

FINANCIAL INSTITUTIONS LAW

NATIONAL ASSEMBLY

LAW nr. 13/05
September 30

Law nr. 1/99, dated April 23rd defines the basic principles regulating the Angolan financial market.

However, the national financial system, has suffered profound transformations that entail not only a bigger operational capacity of the system, but also a bigger diversity of operations performed by the financial activity, in the pursuit of overcoming the challenges inherent to an economy in permanent change.

The experience acquired during the last couple of years shows that, to attain the above mentioned objective, there is a need to alter some principles and proceedings defined in the legal framework currently in place, so, we hereby revise Law nr. 1/99, dated April 23rd – Financial Institutions Law.

Therefore, and in accordance with line b) of article 88 of the Constitution, the National Assembly approves the following:

FINANCIAL INSTITUTIONS LAW

Chapter I

General Provisions

Article 1

Object of the law

1. The present law rules the process for the establishment, activity and supervision of financial institutions, plus corrective measures for the same.
2. The financial institutions that have a public company format will be subject to the rules approved by this law, without any prejudice to the dispositions of law 9/95, dated September 15th – Public Company Law, and to whatever additional legislation may be applicable to them.

Article 2

Definitions

For the purposes of this law, the following mean:

1. **Agency:** premises within the country, belonging to a financial institution, banking or non-banking, with its registered office in Angola, without separate juridical identity but which carries out directly, wholly or in part, operations that are inherent to the activities of a company or supplementary premises of the branch office in the country, of a financial institution, banking or non-banking, with its registered office in another country;
2. **Authorization:** act by which the responsible authorities confer the right to carry out the activity of a financial institution;
3. **Foreign Exchange Office:** non-banking financial institutions dedicated to dealing in foreign currencies, buying and selling, in accordance with specific regulation;
4. **Credit Co-operative:** non-banking financial institutions authorized to receive deposits from their associates and allowed to carry out credit operations with these associates, in accordance with specific regulation;
5. **Credit:** act by which a banking or non-banking financial institution, acting on a fee-paying basis, places or promises to place funds at the disposal of an individual or corporate body against the promise to reimburse on the agreed date or contracts, in the interest of that same entity, an undertaking upon a signature, such as a guarantee;
6. **Sub-Office:** supplementary premises of an agency located in the market of the same;
7. **Deposit:** contract under which an entity (the depositor) entrusts money to a banking financial institution (the depositary), which has the right to dispose of it for its own business, but is responsible for repayment of an identical amount, with or without payment of interest, within the agreed deadline;
8. **Affiliate:** a company or institution standing in relationship to another company or institution, designated by the parent company as dependent, it being considered that an affiliate of an affiliate is also an affiliate of the parent company on which both depend;
9. **Trade Name:** name adopted by a financial institution, that suggests the activity that is the corporate purpose of the company;
10. **Financial Institutions:** public or private law companies, that do business as financial institutions, banking or non-banking, in accordance with this law;
11. **Banking Financial Institutions:** are banks, companies which have as their main activity the receipt of deposits made by the public or other reimbursable funds, which it has the right to dispose of for its own business, as credit granted in accordance with article 4 of this law;
12. **Non-banking Financial Institutions:** companies that are not banking financial institutions, having as main activity one, or more, of the activities included in lines d),f), j), l), m), n), o), and q) of number 1, of article 4 of this law;
13. **Micro-credit:** loans of small value to small entrepreneurs, to be defined by regulation;
14. **Supervisory Entities:** are the authorities that inspect, supervise, and control within the financial system, namely, the National Bank of Angola in the areas of money and credit, the Insurance Supervision Institute in the areas of insurance

and social security, and the Securities Supervision Entity in the area of Capital Market and investment;

15. **Qualified shareholding/restricted equity holding:** a holding in a company, directly or indirectly, of not less than 10% of the capital or voting rights, being considered equal to voting rights of the participant, the rights held by companies which stand in a group relationship to the same, including the rights held by members of administrative and supervisory bodies of the participant in the companies in question;
16. **Controlling position:** when the operations of a financial institution influence the financial or exchange markets, independently of the reaction of its competitors, or of its clients;
17. **Controlling relation:** the relationship between an individual or institution and a company, when:
 - a) One of the following situations occurs:
 - (i) The person in question holds the majority of voting rights;
 - (ii) Is a partner in the company and has the right to appoint or dismiss more than half of the board of directors or of the supervisory board;
 - (iii) Has a controlling influence on the company, by contract or by the articles of the statutes;
 - (iv) Is a partner and has sole control of the majority of voting rights, by agreement with other partners;
 - (v) Holds 20% or more of the capital of the company, and exercises effective dominance or they are both under the same management.
 - b) It is equally considered for the purposes of numbers (i),(ii), and (iv) above, that:
 - (i) the voting rights to appoint or dismiss a participant are equivalent to the rights of any other dependant company, or one that is in a group relation with the dominant, or any other individual acting on his own but on behalf of the controlling partner or of any other of the above referred companies;
 - (ii) from the rights listed above we can infer the rights of shares that do not belong to the dominant partner or to any other of the above referred companies, or rights of shares given as guarantee for as long as, in this last situation, such rights are executed in conformity with the instructions received, or the possession of such shares is part of a daily operation of the company which owns them and the voting rights are used in the interest of the entity giving the guarantee;
 - (iii) For the purposes of lines (i) and (ii) of number 1, from the total voting rights corresponding to the capital of the affiliate company, shall be deducted the voting rights corresponding to the holdings of this company, or its affiliate, or an individual acting on his own right but on behalf of any of these companies.

18. **Residents:** for the purposes of this diploma the following are considered resident in national territory, individuals usually resident in the country; institutions or companies with their registered office in the country; affiliates, branch offices, agencies and any other forms of representation in the country of institutions or companies whose registered office is in another country; funds, institutes or public bodies with administrative and financial autonomy, with their registered office in national territory; national citizens who are diplomats, consular representatives or equivalent, who are carrying out their duties abroad, and also the members of their respective families; and, individual nationals whose absence abroad for a period of longer than 90 days and shorter than one year is occasioned by studies or the exercise of public duties.
19. **Non-residents:** for the purposes of this diploma, are considered non-residents in national territory, individuals who are usually resident abroad; institutions or companies whose registered office is in another country; individuals who have emigrated; individuals who are absent from the country for more than one year; affiliates, branch offices, agencies and any other type of representation in another country of institutions or companies with their registered office in this country; diplomats, consular representatives or equivalent working in national territory, and also members of their respective families.
20. **Group of companies:** companies colligated among themselves in such a way Company Law so characterizes them, independently of having their registered offices in the country or in another country;
21. **Venture capital companies:** non-banking financial institutions engaged primarily in the business of supporting and promoting investment and technological innovation in projects, or in companies, through temporary participation in the respective capital, to the extent permitted by law;
22. **Factoring companies:** non-banking financial institutions engaged exclusively in factoring activities, by which one of the parties (the factor) buys from the other (client), short term credits, resulting from the sale of products or from services to a third party (debtor), to the extent permitted by law;
23. **Real estate management & investment companies:** non-banking financial institutions engaged primarily in the business of renting property that they either bought or built, and complementary services, including management of rented property belonging to others, to the extent permitted by law;
24. **Investment companies:** non-banking financial institutions engaged exclusively in the business of dealing in financial operations, namely, investing funds in the medium and long term, buying shares in companies, and subscribing and acquiring securities, to the extent permitted by law;
25. **Leasing companies:** non-banking financial companies engaged exclusively in the business of negotiating contracts where the lessor agrees, for retribution, to grant to the lessee the temporary use of property, movable or real estate, bought or built by indication of the lessee, to the extent permitted by law;
26. **Investment funds management companies:** non-banking financial companies engaged exclusively in the business of managing one or more, mutual investment funds in valuables, in accordance with the applicable laws and to the extent permitted by law;

- 27. Holding companies:** non-banking financial companies engaged exclusively in the business of managing a portfolio of stocks and securities, namely company stocks, trying to exert effective control over the company, and seeking to manage the equity of other companies as an indirect way of practicing an economic activity, to the extent permitted by law;
- 28. Foreign exchange broker companies:** non-banking financial companies engaged exclusively in the business of intermediation on the money and foreign exchange markets on behalf of a third party, and associated services, to the extent permitted by law;
- 29. Mutual Funds companies:** non-banking financial companies engaged exclusively in the business of managing mutual funds dedicated to the certification of credits, also designated as guaranteeing of receivables, funds that are independent patrimonies belonging to several individuals, and institutions or companies, to the extent permitted by law;
- 30. Providers of payment services:** non-banking financial companies authorized to provide payment services in accordance with the Angolan System of Payments Law and additional legislation;
- 31. Operators of the system of payments or clearing houses:** non-banking financial companies which have as their object the management of infrastructures or of central procedures of subsystems and clearings, to the extent permitted by law;
- 32. Branch Office:** the main office in Angola of a financial institution, banking or non-banking, whose registered office is in another country or the main premises abroad, of a financial institution, banking or non-banking, whose registered office is in Angola without being a corporate entity but assuming, directly, wholly or in part, the responsibility for operations inherent to the activity of the company.

Article 3

Types of financial institutions

1. For this law, the financial institutions can be classified in banking financial institutions and non-banking financial institutions.
2. Banking financial institutions are banks in general.
3. Non-banking financial institutions are the ones listed in article 5 of this law.

Article 4

Activities of banking financial institutions

1. Financial banking institutions can carry out the following operations:
 - a) Receive deposits and other returnable funds from the public;
 - b) Carry out the function of intermediary in the settlement of payment operations;
 - c) Operations involving precious metals, as defined by the foreign exchange legislation;
 - d) Operate in insurance trading;
 - e) Promote the renting of safes and safekeeping of valuables;
 - f) Carry out operations of capitalization;

- g) Carry out operations of leasing and factoring;
 - h) Extend guarantees and other undertakings;
 - i) Carry out credit operations;
 - j) Carry out operations in the capital markets through intermediation companies;
 - k) Deliver payment services;
 - l) Make transactions, on its own behalf or on behalf of a third party, of money, financial and foreign exchange market instruments;
 - m) Participate in stocks and debentures, issue and offering, and providing related services;
 - n) Consultancy, keeping, administration and management of the securities portfolio;
 - o) Sale and purchase of foreign notes and coins, or travelers' cheques;
 - p) Participating in the capital of companies;
 - q) Other similar operations that the law does not forbid.
2. BNA shall be responsible for defining the terms and conditions for carrying out the operations referred to in the previous number.

Article 5

Types of non-banking financial institutions

1. The following are non-banking financial institutions engaged in operations of money and credit, subject to the jurisdiction of the National Bank of Angola;
- a) Foreign exchange bureaus;
 - b) Credit co-operatives;
 - c) Factoring companies;
 - d) Leasing companies;
 - e) Foreign exchange broker companies;
 - f) Micro-credit companies;
 - g) Providers of payment services;
 - h) System of payment operators, clearing or clearinghouses, as defined in the Angolan System of Payments Law;
 - i) Other companies defined as such by law;
2. The following are non-banking financial institutions engaged in insurance and social security activities, subject to the supervision of the Angolan Insurance Supervision Institute:
- a) Insurance and reinsurance companies;
 - b) Pension funds and their managing companies;
 - c) Other companies defined as such by law.

