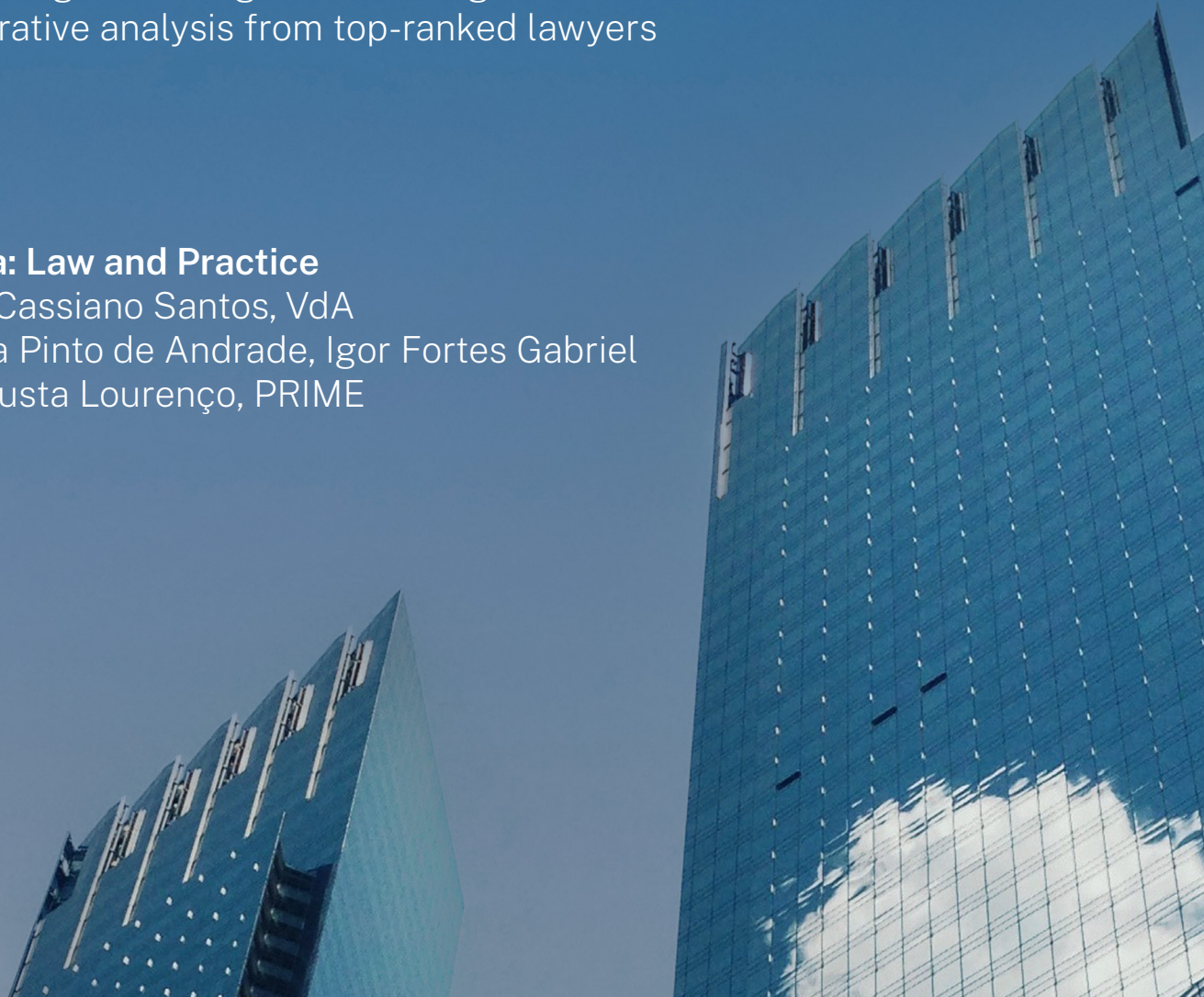

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Angola: Law and Practice

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ANGOLA



Law and Practice

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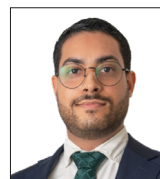
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1. Legal Framework

1.1 Key Laws and Regulations

The Angolan financial system operates under an integrated legal framework designed to ensure the soundness, integrity and transparency of banking, non-banking and capital markets institutions.

The BNA (National Bank of Angola) is the banking supervisory and regulatory authority in Angola and its activity is mainly subject to the rules set out in Law No 24/21, of 18 October – the BNA Law, remaining the primary prudential authority for the entire banking sector and also for non-banking financial institutions. It issues Notices (*Avisos*), Instructions (*Instrutivos*) and Directives (*Directivas*) governing authorisation procedures, risk management, corporate governance, internal control and AML/CFT compliance.

BNA also has the primary mission of ensuring price stability, preserving the value of the national currency, and maintaining the stability of the financial system. It is responsible for formulating and implementing the monetary policy, the supervision of financial institutions, the management of the payment system, and

acting as the banker to the state by administering its treasury account.

