SECTORAL MONEY LAUNDERING RISK ASSESSMENT OF THE SECURITIES MARKET SUMMARY REPORT 2025

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ABBREVIATIONS/ACRONYMS

I ("AI")	**Intermediaries**
NRA ("ANR")	National Risk Assessment
SRA("ASR")	Sectoral Risk Assessment
ML/TF/PWMD	Money Laundering, Terrorism Financing and the Proliferation of Weapons of Mass Destruction
CMC	Capital Markets Commission
FATF	Financial Action Task Force
ESAAMLG	**Eastern and Southern Africa Anti-Money Laundering Group**
SM ("MVM")	Securities Market
SBF ("SCVM")	Securities Brokerage Firms
SDF("SDVM")	Securities Dealer Firms
CISMC ("SGOIC")	Collective Investment Scheme Management Companies
FIU	Financial Intelligence Unit
CB ("OP")	Corporate Bonds
FCTB ("OT-ME")	Foreign Currency Treasury Bonds
DITB ("OT-TX")	Dollar-Indexed Treasury Bonds

EXECUTIVE SUMMARY

The Sectoral Risk Assessment (SRA) is a fundamental strategic tool for understanding the risks to which the Securities Market (SM) is exposed. It enables/fundings the systematic identification, analysis, and assessment of threats, vulnerabilities, and risks associated with Money Laundering (ML). The results/findings of the SRA provide a support element in defining policies, strategic priorities, and risk-based mitigation measures, while guiding the efficient allocation of human, financial, and technological resources.

The Capital Markets Commission (CMC) conducts the risk assessments of the sector under its supervision and governed by its specific rules, aimed at preventing Money Laundering (ML) risks, pursuant to sub-subparagraph iii), subparagraph a), paragraph 4 of Article 3 of Law no. 5/20 of 27 January, the Law on the Prevention and Combating of Money Laundering, Terrorism Financing, and the Proliferation of Weapons of Mass Destruction (Law no. 5/20 – AML/CFT/CPWMD).

CMC conducted the most recent SRA on AML/CFT/CPWMD at the beginning of 2024, based on information from 2022 and 2023. In accordance with paragraph 2 of Article 5 of Law No. 5/20, it has now become necessary to update this assessment. This update represents the first Money Laundering (ML) SRA prepared separately from the terrorist financing (TF) assessment.

In this regard, the present update was based on 2024 and 2025 data, applying the World Bank methodology as well as the methodology adopted by the Financial Intelligence Unit (FIU) in the 2025 National Risk Assessment (NRA), where the threats and vulnerabilities of the Securities Market (SM) were established, and their impact likewise verified.

Accordingly, the magnitude of the threats and vulnerabilities were assessed as presenting a **medium risk level**, resulting in an overall sectoral money laundering (ML) risk classified as **medium**.

COMISSÃO DO MERCADO DE CAPITAIS
REPÚBLICA DE ANGOLA

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I. INTRODUCTION

1.1. OBLIGATION TO CONDUCT A MONEY LAUNDERING RISK ASSESSMENT

During the period between October 2021 and March 2023, Angola was subject to a mutual assessment conducted by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), a regional body established to monitor countries' progress regarding compliance with and implementation of the Financial Action Task Force (FATF) Recommendations on the prevention and combating of Money Laundering (ML) and Terrorism Financing (TF).

In addition, in September 2024, Angola was assessed by the *FATF's International Co-operation Review Group* (ICRG), and on October 25, 2024 the FATF Plenary Meeting decided to return Angola to the list of countries under increased monitoring, issuing a set of recommendations to be implemented by each sector.

Accordingly, in compliance with FATF Recommendation 1, and with the aim of addressing specific gaps in the Securities Market (SM) sector, particularly, the need to deepen the understanding of ML risks, the Capital Markets Commission (CMC) conducted its 3rd Sectoral TF Risk Assessment (SRA) prepared separately from PWMD. This assessment was conducted pursuant to paragraphs 1 and 2 of Article 5 of Law No. 5/20 on the Prevention and Combating of Money Laundering, Terrorism Financing and Proliferation of Weapons of Mass Destruction.

1.2. ASSESSMENT SCOPE

The Sectoral Risk Assessment (SRA) was based on 2024 and 2025 information and data, following the World Bank methodology as well as the methodology applied by the Financial Intelligence Unit (FIU) in the 2025 National Risk Assessment (NRA). The assessment identified the threats and vulnerabilities affecting the Securities Market (SM) and also evaluated their potential impact.

