

**FEDERAL GOVERNMENT OF
SOMALIA**



**MINISTRY OF COMMERCE &
INDUSTRY**

**IMPLEMENTING REGULATION
FOR
COMPANIES LAW N.18 OF 26.12.2019**

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MINISTRY OF COMMERCE AND INDUSTRY
IMPLEMENTING REGULATION OF COMPANY LAW N.18 OF 26 DECEMBER
2019
REGULATION N....., DATE

THE MINISTER OF COMMERCE AND INDUSTRY

1. Having Seen the Article 102, paragraph (1) Transitional Federal Constitution of Somalia;
2. Having seen Art. 14, 83 -87, 89, 92, 99 of the Federal Republic of Somalia Company Law 2019
3. Recognizing the need to encourage trade, manufacturing and investment to develop the National economy by facilitating the creation, registration, licensing and other business services required;
4. Having considered the opportunities that the techniques and information technology offer which make easier for businesses to access services provided by the Government while in their offices or workplaces, allowing customers to get information about their companies and businesses they need via online services

HEREBY DECREES

Art 1: Establishment of the Office of Companies Registrar

1. There has been established in the capital city of Mogadishu the Office of Companies Registrar ((hereinafter "Companies Registrar") as a juristic person within and under authority of the Ministry of Commerce and Industry.
2. The Companies Registrar shall have power and authority to administer this Regulation and to regulate activities of companies as provided in this Regulation.
3. The Companies Registrar may establish branches from time to time to meet the need for extending the service of the Companies Registrar throughout the country.

Art 2: The Chief Registrar

1. The Chief Registrar is a governmental official appointed by the Ministry of Commerce in accordance with Civil Servant Law.
2. The chief Registrar is the individual responsible for recording and maintaining details of the new and existing business firms within the company registered jurisdiction. He/she also controls the formation of new firms and renewal of or changes in the existing ones.
3. The Chief Registrar shall be responsible for the safe custody of, all documents lodged with the Companies Registrar, both hard and electronic under this Law and shall allow the public access subject to applicable privacy law.
4. The Chief Registrar shall examine and register all returns and other documents lodged with the Registrar.
5. The Chief Registrar Shall Prepare legal opinions and briefs and assist the Minister in developing prescriptions/regulation meant to fulfill the objects of the Company law as the need arises.

Art. 3: Deputy Registrar of Companies

1. There shall also be a Deputy Registrar and such number of Assistant Registrars and other officers as may be necessary for the purposes of this Regulation.
2. Such other officers shall, if the Chief Registrar directs, have the power to carry out the functions of the Office of Companies Registrar as provided in this Regulation.

Art 4: Functions of the Companies Registrar

The functions of the Companies Registrar include:

- 1 Issuing certificates of incorporation with unique serial number and security features and Issuing business licenses for general commercial purposes and industrial activities with unique number and security features

- 2 Ensuring that all records kept by the Registrar are in such form as will enable all the information contained in the records to be readily retrieved for inspection and copying;
- 3 Be responsible for ensuring that fees received by the Registrar under this or any other Law are paid into the Government Treasury Account;
- 4 Be a custodian of the company registry seal;
- 5 Preparing and submitting a report to the Minister within six months after the end of each financial year, (calendar year) on the office operations and activities of the Companies Registrar together with a financial statement of those operations and activities.
- 6 Maintaining and updating a functional electronic database and making each company's information available to the public within the limits prescribed by this regulation.
- 7 The Companies Registrar shall receive annual returns or/and annual financial statements of registered companies. All incorporated companies will be required to file annual returns.
- 8 Exercising any other powers conferred on the Registrar by the Company law or any other law, or Regulations prescribed by the Minister.