The General Regime of Financial Institutions (Law No 14/21, of 19 May) is the core legal instrument, which governs the establishment, licensing, operation, governance and prudential supervision of financial institutions in Angola. This law applies to both banking and non-banking financial institutions, as well as to auxiliary financial entities, such as leasing, factoring and payment service providers.

Complementary statutes reinforce the prudential and conduct framework.

The Securities Code (Law No 22/15, of 31 August) regulates the organisation and functioning of capital markets, including public offerings, listed companies, and the provision of investment and custody services. Entities performing this kind of operation are subject to CMC (Capital Markets Commission) supervision. As market conduct regulator, it issues Regulations (*Regulamentos*) and Instructions (*Instruções*) applicable to intermediaries, issuers and collective investment entities.

Insofar as payment services are concerned, financial institutions must comply with Law 40/20, of 16 December, which sets the legal framework applicable to the supervision, regulation, management, and operation of the Payment System of Angola and is complemented by several secondary statutes and regulations.

In the field of AML/CFT, the overarching legal basis is Law No 5/20, of 27 January, complemented by BNA's Notice No 02/24, of 22 March and Instruction No 05/24, of 12 June, and by CMC Regulation No 5/21, of 8 November. These instruments impose comprehensive obligations on financial and capital markets institutions regarding customer due diligence, risk assessment, monitoring and reporting to the Financial Intelligence Unit (*Unidade de Informação Financeira* – UIF). Institutions must retain client and employee data for at least ten years and designate a Compliance Officer responsible for implementing internal AML policies.

Competition and market structure considerations, also relevant for the financial sector, are governed by the Competition Law (Law No 5/18, of 10 May) and its Regulation (Presidential Decree No 240/18, of 12 October).

Together, the BNA, CMC and ARC (Competition Authority) exercise complementary supervisory mandates, collectively ensuring prudential stability, fair competition and market integrity, while promoting Angola's progressive alignment with international standards.

2. Authorisation

2.1 Licences and Application Process

To establish a financial institution (for the purposes of this article, the term “financial institution” will be used in line with Angolan law, which adopts this designation when referring specifically to banks) in Angola (whether a commercial bank, branch, subsidiary or representative office of a foreign financial institution) an authorisation request must be submitted to the BNA including, among others, the following elements:

- a description of the type of financial institution to be established and a draft of the statutes;
- identification of shareholders (both direct and indirect), specifying the share capital to be subscribed by each, and highlighting those with qualified holdings and the respective amounts, including the identity of the ultimate beneficial owner(s);
- a projected economic and financial viability study covering at least the first three years of activity, including a business plan, geographic presence, corporate governance model, description of the institution's operating model (including risk management, operational structure, and controls to be implemented), as well as projected financial statements, and evidence of compliance with all applicable legal and regulatory requirements for financial institutions;
- proof of a prior deposit equivalent to 5% of the minimum share capital, which may alternatively be substituted by a bank guarantee accepted by the BNA;
- documentation evidencing the good standing of founding shareholders, including ultimate beneficial owners, where such persons may directly or indirectly exercise significant influence over the institution's activity;
- proof of the origin of the funds to be used in the operation;
- identification of members of the management and supervisory bodies, along with a rationale demonstrating their suitability to ensure sound and prudent management of the financial institution; and
- in the case of an application for the establishment of a subsidiary of a foreign institution, evidence of no objection from the supervisory authority of the parent company.

For shareholders that are legal entities and hold qualified holdings in the proposed financial institution, the following additional information must be provided:

- a commercial registry certificate issued within the last three months;
- corporate statutes and a list of board members;
- balance sheet and accounts for the last three months; and
- a list of the shareholders of the legal entity who themselves hold qualified holdings.

The BNA may request additional information from applicants, or waive the submission of certain elements that are already known to the authority.

Only after a favourable opinion is issued regarding the authorisation process for incorporation may a financial institution commence its activities, and the commencement of duties of the members of the management and supervisory bodies may happen once duly registered in the special register at the BNA.

The deadline to apply for special registration is 30 days, counting from the date of the definitive commercial registration of the financial institution or, in the case of foreign financial institutions established in Angola, from the date of their authorisation to be established in Angola.

Within a maximum period of 30 days from the registration request or, as appropriate, from the receipt of additional information requested from the financial institution, the BNA will oppose the registration if it considers that the circumstances provided for in the General Regime of Financial Institutions have been demonstrated.

Once duly licensed, financial institutions may conduct, among others, the following activities:

- receipt of deposits or other repayable funds;
- granting of credit, including guarantees, other commitments, leasing and financial assignments;
- provision of payment services, including issuing and managing payment instruments such as paper checks, travellers' checks, and letters of credit;
- participation in interbank markets;
- operations involving precious stones and metals;
- safe deposit box rental and safekeeping of valuables;
- provision of business information services; and
- other similar operations not prohibited by law.

