

CAYMAN ISLANDS



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**A BILL FOR A LAW TO PROVIDE FOR LIMITED LIABILITY
PARTNERSHIPS; AND TO PROVIDE FOR INCIDENTAL AND
CONNECTED PURPOSES**

THE LIMITED LIABILITY PARTNERSHIP BILL, 2017

MEMORANDUM OF OBJECTS AND REASONS

This Bill seeks to establish a limited liability partnership as a legal entity and create a regime for the registration and regulation of this type of entity.

Part 1 of the Bill contains preliminary provisions and is comprised of clauses 1 to 3. Clause 1 provides the short title and commencement of the legislation. Clause 2 defines various terms for the purposes of the legislation.

Clause 3 provides that the rules of equity and common law as modified by general partnership law also apply to limited liability partnership except where inconsistent with this legislation.

Part 2 of the Bill deals with the features of a limited liability partnership and is comprised of clauses 4 to 11. These clauses make provision for their constitution, the extent of the liability of the partnership and the management of a limited liability partnership established pursuant to this legislation.

Clause 4 stipulates that a limited liability partnership can only benefit from this legislation if the limited liability partnership is registered in accordance with same. The clause stipulates the type of partnerships that may be registered and establishes a limited liability partnership as a legal person.

Clause 5 deals with property ownership and how property is vested in a limited liability partnership.

Clause 6 deals with the liability of a limited liability partnership as distinct from the liability of partners.

Clause 7 details the extent of liability of a partner or former partner and the conditions under which liability will attach to a partner.

Clause 8 deals with the compulsory components in the name of a limited liability partnership and includes the requirements for the name of a limited liability partnership carrying on business in a special economic zone.

Clause 9 deals with the requirements for the registered offices of a limited liability partnership.

Clause 10 deals with the registration of mortgages.

Clause 11 details the requirements for the proper maintenance of account records and the auditing of same.

Part 3 of the Bill deals with the relationship of a partner with other partners in a limited liability partnership and their relationship with third parties. The Part makes provision for the admission and retirement of partners, the assignment of partner interests and deals with the principle of agency in a limited liability partnership. The Part is comprised of clauses 12 to 17.

Clause 12 sets the parameters by which the relationship between partners is to be determined.

Clause 13 deals with the scope of the authority of a partner.

Clause 14 deals with the admission of partners into a limited liability partnership and the retirement of same.

Clause 15 deals with the assignment of interests.

Clause 16 stipulates that a partner is not the agent of another partner in a limited liability partnership. The clause also details the extent to which the liability of a partner will affect another partner if a partner acts without authority.

Clause 17 makes provision for the manner in which a person benefiting under a partnership agreement will be construed in relation to the partnership.

Part 4 of the Bill deals with the registration and regulation of a limited liability partnership and is comprised of clauses 18 to 21. This Part also makes provision for the filing of returns and the validity of registration.

Clause 18 sets out the process for registration of a limited liability partnership.

Clause 19 deals with the manner in which changes to particulars in registration are to be treated.

Clause 20 details the manner in which returns are to be filed.

Clause 21 deals with the effect of errors on the validity of registration.

Part 5 of the Bill deals with the dissolution of a limited liability partnership and is comprised of clauses 22 to 31.

Clause 22 stipulates that a limited liability partnership shall be voluntarily wound up in accordance with the terms of the partnership agreement.

Clause 23 prevents the winding up of a limited liability partnership based solely on a change in partners.

Clause 24 provides for the automatic winding up of a partnership if the partnership ceases to have at least two partners.

Clause 25 details the procedure for notice upon winding up.

Clause 26 deals with the power of the Court to wind up a limited liability partnership and the procedure to be followed where a limited liability partnership is to be wound up by the Court.

Clause 27 makes provision for the continuation of a limited liability partnership where winding up proceedings have been commenced.