Art. 5: Powers of the Companies Registrar

1. The Companies Registrar has the power of verifying the compliance with the legal requirements for registration of the company by checking up the company name, registered office address, type of business, director details, shareholder's details, proof of address and ID, collection of registration fee.
2. The Companies Registrar has the power to inspect company records lodged with the Companies Registrar in order to gain background information.
3. The Companies Registrar has the power to determine and collect the fees and penalties prescribed in Schedule 1 and Schedule 2 of this regulation. The Companies Registrar shall assure that notice of all fees is publicly available.

4. The Companies Registrar possesses investigating powers set forth in this Section 4 relating to fraudulent activities in the cases when Subsections (a) or (b) below are applicable:
 - (a) If the Companies Registrar has reasonable cause to believe that provisions of this Regulation or the Companies Law have not been complied with,
 - (b) or that a filed document under this Regulation does not disclose the true facts or a full and fair statement of the matters to which it purports to relate,
 - (c) the Companies Registrar may, by written order, require the company concerned to produce the company's books and records relating thereto or to furnish in writing such information or explanation as the Companies Registrar may specify in its order. Such books, records or information shall be produced within such time period as the order may specify.
 - (d) On a company's receipt of such an order it shall be the duty of all managers, directors and officers of the company to produce such books, records or explanation insofar as is within their power.
 - (e) The Companies Registrar need not file any document to which such order relates until such order is complied with, and not then if the answers thereto disclose that the document does not conform to the provisions of this Regulation or the Companies Law.
 - (f) Questions or disputes regarding such investigation shall be referred to and determined by the Ministry of Commerce and Industry.
 - (g) The Ministry of Commerce and Industry retains the power to submit to the Public Prosecution Office for determination of any criminal conduct.

Art. 6: Issuance of the certificate of incorporation

1. If the Companies Registrar is satisfied that the requirements of this Companies Law as to the application for incorporation are complied with and upon payment of the prescribed fee, the Registrar shall enter the particulars of the company in the Principal register.
2. If the Companies Registrar is not so satisfied, it shall immediately notify the applicant(s) thereof, stating in writing the reasons therefor. A dispute

- regarding this may be appealed to the Ministry and subsequently to the court in accordance to the applicable appeal system.
- 3 The Companies Registrar shall assign through registration program a distinct number identifying the business in terms of category to the company by issuing a certificate of incorporation that will include the type and name of the company, the seal of the Ministry, date and location of issue, the formal statement that the company has complied with the legal requirements hence it is registered in the Federal Republic of Somalia and signed by the Chief Registrar or his Deputy.
 - 4 The certificate of incorporation will be issued within 1 working day after the application has properly filed
 - 5 The certificate of incorporation is valid for the company's lifetime except in the case of mergers, acquisitions and fundamental changes that would require a re-registration of the company.
 - 6 A certificate of incorporation issued under this Article is conclusive evidence that the requirements of this Regulation and of the Companies Law as to registration and incorporation have been complied with.

Art 7: Issuance of license to do business

1. The Companies Registrar shall also issue to a private or public company a unique license number *to do* business that is a general permit to start any type of permitted business.
- 2 This license is separate from, and shall not affect or eliminate any legal requirement for a license issued by authorities other than the Companies Registry related to specific types or sectors of business or professional activities.
- 3 A business license shall grant the owner the right to start and run a particular type of business in country.
- 4 A business license shall be issued within 2 working days after the application therefor has been filed with the Companies Registry on manual or electronic format prescribed or approved by the Companies Registry and payment of the fee prescribed on Schedule 1.

- 5 A business license shall be valid for one year from the date of its issuance and it might be subject to yearly by the Companies Registry upon its granting of a renewal application filed on a form prescribed by the Companies Registry and payment of the fee prescribed on Schedule 1.

Art. 8: Required documents for registration of companies

The required documents for registering a company include the following as required by Art. 6 and 13 of the Companies Law 2019:

- 1 An application in a form prescribed or approved by the Companies Registrar.
- 2 The application shall be submitted with the company's articles of association as an electronically generated or a customized version.
- 3 On receipt of an application the Companies Registrar may require the applicant to furnish such other information or additional particulars as may be reasonably required under this Regulation.