On the other hand, financial institutions are expressly prohibited from engaging in the following activities:

- acquiring, selling or holding the ownership or co-ownership of any movable or immovable assets

that are not exclusively for their own use or for their technical reserves;

- dealing or acting as intermediaries in transactions involving movable or immovable assets, unless such ownership arises from foreclosure or debt settlement arrangements undertaken by the institution; and
- acquiring or accepting as collateral shares or financial instruments representing their own capital, without prior authorisation from the relevant supervisory authority.

The authorisation for the financial institution shall lapse if (i) the applicants expressly renounce it, (ii) the financial institution is not incorporated within six months from the date of the authorisation, or (iii) it does not commence activities within 12 months from the authorisation date. However, in exceptional circumstances, upon a duly substantiated request by the financial institution, the BNA may extend, on a one-time basis, the deadline for commencing activities for up to six months.

3. Changes in Control

3.1 Requirements for Acquiring or Increasing Control Over a Bank

The acquisition, increase or reduction of qualified shareholdings in Angolan financial institutions is regulated under the General Regime of Financial Institutions, complemented by the Competition Law and its Regulation. These instruments collectively ensure that ownership and control changes preserve both prudential stability and market competition within the Angolan financial system.

A qualified shareholding arises when a person, whether natural or legal, directly or indirectly, holds 10% or more of the share capital or voting rights of a financial institution, or otherwise exercises significant influence over its management. Thresholds of 10%, 20%, one-third and 50% trigger prior notification and assessment obligations to the BNA.

Any natural or legal person intending to acquire, increase or dispose of a qualified participation must

notify the BNA in advance and submit documentation evidencing:

- the identity and beneficial ownership of the acquirer;
- the lawful origin of funds and financial standing;
- the strategic rationale and potential impact on the institution's stability; and
- compliance with AML/CFT and governance requirements.

The BNA conducts a fit-and-proper and prudential assessment evaluating the acquirer's integrity, financial capacity and capacity to ensure sound and prudent management. If BNA understands that the acquisition undermines effective supervision or increases systemic concentration risk, it may object to the transaction.

BNA must decide within 30 business days from receipt of a complete file (extendable if additional information is required).

BNA may impose administrative sanctions or order the divestment of unlawfully acquired shares.

In parallel, when the acquisition or merger results in an economic concentration as defined under the Competition Law – namely, a lasting change of control arising from a merger, acquisition or joint venture agreement, the transaction must obtain prior clearance from the ARC before completion. Notification to ARC is mandatory before completion in parallel with prudential authorisation from BNA whenever, as result of the acquisition:

- the acquiring group obtains or reinforces a market share equal to or exceeding 50% in the national market of a relevant financial service; or
- the transaction results in a market share between 30% and 50%, provided that at least two of the undertakings involved each recorded annual turnover in Angola above AOA450 million (currently around USD500,000) in the preceding financial year.

ARC assesses whether the concentration substantially restricts effective competition in the national

or relevant market. Its approval is a precondition for subsequent authorisation by the BNA, which retains prudential oversight.

With this integrated supervisory framework, involving the BNA and ARC, Angola ensures that all ownership and control changes in the financial sector respect the principles of prudential soundness, transparency, and fair competition, safeguarding financial stability and market integrity.

4. Governance

4.1 Corporate Governance Requirements

In Angola, corporate governance directives are primarily found in the following legislation: (i) the Commercial Companies Law; (ii) the General Framework for Financial Institutions; and at a second level, (iii) Notice 1/22, of 28 January, which regulates governance and internal control systems.

Angolan financial institutions always take the form of a public limited company (*sociedade anónima*).

Corporate governance in financial institutions can be divided into two main components: (i) the organisational structure, including the chosen model of governance; and (ii) the policies and procedures that regulate the institution's internal operations and controls.

Organisational Structure

When adopting a corporate governance model, financial institutions must comply with certain mandatory structures, including: (i) establishment of an executive committee; (ii) separation of the roles of chair of the executive committee and chair of the board of directors, the same person not being allowed to occupy both positions; and (iii) the board of directors must have an odd number of members, including at least one independent director who serves a single, non-renewable term (this requirement does not apply to systemically important financial institutions, which must have at least three independent directors).

The board of directors is responsible for establishing specialised committees as required for the effective exercise of its responsibilities. Two committees are

mandatory: the Internal Control Committee (responsible for formalising and operating an effective and well-documented information reporting system) and the Audit Committee (responsible for overseeing the activities and independence of external auditors, and for establishing an effective channel of communication).

Mandatory functions within the structure of a financial institution include compliance, risk management, internal audit, and information and communication systems. These must be supported by formal, transparent processes and technological applications.