Clause 28 details the procedure for winding up for each circumstance under which a limited liability partnership may be wound up. The clause makes provision for the appointment of a liquidator by the Court and specifies where property is to be vested upon commencement of winding up proceedings.

Clause 29 makes provision for the Court to give directions during the course of winding up proceedings.

Clause 30 sets out the order of priority for the settlement of accounts upon the winding up of a limited liability partnership.

Clause 31 specifies the circumstances under which and the procedure to be followed where a limited liability partnership is to be struck off the register. The clause makes provision for dissolution upon the striking off of the register but stipulates that the liability of a partner is not affected by dissolution in this circumstance.

Part 6 of the Bill makes provision for the conversion of a firm to a limited liability partnership and is comprised of clauses 32 to 36.

Clause 32 deals with the eligibility of a firm to convert into a limited liability partnership

Clause 33 makes provision for the application for conversion and the registration of the resulting limited liability partnership.

Clause 34 sets out the effect of conversion and registration under section 33.

Clause 35 provides that the liability of the partners of a firm that has converted to a limited liability partnership continues.

Clause 36 makes provision for the circumstances resulting from the conversion of the firm and registration as a limited liability partnership.

Part 7 of the Bill makes provision for miscellaneous and general matters and is comprised of clauses 37 to 50.

Clause 37 deals with deregistration and the procedure to be followed if a request for deregistration is made.

Clause 38 deals with the procedure for deregistration of a limited liability partnership for the purpose of the entity continuing as a different corporate personality and the procedure to be followed for the registration of that new entity.

Clause 39 makes provision for a limited liability partnership registered outside of the jurisdiction to be continued by way of registration under this legislation and sets out the details of this registration procedure. The clause also specifies the conditions for registration and makes provision for an entity seeking registration to obtain the approval of the Grand Court for any changes necessary for compliance with this legislation.

Clause 40 makes provision for the treatment of an order made by a court outside of the jurisdiction for the winding up of a limited liability partnership within the jurisdiction.

Clause 41 makes provision for the effect of proceedings commenced against a limited liability partnership.

Clause 42 makes provision for the service of documents on a limited liability partnership.

Clause 43 makes provision for the form of notices to the Registrar.

Clause 44 provides that the Registrar of Companies shall be the Registrar under the legislation and sets out the functions of the Registrar.

Clause 45 makes provision for a certificate of good standing to be issued by the Registrar.

Clause 46 makes provision for the recovery of penalties.

Clause 47 provides for the offences under the legislation.

Clause 48 provides a general penalty for offences.

Clause 49 makes provision regarding the waiver of taxes.

Clause 50 empowers the Cabinet to make regulations to give effect to the legislation.

THE LIMITED LIABILITY PARTNERSHIP BILL 2017

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CAYMAN ISLANDS

A BILL FOR A LAW TO PROVIDE FOR LIMITED LIABILITY PARTNERSHIPS; AND TO PROVIDE FOR INCIDENTAL AND CONNECTED PURPOSES

ENACTED by the Legislature of the Cayman Islands.

PART 1 - PRELIMINARY

1. This Law may be cited as the Limited Liability Partnership Law, 2017. Short title
2. (1) In this Law - Interpretation
 - “annual return” shall be construed in accordance with section 19;
 - “Companies Law” means the Companies Law (2016 Revision); (2016 Revision)
 - “Court” means the Grand Court;
 - “debt” includes obligation;
 - “general partnership” means a partnership as defined by the Partnership Law (2013 Revision) excluding a limited partnership established under Part VI of that Law; (2013 Revision)
 - “limited liability partnership property” has the meaning given to these words in section 5(1);
 - “loss” includes damage, costs, charges, expenses and injury;

“managing partner” shall be construed in accordance with section 4(12);

“mortgage” means a legal mortgage by way of assignment and an equitable mortgage, charge or other form of security interest;