Art. 9: Regulated Business'

Businesses or service providers who, in accordance with other laws and regulations of the country, are obligated to obtain authorization, permit or have to inform other Government agencies, when registered and licensed from the registrar, shall not commence their activities, before the authorization or permit is granted as required by the laws and regulations.

Art 10: Requirements for a Name

- 1 The Companies Registrar may refuse to register a company with a name which:
 - a) is identical to the name under which another company is already registered, or so similar to any such name as to be likely to deceive, is likely to mislead the public,

- b) is blasphemous or indecent or likely to cause offence to any person or class of persons,
 - c) Suggests patronage of the Government of Somalia or another governmental authority or organization unless the consent thereof has been obtained, or
 - d) includes the name of a natural person unless that person has consented thereto in writing.
- 2 The Companies Registrar, after affording a company an opportunity to be heard, may order the company to change its name within a period specified by the Companies Registrar, being not less than 4 weeks from the date of the order, if the Companies Registrar considers that the company should not have been registered with that name for any reason mentioned in this Article.
 - 3 Any person who is aggrieved by such an order may appeal to the court, which may make such order as it thinks fit.
 - 4 The name of a public company or a private company organized under the Companies Law must end with one of the following words or abbreviations or with other words or abbreviations of similar import approved in each case by the Companies Registrar:
 - (a) "Limited" or "Ltd."
 - (b) "Incorporated" or "Inc."

Art.11: Reservation of a Name

- 1 A person who wishes to use a company name may reserve the exclusive right to use the name by application to the Companies Registrar. The application shall state the name and address of the applicant and the name proposed to be reserved.
- 2 If that name is not already registered and it complies with Section 1 of this Article the Companies Registrar shall reserve the name for the applicant's exclusive use for 90 days, renewable for up to two additional 30-day periods on application of the applicant.
- 3 Provided that the reserved name is available its registration shall take place within 1 working day after the application is properly filed

Art.12: Change of a Name

- 1 A company that wishes to change its name shall file the change with the Companies Registrar under the standards of Art. 10 of this regulation. As soon as the Registrar receives a properly completed application the Companies Registrar shall enter the new name of the company in the register of companies and issue a certificate for the company recording the change of name.
2. Change of particulars such as change of name, change of directors, shareholders and officers, change of business activities, shall be filed to Companies Registrar.
3. Certificate of change of name shall be issued with both the old and the new name.

Art. 13: Proof of address

1. An official Public Notary confirmation that the described street address exists at the time of the registration of the company is required as a proof the company's and Directors' principal addresses
Any change of address shall require a Public Notary authentication.

The Notary will be solely the official contact office in the case of non-responding company.

2. This is a temporary arrangement that until appropriate mode of proving address is being adopted by the Companies Registry.

Art. 14: Fees

- 1 The fee for the incorporation certificate is one single payment equivalent of \$ 100 payables once at the registration time.
- 2 Depending on the size and nature of the business the fee for the license to do business vary and it is listed in the Schedule 1.
- 3 The fee for the issuance of the business license and its yearly renewal costs are enlisted in Schedule 1.
- 4 There shall be no fees for filing of a document by the office of the Public Prosecutor, government entities or bodies or for other services provided to them by the Companies Registrar.

- 5 A review the revenues of the Companies Registrar will be carried out periodically with necessary amendment of the Schedule 1 by the Ministry of Commerce & Industry adjusting the fees.

Art. 15: Company's Annual Return

- 1 Every company shall file an annual return with the Companies Registrar as provided in this Article. The filing shall be made on or within 10 working days following each anniversary date of the date on which the company's initial certificate of incorporation was issued. The information contained in each annual report shall be correct as of the date of the required filing.
- 2 An annual return must contain the information listed below:
 - (a) the name of the company.
 - (b) the name and address of its principal place of doing business and (if different) its principal place of doing business in Somalia.
 - (c) the names and addresses of its directors, its chief executive officer, and the names and addresses of its manager/s.
 - (d) the type of company it is and its principal business activities.
 - (e) the total number of authorized shares of the company and (if different) the total by number of shares which have been issued to shareholders.
 - (f) If the shares are divided into types or classes, for each type or class.
- 3 the total number of authorized and the total number of issued shares of that type or class.
- 4 The Companies Registrar may provide forms to be used for the filing of the annual return and may require that those forms must be used. The Companies Registrar may specify and require information in addition to that specified above to be included in the annual return.

