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Recent trends in the financial regulation landscape

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Although the Portuguese economy and financial sector were not considered particularly exposed to sub-prime markets, nor to the risks faced by major investment banks, the effects of the liquidity shortfall and economic crisis became the top priorities for Portuguese regulators in the last months and are expected to remain in the political agenda.

At this stage, despite specific measures undertaken to sustain imminent bank failures (i.e. the nationalisation of BPN and the reorganisation process of BPP), the Portuguese banking system is reputedly sound, in accordance with an informal statement of the governor of the Bank of Portugal on June 2 2009.

In order to enhance the soundness of the Portuguese financial system and to prevent systemic risk, the Portuguese government has been adopting a set of important measures.

Government guarantees

By the end of 2008, the government passed legislation granting credit institutions, until December 31 2009, a guarantee ranking up to €20 billion, designed to enable their funding. Under this guarantee, credit institutions may issue debt with maturities ranging from three months to five years.

This guarantee implies the payment of a fee by the credit institutions, varying in accordance with the maturity of the issued debt instruments and, in the event the Portuguese state is called to make a payment under this guarantee, it may subscribe for capital issued by the credit institution or exercise its decision powers in a wide range of matters, such as distribution of dividends, remuneration of managers, or even imposition of compulsory administration.

Capital requirements

The governor of the Bank of Portugal also announced in November 2008 that the new capital adequacy requirement (core Tier 1 capital) for Portuguese banks would be set at 8%. Following this announcement, the government approved a recapitalisation programme, making an amount up to €4 billion available until December 31 2009 for bank recapitalisations in order to help them attain the requested capital ratio.

These measures envisage also protecting national banking institutions against hostile takeovers and creating a level playing field for the Portuguese banking sector, insofar as other jurisdictions had implemented similar measures.

Additionally, also for the purpose of promoting recapitalisation of companies in general and of listed companies in particular, the government has also passed legislation, in force until December 31 2009, allowing companies to reduce the nominal value of their shares without reducing their share capital.

Investor protection

Retail investor and consumer protection has also been enhanced. At the end of 2008, the government increased the coverage of the deposit guarantee scheme from €25,000 to €100,000, alongside an array of measures that range from dealing with the advertising on complex financial products to regulation of structured banking deposit products.

Transparency is also a matter on the agenda, and so new rules were approved to increase the information to be provided to the Bank of Portugal by credit institutions, particularly concerning risk exposure and management and valuation of assets (including those which are traded in illiquid and non-transparent markets).

Corporate governance

Changes are also underway with respect to the financial sector penalty regime. A legislative proposal, now under parliamentary discus-

sion, concerns the adoption of more stringent sanctions for criminal and administrative offences in the financial sector, adapting the applicable penalties to the current size and characteristics of the financial sector.

Corporate governance measures, tailor-made for the crisis, are also being considered by parliament. Remuneration policies in listed companies and financial sector entities are expected to become subject to shareholder scrutiny and subsequent public disclosure.

Director remuneration disclosure for listed companies may become mandatory in the annual report and accounts, including all direct and indirect remuneration received by each of its directors. Also, a cap on the remuneration of directors and a ban on dividend distribution in companies that have state participation and/or support are also proposed as temporary measures.

Short selling

Further to the rules adopted in the third quarter of 2008, the ban on short selling of certain financial institutions' shares imposed by the national securities regulator (CMVM) remains in force. In addition, market players and investors in general still have to report to CMVM and, in certain cases, disclose to the public, the existence of any uncovered short positions equal to or greater than 0.25% of the listed company's capital.

After the recent months of turmoil in the financial sector, during which regulation was mostly driven by national concerns regarding financial stability, Portuguese regulators' eyes seem to have turned to the implementation of measures expected to be delivered at European level. Additionally, following these trends, Portuguese regulators are also focusing their goals on better regulation and on an effective supervision of financial markets.

Capital markets

Recommended firms	
Tier 1	Linklaters Morais Leitão Galvão Teles Soares da Silva & Associados
Tier 2	PLMJ Uría Menéndez Vieira de Almeida & Associados
Tier 3	António Frutuoso de Melo e Associados Cuatrecasas Gonçalves Pereira Garrigues Portugal
Tier 4	Abreu Advogados Albuquerque & Associados Barrocas Sarmento Neves Macedo Vitorino & Associados Rui Pena Arnaut & Associados Sociedade Rebelo de Sousa & Advogados Associados

With the exception of Banco Espírito Santo's €1.2 billion rights issue in March 2009, the equity capital markets in Portugal have been deathly quiet.

And the structured finance and securitisation market has been little better. The appetite for complex structures has disappeared almost completely and though clients now need to securitise assets in order to meet the European Central Bank's revised triple A rating requirement, the work for Portugal's lawyers is far from lucrative.

The market has been much more receptive to debt products but, again, these have mostly been plain vanilla rather than complicated or innovative bond issues.

The main challenge capital markets lawyers must face now is the sporadic yet intense nature of the work.

"It is difficult to see a pipeline of work," says one client. "Transactions are much more unexpected and must be carried out in much shorter periods of time: we get a call saying we need to sell shares or increase capital, and it's got to be done in two months."

Linklaters

Were it not for the quality of the lawyers at the firm, Linklaters' small size might keep it from being recognised as a top-tier firm, according to commentators. But with António Soares heading the capital markets group and the support of the Linklaters international network there is scant justification for putting the firm anywhere else.

"Their practice is very good in Portuguese law, especially with bonds and rights issues," says one banking client. "Obviously in a lot of cases with bonds we work with other banks, so there has to be a consensus on which firm we use and we are all happy with Linklaters. They are one of the top four groups of lawyers in Portugal. António Soares is well recognised and he's done a lot of capital markets activity in Portugal, so he's one of the go-to people."

Soares is generously praised by his peers too, with one competitor describing him as "an outstanding capital markets lawyer with great experience".

Soares led the firm on the biggest deal of 2009 so far – advising Banco Espírito Santo on its capital increase with preferential subscription rights of up to €1.2 billion in March 2009.

Soares also led on the deal advising Caixa Geral de Depósitos on its €10 billion MTN programme update in April 2009. The update introduced the possibility of issuing currencies other than the euro, directly out of Portugal.