3. The following are non-banking financial institutions engaged in capital and investment markets, subject to the jurisdiction of the Securities Supervision Entity:
 - a) Securities brokers companies;
 - b) Venture capital companies;
 - c) Securities distributing companies;
 - d) Holding companies;
 - e) Investment companies;
 - f) Asset management companies;
 - g) Investment funds management companies;
 - h) Mutual funds companies;
 - i) Real estate management and investment companies;
 - j) Providers of payment systems or clearing and clearinghouses for securities in accordance with the Angolan system of payment law;
 - k) Other companies defined as such by law.
4. Except for the provided for in number 1 of article 7 of this law, the credit co-operatives can receive deposits from their associates and carry out operations with the same, in accordance with the specific regulations approved.
5. The non-banking financial institutions referred to in number 2 of this article shall have their activities ruled by specific legislation.

Article 6

Activities of the non-banking financial institutions

1. The non-banking financial institutions can only perform the operations specifically authorized by the legal provisions and regulations ruling their activities.
2. The National Bank of Angola shall be responsible for regulating the activities of the non-banking financial institutions listed in number 1 of article 5.
3. The Securities Supervision Entity shall be responsible for regulating the activities of the non-banking financial institutions listed in number 3 of article 5.

Article 7

The principle of exclusivity

1. Only banking financial institutions may carry out the activity of receiving, from the public, deposits and other reimbursable funds, to be used on their own behalf and operate as intermediary in the settlement of payment operations.
2. Only non-banking financial institutions may, professionally, carry out the activities stipulated in this law and regulated by the Supervisory Entity.

3. The provision of number 1 of this article does not prevent insurance companies, from receiving reimbursable funds from the public, for credit operations, under the terms of the applicable legal provisions and regulations.
4. Notwithstanding numbers 1 and 2 of this article the State can create funds, public institutes and other public law institutions, with juridical and financial status, to receive deposits and other reimbursable funds from the public, insofar as those activities are provided for in the legal diplomas creating them, as stipulated in this law.

Article 8

Reimbursable funds and granting of credit

1. For the purposes of this law, reimbursable funds obtained from the public are not considered to be those obtained through the issue of bonds and debentures, under the terms of Company Law, by bodies not regulated by this law.
2. For the purpose of this law, the following are not considered as concessions of credit:
 - a) loans and other forms of lending and advances between a non-regulated company under this law and its respective partners;
 - b) loans granted by companies to their employees, for social reasons;
 - c) any advance or postponement of payments agreed between contracting parties for the acquisition of goods or services;
 - d) treasury operations, when legally permitted, between companies which are in a dominion or group relationship;
 - e) the issue of vouchers or cards for payment of goods or services supplied by the issuing company.

Article 9

Entitled entities

1. The banking and non-banking financial institutions defined in number 1 of article 5 are entitled to carry out the activities described in this law, if they comply with the requirements of articles 13 to 53 of this law.
2. The banking and non-banking financial institutions defined in numbers 1 to 3 of article 5 are entitled to carry out the activities herein described, if the requirements of article 89 and following ones of this law and further legal provisions applicable, are fulfilled.

Article 10

Veracity of companies or names

1. Only entities certified as financial institutions may include in their corporate name or denomination, or use in their activity, expressions suggesting that they can carry out banking or non-banking financial activities, such as “bank”, “banking”, “credit”, “deposit”, “financial leasing”, “factoring”, “securities brokers, or other similar expressions denoting the exercise of their activity.

2. The corporate name or denomination of financial institutions must necessarily include an expression that identifies the type of financial institution, as defined in this law.
3. The expressions referred to above are compulsorily used in order not to deceive the public in relation to the type of operations, which the body in question is permitted to exercise, in accordance with this law.

Article 11 **Acquisition and holding of real estate**

1. Without prejudice to other limitations imposed by the responsible financial institutions supervisory body, financial institutions cannot acquire real estate which is not essential to the performance of their duties, installation and operation, except as a result of repayment of credit granted, in which case it must be disposed of within a two years period.
2. In accordance with the stipulated in the previous number, the supervisory body shall determine the provisions, namely accounting rules, which must be obeyed by the financial institutions for the acquisition of real estate.
3. The restrictions of number 1 of this article are not applicable to the non-banking financial institutions listed in number 2 of article 5, however they must comply with the rules and regulations issued by the Insurance Supervision Institute.

Chapter II

Authorization of banking financial institutions **with registered office in Angola**

Section I **General Principles**

Article 12 **Applicability**

The provisions of this chapter are applicable to the authorization of banking financial institutions with registered office in Angola.

Article 13 **General requirements**

The banking financial institutions with registered office in Angola must satisfy the following requirements:

- a) to carry out, exclusively, the activity legally permitted in article 4 of this law;

- b) to take the form of a joint stock company;
- c) to have a capital stock of not less than the legal minimum;
- d) to have the capital stock compulsorily represented by nominative shares.

Article 14

Capital stock and capital raising

1. The National Bank of Angola shall be responsible for defining, by Notice, the minimum capital stock of banking financial institutions;
2. On the incorporation date, the minimum capital stock of banking financial institutions must be entirely subscribed and paid up.
3. Upon subscription of capital stock, if greater than the minimum, and when raising additional capital it is required that a minimum, of at least 50% of the amount subscribed, that surpasses the minimum capital stock is paid up. The remaining amount, either of capital stock or of additional capital, must be totally paid up within six months, counting from the incorporation of the banking financial institution or from the date of subscription of the additional capital.
4. The amounts received from the subscribing shareholders shall be deposited at the National Bank of Angola within five working days, counting from the reception by the National Bank of Angola of the authorization request for the incorporation of a banking financial institution, and the funds will remain unavailable till the finalization of the authorization procedures.
5. For the purposes of last number, the National Bank of Angola may define, by Notice, the terms and conditions of subscriptions described in numbers 2 and 3 of this article, when Treasury Bonds or Central Bank Bonds are used.
6. The increase in capital stock may result from the capitalization of reserves or from the revaluation of fixed assets, represented by real estate owned for their own use, according to the terms and conditions to be defined by the National Bank of Angola.
7. The National Bank of Angola must authorize the transaction of shares among residents, which alone or cumulatively, represent more than 10% of capital stock.
8. The National Bank of Angola must always authorize the transaction of shares when non-residents are involved.
9. Notwithstanding the stipulated in Company Law, the National Bank of Angola must define, by Notice, specific rules for the subscription and acquisition of own shares by the banking financial institutions.

Article 15

Composition of the Administrative and Supervisory bodies

1. The administrative body of banking financial institutions is made up of an odd number of members as defined in the statutes of the company, but having a minimum of three administrators.

2. The daily management of the banking financial institutions is entrusted to, at least, two members of the administrative body.
3. For the purposes of this law, the administrators may be shareholders or not, but they must be individuals with full juridical capacity.
4. If an institution or company is designated administrator of the banking financial institution, it must nominate an individual to carry out the function in its name, and the institution or company shall be collectively responsible for the actions of the individual appointed.
5. The supervisory body of the banking financial institutions may be made up of an audit committee, as defined in the company statutes, or by a single auditor, safeguarded the stipulations of Law 1/04, dated February 13, Company Law.

Section II

Authorization Process

Article 16

Authorization

1. The incorporation of banking financial institutions requires an authorization issued by the National Bank of Angola.
2. The incorporation of an affiliate banking financial institution, with registered office and effective management abroad, or in a dominium relationship with a foreign or non-resident banking financial institutions, requires an authorization by the Council of Ministers, on positive advice from the National Bank of Angola.
3. The financial institutions mentioned in the previous number, cannot enjoy a more favorable regime than the one applicable to the remaining banking financial institutions.

Article 17

Form of request

1. The banking financial institutions authorization request will be processed and delivered to the National Bank of Angola including the following elements:
 - a) project of statutes, clearly referring the types of operations they intend to perform, as stipulated in article 4 of this law;
 - b) proof of economic and financial capacity of founding shareholders;
 - c) economic and financial accounts forecasts for each of the first three years of activity, including a program of activities, geographical locations, organizational structure and human and technical resources to be used;
 - d) Identity of founding shareholders, specifying the capital that each of them will pay up;
 - e) rationale of the adequacy of the shareholding structure;
 - f) proof of a bank deposit or bank guarantee accepted by the National Bank of Angola, corresponding to five percent of the minimum capital stock;

- g) document stating the appropriateness of founding shareholders, relating to issues, that are capable of, directly or indirectly, influence significantly the activity of the institution.
- 2. The following information concerning the founding shareholders who are institutions or companies, with qualified holdings in the institution to set up, should also be provided:
 - a) statutes and relations of management board members;
 - b) balance sheet and accounts for the last three years;
 - c) list of partners who own qualified shareholdings in the participating institution or company;
 - d) list of companies in which the participating institution or company holds qualified shareholdings, and a description of the structure of the group to which they belong.
- 3. The presentation of the elements referred to in the previous number may be excused when the National Bank of Angola expresses that it already has knowledge of the said elements.
- 4. The National Bank of Angola may request further information from the petitioners and investigate as much as it deems necessary.

Article 18

Participation of other supervisory entities

- 1 If the object of the banking financial institutions encompasses any activity that is subject to the supervision of other supervisory entities, the National Bank of Angola, before deciding on the authorization request, shall ask the respective supervisory entity for information, namely on the appropriateness of the holders of the qualified shareholdings.
- 2 The information requested must be supplied within thirty days, after that period it will be considered that there is no information to give.

Article 19

Decision

- 1. The decision must be notified to the interested parties within six months counting from the reception of the request or, if that is the case, from the date of reception of the additional information requested to the petitioners, but never later than twelve months after the date of reception of the initial request.
- 2. The lack of notification, in the above mentioned deadlines, is considered as tacit refusal of the request.

Article 20

Refusal of authorization

1. The authorization for the banking financial institution will be refused whenever:
 - a) the incorporation authorization request does not comply with all the information and documents necessary;
 - b) the request contains inexactitudes and falsehoods;
 - c) the institution proposed does not comply with the terms of article 13 of this law;
 - d) the National Bank of Angola does not consider proved that all of the holders of qualified shareholdings satisfy the requirements of number 2 of article 23 of this law;
 - e) the institution proposed does not possess the technical or financial resources required for the type and volume of transactions it intends to perform;
 - f) the members of the management and supervisory boards, do not fulfill the requirements of number 1 of article 26 and 27 of this law.
2. If the request is improperly drawn up, the National Bank of Angola, before refusing authorization, will notify the petitioners in order to correct the deficiencies within a given deadline.

