

# LOOKING FOR FINANCIAL MARKET CERTAINTY- URÍA MENÉNDEZ - PROENÇA DE CARVALHO

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## **Once sophisticated corporate fundraising techniques are now entering the mainstream**

In the face of the uncertainty and turbulence that has surrounded the Portuguese economy and financial markets in recent months, both banks and companies have had to adjust their financing expectations, says Pedro Ferreira Malaquias, partner with Uría Menéndez - Proença de Carvalho in Lisbon.

"Life must go on, but Portugal's banks have clearly increased their risk profiles with regard to both refinancing and new lending. Businesses have also had to adjust to the fact that bank lending is increasingly less of an option, or attractive in the face of alternative sources of finance."

Ultimately the requirement is for banks and companies to accommodate each other's concerns but when it comes to securing financing, caution is the name of the game, he says. "Lenders are being

very selective in the companies they will back while many international investors remain content to hold back even with the most attractive opportunities and to wait for more market certainty." The result for companies in search of immediate finance is that many are placing greater emphasis on fundraising methods that may once have seemed sophisticated but are increasingly mainstream. "Businesses are becoming more creative and looking to alternative sources of finance, but again there is a clear difference between the options available to those companies with the best credit risk and ratings."

As domestic finance sources freeze up Ferreira Malaquias sees a growing interest among many leading Portuguese companies to understand the international fundraising options and opportunities available to them, as many other companies look to enter survival mode.

"Companies need to understand the risk profiles, regulatory and market demands as well as the corporate governance requirements that surround, for example, access to the bond market. Investors need to have all the information in order to be comfortable with the demands being made of them."

The coming year will likely see continuing uncertainty in Portugal's finance markets, and the wider economy as well as a potential change in government, all of which continues to make the financial markets challenging for lenders and borrowers alike, says Ferreira Malaquias.

"For both financial institutions and companies there is a demand for certainty and stability. Whether this can be generated from within or must come externally, via the EU or IMF, is yet to be determined."