



COMISSÃO
DO MERCADO
DE CAPITAIS
REPÚBLICA DE ANGOLA

Investment Guide

Angolan Securities Market
for Non-resident Investors

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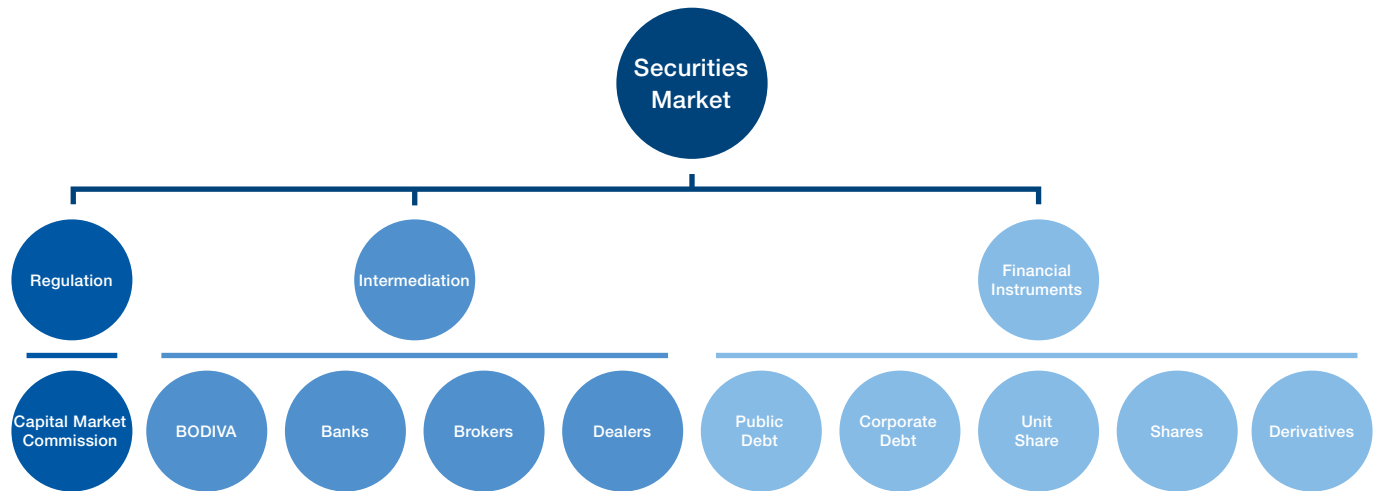
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I HOW IS THE ANGOLAN SECURITIES MARKET STRUCTURED?



The Angolan Securities Market was developed and implemented with the objective of providing a regulated environment to promote investment on a wide range of financial instruments.

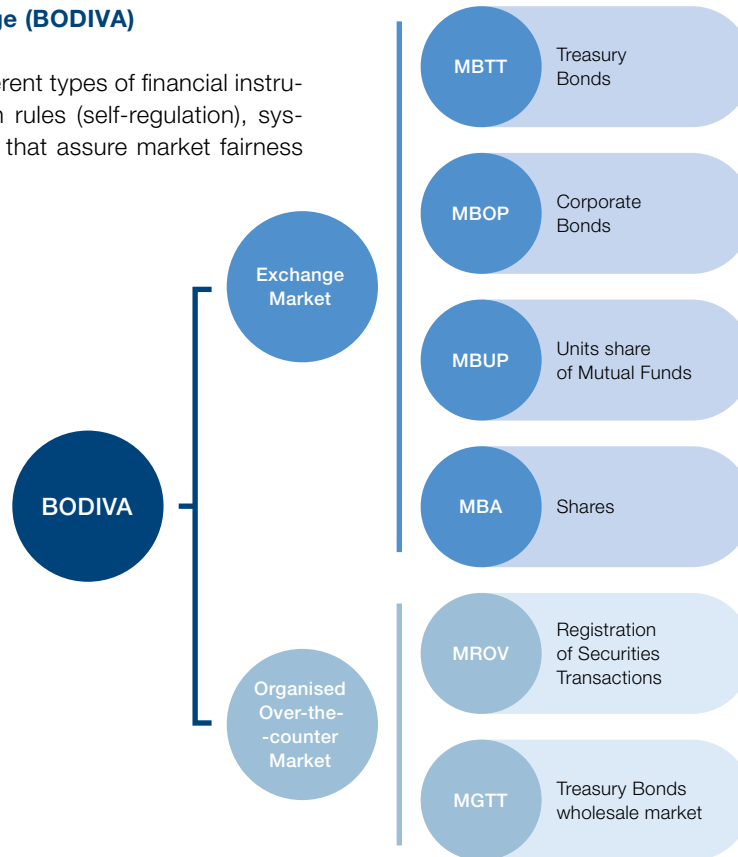
FIGURE 1 . **STRUCTURE OF THE SECURITIES MARKET**



i. The Angolan Stock Exchange (BODIVA)

BODIVA allows the trading of different types of financial instruments available to investors with rules (self-regulation), systems (platforms) and procedures that assure market fairness and integrity.

