

**Law on the Registration of Commercial Companies at the Duty Free Zones
Law No. 96/2021**

REPUBLIC OF



SOMALILAND

OFFICE OF THE PRESIDENT

REF: JSL/XM/WM/222-648/042021

DATE: 12/04/2021

Presidential Decree

Coming into Force of the Law on the Registration of Commercial Companies at the Duty Free Zones Law No. 96/2021

Having Seen: Article 90 of the Constitution of the Republic of Somaliland;

Having Seen: Articles 11, 75, 76, 77 of the Constitution of the Republic of Somaliland;

Having Seen: The Resolution of the House of Representatives, No, GW/KF-45/884/2021, dated 03/04/2021, which approved the Law on the Registration of Commercial Companies at the Duty Free Zones Law No. 96/2021;

Has approved

The coming into force of the Law on the Registration of Commercial Companies at the Duty Free Zones Law No. 96/2021.

Praise be to Allah

Muuse Bihi Abdi
President of the Republic of Somaliland

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**The House of Representatives
of the Republic of Somaliland**

Having Seen: Articles 11, 75, 76 and 77 of the Constitution of the Republic of Somaliland.

Having Seen: The duty free zone established or implemented in the territory of the Republic of Somaliland is important for the raising of the economy, job creation and investment in the productivity of the country.

Having Seen: The importance of the promotion and attraction of the internal and foreign investment that can establish industrial production that can implement its commerce at the duty free zone.

Having Seen: The need for the promulgation of a special law for the registration of the companies investing in the establishment and commerce at the duty free zone, so as to encourage and at the same time attract investment, and make easier the services needed by the companies investing in the zone.

Has approved
the Law on the Registration of Commercial Companies
at the Duty Free Zones Law No. 96/2021

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PART 1: GENERAL

Article 1 Short title/Title

This Law shall be cited as “the Law for establishment and registration of commercial companies in special economic zones in the Republic of Somaliland. Law No: 96/2021

Article 2 Purpose and Application

- 1) The purpose of this Law is to set out a legal framework for the establishment and registration of commercial companies in special economic zones in the Republic of Somaliland.
- 2) This Law applies to any commercial company “foreign or national” which conducts or attempts to conduct business in or from a Special Economic Zone.
- 3) This Law shall be administered by the Somaliland Special Economic Zones Authority. Xeer-hoosaadkaasi.

Article 3 Definitions

The following terms used in this Law shall, unless the context provides other meaning, have the meaning set out below:

1. “**Articles of Association**” in relation to an SEZ Commercial Company, its articles of association as originally adopted or as amended in accordance with this Law
2. “**Authority**” means the Somaliland Special Economic Zones Authority established under Law No. 93/2021
3. **Branch Office** has the meaning given in Article 4 below;
4. **Branch Manager** has the meaning given in Article 80 below;
5. **This Law** means the Law for establishment and registration of commercial companies in special economic zones in the Republic of Somaliland. Law No:96/2021
6. **General Meeting** means a meeting of the Shareholders of an SEZ Commercial Company
7. **Ordinary Resolution** means a resolution passed by a simple majority of the votes of each Shareholder entitled to vote at a General Meeting;
8. **Person** means any individual, company or other entity which is recognized as a legal person having rights and obligations;
9. **Register** means the register of SEZ Commercial Companies incorporated under this Law which is maintained by the Registration Department;
10. **Registration Department** means the department within the Authority responsible for the registration of SEZ Commercial Companies and maintaining the Register;
11. “**Regulations**” means the regulations necessary for the implementation of this Act issued by the Authority from time to time in accordance with this Act;
12. “**SEZ Co**” has the meaning given in Article 4 below;
13. “**SEZ Establishment**” has the meaning given in Article 4 below;
14. “**SEZ Law**” means Law on the establishment of Special Economic Zones of the Republic of Somaliland Law No. 93/2021
15. **Share** means a share in the share capital of an SEZ Commercial Company;
16. **Shareholder** means a person entered in the Register as a holder of a Share in an SEZ Commercial Company;
17. **Share Register** means the register maintained in accordance with Article 30;
18. **Special Economic Zones or SEZ** means each Special Economic Zone established in accordance with the SEZ Law;
19. **Special Resolution** means a resolution passed by at least seventy five per cent

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(75%) of the votes of each Shareholder entitled to vote at a General Meeting; and
20. Unique Shareholder has the meaning given in Article 72(a).

Article 4: Types of legal entities

- 1) The following legal entities may be established in a Special Economic Zone:
 - a) an establishment with limited responsibility and a single shareholder (an "SEZ Establishment");
 - b) a limited liability company (an "SEZ Co"); and
 - c) a branch of an offshore or onshore company (a "Branch Office"),Together, the "SEZ Commercial Companies" and each an "SEZ Commercial Company").
- 2) SEZ Commercial Companies shall be regulated by the SEZ Law, the provisions of this Law and the Regulations.
- 3) Each SEZ Establishment and SEZ Co incorporated under this Law shall have a separate legal personality from that of its Shareholders.

Article 5: Operations in an SEZ

Any entity duly registered in the Republic of Somaliland or outside the Republic of Somaliland (including offshore companies) can operate in an SEZ by incorporating an SEZ Commercial Company in accordance with the requirements of this Law and the Regulations.

