

**Regulamentary Decree No. 11/93
of 16 July 1993**

Amongst the various parabanking institutions enunciated in No.2 of Article 14 of Decree-Law No. 52-E/90, of 4 July, de 4 de Julho, stood out the investment companies that may come to constitute a valid dynamic instrument in the investment and in the financial market.

It is therefore necessary to create a legal framework for the investment companies to permit their intervention in financial operations and the access, under certain conditions, to financial resources existing in the market.

Under these terms,

In the use of the faculty conferred by subparagraph b) of No. 2 Article 217 of the Constitution, the Government decrees the following:

**Article 1
(Definition)**

The investment companies are parabanking institutions that have as exclusive objective the executions of financial operations and providing related services, under the terms of this legislation.

**Article 2
(Constitution and Operation)**

The constitution and operating conditions of the investment companies, as well as the opening of the respective branches and agencies are governed by the provisions of Chapter II of Decree-Law 18/93, of 29 March, except for the provisions of Article 12 No.1, unless otherwise indicated in this legislation.

**Article 3
(Capital Stock)**

The investment companies cannot be constituted with a capital stock smaller than ecv 100.000.000\$00 (one hundred million escudos).

**Article 4
(Active Operations)**

In the development of their activities, the investment companies may execute the following active operations:

- a)* Acquire any titles or participation in the capital of companies, as well as alienate or onerate them;
- b)* Grant medium and long-term credit, to finance undertakings;

- c)* Grant medium and long-term credit to national exportation, under the terms of the applicable legislation;
- d)* Provide guarantees that assure compliance with the obligations assumed by companies, as long as such obligations were assumed for purposes identical to those referred to in Article 5 and in No. 2 of Article 7;
- e)* Underwrite obligations and other titles of negotiable debts, emitted by national companies under public or private law;
- f)* Take firm actions, obligations and other negotiable debt titles, emitted by national entities, as well as intervene, in any other way, in the preparation or in the placement of emissions of such titles;
- g)* Promote, for the benefit of the national companies, the acquisition of credits at medium and long term before credit institutions or foreign or international financial establishments by authorization to be obtained under the terms of the applicable currency exchange legislation;
- h)* Offer funds in the interbanking monetary market and in the interbanking titles market.

Article 5

(Promoting Investment and Restructuring the Companies)

The investment companies may also execute the following operations:

- a)* Promote the start up of new companies;
- b)* Promote the economic and financial restructuring of the companies in whose capital they participate;
- c)* Participate in actions tending to recover other companies in deficient economic or financial situation.

Article 6

(Providing Other Services)

The investment companies may provide the following service, for pay:

- a)* Perform technical-economic feasibility studies of companies or new investment projects, as well as the conditions and modes of the respective financing;
- b)* The execution of studies and projects seeking the reorganization, grouping, or any other form of rationalization of the entrepreneurial activity, including promoting markets, the improvement of the productive process and the introduction of new technologies.

Article 7
(Credit Operations)

1. The investment companies may execute medium and long term credit operations that result from the application of their own capital and of other resources they are permitted to capture in accordance with Article 8.
2. The medium and long-term credit operations referred to in the preceding number must have as the following objectives:
 - a)* Provide their beneficiary companies with resources with a view to the financing of fixed capital investment, the restructuring of the permanent petty cash or the consolidation of debts, in the latter case in connection with the actions tending to restructure or recover the companies;
 - b)* Finance the national exportation.
3. In the medium or long-term credit operations, the investment companies must ponder the guidelines of the economic policies, the priorities defined in the development plans and programs, sectorial reorganization and reconversion and, especially, the foreseeable positive reflexes of such operations on the balance of payments or on the creation of jobs as a function of the invested capital.

Article 8
(Passive Operations)

Aside from the passive operations they are allowed to resort to by special legislation and the forms of financing they are especially authorized to execute by the Ministry of Finance, under proposal of the Bank of Cape Verde, the investment companies can finance their activities through:

- a)* Emission of medium and long-term obligations, in any of the modalities legally admitted.
- b)* Financing from national credit institutions or from foreign or international financial establishments;
- b)* Acquisition of funds in the interbanking monetary market, under the conditions to be defined by the Bank of Cape Verde;
- d)* Refinancing before the Bank of Cape Verde, under conditions to be defined by that institution.

Article 9
(Especially Prohibited Operations)

1. The following operations are forbidden to the investment companies:
 - a)* The direct exercise of any agricultural, commercial or industrial activity;

- b) The participation in the capital of companies with main office outside the country, as well as in the acquisition of any stock emitted by entities domiciled outside the country, save for authorization to be obtained under the terms of the legislation that regulates the operations of capitals;
- c) The acquisition or possession of non-movable assets that are not indispensable to their installation and operation, except when they come upon them by cession of assets, payment, public auction or any other legal means of compliance with obligations or destined to assure such compliance.

2. In the cases of subparagraph c) of the preceding number, the investment company must proceed to the alienation of such assets within a maximum of two years, prorogable under exceptional circumstances, by the Bank of Cape Verde.

Article 10 (Coordination of the Activity)

The Bank of Cape Verde shall issue directives deemed necessary to guarantee the coordination of the investment companies with the political, economic, monetary and financial policies activities emitted by the higher echelons, subjecting them to specific obligations.

Article 11 (Supervision and Oversight)

The investment companies are subject to the supervision and oversight of the Bank of Cape Verde.

Article 12 (Registration)

The investment companies are subject to a special registration with the Bank of Cape Verde, under the same terms as the banking institutions.

Article 13 (Juridical Regime)

The investment companies are governed by the norms of this legislation and also, subsidiarily, by the provisions that regulate the activity of the credit institutions that are applicable to them.

Article 14 (Unauthorized Company)

1. No company can develop activities proper of the investment companies, or other similar, without having been authorized under the terms of the law.

2. Relatively to the companies covered by the preceding number, the Bank of Cape Verde can, by way of a notice, order the immediate cessation of

their activities, without prejudice to other measures and of the sanctions foreseen in the law.

Article 15
(Effective Date)

This legislation goes into effect on 1 September 1993.

Viewed and approved in Conselho de Ministros - Eurico *Monteiro* — José *Tomás Veiga*.

Promulgated on 9 July 1993.

Publish it:

The President of the Republic, ANTÓNIO MANUEI MASCARENHAS GOMES MONTEIRO.

Referended on 9 July 1993.

The Interim Prime Minister, *Eurico Monteiro*.