

INSTRUCTION N.º 01/2019

3rd January

SUBJECT: PAYMENT SYSTEMS

- Automated Clearing House of Angola
- Collateral for Settlement of Balances

Taking into account the need to implement processes to mitigate settlement risks in the sub-systems of the Automated Clearing House of Angola (ACHA) and to lay down the penalties to be applied for non-compliance in the provision and usage of collateral for balance settlement in the ACHA sub-systems;

Furthermore, also taking into consideration the negative impact that results from the impossibility of settling payments due to a participant's insufficient collateral, both on the other market participants and on the users of the Angolan Payment System (APS);

Pursuant to the powers vested in me under the combined provisions of Article 7 of Law n.º 5/05, dated 29th July 2005 - Payments System Law and Article 51 of Law n.º 16/10, dated 15th July - Law of the National Bank of Angola;

I DETERMINE:

1. Collateral for Settlement of Debit Positions

- 1.1. The settlement of the participants' debit positions in the Automated Clearing House of Angola (ACHA) subsystems, corresponding to the sum of the relevant clearing balances, must be guaranteed by collateral.
- 1.2. The collateral is provided by each participant, in accordance with the provisions of this Instruction and complementary regulations.
- 1.3. The collateral amount of the Credit Transfer Subsystem (CTS), Cheque Clearing Subsystem (CCS) and Direct Debit Subsystem (DDS), must always be equal to or higher than the maximum amount allowed for the debit positions referred to in subparagraph 1.1.
- 1.4. The CAAC operator shall ensure that are not accepted for clearing purposes payment instructions from the CCS, CTS and DDS, which may result in a debit position in excess of the collateral provided by the paying participant.
- 1.5. In the Multicaixa (MCX) subsystem debit balances higher than the collateral provided may be accepted, in which case the participant must provide the settlement account with sufficient funds to settle the amount cleared. This action must take place by 12:00 pm on settlement day.
- 1.6. For the purpose of complying with the previous subparagraph, participants whose debit position is higher than the collateral provided, may provision the settlement account by obtaining liquidity on the Interbank Monetary Market (IMM) or through the National Bank of Angola's Marginal Lending Facilities (Intraday or Overnight).

2. Structure

- 2.1. The collateral consists of funds deposited in a specific reserve account to settle cleared balances in the SPTR.

2.2. The funds deposited in the SPTR account referred to in the previous subparagraph shall not be taken into account for the purpose of compliance with Compulsory Reserves.

3. Provision of Collateral for STC, SCC and MCX

Each participant shall provide a specific collateral for the STC and SCC, and another specific collateral for the MCX, both of an amount equal to or higher than the amount resulting from the application of the following formula:

$$G_m^P = \text{Máx}(kxA; G_m)$$

Where:

- G_m^P = participant's minimum collateral P;
- $\text{Max}(kxA; G_m)$ = maximum between kxA e G_m ;
- k = multiplying factor;
- A = maximum debit balance of participant P in the reference period (to be defined in a Directive) resulting from the clearing subsystems balances' total sum which are covered by the collateral;
- G_m = absolute minimum value for the collateral of any participant.

4. Provision of Collateral for SDD

Each Participant shall provide a specific collateral for the SDD in an amount equal to or higher than the amount resulting from the application of the following formula:

$$G_m^P = \text{Máx}(kxB; G_m)$$

Where:

- G_m^P = participant's minimum collateral P;
- $\text{Máx}(kxB; G_m)$ = maximum between kxB e G_m ;
- k = multiplying factor;

- B = maximum debit balance of participant P in the reference period (to be defined in a Directive), resulting from Direct Debit Instructions (DDIs) total sum for each day of the reference period;
- G_m = absolute minimum value for the collateral of any participant.