Article 6: Registered Office

- 1) All SEZ Commercial Companies must have their registered office located within a Special Economic Zone.
- 2) Details of each SEZ Commercial Companies' registered office and of any change of registered office shall be recorded by the Registration Department in the Register.
- 3) The transfer of the location of the registered office of an SEZ Commercial Company from one Special Economic Zone to another Special Economic Zone will not have the effect of creating a new legal entity, however, such transfer will require the completion of certain administrative formalities by the Authority as detailed in the Regulations.

Article 7: Registration

- 1) SEZ Commercial Companies enjoy their legal entity status pursuant to their registration with the Authority and entry into the Register.
- 2) Formalities and requirements in relation to the incorporation and constitution of an SEZ Commercial Company shall be governed by the Regulations.

Article 8: Capacity

- 1) An SEZ Commercial Company has the capacity, rights and privileges of a person.
- 2) The validity of an act done by an SEZ Commercial Company shall not be called into question on the ground of lack of capacity by reason of anything in its Articles of Association or by any act of its Shareholders.

Article 9: License, fees and penalties

- 1) SEZ Commercial Companies shall at all times abide by the conditions applicable to their license.
- 2) SEZ Commercial Companies shall pay all fees, tariffs and other charges to the Authority as required pursuant to the Regulations under this act.

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3) The Authority shall have the power to issue penalties to SEZ Commercial Companies where an SEZ Commercial Company fails to comply with any condition of its license or any provision of this Law or the Regulations as set out in further detail in the Regulations.

Article 10: Conversion of SEZ Commercial Company

Any SEZ Co or SEZ Establishment may convert its form into another SEZ Co or SEZ Enterprise, provided that such conversion has been approved by a Special Resolution based on the report of its auditor that the assets of the relevant SEZ Co or SEZ Enterprise are at least equal to its share capital.

PART 2: SPECIAL ECONOMIC ZONE COMPANIES CHAPTER A: FORMATION AND REGISTRATION OF SEZ Co

Article 11: Shareholders of SEZ Cos

- 1) The shareholder of an SEZ Co can be any legal entity recognized under Somaliland law or foreign law.
- 2) Except for SEZ Establishments, the number of Shareholders in an SEZ Co cannot be less than two.

Article 12: Liability of SEZ Co

The liability of each Shareholder of an SEZ Co is limited to each Shareholder's respective shareholding.

Article 13: Objects

- 1) The objects of an SEZ Co shall be set out in its Articles of Association.
- 2) The objects of an SEZ Co shall not contravene any provision of the SEZ Law or the Regulations.

Article 14: Name

- 1) The name of an SEZ Co must end with the initials "Co" when written in English.
- 2) In all its dealings, contracts, announcements, invoices, correspondence and printed materials there shall be mentioned next to the name of the SEZ Co that it is formed pursuant to this Law and that its liability is limited.
- 3) The name of an SEZ Co shall be subject to the prior written approval of the Authority (such approval shall not be unreasonably withheld or delayed).
- 4) An SEZ Co may change its name by Special Resolution subject to the approval of the Authority in accordance with Article 14 (3)2) above.
- 5) The new name of the SEZ Co shall be entered in the applicable Register and a certificate of change of name shall be issued by the Registration Department and each certificate of change of name shall specify, among other things, the date of registration of the new name in the applicable Register, such date being the date on which such new name shall take effect.

Article 15: Branch Office

An SEZ Co shall be permitted to open a branch office in another Special Economic Zone in the Republic of Somaliland or outside the country.

Article 16: Private company

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The SEZ Co shall be a private company and shall not be permitted to offer any of its shares to the public by way of any subscription of shares, stock, debentures or debenture stock.

Article 17: License

The application for the creation of an SEZ Co must be accompanied by an application to the Authority for a license to operate in the relevant Special Economic Zone together with all other documentation as set out in the Regulations.

Article 18: Application

The Authority shall notify each applicant of the Authority's decision as to whether or not permission is granted for the formation of any SEZ Co (including any conditions to such permission being granted) within thirty (30) days of receipt by the Registration Department of a valid application form from an applicant which has been duly completed and executed by or on behalf of the applicant, together with all such other information and documentation as the Authority as may be required pursuant to the Regulations or otherwise.

Article 19: Incorporation

- 1) Upon permission being granted by the Authority for the formation of a SEZ Co and the Authority being satisfied that the relevant share capital of the SEZ Co to be formed has been fully paid up, the Authority shall cause all relevant details concerning such SEZ Co to be entered in the Register and on the incorporation of an SEZ Co shall:
 - a) issue a certificate of incorporation, duly executed by or on behalf of the Authority, to the applicant; and
 - b) Assign to the SEZ Co a unique registration number.
- 2) Each certificate of incorporation shall specify, amongst others,
 - a) the name of the SEZ Co;
 - b) the date of registration of such SEZ Co in the Register; and
 - c) the unique company number assigned to the SEZ Co.

Article 20 Articles of Association

- 1) Each SEZ Co incorporated under this Law shall have an Articles of Association which shall be filed with the Registration Department on incorporation of the SEZ Co.
- 2) An SEZ Co may elect to adopt standard articles of association as published by the Authority pursuant to the Regulations.
- 3) An SEZ Co's Articles of Association shall contain all matters required to be included by this Law or the Regulations and such other matters as the Shareholders wish to include in the Articles of Association, provided always that the Articles of Association shall not contain a provision which is contrary or inconsistent with this Law or the Regulations.
- 4) An SEZ Co's Articles of Association may be amended by Special Resolution and any amendment shall be promptly filed by the SEZ Co with the Registration Department.