“partner” means, in relation to a limited liability partnership, any person who is a partner in that limited liability partnership and named as such in the register of partners maintained pursuant to section 9(3)(a) and every person who is admitted as a partner in accordance with section 14 and whose name is entered on the register of partners pursuant to section 9(4) will be considered to be a partner from the date of the partner’s admission;

“partnership agreement” means any agreement of the partners as to the affairs of a limited liability partnership and the rights and obligations of the partners among the partners;

“partnership interest” means the interest of a partner in a limited liability partnership in respect of profit, capital and voting or other rights, benefits or obligations to which the partner is entitled or subject pursuant to the partnership agreement or this Law;

“property” means land, money, goods, things in action, goodwill, and every valuable thing, whether movable or immovable, and whether situated in the Islands or elsewhere, and also means obligations and every description of estate, interest, and profit, present or future, vested or contingent, arising out of or incident to property;

“register” means the register maintained pursuant to section 44(2);

“Registrar” shall be construed in accordance with section 44(1);

“retirement” means any act or occurrence whereby a person ceases to be a partner in a limited liability partnership, other than by the person’s death or otherwise ceasing to exist;

“registration statement” means a statement delivered to the Registrar pursuant to section 18 together with any statement delivered to the Registrar pursuant to sections 19 or 27(2) specifying a change in the information stated in the registration statement; and

“regulatory laws” means any one or more of the following -

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| (a) Banks and Trusts Companies Law (2013 Revision); | (2013 Revision) |
| (b) Building Societies Law (2014 Revision); | (2014 Revision) |
| (c) Companies Management Law (2003 Revision); | (2003 Revision) |
| (d) Cooperative Societies Law (2001 Revision); | (2001 Revision) |
| (e) Insurance Law, Law 32 of 2010; | (Law 32 of 2010) |
| (f) Money Services Law (2010 Revision); | (2010 Revision) |
| (g) Mutual Funds Law (2015 Revision); and | (2015 Revision) |
| (h) Securities Investment Business Law (2015 Revision) | (2015 Revision) |

and any other laws that may be prescribed by the Cabinet by regulations made under section 46 of the Monetary Authority Law (2016 Revision); (2016 Revision)

“special economic zone business” means business authorized to be carried on in a special economic zone pursuant to any Law in force in the Islands.

(2) For the purposes of this Law, any reference to a loan includes any payment of interest on the loan which has fallen due.

(3) In this Law, where a limited liability partnership has more than one managing partner -

- (a) anything that the managing partner is required by this Law to do may be done by any one of the managing partners; and
- (b) anything which constitutes an offence by the managing partner under this Law constitutes an offence by each of the managing partners.

(4) Where more than one person is responsible for winding up the affairs of a limited liability partnership, subsection (3) shall have effect in relation to the persons responsible for winding up the affairs of the limited liability partnership as subsection (3) has effect in relation to managing partners.

(5) In this Law, any reference to the person responsible for winding up the affairs of a limited liability partnership shall be construed as a reference to the person so responsible by virtue of section 28(1) or (2) or 40(5) acting as liquidator.

3. The rules of equity and of common law applicable to general partnerships as modified by the Partnership Law (2013 Revision) shall apply to a limited liability partnership, except insofar as the rules are inconsistent with the express provisions of this Law. Saving of rules of equity and common law (2013 Revision)

PART 2 – FEATURES OF A LIMITED LIABILITY PARTNERSHIP

Constitution

4. (1) A limited liability partnership shall only have the benefit of this Law if and for so long as the limited liability partnership is registered in accordance with this Law and upon the issuance of a certificate of registration in respect of a limited liability partnership pursuant to section 18(4), that limited liability partnership shall be considered to have been duly formed under this Law.

(2) A limited liability partnership may be registered where two or more persons carrying on a business in common for any lawful purpose have agreed, with or without other terms, that the business shall be carried on, following registration, in the form of a limited liability partnership.