Article 21

Expiry of the authorization

1. The authorization expires if the petitioners expressly waiver it, if the institution or company is not incorporated within three months from the date of the authorization or, if it does not start its activities within twelve months, counted from the same date.
2. In exceptional circumstances, and through request by the institution or company duly substantiated, the National Bank of Angola may extend, only once, up to six months, the date for the beginning of activity.
3. The authorization expires if the institution is dissolved, without prejudice to the acts necessary for liquidation.

Article 22

Withholding of qualified shareholdings

1. The banking financial institutions upon which, the individual or institution or company, directly or indirectly, desires to withhold a qualified shareholding, must notify, such intention, to the National Bank of Angola and present the project and the amount of the holding.
2. Last paragraph is also applicable to the withholders of qualified shareholdings who wish to increase their holding to the extent that the limits of 20%, 33%,

or 50% are reached or exceeded, or when the institution in question becomes an affiliate.

Article 23

Acquisition or increase of qualified shareholdings

1. Within a maximum period of 30 days, counting from the announcement of the intention to acquire or increase in a qualified shareholding, under the terms of the previous articles, the National Bank of Angola may oppose the project if, it does not consider that, the person in question, is in a position to guarantee the safe and prudent management of the banking financial institution.
2. It is considered that such conditions do not exist in any of the following circumstances:
 - a) If the National Bank of Angola has reasonable doubts about the legality of the origin of the funds to be used for the acquisition of the shareholding, or about the true identity of the nominal provider of the funds;
 - b) If the structure and characteristics of the group of companies in which the banking financial institution is integrated make adequate supervision impossible;
 - c) If the party in question refuses to provide the necessary conditions for remedying the problems in the banking institution, as laid down by the National Bank of Angola;
 - d) In the case of an individual, if it is ascertained that any facts indicating lack of suitability are verified under the terms of article 26 of this law.
3. If the interested party is a foreign banking financial institution or the parent company of a foreign banking financial institution, and if, as a result of the planned operation, the institution in which the planned holding is taken becomes an affiliate, the National Bank of Angola, in order to evaluate the project, may require a report from the supervising authority in the country of origin.
4. When there is no opposition, the banking financial institution, must execute the projected operation within three months, after that period a new request must be presented.

Article 24

Revocation of the Authorization

1. The authorization for a banking financial institution may be revoked on the following grounds, besides others provided for by law:
 - a) if it has been obtained by means of false declarations or other illegal means, regardless of any penal sanctions which may be applicable;
 - b) if any of the requirements made in article 13 of this law is not verified;
 - c) if the activity of the banking financial institution does not correspond to the authorized objective;
 - d) if the institution ceases to exercise its activity;

- e) if the institution fails to honor its commitments, namely the ones regarding the safeguard of the funds entrusted to them;
 - f) if the institution does not comply with the laws and regulations that rule its activity or with the National Bank of Angola decisions, putting at risk the interests of the depositors and other creditors, or the normal operation of the monetary, financial or foreign exchange markets.
- 2. The revocation of the authorization implies the dissolution and liquidation of the institution.
 - 3. The National Bank of Angola must notify to the Securities Supervision Entity or to the Angolan Insurance Supervision Institute, the revocation of the authorization granted to banking financial institutions, if their object includes any activity regulated by those entities.

Article 25

Competence and forms of revocation

- 1. The revocation of authorization is the responsibility of the National Bank of Angola.
- 2. The revocation of authorization of banking financial institutions referred to in number 2 of article 16 is the responsibility of the Government, on previous advice from the National Bank of Angola.
- 3. The decision to revoke must have a sound basis and be notified to the banking financial institution, within 10 days from the date of reception by the institution in question.
- 4. The National Bank of Angola must give the decision to revoke the necessary publicity, within 10 working days, counting from the reception of the notification by the institution in question.
- 5. Any appeal against the decision to revoke shall have merely returnable effects.

Section III

Administration and Supervision

Article 23

Suitability

- 1. The administrative and supervisory bodies of banking financial institutions should only include members whose suitability guarantees sound and prudent management, particularly as regards the security of the funds entrusted to the institution.
- 2. When evaluating the suitability of the person, the way the person currently manages the business or practices its profession must be taken into account, especially the aspects that reveal inaptitude to decide in a thoughtful and judicious way, or the tendency not to fulfill its obligations in due time, or to behave in a manner that is incompatible with market preservation and trust.

3. Among other facts, it is considered indicative of a lack of suitability if the person in question has been:
 - a) declared, by a national or foreign authority, insolvent or bankrupt, or responsible for the insolvency or bankruptcy of any company under his control, or of which he was an administrator, director or manager;
 - b) convicted, in this country or abroad, of the crimes of fraudulent bankruptcy, negligent bankruptcy, forgery, theft, robbery, extortion, abuse of confidence, usury, foreign exchange control infractions and issue of checks without provision or false declarations, and other financial crimes provided for by special legislation;
 - c) convicted, in this country or abroad, for infractions of legal rules and regulations governing the activity of banking financial institutions, non-banking financial institutions, insurance and securities market, when the seriousness or reiteration of these infractions so justifies.
4. For the purpose of this article, the National Bank of Angola must exchange information with the Securities Supervision Entity and the Insurance Supervision Institute.

Article 27 **Professional experience**

1. The members of the administrative body responsible for the daily management of the banking financial institutions and the members responsible for the supervisory body should possess the necessary experience for the performance of their duties.
2. It is assumed that the person has sufficient experience, having previously performed duties in the financial field, with recognized competence in economics or law and in management.
3. In order to verify that the requirements for sufficient experience are satisfied there may be a prior consultancy process.
4. The duration of the previous experience and the nature and degree of responsibility for the duties previously performed must be in accordance with the characteristics and size of the banking financial institution in question.

Article 28 **Lack of requirements**

1. If for any reason the legal or statutory requirements for the normal functioning of the administrative and supervisory bodies, the National Bank of Angola will set a deadline for alterations to the body in question.
2. If the situation is not regularized within the period specified in the previous number, the authorization may be revoked under the terms of article 24 of this law.

Article 29
Accumulation of positions and duties

1. The members of administrative bodies of banking financial institutions cannot accumulate management positions or perform any duties in other banking financial institutions or non-banking financial institutions.
2. The previous number is not applicable to the accumulation of management positions or other duties in any banking financial institutions, or non-banking financial institutions, when the institution in question is part of a group of companies.
3. The National Bank of Angola may, also refuse to accept the accumulation and decide the interruption of the last registered mandate if it feels the accumulation may be damaging to the performance of the duties the party is already performing, namely, if there are serious risks of conflict or if the person in charge of daily management becomes too busy.
4. The members of administrative bodies of banking financial institutions who intend to perform duties for other companies not covered in the previous numbers should, within a period of 15 working days, communicate their intention to the National Bank of Angola, which may oppose the intention if it is thought that the extra duties are likely to prejudice that person's duties within the banking financial institutions, and it may also determine the interruption of the last registered mandate.
5. The failure to communicate, as provided for in the previous number, can be cause for cancellation of the registration provided for in article 51 of this law.

Section IV
Alterations to Statutes

Article 30
Alterations to statutes in general

1. Any alterations to the statutes of banking financial institutions are subject to prior authorization of the National Bank of Angola.
2. Any alterations to the objective, which entail a change in the type of banking financial institutions, are subject to the provisions of sections I and II of this chapter.

Article 31
Voluntary dissolution

Any dissolution of a banking financial institution must be notified to the National Bank of Angola, at least ninety days prior to becoming effective.

Article 32

Merger and Demerger

1. Any merger and demerger of banking financial institutions is subject to the provisions of sections I and II of this chapter.
2. The merger, demerger, alteration to statutes or extinction of banking financial institutions referred to in number 2 of article 16 of this law is the responsibility of the Council of Ministers, upon prior advice of the National Bank of Angola.
3. The provisions of this article do not prejudice the compliance with the formalities inherent to the incorporation of these institutions in accordance with what is stipulated in article 13 of this law.

Chapter III

Activities Abroad

Article 33

Branch Offices

1. The banking financial institutions with registered office in Angola which intend to establish branch offices abroad should give notice of such intention to the National Bank of Angola, specifying the following information:
 - a) country where the branch will be established;
 - b) program of activities, mentioning type of operations to be carried out and structural organization of the branch office;
 - c) identification of person in charge of the branch.
2. The National Bank of Angola may refuse permission on the basis of the provisions of article 20 of this law.
3. The branch office will not perform operations that are not part of the objectives of the parent company or of the program of activities referred to in line b) of number 1 of this article.
4. The daily management of the branch should be entrusted to managers who are subject to all the requirements of suitability and experience demanded of the members of administrative bodies of banking financial institutions, in accordance with articles 26 and 27 of this law.

Article 34

Evaluation by the National Bank of Angola

1. Within ninety days counted from the receipt of the information referred to in previous article, the Banco Nacional de Angola shall advise the supervision authority of the host country and certify that the operations planned are within the scope of authorization and then inform the fact to the interested institution.

2. For the purposes provided for in the previous number, the Banco Nacional de Angola shall also communicate the amount of its funds and the ratio of solvability.
3. If the National Bank of Angola does not notify within the deadline referred in number 1 of this article, it is assumed that the communication was approved.

Article 35 **Representative Offices**

1. The National Bank of Angola must authorize and define the terms and conditions for the opening of representative offices of banking financial institutions with registered office abroad.
2. The opening abroad of representative offices of banking financial institutions with registered office in Angola is subject to register at the National Bank of Angola, under the terms of article 49 of this law.

Chapter IV **Activities in Angola**

Section I **General principles**

Article 36 **Compliance with Angolan law**

The activities of foreign based banking financial institutions, in national territory, should comply with Angolan legislation.

Article 37 **Suitability**

The directors and managers of branch offices or representative offices of foreign based banking financial institutions are subject to all requirements of suitability and experience that the law establishes for the members of administrative bodies of banking financial institutions with registered office in Angola.

Article 38 **Use of name or denomination**

1. Foreign based banking financial institutions established in Angola may use the name or denomination used in the country of origin.
2. If the use of this name could lead to misapprehension as to the operations of the banking financial institution, or if there could be confusion with the names or denominations of other institutions protected under Angolan law, the

National Bank of Angola will decide that the name or denomination should be added to in such a way as to avoid confusion.

Article 39

Revocation and expiry of authorization in the country of origin

1. When in the country of origin the authorization of a banking financial institution with a branch office in Angola is revoked or expires, the institution must immediately notify the National Bank of Angola, that will take the necessary measures to prevent the entity in question to begin new operations, in order to safeguard the interests of depositors and other creditors.
2. The revocation or expiry of authorization in the country of origin also implies the revocation or expiry in Angola.

Section II

Branch Offices

Article 40

Applicable Articles

The establishment of branch offices in Angola of banking financial institutions with registered office abroad is subject to the provision of this section and to articles 14 to 16 and 21 of this law.

Article 41

Authorization

The establishment of a branch office requires an authorization that will be granted, on a case-by-case basis, by the Council of Ministers upon prior advice of the National Bank of Angola.

