

INTRODUCTORY NOTE

The legal regime for the pawnbroker activity (RJAP) is established in the Decree-Law No. 160/2015, of August 11.

It is understood by «pawnbroker activity» the activity of loan pledged.

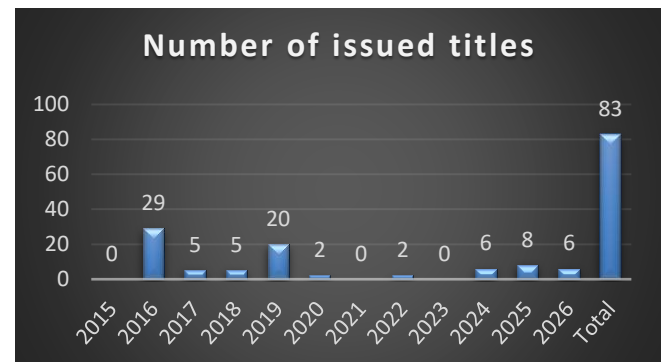
AUTHORIZATION OF ECONOMIC OPERATORS

The request for authorization to perform pawnbroker activity is presented at the electronic one-stop shop, called Entrepreneur's Desk (BdE) through a specific form containing the following elements:

- identification of the applicant with mention of the name or company and tax identification number;
- headquarters or tax domicile address, depending on whether it is a legal person or an individual entrepreneur;
- code of permanent certificate or declaration of commencement of activity, depending on whether it is a legal person or an entrepreneur in individual name;
- certificate of criminal record of the applicant or, in the case of a legal person, of the respective administrators, directors or managers;
- Portuguese Classification Code of Economic Activities (CAE) corresponding to the activity 64924 (Rev.4);
- address of the establishment(s) where is intended to exercise the activity;
- written declaration, under honor, attesting that in relation to the applicant or, in the case of a legal person, the respective administrators, directors or managers, there are no circumstances that determine non-suitability.

The title of authorization for the exercise of the activity is made available to the applicant after receiving proof of the conclusion of the mandatory insurance contract in the amount of € 100,000.00, without which he cannot start the activity.

As shown in the graph below, since September 2015, 83 authorization titles were issued by establishment.



OBLIGATIONS OF PAWNBROKERS

- have insurance worth € 100,000.00 that transfers the responsibility to an insurance company in case of loss, misdirection, theft, or fire of things pledged. The pawnbrokers must prove annually to the Directorate-General of Economy (DGE) through BdE, the renewal of the insurance contract;
- have a complaints book;
- they are obligatorily posted in a visible place in each establishment where the activity is carried out and with legible characters:
- copy of the authorization title for the exercise of the activity;
- indication of fees related to the assessment and remuneration interest;
- proof that weighing instruments comply with mandatory inspections;
- proof of the validity of the mandatory insurance;
- daily price of gold and other precious metals, according to the Portugal Bank;
- table of the marks of legal punches, printed by the National Assay Office;
- list of evaluators of articles with precious metals and genealogical materials, managed and organized by INCM;
- the pawnbrokers who expose and sell articles of used precious metal purchased at auction for the sale of things pledged must obey the provisions of the jewelry and counterparts legal regime and

- respective complementary legislation;
- communicate to DGE, through BdE, the following changes within 30 days of their occurrence:
 - changes to the insurance contract;
 - change of directors, officers or managers, in the case of a legal person, accompanied by the respective proof of suitability;
 - changes to the business name, the legal nature and the headquarters or tax domicile.
- communicate to DGE, through BdE by mere communication prior the opening of new establishments;
- communicate to DGE, through BdE the closure of establishments, within a maximum period of 60 days after their occurrence;
- communicate the cessation of the activity to DGE, through BdE, upto 60 days after the occurrence of that fact.

MUTUAL AGREEMENT

The loan agreement guaranteed by a pledge is obligatorily reduced to writing, in a clear, precise and legible characters, made in two copies and signed by both parties, one being in the possession of the lender, which is called “pledge term”, the other being called “pledge caution”, intended for the borrower. The contract contains the following elements:

- the value of the assessment;
- the valuation fee and the amount charged for that purpose;
- the amount borrowed;
- the interest rate;
- the start and end date of the contract;
- the rules for compensation in the event of loss, misdirection, theft or fire of things pledged;
- the loan repayment terms;
- information on the possibility of selling the thing at auction in case of delay for more than three months;
- the conditions for redemption of things pledged;
- the rules for the allocation of the remainder of the sale of the thing pledged;

- the information to the borrower that the security of pledge can only be transmitted to third parties upon prior knowledge of the lender, of the elements of identification of the new holder.

The interest rate remuneration to be charged in the pawnbroker activity may not exceed, in each calendar year, 85% of the maximum value of the annual percentage rate of charge (APR), applicable to credit cards to be in force in the 1st quarter of each calendar year, a deal with the information disclosed by Banco de Portugal under paragraph 3 of article 28 of Decree-Law no. 133/2009, of 2 June, as amended by Decree-Laws numbers 72-A / 2010, of June 18, and 42-A / 2013, of March 28.

Unless otherwise provided in the contract, the mutual agreement guaranteed by a pledge is entered into for a period of one month, renewable for equal and successive periods, up to a maximum of two years.

The loan can be amortized at any time by paying the principal and interest due.

Partial loan repayments, to be made at the time of renewal of the contract, of an amount of not less than 10% of the outstanding capital are allowed.

In the event of partial amortization of interest falling due, only the principal outstanding.

The values of partial amortizations and interest paid are attached to the pledge agreement.

SALE OF THINGS GIVEN IN PAWN

In case of delay for more than three months, the pledge can be sold at auction or by direct sale to entities that, by legal determination, have the right to purchase certain assets.

Auction sales are advertised through the publication of an advertisement in one of the most widely read newspapers in the locality, the posting of notices on the doorstep of the pawnbroker's establishment and, where available, publication of an advertisement on its website, at least 10 days in advance of the day of sale and indicating the following information:

- place, day and time of the auction;
- place and date on which they will be displayed or

may be examined the things given in pawn;

- indication that the sale refers to assets that guarantee loans and that at the date have interest due and unpaid for more than three months.

At auction, the public must be allowed to examine the things to be auctioned by the least during the two hours preceding it.

Upon completion of the sale process, the pawnbroker is obliged, within 30 days thereafter, to draw up a summary map of the same, according to the model in the annex to the aforementioned decree-law and of which it forms an integral part, in which they appear, in relation to the goods sold, the following elements:

- contract number;
- borrower identification;
- description of things;
- color photograph of things when dealing with articles with used precious metal;
- value of the individual evaluation of the things that are part of the contract;
- initial amount borrowed;
- amount owed at the date of sale with a breakdown of capital, interest and sales rate;
- value obtained on sale;
- value of the remainder, if any;
- unpaid amount, if any;
- identification of the buyer;
- payment method used in the purchase, indicating the check number, the bank transfer number, or the payment by electronic means.

SUPERVISION

In case of non-compliance with the provisions of the legislation, fines are foreseen that vary according to severity and whether it is a natural or legal person.

ASAE is the competent entity to supervise and to apply fines and sanctions.