



## SOMALI NATIONAL OIL COMPANY REGULATION

“SONOC”

### CHAPTER I

#### ARTICLE 1

#### INTERPRETATION

**1.1 Definitions.** In this by-law, unless the context otherwise requires:

“Act” means the Petroleum Law, 2008, and any statute that is existing and regulates the activities of companies that may be substituted there for, and the regulations to the Act, as from time to time amended;

“appoint” includes “elect” and vice versa;

“articles” means the Articles attached to the Certificate of Continuance of the Company, as from time to time amended or restated;

“board” means the board of directors of the Company;

“by-laws” means this by-law and all other by-laws of the Company from time to time in force and effect;

“Regulations” means the regulations made under the Act, as amended, restated or in effect from time to time; and

“Company” means “SOMALIA NATIONAL OIL COMPANY”;

“Government” shall have the meaning as defined in the Act,

“including” means including, without limitation;

“**holding company**” means a company is another company’s **holding company** if that other company is its subsidiary;

“meeting of shareholders” includes an annual meeting of shareholders and a special meeting of shareholders; and “special meeting of shareholders” includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

"Minister" shall have the meaning as defined in the Act;

“Ministry” shall have the meaning as defined in the Act;

“prescribed” means prescribed in accordance with the Act; and

“Subsidiary company” means a subsidiary of the Company established under the Companies Law.

"Joint Management Committee (JMC)" means the committee established pursuant to Article 6 hereof;

"Participating Interest" means for SONOC, the interest held by SONOC in accordance with the Petroleum Law and for Contractor, the interest held by Contractor in accordance with the provisions of Article 30;

"Natural Gas" means all hydrocarbons which are gaseous at 14.65 psia pressure and sixty ( 60) degrees Fahrenheit temperature and includes wet gas, dry gas and residue gas remaining after the extraction of liquid hydrocarbons from wet gas;

"Non-Associated Gas" means Natural Gas produced from a well other than in association with Crude Oil;

"Barrel" means a quantity or unit of crude Oil equal to forty-two ( 42) United States gallons at a temperature of sixty ( 60) degrees Fahrenheit and at 14.65 psi pressure.

“Block” means an area designated as a block on a map with defined coordinates designated by the Ministry pursuant to this Law for the purposes of an Authorisation.

"Calendar Year" means the period of twelve (12) months of the Gregorian calendar, commencing on January 1 and ending on the succeeding December 31;

"Carried Interest" means an interest held by SONOC in respect of which Contactor pays for the conduct of Petroleum Operations without any entitlement to reimbursement from SONOC as expressly provided for in this Agreement;

“Schedule” means a Schedule annexed to this Law;

Save as aforesaid, words and expressions defined in the Act, including “distributing Company”, and “electronic document” have the same meanings when used herein.

**1.2 Construction.** Words importing the singular number include the plural and vice versa; and words importing a person include an individual, partnership, association, body corporate, trustee, executor, administrator and legal representative.

## **CHAPTER II**

### **Administrative and legislative procedures**

#### **Article 2**

##### **Establishment**

- 2.1** The Somali National Oil Company (SONOC) is hereby established by the Somali Petroleum Law 2008/2016. It shall be an autonomous commercial entity with juridical personality controlled by the Somalia Federal Government.
- 2.2** The SONOC shall have its head office in Mogadishu and may establish branches, offices and agencies in the Somalia Federal States and abroad as may be desirable for promotion of the company's interest.
- 2.3** The Company shall be subject to and managed in accordance with the law of Somalia.
- 2.4** Until the Board of Directors of the Company is duly constituted under section 7 of this Law the governing body of the Company shall be Management Committee appointed by the minister to perform the functions of the Board of Directors under this Law.

#### **Article 3**

##### **Company statements**

##### **3.1 Vision**

**i) *“SONOC by 2030: to become the first Somali national oil and gas company that optimises the development of the finite oil and gas resources for maximum benefit to society”.***

##### **3.2 Mission**

- a)** Maximising the value of petroleum resources to build the country's economy and support the national budget.
- b)** to promote economic development i.e., Job creation, SME local development, infrastructure building and diversification economy.