Article 42

Requirements for authorization

1. For the purposes of the previous article the National Bank of Angola should receive a request including the following information:
 - a) economic and financial accounts forecasts for each of the first three years of activity, including a program of activities, geographical locations, organizational structure and human and technical resources to be used;
 - b) a certificate issued by the supervising authority of the country of origin, declaring that the operations mentioned in the previous line are included in the authorization of the credit institution, and that there is no impediment to the establishment of a branch office;
 - c) identification of the managers of the branch office;

- d) proof of adequate technical expertise and financial resources for the type and volume of operations intended;
 - e) Copy of the statutes of the banking financial institution;
 - f) Declaration that the deposit mentioned in number 2 of the following article will be made.
- 2. The management of the branch office should be entrusted to a minimum of two managers, with sufficient powers to deal with and resolve definitively, in the country, all matters relating to their activity.
 - 3. At least two-thirds of the personnel of the branch office, both administrative and technical, should be national residents.

Article 43

Allocated capital

The operations to be carried out by the branch office should be allocated sufficient capital to guarantee such operations, and not less than the minimum stipulated by the Angolan law for banking financial institutions of the same type that have registered office in Angola.

Article 44

Responsibility

- 1. The banking financial institution in question is responsible for the actions of its branch in Angola.
- 2. The equity of branch offices is autonomous and the assets can only be liable for obligations assumed abroad by the banking institution, after all obligations assumed in Angola have been satisfied.
- 3. Any decision taken by a foreign authority to declare bankruptcy or liquidation of the banking financial institution shall only be applicable to branch offices established in Angola, even if reviewed by Angolan courts, after compliance with the provisions of the previous number.

Article 45

Accounting and bookkeeping

- 1. The banking financial institution shall maintain in its branch office in the country all specific accounting for operations carried out in Angola; the Portuguese language must be used in all bookkeeping operations.
- 2. The accounting and IT systems of branch offices of foreign banking financial institutions in Angola must be autonomous from the parent company systems.

Section III

Representative Offices

Article 46

Requirements for establishment

1. The setting up and functioning in Angola of representative offices of banking financial institutions with registered office abroad requires, independently of commercial registration requirements, a special prior registration at the National Bank of Angola, by means of the presentation of a certificate issued by the supervisory authorities in the country of origin.
2. The representative office must start its activity within three months after the registration at the National Bank of Angola, although this period may be extended, if there are good grounds for doing so, for a further period of three months.
3. In the event that the representative office does not abide by the deadlines set out in the previous number, the right to operate expires, as does the relevant registration.

Article 47 **Scope of activity**

1. The activities of representative offices is carried out strictly under the remit of the banking financial institutions which they represent, and they are only permitted to promote the interests of such institutions in Angola and provide information regarding the operations they propose to carry out.
2. Representative offices are forbidden of:
 - a) carrying out operations which fall into the scope of activity of banking financial institutions;
 - b) acquiring shares or parts of the capital of any company whatsoever;
 - c) acquiring real estate other than those indispensable to their establishment and functioning.

Article 48 **Powers of management**

Managers of representative offices should have sufficient powers to deal with, and resolve definitively, in the country, all matters relating to their activity.

Chapter V

Registration

Article 49 **Mandatory registration**

Banking financial institutions may not begin their activity until they are enrolled in the special register at the National Bank of Angola.

Article 50
Information to be registered

1. The following documents should be submitted for registration of banking financial institutions with registered office in Angola:
 - a) copy of the constitutive document;
 - b) identification of the members of the administrative and supervisory board and board of the General Assembly nominated, under the terms of the following article;
 - c) parasocial agreements as referred to in article 79 of this law;
 - d) any alterations which have been made to the documents referred to in the previous lines.
2. The registration of banking financial institutions authorized in foreign countries and which have a branch office or representative office in Angola is carried out upon compliance with the provisions of number 2 of article 14 of this law.

Article 51
**Registration and refusal of registration of
members of administrative and supervisory bodies**

1. The registration of members of the administrative and supervisory bodies, including non-executive administrators, should be requested, by the banking financial institution, to the National Bank of Angola, after their nomination.
2. In case of re-nomination, this is noted in the register, at the request of the institution.
3. Unsuitability or lack of experience on the part of members of the administrative or supervisory bodies constitutes grounds for refusing registration.
4. The refusal of registration on the grounds of unsuitability or lack of experience of members of the administrative or supervisory bodies is communicated to the banking financial institution in question, which shall take the necessary measures to ensure that they cease their duties immediately.
5. The register shall always be cancelled when obtained by means of false declarations or other illegal means, regardless of any penal sanctions which may be applicable;
6. The provisions of the previous numbers shall be applied, with the necessary adaptations, to the managers of branch offices and representative offices referred to in article 37 of this law.

Article 52
Facts arising subsequently

1. The banking financial institutions should notify the National Bank of Angola, as soon as they are in possession of any facts as referred to in number 3 of article 26 of this law, which arise subsequently to the registration of the designation and which are related to any of the persons referred to in number 1 of the same article.
2. Supervening facts are those, which arise either after registration or before registration if they only become known after the registration is completed.
3. The obligation stipulated in number 1 of this article will be considered fulfilled if the persons concerned with the information enter into communication personally.
4. If the National Bank of Angola concludes that the suitability requirements for the type of responsibility have not been met, it shall cancel the relevant registration and communicate its decision to the persons in question and to the banking financial institution, which should take the necessary measures to ensure that the persons in question immediately give up their duties and new replacements are immediately nominated.
5. The registration will always be cancelled if it is ascertained that it was obtained by false declarations or other illegal means, regardless of other legal penalties which may be applicable.
6. The provisions of this article shall be applicable, duly adapted, to the managers of branches and representative offices as referred to in article 37 of this law.

Article 53

Deadlines, complementary information and certification

1. The deadline for requesting any registration is thirty days from the date on which the facts to register occurred or the National Bank of Angola has knowledge of them, as stipulated in number 2 of the previous article.
2. The registration of banking financial institutions should be requested within the same deadlines, counting from the date of final commercial registration or, in the case of foreign-based entities established in Angola, of their eligibility to become established in Angola.
3. When the request or documentation presented is incomplete or contains irregularities, which may be corrected by interested parties, the latter shall be notified to make the necessary corrections in a reasonable deadline, under the penalty of refusal of registration.
4. If the National Bank of Angola does not express any objections, within 30 days counting from the date of receipt of the request correctly presented or from the receipt of additional information if requested, the registration is considered as made.
5. Certificates of registration will be presented to parties showing a legitimate interest.

Article 54

Refusal of registration

Besides other grounds, which the law provides for, registration shall be refused in the following cases:

- a) when it is evident that the fact is not mentioned in the documentation presented;
- b) when it is verified that the fact mentioned in the document is already registered or does not require registration;
- c) when some legally required authorization is missing;
- d) when the nullity of the fact is obvious;
- e) when it is ascertained that one of the conditions has not been met upon which the necessary authorization for the constitution of the institution or the exercise of its activity depends, for instance, when one of the members of the administrative or supervisory bodies does not satisfy the legal requirements for suitability or experience, or when there are grounds for opposition under the terms of article 29 of this law.

Chapter VI

Rules of conduct

Section I General Duties

Article 55 Technical competence

The banking financial institutions shall guarantee to the clients high levels of technical competence in all the activities that they perform, ensuring that the organization has all the technical and material means necessary to deliver services performed in appropriate conditions, of quality and efficiency.

Article 56 Relation with clients

In the relations with clients, the managers and employees of banking financial institutions shall use diligence, loyalty, discretion and respect, always being conscious of the interests that have been entrusted to them.

Article 57 Duty of information

1. The banking financial institutions shall inform clients, in a clear and straightforward manner, the remuneration offered for funds received, the interest rates and conditions to access credit, as well as the cost of services and others that shall be supported by the client.

2. The National Bank of Angola shall define the minimum requirements that banking financial institutions must comply with in publicizing the conditions of the services provided.

Article 58 **Code of conduct**

1. The National Bank of Angola may define rules of conduct considered necessary to complement and develop the ones established in this law.
2. The code of conduct prepared by the Association representing the banking financial institutions shall be sent to the National Bank of Angola for acknowledgement.

Section II **Professional secrecy**

Article 59 **Obligation to respect confidentiality**

1. The members of the administrative and supervisory bodies of banking financial institutions, their employees, agents, representatives and other persons who provide services to them on a permanent or temporary basis may not reveal or use any information regarding any fact or element relating to the life of the institution or its relations with its clients, the knowledge of which they acquired solely through the exercise of their duties or through the provision of their services.
2. Specifically, the names of clients, their deposit accounts and movements related thereto, and any other banking operations, are subject to the requirement of confidentiality.
3. The obligation to respect confidentiality does not cease with termination of the person's duties or employment.

Article 60 **Exceptions to the obligation to respect confidentiality**

1. Facts or elements relating to the client-institution relationship may be revealed upon authorization of the client, communicated in writing to the institution.
2. Besides the circumstance mentioned in the previous number, facts and elements covered by the obligation to respect confidentiality may only be revealed:
 - a) to the National Bank of Angola within the scope of its powers;
 - b) to the Securities Supervision Entity within the scope of its powers;
 - c) to the Insurance Supervision Institute within the scope of its powers;
 - d) for preparation of court proceedings by means of a dispatch issued by a judge of law or a magistrate for public prosecution;

- e) when there is another legal provision which expressly limits the obligations to respect confidentiality.

Article 61

Supervisory authorities' obligation to respect confidentiality

1. Persons who exercise or who have exercised duties within the National Bank of Angola, or persons who have provided services on a permanent or casual basis, are subject to the obligation to respect confidentiality regarding facts the knowledge of which they acquired solely through the exercise of their duties or provision of services, and they may not divulge or otherwise make use of the information obtained.
2. The facts and elements covered by the obligation to respect confidentiality may only be revealed by authorization of those concerned, communicated in writing to the National Bank of Angola, or under the provisions of the penal and penal process law.
3. The disclosure of summarized or grouped information, that does not allow the identification of individuals or institutions, is licit, namely for statistical purposes.

Article 62

Cooperation with other entities

1. The provisions of the previous articles do not prevent the National Bank of Angola from exchanging information with the following entities:
 - a) the Securities Supervision Entity and the Insurance Supervision Institute within the scope of their powers;
 - b) authorities involved in the liquidation of financial institutions;
 - c) persons responsible for the control of the accounts of financial institutions and the responsible supervisory bodies of those same institutions;
 - d) the supervisory authorities of other states, under reciprocal arrangements, regarding information necessary for the supervision of Angola based financial institutions, and of equivalent institutions based in those states, within the scope of co-operation agreements made by the bank;
 - e) central banks and other entities with a similar vocation, as monetary authorities, and other authorities responsible for the supervision of the system of payments.
2. The obligation to respect confidentiality applies to all authorities, bodies and persons who participate in the exchange of information referred to in the previous numbers.
3. The information received by the National Bank of Angola under the terms of this article may only be used:
 - a) for examining the conditions of access to the activity of financial institutions;

- b) for supervising the activities of banking financial institutions, specifically in regard to liquidity, solvency, large risks, and other requirements of adequacy of own funds, administrative organization, accounting and internal controls;
- c) for the application of sanctions;
- d) in respect of any appeal against a decision taken by the National Bank of Angola under the terms of the provisions applicable to entities subject to BNA supervision;
- e) for the purpose of monetary policy and overview or supervision of systems of payment.