- 5 If a company fails to file an annual return as required by this Article, the company shall be liable for a penalty as specified in Schedule 1 and may, in addition, be subject to prosecution.
- 6 Every company should file its Annual return and financial statement and shall include:
 - Bank statements
 - Tax clearance
 - Minutes of the AGM if applicable
 - Audited accounts

Art 16: Penalties

- 1 Failure to comply with this regulation is an offence and the company may be liable for prosecution or/and a penalty described in Schedule 2.
- 2 Accepted forms of payment include cash, check, and direct bank transfer., mobile money and credit/debit payment system.

Art. 17: Electronic and Other Records and Filing

- 1 The Companies Registrar shall make provision for the option of electronic filing of all company documents and for making such documents directly accessible electronically.
- 2 The Companies Registrar may keep its records, including documents which are filed with the Companies Registrar by any company, by any electronic or any other storage means, so long as the records can be converted into clearly readable paper form within a reasonable time.
- 3 A company may keep its records, including financial records, interest or share ownership records, and minutes of meetings, by any electronic or other storage means, so long as the records can be converted into clearly readable paper form within a reasonable time.

- 4 The Companies Registrar or a company (as the case may be) shall convert any such records to clearly readable paper form on request of any person who is entitled to access to the records under any provision of this Act.

Art 18: Correction of Registered information

- 1 A company may apply to the Companies Registrar for the correction of an entry in the register if it:
 - a) Contains any matter contrary to law;
 - b) Contains any matter that, in a material particular, is false or misleading in the form or context in which the matter is included;
 - c) By reason of an omission or miss-description has not been duly completed or is incorrect or erroneous.
 - d) Correction of simple particulars shall be filed to the Companies Registrar for update company records.
 - e) The Companies Registrar may refuse any such application and such decision of the Companies Registrar may be appealed to the Court.

Art. 19: Immunity

No action shall lie against the Companies Registrar or any of its officers in respect of any act done or omitted to be done by the Registrar or any of his officers in the execution, in good faith, of his functions under the regulations.

Art 20: Offences and penalties

- 1 Any person who contravenes this regulation or any regulations by the Ministry of Commerce & Industry under the Companies Law 2019 shall commit an

offence and shall, on conviction, be liable to a fine determined by the Judge where no specific penalty is provided.

- 2 In the event of a dispute under this regulation the matter shall be decided by the Minister and, if a dispute then remains, the matter may be appealed to the court.

Art 21: Regulations

1. Pursuant to Article 97 of the Companies Act 2019, the Minister may issue any regulations as required by the implementation of that law.

Art 22: Entry into Force

1. This Regulation shall come into force upon the signature of the Minister of Commerce and Industry and shall be published on the Official Gazette of the Federal Republic of Somalia.

Mogadishu, 3 December 2020

Minister of Commerce and Industry

Hon. Khalif Abdi Oma

SCHEDULE 1

Fees for Incorporation of Companies

SERVICE	Amount	Timeframe
For issuing the certificate of incorporation	Equivalent to \$ 100	1 day
For issuing a duplicate certificate copy of the certificate of incorporation	Equivalent to \$ 25	1 day
Filing for change of name	Equivalent \$ 100	1 day
Re-registration e.g. merger or major changes	Equivalent to \$ 100	1 day
Filing a annual report	No fee	N/A