CHAPTER B: SHARES

Article 21: Nature of Shares

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Subject to the Articles of Association, each Share shall:

- a) carry the right to vote at a meeting of the SEZ Co;
- b) represent a proportionate interest in the SEZ Co; and
- c) Rank in all respects equally with each other Share of the same class of Shares in the SEZ Co.

Article 22: Share capital

- 1) The capital of each SEZ Co shall be divided into Shares of equal value and each Share shall be numbered and shall have a minimum nominal value of US dollars 1, or its equivalent in Somaliland shilling.
- 2) A Share may not be allotted by an SEZ Co at less than its nominal value.
- 3) The minimum share capital requirement of an SEZ Co shall be US\$ 10,000 or its equivalent in Somaliland shilling and shall be fully paid up on incorporation.

Article 23: Cash consideration for Shares

An SEZ Co shall not, except with the Authority's prior approval, allot and issue Shares as paid up (in full or in part) other than for cash consideration.

Article 24: Alteration of share capital

- 1) The share capital of an SEZ Co may be altered by Special Resolution, unless prohibited by its Articles of Association or if such alteration would result in the contravention of the minimum share capital requirements set out in this Law.
- 2) The Board of directors may exercise the power of the SEZ Co to allot Shares if they are authorized to do so by its Articles of Association or by Ordinary Resolution.
- 3) Any alteration to the share capital of an SEZ Co shall be promptly recorded in the Register and shall only take effect from the date of such registration.

Article 25: Fully paid up Shares

No shares in a SEZ Co may be issued unless the capital of SEZ Co is fully paid.

Article 26: Class

Unless otherwise approved by the Authority or authorized pursuant to its Articles of Association, all shares issued by an SEZ Co shall be of the same class.

Article 27: Acquisition of Shares

- 1) No SEZ Co may acquire its own shares.
- 2) An SEZ Co may own shares in another SEZ Co or SEZ Establishment subject to complying with all applicable laws.

Article 28: No bearer shares

No Shares shall be issued in bearer form.

Article 29: Share Certificates

Each SEZ Co shall complete and issue a share certificate to the Shareholders in respect of all Shares held by them in such SEZ Co within fourteen (14) days of the allotment of any Shares or the date on which a transfer of any Shares has been completed.

Article 30: Share Register

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- 1) Each SEZ Co shall establish and maintain a Share Register and promptly enter in it:
 - a) the names and addresses of its Shareholders, together with a statement of the Shares held by each Shareholder;
 - b) the date on which each person was registered as a Shareholder and the date on which any person ceased to be a Shareholder;
 - c) the date on which the number of Shares held by any Shareholder increased or decreased; and
 - d) any other information prescribed by the Regulations.
- 2) Any changes to the Share Register maintained by the SEZ Co shall be notified to the Registration Department.

Article 31: Transfer of Shares

- 1) Any purported transfer of any Share in any SEZ Co shall be invalid unless a duly executed instrument of transfer has been delivered to the SEZ Co's secretary by the transferee.
- 2) The SEZ Co shall promptly register any transfer in its Share Register setting out the name and details of the transferee and file a notice of transfer of shares with the Registration Department.
- 3) No share transfer shall be effective until the date of registration thereof in the Share Register.
- 4) An SEZ Co's Articles of Association may contain pre-emption rights in favour of the existing Shareholders.

Article 32: Mergers and amalgamations

Any merger or amalgamation shall only be effective upon the passing of a Special Resolution.

CHAPTER C: ACCOUNTS AND AUDIT REQUIREMENTS

Article 33: First Financial Year

Each SEZ Co shall have a financial year beginning on the 1 January of each calendar year and ending on 31 December of such year, provided that the first financial year shall begin on the date of its registration as set out in its certification of incorporation and end on 31 December.

Article 34: Balance sheet and profit and loss account

- 1) The board of directors of each SEZ Co shall prepare for each financial year of the SEZ Co a balance sheet as at the last day of its financial year and a profit and loss account.
- 2) At least one director shall be required sign the balance sheet and profit and loss account of the SEZ Co.

Article 35: Annual accounts

- 1) The directors of every SEZ Co shall cause accounts to be prepared in relation to each financial year of the SEZ Co.
- 2) The accounts shall be prepared in accordance with accounting principles or standards prescribed in the Regulations or otherwise approved by the Registration Department and shall show a true and fair view of the profit or loss of the SEZ Co for the relevant financial year and of the state of the SEZ Co's affairs at the end of such financial year

- 3) The annual accounts of each SEZ Co shall be approved by its directors and signed by or on behalf of the directors.
- 4) The annual accounts together with the auditor's report shall be submitted to the Shareholders for approval.

Article 36: Appointment of Auditors

The SEZ Co shall appoint an auditor from the list of auditors accredited by the Authority to audit the annual accounts.

Article 37: Role of the Auditor

Each auditor appointed by an SEZ Co pursuant to Article 36, shall examine and prepare a report on the annual accounts of the SEZ Co which shall, amongst others, certify the trueness and fairness of the annual accounts.

Article 38: Filing of annual accounts and auditor's report

The SEZ Co must send a copy of the annual accounts and auditors report to the Registration Department upon their approval by the Shareholders.