The SRA focuses exclusively on the activities regulated and supervised by the Capital Markets Commission (CMC). It encompasses the entities under its supervision/supervised entities [1], as provided for in subparagraph (a) paragraph 1, paragraph 3, and subparagraph (i) of paragraph 7, all of Article 2 of Law No. 5/20 on the Prevention and Combating of Money Laundering, Terrorism Financing and Proliferation of Weapons of Mass Destruction. Specifically, these entities comprise those engaged in securities investment activities, namely Securities Dealer Firms and Securities Brokerage Firms (SDBFs and SBFs) and Collective Investment Scheme Management Companies (CISMCs).

The remaining entities, which provide ancillary services to the financial system, are excluded from the scope of the SRA for ML/TF prevention and combating purposes under the CMC's supervision, given the nature of the activities they perform.

II. METHODOLOGY AND DATA COLLECTION

2.1. METHODOLOGY

To evaluate the money laundering (ML) risk exposure associated with the securities sector, the Capital Markets Commission (CMC) applied both the World Bank methodology, which broadly determines risk based on sectoral vulnerabilities. In addition, CMC used the FATF methodology, which assesses ML risk by examining threats and vulnerabilities. These methodologies provide guidance in formulating relevant questions and in interpreting specific assessment criteria and associated variables.

The risk assessment conducted in accordance with the World Bank methodology evaluated a range of factors related to threats and vulnerabilities. Each factor

[1] Financial institutions provided for under the law establishing their respective regulatory framework (paragraph (a) of Article 2(1) of Law No. 5/20); management of funds, securities or other assets of a different nature (Article 2(3) of Law No. 5/20); and management companies of regulated markets, settlement systems, clearing houses or central counterparties, and centralized securities depositories (paragraph (i) of Article 2(7) of Law No. 5/20).

was rated using the following scale: low, medium-low, medium, medium-high, or high.

With regard to vulnerabilities, and in accordance with the World Bank methodology, the following variables were assessed: i) ***control input variables, which consider the level of preparedness and resilience of both supervising entities and the supervised entities in preventing and combating ML****; and* ii) ***inherent vulnerabilities, which take into account the specific characteristics of the sector in order to evaluate the inherent risks associated with the products and services offered to the market***.

For vulnerability classification, a score ranging from "0 to 1" was assigned in accordance with the methodology matrix set forth below:

Figure 1 - Vulnerability Level Classification

Excellent	Almost Excellent	Very High	High	Medium -High	Medium	Medium -Low	Low	Very Low	Almost None	Non-Existent
1	0.9	0.8	0.7	0.6	0.5	0.4	0.3	0.2	0.1	0.0

Source: World Bank

For the assessment of threats, in accordance with the aforementioned methodology, the ratings were assigned as illustrated in Figure 8 below:

Figure 2 - Threat Classification

Money Laundering Threats				
H	MH	M	ML	L

H = High; MH = Medium-High; M = Medium; ML = Medium-Low; L = Low

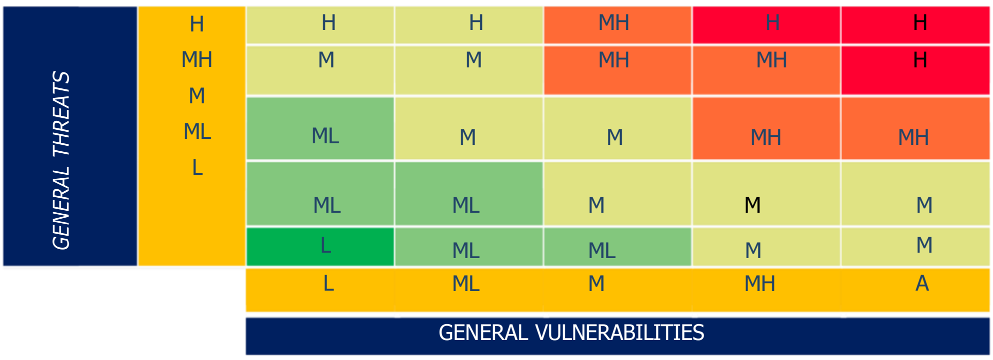
The assessment was conducted by evaluating the level and nature of the threats, taking into consideration the ability of potential offenders to exploit the system.

Therefore, risk is determined by the combination of threats and vulnerabilities:

Figure 3 - Risk Calculation Methodology

- ✓ **Threats** arising from factors external to the Securities Market (SM);
- ✓ **Vulnerabilities** identified in the securities sector/industry, taking into consideration the 12 vulnerabilities identified by the World Bank, in light of the specific risk factors of the securities sector/industry and the country's potential risks;
- ✓ **Risk -** the likelihood that an entity may be used, intentionally or unintentionally, to conceal or disguise the illicit origin of funds.