(3) A general partnership shall become a limited liability partnership under this Law upon the registration of the general partnership pursuant to Part 4, and shall cease to be a limited liability partnership upon cancellation of the general partnership's registration pursuant to Part 5 or where struck off pursuant to section 31 unless restored pursuant to section 31(5).

(4) A limited liability partnership is an entity with legal personality other than a body corporate which is separate and distinct from the partners of the limited liability partnership.

(5) A change brought about by the admission, retirement or death of a partner, or by a partner liquidating or otherwise ceasing to exist, shall not affect the existence, rights or liabilities of the limited liability partnership.

(6) Any profits of the business of a limited liability partnership shall be divided between the partners or otherwise as set out in the partnership agreement and the partners shall each have a partnership interest in the limited liability partnership to the extent described in subsection (9).

(7) Unless otherwise provided in the partnership agreement of a limited liability partnership, a limited liability partnership shall be capable of exercising all the functions of a natural person of full capacity irrespective of any question of benefit.

(8) Subsection (5) shall not be construed as limiting the circumstances in which a limited liability partnership is or may be wound up and dissolved, whether in accordance with the partnership agreement of the limited liability partnership or otherwise.

(9) Notwithstanding subsections (4) and (5), each partner in a limited liability partnership has, subject to this Law and to the partnership agreement, a

partnership interest in the limited liability partnership and, in accordance with section 30, in the limited liability partnership property.

(10) Any number of persons may be partners in a limited liability partnership.

(11) Any person may be a partner in a limited liability partnership including a body corporate, with or without limited liability, and a partnership of any type.

(12) A limited liability partnership may have one or more managing partners with the responsibilities specified in this Law and otherwise under the partnership agreement of the limited liability partnership, failing which for the purposes of this Law all of the partners will be managing partners.

5. (1) The property of a limited liability partnership consists of all property -

Limited liability partnership property

- (a) contributed to the limited liability partnership; or
- (b) created or acquired by or acquired on account of the limited liability partnership either in the course of the limited liability partnership business or with money of the limited liability partnership; and
- (c) which has not been paid or otherwise distributed to a partner.

(2) Limited liability partnership property -

- (a) shall be vested in the limited liability partnership or held by any person on behalf of the limited liability partnership; and
- (b) subject to the partnership agreement, and except as provided in section 28(4), shall continue to be so vested or held notwithstanding any change in the persons who are partners in the limited liability partnership for the time being.

6. (1) A limited liability partnership is liable for all debts and losses of the limited liability partnership and, subject to section 7, no partner shall be liable for those debts and losses, either jointly or jointly and severally.

Liability of a limited liability partnership

(2) There shall be available to meet any liability of a limited liability partnership the property of the limited liability partnership.

7. (1) Subject to subsections (2) and (3), a partner or former partner in a limited liability partnership shall not be liable for any debt or loss of the limited liability partnership, including any debt or loss caused by the act or omission of another partner or former partner in the limited liability partnership.

Liability of a partner or former partner in a limited liability partnership

(2) Subsection (1) shall not affect any liability of a partner or former partner in a limited liability partnership for any loss caused by a negligent act or omission of that partner or former partner where that partner or former partner assumed an express duty of care to a person and acted in breach of that duty.

(3) If a partner receives a distribution from, or is released from an obligation owed to, the limited liability partnership and at the time that distribution is made or the release effected -

- (a) the limited liability partnership is unable to pay the debts of the limited liability partnership in the ordinary course of business, including where such distribution or release would cause the limited liability partnership to be unable to pay the debts of the limited liability partnership as those debts fall due in the ordinary course of business; and
- (b) the partner had actual knowledge that the distribution or release violated paragraph (a),

then for a period of six months commencing on the date of that distribution or release but not thereafter, the partner is liable to return to the limited liability partnership the amount of the distribution or the due performance of the released obligation to the extent the return of such distribution or performance of the released obligation is necessary to discharge any debt or loss of the limited liability partnership, less any amount previously recovered from the partner by virtue of this subsection.