CHAPTER D: SECURITY

Article 39: Power to grant security

- 1) The Shareholders shall be entitled to grant security over all or part of their Shares in any SEZ Co to any creditor to secure the payment of an existing or future debt of the Shareholders.
- 2) An SEZ Co may give any guarantee, hypothecation, pledge or delegation of debt or private or public contracts provided for in the law of Somaliland to secure the payment of an existing or future debt of the SEZ Co.

Article 40: Security Register

- 1) Each SEZ Co shall keep at its registered office a register of all security granted by an SEZ Co over its assets and any security granted over all or part of the Shares of an SEZ Co.
- 2) The security register shall contain the name and address of the creditors and a description of the security.

CHAPTER E: BOARD OF DIRECTORS AND MEETINGS

Article 41: Directors

- 1) Each SEZ Co shall have at least two directors.
- 2) The number of directors shall be fixed by the Articles of Association.
- 3) No person shall be a director who is:
 - a) under the age of 18 years;
 - b) not a natural person; or
 - c) Disqualified from being a director by virtue of having been convicted of a criminal offence in any jurisdiction in the past 5 years.

Article 42: Appointment of directors

- 1) The first directors of an SEZ Co shall be elected by the Shareholders incorporating the SEZ Co and thereafter directors shall be elected by Shareholders passing an Ordinary

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Resolution, or as otherwise provided in the Articles of Association, for such term as the Shareholders may determine.

2) Each director shall hold office until his successor takes office or until his earlier death, resignation, removal following disqualification or removal by Ordinary Resolution or as otherwise provided in the Articles of Association.

3) The Articles of Association may stipulate further conditions relating to the nomination, term of appointment, resignation, term and dismissal of directors.

4) Any change to an SEZ Co's directors shall be promptly notified to the Registration Department in accordance with the Regulations.

Article 43: Directors' duties

1) A director of an SEZ Co shall:

a) act in accordance with the Articles of Association; and

b) Only exercise his powers for the purposes for which those powers have been conferred.

2) A director of an SEZ Co shall act in the way he considers, in good faith, would be most likely to promote the success of the SEZ Co for the benefit of its Shareholders as a whole, and in doing so, have regard, amongst other matters, to:

a) the likely consequences of any decision in the long term;

b) the interests of the SEZ Co's employees;

c) the need to foster the SEZ Co's business relationships with suppliers, customers and others;

d) The impact of the SEZ Co's operations on the community and the environment.

e) the desirability of the SEZ Co maintaining a reputation for high standards of business conduct; and

f) the need to act fairly as between Shareholders of the SEZ Co,

3) Subject to any law applicable to the SEZ Co which requires directors, in certain circumstances, to consider or act in the interests of an SEZ Co's creditors.

4) A director of an SEZ Co shall exercise the care, skill and diligence that would be exercised by a reasonably diligent person with:

a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the director in relation to the SEZ Co; and

b) the general knowledge, skill and experience that the director has.

5) Subject to the Articles of Association, a director of an SEZ Co shall avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the SEZ Co.

6) A director of an SEZ Co shall not accept a benefit from a third party where the benefit is conferred on him:

a) due to his position as a director of the SEZ Co; or

b) for him doing (or not doing) anything as a director,

Unless the acceptance of such benefit cannot reasonably be regarded as likely to give rise to a conflict of interest.

Article 44: Secretary

1) Each SEZ Co shall appoint one or more persons to act as the secretary of the SEZ Co.

2) Any change to an SEZ Co's secretaries shall be promptly notified to the Registration Department in accordance with the Regulations.

Article 45: Register of directors and secretary

- 1) Every SEZ Co shall maintain at its registered office a register of its directors and secretaries.
- 2) The register shall contain details of the identity and address of the directors and secretaries and shall be promptly updated from time to time to reflect any changes to the directors or secretaries.

Article 46: Residence

At least one of the directors of an SEZ Co or its general manager shall be required to reside in the Republic of Somaliland for at least 180 days in any calendar year.

Article 47: Assumptions in relation to directors

- 1) A person dealing with an SEZ Co is entitled to assume that anyone who appears, from the information that is available to the public on the Register, or the registers maintained by the SEZ Co, to be a director or secretary of the SEZ Co:
 - a) has been duly appointed; and
 - b) has authority to exercise the powers and perform the duties customarily exercised or performed by a director or secretary of a similar entity.
- 2) A person is not entitled to make an assumption under Article 47(1a) above, if at the time of the dealing with the SEZ Co such person knew or could have reasonably suspected that the assumption was incorrect.

Article 48: Participation in meetings

- 1) Subject to the Articles of Association, a Shareholder may participate in a meeting by phone or by other similar means of communication where each Shareholder present at the meeting can hear what is said by any other Shareholder present at the meeting and each Shareholder so participating at the meeting is deemed to be present at that meeting with the other Shareholders so participating.
- 2) Subject to the Articles of Association, a director may participate in a meeting by phone or other similar means of communication where each director present at the meeting can hear what is said by any other director present at the meeting, and each director so participating at the meeting is deemed to be present at that meeting with the other directors so participating.

Article 49: Annual General Meeting

An SEZ Co shall not be required to hold an annual general meeting unless expressly required to do so under its Articles of Association.