Figure 4 - Risk Calculation Method



2.2. SOURCES OF INFORMATION

For the purposes of the SRA of the Securities Market (SM), the following sources were used: (i) the 2025 TF National Risk Assessment (NRA) Report; (ii) the 2024 Sectoral ML Risk Assessment (SRA) Report; (iii) Angola's Mutual Evaluation Report; (iv) Angola's Post-Observation Period Report (POPR); (v) questionnaires addressed to Market[2]Entities; (vi) statistical data on STRs reported by the Financial Intelligence Unit (FIU); (vii) Guidance on a Risk-Based Approach in the Securities Sector/Industry; and (viii) the Report on transactions carried out in the Securities Market during 2025.

2.3. IDENTIFICATION OF RISK FACTORS

In assessing the level and nature of vulnerability, consideration was given to the characteristics of the sector and the gaps existing within the system, based on the assessment of the factors selected from the list provided by the World Bank, as well as the factors described in the IAIS[3] *Application Paper on Combating Money Laundering and Terrorism Financing* and other factors depending on the specific nature of the sector as determined by national risk assessment, selected by the supervisor, namely:

- **Threat factors**

For the purpose of identifying threats, the categories of predicate offences identified in the context of Angola's Mutual Evaluation Report, as well as the National Risk Assessment Report, were used.

Threats (crimes and activities external to the sector that contribute to risk increase): (i) corruption and embezzlement offences; (ii) fuel smuggling; (iii) tax fraud; (iv) unlawful participation in business activities; (v) a high degree of informality in certain sectors of the economy; and (vi) opaque corporate structures.

2 SBF ("SCVM"), SDF("SDVM") and CISMC ("SGOIC").

3 Adopt a Risk-Based Approach (RBA) focused on factors inherent to customers, products, distribution channels and geographical areas.

❖ **Control Vulnerabilities**

With regard to control **vulnerabilities**, the quality of ML prevention and combating controls (control input variables) was assessed, namely: (i) comprehensiveness of the ML legal framework; (ii) effectiveness of supervisory procedures and practices; (iii) availability and application of administrative sanctions; (iv) availability and application of criminal sanctions; (v) availability and effectiveness of entry/access/input controls; (vi) integrity of employees working the securities sector/industry; (vii) ML knowledge of employees in the securities sector/industry; (viii) effectiveness of the compliance function; (ix) effectiveness of the monitoring and reporting of suspicious transactions; (x) availability of and access to beneficial ownership information; (xi) availability of reliable identification infrastructure; and (xii) availability of independent sources of information.

❖ **Product-Inherent Vulnerabilities**

With regard to **inherent product vulnerabilities**, the following factors were selected: (i) total Value/Size; (ii) Complexity and diversity of the portfolio; (iii) Investor Profile; (iv) existence of investment/deposit characteristics; (v) portfolio liquidity; (vi) frequency of international transactions; and (vii) other vulnerability factors.

III. ANALYSIS/ASSESSMENT

3.1. THREAT CLASSIFICATION

The General Threat of Money Laundering is at Level 05, “Medium”, with an Unchanged trend.

Figure 5 - Threat Classification by Sector

Threat Classification by Sector	Classification
SDF/ SBF ("SDVM-SCVM") – Risk Classification	**Medium**
CISMC ("SGOIC") – Classification	**Medium**
Overall Risk Level	**Medium**

Figure 6 - Classification by Type of Threats

Threat Classification			Intermediaries	CISMC
Economic Sectors			Low	Low
Informality of the Economy			High	High
Predicate offences linked to Money Laundering activities in the SM			Low	Low
Opaque Corporate Structures			High	High
Threat Risk Level				
H	**MH**	**M**	**ML**	**L**

3.2. VULNERABILITY CLASSIFICATION

The sector's overall money laundering vulnerability level is classified as "**Medium**" and is composed of control vulnerabilities and inherent product vulnerabilities.

Figure 7 - Vulnerability Classification by Sector

Vulnerability Classification by Sector	Classificação
SDF/SBF("SDVM-SCVM")– Risk Classification	Medium
CISMC ("SGOIC") – Risk Classification	Medium
Overall Risk Level	Medium

Control Vulnerability Classification

After assessing the 12 criteria related to the classification of control vulnerabilities in the securities market, it was concluded that the Control Vulnerability Risk Level is

"**Medium**".