Leading lawyers

António Soares

Morais Leitão Galvão Teles Soares da Silva & Associados

Morais Leitão Galvão Teles Soares da Silva & Associados is strongest in equity, however the firm has accumulated enough of Portugal's most experienced and skilled capital markets practitioners to make it a superb all-rounder, say rivals.

"They have been our lawyers in terms of Portuguese law for quite a few years and we believe that they have been providing us with good advice, both in terms of the technical aspects and also their capacity to overcome the problems that always seem to come up when you are working for a company that tries to be at the forefront of the market," says one international corporate.

The firm's securitisation and structured finance work is overseen by Luís Branco, while João Soares da Silva is responsible for the equity and debt capital markets teams. Soares da Silva is particularly well regarded by clients, who praise the partner for his efficiency and experience – particularly on debt transactions.

But Luísa Soares da Silva has been the most active partner on the debt side this year. She has been advising Banco Comercial Português, one of the firm's longstanding clients, throughout 2008 and 2009 on its €25 billion Euro note programme, which included a €1.25 billion issuance of floating rate notes and a €1 billion issue of fixed rate

notes in May 2008 and April 2009 respectively.

Leading lawyers

Luís Branco

Carlos Osório de Castro

João Soares da Silva

PLMJ

PLMJ, the largest law firm in Portugal, has emerged from its internal restructuring stronger than ever, according to competitors.

"PLMJ has evolved very well," says one rival. "The firm lost a team of partners, which was actually good because I now see PLMJ as being more cohesive than I did five years ago."

The capital markets team is led by Jorge de Brito Pereira and Sónia Teixeira da Mota, though Maria Castelos, who heads the firm's banking and finance group, deals with debt capital markets work.

Castelos is well regarded among peers who describe her as a "very devoted and skilful lawyer who sees the whole picture". But the firm has benefitted most from the return of Jorge de Brito Pereira from sabbatical, according to competitors, who consider him the lynch pin of the practice.

"He is very pragmatic," says a client of de Brito Pereira. "Beyond the technical skills and knowledge, he has a very flexible approach to corporate relations – so you get a very pragmatic approach to how corporates should deal with issues. He's not just focused on legal issues and meets a company half way."

The same client also praised the firm for its knowledge of corporate governance and for being "on top of all the latest developments in terms of existing and forthcoming regulation".

Throughout 2008 PLMJ advised Portugal Telecom on corporate governance and compliance matters and won a new client in Zon Multimédia, representing the company in a range of issues.

Leading lawyers

Jorge de Brito Pereira

Uría Menéndez

Uría Menéndez is a young firm in Portugal. And though peers claim there is still a distinction between Uría's level of activity and that of the top-tier firms, Carlos Costa Andrade's capital markets practice has managed to win the loyalty of clients in leading financial institutions.

"In Portugal we only work with Uría, so they are very good," says one client. "I have been covering this market for nine years and they're the fastest and most accurate. We have

done many issues and product launches with them and we see no reason to change. I work a lot with Carlos Costa Andrade – he’s the person who leads the team and if you have an issue concerning capital markets and you need a quick reply, he’s what you need.”

Andrade’s breadth of expertise covers both equity and debt capital markets. In November 2008 he led the team that advised Banco Santander in its rights issue with preferential subscription rights of €7.2 million. The shares were listed on various stock exchanges including London, Lisbon, Madrid and, through American depository shares, New York.

The firm is also strong in securitisation, with Pedro Ferreira Malaquias being especially active in this area. According to commentators, Ferreira Malaquias has a particularly strong relationship with Banco BPI and in January 2009 he led representation of the bank as originator in the securitisation of €1.5 billion of Douro No 4 RMBS.

Leading lawyers

Carlos Costa Andrade

Vieira de Almeida & Associados

Vieira de Almeida & Associados is an innovative firm, typically acting in the market’s most complex transactions. The firm has a strong debt capital markets practice, but it is in structured finance and securitisation that it really stands out.

“Our bank works a lot with Vieira de Almeida & Associados,” says one client. “They are the most experienced in securitisation transactions. They have a huge market share in securitisation due to their professionalism and efficiency. They are good in typical securitisation transactions, but they are also very good in executing unique transactions, like the securitisation of the Portuguese electricity deficit.”

This transaction, originated by EDP Serviço Universal, was the first securitisation of tariff deficits in Portugal, with the securitisation vehicle Sociedade de Titularização de Créditos issuing €1.3 billion of asset-backed floating rate notes in January 2009. Vieira de Almeida & Associados advised the joint arrangers – a group of banks that included Caixa Banco de Investimento, Banco Espírito Santo de Investimento and Banco Millennium bcp Investimento.

The firm’s capital markets heads, Pedro Cassiano Santos and Pedro Simões Coelho, led on the deal. Cassiano Santos is also the firm’s leading lawyer and comes highly recommended by clients. “He is very nice and very professional,” says one. “He has the capacity to understand complex structures and the

ability to adapt and accommodate technical features of the most common securitisations in Europe to the Portuguese legal framework.”

Cassiano Santos is active in debt transactions too. He headed the team that advised Morgan Stanley as arrangers, and a group of banks including Barclays and Calyon as dealers, in the establishment of the Portuguese state’s €5 billion Euro MTN programme during January 2009.

Leading lawyers

Pedro Cassiano Santos

Other ranked firms

Cuatrecasas Gonçalves Pereira is the new name, adopted January 1 2009, which marks the completion stage of last year’s merger between Cuatrecasas and Gonçalves Pereira Castelo Branco.

The firm combines the strength of Spanish colossus Cuatrecasas with the pedigree of Gonçalves Pereira which, according to competitors, is the most senior firm in Portugal.

According to commentators, the firm is equipped to handle complex deals but does so less often than the tier one and tier two players. “The firm is in [prominent] transactions, but it has less of a presence,” says a peer.

Cuatrecasas Gonçalves Pereira advised the state-owned Caixa Geral de Depósitos on setting up its €1.25 billion programme of public sector covered bonds, which are to be listed on Eurolist by Euronext Lisbon. Leading lawyer Maria João Ricou headed the transaction, which completed in February 2009.