Article 50: Requisition of meetings

- 1) On a Shareholders' request, the directors or if appointed, the secretary, of an SEZ Co shall, notwithstanding anything in the Articles of Association, forthwith proceed to call a General Meeting or, as the case may be, a meeting of holders of any class of Shares, to be held as soon as practicable but in any case not later than two (2) months after the date of the request.
- 2) For the purposes of this Article, a Shareholders' request is a request of Shareholders of a company holding, at the date of the request, not less than five per cent (5%) of the share capital of the Shares which at that date carry the right to vote at the meeting requested.
- 3) The Shareholders' request shall state the purpose of the meeting, and shall be made by

or on behalf of each Shareholder making the request and be deposited at the registered office of the SEZ Co. Such a request may consist of several documents in similar form each signed by or on behalf of one (1) or more of such Shareholders.

4) If, within twenty one (21) days from the date of the deposit of the request, the directors or secretary of the SEZ Co do not proceed to call a meeting to be held within two (2) months of the date of the request, the Shareholders making the request, or any of them representing more than one half (1/2) of the total voting rights of all of them, may themselves call a meeting, but a meeting so called shall not be held after three (3) months from that date.

5) A meeting called under this Article shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by directors or secretary.

Article 51: Notice of meetings

- 1) Any General Meeting shall be called by at least fourteen (14) days' notice in writing.
- 2) If a General Meeting is called by shorter notice than that specified in Article 51(a) above, it is deemed to have been duly called if it is so agreed by a majority in number of the Shareholders having a right to attend and vote at the General Meeting, being a majority together holding not less than ninety five per cent (95%) of the share capital represented by the Shares giving a right to attend and vote at the General Meeting.
- 3) A notice of a General Meeting of an SEZ Co shall:
 - a) set out the time, place and date for the General Meeting;
 - b) state the general nature of the General Meeting's business; and
 - c) Set out the intention to propose any Ordinary Resolution or Special Resolution and state such resolution.

Article 52: General provisions as to meetings and votes

The following provisions apply to any General Meeting of an SEZ Co or of the holders of any class of Shares in an SEZ Co unless the Articles of Association provide otherwise:

- a) A notice of every meeting shall be given to every Shareholder entitled to receive it:
 - i. by delivering or posting it to such Shareholder's registered address;
 - ii. in such electronic form as agreed by the intended recipient; or
 - iii. by making it available on such website as agreed by the intended recipient; or
 - iv. in such other manner or form as may be agreed by the intended recipient.
- b) At any General Meeting of the SEZ Co, two (2) Shareholders personally present or represented by proxy shall be a quorum, unless otherwise provided in the Articles of Association
- c) At any meeting dealing with a variation of any class rights other than an adjourned meeting, the quorum shall be persons holding or representing by proxy at least one-third (1/3) in nominal value of the allotted and issued Shares of that class, and at any such adjourned meeting, one (1) person holding Shares of the class or such person's proxy shall be a quorum.
- d) Any Shareholder elected by the Shareholders present at any such meeting may be chairman.
- e) A resolution passed:
 - i. At a meeting on a show of hands, every Shareholder present in person at any such meeting has one (1) vote; and
 - ii. On a poll at a meeting, every Shareholder has one (1) vote for every Share held by that Shareholder.

Article 53: Resolutions

Unless said otherwise stated in the SEZ Co's Articles of Association or as required under this Law, all decisions of the Shareholders shall be made by Ordinary Resolution.

Article 54: Representation at meetings

- 1) An SEZ Co may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the SEZ Co, or of the holders of any class of Shares of the SEZ Co, or of creditors of the SEZ Co which it is entitled to attend.
- 2) A person so authorized is entitled to exercise the same powers on behalf of the SEZ Co which such person represents as that SEZ Co could exercise if it were an individual Shareholder or creditor of the SEZ Co.

Article 55: Resolutions in writing

- 1) Subject to any restrictions in its Articles of Association, anything that may be done by a Resolution of an SEZ Co (excluding a resolution to remove an auditor or director) passed at a Shareholders' or a class of Shareholders' meeting, may be done either by an Ordinary Resolution or by a Special Resolution in writing, as is relevant, in accordance with this Article.
- 2) A resolution in writing is passed, unless otherwise prescribed in the Regulations
 - a) as an Ordinary Resolution, if it is passed by Shareholders representing a simple majority of the total voting rights of Shareholders who, at the date when the Ordinary Resolution is deemed to be passed, would be entitled to vote; and
 - b) as a Special Resolution, only if: (1) it stated that it was proposed as a Special Resolution; and (2) it is passed by Shareholders representing not less than seventy five per cent (75%) of the total voting rights of Shareholders who, at the date when the Resolution is deemed to be passed, would be entitled to vote.
- 3) An Ordinary Resolution or Special Resolution in writing may consist of several instruments in the same form each signed by or on behalf of one (1) or more Shareholders.
- 4) An Ordinary Resolution or Special Resolution in writing under this Article shall be deemed to be passed when the instrument, or the last of several instruments, is last signed or on such later date as is specified in the Ordinary Resolution or Special Resolution.

