

DECREE-LAW NR. 212/94 of August 10

The development of the Madeira Free Trade Zone implies the creation of conditions which, from a legal-economic perspective allow this Zone to be more competitive in the international markets, in relation to other similar centres, thus contributing to the increase of foreign investment in Portugal.

The recognition of the importance of this objective determined, as set on Decree-Law nr. 352-A/88, of October 3, the introduction of the possibility of incorporating sole shareholder's companies, having as corporate purpose the undertaking of offshore trust activities.

Taking into consideration the need of continuing to improve the conditions to stimulate the development of the Free Trade Zone of Madeira, the present diploma allows the incorporation and operation of Private Limited Companies ("*Sociedades por Quotas Unipessoais*") and Public Limited Companies with a sole shareholder ("*Sociedades Anónimas Unipessoais*"), provided they are duly licensed to operate within the Free Trade Zone.

The proposed solution is in harmony with EC Council Directive nr. 89/667, of December 21st, regarding limited liability companies with a sole shareholder, and takes into consideration the fact that in limited cases, sole shareholder's companies already exist within the internal legal system.

Simultaneously, envisaging the reduction of costs of entities licensed to operate within the Madeira Free Trade Zone and to ensure the publicity and safety of legal commerce, it is determined that acts registered with the Private Commercial Registry of the Madeira Free Trade Zone are to be published only in the Official Journal of the Autonomous Region of Madeira, 4th serie.

The Government of the Autonomous Region of Madeira was consulted.

Thus:

Pursuant to paragraph a) of nr. 1 of article 201 of the Portuguese Constitution, the Government decrees the following:

Article 1

- 1- Public Limited Companies ("*Sociedades Anónimas*") and Private Limited Companies ("*Sociedades por quotas*") licensed to operate within the Madeira Free Trade Zone, may be incorporated or operate with a sole shareholder, individual or corporate, national or foreign.
- 2- * Should, for any reason, the license to operate within the Madeira Free Trade Zone be cancelled, the companies referred to in nr. 1 must be dissolved, pursuant to article 142 of the Portuguese Companies' Code and to the regime of legal administrative procedures of dissolution and liquidation of commercial entities.

* (*Amended by Decree-Law 76-A/2006 of March 29*)

Article 2

- 1- The companies referred to in the preceding article must include in their name the expression “*sociedade unipessoal*”¹.
- 2- The rule established in the preceding number is applicable to companies which become sole shareholder’s companies, without the need to amend their articles, such companies being only required to register the new name by the request of the company’s management body or the single shareholder.

Article 3

- 1- The shares of Public Limited Companies with a sole shareholder (“*Sociedades Anónimas Unipessoais*”) must be nominative shares.
- 2- When the company is incorporated as a Private Limited Company (“*Sociedade por Quotas*”), only one “quota” should be established, to be held by the sole shareholder.

Article 4

- 1- The sole shareholder shall exercise the powers granted by law to the general meeting of shareholders, and its decisions must be properly drawn up into a book of minutes.
- 2- Contracts between the sole shareholder and the sole shareholder company must be fully drawn up into the book of minutes and included in the management reports of the fiscal year in which they were entered into, except if such contracts represent ordinary operations of the company.

Article 5

- 1- Sole shareholder’s companies are prevented from incorporating other companies in which they are the sole shareholder.
- 2- The sole shareholder company and the company which totally controls such company are considered to be in a group relationship, regardless of the location of the registered office of the dominant company. Such relationship ceases to exist in the cases foreseen in paragraphs b) and c) of nr. 4 of article 489 of the Portuguese Companies’ Code.

Article 6

The rules set out above do not prejudice what is provided for under articles 21 and 22 of Decree-Law nr. 352-A/88, of October 3rd, regarding trust offshore companies.

¹ Expression meaning “with a sole shareholder”.

Article 7

- 1- The acts of the Commercial Registry of the Madeira Free Trade Zone are only published in the official Journal of the Autonomous Region of Madeira, 4th serie.
- 2- The Commercial Registry office with competences relating to the Madeira Free Trade Zone must send, on his own initiative, the registration extract to the Official Journal within five days.

Approved by the Council of Ministers of June 23, 1994 - *Aníbal Cavaco Silva - Artur Aurélio Teixeira Rodrigues Consolado - Álvaro José Brilhante Laborinho Lúcio.*

Promulgated on July 12, 1994.

The President of the Republic, MÁRIO SOARES.

The Prime Minister, *Aníbal António Cavaco Silva.*