Article 63

Cooperation with other countries

The co-operation agreements referred to in line d) and e) of number 1 of the previous article, may only be made when the information to be provided is covered by guarantees of confidentiality at least of equivalent standing to those stipulated in this act.

Article 64

Information regarding risks

Regardless of what may come to be decided, by the National Bank of Angola, regarding the information and credit risk database, financial institutions may, under a regime of secrecy, organize a reciprocal information system with the object of guaranteeing the security of their operations.

Article 65

Violation of the obligation to respect confidentiality

Without prejudice to such other sanctions as may be applicable, violation of the obligation to respect confidentiality is punishable under the terms of the penal code and other legislation on the subject.

Section III

Conflict of interest

Article 66

Credit for members of social bodies

1. Banking financial institutions may not provide credit, in any way or form, including the provision of guarantees, either directly or indirectly, to members of the administrative or supervisory or similar bodies, nor to companies or other institutions over which they exercise direct or indirect control.
2. Credit is presumed to have been granted indirectly when the beneficiary is a spouse, close relative or in-laws, of one of the members of the administrative

- or supervisory bodies, or a company over which they exercise direct or indirect control.
3. For the purposes of this article, the acquisition by financial institutions of part of the capital of companies or other institutions referred to in the previous numbers is considered tantamount to granting credit.
 4. Operations of a social nature or those arising from the personnel policy are exempted from the provisions of the previous numbers.
 5. The provisions of numbers 1 to 3 of this article shall not apply when the beneficiary of the credit is a financial institution or holding company supervised on the basis of consolidated financial statements with the company in question.
 6. The members of the administrative or supervisory bodies of a financial institution who are managers or owners of qualified shareholdings, in companies or institutions, other than the ones mentioned in number 1 of this article shall not take part in the evaluation and decision of extending credit to such entities, and approval requires a majority of at least two thirds of the remaining members of the administrative body and a positive legal opinion of the supervisory or equivalent body.
 7. Financial institutions may not extend credit or guarantees to persons that, directly or indirectly, own qualified shareholdings in such institutions.

Article 67

Credit to persons linked to institutions

The members of the administrative and supervisory bodies, directors, employees, consultants and representatives of financial institutions cannot take part in the evaluation and decision of operations in which they themselves, or their spouses or close relatives have a direct or indirect interest, or to companies or other institutions which either one or the other, directly or indirectly, control.

Section IV

Competition and advertising

Article 68

Defense of competition

1. Finance institutions and their branch offices may not:
 - a) sign contracts or agreements or adopt any kind of joint policy with the objective of achieving a dominant position in monetary, finance or exchange markets or bring about any change in their normal functioning;
 - b) individually adopt any of the practices referred to in the preceding paragraphs, or systematically apply discriminatory conditions in comparable operations;
 - c) financial institutions, under supervision of the National Bank of Angola, shall not impose to their clients, as a condition to benefit from the services, the acquisition of goods and products or the hiring of services,

- either provided by the institution, an affiliate company or any other company where it owns a qualified shareholding.
2. Agreements, contracts or practices with the following objectives are considered exemptions to the provision of line a) above:
 - a) Firm uptake of shares or debentures of any companies or public debt bonds, with the object of placing them through public subscription;
 - b) Granting credit of considerable sums to a certain company or group of companies in the same sector of economic activity, specifically credit related to contracts for viability or financial correction or development.

Article 69

Advertising

The National Bank of Angola may order the immediate suspension of, or determine the adequate modifications or rectifications to, any advertisement of financial institutions with registered office in the country, when considered in violation of the law or misleading to the public.

Chapter VII

Responsible Management and supervision norms

Section I

General Principles

Article 70

Market direction and control

The National Bank of Angola is responsible for directing the monetary and foreign exchange markets in accordance with its Statutes and this law.

Article 71

Supervision

1. The National Bank of Angola is responsible for the supervision of banking financial institutions and institutions identified in number 1 of article 5, with registered office in Angola, as well as branch offices and representative offices in Angola, of financial institutions with registered offices abroad, in accordance with its Statutes and this law.
2. The supervisory competence granted to the Securities Supervision Entity, and to the Insurance Supervision Institute is not affected by the stipulated in the last number.
3. Notwithstanding the stipulated in article 60 of this law, any entity or public body needing to, within its powers, analyze or obtain any information or documents pertaining to the activities of financial institutions supervised by

- the National Bank of Angola, shall only be able to do so after previous notification and duly accompanied.
4. The National Bank of Angola shall be responsible for the supervision of holding companies, when the participations held, directly or indirectly, in one or more financial institutions gives them control over companies that are subject to supervision.
 5. The National Bank of Angola is also responsible for supervising the holdings that are not included in the stipulation of last number but hold a qualified shareholding in one or more financial institutions under supervision.

Article 72

Supervision on an individual and consolidated basis

1. Financial institutions shall be supervised on an individual and consolidate basis.
2. The National Bank of Angola is responsible for defining, by Notice, the terms and conditions for the supervision, on an individual and consolidated basis, of the institutions within its scope of competence.

Article 73

Guarantee of deposits

The Government is responsible for creating, by decree, a fund with the objective of ensuring the guarantee of deposits entrusted to participating institutions, and establishing rules for its operation.

Section II

Responsible management

Article 74

General principles

Banking financial institutions should use the funds at their disposal in such a way as to guarantee at all times adequate levels of liquidity and solvency.

Article 75

Capital

1. The responsible supervisory entity shall set the elements, which may be considered capital funds of banking financial institutions and branch offices in Angola of foreign based financial institutions, defining the characteristics of such.
2. Capital funds of the financial institutions referred to in article 3 of this law, may not become less than the minimum amount of stock capital legally required.

3. If it is shown that the capital funds have fallen below the required amount, the Supervisory Entity may, where circumstances justify, grant the institution a limited period to regularize the situation.

Article 76 Reserves

1. The supervisory entity shall define a fraction, not smaller than 10%, of net profits ascertained for each year by banking financial institutions, which must be set aside for the creation of a legal reserve up to the limit of the stock capital.
2. Financial institutions should also set up special reserves for backing up liquidity or to cover damages that the profit and loss account may not be able to meet.
3. The responsible supervisory entity may define general or specific criteria for the setting up and use of reserves mentioned in the previous number.

Article 77 Ratios and prudent limits

1. The responsible supervisory entity is responsible for defining the ratios to be maintained between asset items, and establishing prudent limits to the operations that financial institutions are authorized to carry out, namely:
 - a) the ratio between own capital funds and the total of assets and non-patrimonial accounts, whether or not weighted according to coefficient of risk;
 - b) limits to the firm uptake of the issue of debentures for indirect subscription or as a guarantee of placement of issues of the same securities;
 - c) limits and types of cover for third-party resources and any other liabilities towards third parties;
 - d) limits to the concentration of risk;
 - e) minimum limits to the provisions for coverage of credit risk or any other risk or liability;
 - f) ratio of participants shareholding with own funds;
 - g) ratio of participants shareholding with the capital of the other;
 - h) limits to fixed assets;
 - i) limits to credit granted to holders of qualified shareholdings;
 - j) limits of foreign exchange exposure;
 - k) others limits to be defined by the responsible supervisory entity.

Article 78 Subsequent communication

Without prejudice to the communication provided for in number 1 of article 22 of this law, facts that result, directly or indirectly, in a qualified shareholding in a credit

institution, or an increase in the same under the terms of the provisions of the same article, should be notified by the person concerned to the responsible supervisory entity, within a period of 15 days counting from the date on which the facts arose.

Article 79

Registration of Parasocial Agreements

1. Parasocial agreements between shareholders of financial institutions concerning the exercise of the right to vote are subject to registration at the responsible supervisory entity, under penalty of inefficacy.
2. Either party to the agreement may request the registration.

Article 80

Accounting and publication rules

1. The National Bank of Angola is, without any prejudice to competences that may come to be attributed to other bodies governing accounting, securities and insurance, responsible for establishing the internal control standards, accounting rules and other applicable, to the institutions under the supervision, and also for defining the elements that the institutions should submit and/or publish.
2. Financial institutions shall publish financial statements, in the terms and with the periodicity defined by their respective supervisory boards, which must be prepared by an accountant registered with the entity representing accountants and chartered accountants of Angola, in accordance with law 3/01, dated March 23, Accounting and Audit Law.

Section III

Supervision

Article 81

Supervisory procedures

In the execution of its supervisory duties, the responsible supervision entity is particularly responsible for:

- a) follow up the activities of financial institutions under supervision and promote the evaluation of risks and it's control, as well as the sufficiency of own funds to support those risks;
- b) ensuring compliance with standards which govern the activities of financial institutions;
- c) issuing recommendations for correcting any irregularities, deficiencies of control and management, or insufficiency of capital that may be detected;
- d) taking extraordinary corrective measures;
- e) sanctioning infractions.

Article 82
Sound and prudent management

1. If the conditions under which financial institutions carry out their activities are not in compliance with the rules of safe and prudent management, the responsible Supervisory Entity may notify them to take measures, within a period to be set, to re-establish or strengthen financial balance, or correct their management methods.
2. For the purposes of the previous number the responsible Supervisory Entity may determine the replacement of administrators or directors, in compliance with the requirements of suitability and technical capacity stipulated in this law.
3. Whenever the responsible Supervisory Entity has knowledge of a project operation for a financial institution that, in their understanding, may be susceptible of violation or aggravated violation of prudential rules or may infringe the rules for a sound and prudent management, it may notify the institution to stop such an operation.

Article 83
Obligation to supply information

1. Financial institutions are obligated to provide to the responsible Supervisory Entity, within the defined deadline, such information as it considers necessary for verifying levels of liquidity and solvency, of risks incurred, of compliance with the regulatory and legal standards of their administrative organization and of the efficiency of their internal controls, as well as safety and control procedures of computer systems.
2. Financial institutions should allow the responsible Supervisory Entity to inspect their premises and examine their books, *in situ*, and any other material that the responsible Supervisory Entity may consider relevant for the verification of the matters referred to in the previous number.
3. The responsible Supervisory Entity may extract copies and transcripts of all relevant documentation, preparing minutes signed by the representative of the responsible Supervisory Entity and by the representative of the institution in question, where the documents copied or transcripts made are registered.
4. Entities not covered by the preceding numbers and which hold qualified shareholdings in the capital of financial institutions are obliged to supply to the responsible Supervisory Entity all elements or information that it may consider relevant for its supervision of the institution in which they have an interest.