**3.3 Objectives ;** The objectives of the Somali National Oil Company(SONOC) are the following;

- a)** To promote national data and petroleum product of Somalia

- b)** to participate the national oil and gas development such as reconnaissance, exploration and development projects.
- c)** handling the government's commercial participating interests in the petroleum sub-sector;
- d)** Capacity building for the future generations.
- e)** carrying out specialised operations in the petroleum value chain using subsidiary companies(upstream, downstream and gas-energy);
- f)** to lead the national/Local content programs in terms of job creation and local economic development.
- g)** developing in depth expertise in the petroleum industry such as to train and recruit for highly qualified staff. This will leverage SONOC capacity to cope with the rapidly evolving technologies.
- h)** investigating and proposing new upstream, midstream and downstream ventures local and international;
- i)** To import, store and sell oil, natural gases and their derivatives.
- j)** To process and refine oil, natural gases and their derivatives.
- k)** To generate revenue and contribute to the Government.
- l)** Domestic fuel supply and secure fuel supply to the country.

**3.4** The Company shall for the attainment of its objects under section 3.3 exercise the following powers:-

- (a)** with the approval of the Board of Directors, form subsidiary and affiliate companies, branches or agencies in or outside Somalia to carry out activities which the Company is authorised to undertake;
- (b)** enter into contracts and agreements with individuals or firms in or outside Somalia.
- (c)** to execute service or work contracts or consultancy agreements with firms or individuals, either Somalian or otherwise;
- (d)** to own patent rights and to acquire licences and leases and the right to obtain and use any kind of information concerning inventions, designs and processes relating to the petroleum industry;
- (e)** to execute agreements with purchasers for the export of crude oil and natural gas;
- (f)** where expedient, to employ agents or contractors to carry out petroleum operations on its behalf;
- (g)** to establish welfare and provident funds for the benefit of its employees; and
- (h)** to do such other things and perform such other functions as may be necessary or expedient for the purpose of attaining its objects and carrying out its activities.

**3.5.1** The approval of the Management Committee shall be required for any of the following acts of the Company:-

- (a) entering into petroleum exploration and production agreements;
- (b) adopting long-term plans;
- (c) adopting annual budgets; and (d) approving the annual balance sheet and statement of accounts.

**3.5.2** The Minister may, after consultation with the Petroleum Authority and with the Board of Directors and management of the Company prescribe policy guidelines to be followed by the Company in the conduct of its activities, and the Company shall comply with such guidelines.

**3.5.3** On the coming into force of this Law there shall be transferred to and vested in the Company assets and liabilities of the National Petroleum agency (NPA) and the Company shall exercise such rights and discharge such obligations as are related to these assets and liabilities.

#### **Article 4**

##### **4.1 Supervision**

- 4.1.1** SONOC shall function under the supervision of board of directors according to Petroleum Law 2008/2016
- 4.1.2** The minister may also give the SONOC directives as he may consider necessary from time to time in order to ensure that its functions are in accordance with the provisions of the law and in the best interests of the country.

### **CHAPTER III.**

#### **ORGANISATION**

##### **Article 5**

**5.1** Somali National oil Company (SONOC) shall perform its activities through its organs which shall be and further detailed on Schedule 1:

- a) The board of directors comprising of a chairperson, Managing director and other seven Federal Member State representatives.
- b) Management Committee or Executive Committee
- c) Other officers and employees

**5.2** Under the SONOC holding there will be created partly privatised entities such as;

- a. SONOC E&P,
- b. SONOC downstream and
- c. SONOC Gas.

**5.3** SONOC holding shall managed by strong and professional management committee to control its subsidiaries and to protect the national interest. Hence, management concentrated is the key functions of the SONOC holding

**5.4** SONOC holding shall exercise good management and protect the national interest,

**5.5** SONOC Holding role shall include the development and maintenance of the main database on Somalia's oil and gas assets, and the assumption of minority participation, generally between 5% and 20%, in the offshore ventures operated by international companies. The Government allows for private ownership in the three **subsidiaries**, up to 49%.

**5.6** the SONOC E&P shall exercise the upstream participation and capacity building of the upstream.

**5.7** SONOC downstream shall focus on the downstream business including refining, importing petroleum products, storage, marketing and selling it.

**5.8** SONOC gas shall participate in the energy market by marketing, selling gas and developing by electricity.

## **Article 6**

### **SONOC Management Committee**

**6.1** The Minister shall establish a Management Committee (SONOC Holding Management Committee), or any other committee or advisory group that the Minister considers advisable, and determine its composition and duties and the tenure of its members. The management committee shall have strong knowledge of oil and gas development and management.

**6.2** SONOC Holding management committee shall play an important role through the JMCs [Joint Management Committees], to have strong voice in its partnerships with international oil companies. This management committee shall comprise strong professionals including petroleum engineers (geophysicist, geologist, appraisals), company secretary, petroleum economists, accountants/financial managers, lawyers and IT experts.