(4) For the purposes of this section, a limited liability partnership is unable to pay the limited liability partnership's debts at any time when the limited liability partnership is unable to pay the limited liability partnership's debts which have fallen due and become payable in the ordinary course of business, including any liability to a partner or former partner by way of loan, but excluding -

- (a) any liability to a partner or former partner in respect of the partner or former partner's partnership interest; and
- (b) any debt to the extent that the limited liability partnership has bona fide grounds on which to dispute the debt.

(5) In any proceedings, the burden of proving that a limited liability partnership had bona fide grounds on which to dispute a debt to any extent shall rest with the person denying liability under subsection (3).

(6) This section shall continue to apply to a person who was a partner or former partner in a limited liability partnership after that limited liability partnership's registration has been cancelled in accordance with section Part 5.

8. (1) Every limited liability partnership shall have a name which -

Name of limited liability partnership

- (a) includes the words "Limited Liability Partnership" or the letters "LLP" or "L.L.P." and no entity that is not a limited liability partnership registered under this Law shall use the words "Limited Liability Partnership" or the letters "LLP" or "L.L.P." in the limited liability partnership's name; and
- (b) in the case of a limited liability partnership carrying on special economic zone business, shall include the words "special economic zone" or the letters "SEZ";

but no limited liability partnership shall have a name which, because the name is identical or similar to the name of any other entity or the name falsely suggests the patronage of or connection with some person or authority or the name suggests that the limited liability partnership is licensed whether in the Islands or elsewhere to carry on any type or class of business when the limited liability partnership is not in fact so licensed or because of any other reason, is calculated or likely to mislead.

(2) A change of name of a limited liability partnership shall not take effect before a certificate in respect of the limited liability partnership is issued by the Registrar pursuant to section 19(3).

(3) Where the name to be registered in respect of a limited liability partnership is, in the opinion of the Registrar, in contravention of subsection (1), the Registrar may -

- (a) where the name is stated in a registration statement delivered pursuant to section 18, refuse to register the limited liability partnership; and
- (b) where the name is specified in a registration statement delivered pursuant to section 19(1), refuse to register the name and issue a certificate in respect of the limited liability partnership pursuant to section 19(3).

(4) A change of name of a limited liability partnership does not affect any rights or obligations of the limited liability partnership or render defective any legal proceedings by or against the limited liability partnership and any legal proceedings that might have been continued or commenced against the limited

liability partnership in the limited liability partnership's former name may be continued or commenced against the limited liability partnership in the limited liability partnership's new name.

Registered office

9. (1) A limited liability partnership shall have a registered office in the Islands.

(2) A limited liability partnership may change the address of the limited liability partnership's registered office to another location in the Islands and shall deliver to the Registrar within thirty days of such change a registration statement in respect of the limited liability partnership pursuant to section 19(1).

(3) A limited liability partnership shall keep at the registered office of the limited liability partnership -

- (a) a register of partners showing the name and address, which may be a business address, of each partner and indicating if any is a managing partner;
- (b) a copy of each registration statement delivered pursuant to section 18;
- (c) a copy of any other registration statement delivered to the Registrar under this Law;
- (d) a copy of the most recent annual return;
- (e) a copy of any certificate issued by the Registrar under this Law; and
- (f) a copy of the partnership agreement, in either printed or electronic form and thereafter any amendment made to the partnership agreement.

(4) The register of partners kept under subsection (3)(a) shall be -

- (a) amended within thirty days after any change in the particulars contained in the register;
- (b) prima facie evidence of the particulars which are by that paragraph directed to be contained in the register; and
- (c) open to inspection by any person during normal business hours.

Register of mortgages

10. (1) The limited liability partnership shall maintain or cause to be maintained at the limited liability partnership's registered office, a register of mortgages in which shall be registered all mortgages specifically affecting the limited liability partnership property and shall enter or cause to be entered in such register in respect of each such mortgage a short description of the property

mortgaged, the amount of the mortgage created and the names of the mortgagees or persons entitled to such mortgage.