Article 84
External Auditors

1. The activities of financial institutions and their annual accounts shall be subject to annual external auditing, by an auditing company legalized and established in Angola, in accordance with the stipulated in Law 3/01, dated March 23.
2. The external auditors shall report to the responsible Supervisory Entity, as it may be required, the work done and the results obtained, and communicate at any time the infractions to the rules and standards detected, and facts that may affect the continuity of the institution's activity or that may be a cause for the issue of reserves or limitations in the audit report.
3. The responsible Supervisory Entity may, exceptionally, and justifiably, define deadlines smaller than the ones stipulated in number 1 of this article.
4. For the purpose of number 1 of this article, the financial institution must communicate to the responsible Supervisory Entity, the identification of the chartered accountant or auditing firm, proposed or chosen, in the terms of the said number.
5. The financial institutions external auditors may not perform their duties for more than four years in a row, after that period they must wait identical period before becoming available for selection.

Article 85
Entities not entitled

1. When there are grounds to suspect that a non-entitled entity is carrying out or carried out activity reserved to financial institutions, the responsible Supervisory Entity may require that it submit the material necessary for clarifying the situation, and may also carry out inspections at the site where such activity is being or has been carried out, or where it is suspected that relevant material may be found which refers to such activity.
2. Without prejudice to the legitimacy conferred by the law on other persons, the responsible Supervisory Entity may require the dissolution and liquidation of the company or other institution that, without entitlement, carries out operations reserved for financial institutions.

Article 86
Seizure of documents and valuables

1. During the inspections referred to in number 1 of article 85 of this law, the responsible Supervisory Entity may seize any documents and valuables which are the object, instrument or product of an infraction or that may be deemed necessary for preparing any related legal proceedings.
2. Number 1 of article 136 of this law is applicable to the valuables seized.

Article 87

Co-operation with other authorities

Police authorities shall provide the responsible Supervisory Entity with the co-operation requested in relation with its supervisory duties.

Article 88

Prerogatives of Supervision Entities' staff

1. For an effective performance of their duties, the supervisory staff, with proper credentials, has an administrative guarantee, and may not be prosecuted judicially, for legitimate acts practiced in the course of legal and regular performance of their duties.
2. For the purpose of the provisions of the previous number, the responsible Supervisory Entity must take all appropriate measures to defend supervision personnel, including the payment of attorneys' fees and legal costs.

Chapter VIII

Non-banking financial institutions

Section I

Authorization of financial institutions with registered office in Angola

Subsection I

General principles

Article 89

Scope of application

The provisions of this chapter are applied to the authorization of non-banking financial institutions identified in article 5 of this law.

Article 90

Supervisory Entities

The Supervisory Entities may celebrate agreements among themselves with the following objectives:

- a) previous consultation for the strengthening of authorizations, supervision, normalization and overview of financial institutions;
- b) exchange of information on financial institutions, their partners, administrators, managers and members of the supervisory, consultative and similar bodies; and
- c) other issues of common interest.

Article 91

General requirements

The non-banking financial institutions with registered offices in Angola must satisfy the following requirements:

- a) match up one of the types provided for in article 5 of this law;
- b) to have as object the activities stipulated in the legal regulations;
- c) to have a capital stock of not less than the legal minimum.

Article 92

Capital stock

1. The responsible Supervisory Entities shall define the minimum capital stock for non-banking financial institutions.
2. Notwithstanding any special laws, numbers 2 to 9 of article 14 are applicable to non-banking financial institutions, with the necessary adaptations.

Subsection II

Authorization Process

Article 93

Authorization

1. The creation of non-banking financial institutions, with registered office in Angola, mentioned in article 5, requires an authorization issued, on a case-by-case basis, by the responsible Supervisory Entity.
2. To the authorization, and to the respective request, is applicable the stipulated in articles 16 to 19 of this law, with the necessary adaptations, namely regarding the authority of the Supervisory Entity.

Article 94

Refusal of authorization

1. Authorization shall always be refused when:
 - a) the request has not been drawn up with all the information and documents required;
 - b) the request contains inexactitudes or falsehoods;
 - c) the institution proposed does not comply with the terms of article 91 of this law;
 - d) the Supervisory Entity does not consider proved that all the holders of qualified shareholdings satisfy the requirements of number 2 of article 23 of this law;
 - e) the company does not possess the technical or financial resources for the type and volume of operations intended.

2. If the request is improperly drawn up, the Supervisory Entity, before refusing authorization will notify the petitioners in order to correct the deficiencies, within a defined deadline.

Article 95 **Expiry of authorization**

1. The authorization of a non-banking financial institution expires if the petitioners expressly waiver it, if the institution or company is not incorporated within six months or, if it does not start its activities within twelve months, counting from the same date.
2. In exceptional circumstances, and through request by the institution, duly substantiated, the responsible Supervisory Entity may extend, only once, up to six months, the date for the beginning of activity.
3. The authorization expires if the company is dissolved, without prejudice to the acts necessary for liquidation.

Article 96 **Revocation of authorization**

1. The authorization for a non-banking financial institution may be revoked on the following grounds, besides others provided for by law:
 - a) if it has been obtained by means of false declarations or other illegal means, regardless of any penal sanctions which may be applicable;
 - b) if any of the requirements made by law ceases to exist;
 - c) if the institution ceases to exercise its activity permanently, or for more than six months;
 - d) if the institution fails to honor its commitments, namely the ones regarding the safeguard of the funds entrusted to them;
 - e) if the institution does not comply with the laws and regulations that rule its activity or with the responsible Supervisory Entity decisions, putting at risk the interests of the investors and other creditors, or the normal operation of the monetary, financial or foreign exchange markets.
2. The revocation of the authorization implies the dissolution and liquidation of the company.

Article 97 **Authority and forms of revocation**

The authority and the form of revocation are defined in this law, and other applicable legislation.

Article 98

Administration and overview

Notwithstanding the stipulated in special law, articles 26 to 29 of this law, are applicable with the necessary adaptations to non-banking financial institutions.

Article 99 Alterations to statutes

Any alterations to the statutes of banking financial institutions are subject to prior authorization of the responsible Supervisory Entity and also the merger, demerger and dissolution of the non-banking financial institutions.

Section II Activities abroad with registered office in Angola

Article 100 Branch offices

Notwithstanding the stipulated in special law, and with the necessary adaptations, articles 33 to 45 of this law, are applicable to the establishment of branch offices of non-banking financial institutions with registered office in Angola.

Section III Activities in Angola with registered office abroad

Article 101 Branch offices

Notwithstanding the stipulated in special law, and with the necessary adaptations, regarding the supervisory entity, articles 36 to 45 of this law, are applicable to the establishment, in Angola, of branch offices of non-banking financial institutions with registered office abroad.

Article 102 Representative offices

The establishment and operation, in Angola, of representative offices of non-banking financial institutions with registered office abroad, is regulated by the stipulated in articles 46 to 48 of this law, with the necessary adaptations and not withstanding dispositions of special law.

Article 103 Intervention of the Securities Supervision Entity

Whenever the object of a non-banking financial institutions referred to in number 1 of article 5, intending to open a branch office abroad, encompasses any intermediation activity in the capital market, the National Bank of Angola must require the Securities Supervision Entity legal opinion.

Section IV

Additional rules

Article 104

Registration

1. Non-banking financial institutions must be registered with their responsible Supervisory Entity prior to initiating their activity.
2. Apart from the obligation stipulated in the previous number, the providers of netting systems or clearing houses for securities must, prior to beginning activity, comply also with the stipulated in the Angolan System of Payment Law.

Article 105

Rules of conduct

Notwithstanding the stipulated in special law, and with the necessary adaptations, Chapter VII, articles 55 to 69 of this law, are applicable.

Article 106

Prudential rules

Notwithstanding the stipulated in special law, and with the necessary adaptations, numbers 1,2 and 4 of article 23, and articles 70 to 80 of this law, are applicable regarding the supervisory entity.

Article 107

Supervision

Notwithstanding the stipulated in special law, and with the necessary adaptations, articles 71 to 81 of this law, are applicable.

Chapter IX

Corrective measures

Article 108

Objective of corrective provisions

1. With a view to protecting the interests of its depositors, investors and other creditors, and to safeguard the normal functioning of the monetary, financial and foreign exchange markets, the Supervisory Entity may, in relation to financial institutions with registered office in Angola, adopt the extraordinary measures referred to in this chapter.
2. The general provisions, stipulated in the Commercial Code, for preventive measures for declaration of bankruptcy do not apply to financial institutions.

Article 109

Obligation to communicate

1. When a financial institution finds itself unable to meet its obligations, or at risk of becoming unable to do so, the administrative and supervisory bodies should immediately communicate the fact to the Supervisory Entity.
2. Members of the administrative and supervisory bodies are individually obliged to make the communication referred to in the previous number, doing so on their own initiative if the body to which they belong fails to do so or delays doing so.
3. The communication should be accompanied or followed at the shortest possible interval by a summary of the salient facts of the situation and a list of creditors, with their respective contact addresses.

Article 110

Extraordinary corrective measures

When a financial institution finds itself in a situation of financial imbalance, as shown in a reduction of its own funds to a level lower than the legal minimum, or incompliance with the ratios of solvency or liquidity, the Supervisory Entity may decide, within a period defined by itself, on the application of some or all of the following corrective measures:

- a) presentation, by the institution in question, of a recovery and corrective plan, under the terms of next article of this law;
- b) restrictions on credit granted and to the application of funds in certain types of assets, particularly those regarding operations with an affiliate, or with a parent company, or with an affiliate of a parent company;
- c) imposition of special provisions;
- d) suspending or prohibiting the distribution of dividends;
- e) subjecting certain operations or acts to prior approval of the Supervisory Entity.

Article 111

Recovery and corrective plan

1. If any of the conditions described in the previous article occurs, the Supervisory Entity may oblige the institution in question to prepare and submit for approval a recovery and corrective plan, within the defined deadline.
2. The Supervisory Entity may define the conditions for the acceptance of the recovery and corrective plan, namely, a capital raise, disposal of capital shareholdings or other assets, or further conditions as it may find suitable.
3. When the measures stipulated in the previous numbers are not approved by the shareholders, or the amounts involved are so large that they may jeopardize the concretization of the plan, then the Supervisory Entity, if a serious risk of failure by the institution exists, namely regarding the safety of funds entrusted to the institution, may submit an intervention plan that, among others, shall include the necessary capital raise and, if required, determine the prior absorption of damages by the relevant positive elements of their own funds.
4. The National Bank of Angola may invite other financial institutions with registered office in the country to co-operate in the corrective measures, namely, to bring in fresh money or financial support, and shall be responsible for the coordination of such co-operation.
5. In case the conditions imposed by the Supervisory Authority, or its proposals as presented are not accepted, the authorization to exercise may be revoked.