Leading lawyers: Maria João Ricou

Garrigues Portugal’s involvement representing the bookrunners in Banco Espírito Santo’s €1.2 billion rights issue has seen the firm’s estimation rise among competitors, with one peer saying its capacity rivals that of Uría and PLMJ. But there is still a lingering perception that the practice, which focuses heavily on the equity side, is overly reliant on Portugal Telecom as a client.

“Diogo Leónidas Rocha is an excellent lawyer, but I think relying on one client puts the firm at a disadvantage.”

Leading lawyers: Diogo Leónidas Rocha

Barrocas Sarmento Neves is one of the oldest firms in Portugal and acts on equity, debt, and structured finance and securitisation transactions. Illustrating its presence, practice head João Nuno Barrocas is advising the municipality of the city of Rio de Janeiro on the securitisation of the municipality’s portfolio of tax receivables, which includes the setting up and international issue of securitised notes.

According to competitors, **Macedo Vitorino & Associados** is most active on the

debt side. But the firm advises clients on equity, and structured finance and securitisation matters too.

In July 2008 António Vitorino led the team advising Caixa Banco de Investimento, Depfa Bank and Dexia Sabadell on a €360 million issuance of floating rate bonds issued by Entidade Gestora de Reservas Estratégicas de Produtos Petrolíferos (EGREP), the concessionaire for Portugal’s strategic oil reserves.

In March 2009, the firm acted in a €28 million transaction for Depfa Bank, advising the client on the assignment of infrastructure-related receivables held by urban developer Parque Expo 98 over the municipality of Lisbon in relation to public infrastructure work completed following the World Expo of 1998.

Rui Pena Arnaut & Associados enters the rankings after strong recommendations from clients and competitors regarding the firm’s capital markets practice.

“They have more experience than anyone in tier four,” says a rival. “Sometimes I have to recommend other firms because of a conflict of interest and the last few times I have had that unfortunate problem I have recommended a lawyer from RPA.”

The firm is led by former Linklaters partner Francisco Xavier de Almeida and is strongest in debt transactions.

In January 2009 Xavier de Almeida headed the team advising Barclays Capital, HSBC and Morgan Stanley as joint lead managers on a €1.5 billion notes issue by Banco Comercial Português, which was guaranteed by the state.

Sociedade Rebelo de Sousa & Advogados Associados is the independent practice to emerge after the firm’s mutually-agreed split from Simmons & Simmons following a change of strategy.

Rebelo de Sousa will continue to be an alliance partner of the Simmons & Simmons network and the capacity of Rebelo de Sousa to act in transactions is not expected to suffer, according to commentators.

The firm advises both English and Portuguese clients on a range of issues, though the capital markets practice – led by financial markets department head William Smithson – has a history of excellence in structured finance and securitisation.

In January 2009 senior associate Gustavo Ordonhas Oliveira led on a deal advising the Republic of Portugal and the Portuguese public debt management agency with regard to implementation of the Republic’s €5 billion Euro MTN programme, which allows the issue of English law notes and Portuguese law notes.

Banking

Recommended firms	
Tier 1	Morais Leitão Galvão Teles Soares da Silva & Associados Vieira de Almeida & Associados
Tier 2	Linklaters Uría Menéndez
Tier 3	Cuatrecasas Gonçalves Pereira PLMJ
Tier 4	Abreu Advogados António Frutuoso de Melo e Associados Garrigues Portugal Macedo Vitorino & Associados Sociedade Rebelo de Sousa & Advogados Associados
Tier 5	Abreu & Marques e Associados Albuquerque & Associados Barrocas Sarmiento Neves Coelho Ribeiro e Associados

Portuguese banks were largely shielded from the initial effects of the credit crunch. Only two banks required state intervention and, according to commentators, both institutions were already struggling internally.

Nonetheless, the banking market has suffered. The number of new deals – especially bigger deals – has been severely reduced, clients are more cost conscious and restructuring is abundant.

“In Portugal the consequences of the subprime and financial crisis were felt less when compared with traditional financial markets,” explains one partner. “But Portuguese banks still need to finance themselves internationally, so the crisis has had an indirect impact on credit lines which, in turn, [leads to] a more selective approach from banks who start to impose tighter conditions.”

As a result syndication is a lot harder to come by and banks are creating club deals to minimise their risk. Ostensibly this would suggest less work for lawyers, but some have found that the frigid environment has made their advice a valuable commodity, even in simple procedures.

“Normally the banking market only goes to law firms when there is a syndicated transaction because where there is just one or two banks, they tend to just use internal counsel,” explains one lawyer. “What you see now is that every time you have to change something in the terms sheet it’s very complicated because you

have to go back to the creditors or managers, and it’s very difficult to change. Until a few months ago the only thing banks feared was the borrower, but now they fear each other.”

Morais Leitão Galvão Teles Soares da Silva & Associados

Morais Leitão Galvão Teles Soares da Silva & Associados’ banking practice is led by Luís Branco and remains in tier one after another strong year.

“We choose the firm for three reasons,” says a client. “First, they are pragmatic, second they seek solutions and the third thing is that they have very well balanced behaviour in the negotiation process and they implement a good environment, so there are never any difficult situations. It’s very easy to have complicated relations between banks and lawyers but they are very careful not to do this.”

The same client goes on to praise Luís Branco and Filipe Lowndes Marques for their “very wide knowledge of the legal framework in Portugal”.

Competitors too heap praise upon the firm. “They have good lawyers and, also, special links with very important companies like Energias de Portugal that are often in the market – [so they] have access to new transactions very easily,” says one rival.

Corroborating this assertion, Luísa Soares da Silva led the team advising Energias de Portugal (EDP) and EDP Finance on a €1.6 billion revolving credit agreement in March 2009.

And in December 2008 Luís Branco advised a consortium of banks, which included Banco Espírito Santo, on the restructuring of €148 million of Sporting Clube de Portugal’s debt.

Leading lawyers

Luís Branco

Vieira de Almeida & Associados

Vieira de Almeida & Associados is one of the busiest and strongest firms in the market for straightforward banking and financing work, according to commentators.

“Vieira de Almeida & Associados is definitely one of the law firms that have a very strong banking practice,” says a competitor.

