and so they seek external advice," she added. Mendez also said that changes in regulation, in addition to changes in government, will drive demand for corporate governance advice.

Portugal: Clients have poor governance record

Opportunity for law firms in ensuring clients comply with regulations concerning the identification and reporting of 'ultimate beneficiaries'

The collapse of high-profile businesses in Portugal in recent years – often due to corporate governance failures – means Portuguese companies are well aware of the need to have proper governance procedures in place. However, many Portuguese businesses have a poor track record in this area, so there is significant demand for lawyers who can guide them through the corporate governance minefield.

The focus of corporate governance in the coming years will be "public and regulatory scrutiny", according to **MLGTS partner Eduardo Paulino**. "The failure of high-profile companies in recent years has been the result of poor governance practices, among other factors, and we expect that clients will continue to ask legal advisors to assist in perfecting their internal governance mechanisms," he says. "We expect that listed companies will be looking at the implementation of [shareholder rights directive] SRD II, potentially entailing developments in the exercise of shareholders' rights, as well as remuneration of directors." Paulino adds that it is also anticipated that regulators will step up their assessment of the effectiveness of audit/supervisory boards and request that such boards play an "increasingly important role in the review of the relevant procedures and decision-making processes".

Vieira de Almeida partner Paulo Olavo Cunha says corporate governance in Portugal received a boost with the enactment of the new Corporate Governance Code applicable to listed companies. "This code updates the previous regulations and listed companies must comply with its provisions or explain why they fail to do so in their annual corporate governance report," he explains. "Moreover, Law 62/2017, of 1 August set forth a regime aimed at promoting equal gender representation on the managing and supervisory bodies of public entities and listed companies."


Vieira de Almeida partner Paulo Olavo Cunha says new legislation on 'ultimate beneficiaries is an opportunity for law firms

Meanwhile, a regulation has been enacted that relates to the "identification and reporting of ultimate beneficiaries" of corporate entities, according to Olavo Cunha, and this creates an opportunity for law firms to help clients navigate this new legislation.

The increasingly complex legal and "soft law" framework for the corporate governance of listed companies continues to generate opportunities for law firms, says **Uría Menéndez-Proença de Carvalho partner Francisco Brito e Abreu**. He adds: "Opportunities arise not only from the assistance companies require to comply with their duties, but also in determining the corporate governance structures they need to adopt."

Succession planning for family-owned businesses can require sophisticated corporate governance advice, and this is a significant opportunity for law firms, according to **Cuatrecasas partner João Mattamouros** Resende. He adds: "The enactment of complex new rules and disclosure obligations – such as the ones imposed by the new Central Register of Beneficial Owners legal framework – provide law firms with opportunities to advise clients on the implementation and compliance with such rules."

Among the biggest challenges clients face with regard to corporate governance, is the amount and complexity of regulation that organisations face – such as that related to data protection and anti-money laundering, says **SRS Advogados partner Paulo Bandeira**.

He adds that these regulations "create heavy burdens that organisations have to adapt to very rapidly". Bandeira continues: "More complex regulations imply that different corporate bodies share responsibility in these matters – this impacts on structural governance and affects the distribution of responsibility in the organisation."

Clients also face the problem of ensuring their annual corporate governance report properly justifies non-compliance with any of the provisions of the corporate governance code, says **Sara Reis, managing associate at CCA Ontier**. She adds: "Typically, Portuguese companies' compliance with the 'comply or explain' rule is poor."

In addition, clients in Portugal often face the challenge of reducing the number of members of the board, while also improving the balance between executive and non-executive members, as the proportion of executive members of the board in Portuguese companies is still among the highest in Europe, says Reis.


The focus of corporate governance in future will be "public and regulatory scrutiny", says MLGTS partner Eduardo Paulino