FIGURE 2 . **BODIVA MARKETS**



Source: BODIVA

The **Exchange Market** is characterized by being a regulated market and is intended exclusively for the spot trading of shares, bonds, rights highlighted in the scope of public offers and other similar instruments. In this market segment, the level of standards for listing admissions are higher, and the trades occur by the “order driven” method. Thus, all other financial instruments, namely derivatives, are excluded from this segment, even if the underlying asset is a security.

Organised Over-the-counter Markets are regulated markets with more flexible listing requirements than the Exchange Market. In this market segment, different trading methods are allowed, including the quote-driven¹ method and the registration of bilateral unsettled operations.

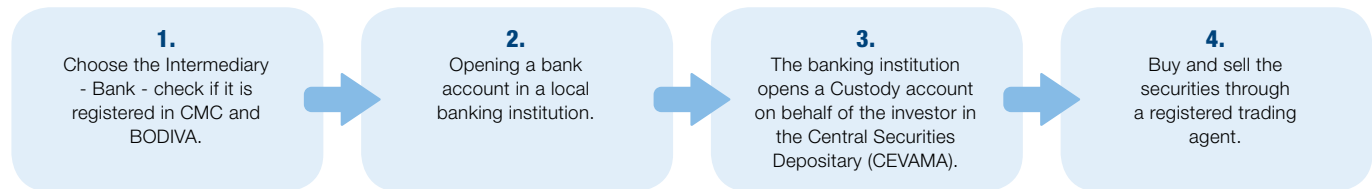
¹ Stock exchange trading system whose investors must first contact the intermediary who is selling or buying at a price that meets their return expectations.

II HOW CAN YOU INVEST IN THE ANGOLAN SECURITIES MARKET?



The process of investing in the Angolan securities market requires the following steps:

FIGURE 3 . PROCEDURAL REQUIREMENTS OF THE NON-RESIDENT INVESTORS



Source: CMC

Regarding step 3 – opening a custody account – the investor can also seek an international custodian which can open a custody account in BODIVA's Central Securities Depository (CEVAMA) on behalf of the end client.

ii. Choosing the Financial Intermediary

The intermediary agents are financial institutions legally authorized by CMC to provide services in the securities market, namely: brokers and dealers or similar, like Banking Institutions. For a list click [here](#).

According to BODIVA rules, the financial intermediaries are divided into: Trading Members and Clearing/Settlement Members, where the latter must be able to access the Angolan payment system, in other words, they have to be a banking institution.

The non-resident investor has to mandatorily open a bank account in a banking institution that is at the same time a registered intermediary in CMC and a clearing and settlement Member in BODIVA to execute foreign exchange transactions and to provide custody services.

The trading in regulated markets run by BODIVA can happen through other Members such as brokers and dealers under the terms and conditions agreed between the non-resident Investor, their clearing and settlement Member and respective trading Member.

iii. Opening and operating bank accounts

When the documentation for the bank account is presented, the non-resident investor should fill in a registration form in order to obtain the Tax Identification Number (NIF).

The operations of non-residents that involve the purchase of government debt securities are subject to previous licensing by the Angolan Central Bank (BNA). Meanwhile, the use of the bank account to carry out investments in the local securities market should meet the following requirements:

1. The financial resources from abroad appointed for investment should be transferred to a sub-account specifically created for such purpose and the resources should be used for that purpose only;

2. Payments to residents, including the ones for the purchase of shares/stocks listed in stock exchange (with the exception of the purchase of financial instruments designated in foreign currency, traded in a national regulated market) can only be settled in national currency. For that, the non-resident investor, will exchange his currency with the financial intermediary/Bank, with whom the transaction was made;
3. The non-resident investor can also keep the returns on their investments related to dividends, interests and realized capital gains in the national currency for:
 - a. Carrying out new investments in the future; or
 - b. Foreign currency conversion in the future.
4. The Cash of non-residents in bank accounts, whether in national or foreign currency liable to repatriation according to the foreign exchange legislation, can be used to carry out investments in the securities market.