Article 112

Nomination of provisional administrators

1. The Supervisory Entity may nominate, one or more, provisional administrators for the financial institution when:
 - a) the institution is at risk of suspending payments;
 - b) the institution is in a situation of financial imbalance, which due to its duration or seriousness, constitutes a grave threat to solvency;
 - c) for whatever reason the administration cannot offer guarantees of prudent operation, placing creditors' interests at serious risk;
 - d) the accounting or internal control procedures reveal such serious insufficiencies the asset situation of the institution cannot be adequately evaluated.
2. The administrators nominated by the Supervisory Entity shall have the powers and duties conferred by law and by statute to the administrative body, plus the following:
 - a) veto the decisions of the general assembly and, if necessary, of the bodies referred to in number 3 of this article;
 - b) to summon a general assembly;
 - c) to draw up, within a ninety day period, renewable for a similar period, a report on the asset situation of the institution, and its causes, and submit it to the responsible Supervisory Entity based on the closing balance of the day when the provisional administrators were nominated, accompanied by a legal opinion of the supervisory commission, if appointed.

3. Having nominated provisional administrators the responsible Supervisory Entity shall suspend, the administrative body and any other body with similar duties.
4. The provisional administrators shall perform their duties for a period determined by the Supervisory Entity, up to a maximum of one year, renewable once for a similar period.
5. Payment of the provisional administrators is determined by the Supervisory Entity, and falls to the responsibility of the institution in question.

Article 113

Responsibility of the suspended administrators

1. For the purpose of number 3 of article 120 of this law, jointly with the suspension of the members of the administrative body or of any other bodies with similar duties, the Supervisory Entity shall require a judicial decision prohibiting the personal patrimony of the above referred members to be transferred, in any manner.
2. The prohibition referred to in the previous number will last for as long as the extraordinary measures stipulated in this chapter last.

Article 114

Nomination of the Supervisory Commission

1. When any of the situations referred to in article 109 or in number 2 of article 111 of this law occur, the Supervisory Entity may, together with or separately from the nomination of the provisional administrators, nominate a supervisory commission.
2. The following will be members of the supervisory commission:
 - a) one person nominated by the Supervisory Entity who shall preside over the commission;
 - b) one person nominated by the general assembly;
 - c) one independent chartered accountant nominated by the body representing accountants and chartered accountants, in accordance with the Supervisory Entity.
3. The failure to nominate the person referred to in line b) above does not prevent the supervisory commission from executing its duties.
4. The supervisory commission shall exercise their duties for a period determined by the Supervisory Entity, up to a maximum of one year, which may be extended once for a similar period.
5. The supervisory commission has the powers and duties conferred by law and statute to the fiscal council or accounts auditor, according to the structure of the company, the later remaining suspended for the duration of the commissions' activity.
6. Payment to the members of the supervisory commission is determined by the Supervisory Entity and falls to the responsibility of the institution in question.

Article 115

Other measures

1. When nominating the provisional administrators, the supervisory entity may determine the following extraordinary measures:
 - a) temporary suspension of compliance with standards of prudence or monetary policy;
 - b) temporary suspension of timely compliance with previously accepted obligations;
 - c) temporary closure of branches and other premises where public transactions take place.
2. The provision of line b) above does not affect the preservation of all the rights of credit against guarantors or those who are jointly liable.
3. The measures referred to in this article shall be applicable for a maximum of one year, extendable once only for a similar further period.

Article 116

Duration of extraordinary measures

The extraordinary measures provided for in this chapter shall remain in force only as long as the situation, which led to their imposition, continues.

Article 117

Suspension of execution and deadlines

When the extraordinary measure of nominating provisional administrators is adopted, and while it lasts, all executions, including fiscal executions, against the institution or executions affecting its assets, not excepting those which are reserved for collection of preferred or secured credits, and deadlines for forfeiture or expiry that may be opposed by the institution are suspended.

Article 118

Appeals

In any appeal of decisions taken by the Supervisory Entity in the context of measures regulated by this chapter, it is presumed, until the contrary is proven, that the suspension of effectiveness constitutes serious damage to public interest.

Article 119

Application of sanctions

The adoption of extraordinary corrective measures does not prevent, in the case of any infraction, the application of sanctions as provided for by law.

Article 120

Liquidation procedure

1. If it is ascertained that, even with the adoption of extraordinary measures, it is not possible to save the institution, and while the law on intervention and extra-judicial liquidation of financial institutions is not approved, the Supervisory Entity shall revoke the authorization for the exercise of activity and request the Attorney General to require the declaration of bankruptcy.
2. The judge of the Provincial circumscription where the headquarters of the financial institution are located shall appoint the trustee, by proposal of the Supervisory Entity.
3. The personal patrimony of managers that are considered to blame, either by gross fault or felonious act, for the bankruptcy, shall respond in its totality for the payments of the institution debts.

Article 121

Branch Offices

The provisions of this chapter are applicable, with the appropriate adaptations, to the branch offices of foreign financial institutions.

Chapter X

Infractions

Section I

General Provisions

Article 122

Area of applicability

1. The provisions of this chapter are applicable, regardless of the nationality of the agent.
2. The following facts that infringe this law, are considered infractions, if:
 - a) acts perpetrated in Angolan territory;
 - b) acts perpetrated on foreign territory by banking or non-banking financial institutions with registered office in Angola or which operate there through branch offices, or individuals who, relative to such entities are in any of the situations provided for in number 1 of article 124 of this law;
 - c) acts perpetrated on board Angolan ships or aircrafts, except where there is a treaty or convention to the contrary.

Article 123

Responsibility

The perpetration of the infraction covered by this section may be imputed, jointly or otherwise, to individuals or companies or institutions, even when irregularly constituted.

Article 124

Responsibility of companies or institutions

1. Companies and institutions, even if irregularly created, are liable for any infractions by members of their respective bodies and by holders of management positions, in the exercise of their duties, and also for infractions perpetrated by representatives of the company in the execution of acts on behalf of it.
2. The invalidity or legal ineffectiveness of the acts, which form the basis of the relationship between the individual agent and the company, does not affect the application of the provisions of the previous number.

Article 125

Responsibility of individual agents

1. The responsibility of the company does not absolve from responsibility individual members of the respective bodies, holders of capital shareholdings, those who exercise management duties or those who act as representatives, legally or voluntarily.
2. Individual agents who represent a third party are nonetheless responsible for the fact that the specific type of illicit act committed requires certain personal elements and those are only reunited in the person of the represented, or the fact that the agent has committed the act on his own initiative and in his own interest, even though in the name of the party represented.

Article 126

Attempted crime and negligence

1. Attempted crime and negligence are always punished.
2. The sanction for attempted crime is the same as for proven illicit acts, with maximum and minimum limits reduced by a third.
3. In cases of negligence the maximum and minimum limits of the fine are reduced by a half.
4. When the responsibility of the individual agent is attenuated in terms of the previous numbers, the corresponding sanction applicable to the company is modified accordingly.

Article 127

Graduation of the sanction

1. Fines and accompanying sanctions are determined as a function of the objective and subjective seriousness of the infraction, taking into account the individual or collective nature of the agent in question.
2. The seriousness of the infraction committed by the company is evaluated in relation to the following circumstances:
 - a) danger or damage caused to the financial system or the national economy;
 - b) singular or repeated nature of the infraction;

- c) attempts at concealment to make discovery of the infraction more difficult, or reduce the efficiency of the applicable sanction;
 - d) acts of the initiative of the accused to repair the damage or to avoid the danger caused by the infraction.
- 3. For individual agents, besides the circumstances corresponding to those enumerated in the previous number, the following also enter into consideration:
 - a) level of responsibility and scope of action of the company or institution in question;
 - b) benefit or intention to gain benefit for the person, spouse or close relative, or other close relatives;
 - c) special responsibility for not committing such infraction.
- 4. In determining the applicable sanction, besides the seriousness of the infraction, the following is taken into account:
 - a) the financial situation of the accused;
 - b) the previous conduct of the accused.
- 5. The attenuating circumstance of repairing the damage or minimizing the danger, when carried out by the company should be imputed to all individual agents, even though they may have made no personal contribution.
- 6. Whenever possible the fine should exceed the financial benefit that the accused or the prospective beneficiary would receive from the infraction.

Article 128

Failure to comply with duty

Whenever the infraction arises from a failure to comply with a duty, the application of the sanction and the payment of the fine do not absolve the infractor from compliance, if such is still possible.

Article 129

Limitations

- 1. Proceedings for the transgressions covered in this law are limited to five years.
- 2. The statute of limitations for sanctions is five years, counting from the day when the judicial appeal period against the decision to apply sanctions, or the day on which the judicial decision becomes binding and effective.
- 3. Additional fines and sanctions are limited to the same period, counting from the day of the final sentence.

Section II
Specific infractions

Subsection I
Penal measures

Article 130
Illegal activity of receiving deposits
and other refundable funds

1. Any person who exercises any activity which consists of receiving from the public, on their own account or for some third party, deposits or other refundable funds without the necessary authorization, shall be punished with imprisonment of up to five years.
2. The crime mentioned in the previous number is subject to the Penal Code and complementary legislation.

Article 131
Contraventions

Notwithstanding the provisions of number 6 of article 127 of this law, the infractions listed below are punishable by fines from 1% to 10%, or from 0,5% to 5% of the minimum stock capital of the institution in question, depending on whether it is applicable to a company or an individual:

- a) exercising activity without complying with the standards on registration at the Supervisory Entity;
- b) violation of the standards relating to subscription or raising of stock capital, in terms of timescales, amounts and forms of representation;
- c) any infraction of the rules on the use of denominations mentioned in articles 10 to 38 of this law;
- d) the omission of mandatory publication within legally required periods;
- e) the omission of information and communication required by the respective Supervisory Entity, within the established deadlines, and providing of incomplete information;
- f) the violation of ratios and prudential limits stipulated by law or by the responsible Supervisory Entities, within their own authority;
- g) violation of imperative rules of this law and of specific legislation governing the activity of banking and non-banking financial institutions, not provided for in the previous lines, and also of the regulations issued by the Ministry of Finance and the National Bank of Angola in compliance with or execution of the said rules;
- h) violation of the advertising rules and disobedience to specific determinations issued by the National Bank of Angola in compliance with article 59 of this law.

