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## NEW DATA PROTECTION AND ANTI-MONEY LAUNDERING REGULATIONS INCREASING AWARENESS OF COMPLIANCE

Recent regulatory developments related to data protection and anti-money laundering are increasing awareness of corporate compliance among clients in Portugal, explains CCA Law Firm partner **Henrique Salinas**.

The EU's General Data Protection Regulation and the fourth Anti-Money Laundering Directive (the Fifth Anti-Money Laundering approved in May 2018 has not yet been transposed by Portugal) are driving an increase in demand for corporate compliance services in Portugal, although many corporates still fail to appreciate the importance of having a strong compliance function.

Small and medium Portuguese companies still need to embrace the concept of being fully compliant: they tend to only take action when faced with a problem rather than taking steps to prevent any activities that may be non-compliant. The CCA Law Firm partner claims for a legislative change as "making compliance mandatory would be very important as it could change Portuguese companies' minds". "Sometimes it is more difficult to convince exclusively Portuguese companies of the need for a compliance programme without it being a mandatory requirement under Portuguese law", Salinas adds. When working with Spanish clients in Portugal, "they ask for a compliance programme, partly because the Spanish Penal Code provides that companies which have implemented procedures aimed at preventing criminal behaviour within the organisation will be exempt from criminal liability if any cases are brought", he adds. One of the biggest compliance-related challenges clients face is the impact of the company's reputational damage, according to Salinas. Sometimes, a damage to a reputation company could have been prevented if there was a compliance program. The Head of Criminal and Compliance Practice at CCA Law Firm also explains that "the fines are substantial, and with the most serious offences, companies face a temporary suspension of activity or even the shutting down of the company".



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## CLIENTS MUST BEGIN TO EMPLOY A WELL-INTEGRATED COMPLIANCE MODEL IN ORDER TO PRESERVE THE REPUTATION AND SUSTAINABILITY OF THEIR BUSINESS

Companies must assess and identify risks in order to avoid damage or failure; a sound, technologically up-to-date compliance model will allow them to achieve this.

In order to avoid risk and maintain sustainability of their business, companies must begin to fully comprehend the importance of a well-integrated compliance model, according to **Patricia Manca**, Partner at PwC Tax and Legal Services, leading Strategic Compliance services in PwC Spain. In undermining the value of this system, companies are putting themselves at risk; this could lead to a lack of investment in the business, and can reduce integration and collaboration within the company structure.

"Anticipating forthcoming regulatory changes, identifying relevant compliance risks, and bringing value-added insights into the organisations' business strategy will be key," Manca Díaz explains. Technology and data analytics are essential, and cannot be separated from invaluable law expertise and knowledge. Any law firm which is able to aid a company in the realisation of this strategy will put themselves in good stead. Over-regulation is one of the greatest challenges faced by clients when imposing a compliance model, according to the 22nd Annual Global CEO PwC survey. The increasing pressure implicated onto businesses by activists and global groups mean that an ethically and morally sound structure must be introduced. Furthermore, whilst technology is an essential tool in the growth and stability of a company, Manca warns that digital transformation is a challenge in itself: "As the organisation moves into digital transformation, the way in which the organisation functions changes alongside this technological adaptation; this brings new areas of risk into which compliance must be introduced." To be successful, therefore, compliance empowerment must be seen as a method of improving business strategy and preserving the company's ethics, rather than as a barrier. According to the experts at PwC, emerging trends in the coming years will only solidify this need for a well-integrated compliance model, and must adapt to the relevant regulatory environment in which it functions. Companies must also ensure to seek out the right technology to fit seamlessly with their organisational needs; data governance structure and analytics will become increasingly important. Finally, new capabilities, skills and resources must also be injected into compliance function as the business – and its market – grows.