Article 56: Proxies

- 1) A Shareholder of an SEZ Co entitled to attend and vote at a General Meeting or at a meeting of the holders of any class of Shares is entitled to appoint, by notice to the SEZ Co in writing, another person (whether a Shareholder or not) as such Shareholder's proxy to attend and vote instead of such Shareholder.
- 2) A proxy appointed to attend and vote for a Shareholder has the same rights as the Shareholder including without limitation to:
 - a) speak at the meeting; and
 - b) Vote (but only to the extent allowed by the appointment or by the Articles of Association).
- 3) Every notice calling a meeting of the SEZ Co shall contain a reasonably prominent statement that a Shareholder entitled to attend and vote is entitled to appoint a proxy or, where that is allowed, one (1) or more proxies to attend and vote instead of that

Shareholder, and that a proxy need not also be a Shareholder.

Article 57: Meetings of the board of directors

Unless the Articles of Association otherwise provide:

- 1) any director shall be entitled to call a meeting of the board of directors upon giving not less than 14 days' notice in writing to the other directors;
- 2) the quorum for the board of directors of any SEZ Co shall be two directors;
- 3) all decisions taken by the board of directors shall be decided by a simple majority and each director shall be entitled to one vote;
- 4) The directors shall appoint one of their own to be the chairperson and in the event of a voting deadlock, the chairperson shall be entitled to a casting vote.

Article 58: Minutes

The secretary shall be responsible for keeping and filing all minutes of meetings of the board of directors and for any General Meeting.

Article 59: Filing of Special Resolutions

Where any Special Resolution is required to be passed under this Law, a copy of such Special Resolution shall be promptly filed by the secretary or an officer of the SEZ Co at the Registration Department.

CHAPTER F: WINDING UP

Article 60: Winding up

The winding up of an SEZ Co may either be:

- 1) summary under Article 61
- 2) by its creditors pursuant to Article 64; or
- 3) By any competent court under the applicable bankruptcy laws or other applicable legislation which is effective in the Republic of Somaliland.

Article 61: Summary winding up

1) This Article applies to the winding up of an SEZ Co which has no liabilities or which is able to discharge its liabilities in full within six months after the commencement of the winding up and such a winding up is a summary winding up.

2) An SEZ Co may be wound by under this Article by making a statement of solvency in accordance with Article 61(c):

- a) by passing, within 28 days after the statement has been signed by each of the directors of the SEZ Co, a Special Resolution that the SEZ Co be wound up summarily;
- b) by delivering to the Registration Department, within 21 days of the Special Resolution having been passed, a copy of it together with the statement of solvency.

3) A statement of solvency shall be signed the directors and state that, having made full inquiry into the SEZ Co's affairs, each of them is satisfied:

- a) that the SEZ Co has no assets and no liabilities; or
- b) that the SEZ Co has assets and no liabilities; or
- c) that the SEZ Co will be able to discharge its liabilities in full within six months after the commencement of the winding up, as the case may be.

Co is dissolved.

4) A summary winding up under which assets of the SEZ Co are to be distributed

commences on the passing of the Special Resolution for summary winding up.

5) After the commencement of a summary winding up of an SEZ Co which has assets the corporate state and capacity of the SEZ Co shall continue until the SEZ Co is dissolved but, from the commencement of the winding up, its powers shall be exercised only so far as may be required for the realisation of the assets of the SEZ Co, the discharge of any liabilities of the SEZ Co and the distribution of its assets in accordance with Article 62.

Article 62 Application of assets and dissolution

- 1) 1) On the registration by the Registration Department of a statement delivered under Article 61 that the SEZ Co has no assets and no liabilities the SEZ Co is dissolved.
- 2) On the registration by the Registration Department of a statement so delivered that the SEZ Co has assets and no liabilities the SEZ Co shall forthwith proceed to distribute its assets among its Shareholders according to their rights under the Articles of Association or otherwise as provided by the Regulations.
- 3) On the registration by the Registration Department of a statement so delivered that the SEZ Co will be able to discharge its liabilities in full within six months after the commencement of the winding up the assets of the SEZ Co shall be applied in satisfaction of the SEZ Co's liabilities and, subject to that application, shall be distributed as aforesaid.
- 4) As soon as the SEZ Co has completed the distribution of its assets in accordance with this Article it shall deliver to the Registration Department a statement signed by the directors or, if the distribution has been completed by a liquidator that each director or (as the case may be) the liquidator, having made full inquiry into the SEZ Co's affairs, is satisfied that the SEZ Co has no assets and no liabilities and, upon the registration of the statement, the SEZ Co is dissolved.

Article 63: Effect of insolvency

- 1) This Article applies where after the commencement of a summary winding up, the directors (or, if there is a liquidator, the liquidator) form the opinion that the SEZ Co has liabilities which it will be unable to discharge in full within six months after the commencement of the winding up.
- 2) When that opinion is formed it shall be recorded in the minutes of a meeting of the directors or, as the case may be, by the liquidator and the directors (or, if there is a liquidator, the liquidator) shall:
 - a) by not less than 14 days' notice given by post, call a meeting of the creditors of the SEZ Co to be held within 28 days after that opinion was recorded and the SEZ Co shall in the notice nominate a person to be liquidator for the purpose of a creditors' winding up;
 - b) when that notice is given to the creditors, deliver a copy of it to the Registration Department; and
 - c) make out a statement as to the affairs of the SEZ Co and lay that statement before the creditors' meeting.
- 3) As from the day on which the creditors' meeting under this Article is held the winding up becomes a creditors' winding up and shall have effect as if that meeting was the meeting of creditors.