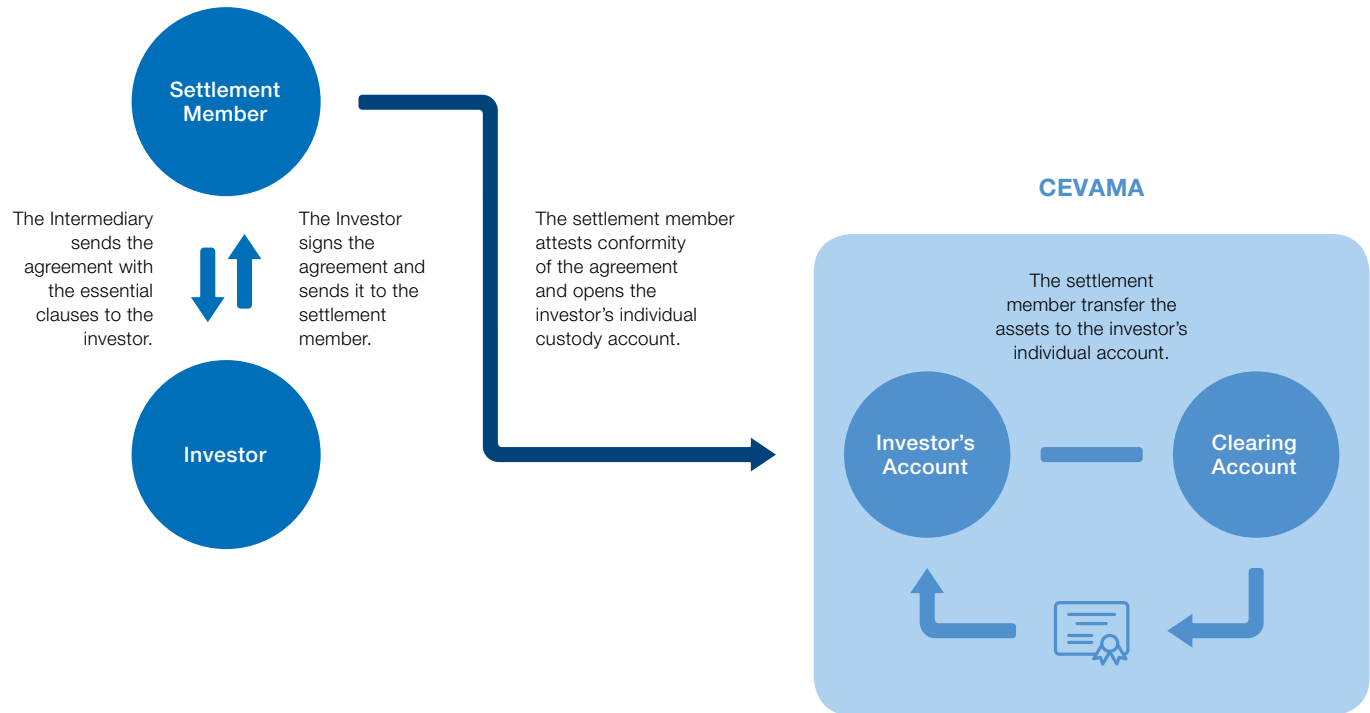
iv. Securities Custody

Custody of securities traded on regulated markets requires that an individual registration account with CEVAMA (widely disseminated as a custody account) must be opened, so that the non-resident investor will be able to trade in BODIVA on his behalf. This opening of an account at CEVAMA is carried out by the Banking Financial Institution:

1. To open a custody account it is necessary to sign an Intermediation Agreement with the intermediary/bank;
2. The movements in the custody account for individual registration are recorded in a mirror custody account for securities, which is made available by the financial intermediary;
3. After opening the account, the intermediary/bank transfers the securities held in custody in their account to the investors account whenever there is a transaction that involves the purchase of securities.

This process can be simplified through the illustration that follows:

FIGURE 4 . PROCEDURAL REQUIREMENTS OF THE NON-RESIDENT INVESTORS



Fonte: CMC

v. Licensing of cross borders financial flows:

Under the terms of the Central Bank Notice n.º 15/2019, 30th December, the cross border transactions of non-residents investors in the securities market are subject to the following rules:

- 1.** Capital imports to invest in the securities market are under the following conditions:
 - a.** No prior registration in the Central Bank for the acquisition of securities that are listed or due to be listed in the exchange markets and for shares sold in the process of privatization of public assets through initial public offers or auctions at the stock exchange;
 - b.** Subject to prior registration in the Central Bank, the acquisition of Public Debt securities.
- 2.** Capital exports after the selling of securities in the market are under the following conditions:
 - a.** No prior registration in the Central Bank for securities that are listed on the exchange;
 - b.** Subject to prior registration in the Central Bank the selling of shares/stocks with a stake over 10% of the voting rights and that are listed on the Organised over-the-counter market, in the cases where the buyer is not a non-resident investor and the amount exported by the non-resident seller is not the imported amount.
- 3.** Export of income related to dividends or interests gains from investments in securities are not subject to prior licensing from the Central Bank.

III

ARE THERE ANY TAX BENEFITS IN SECURITIES INVESTMENT?