It should also be noted that any changes to the corporate governance model must be communicated in advance to the BNA, together with a prudential justification explaining why the institution believes the new governance model will contribute to sounder and more prudent management, in light of the institution's current circumstances.

Policies

Financial institutions are required to establish, implement and periodically review their corporate governance model, at least once a year. This review should cover capital structure, business strategy, risk management policies and processes, and organisational units and structures. Key policies include:

- remuneration policy;
- internal control policy;
- compliance policy;
- policy on related-party transactions and prevention of conflicts of interest;
- transparency and information disclosure policy;
- code of conduct; and
- whistle-blowing channel.

The corporate governance framework of financial institutions must facilitate and enable independent assessments of the quality, accuracy and effectiveness of the institution's risk management, financial reporting and regulatory compliance functions.

Although there is no legal requirement for diversity policies, financial institutions may choose to adopt internal diversity policies, applicable both to the work-

force and to the members of the board of directors or supervisory board. Diversity may refer to qualifications, gender, technical or sectoral expertise.

4.2 Registration and Oversight of Senior Management

The appointment and ongoing oversight of senior management in Angolan financial institutions is governed by the General Regime of Financial Institutions, which establishes the criteria and procedures for assessing the adequacy of board members, supervisory bodies and key function holders.

The members of the board of directors and of the supervisory body, as well as holders of key control or management functions such as compliance, risk management, internal audit and internal control, must obtain prior authorisation from the BNA before taking office.

The financial institution must apply for these authorisations supported by its own internal suitability assessment report. The BNA conducts an independent fit and proper assessment based on four core dimensions (integrity, professional competence, independence and availability) and may request additional information or interviews as part of this process.

Specifically:

- integrity – evaluation of the individual's reputation, ethical conduct and compliance record;
- professional competence – assessment of academic background, technical expertise, professional experience and leadership capability;
- independence – verification that the individual can exercise sound judgment and make decisions free from conflicts of interest or undue influence; and
- availability – confirmation that the individual can dedicate sufficient time to their role and is not overextended through the accumulation of multiple mandates.

Once authorised, the appointment must be entered in the BNA's special register within 30 business days, as registration is a mandatory condition for assuming office. Any change in the composition of these bodies or the renewal of their mandates must also be notified

to the BNA for validation and registration. Financial institutions must adopt internal policies and procedures for the assessment, appointment and periodic review of senior management, supported by a competence matrix and individual evaluation records.

The concept of collective suitability also applies, requiring that each governing body demonstrates an appropriate balance of knowledge, diversity and experience.

In the event deficiencies are identified, either initially or during ongoing supervision, BNA or the CMC may require remedial action, impose sanctions, suspend or revoke authorisations, or order the replacement of individuals deemed unfit. Based on new information or supervisory findings, the regulator has the power to re-evaluate suitability at any time.

This regime ensures that prudential supervision is properly co-ordinated, aligned with international standards, reinforcing transparency, accountability and professional competence across Angola's financial sector.

4.3 Remuneration Requirements

Financial institutions are required to maintain distinct remuneration policies for employees and for members of the corporate bodies (board of directors and supervisory board). These policies are intended to establish processes that define the criteria, frequency, responsible parties for performance evaluation, and the form, structure and conditions for the payment of remuneration. Remuneration includes any economic benefits granted to members of corporate bodies and employees of an institution in return for their services, whether periodic or non-periodic, fixed or variable, monetary or otherwise, and may include salaries, performance bonuses, allowances and pension liabilities.

The remuneration policies of financial institutions should be appropriately tailored to the institution's size, internal organisation, and the nature, scope and complexity of its activities. The following requirements must be met.

- Promote sound risk management: Remuneration practices must foster and be consistent with

sound and prudent risk management, and must not encourage the assumption of risks exceeding the risk appetite established by the financial institution.

- Alignment with corporate strategy: The policy must be compatible with the financial institution's corporate strategy, objectives, long-term values and interests, and should include measures to prevent conflicts of interest.
- Independence of control and risk management functions: The policy should ensure the independence of employees performing control and risk management functions relative to the units they oversee, providing them with appropriate authority and compensation based on the achievement of objectives associated with their functions, independently of the performance of the business areas they control.
- Separation of fixed and variable remuneration criteria: The policy must clearly differentiate the criteria for defining fixed remuneration, primarily based on relevant professional experience and the organisational responsibilities of the position, from those for variable remuneration, which should be based on sustainable, risk-adjusted performance and the fulfilment of responsibilities beyond ordinary requirements.

The management body or, if established, the remuneration committee, must submit the remuneration policy for members of the management and supervisory bodies to the general meeting for approval annually. In addition, the management body is responsible for approving and periodically reviewing the remuneration policy governing all other employees.

The remuneration paid to members of the general meeting board and the supervisory body should be exclusively fixed, with no direct links to the financial institution's results. In contrast, the remuneration of executive board members may include a variable component linked to the institution's short, medium and long-term performance, provided that this component does not create incentives for excessive risk-taking.

