

Angola

Chamber of commerce:

Câmara de Comércio e Indústria de Angola

Tel: +244 2 444 541

Fax: +244 2 444 629

Website: www.ccira-ebonet.net

New Company Law: keeping up with the economy

Fátima Freitas
Fátima Freitas Advogados
Luanda

In force for over a century, the unfocused and old-fashioned Angolan company legislation had for a long time been showing clear signs of inefficiency in respect of the challenges of the new millennium and the era of economic growth brought about by peace.

The new Company Law (the Law), which came into force on April 13 2004, is a landmark in the ongoing comprehensive reform of the Angolan legal system. It modernizes and consolidates the legal framework for corporate structures and creates a high degree of stability and credibility, which is expected to be an important factor in attracting private investment to the country.

The Law provides systematic regulation of the most important aspects of the life of a company, ranging from incorporation, liquidation and dissolution to transformation, merger and demerger operations.

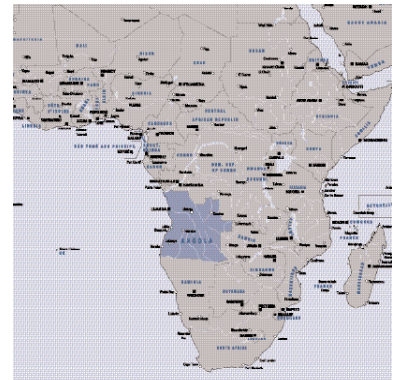
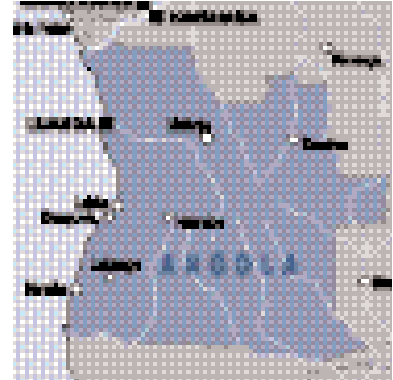
The Law clearly defines five types of companies. The limited liability company by quotas (*sociedade por quotas*, LLC) and the joint-stock company (*sociedade anónima*, JSC) stand out because they represent the overwhelming majority of the corporate structures in place in Angola.

The LLC is usually adopted for smaller businesses with fewer shareholders; LLCs must have a minimum capital of at least \$1,000 (in local currency) and at least two shareholders. The corporate structure of an LLC features (i) the general assembly, representing all the shareholders; and (ii) the management, which is responsible for the day-to-day company affairs. The presence of a supervisory body is optional.

Typically tailored for large investments, the JSC normally has more shareholders. Its peculiar shareholding structure works as a self-financing element. JSCs can be incorporated with a minimum share capital of \$20,000 (in local currency) and must have at least five shareholders. The mandatory bodies of the JSC are (i) the general assembly, made up of the shareholders of the company; (ii) the board of directors, which is the body in charge of management; and (iii) an auditing committee, which acts as the supervisory body. In certain special circumstances the auditing committee can be replaced by a sole auditor.

Of particular importance to the business community is the regulation of shareholder agreements under the Law. Among other aspects, the Law clarifies that such agreements are enforceable. However, such agreements only bind the signatory shareholders, not the company itself, which means that a breach of a shareholder agreement does not affect the company as a whole.

The liabilities arising from the exercise of the company's management and auditing duties are also regulated. As a rule, directors and members of the auditing committee are held liable for damages caused to the company, other shareholders and creditors, unless they prove to have acted with no fault.



The Law contains a whole chapter dedicated to groups of companies, drawing a distinction between companies under a participation or a group relationship. Control is defined as the situation whereby a company is in a position to exercise a dominating influence over another company. Control can be achieved when a company holds the majority of the share capital or of the relevant voting rights of another company, or has the right to appoint more than half of the members of the management and supervisory bodies of the latter.

Companies incorporated before the Law came into force must increase their share capital in accordance with the new minimum statutory requirements. The articles of incorporation of existing companies that are not in compliance with the Law will be deemed automatically replaced by the new mandatory rules. In short, the Law carries clear signs of the commitment of the Angolan authorities to ensure that the legal system keeps up with the development of the country's economy.

Corporate and commercial

Recommended firms

Carlos Freitas Advogados

Fátima Freitas Advogados

Fernando Oliveira

Carlos Freitas Advogados

Project finance drives most international legal work in Angola, due to the prevalence of internationally backed companies exploring the country's oil and mineral deposits. Carlos Freitas, "a very good lawyer" who, together with Fernando Oliveira, has "the greatest experience of any lawyer in Angola", spends a lot of his time advising these companies. Examples include Intels Angola-Servicos and Cotecna Servicos, both of which are involved in the oil industry, and Trans Hex Angola, which specializes in diamond mining.

Key contact partner

Carlos Freitas

Leading lawyer

Carlos Freitas

Fátima Freitas Advogados

Fátima Freitas does not traditionally have quite the same legal reputation as Carlos Freitas or Fernando Oliveira, but the firm is guaranteed a good roster of clients and a extensive international support network through its association with Portuguese law firm Miranda Correia Amendoeira & Associados.

Angolan law prevents foreign firms from setting up branches in the country, so Fátima Freitas acts for Miranda Correia in Angola. Miranda has similar links with other Portuguese-speaking African countries, including Mozambique and São Tomé e Príncipe. The firm is also closely associated with the oil and gas industries in these countries, and Fátima Freitas represents Angola's main oil trading company, which it advised on its tender offer for government-owned oil rights in the Atlantic.

Key contact partner

Fátima Freitas

Leading lawyer

Fátima Freitas

Fernando Oliveira

Other law firms comment that Fernando Oliveira has spent most of his time in recent years lecturing at Agostinho Neto University, where he is the director of the law faculty, rather than working on financial transactions.

His reputation for legal expertise is undiminished, however, and he continues to act for the Angolan government on all of its concessions for project finance deals and other corporate and commercial law issues. Oliveira also continues to advise international firms on their questions over Angolan law, and his roster of previous clients includes international law firms Linklaters, Clifford Chance and Norton Rose.

Key contact partner

Fernando Oliveira

Leading lawyer

Fernando Oliveira

Other notable firms

Outside the top three firms, a handful of practitioners are worthy of mention. These include **Dr Paula Pena**, who graduated in Lisbon and has won a solid reputation, and **Elder Cirilo**. Both lawyers act as advisors independent of any firm. The office of **Paulete Terezinha Lopes** is also a noteworthy firm; the two partners are “making a good name for themselves” among their peers in the market.