**6.3 Management committee number;** the management committee shall consist of not fewer than 7 members and not more than 11 members.

## **CHAPTER IV**

### **DIRECTORS**

#### **Article 7**

##### **Board of Directors**

**7.01 Number of Directors.** Until changed in accordance with the Act, the board shall consist of not fewer than the minimum number and not more than the maximum number of directors provided in the Act. The board shall consist of not fewer than the minimum number of directors required by the Act for a distributing company. At least such number of directors as may be specified by the Act, other applicable law or stock exchange requirements shall not be officers or employees of the company or of its affiliates.

**7.02 Qualification.** No person shall be qualified for election as a director if such person is less than 18 years of age, is of unsound mind and has been so found by a court in Somalia or elsewhere, is not an individual, or has the status of a bankrupt. Unless the articles otherwise provide, a director need not be a shareholder. Subject to the Act, where the Board of Directors is satisfied that an individual who is non-Somali citizen can assist Somalia National oil Company(SONOC) owing to his or her experience in the Petroleum industry; provided that the majority of directors (including the Chairperson and the Managing Director) shall be Somali citizens.

**7.03 Removal of Directors.** Subject to the Act, the shareholders may by resolution passed at a meeting of shareholders specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting, failing which, subject to the Act, it may be filled by the board.

**7.04 Vacation of Office.** A director ceases to hold office on death, on removal from office by the shareholders, on ceasing to be qualified for election as a director, on receipt of a written resignation by the company, or, if a time is specified in such resignation, at the time so specified, whichever is later. Subject to the Act, a quorum of the board may appoint a qualified individual to fill a vacancy in the board. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and if they fail to call a meeting or if there are no directors in office, the meeting may be called by any shareholder.

**7.05 Appointment of Additional Directors.** If the articles of the company so provide, the directors may, within the maximum number permitted by the articles, appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of the shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

**7.06 Action by the Board.** The board shall manage, or supervise the management of, the business and affairs of the company. The powers of the board may be exercised at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

**7.07 Meeting by Telephonic or Other Electronic Facilities.** Subject to the Act, if all the directors of the company consent thereto generally or in respect of a particular meeting, a director may participate in a meeting of the board or of a committee of the board by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board.

**7.08 Place of Meetings.** Subject to the articles, meetings of the board may be held at any place within or outside Somalia.

**7.09 Calling of Meetings.** Meetings of the board shall be held from time to time at such time and at such place as the board, the Chairperson, the Managing Director, or any two directors may

determine and the Secretary shall upon direction of any of the foregoing convene a meeting of the board.

**7.10 Notice of Meeting.** No notice need be given of the first meeting of the board following a meeting of shareholders at which directors are elected if such meeting of the board is held immediately after the shareholders meeting and provided a quorum of directors is present. Notice of the time and place of all other meetings of the board shall be delivered, mailed or communicated by means of telephonic, electronic or any other communications facilities to each director not less than 24 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, save that no notice of a meeting shall be necessary if all the directors are present and do not object to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of the meeting.

**7.11 Adjourned Meeting.** Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

**7.12 Regular Meetings.** The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

**7.13 Chair.** The chair of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: Chairperson, or Managing Director. If no such officer is present, the directors present shall choose one of their number to be chair.

**7.14 Quorum.** Subject to the articles and subject to section 7.01 , the quorum for the transaction of business at any meeting of the board shall consist of two (2) directors or such greater number of directors as the board may from time to time determine.

**7.15 Votes to Govern.** At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chair of the meeting shall not be entitled to a second or casting vote.

**7.16 Conflict of Interest.** A director or officer of the Company shall disclose to the Company, in the manner and to the extent provided by the Act, any interest that such director or officer has in a material contract or transaction, whether made or proposed, with the Company, if such director or officer

- (a) is a party to the contract or transaction;
- (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or



- (c) has a material interest in a party to the contract or transaction. Such a director shall not vote on any resolution to approve the same except as provided by the Act.

**7.17 Remuneration and Expenses.** The Chairperson and directors shall be paid such remuneration for their services as the Minister may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the company in any other capacity and receiving remuneration therefor.

**7.18 Transaction of Business by Signature.** A resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of directors is as valid as if it had been passed at a meeting of directors duly called, constituted and held for that purpose.