The firm’s banking department, which is headed by Pedro Cassiano Santos and Pedro Simões Coelho, is also highly praised by clients. “Vieira de Almeida & Associados is the firm I have had the most contact with and work closely with,” says one. “They have a good team, are very responsive and they clearly have the largest number of transactions in the market so it helps to be able to transpose the knowledge from all those transactions.”

The same client also said of managing associate Paula Gomes Freire: “There are always three things to note in a lawyer: the first is knowledge of the law, the second is being able to take a wider, more commercial view and the third is in terms of response time and being able to comply with time limits. She ticks all of these boxes.”

Vieira de Almeida & Associados’ expertise also leads clients to engage the firm regularly in complex regulatory work. In May 2008 the firm advised both parties on the €506 million transfer of assets and liabilities of the Portuguese branch of Anglo Irish Bank Portugal to Hyposwiss Private Bank Genève’s Portuguese branch.

And in July 2008, with Pedro Cassiano Santos leading the team, Vieira de Almeida & Associados advised Banco Finantia on a €175 million term loan agreement with ING Bank.

Leading lawyers

Pedro Cassiano Santos

Linklaters

Linklaters’ small team prevents them from assuming a high volume of deals. Instead, the firm aims to work only on the most sophisticated transactions.

And this tactic has served them well. “Linklaters’ strategy has proven to be successful up until now,” says one rival. “They don’t have a big team so they can’t go for everything. They just try to go for good business.”

According to competitors, the firm’s success in maintaining a steady flow of high-end transactions has nothing to do with clients flocking to the Linklaters brand – rather, lawyers at the firm possess excellent reputations and are sought out for their own merits.

And though some commentators question the firm’s commitment to straight banking work, clients report an attentive service. “Linklaters are pragmatic. They seek solutions and they are good in negotiations,” says one client.

In March 2009 the firm, led by Pedro Siza Vieira, advised Barclays Capital as co-ordinator in the drafting and negotiation of a €1.6 billion revolving credit facility for electricity operator EDP.

Leading lawyers

Pedro Siza Vieira

Uría Menéndez

Uría Menéndez moves up a tier as a result of competitors’ praise for the firm’s close relationships with banks as well as the pedigree of its partners.

"I like to work with Uría," says one competitor. "I think Francisco Sá Carneiro and Duarte Garin are the type of good lawyers that help solve problems, not create problems. And certainly the deals are there on the other side of the table."

"I have met Pedro Ferreira Malaquias on several transactions," says a peer of Uría's banking head. "He came from BCP [Banco Comercial Português] so he has very good experience."

This experience is put to good use, according to clients, who highlight Uría Menéndez's customary presentation of the commercial realities of any situation as a valued supplement to the firm's expert legal advice.

In June 2008 Pedro Ferreira Malaquias headed the team of lawyers that advised Caixa Banco de Investimento and Banco Millennium BCP Investimento on EDP Bioelétrica's €130 million loan agreement to acquire or construct biomass plants.

Leading lawyers

Pedro Ferreira Malaquias
Francisco Sá Carneiro

Other ranked firms

Cuatrecasas Gonçalves Pereira is an increasingly visible player in the banking market, particularly on the borrowers' side, say rivals. The practice is led by Manuel Magalhães and is involved in a number of significant transactions.

Magalhães is advising the distressed Banco Privado Português with regard to preparations for its restructuring, as well as assisting Banco Espírito Santo de Investimento and Caixa Banco de Investimento as mandated lead arrangers in negotiations for a senior debt facility, which is to be used for an acquisition financing and refinancing by a Spanish company.

PLMJ has a "good, solid banking department" according to competitors. And as one of the largest firms in Portugal, it has the structure and resources to cope with a large number of uncomplicated transactions.

The firm also has the benefit of leading lawyer Maria Castelos, who is known for having the skills and experience to make deals run smoothly.

Castelos is regularly mandated to act in the most high profile deals. In December 2008 she, along with António Rocha Alves and André Fernandes Bento, advised the distressed Banco Privado Português on a €450 million credit facility agreement with a syndicate of Portuguese banks.

Leading lawyers: Maria Castelos

Abreu Advogados has strengthened its already sizable banking and finance practice

with the addition of Paulo de Tarso Domingues and José Miguel Tropa in November 2008 and January 2009 respectively.

Abreu Advogados is a recognised name in the market and is particularly active in fund formation. The firm also provides financial services to a range of leading institutions and advised la Caixa (Barcelona) on the setting up of a Portuguese branch.

Though competitors believe that **Garrigues Portugal** has gone into other practice areas in Portugal with more emphasis, the consensus is that the firm has good banking lawyers capable of getting the job done. Garrigues' banking practice is centred on providing regulatory advice to companies and financial institutions, and is led by Diogo Leónidas Rocha.

In December the firm advised Criteria CaixaCorp, the largest shareholder in Banco BPI, on the authorisations required by the Portuguese Securities Market Commission in relation to the acquisition of shares in BPI.

Leading lawyers: Diogo Leónidas Rocha

Macedo Vitorino & Associados is well known in the market for its banking expertise and the firm's founding partner António de Macedo Vitorino is described by one rival as "someone who has a very deep knowledge of law". The firm mostly acts for lenders and has good relationships with banks, according to competitors, who say they often see Macedo Vitorino & Associados acting for la Caixa.

In September 2008 the firm advised a group of banks including BCP, Barclays and Banco Efisa as lenders in the €75 million financing for Sociedade Gestora da Alta de Lisboa, the promoter of the urbanisation of Alta de Lisboa, a community on the northern edge of Lisbon.

Sociedade Rebelo de Sousa & Advogados Associados counts among its clients a number of international funds and provides regulatory advice to a range of institutions.

The firm also does more straightforward banking work. In December 2008 finance partner Alexandra Maia de Loureiro advised Bank of America on the acquisition of €400 million of non-performing loans from a number of Portuguese banks.

An historic firm in Portugal, **Barrocas Sarmiento Neves** has a varied banking practice. The practice is led by Jorge Santiago Neves, who is providing regulatory advice to BP regarding the effects of Mifid on financial intermediaries and on trading physical commodities.

