

INTRODUCTORY NOTE

The legal framework regarding the activity of auctioneers (RJAL) is established in Decree-Law No. 155/2015 of August 10.

“Auction Activity” refers to activity involving the sale of moveable and immovable property, tangible and intangible, through owner or court issued mandate. Auctioned through bidding conducted by an auctioneer who intervenes and appears from a distance. The good goes to the individual who offers the highest bid and is obligated to acquire that good.

“Auction Company” refers to a person or a group of people who partake in auction activity, in accordance with the respective decree.

Auction Activity can only take place in the national territory of either the individual or collective group. This is properly authorized by the Directorate-General of Economy (DGE) if the requirements are met.

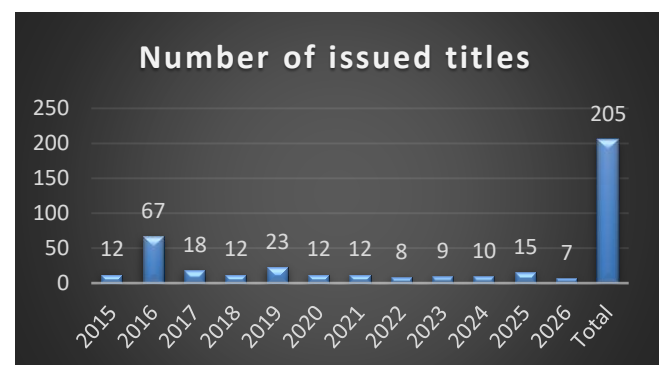
AUTHORIZATION FOR ECONOMIC OPERATORS

The request for authorization to perform auction 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 address, depending on whether it is a legal person or an individual entrepreneur;
- the code to the permanent certificate or declaration which indicates the start of activity, depending on whether it is an individual or collective group;
- criminal Record of the applicant and in the case of a group the record of the respective administrators and managers;
- 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 is no circumstance that determines the non-suitability.

The authorizing title for the exercise of this activity is given to the applicant once they have submitted proof of a compulsory insurance policy, a financial guarantee or its equivalent without which you cannot start this activity.

As shown in the graph below, since September 2015, 205 authorization titles were issued for the exercise of auction activity.



It should be noted that the RJAL came into force on 21st September 2015, therefore the titles issued that year only relate to orders entered after that date.

OBLIGATIONS OF AUCTIONEER COMPANIES

- Have civil liberty insurance, financial guarantee or its equivalent, as stated in article 10.
- Have a Complaints Book.
- Evidence of identification (name and title of authorization) in all establishments that serve the public in national territory including all those, which are provisional in nature.
- Make the regulation concerning the conditions for the operation of auction available on the website and auction site.
- Keep a record of all the auction contracts.
- Keep a copy of all auction contracts for a minimum of five years from the date of signing.
- Have an ordered entry record of all the goods which have been put up for sale.
- Have an outbound diary that records all the goods sold or returned. Mention the date of the auction, price sold and the names of the buyers and sellers.
- Have an auction diary which indicates the date of

the auction, the name of the principal, the lot numbers, the names of the buyers and the gross total of the auctioned products.

- The auction house representatives and the auctioneers should be properly identified. This needs to be done with a card that identifies the company and the individual's name.
- Report to DGE, through BdE, the following changes within 30 days of their occurrence:
 - changes to the insurance contract, financial guarantee or its equivalent;
 - changes to the administrations, directors or managers;
 - changes to the commercial name, legal nature, registered location and fiscal domicile.
- Report to DGE, through BdE, no later than 30 days after the opening or closing of the public establishment.
- Annually renovate and send to DGE through BdE, a copy of the insurance policy or a document proving the maintenance of financial guarantee or its equivalent. This is done to ensure the validity of the instrument intended to maintain adequate compensation and cover any damages which result from the auction activity.
- Report to DGE, through BdE the cease of activity within 60 days of occurrence.

AUCTIONS

The contract for the provision of auction services must be written, clear, precise, legible and digital. Two copies need to be made and both must be signed by both parties using an electronic signature.

The contract needs to include the elements in Article 15 no. 1 a) to g) from RJAL.

When the contract is omitted for a period, it shall be considered as concluded for a period of six months.

An auction company may require prior registration of the recipients of the auction who are interested in bidding for the goods as well as a deposit payment which cannot be used for their own benefit.

The Auction Company cannot:

- Intervene as an interested party in any business which affects the assets included in the auction of which it is responsible. This is applicable if the person interested in the business is a partner or legal representative, spouse, ancestor or descendant of the first degree.
- Sell on credit without the written permission of the customers.

Electronic Auctions should take place in accordance with article 19 from RJAL.

SUPERVISION

In the event of non-compliance with the law then fines are imposed which vary depending on severity and whether they are an individual or group.

ASAE is the responsible authority that supervises and applies fines and necessary sanctions.