Filing for voluntary struck off	No fee	N/A
For conducting an electronic search of the records	No Fee	1 day
Registration of establishing a foreign company in Somalia	Equivalent to \$ 100	! day
Change of corporate name or alternative name of a foreign company	Equivalent to \$ 100	1 day
Annual document processing fee payable with the foreign company accounts	No fee	NA
For performing any other duty or delivering any other service not expressly provided herein (e.g. Name search and name reservation of 90 days)	No fee	Subject to the nature of the service
Company or business name search	No Fees	Subject to the nature of the service
Company Name Reservation	\$20	Subject to the nature of the service
Copy of Company Information	\$20	Subject to the nature of the service

SCHEDULE 2
PENALTIES

Delayed Annual return	Penalty
12 months delay	Penalty not exceeding 1/12th of the cost of the licence for each month during which the annual return fee remained unpaid.
More than 1 year	Subject to the Court decision

THE INDUSTRIAL CLASSIFICATION CODE (ICC)

The Industrial Classification Code is intended to help classify businesses according to the type of their economic activity. One or more ICC codes can be attributed to a business.

A. AGRICULTURE, FORESTRY AND FISHING

ICC	INDUSTRY	COST (USD)
A1	AGRICULTURAL PRODUCTION -- CROPS	\$300
A2	AGRICULTURAL PRODUCTION - LIVE STOCK	\$300
A3	AGRICULTURAL SERVICES	\$300
A4	FORESTRY	\$300
A5	HUNTING	\$300
A6	FISHING	\$300
A7	FISHING SERVICES	\$300
A8	AGRICULTURAL PRODUCTION - POULTRY	\$300

B. MINING

ICC	INDUSTRY	COST (USD)
B1	METAL MINING	\$1,000
B2	MINERAL MINING	\$3000
B3	OIL AND GAS EXTRACTION	\$3000
B4	NON-METALLIC MINERALS EXCEPT FUELS	\$500

C. CONSTRUCTION

ICC	INDUSTRY	COST (USD)
C1	GENERAL BUILDING CONSTRUCTORS (SERVICE)	\$300
C2	HEAVY CONSTRUCTION CONTRACTORS	\$500
C3	SPECIAL CONTRACTORS (IMPORT CONSTRUCTION MATERIAL)	\$300

D. MANUFACTURING

This will be based on annual income and number of employees as per the definitions identified in the SME policy:

	<u>Number of employees</u>	<u>Total asset</u>
<u>Micro</u>	<u>1 -5</u>	<u>\$1,000 - \$10,000</u>
<u>Small</u>	<u>6 - 50</u>	<u>\$10,001 - \$50,000</u>
<u>Medium</u>	<u>51-100</u>	<u>\$50,001 - \$100,000</u>
<u>Large</u>	<u>101 and more</u>	<u>100,001 and more</u>

ICC	INDUSTRY	COST (USD)			
		Micro	Small	Medium	Large
D1	FOOD AND ASSOCIATED PRODUCTS	\$300	\$500	\$700	\$1,000
D2	TOBACCO MANUFACTURERS	\$300	\$500	\$700	\$1,000
D3	TEXTILE MILL PRODUCTS	\$300	\$500	\$700	\$1,000
D4	CLOTHING AND OTHER TEXTILE PRODUCTS	\$300	\$500	\$700	\$1,000
D5	TIMBER AND WOOD PRODUCTS	\$300	\$500	\$700	\$1,000
D6	FURNITURE AND DECORATIONS	\$300	\$500	\$700	\$1,000
D7	PAPER AND ALLIED PRODUCTS	\$300	\$500	\$700	\$1,000
D8	PRINTING AND PUBLISHING	\$300	\$500	\$700	\$1,000
D9	CHEMICALS AND ALLIED PRODUCTS	\$300	\$500	\$700	\$1,000
D10	PETROLEUM AND COAL PRODUCTS	\$300	\$500	\$700	\$1,000
D11	RUBBER AND MISC.PLASTIC PRODUCTS	\$300	\$500	\$700	\$1,000
D12	LEATHER AN LEATHER PRODUCTS	\$300	\$500	\$700	\$1,000