Mergers and acquisitions

Recommended firms

Tier 1
Morais Leitão Galvão Teles Soares da Silva & Associados PLMJ
Tier 2
Linklaters Vieira de Almeida & Associados
Tier 3
Cuatrecasas Gonçalves Pereira Uría Menéndez
Tier 4
Abreu Advogados Abreu & Marques e Associados Garrigues Portugal Serra Lopes Cortes Martins & Associados Sociedade Rebelo de Sousa & Advogados Associados
Tier 5
António Frutuoso de Melo e Associados Carlos Aguiar Ferreira de Lima & Associados Sérvulo & Associados

With the corporate sector hardest hit by the financial downturn, M&A lawyers in Portugal have not had it easy.

"Those with strong banking and corporate departments will suffer the most because those transactions are almost non-existent," says a partner at a leading firm. "Adaptation is the key word," says another partner. "Clients' attitudes have changed too: they want to renegotiate not only billing hours but payment deadlines as well. They want greater partner involvement too and there are a lot more beauty parades, which is unusual for Portuguese clients."

The lawyers' ordeal does not stop there: even greater flexibility is needed from those who win the mandates, as clients request drastic changes halfway through deals and market volatility makes pricing hard and financing even harder.

Most activity takes place in the mid market, between industrials. For them, the squeeze on financing has been a boon, according to commentators. "The feeling is that the hard times for some represent opportunities for others – people who before could not get deals done in 2006 because of competition from the private equity houses can now get involved," says one partner.

Morais Leitão Galvão Teles Soares da Silva & Associados

Morais Leitão Galvão Teles Soares da Silva & Associados' corporate practice is the most lauded in Portugal, known for its strong banking clients and thriving outpost in the country's industrial north.

"If there is to be only one firm in tier one then it would be MLGTS," says one rival. "They have been able to maintain a very strong roster of day-to-day clients, which provides the firm with a good flow of everyday transactions – for example Energias de Portugal (EDP) and BCP bank. But, they are also competing in other transactions where there is a competitive bidding process – and they are doing well."

Morais Leitão Galvão Teles Soares da Silva & Associados is also one of the largest practices in Portugal and works a considerable number of deals, though peers credit the firm with being more focused on quality transactions than other large practices.

The corporate department is led by João Soares da Silva, but the firm is host to a number of leading lawyers. Carlos Osório de Castro is well regarded by competitors and, according to one commentator, is responsible for bringing in one of the firm's most prestigious clients, the Sonae conglomerate.

But de Castro works large deals for a range of clients. In December 2008 he advised Martifer Group on the sale of its stake in the listed German company Repower to the Suzlon Group for €270 million.

Leading lawyers

Nuno Galvão Teles
Carlos Osório de Castro
João Soares da Silva

PLMJ

While most commentators agree that the departure of a group of corporate partners, which included leading lawyer Gabriela Rodrigues Martins in late 2007, adversely affected the firm's M&A practice, the consensus is that PLMJ is still active and remains a tier-one player.

"It's very easy to work with them," says a client. "They are our general law firm for litigation and corporate and commercial matters, and we go to them with our most complex issues. They are competent, professional and very quick to answer any questions or issues we come to them with. It's a very good relationship and working with them we get good results."

Neither did Gabriela Rodrigues Martins' defection leave PLMJ bereft of quality. Leading lawyers Fernando Campos Ferreira and Maria Castelos are picked out by com-

petitors for their corporate expertise, while Martim Morgado is lauded for his intuitive approach.

"He is a fantastic lawyer," says a client of Morgado. "He's young but very, very business oriented and he has something more than professional knowledge – he has good judgement."

The firm has acted on a number of market-leading transactions. In December 2008 PLMJ advised Babcock & Brown on Portuguese aspects of the sale of the company's Enersis wind portfolio to Magnum Capital for €1.2 billion. And in October 2008 the firm advised Santoro in its €180 acquisition of a 10% stake in Banco BPI.

Leading lawyers

Fernando Campos Ferreira
Maria Castelos
Luís Sáragga Leal

Linklaters

By the partners' own admission, Linklaters' Lisbon office faces a battle. The market, particularly for high-end transactions, is small in Portugal and Linklaters aims for the same share of that market as the jurisdiction's leading firms, but using a team half the size.

However – the global slowdown in M&A notwithstanding – the firm seems to be winning. "I think Linklaters is in all the major M&A deals and they are very good," says one partner. "Jorge Bleck is a fantastic lawyer – tough but fantastic."

Clients even praise the firm's size, claiming it ensures a consistency in the level of service that is difficult for larger practices to match. "Linklaters is a strong M&A firm and, within the range of lawyers in Portugal, they are one of the best. They bring an international expertise to matters, and are hard-working and commercial," reports one client, who also says of department co-head Jorge Bleck: "He is very experienced and very innovative. When he's focused on a specific problem, he doesn't rest until he's found the solution."

António Soares is the firm's other co-head. He is leading the team advising the BNP Paribas group in relation to a subsidiary of the bank, Cetelem, which is to acquire Credifin.

One of the firm's largest deals of 2008, however, saw Bleck advise Magnum Capital and the Magnum Consortium on the €1.2 billion acquisition of the Enersis group, Babcock & Brown's Portuguese wind farm assets, in November.

Leading lawyers

Jorge Bleck

Vieira de Almeida & Associados

Vieira de Almeida & Associados is one of the largest firms in Portugal and one of the busiest, according to competitors, who claim the firm's visibility is in part linked to its good connections. "I see Vieira de Almeida & Associados very often," says one rival. "They are very strong and very good."

In November 2008 the firm acted in one of Portugal's largest deals. Of counsel Paulo Olavo Cunha advised Magnum Capital on the acquisition of the renewable energy group Enersis from Babcock & Brown for €1.2 billion.

And in January 2009 João Vieira de Almeida, head of the firm's corporate practice, acted in another headline deal. He led the team advising the sellers in the transfer of the majority of the share capital of Generis Farmaceutica to Magnum Capital Industrial Partners for €200 million.

Leading lawyers

João Vieira de Almeida

Other ranked firms

Cuatrecasas Gonçalves Pereira is more known for its capital markets work than for M&A deals, but the firm took steps to strengthen its corporate capacity in April 2008 with the incorporation of a team of lawyers from Almeida Sampaio & Associados. And, according to commentators, the firm is becoming more and more visible. "I have seen an increase of Cuatrecasas representing both sellers and buyers," says one rival.