## **Article 8 OFFICERS**

**8.01 Appointment.** The board may from time to time appoint a Managing Director, one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. One person may hold more than one office. The board may specify the duties of and, in accordance with this by-law and subject to the Act, delegate to such officers powers to manage the business and affairs of the Company. The Managing Director shall be a director.

**8.02 Chairperson.** The Chairperson is to be appointed by the Board of Directors to hold office during pleasure for a term that the Board of Directors considers appropriate. The Chairperson shall be a director. The Board of Directors may assign to the chairperson any of the powers and duties that are by any provisions of this by-law assigned to the Managing Director. The chairperson shall have such other powers and duties as the board may specify.

**8.03 Managing Director.** The Managing Director is to be appointed by the Board of Directors based on merit, experience and qualifications. The managing director may be removed by the board of directors.

The Managing Director who, subject to the authority of the Board of Directors, shall have general supervision of the business and affairs of the Company and such other powers and duties as the board may specify. The Managing Director is the chief executive officer of the Company and has, on behalf of the ministry, the direction and management of the business and affairs of the Company with authority to act in all matters that are not by this Act or any by-law or resolution specifically reserved to be done by the Board or the Executive Committee. The Board of Directors may change the title of the Managing Director to such other title as it determines appropriate, so long as the functions of the holder of that office remain as Managing Director.

If the Managing Director is absent or unable to act, or if the office of Managing Director is vacant, the Board may authorise an officer or employee of the Company to act as Managing Director, but that person may not act as Managing Director for a period of more than ninety (90) days without the approval of the Board of Directors

Subject to the provisions of this Law the Board of Directors may with the approval of the Minister make regulations providing for the conditions of service of the Managing Director and other employees of the Company.

**8.05 Secretary.** The secretary shall attend and be the secretary of all meetings of the board, committees of the board (unless another person is designated to act as secretary of such meeting or meetings by any such committee) and shareholders and the secretary or such other designated person in the case of meetings of any committees of the board, shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat. The secretary shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board. The secretary shall be the custodian of the corporate seal of the Company and of all books, records and instruments belonging to the Company, except when some other officer or agent has been appointed for that purpose, and shall have such other powers and duties as otherwise may be specified by the board.

**8.06 Treasurer.** The treasurer, if one is appointed, shall keep full and accurate accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Company. The treasurer shall render to the board whenever required an account of all transactions as treasurer and of the financial position of the Company and shall have such other powers and duties as otherwise may be specified.

**8.07 Powers and Duties of Officers.** The powers and duties of all officers shall be such as the terms of their engagement call for or as the board or (except for officers whose powers and duties are to be specified only by the board) the Managing Director may specify. The board and (except as aforesaid) the Managing Director may, from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the Managing Director otherwise directs.

**8.08 Term of Office.** The board, in its discretion, may remove any officer of the Company. Otherwise each officer appointed by the board shall hold office until a successor is appointed or until the officer resigns.

**8.09 Agents and Attorneys.** The Company, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Company in or outside Somalia with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

**8.10 Conflict of Interest.** An officer shall disclose any interest in a material contract or material transaction, whether made or proposed, with the Company in accordance with section 4.18.

**8.11 Remuneration.** Officers, employees, agents, advisers and consultants are entitled to be paid by the Company the remuneration, expenses and benefits that the Company may determine.

## Article 9

### PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

**9.01 Limitation of Liability.** All directors and officers of the Company in exercising their powers and discharging their duties shall act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, and without limiting any defences available to a director or an officer under the Act or otherwise, no director or officer shall be liable for the acts, omissions, failures, neglects or defaults of any other director, officer or employee, or for any loss, damage or expense happening to the Company through the insufficiency or deficiency of title to any property acquired for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Company shall be deposited, or for any loss occasioned by any error of judgment or oversight on the part of such director or officer, or for any other loss, damage or misfortune which shall happen in the execution of the duties of office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act or from liability for any breach thereof.

**9.02 Indemnity.** Subject to the Act, the Company shall indemnify a director or an officer, a former director or officer, or another individual who acts or acted at the Company's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Company, or other entity, if such individual (a) acted honestly and in good faith with a view to the best interests of the Company, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Company's request; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

**9.03 Advance of Costs.** The Company shall advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in section 7.02. The individual shall repay the moneys if the individual does not fulfil the conditions of section 7.02.

**9.04 Additional Circumstances.** The Company shall also indemnify an individual referred to in section 7.02 in such other circumstances as the Act or law permits or requires. Nothing shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

**9.05 Insurance.** Subject to the Act, the Company may purchase and maintain insurance for the benefit of an individual referred to in section 9.02 hereof as the board may from time to time determine.

