

Angola

Chamber of commerce:

Camara de Comercio e Industria de Angola
C Postal 92
Luanda
Angola
Tel: +244 2 44 4526
Fax: +244 2 44 4629
Web: www.ccia.ebonet.net

Professional body:

Ordem dos Advogados de Angola
Avenida Ho Chi Min (Edifício da Direcção Nacional de Estatística)
Luanda
Angola
Tel. +244 2 22 326 330
Fax: +244 2 22 322 777
Email: ordemadvogadosangola@netangola.com
Web: www.oaang.org/

Paving the way for a stock exchange

Fátima Freitas
Fátima Freitas Advogados
Luanda

Angola has grown into one of the major economies of sub-Saharan Africa and it is the second-largest oil producer in the region.

Although the oil industry has been the main contributor to this growth, other sectors of the Angolan economy are also achieving extraordinary development: mining, construction, banking and telecommunications. Despite this fact, Angola does not yet have its own stock exchange.

In an effort to overcome the challenges inherent to an ever changing and growing economy, the Angolan financial system has recently undergone key changes to raise the operational capacity of the system and a diversify the operations performed by the financial institutions. Consequently, the commercial banking system is becoming increasingly sophisticated in terms of technology and competitiveness.

A government priority has been the establishment of a stock exchange. Although no formal date has yet been set, the intention of setting up a stock exchange in Luanda has been announced, supposedly to take place before the end of 2007. The stock exchange is expected to be modelled on similar stock markets of other countries to ensure proper control mechanisms. Representatives from the New York Stock Exchange, Euronext and the Johannesburg Stock Exchange, and international experts, among others, have already been invited to share their knowledge and experience with the Angolan politicians and technicians comprising the task force responsible for setting up the Angolan stock exchange.

Although several laws and regulations governing the future capital market and related

activities are still to be discussed, enacted and implemented, the Angolan authorities have already introduced some principles and proceedings of the relevant legal framework. Mindful that a stock exchange is a place where companies may obtain alternative financing and that this must take place in a transparent manner, the Angolan government has approved modern legislation to create a proper setting for the launch of the stock exchange and to boost investments in the country.

An independent regulatory body

The first step was the creation of the Angolan Stock Exchange Commission (CMC) by means of Council of Ministers Decree no 9/05 of March 18 2005.

The CMC is a state-owned entity with administrative and financial independence. It is currently in the process of being properly formed and staffed, and will be in charge of regulating, supervising, inspecting and promoting the Angolan financial market in general and the stock exchange in particular.

As a regulatory body, the CMC will regulate the activities of all entities under its supervision (including brokers, dealers, issuers and market operators) through regulations published in Angola's *Official Gazette* and in the CMC bulletin, as well as through instructions, recommendations and opinions.

Within its supervising powers, the CMC will authorize the establishment of stock exchange markets and financial intermediaries and oversee stock markets' transactions and agents. As an inspection body, the CMC is entitled to control the efficiency of stock markets, launch disciplinary proceedings, investigate torts and report crimes.

New legal framework

Following the creation of the CMC, the Council of Ministers enacted Law no 12/05 of September 23 2005 (the Angolan Securities Law).

The purposes of the Securities Law are to regulate trading in securities, to promote an organized and transparent stock market, and to provide adequate protection to investors. This Law contains rules on public offerings, securities registration and trading, brokers and other dealers, stock markets, clearing and settlement procedures, investment funds, issuers and listed companies and torts. The CMC will supervise compliance with this Law.

Aimed at adapting the financial instruments to the country's economic development, as well as to adjust the type of players operating in the market to the challenges posed by the creation of an effective capital market, the Angolan government enacted Law no 13/05 of September 30 2005 (the Financial Institutions Law). This Law regulates the setting up process, activity and supervision of financial institutions, as well as the sanctions applicable to them. The new legal framework subjects state-owned financial institutions to the legal provisions applicable to private financial institutions; there are still minor exceptions. This has been considered an attractive factor for investors seeking transparent, liberalized and competitive markets.

Lastly, on December 22 2005, another landmark was taken for the establishment of the Angolan stock market: the CMC opened its offices in Luanda, the political and economic capital of Angola.

The playing field has been levelled and the required framework for launching a stock exchange in Angola has been created. New announcements are expected soon.

Upon the launching of the stock exchange, the Angolan government is expected to rely heavily on the private sector to sustain economic growth. Angola is double the size of Texas, with a population of only 13 million people and an endless amount of unexplored natural resources. An efficient stock market will undoubtedly help to leverage all the country's potential.