In March 2009 partners André Luiz Gomes and Tiago Soares da Fonseca advised Banco Comercial Português on the sale, for €164 million, of 9.7% of the publicly-held Banco BPI's share capital to Santoro.

Leading lawyers: Manuel Castelo Branco, Frederico Pereira Coutinho and Diogo Perestrelo

Uría Menéndez's corporate department is led by the "fantastic banking lawyer and fantastic M&A lawyer" Francisco Sá Carneiro.

Sá Carneiro is roundly praised by competitors who add that his practice is supported by an able team of lawyers, highly visible in deals. Nor, competitors add, does it hurt for the Portuguese practice to be linked with one of Spain's most prestigious legal brands. "They are a branch of Uría so they have the transactions that they won from their liaison with the Spanish law firm," says one rival. "But they are also very qualified."

Francisco Brito e Abreu and Bernardo Abreu Mota are two of the most active corporate partners at Uría. In January 2009 the pair advised Magnum Capital Industrial Partners on its acquisition of a number of companies

including Vendap, Levap and other entities from the equipment rental business Madre.

Leading lawyers: Francisco Sá Carneiro

Abreu Advogados is one of the fastest-growing firms in Portugal. In January 2009 Abreu incorporated a team of lawyers including three partners from SMS Advogados.

The firm's size has seen it active in a large number of deals and though expansion is viewed with caution in the prevailing economic climate, competitors note the quality of Abreu's practitioners. "Size can be a problem," says a rival. "If you don't have the work it can force you to take on transactions just to feed the structure. But they have got good lawyers and I'm told they have some important clients too."

Abreu's corporate practice is headed by Miguel de Avillez Pereira. He led the team advising Crédit Foncier de France in the acquisition of 100% – and then the subsequent sale of 15% – of Banco Primus in the last quarter of 2008.

Garrigues Portugal is keen to demonstrate its commitment to the market, and competitors too are recognising the firm's success, praising its lawyers, clients and high visibility on deals.

Diogo Leónidas Rocha and Mário Lino Dias lead Garrigues' corporate practice, which focuses on the mid market. And Lino Dias, along with Isabel Martínez de Salas Rubio and Miguel Menezes da Silva, advised Fertiberia, Spain's largest fertiliser producer, on the €97.5 acquisition of CUF Adubos de Portugal from its parent company Companhia União Fabril.

Sociedade Rebelo de Sousa & Advogados Associados' high-profile corporate practice is headed by William Smithson, though name partner Pedro Rebelo de Sousa is instrumental in the firm's success. "He is a tremendous rain-maker," says a rival of Rebelo de Sousa: "A very flamboyant character and an easy-to-get-on-with person. He is very active in PR, the champion of public relations in the Portuguese community, and he achieves a good deal of work."

In December 2008 the firm advised soft drinks manufacturer Sumol+Compal on the €400 million acquisition of the remaining 80% shareholding in Compal (having bought 20% of the company in 2005), a competitor drinks manufacturer owned by Caixa Geral de Depósitos.

Carlos Aguiar Ferreira de Lima & Associados is a small but focused boutique with good clients and a well respected founding partner, Carlos Aguiar.

The firm advises on a range of corporate issues and in July 2008 a team led by partner Tiago Ferreira de Lima was instructed by Latham & Watkins to advise on an acquisi-

tion by Cognetas of FullSIX International and its subsidiaries.

Sérvulo & Associados is fast increasing its commercial credibility. The firm, with a reputation for public law and academic involvement, has grown considerably with the incorporation of corporate firm Ferreira Pinto & Associados.

And competitors are expecting good things from the firm. "They have got a very good guy who used to work for the regulator and they are prepared to have clients call them and provide a great service," says a rival.

In March 2009 the firm demonstrated its corporate capacity by advising Atlantia on the acquisition of Somague. Paulo Câmara led on the deal.

Project finance

Recommended firms

Tier 1

Linklaters
Morais Leitão Galvão Teles Soares da Silva & Associados
Uría Menéndez
Vieira de Almeida & Associados

Tier 2

Cuatrecasas Gonçalves Pereira
PLMJ

Tier 3

António Frutuoso de Melo e Associados
Barrocas Sarmento Neves
Jardim Sampaio Caldas e Associados
Sérvulo & Associados

Tier 4

Abreu Advogados
Macedo Vitorino & Associados
Sociedade Rebelo de Sousa & Advogados Associados

Project finance in Portugal is in good shape, thanks to a stream of state-funded projects that include a high-speed rail link, hospitals, airports and highways.

Energy projects have also been abundant, particularly renewable energy schemes like solar, wind and photovoltaic plants.

But it has not just been business as usual for lawyers: banks are treating projects with the same level of caution as any other kind of financing, making deals complicated.

"Banks are looking much more closely at the drafting of agreements they were pretty laid-back about before now, going through market disruption clauses with a fine tooth comb," says one partner at a leading firm.

This reticence has led to an increase in the role of the European investment bank and state-owned bank la Caixa in providing the

financing to get deals through. But it has also meant that the smaller deals, ones that don't warrant government aid, are struggling to find financing.

Similarly it is the smaller law firms in the Portuguese market that have suffered most from the downturn – those that entered the market when extra hands were needed to deal with the surfeit of work. "Two or three years ago there were firms that were trying to go into the mid-size market but now it's more difficult for them. Now the biggest firms are doing the work and we are seeing the same faces."

Linklaters

Linklaters combines an excellent finance practice and a knack for innovation with a keen interest in energy to keep its position as one of the market's leading projects teams.

But the firm's involvement in project finance is not limited to energy mandates, nor is it limited to Portugal. Linklaters is active in a range of public-private partnership projects, including infrastructure and transport schemes, and the firm regularly works on projects in Portuguese Africa.

Linklaters' practice is led by Pedro Siza Vieira, a big name in projects to the extent that competitors see him as vital to the firm's success.

"Linklaters is always a major player in these deals," says one rival. "It's a smaller team but a solid one and they have a great lawyer heading them – Pedro Siza Vieira. He's a great lawyer on top of being a great guy. But the team benefits from his presence in both a good and bad sense because you don't see other names coming up, and the positive outcome of a deal often depends on his availability and interest in the project."