5. Penalty for Non-Compliance on Collateral Provision and Usage

On the opening of a clearing procedure, whenever a participant has collateral lower than the compulsory minimum, calculated with reference to the provisions of paragraphs 2 and 3 of this Instruction, the participant shall be penalised by the amount resulting from the calculation of the following formula:

$$V^P = \text{Máx} (x\% \times (G_m^P - G_r^P); V_m)$$

Where:

- V^P = amount of the penalty applicable to the participant P;
- $\text{Máx} (x\% \times (G_m^P - G_r^P); V_m)$ = maximum between ' $x\% \times (G_m^P - G_r^P)$ ' e V_m ;
- $x\%$ = multiplying factor;
- G_m^P = minimum collateral required of the participant P;
- G_r^P = real collateral provided by the participant P;
- V_m = absolute minimum value for the penalty of any participant in an identical situation.

6. Strengthening of Collateral that is Lower than the Compulsory Minimum

6.1. In circumstances where the actual collateral provided by the participant is lower than the mandatory minimum collateral, whenever operationally feasible, namely considering the operating hours of the SPTR and the existence of available funds in the participant's settlement account (CLP), the CAAC operator is authorised to debit the CLP by crediting the respective reserve account for the settlement of clearing balances up to the amount of the minimum collateral.

6.2. The provisions laid down in the previous paragraph do not exempt the defaulting participant from the penalty foreseen in paragraph 5 of the current instruction.

7. Settlement Default

7.1. Whenever a cheque cannot be cleared due to insufficient collateral provided by the debited participant, the debtor is subject to the following penalty:

- On the first day that the cheque is not cleared – Pc ;
- On the second day that the cheque is not cleared – $2 \times Pc$.

Where:

Pc = Amount corresponding to the penalty per cheque;

$2xPc$ = Amount corresponding to the penalty per cheque, multiplied by 2, for repeated non-compliance (second day).

7.2. The Pc value is applicable to each cheque that cannot be cleared and is independent of its issuance amount and is defined in complementary regulations.

8. Settlement of Penalties

The settlement of penalties must be made daily, with reference to the previous business day, through the STC's Interbank Tariff Clearing File, whose beneficiary is the National Bank of Angola.

9. Operational Rules

9.1. The collateral management process, namely the communication of minimum amounts to participants and their use in the clearing process, shall be set out in a specific document drawn up by the CAAC operator, which shall be standard for the subsystems covered by the collateral and approved by the National Bank of Angola.

- 9.2. The provisions laid down in the previous sub-paragraph are not detrimental to the references that may be necessary in the Handbooks of Regulations and Procedures of other systems, namely SPTR and SIGMA, due to the functionalities that these should provide, namely in the provision, valuation, modification and usage of the collateral.
- 9.3. The collateral period of validity and the reference period for determining the maximum debit balance of each participant shall be defined in additional regulations.
- 9.4. The parameters values k and G_m described in paragraphs 3 and 4 of the current Instruction, as well as the parameter values $x\%$, V_m laid down in paragraph 5 of the current Instruction are set forth in complementary regulations.

10. Exclusions

Taking into account the nature of the Ministry of Finance's operational activity, namely the payment of civil service salaries and payment to the State's suppliers, the latter is not subject to the establishment of a minimum collateral and must process payments in accordance with the collateral provided, or in other words, with the amounts available in the reserve sub-account - CCAA of the CUT for this purpose.

11. Subsystems Adjustment

The CAAC operator shall ensure compliance with the provisions laid down in the current Instruction no later than thirty (30) days after its entry into force.

12. Non-compliance

Failure to comply with the provisions adopted pursuant to this Instruction shall be deemed a misdemeanour, foreseen and punishable under Law No. 05/05, dated 29th July 2005, the Angolan Payment System Law.

13. Doubts and Omissions

The doubts raised in the interpretation and application of the current Instruction shall be settled by the Payment System Department of the National Bank of Angola.

14. Repeal

Instruction No. 06/15, dated 26th May, and Instruction n.º 03/16, dated 25th April, and any other regulations that are contrary to the provisions set forth in the current Instruction are hereby repealed.

15. Entry into force

This Instruction shall enter into force on the date of its publication.

FOR PUBLICATION

Luanda, 3rd January 2019

THE GOVERNOR
JOSÉ DE LIMA MASSANO