

The Minister of Justice in consultation with the Minister of Internal Security is appointed to supervise the execution of the Law and, in consultation with the Minister of Internal Security, can amend the definition of both "offences" and "property".

Penalties: Under the Law, the Governor of the Bank of Israel and the Ministers responsible for the Stock Exchange, provident funds, insurance companies and the Post Office Bank have established a committee to authorise the imposition of monetary fines. The Minister of Justice determines the procedures applicable to this committee. A person or party fined by the Committee cannot be re-indicted. It is important to note that the Minister of Justice retains the right to set different monetary fines in accordance with different prevailing situations. The Committee established to set the level of fines gives the defendant the ability to participate in the proceedings. If a fine is imposed, payment must be made within 30 days of the order being given.

The penalties distinguish between failure to comply with verification and identification requirements, where the penalties are substantial, and omissions in regard to reporting requirements, where the penalties can be considered less severe.

A decision by the Committee that a violation of identification and verification requirements has occurred will result in a banking corporation, which has been found responsible for the breach, being fined up to NIS 1,500,000. Separately, a breach of reporting duties by a banking corporation will result in a fine of up to NIS 150,000.

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Portugal

BANKING REGULATION

Supervision and prudential rules

*Amendments to Credit Institutions and
Financial Companies Legal Framework*

Decree-Law 201/2002
September 26, 2002

On October 2, 2002, the Amendment Act to the Portuguese Credit Institutions and Financial Companies Legal Framework ("Banking Legal Framework") entered into force, introducing important changes in the area of banking law.

Apart from the legal recognition of some new types of financial entities and the reduction of formalities for the incorporation of financial entities, the Amendment Act to the Banking Legal Framework is focused on the revision of supervision and prudential rules.

First, the control of material holdings in financial institutions has been tightened. Among other innovations, not only a five per cent direct or indirect, joint or separately held stake may constitute a material holding, but also the acquisition of a minimum threshold of two per cent of the share capital of a credit entity must be notified to the Portuguese Central Bank within 15 days following its acquisition.

Secondly, the officers responsible for the daily management of financial entities are only allowed to perform their activity after their registration is approved by the Bank of Portugal, based on criteria that they are fit and proper to do so.

Moreover, the Portuguese Central Bank has been given the power to request special audits or reports from financial entities to confirm compliance with supervision rules.

These amendments introduced to the Banking Legal Framework constitute an updating of Portuguese banking law, mainly pursuant to the directives laid down by the European Union and some of the recommendations from the Basle Committee.

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