FIGURE 5 . TAX BENEFITS IN THE SECURITIES MARKET

TAX ID	INCIDÊNCIA
CAPITAL GAINS TAX (IAC)	a. 10% on interest from corporate bonds and public debt with maturity lower than 3 years; b. 5% on interest from corporate bonds and of public debt with maturity of three years or higher when admitted to negotiation in the securities market; c. 15% on other revenue namely the ones from foreign exchange variation; d. 10% on capital gains generated from the difference between the acquisition and disposal price, with the exception of the operations below; e. 5% on capital gains generated from the difference between the acquisition and disposal price when the operations are carried out in the securities market regarding bonds issued with a maturity of 3 years or higher and shares/stocks.
TAX ON COLLECTIVE INVESTMENT SCHEMES (OIC)	a. The corporate tax is 7.5% in Securities Collective Investment Schemes and 15% on Real Estate Collective Investment Schemes; b. The Collective Investments Schemes unit shares holders are exempt from capital gains tax and corporate tax on the income obtained or made available resulting from redemption, income distribution as well as gains and losses calculated at the units transactions.
VALUE-ADDED TAX (IVA)	c. The financial intermediation operations are exempt from value added tax, including leasing, except those operations in which a specific fee is charged for the service; d. The management fees charged by the managing firms of Collective Investment Schemes are exempt from tax.

Source: CMC

IV. WHO REGULATES AND SUPERVISES THE ANGOLAN FINANCIAL SYSTEM?



When in conflict and/or dispute our financial system presents solid institutions, namely CMC, which is an ordinary member of the International Organization of Securities Commissions (OICV-IOSCO), the Central Bank and the Angolan Agency for Regulation and Supervision of Insurance (ARSEG). These three entities work as supervisory and monitoring bodies

of the financial system, integrating different segments and prepare the legal and regulatory measures in accordance with the best international practices with particular reference to the Law of Financial Institutions (LBIF) and the Securities Law (CódVM).

FIGURE 6 . REGULATORY ENTITIES OF THE FINANCIAL SYSTEM



AGÊNCIA ANGOLANA DE REGULAÇÃO
E SUPERVISÃO DE SEGUROS

**Regulates and supervises the Pension
Funds and insurance companies.**

www.arseg.ao



BNA
BANCO NACIONAL DE ANGOLA

**Regulates and supervises the banking
institutions and other non-banking
specialized in currency and credit.**

www.bna.ao



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**Regulates and supervises the
Securities Market, including financial
intermediaries and collective
investment schemes.**

www.cmc.gv.ao

V WHAT IS THE MARKET LEGAL FRAMEWORK?



There are laws and regulations that promote the participation of the private sector in the Angolan securities market. Those enable the access to the market, promote the best business practices and ensure the protection and fair competitiveness for investors interested and willing to invest in this country. Those Laws are as below:

» Law no. 12/15, from 17 June – Law of Financial Institutions (LBIF);

» Law no. 22/15, from 31 August – Securities Law (Cód.VM);

» Law no. 5/20, from 27 January – Anti-money Laundering, Counter-Terrorism Financing and the Proliferation of Weapons of Mass Destruction Law.

There are other legal and regulatory acts that rule the Angolan Financial System, and the activity of CMC and the Securities Markets particularly, which can all be consulted in this [link](#).

VI COMPLEMENTARY CONSULTATION



CMC cooperates with other national authorities, which have supervisory and regulatory functions in the financial system, listed in the following table:

FIGURE 7 . NATIONAL AUTHORITIES WITH SUPERVISORY AND REGULATORY FUNCTIONS

ANGOLAN AGENCY FOR REGULATION AND SUPERVISION OF INSURANCE	www.arseg.ao
ANGOLAN GENERAL TAX ADMINISTRATION	www.agt.minfin.gov.ao
CENTRAL BANK OF ANGOLA	www.bna.ao
ANGOLAN SECURITIES EXCHANGE	www.bodiva.ao
CAPITAL MARKET COMMISSION	www.cmc.gv.ao
NATIONAL INSTITUTE OF STATISTICS	www.ine.gov.ao
MINISTRY OF ECONOMY AND PLANNING	www.minec.gov.ao
MINISTRY OF FINANCE	www.minfin.gov.ao
GOVERNMENT'S OFFICIAL PORTAL OF THE ANGOLA'S REPUBLIC	www.angola.gov.ao
PUBLIC DEBT MANAGEMENT OFFICE	www.ugd.minfin.gov.ao
FINANCIAL INTELLIGENCE UNIT	www.uif.ao

VII LIST OF ACRONYMS



CONTACTS



FI – Financial Intermediaries

ARSEG – Angolan Agency for Regulation and Supervision of Insurance

BNA – Central Bank of Angola

BODIVA – Angolan Securities Exchange

CEVAMA – Central Securities Depository

CódVM – Securities Act

CMC – Capital Markets Commission

IOSCO – International Organization of Securities Commissions

OIC – Collective Investment Schemes

CM – Capital Markets

LBIF – Law of Financial Institutions

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