Yet the emergence of Francisco Ferraz de Carvalho may redress this imbalance as, according to competitors, the counsel has everything he needs at Linklaters to become one of the market's foremost practitioners.

One of the firm's largest deals of 2008 saw Pedro Siza Vieira lead a team in November that advised a group of banks, including Banco BPI and Banco Espírito Santo, on the €593 million refinancing of a portfolio of wind farms and mini hydro power plants, owned by Portuguese renewable energy group Generg.

Leading lawyers

Francisco Ferraz de Carvalho
Pedro Siza Vieira

Morais Leitão Galvão Teles Soares da Silva & Associados

Morais Leitão Galvão Teles Soares da Silva & Associados is a contender for best project finance firm in Portugal according to clients, who praise the firm's length of experience, practical approach and flexibility.

The projects team, which acts predominantly on the lenders' side, is led by banking and finance expert Luís Branco and includes Filipe Lowndes Marques. Both practitioners command respect from peers who, almost without exception, approve of the firm's top-tier ranking.

"I agree with Morais Leitão's tier one position," says one rival of the firm. "They have one partner, Luís Branco, he's a great guy – a very creative and client-friendly lawyer, and a guy to be trusted with finding a solution. He is a great guy to work with. Also, the firm has a great team and another lawyer, Filipe Marques, who has been developing for some time. We see them across the table most of the time and on good projects too."

Illustrating the firm's prevalence, Luís Branco led on a deal advising a consortium of banks, including Banco Espírito Santo, Caixa Geral de Depósitos and Fortis Bank, in the €753 million financing for the sub-concession for the whole process – from conception to maintenance – entailed in the motorway stretches and associated roads project in Douro.

And in March 2009 Filipe Lowndes Marques advised a consortium of banks from the Banco Espírito Santo and Caixa Geral de Depósitos groups on the construction and operation of an electrical transformer factory in the US state of Georgia. The €80 million deal was predominantly structured under Portuguese law.

Leading lawyers

Luís Branco
Filipe Lowndes Marques

Uría Menéndez

Uría Menéndez moves up after competitors commended the firm's skilled team and commitment to project finance.

"Uría Menéndez does have a practice and it's solid," says a rival. "You see them in many deals. They are clearly a lenders' counsel and are seen as a lenders' counsel. It's a more focused and more visible practice than the others in tier two – move them up."

Clients agree that the firm's lawyers are a cut above. "I choose Uría Menéndez because of the people there," says one client. "They are an international firm and have a very principled approach to matters, which I really appreciate. Their opinions are based on strong

arguments and if they don't have strong arguments they take a conservative stance."

The firm's Spanish connection makes it an active player in cross-border deals, though it has also had a hand in some of the largest state-funded projects in Portugal.

Duarte Brito de Goes heads the practice at Uría and has been present on the firm's largest transactions. In December 2008 he led a large team advising a group of banks, which included Banco BPI and Banco Santander, on the €697 million financing, construction and operation of the Transmontana motorway project. And in January 2009 he advised another group of banks, which also included Banco Santander, in another of Portugal's road projects – the €436 million Baixo Tejo motorway.

Leading lawyers

Duarte Brito de Goes

Vieira de Almeida & Associados

Vieira de Almeida & Associados' tier one project finance practice was further strengthened in October 2008 when Teresa Empis Falcão, a senior associate from Allen & Overy's London office who was on secondment at Vieira de Almeida, decided to join the firm permanently.

She has become part of a team known by clients for its solution-oriented approach. "Vieira de Almeida & Associados were very pragmatic and very good at problem solving. I really appreciated their work," says one client.

And competitors, even those who feel they can tend to split hairs during deals, are loath to deny Vieira de Almeida & Associados' successes. Says one: "Vieira de Almeida & Associados is much more complicated than the other firms in tier one, but that doesn't mean they don't have a strong pipeline. Clients aren't complaining either and the firm does appear in most of the big deals."

The firm has acted on a range of projects, such as energy and health-related PPPs, as well as on a number of the motorway developments taking place in Portugal. In February 2009 a team led by Paulo de Barros Baptista advised MSF, Somague, Lena, Novopca, Brisa and TIIC, the consortium of sponsors in the €600 million financing of the sub-concession for the Litoral Oeste motorway.

Leading lawyer Manuel Protásio advised on another motorway project in April 2009, acting for the lenders. The firm's clients were a consortium of banks including Caixa BI, Société Générale, BPI and Santander, who contributed a €180 million loan to a €400 million investment in the 275km stretch of road.

Leading lawyers

Vanda Cascão
Manuel Protásio

Cuatrecasas Gonçalves Pereira

Cuatrecasas Gonçalves Pereira works across the whole gamut of sectors in project financing including infrastructure, health and energy.

"We are very happy with their work," says a competitor. "They are very professional and they perform their work with expertise but without delay. I worked a lot with Maria João Ricou. She's considered an expert in finance and financial law in connection with project finance, so she was very good."

And the firm has been busy. Diogo Perestrelo is leading a team advising Mota-Engil, Portugal's largest builder, as the construction company on the high speed rail project for the stretches between Lisbon and Poceirão, and then from Poceirão to Caia.

The firm, again led by Perestrelo, has also advised on a number of PPP hospital builds. In 2008 he advised the investment bank Banif with regard to the submission of the €90 million final offer in the public tender for the Terceira hospital.

PLMJ

PLMJ's project finance group, a derivative of the firm's banking and finance department, is led by three partners: Fernando Campos Ferreira, Victor Réfega Fernandes and Maria Castelos.

The firm has a broad base of expertise within project finance and Castelos, in particular, is picked out by peers as one of the sector's most competent practitioners. However, the firm is no one-lawyer-show and PLMJ delivers a consistent quality of service despite being one of the biggest players in the jurisdiction, say rivals.

But according to peers the firm lacks the necessary commitment that is demonstrated by the tier one outfits to excel in project finance, instead preferring to concentrate on its corporate practice.

"As a firm PLMJ has different interest centres and I don't think the project finance practice is the most important one," says a partner. "It is more M&A-focused than finance-focused. They have a very good partner, Maria Castelos, but they don't give the practice the importance other firms do."