5. AML/KYC

5.1 AML and CFT Requirements

The Angolan framework for Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) is primarily governed by Law No 5/20, of 27 January, complemented by BNA's Notice No 02/24, of 3 March and Instruction No 05/24 of 12 June. Together, these instruments create a comprehensive regime applicable to both banking and non-banking financial institutions, aligning national standards with FATF (Financial Action Task Force) recommendations and Basel principles.

The regime requires financial institutions to establish sound internal control systems supported by risk management, compliance, and reporting mechanisms. A Compliance Officer must be appointed to co-ordinate AML/CTF policies and ensure effective communication with the supervisory authorities and the UIF.

The Compliance Officer's core responsibilities include:

- advisory and monitoring – guiding management and staff on regulatory obligations and overseeing adherence to laws, BNA notices, and internal policies;
- prevention of breaches – identifying, assessing, and mitigating compliance and conduct risks;
- reporting and escalation – maintaining channels for reporting suspicious activities and ensuring timely communication to the BNA or other authorities;
- policy oversight – designing, updating and implementing internal compliance frameworks;
- training and awareness – fostering a culture of compliance through regular training and internal communication;
- independence and access – performing duties autonomously with direct access to the board or audit committee; and
- record-keeping – documenting compliance reports, investigations and follow-up actions.

Under the General Regime of Financial Institutions and related regulations (Regulation No 5/21 and Notice No 02/24), AML/CTF compliance relies essentially on the following pillars.

Risk-Based Approach and Customer Due Diligence (CDD)

Financial institutions must conduct periodic risk assessments covering products, clients and geographical exposure. Results must be documented, reviewed annually and reflected in internal procedures. CDD measures require identifying and verifying clients and beneficial owners, maintaining updated risk profiles, applying enhanced due diligence to high-risk clients (such as PEPs or offshore entities), and adopting simplified measures only when justified by a demonstrably low risk.

Governance and Internal Controls

The board of directors bears ultimate responsibility for AML/CTF compliance, approving and periodically reviewing policies, allocating sufficient resources, and promoting integrity and ethical conduct. Independent internal audit or external reviews must assess the effectiveness of AML systems at least once a year, with findings reported to the board and made available to supervisors.

Reporting and Co-operation Duties

Financial institutions are legally required to report promptly to the UIF any transaction suspected of involving money laundering, terrorist financing, or proliferation financing, without tipping off the client.

Non-compliance, including failure to conduct CDD, report suspicious transactions or maintain effective governance, may result in administrative fines, management disqualification, or, in severe cases, revocation of the financial institution's licence.

Through this modernised framework, Angola reinforces its commitment to financial transparency, regulatory accountability and global AML/CTF best practices.

6. Depositor Protection

6.1 Deposit Guarantee Scheme (DGS)

The Deposit Guarantee Fund is a public entity whose main purpose is to ensure the reimbursement of deposits made into participating Financial Institutions. The Legal Framework of Financial Institutions establishes the legal rules applicable to the Deposit

Guarantee Fund as is further regulated by Presidential Decree No 195/18 of 22 August, and by Notice No 2/19, of 11 January, which sets forth supplementary rules for the operation of the Deposit Guarantee Fund.

The Fund is managed by a Management Committee composed of three members: the chairperson, who is either a member of the board of directors of the BNA or designated by it; one member appointed by the Minister of Finance; and a third member appointed by the association representing the participating financial institutions. In order to fulfil its mandate, the Deposit Guarantee Fund is endowed with financial resources made up of: (i) initial contributions from participating financial institutions; (ii) periodic contributions from financial institutions; (iii) income generated from the application of its resources; (iv) donations; and (v) any other revenues, income or amounts resulting from the activity of financial institutions or assigned by law or contract, including proceeds from fines imposed on financial institutions.

All financial institutions authorised to receive deposits and subject to the prudential supervision of the BNA are required to participate in the deposit guarantee fund.

The guarantee covers deposits placed with banking financial institutions by both individuals and legal entities. Eligible deposits include, among others: demand deposits, notice accounts, term deposits, non-redeemable term deposits, home savings deposits, emigrant deposits, retirement savings, condominium savings, deposits represented by certificates of deposit, mandatory deposits and any other deposits provided by law.

The Deposit Guarantee Fund guarantees the reimbursement of the full amount of each depositor's cash balances, up to a maximum of AOA12.5 million (currently around USD13,500).

Reimbursement must be made within three months from the date on which the BNA confirms and notifies the Deposit Guarantee Fund of the unavailability of deposits.

Certain deposits are excluded from the guarantee, specifically: (i) deposits resulting from transactions for which there is a final criminal conviction related to money laundering activities; (ii) deposits placed with unauthorised entities; and (iii) deposits pledged as collateral for loan agreements, among others.