D13	STONE CLAY AND GLASS PRODUCTS	\$300	\$500	\$700	\$1,000
D14	PRIMARY METAL INDUSTRIES	\$300	\$500	\$700	\$1,000
D15	MACHINERY, EXCEPT ELECTRICAL	\$300	\$500	\$700	\$1,000
D16	ELECTRIC AND ELECTRONIC EQUIPMENT	\$300	\$500	\$700	\$1,000
D17	TRANSPORTATION EQUIPMENT	\$300	\$500	\$700	\$1,000

E. TRANSPORTATION AND PUBLIC UTILITIES

ICC	INDUSTRY	COST (USD)			
E1	RAILROAD TRANSPORTATION	\$500			
E2	LOCAL AND INTERURBAN PASSENGER TRANSIT	\$300			
E3	TRUCKING AND WAREHOUSING	\$500			
E4	POSTAL SERVICES	\$300			
E5	WATER TRANSPORTATION	\$300			
E6	TRANSPORTATION BY AIR	\$1,000			
E7	PIPE LINES, EXCEPT NATURAL GAS	\$300			
E8	TRANSPORTATION SERVICES	\$300			
E9	COMMUNICATION	\$3,000			

F. WHOLESALE TRADE

ICC	INDUSTRY	COST (USD)			
F1A	WHOLESALE TRADE - DURABLE GOODS	\$300			
F2A	WHOLESALE TRADE - NONDURABLE GOODS	\$500			

G. RETAIL TRADE

ICC	INDUSTRY	COST (USD)			
F1	BUILDING MATERIALS AND GARDEN SUPPLIES	\$300			
F2	GENERAL MERCHANDISE STORES	\$300			
F3	FOOD STORES	\$300			
F4	AUTOMATIVE DEALERS & SERVICE STATIONS	\$300			
F5	APPAREL AND ACCESSORY STORES	\$500			
F6	FURNITURE AND HOME FURNISHINGS STORES	\$500			
F7	EATING AND DRINKING PLACES	\$300			
F8	MISCELLANEOUS RETAIL	\$300			

H. FINANCE, INSURANCE AND REAL ESTATE

ICC	INDUSTRY	COST (USD)			
G1	BANKING	\$3,000			
G2	CREDIT AGENCIES OTHER THAN BANKS	\$500			
G3	SECURITY, COMMODITY BROKERS & SERVICES	\$1,000			

G4	INSURANCE CARRIERS	\$1,000
G5	INSURANCE AGENTS, BROKERS & SERVICES	\$500
G6	REAL ESTATE	\$300

I. SERVICES

ICC	INDUSTRY	COST (USD)
H1	HOTELS AND OTHER LODGING PLACES	\$500
H2	PERFESIONAL SERVICES	\$300
H3	BUSINESS SERVICES (CONSULTANCY)	\$300
H4	AUTO REPAIR, SERVICES AND GARAGES	\$300
H5	MISCELLANEOUS REPAIR SERVICES	\$300
H6	AMUSEMENT & RECREATION SERVICES	\$300
	HEALTH SERVICES:	
H7	HOSPITAL	\$800
	MCH	300
H8	LEGAL SERVICES	\$300
	EDUCATIONAL SERVICES:	
H9	UMBRELLA	\$500
	UNIVERSITY	\$1,000
	K - 12 (SCHOOLS)	\$300
	INSTITUTE	\$300
H10	SOCIAL SERVICES	\$300
H11	MUSEUMS, BOTANICAL, ZOOLOGICAL GARDENS	\$300
H12	MEMBERSHIP ORGANIZATIONS	\$300
H13	MANAGEMENT SERVICES	\$300
H14	MISCELLANEOUS SERVICES	\$300

K -NONCLASSIFIABLE ESTABLISHMENTS

ICC	INDUSTRY	COST (USD)
K1	NONCLASSIFIABLE ESTABLISHMENTS	\$1,000