REPUBLIC OF CAPE VERDE DRAFT

ALTERATIONS TO LAW 43/III/88 of 27 December

PROPOSAL TO ALTER LAW N. º 43/III/88 OF 27 DECEMBER

JUSTIFICATION NOTE

1. Law nº 43/ III/ 88, of 27 December, altered by Law n. º 32/ V/ 97 of 30 June, indicates in number 2 of its article 3 that "the international financial institutions cannot, under any circumstance, insurance and pension fund management activity in accumulation with other international financial operations".

This norm is outdated today by the international evolution verified in the management of financial assets that is entrusted to companies whose prior vocation was turned to the exclusive administration of one of its types, as is better described in the preamble of the law that regulates the financial management companies.

Thus, the viability of this project, as well as that of the regulating law for the Collective Investment Organisms (specifically in its article 126), demands a modification of the norm transcribed above.

2. On the other hand, a restrictive interpretation has been given to number 2 of article 2 of the law under reference, that neither its spirit nor its letter consent to. In truth, what is proposed to be safeguarded interdicting the International Institutions (IFI) dealing

LAW N. ° /VI/04 of

By mandate of the People, the National Assembly, under the provisions of subparagraph b) of article 174, in subparagraph h), number 2 of article 176, all of the Constitution, decrees the following:

Article 1 ° (Alterations)

Article 2, number 2 of Article 3 and Article 15, all of Law n. $^{\circ}$ 43/ III/ 88, of 27 December, altered by Law n. $^{\circ}$ 32/ V/ 97 of 30 June, hereinafter will read as follows:

" Article 2 (Object of the international financial institutions)

1. (...)

- 2. The financial operations in which international financial institutions are only beneficiaries of guarantees or other forms of contracted risk protection between said international financial institution and a non-resident one, do not constitute financial operations with residents.
- 3. The international financial institutions may also perform with residents:
 - a) Credit concession operations in foreign currency to finance

Article 15º (Fiscal benefits to international financial institutions) 1. (...)

2. Exemption from the IUR foreseen in subparagraph c) of the preceding number does not apply to the operations performed with residents, who should be segregated by accounting, relegating to the calculation of their taxable profit the respective direct costs and the imputation of iandated146iacorctivoe imopreced