Article 132

Especially serious contraventions

Notwithstanding the provisions of number 6 of article 127 of this law, the infractions listed below are punishable by fines from 5% to 25%, or from 2,5% to 12,5% of the minimum stock capital of the institution in question, depending on whether it is applicable to a company or an individual:

- a) the unauthorized practice, by any entities, of operations reserved for financial institutions;
- b) the exercise of activities not included in their legal objectives, and also the carrying out of unauthorized or specifically forbidden operations;
- c) the fraudulent raising of capital stock;
- d) changes to statutes as provided for in articles 30 to 32 of this law, when not preceded by authorization from the Supervisory Entity;
- e) the exercise of any duties or functions in financial institutions, in violation of the prohibitions or in the absence of the express opposition of the Supervisory Entity;
- f) the falsification of the accounts and the lack of organized accounting, and also the failure to comply with other applicable accounting regulations as determined by law or by the Supervisory Entity, when such failure to comply obstructs awareness of the financial and asset situations of the entity in question;
- g) failure to comply with the ratios and prudent limits mentioned in number 2 of article 75, without prejudice to the provisions of number 3 of the same article, article 74 and other determined by the Supervisory Entity under the terms of article 77 of this law, when such failure causes or may cause serious damage to the financial balance of the entity in question;
- h) infractions of the standards on conflict of interest to in articles 66 and 67 of this law;
- i) fraudulent acts of poor management, to the detriment of depositors, investors and other creditors, practiced by members of company bodies;
- j) the practice, by holders of qualified shareholdings, of acts which prevent or seriously obstruct sound and prudent management of the entity in question;
- k) failure to immediately inform the Supervisory Entity of the inability to comply with obligations encountered or about to be encountered by a financial institution, or the communication of this information omitting details required by law;
- l) illegal failure to comply with Supervisory Entity decisions taken, under the terms of the law, with specific reference to the individual case, or carrying out acts subject by law to prior evaluation by the Supervisory Entity, when the latter as manifested its opposition;
- m) the refusal to allow or obstruction of any inspection by the Supervisory Entity;
- n) failure to communicate to the Supervisory Entity facts provided for in number 3 of article 26 after registration of nomination of members of the administrative or supervisory bodies of financial institutions, and also of

measures for suspension as referred to number 4 of articles 51 and 52, and in article 105;

- o) providing false or incomplete information to the Supervisory Entity, which may give false impression in the same way as if false had been communicated on the same subject.
- p) Disregard from the prohibition from exercising the right to vote.

Article 133 **Additional sanctions**

- 1. Together with the fines applicable under the terms of the previous articles, the following additional sanctions may be applied to infractors:
 - a) seizure and forfeit of the object of the infraction, including any economic gain from such;
 - b) inhibition from exercising corporate or management positions in financial institutions for a period varying from 6 months to 3 years, in cases provided for in article 131 or from 3 months to 1 year, in the situations provided for in article 130 of this law;
 - c) publication by the Supervisory Entity of the definitive punishment.
- 2. The publication referred to in the previous number shall appear in one of the most widely read newspapers in the area of the registered office or of the permanent premises of the accused or, in the case of an individual, of their residence.
- 3. The application of the sanctions provided for in this act does not prejudice either the penal or civil responsibility provided for in other legal or regulatory instruments.

Section III **Legal proceedings**

Article 134 **Responsibility**

- 1. The responsibility for legal proceedings in the contraventions mentioned in this law, and the application of appropriate sanctions falls to the Supervisory Entity.
- 2. The Supervisory Entity is responsible for the decision on the legal proceedings.
- 3. In the course of investigation or preparation of litigation the Supervisory Entity may request from the police or any other public service or authority all and any assistance as it may judge necessary to achieve the finalization of the proceedings.

Article 135
Suspension of proceedings

1. When the infraction constitutes a correctable irregularity, and does not cause significant damage or seriously put at risk the rights of depositors, investors, shareholders and other interested parties and does not cause serious damage to the financial system or the national economy, the Supervisory Entity may suspend the proceedings, notifying the infractor to correct the irregularity, within a certain period that it will decide.
2. The lack of correction in the amount of time decided determines the continuation of the proceedings.

Article 136
Seizure of documents and valuables

1. When it is necessary to the investigation or preparation of proceedings, any necessary documents and valuables may be seized from the premises of the financial institution or other companies, with the securities being deposited at the Supervisory Entity as guarantee of payment of fines and costs that the accused may be liable to.
2. Searches and seizures at domestic premises are subject to a legal warrant.

Article 137
Preventive suspension

If the accused is any of the persons mentioned in number 1 of article 124 of this law, the Supervisory Entity may decide upon preventive suspension from their respective duties, whenever this is deemed necessary to the efficient preparation of legal proceedings or to safeguard the financial system and the interests of depositors, investors and other creditors.

Article 138
Notification

Notification is by registered mail with acknowledgment of receipt, or personally, if necessary, by police authorities.

Article 139
Obligation to appear

1. Witnesses and experts who do not appear on the day and at the time and place appointed for the purposes of proceedings who do not produce justification at the time or within five days immediately following shall be liable to a financial penalty fixed by the Supervisory Entity between one third and three times the national minimum salary in force at the time.
2. Payment shall be made within 10 days of the notification, under penalty of forced payment.

Article 140
Accusation and defense

1. After investigation either the records are filed, if there is no infraction, or accusation is pressed.
2. The accusation shall indicate the infractor, the facts relative to the case and the respective time and place, and the law, which prohibits and punishes the infraction.
3. The accused or his defense, if such there be, are notified of the accusation, and given a period of 15 days to present the defense in writing, along with relevant proof.
4. The accused may not enroll more than three witnesses for each infraction.
5. The notification of accusation is made under the terms of article 138 of this law, or when the accused cannot be found or refuse receipt:
 - a) by announcement in a newspaper in the last locality where the accused resided, at the registered office or permanent premises or, in the absence of these, in one of the most widely-read newspapers in the area;
 - b) by announcement in one of the most widely-read newspapers in the country, when the accused does not have residence, registered office or permanent premises on national territory.

Article 141
Decision

1. After the investigation and preparation procedures necessary for the defense, the proceedings are presented to the administrative body of the Supervisory Entity for final decision, accompanied by a report on the infraction, which should be considered proven, and the sanctions applicable.
2. The accused should be informed of the decision by means of a notification carried out in accordance with number 5 of the previous article.

Article 142
Failure to appear

The failure of the accused to appear does not impede in any way the proceedings of the trial and the delivery of the final decision.

Article 143
Requirements for the decision to apply sanctions

1. The decision to apply sanctions shall include:
 - a) identity of the accused;
 - b) a description of the charge and proof obtained, as well as the standards violated and norms for punishment;

- c) sanction or sanctions applied, with the indication of the factors which contributed to their application.
2. The notification shall include the terms of the final decision, and the warning that the fine must be paid within 15 working days, counting from the said decision and may be executed after that period.

Article 144

Suspension of execution of sanction

1. The Supervisory Entity may suspend, wholly or in part, the execution of the sanction.
2. The suspension may be conditional upon compliance with certain obligations, specifically those considered necessary for regularizing illegal situations, reparation of damages or avoidance of risk.
3. The period of suspension of the execution is fixed at between 2 and 5 years, starting from the date on which the period of judicial refutation of the sentence expires.
4. If the suspension period expires without the accused having committed any criminal infraction or contravention of this law, and without having violated the terms of the obligations imposed upon him, the sentence is wiped out or in cases to the contrary the execution of the sanction is applied.

Article 145

Payment of fines

1. Fines should be paid within a 15 working days period counting from the date of notification, by deposit in the name of the Supervisory Entity.
2. The amounts received, through the treasury account (*conta única*), from fines belong to the State.
3. After payment the accused shall hand in to the Supervisory Entity within a period of 5 working days the receipts for such payment, to be added to the relevant documents.
4. The Minister of Finance may define the percentage of the fines that will revert to the Supervisory Entity.

Article 146

Responsibility for payment

1. Companies or institutions, even when illegally constituted, shall be jointly liable for the payment of fines applicable to their managers, employees or representatives for infractions punishable in the terms of this law.
2. The holders of positions in the administrative bodies of companies or institutions, even when illegally constituted, and when they were in a position to oppose the infraction and failed to do so, shall be individually and subsidiarily responsible for the payment of fines which have been imposed,

even if at the date of the sentence they had been dissolved or been declared bankrupt.

Article 147

Execution of the decision

1. Without prejudice to the provisions of the following number, the final decision may be executed if it is not judicially challenged.
2. Any decision to impose the sanctions provided for in lines d) and e) of article 131 of this law may be immediately executed, a situation which only ends with a definitive judicial decision to revoke.
3. The provision of the previous number is also applicable to decisions taken under the terms of articles 135 and 136.
4. If the fines are not paid within the period mentioned a copy of the final decision is taken and submitted to the Court of Fiscal Executions for execution.
5. If the financial institution repeatedly fails to pay fines that do not admit appeal, then the Supervisory Entity may initiate the adequate procedures to suspend or even cancel the authorization of the financial institution.

Section IV

Appeal

Article 148

Judicial challenge

1. The deadline for appeal of a decision for the application of a sanction is 15 working days from communication of the same to the accused, and the petition should be presented at the responsible Supervisory Entity.
2. In the petition the applicant should explain the reasons and basis for the appeal and attach documents or request further investigations necessary to prove the alleged facts.
3. Upon receipt of the petition the Supervisory Entity, will submit the declaration to the competent court within 15 working days, attaching such allegations, facts or information, as it considers relevant for deciding the matter and also offer proofs.

Article 149

Authority of the court

The Administrative and Civil bench of the Provincial Court of Luanda has the authority for challenging, revising and executing decisions of the Supervisory Entity in contravention proceedings initiated under the terms of this law, or in any other measures taken by the Supervisory Entity in the context of the same proceedings and susceptible to challenge.

Chapter XI

Final and transitional provisions

Article 150

Obligation to maintain records

1. Except for the instruments of payment settled, which have the deadline for retaining the records established in the System of Payment Law, the financial institutions must retain record, for a period of 10 years, of all documents and material relating to their operations, assets and liabilities.
2. The records may be replaced by microfiche or any other technological procedure, as may be defined by the Supervisory Entity.
3. Without prejudice to the provisions of the previous numbers the Supervisory Entity may publish norms defining the level of requirement of the documents and material to be kept.

Article 151

Form and publicity of the acts of the Supervisory Entities

The powers granted to the Supervisory Entities under the terms of this law are exercised and publicized in the terms of their statutes.

Article 152

Appeal

All decisions of the Supervisory Entity, taken in the context of this law, in all respects which are not especially regulated, may be appealed in the Civil and Administrative Bench of the Provincial Court of Luanda.

Article 153

Acts and contracts

1. All acts and contracts entered into by banking and non-banking financial institutions of whatever value may be executed by means of a simple private document.
2. The documents referred to in the previous number constitute sufficient power to oblige those mentioned therein to comply, on condition that the parties confirm the content before a notary, under the terms of article 162 of the Notary Code.
3. Authenticated documents are considered to have sufficient power for registration at a Notary for any real security.

Article 154
Legal regime

1. The banking and non-banking financial institutions mentioned in number 1 of article 5, are regulated by this law, and additionally by Company Law and other applicable rules.
2. The non-banking financial institutions mentioned in number 3 of article 5 are ruled by their specific laws, and additionally by this law, Company Law, and other applicable rules.

Article 155
Transitional provision

Banking financial institutions already authorized at the date of publication of this law have a period of one year to comply with the provisions hereby approved.

Article 156
Revocation provision

All legislation, which contradicts the provisions of this act, namely Law 3/91, dated April 20, is revoked.

Article 157
Doubts and omissions

The National Assembly shall settle any doubts and omissions, which may arise from the interpretation of this law.

Article 158
Entry into force

This law shall become valid upon its publication.

Seen and approved by the National Assembly, in Luanda, on February 24, 2005

Let it be published

The President of the National Assembly, *Roberto António Victor Francisco de Almeida*

Promulgated on September 7, 2005

The president of the Republic, JOSÉ EDUARDO DOS SANTOS