7. Prudential Regime

7.1 Capital, Liquidity and Related Risk Control Requirements

The Angolan prudential framework governing financial institutions is primarily set out in the General Regime of Financial Institutions and is further complemented by Notice No 08/21, of 5 July, which operationalises Basel III principles on own funds, capital buffers, risk management, supervisory review and market discipline. Minimum share capital requirements are additionally specified by Notice No 03/24.

Adherence to Basel III Standards

Angola has progressively implemented the Basel III framework through a three-pillar structure. Under the General Regime of Financial Institutions, the BNA has the power to regulate solvency, liquidity and leverage ratios, and to define minimum capital adequacy standards.

Notice No 08/21 transposes Basel's concepts of Tier 1 and Tier 2 capital and establishes quantitative ratios broadly consistent with international benchmarks, while adapting them to domestic conditions. The framework integrates minimum capital requirements (Pillar I), the supervisory review and evaluation process (Pillar II), and market-discipline obligations (Pillar III).

Risk-Management Rules

The board of directors holds primary responsibility for risk governance. Financial institutions must adopt strategies and internal procedures to identify, measure and mitigate all material risks, ensuring their integration into daily decision-making.

A Risk Committee composed mainly of non-executive members is mandatory for systemic financial institu-

tions, and an independent risk-management function must operate with sufficient authority and resources.

Risk-management policies must cover credit, market, liquidity, operational, concentration and leverage risks. In particular, for liquidity-risk management, financial institutions are required to establish clear policies, early-warning indicators and contingency-funding plans that are reviewed and tested at least annually. Financial institutions must also maintain adequate information systems for real-time monitoring of exposures and submit periodic reports to the BNA.

Capital Requirements

Own funds are divided into Common Equity Tier 1 (CET1), Additional Tier 1 (AT1), and Tier 2 capital. The composition of regulatory capital follows Basel III definitions, including paid-up shares, reserves, retained earnings and eligible subordinated instruments.

According to Notice No 08/2021, financial institutions must at all times maintain:

- CET1 capital ratio – 4.5%;
- Tier 1 capital ratio – 6%;
- Total capital ratio – 8% of risk-weighted assets (RWA); and
- Leverage ratio – 3%.

Beyond these minimums, the Combined Buffer Requirement applies, consisting of:

- a capital-conservation buffer of 2.5% CET1;
- a countercyclical buffer ranging from 0% to 2.5% CET1, set quarterly by the BNA; and
- a systemic-importance buffer of up to 4% CET1 for systemically important financial institutions.

The General Regime of Financial Institutions also requires that own funds never fall below the legally established minimum share capital for each category of institution and mandates the creation of reserves to absorb unforeseen losses.

Minimum Share Capital

To ensure a stable funding base, the BNA imposes fully paid-up capital thresholds under Notices No 03/2024 and No 04/2024, as follows:

- commercial banks – minimum of AOA15 billion; and
- development banks – minimum of AOA 50 billion (Notice 03/2024, Article 3).

These amounts must be fully realised in cash and may be reviewed by the BNA to reflect macroeconomic developments or systemic-risk conditions. Institutions failing to comply commit a regulatory offence under Notices 03/2024 and 04/2024, read together with the General Regime of Financial Institutions.

Liquidity Requirements

Liquidity-risk management is comprehensively regulated by the General Regime of Financial Institutions, which requires financial institutions to maintain strategies and procedures ensuring adequate liquidity relative to their operations and risk appetite.

Financial institutions must monitor maturity mismatches, diversify funding sources, and maintain a sufficient stock of high-quality liquid assets to withstand stress scenarios. Contingency-funding plans must be approved by the board, regularly tested and updated to reflect changing market conditions.

The BNA exercises ongoing prudential supervision by assessing the financial institutions liquidity positions through regular reporting and on-site inspections. When material deficiencies are identified, the BNA may require corrective measures, restrict distributions or impose additional liquidity requirements.

Systemically Important Financial Institutions and Macroprudential Buffers

Systemically important financial institutions are identified annually by the BNA based on size, complexity, cross-border activity and inter-connectedness. Designated financial institutions must maintain an additional CET1 buffer of up to 4% of RWA on a consolidated basis and are subject to enhanced supervisory expectations, including stricter governance standards and intensified monitoring of risk-management systems.

Overall Assessment

The Angolan prudential framework closely mirrors Basel III in both structure and intent, combining quantitative capital ratios with qualitative governance and

risk-management obligations. While implementation remains adapted to local market maturity, the regime provides a solid foundation for financial stability.

Commercial and development banks must comply with high share-capital thresholds, maintain minimum solvency ratios, and hold multiple capital buffers to absorb shocks. Liquidity management is rigorously supervised, and systemically important institutions face heightened prudential expectations.

8. Insolvency, Recovery and Resolution

8.1 Legal and Regulatory Framework

The legal framework governing insolvency, recovery and resolution of financial institutions is set out in the General Regime of Financial Institutions.

