

GREATER SCRUTINY OF COMPANIES MEANS EXTERNAL LAWYERS' ROLE IS CRUCIAL - VDA

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External law firms are considered more impartial and are therefore more comfortable conducting compliance audits than in-house counsel

The increase in corruption and money laundering investigations in Portugal has meant the role of external law firms in ensuring clients are compliant has become more important than ever, according to Vieira de Almeida & Associados (VdA) litigation & arbitration partner Sofia Ribeiro Branco.

She adds that one of the main reasons for this trend is that national and international companies that have Portuguese branches are now coming under intense scrutiny from the regulatory authorities. As companies need to prevent litigation and prepare a more robust defence in case of criminal or regulatory investigations, the need for regular audit compliance reviews and criminal compliance programmes conducted by external lawyers is growing in Portugal.

"Although criminal investigations and global developments have made everyone aware of compliance issues, Portuguese companies or Portuguese branches of international companies have

now realised that they have to properly adapt to a new reality," says Ribeiro Branco. Though used to dealing with international legislation, such as the FCPA and the UK Bribery Act, companies need to adapt their internal rules and their compliance programs to Portuguese legislation. Companies differentiate the work of in-house counsel from that of external law firms in order to meet their compliance obligations. "They understand that external lawyers are more impartial and therefore, more comfortable doing compliance audits and investigations than in-house counsel who do the everyday work of implementing the policies, and this is a good approach," explains Ribeiro Branco. Furthermore, with rules becoming ever more complicated and investigative authorities increasingly powerful, the requirement for impartiality now extends to every aspect of compliance. "This means that responsibility for the creation of the compliance role, the monitoring function, internal investigations and staff training is increasingly passed to external firms," says Ribeiro Branco.