**Chapter V**  
**FINANCIAL PROVISIONS**  
**Article 10**  
**Capital of the SONOC**

**10.1** The capital of the SONOC shall consist of;

- a) The income deriving from its activities and retained according to the provision of laws and regulations in force;
- b) Eventual contributions provided by the state and public and private bodies and by international companies.
- c) The proved reserves and blocks which Government owns.
- d) The assets including the previous fuel storages, gas stations, land, buildings and the fuel transportation sector, loading and unloading bay at the seaports and other existing infrastructures.
- e) All Geology data shall be transferred to SONOC to promote it and become partners with other companies.

**Article 11**

**Banking Arrangements**

The banking business of the Company shall be transacted at such bank, trust company or other firm or Company carrying on a banking business in Somalia or elsewhere as the board of directors may designate, appoint or authorize from time to time by resolution. The banking business or any part of it shall be transacted by an officer or officers of the Company and/or other persons as the board of directors may by resolution from time to time designate, direct or authorize.

**Article 12**

**Finance and accounting**

**12.1** The finance of the Somalia National Oil Company (SONOC) as well as its accounting and auditing procedure shall be governed by the Financial Institutions Law (2012).

**12.2** The books and accounts of the SONOC shall be audited each year by the Auditor-General or an auditor appointed by the Auditor-General.

**12.3** The Auditor-General or the auditor appointed by him shall:

- (a) ensure that the operations of the Company are in conformity with its approved budget;
- (b) examine the annual balance sheet and profit and loss account of the Company and certify that these are in conformity with the Company's records and submit a report on the operations of the Company to the Board of Directors, and the Secretary within three months after the end of the financial year of the Company.

**12.4** The books of account of the Company and its subsidiary and affiliate companies shall be kept in such form as may be determined by the Board of Directors on the advice of the Auditor- General.

**12.5** For the purpose of discharging his duties, the Auditor- General or the auditor appointed by him shall have access, during normal business hours to all books, records, and other documents of the Company and also inspect all projects being undertaken by the Company.

**12.6** The Company shall have an Internal Auditor who shall be appointed by the Board of Directors with the approval of the Minister upon such terms and conditions as the Board of Directors may determine.

### **Article 13**

#### **Execution of Instruments.**

Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Company by two (2) persons, one of whom holds the office of Chairperson, Managing Director, vice-president or director and the other of whom holds one of the said offices or the office of secretary, treasurer, assistant secretary or assistant treasurer or any other office created by by-law or by the board. In addition, the board or the said two persons may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed, including the use of facsimile reproductions of signatures and the use of a corporate seal or a facsimile reproduction thereof.

### **Article 14**

#### **BORROWING AND SECURITY**

**14.1** The SONOC may, for the purpose of its activities, obtain loans from financial institutions in the Federal Republic of Somalia and other international's when it is deemed necessary.

**14.2 Borrowing Power.** Without limiting the borrowing powers of the Company, the board may from time to time on behalf of the Company, without authorization of the shareholders:

- (a) borrow money upon the credit of the Company;
- (b) limit or increase the amount to be borrowed;
- (c) issue, reissue, sell, pledge or hypothecate bonds, debentures, notes or other evidences of indebtedness or guarantee of the Company, whether secured or unsecured;

- (d) give a guarantee on behalf of the Company to secure performance of any present or future indebtedness, liability or obligation of any person; and
- (e) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Company, including tangible and intangible assets, book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Company.

Nothing in this section limits or restricts the borrowing of money by the Company on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Company.

**14.3** The Company shall, with the approval of the Central Bank of Somalia, open a special foreign exchange account into which shall be paid all moneys received in foreign exchange by the Company

**14.4** The Central Bank of Somalia, shall supervise and monitor the operation of the special foreign exchange account by the Company to ensure that it is in conformity with the approved purposes for which the account was established.

**14.5** The purpose for which the special foreign exchange account may be used shall include-

- I.** repayment of principal and interest due in foreign exchange on any borrowings made under article 14 of this Law;
- II.** payment for goods and services imported from outside Somalia;
- III.** such other payments as are required to be made in foreign exchange in respect of transactions related to the objects of the Company.

**14.6** The Company shall, at the end of every period of ninety days, transfer to the Central Bank of Somalia from the credit balance of its special foreign exchange account such sums of money as are not required within the succeeding period of ninety days for the purposes specified in subsection (1) of this section.

