reporting becoming daily;
- Issuers to disclose, as soon as possible, all relevant information on the impacts of Covid-19 on their business, financial situation and economic performance.

II - RECOMMENDATIONS ON GENERAL MEETINGS

Regarding General Meetings, taking into account the need to avoid the concentration of a large number of people in the same space and the need to defend the rights of shareholders, the CMVM recommends:

- a) That General Meetings preferably be held remotely, with mention of this being made, whenever possible, in their notice, or in cases where the notice has been issued, informing participants of this possibility up to the moment of the Meeting (through the same means used to inform of the Meeting);
- b) That in cases where it is not possible, for operational reasons, to hold fully telematic General Meetings, the Companies should implement partial

telematic measures that allow the interactivity of the participant with the Meeting, such as a video conference or webcast;

- c) Implementing procedures to:
 - (i) Make all of the preliminary information to the General Meeting available in a digital format (on the company's website and, when applicable, on CMVM's Information Disclosure System);
 - (ii) Enable voting via email;
 - (iii) Make sure there are means that allow for a high level of certainty and security with regard to attendance lists.

III - RECOMMENDATIONS ON AUDITING

Given the emergency situation and taking into account the difficulties in closing financial statements and in finalizing ongoing audits, the CMVM recommends, within the scope of this activity:

- a) The use of tools for remote working to perform legal certification of accounts and auditing with the collaboration of the auditees;
- b) That the business continuity of the audited entity is assessed and that the direct impacts of the spread of Covid-19 in the exercise of the activity are identified;
- c) That an assessment and confirmation of the adequacy of the risks and impacts of Covid-19 on the financial statements is carried out with the audited entities, along with the identification of the measures implemented to face the risks found.

PARES | Advogados is available to provide more detailed information on the implementation of these recommendations, that will suit the specific needs of each client.

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