Whenever the BNA determines that a financial institution is in serious breach of the legal or regulatory provisions governing banking activity, such that the financial soundness of the institution, the interests of depositors, or the stability of the financial system are consequently put at risk, the BNA may impose one or more of the following measures:

- corrective intervention;
- provisional administration; and
- resolution

Insofar as corrective intervention is concerned, the following measures, among others, may be applied: (i) the approval of a restructuring plan; (ii) the suspension or replacement of one or more members of the management or supervisory bodies of the financial institution; (iii) the appointment by the BNA of a supervisory committee or a sole supervisor; and (iv) restrictions on the granting of credit and the investment of funds in certain categories of assets.

Measures of provisional administration entail the removal of the members of the board of directors and the subsequent appointment of provisional directors by the BNA.

Should none of these measures prove sufficient to resolve the situation or facilitate the recovery of the

financial institution concerned, and should the BNA (the Resolution Authority) determine that the financial institution either fails, or is at imminent and serious risk of failing, to meet the legal requirements for maintaining its authorisation to conduct banking activities (and that such failure poses a risk of contagion to other financial institutions) the BNA may, in accordance with a Resolution Plan approved for this purpose, implement one of the following resolution measures.

- The BNA may, in accordance with the law, order the partial or total sale of the business to another financial institution authorised to carry out such activities. This may include the transfer of rights and obligations comprising assets, liabilities, off-balance sheet items, ownership of shares or other securities representing the share capital of the financial institution under resolution, as well as the transfer of assets under management by such financial institution. The disposal shall be carried out under commercial conditions and shall take into account the circumstances of the specific case and the evaluation performed by an independent entity at the expense of the financial institution under resolution.
- The BNA may order the partial or total transfer of rights and obligations of a financial institution, which constitute assets, liabilities, off-balance sheet items, and assets under management, as well as the transfer of ownership of shares or other securities representing its share capital, to bridge institutions constituted for this purpose, with the aim of facilitating their subsequent sale. The bridge institution (whose share capital is fully or partially subscribed and paid by the Resolution Fund (*Fundo de Resolução*)), must be duly authorised to conduct the activities related to the transferred rights and obligations, and must ensure the continuity of the provision of financial services inherent to the transferred activity, as well as the management of assets, liabilities, off-balance sheet items, assets under management, shares, or other instruments that have been transferred to it, with a view to enhancing the value of the business conducted. The bridge institution shall also seek to dispose of such assets as soon as circumstances so permit, in a manner that maximises the value of the assets in question.

- The rights and obligations of a financial institution or a bridge institution, including its assets, liabilities, off-balance sheet items and managed assets, are transferred to asset management vehicles established for this purpose, with the goal of maximising their value for subsequent sale or liquidation. These asset management vehicles are created to receive and manage all or part of the rights and obligations of financial institutions under resolution or a bridge institution. Similarly to bridge institutions, the share capital of the asset management vehicle is fully or partially subscribed and paid by the Resolution Fund.
- The BNA may also determine an internal recapitalisation measure to strengthen the own funds of a financial institution to the extent necessary to enable it to meet the requirements for maintaining its authorisation to operate and to obtain autonomous and sustainable financing from the financial markets. This is applicable in cases where there is a reasonable prospect that the measure, along with other relevant measures, will achieve the objectives set out in the law and restore the long-term financial stability and viability of the financial institution. The following powers may be applied:
 - (i) partial or total reduction of the nominal value of the liabilities of the financial institution under resolution that do not arise from ownership of own funds instruments and that are included within the scope of the internal recapitalisation measure; and
 - (ii) increase in the capital of the credit institution under resolution or its parent company by partially or fully converting the liabilities included within the scope of the internal recapitalisation measure into common shares or securities representing the capital of the financial institution under resolution or its parent company.

All the aforementioned measures are aimed at preserving the stability of financial institutions and, ultimately, in the event of failure, the BNA may revoke the authorisation to conduct banking activities, which results in the immediate liquidation of the financial institution, with all resulting effects.

9. ESG

9.1 ESG Requirements

The topics of ESG in the financial system are not currently regulated by specific legislation. Although there have been efforts and promises of regulations from the BNA, according to the five-year strategic plan (2023 to 2028) for modernisation and sustainability of the financial system, to date only a set of Generic Recommendations called Principles of Sustainability of the Angolan Financial System was issued in 2023 by the CSSF (Council of Financial System Supervisors), with the aim of ensuring the transition to a financially sustainable economy, based on internationally accepted principles, criteria and practices.

According to the document itself, these sustainability principles constitute a set of standards intended to support Financial Institutions in the gradual adoption of ESG criteria, taking into account the commitments assumed by Angola by signing the Paris Agreements, Agenda 2030 and the National Strategy for Climate Change 2018–2030. In this context, they represent the commitment of the Angolan Financial System to the energy transition, reduction of dependence on the oil sector, and promotion of sustainable development.