That said, former managing partner Fernando Campos Ferreira's return to the fray to advise the Aenor Group on financing for the Douro Interior sub-concession (the first and largest of the Portuguese highway authority's road projects) was viewed by peers as a fil-

lip for the practice. Campos Ferreira acted alongside Castelos on the €763 million financing in November 2008 before going on sabbatical at the beginning of 2009.

Leading lawyers

Maria Castelos

Other ranked firms

Barrocas Sarmento Neves is active in a range of areas including infrastructure and energy, in particular supporting renewable energy manufacturers. But the practice, led by Jorge Santiago Neves and Albano Sarmento, has been busiest in the healthcare sector, say peers, mentioning the firm's mandate to advise the Portuguese government on its €7 billion public-private partnership (PPP) national hospital programme.

The firm is also active internationally, advising the Libyan branch of Odebrecht Engineering & Construction on its €250 million public works contract with the Libyan Housing and Infrastructure Board.

Sérvulo & Associados was traditionally known as an administrative law boutique – and one of the best. But the firm has since diversified and is becoming increasingly commercial, though its public law expertise has served it well since the government's push in PPP initiatives.

"Sérvulo is clearly a major player in all that concerns administrative and public procurement. And when the government moved into PPP, the firm moved with them," says one competitor. "We don't see them acting for private entities though."

In February 2009 the firm, led by Paulo Câmara, advised the government on international tendering for a sub-concession contract for the Baixo Alentejo highway.

Macedo Vitorino & Associados is a mid-sized law firm with an established finance practice. But it is a newcomer to projects, and benefitted from the prior forfeit of deals and the increasing need for firms to service them, according to competitors.

The practice is headed by António de Macedo Vitorino and João de Macedo Vitorino and acts in some noteworthy deals. In January 2009 Vitorino advised a consortium of construction companies, which comprised Dragados, Iridium, Edifer, Tecnovia and Conduril, on the €560 million financing for the Baixo Alentejo motorway, awarded by the Estradas de Portugal, the concessionaire of the national roads.

Sociedade Rebelo de Sousa & Advogados Associados is another firm with a strong track record in banking and finance, though not specifically for project finance. However the firm, led by William Smithson, is active and

has appeared on many of the government's initiatives in infrastructure and health. In January 2009 Sociedade Rebelo de Sousa & Advogados Associados represented a consortium of banks including Société Générale, BPI and Banco Santander on the financing of the Baixo Alentejo road.

Restructuring and insolvency

Recommended firms

A comedian in Portugal tells his audiences they should be grateful to their governors for keeping the country permanently depressed because, thanks to them, the downturn won't feel like a shock.

While there is, according to one partner at a leading firm, an element of truth to this perspective, Portugal is feeling the effects of the credit crunch – just ask the country's restructuring and insolvency lawyers. One comments: "Due to the crisis we have a sector of activity that has been a lot more work. Normally it's the big companies that provide all the work but, fortunately for Portugal, the big companies have managed to stay afloat, though there are a few large entities that have gone bankrupt and into restructuring."

Banco Privado Portugues (BPP) and Qimonda are the two most prominent examples. BPP was the first financial institution in Portugal to need bailing out and Qimonda was the country's second-largest exporter before going bankrupt. Yet, according to one partner, these cases represent only the tip of the trend: "Restructuring is happening. We are trying to find alternatives to selling assets and we have more work but I think this will extend in to next year," he says. "This is the year of insolvency and restructuring comes later."

According to competitors **Albuquerque & Associados'** links with banks, particularly Banco Millennium BCP Investimento, makes the firm a natural choice as creditors' representatives in small to mid-sized transactions. And the R&I practice, led by Francisco Colaço, has represented more than one of Portugal's biggest banks in restructuring the debt of various companies, including electronics retailers, construction companies and software distributors.

Garrigues Portugal's R&I capacity lies within the firm's corporate and M&A department, which is led by Diogo Leónidas Rocha and Mário Lino Dias. The firm represents some of the world's most recognised corporate brands and has been put to work on a number of restructurings.

Garrigues is advising Kraft Foods Portugal in its Europe-wide restructuring and, in August 2008, advised Grupo Levantina, one of the largest stone companies in the Iberian

market, on the restructuring of its three Portuguese subsidiaries. Susana Pimenta de Sousa led on the deal.

Linklaters' access to a global network makes it well-equipped to deal with the growing trend for restructurings and insolvencies with international elements.

"It was very positive working with them," says a client. "We chose them because they seemed to have the right level of expertise and also the cross-border capabilities."

The firm has boosted its bankruptcy capabilities, forming an internal group that pools resources from capital markets, finance, litigation, real estate, tax and labour.

Associate Nuno Ferreira Lousa is heading a team advising PricewaterhouseCoopers as the administrator of Lehman Brothers, managing the bank's contractual relationships in Portugal.

Ferreira Lousa, along with litigation department head Miguel Pinto Cardoso, is also advising PricewaterhouseCoopers as administrators in the MG Rover insolvency.

PLMJ has an active insolvency practice representing banks and corporates, and is well respected by competitors. "I think that they have the best abilities and they have the cases to match this," says one rival. "They are involved in difficult and complicated restructurings."

The firm, led by Tomás Pessanha and Rita Moutinho da Costa, is advising Paxar Iberia, Avery Dennison Rinke and Paxar Itália as creditors seeking €194 million from the insolvent Orgap – Comércio e Serviços Têxteis.

Uría Menéndez's R&I department is led by Tito Arantes Fontes. The firm is acting in a number of large insolvencies. João Maria Pimentel is advising the European Investment Bank in relation to the insolvency of Qimonda, one of Portugal's largest export companies. Uría is advising the bank on the transfer of €104 million of credit to third parties in the proceedings launched in April 2009.

Vieira de Almeida & Associados is focused on insolvency work rather than restructuring. Frederico Gonçalves Pereira, head of the firm's litigation and arbitration department, is Vieira de Almeida's most active and most praised practitioner in the practice area. "I have some experience working with Frederico and he is very good," says one rival.

Frederico Gonçalves Pereira is leading the team advising Qimonda Portugal in its €200 million insolvency proceedings.