Article 64: Creditors' winding-up

- 1) A creditors' winding up is deemed to commence when a Special Resolution for winding up is passed or, where the winding up becomes a creditors' winding up

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pursuant to Article 63 above; and the SEZ Co shall from the commencement of the winding up cease to carry on its business, except so far as may be required for its beneficial winding up

- 2) The corporate state and capacity of the SEZ Co continue until the SEZ Co is dissolved.
- 3) A transfer of shares, not being a transfer made to or with the sanction of the liquidator, and an alteration in the status of the SEZ Co's Shareholders made after the commencement of the winding up is void
- 4) After the commencement of the winding up no action shall be taken or proceeded with against the SEZ Co except by leave of the court and subject to such terms as the court may impose.

Article 65: Creditors' Meeting

- 1) The SEZ Co shall not less than 14 days before the day on which there is to be held the SEZ Co meeting at which the Special Resolution for a creditors' winding up is to be proposed give by post to its creditors notice calling a meeting of creditors to be held on the same day as, and immediately following the conclusion of, the SEZ Co meeting nominate a person to be liquidator for the purposes of a creditors' winding up.
- 2) During the period before the appointment of a liquidator, the powers of the directors shall not be exercised except with the sanction of the court or to protect the SEZ Co's assets.
- 3) All costs, charges and expenses properly incurred in a creditor's winding up, including any remuneration which is agreed to be paid to the liquidator, shall be payable out of the SEZ Co's assets in priority to all other claims.

Article 66: Appointment and powers and duties of liquidator

- 1) On or after the date of commencement of a summary winding up of an SEZ Co pursuant to Article 61 or upon passing a Special Resolution pursuant to Article 64, an SEZ Co may by Special Resolution appoint a person to be liquidator for the purposes of the winding up.
- 2) On the appointment of a liquidator all the powers of the directors shall cease except so far as the Special Resolution appointing the liquidator or any subsequent Special Resolution otherwise provides and, subject to any such Special Resolution, all those powers shall thereafter be exercisable by the liquidator.
- 3) If for any reason in a creditors' winding up no liquidator has been appointed, then the Registration Department may appoint a liquidator on behalf of the SEZ Co.
- 4) The Registration Department may, at the direction of the creditors of the SEZ Co, remove any appointed liquidator and appoint another liquidator.
- 5) The Registration Department may prescribe qualifications required for any person to act as a liquidator.
- 6) The liquidator may:
 - a) with the approval of the creditors, pay a class of creditors in full and/or compromise any claim by or against the SEZ Co; and
 - b) Exercise any other power of the SEZ Co as may be required for its beneficial winding up.

Article 67: Distribution of property

Subject to the provisions of any enactment as to preferential payments, an SEZ Co's property shall on winding up be realised and applied in satisfaction of the SEZ Co's liabilities pari passu and, subject to that application, shall (unless the Articles of

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Association or law otherwise provide) be distributed among the Shareholders according to their rights and interests in the SEZ Co.

Article 68: Notification that an SEZ Co is in liquidation

When an SEZ Co is being wound up, every invoice, order for goods or services or business letter issued by or on behalf of the SEZ Co, or a liquidator of the SEZ Co, being a document on or in which the name of the SEZ Co appears, shall contain a statement that the SEZ Co is in liquidation.

Article 69: Liability as contributories of present and past Shareholders

When an SEZ Co is wound up, every present and past Shareholder is liable to contribute to its assets to an amount sufficient for payment of its liabilities, and the expenses of the winding up, and for the adjustment of the rights of the contributories among themselves:

- (a) a past Shareholder is not liable to contribute if he has ceased to be a Shareholder for one year or more before the commencement of the winding up;
 - (b) a past Shareholder is not liable to contribute in respect of a liability of the SEZ Co contracted after he ceased to be a Shareholder;
 - (c) a past Shareholder is not liable to contribute unless it appears to the court that the existing members are unable to satisfy the contributions required to be made by them in pursuance of these Articles;
 - (d) no contribution is required from a past or present Shareholder exceeding the amount (if any) unpaid on the shares in respect of which he is liable
- a sum due to a Shareholder of the SEZ Co (in his character as a Shareholder) by way of dividends, profits or otherwise is not deemed to be a liability of the SEZ Co, payable to that Shareholder in a case of competition between himself and any other creditor not a Shareholder of the SEZ Co, but any such sum may be taken into account for the purpose of the final adjustment of the rights of the contributories among themselves.

CHAPTER G: DISTRIBUTIONS

Article 70: Dividends

- 1) An SEZ Co may only make a distribution out of profits available for distribution, which shall be its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made.
- 2) Except as otherwise provided in its Articles of Association, all distributions shall be approved by the Shareholders.

PART 3: SEZ ESTABLISHMENTS

Article 71: Applicability of Law to SEZ Establishments

Articles 11 to 70 of this Law (other than Articles 11(2), 14(1), 41(1), 42 and 48 to 57) concerning SEZ Cos shall apply to SEZ Establishments, subject to the provisions of Articles 72 to 75 and provided that:

- 1) all references to an "SEZ Co" shall be deemed to be references to SEZ Enterprises;
- 2) all references to "Shareholders" shall be deemed to be references to the Unique Shareholder; and

3) all references to decisions or resolutions of the Shareholders shall be deemed to be references to decisions or resolutions of the Unique Shareholder and any resolution by the Unique Shareholder shall be deemed to satisfy any Ordinary Resolution or Special Resolution requirement under this Law.