**14.7** Upon approval by the Board of Directors of the annual profit and loss account, any surplus remaining after provision for taxes the reserve fund established under article 14 of this Law has been made shall be transferred to the Consolidated Fund.

**14.8** The Company shall establish and maintain a reserve fund to provide for expenditures which may reasonably be anticipated in the carrying out of the Company's long-term plan and the annual work programme approved by the Board of Directors.

## **CHAPTER VI MISCELLANEOUS AND FINAL PROVISIONS**

### **Article 15 Confidentiality**

**15.1** No member of the Board of Directors, the Auditor-General or any auditor or an employee of the Company shall disclose or reveal any information which is considered by the Company to be of confidential nature to any person other than the minister, a member of the Petroleum authority or of

the Board of Directors or any employee or other appointee of the Company in the course of official business.

**15.2** In case of violation of subsection (15.1) of this section (a) where the offender is a member of the Board of Directors he shall be dismissed from such office by the minister.

(b) where the offender is an employee of the Company he shall be dismissed upon approval by the Board of Directors.

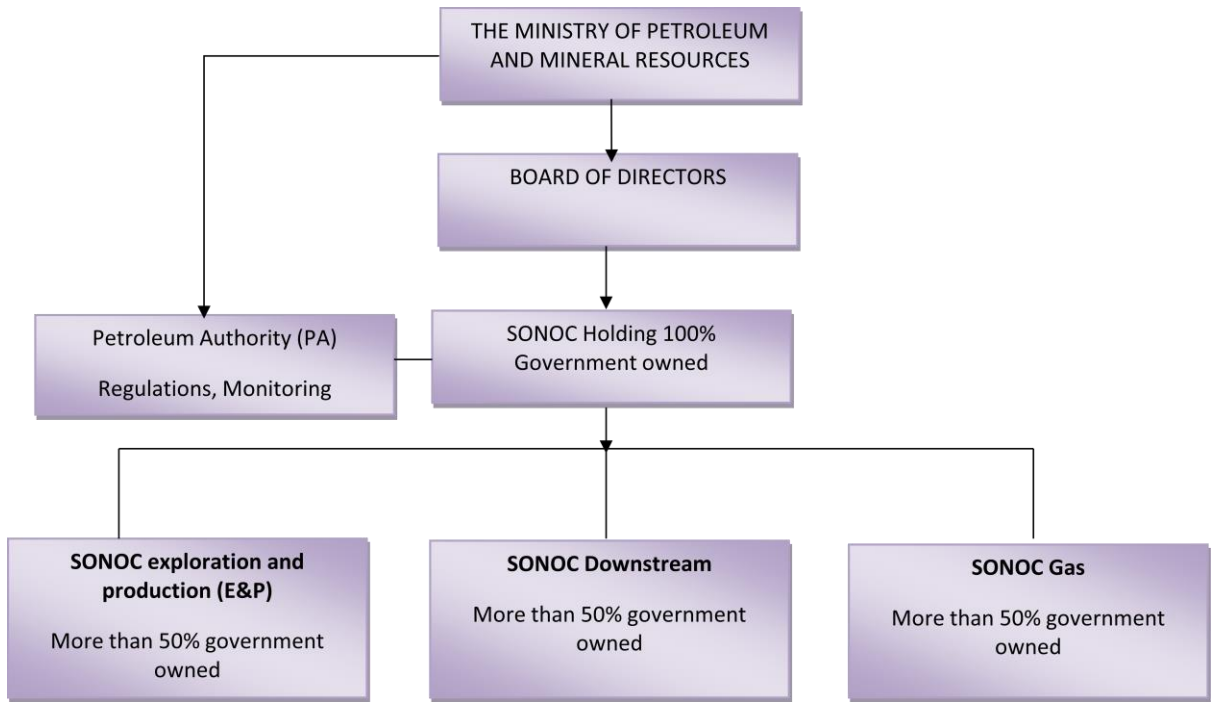
#### **Article 16**

##### **Repeal**

Any law or provisions contrary to or inconsistent with, this Law is hereby repealed.

#### **Article 17**

### **Schedule 1 Organisational Chart**



- 1.1 SONOC shall consist SONOC holding and its subsidiary companies including upstream, downstream and gas-energy;
- 1.2 The Government shall have full control of SONOC holding to represent the country's oil and gas interest. SONOC shall also promote the country's assets and data on behalf of the Government. IOCs can bring their expertise and their investment.