Figure 8 - Control Vulnerability Classification

Input Control Vulnerability Classification	Intermedires	CISMC
Comprehensiveness of the AML Legal Framework	MH	MH
Effectiveness of Supervisory Procedures and Practices	MH	MH
Availability and Application of Administrative Sanctions	MH	MH
Availability and Application of Criminal Sanctions	AE	AE
Availability and Effectiveness of Entry Controls	VH	VH
Integrity of Securities Firms' Personnel	ML	ML
AML Knowledge of Company Personnel	ML	ML
Effectiveness of the Compliance Function (Organization)	ML	ML
Effectiveness of the Monitoring and Reporting of Suspicious Activities	M	MH
Availability of and Access to Beneficial Ownership Information	L	L
Availability of Reliable Identification Systems and Infrastructure	ML	ML
Availability of Independent Information Sources	NE	NE

Control Vulnerability Risk Level										
Excellent	Almost Excellent	Very High	High	Medium -High	Medium	Medium -Low	Low	Very Low	Almost None	Non-existent
1	0.9	0.8	0.7	0.6	0.5	0.4	0.3	0.2	0.1	0.0

Product-Inherent Vulnerability Classification

After assessing the different criteria for the classification of product-inherent vulnerabilities in the securities market, it was concluded that the vulnerability level is "**Medium-Low**".

Figure 9 - Product-Inherent Vulnerability Classification

Product-Inherent Vulnerability Classification	Intermedires	CISMC
TB - Classification: Medium-Low	ML	-
Shares - Classification: Medium-Low	ML	-
FCTB - Classification: Medium-Low	ML	-
TB – Classification: Low	L	-
ITB – Classification: Low	L	-
CDB – Risk Classification: Low	L	-
"UP" – Classification: Low	L	-
Risk Level: Medium-Low	ML	-
Closed-End Collective Investment Undertaking	-	MH
Open-End and Closed-End Securities Investment	-	M

Product-Inherent Vulnerability Risk Level				
Low	Medium-Low	Medium	Medium-High	High
0.00-0.20	0.20-0.40	0.40-0.60	0.60-0.80	0.80-1.00

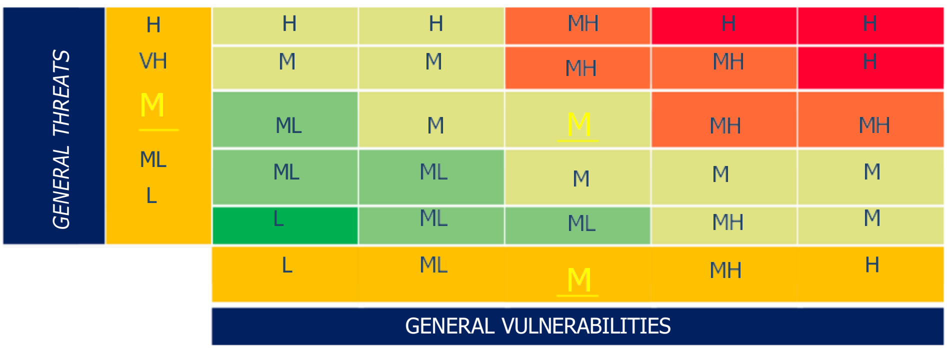
IV. MARKET RISK CLASSIFICATION

The ML risk to which the Securities Market sector is exposed is **0.5**, which is a **Medium** risk level.

Figure 10 - Risk Calculation

THREATS – Medium + GENERAL VULNERABILITIES – Medium = SECTOR RISK – Medium

Figure 11 - Risk Level Matrix



V. PRIORITY CLASSIFICATION AND ACTION PLAN

The results/findings relating to the sector's TF vulnerability assessment serve as a guiding framework for the CMC's actions associated with TF prevention, resulting in the definition of priority actions based on the risks identified, whether related to the quality of the controls implemented or to the inherent vulnerabilities detected.

In this regard, the figure below presents the main vulnerabilities that require priority intervention, as identified in the relevant assessment.

Figure 12 - Priority Classification

Priority Classification	Intermediaries	CISMC
Effectiveness of Supervisory Procedures and Practices	2	2
Employees' AML Knowledge	1	1
Effectiveness of the Compliance Function	2	2
Availability and Access to Information on Beneficial Owners	4	4

Accordingly, in order to mitigate the identified ML vulnerabilities, a total of 43 actions are planned, namely 4 direct supervisory actions, 35 indirect supervisory actions, and 4 workshops/training and awareness-raising actions on ML matters, as shown in the figure below.

Figure 13 - Planned Actions for 2026

Year	Planned Actions		
2026	On-site actions	Off-site actions	Workshop
	4	35	4

Notwithstanding the information provided above, extraordinary supervisory actions are planned to address the situations identified during the year. In this regard, the CMC's action plan is aligned with the main vulnerabilities identified.

In view of the above, the CMC will continue to implement a risk-based approach, not only by maintaining the work conducted to address the vulnerabilities identified in the 2024 sectoral report, but also by adjusting its perspective to the different variables now assessed.

Accordingly, the Capital Markets Commission (CMC) will develop, within each sector under its supervision, the necessary initiatives for the dissemination/disclosure and mitigation of the money laundering (ML) vulnerabilities specifically identified in this report.