Article 72: Shareholders

- 1) Each SEZ Establishment will have a single shareholder which shall be known as the “**Unique Shareholder**”.
- 2) The Unique Shareholder can be any legal entity recognised under Somaliland law or foreign law.

Article 73: Share capital

The minimum share capital requirement of an SEZ Establishment shall be US\$ 20,000 or its equivalent in Somaliland shilling and shall be fully paid up on incorporation.

Article 74: Name of SEZ Establishment

The name of a SEZ Establishment must end with the initials "FZE".

Article 75: Directors

The SEZ Establishment shall be managed by at least one director who shall be an individual. If only one director is appointed, then such director shall be authorised to carry out the functions of director and secretary.

PART 4: BRANCH OFFICE

Article 76: Applicability of the Law to Branch Offices

Articles 11 to 70 of this Law (other than Articles 11(2),14(1), 22 to 32, 41(1) and 48 to 57) concerning an SEZ Co shall apply to Branch Offices, subject to the provisions of Articles 77 to 81 and provided that:

- a) all references to an "SEZ Co" shall be deemed to be a reference to a Branch Office;
- b) all references to "directors" shall be deemed to be references to the Branch Manager; and
- c) any reference to a decision or resolutions of the Shareholders shall be deemed to be a reference to a decision or resolution of the parent company and any resolution by the parent company shall be deemed to satisfy any Ordinary Resolution or Special Resolution requirement under this Law.

Article 77: Establishment of Branch Offices

Any corporate entity incorporated in Somaliland or in any foreign jurisdiction shall be permitted to establish a Branch Office in a Special Economic Zone, provided that the Branch Office:

- a) holds a license issued by the Authority;
- b) remains 100% owned by its parent company; and
- c) meets any other conditions required by the Registration Department (including the requirements relating to its incorporation pursuant to Article 78 below)

Article 78: Additional incorporation requirements

In addition to the requirements set out in Part 2, Chapter A, any applicant wishing to incorporate a Branch Office shall also submit the following information to the

Registration Department relating to its parent company:

- a) a certificate of incorporation;
- b) a certified copy of the constitutional documents valid as at the date of the application;
- c) a board or shareholder resolution of the parent company resolving to establish the Branch Office form a branch
- d) Details relating to the proposed manager of the Branch Office as specified in the Regulations.

Article 79: Name and business

- 1) Unless otherwise approved by the Registration Department, the name of the Branch Office shall be identical to its parent company.
- 2) A Branch Office may not carry out any business which its parent company is not permitted to carry out in accordance with its constitutional documents and the laws of its place of incorporation.

Article 80: Branch Manager

The Branch Office shall be managed by a single individual who shall be known as the "**Branch Manager**". The actions of the Branch Manager shall bind the Branch Office.

Article 81: Provision of further information

The Branch Office must promptly inform the Registration Department of the following:

- a) any modification to the parent company's articles of association;
- b) any change in the ownership of the parent company;
- c) any change to the name of the parent company; and
- d) any change to the name or address of the Branch Manager.

PART 5: POWERS OF THE AUTHORITY

Article 82: Establishment of Registration Department

The Authority shall establish a Registration Department which shall be responsible for the registration of all SEZ Commercial Companies in accordance with this Law and the Regulations.

Article 83: Public Register

The Registration Department shall publish and maintain a public register of current and past registrations of SEZ Commercial Companies in such a manner as may be prescribed in the Regulations.

Article 84: Regulations

- 1) The Authority may make Regulations from time to time in respect of this Law to facilitate the administration of, or further the purposes of this Law.
- 2) Without limiting the generality of Article 84(1aad), the Regulations under this Article may make different provision for different cases or circumstances, include supplementary incidental and consequential provisions and shall be made to facilitate the administration of or further the purposes of this Law.
- 3) Where any legislation made for the purposes of this Law purport to be made in the exercise of a particular power or powers, it shall be taken also to be made in the exercise of all the powers under which it may be made.

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4) The Authority may also publish guidelines, standards and codes of practices from time to time in addition to the Regulations.

Article 85: Fees

1) Without prejudice to Article 84 above, the Authority may make Regulations requiring the payment to the Registration Department of such fees as may be prescribed in respect of:

a) the performance by the Registration Department of such functions under this Law as may be specified in the Regulations, including the receipt of any document under this Law which is required to be delivered; and

b) the inspection of documents or other material held by him under this Law.

2) The Registration Department may charge a fee for any services provided otherwise than in pursuance of an obligation imposed on him by this Law.

3) Where a fee is provided for or charged under this Article for the performance of an act or duty by the Registration Department, no action need be taken until the fee is paid, and where the fee is payable on the receipt by him of a document required to be delivered the Registration Department shall be deemed not to have received it until the fee is paid.

Article 86: Directions

SEZ Commercial Companies shall be required to comply with any direction issued by the Registration Department pursuant to this Law or the Regulations.

Article 87: Right to carry out inspections

The Authority shall be entitled to inspect on reasonable notice any documents, registers, accounts, filings or other information required to be produced or maintained by any SEZ Commercial Company in accordance with this Law and the Regulations

Article 88: Effective Date

This Law will come into force when the Parliament approves and the President Signs and publishes in the Official Gazette.

C/risaaq Siciid Ayaanle
Xoghayaha Guud ee Golaha Wakiilada JSL

Md. Baashe Maxamed Faarax
Gudoomiyaha Golaha Wakiilada JSL