These principles are as follows:

- Principle I – Promotion of Training and Knowledge;
- Principle II – Identification and Incorporation of Social and Environmental Risks in Governance and Risk Management Models;
- Principle III – Leveraging Partnerships to Deepen Understanding of Sustainability Issues and Practices;
- Principle IV – Promotion of Financial Inclusion; and
- Principle V – Transparency and/or Reporting of Information.

However, to date, these principles are merely recommendations that financial institutions may or may not adopt, and therefore, there is no legal obligation for their adoption.

10. DORA

10.1 DORA Requirements

Financial institutions must establish, implement, and maintain a cybersecurity policy based on internationally accepted standards, principles and guidelines, aimed at ensuring the confidentiality, integrity and availability of the networks, data and information systems used, with the following minimum content:

- the size, risk profile and business model of the institution;
- the nature of the institution's operations and the complexity of its products, services, activities and processes; and
- the sensitivity of the data and information for which the institution is responsible.

According to Notice No 8/2020 of 16 March, on cybersecurity policy and the terms and conditions for the contracting of data processing, data storage and cloud computing services, the cybersecurity policy must be disclosed to the public, employees and service providers using clear, objective, and accessible language, in accordance with the functions performed and the sensitivity of the information covered by the policy.

For the purposes of implementing the cybersecurity policy, financial institutions must develop an action plan capable of responding to incidents, which should include, at least the following requirements:

- adequacy of organisational and operational structures;
- routines, procedures, controls and technologies to be used in the prevention of and response to incidents;
- actions to be undertaken by the financial institutions to align their organisational and operational structures with the principles and guidelines of the cybersecurity policy;
- identification of the area responsible for the recording, monitoring and control of relevant incidents; and
- a cybersecurity policy procedures manual, approved by the management or administrative

body (to be reviewed annually or whenever there are material changes within the institution).

Immediately upon detection of an incident, financial institutions are required to report to the BNA any breaches of networks and information systems, or losses of integrity that have a significant impact on the functioning of those networks and services, providing status updates every four hours until normal services are restored.

Adopting cloud services requires the adaptation of policies, strategies and structures for the management of risks inherent to the outsourcing of such services. In assessing the relevance of the service to be made available in the cloud, the financial institution must consider the criticality and sensitivity of the data and information supported by such service, in accordance with their classification, as well as the risk involved in the event of unauthorised access.

The contracting of services supported by cloud computing is subject to prior authorisation from the BNA, which must be requested at least 60 days in advance, including the following information:

- the company to be contracted;
- the business continuity plan;
- the services to be provided;
- the location or country where the infrastructure, systems and processing will be hosted;
- the type of information to be migrated to the cloud;
- the governing law of the contract;
- evidence of the skills and resources required to maintain and monitor the service; and
- the willingness of the cloud service providers to cooperate with the national supervising authorities.

11. Horizon Scanning

11.1 Regulatory Developments

A revision of the Securities Code is currently in progress, with the objective of aligning its provisions with the prevailing conditions of the national securities and derivatives markets. The main objectives of this revision are as follows:

- to update the Securities Code in line with the new context of the functioning of the national securities and derivatives market;
- to simplify and reduce regulatory burdens and barriers;
- to stimulate the equity segment within the Angolan securities and derivatives market;
- to improve the level of protection for minority investors, as part of efforts to enhance the business environment; and
- to promote the identification, management and preservation of information relating to the ultimate beneficial owners of certain types of entities, taking into account their increased visibility, economic importance, and public relevance.

Following the approval of Presidential Decree No 111/22 – which establishes the rules for the organisation and functioning of the Resolution Fund and complements the provisions of the General Regime Applicable to Financial Institutions – the Notice No 05/25, of 4 August was recently approved. This Notice sets out the method for determining the initial, periodic and extraordinary contributions that participating institutions are required to make to the Resolution Fund.

According to this Notice, an initial contribution rate of 1% of the equity capital of institutions subject to the contribution has been established. In addition to this initial contribution, financial institutions are also required to make annual periodic contributions, calculated by reference to the average monthly balances of the aggregate liabilities for the year preceding the year in which the contribution is payable.

Extraordinary contributions will only be required in cases where the BNA adopts a resolution measure that results in the Resolution Fund lacking sufficient financial resources. Financial institutions are now awaiting guidance from the BNA on the timeframe for the initial capitalisation of the Resolution Fund.

A Presidential Decree approving the National Financial Inclusion Strategy was very recently enacted. This strategy sets out the country's priorities for advancing financial inclusion by ensuring universal, safe, and responsible access to financial products and services for the population as well as for micro, small, and medium-sized enterprises. It also aims to promote financial literacy and consumer protection. The publication of the decree is awaited by the Angolan financial sector, which would like to understand the role the financial institutions will have within this strategy and its impact on the activities of institutions operating in Angola.

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