(2) A limited liability partnership property that is mortgaged without the entry required by subsection (1) being made, is in breach of subsection (1) and the Registrar may impose on the limited liability partnership and any partner who knowingly and wilfully authorises or permits the omission of such entry, a penalty of twenty-five dollars for every day during which the breach continues.

(3) The register of mortgages described in subsection (1) shall be open to inspection by any person during normal business hours and if such inspection is refused, the limited liability partnership is in breach of this section and the Registrar may impose on that limited liability partnership, a penalty of twenty-five dollars for each day for which such refusal continues and, in addition to such penalty, a judge sitting in chambers may, by order, compel an immediate inspection of the register.

11. (1) A limited liability partnership shall keep or cause to be kept proper books of account including, where applicable, material underlying documentation including contracts and invoices, with respect to -

Accounts and audit

- (a) all sums of money received and expended by the limited liability partnership and matters in respect of which the receipt of expenditure takes place;
- (b) all sales and purchases of goods by the limited liability partnership; and
- (c) the assets and liabilities of the limited liability partnership.

(2) For the purposes of subsection (1), proper books of account shall not be considered to be kept if there are not kept such books as are necessary to give a true and fair view of the business and financial condition of the limited liability partnership and to explain the limited liability partnership's transactions.

(3) A limited liability partnership shall cause all books of account required to be kept under subsection (1) to be retained for a minimum period of five years from the date on which the books of account are prepared.

(4) A limited liability partnership which knowingly and wilfully contravenes subsection (1) or (3) commits an offence and is liable on summary conviction to a fine of five thousand dollars.

(5) Subject to any express or implied term of the partnership agreement, each partner may demand and shall receive from the limited liability partnership

true and full information regarding the state of the business and financial condition of the limited liability partnership.

(6) Unless it is a requirement under the regulatory laws or the partnership agreement of a limited liability partnership, it is not necessary for a limited liability partnership to appoint an auditor or to have the accounts of the limited liability partnership audited.

(2016 Revision)

(7) Where a limited liability partnership keeps the books of account described in subsection (1) at any place other than at the registered office of the limited liability partnership or at any other place within the Islands, the limited liability partnership shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2016 Revision), make available, in electronic form or any other medium, at the registered office of the limited liability partnership copies of the books of account of the limited liability partnership, or any part or parts thereof, as are specified in the order or notice.

PART 3 - RELATIONS OF PARTNERS IN A LIMITED LIABILITY PARTNERSHIP WITH ONE ANOTHER AND THIRD PARTIES

Relations of partners to one another

12. (1) Subject to Parts 1 to 5, the rights and duties of the partners in a limited liability partnership shall, as between the partners, be determined by the partnership agreement.

(2) Nothing in the partnership agreement may deprive the partners of the benefit of section 7(1).

(3) Subsection (2) shall not be construed as limiting the ability of the partners in a limited liability partnership, as between the partners, to indemnify any of the partners or any former partner in respect of any debt or loss.

Dealings by partners with limited liability partnership

13. Subject to the terms of the partnership agreement, a partner in a limited liability partnership may enter into any transaction with the limited liability partnership, including lending money to and borrowing money from the limited liability partnership.

Admission and retirement of partners

14. (1) A partner shall only be admitted to a limited liability partnership in accordance with the partnership agreement or by unanimous agreement of the partners.

(2) Except as described in section 27(1), a partner may only retire from a limited liability partnership in accordance with the partnership agreement or by unanimous agreement of the partners.

(3) Where all requirements for or conditions to an admission contained in the partnership agreement have been complied with in respect of a person or, to the extent permitted by the partnership agreement, waived, any person, howsoever admitted to a limited liability partnership, shall without the requirement for any further actions or formalities, be considered to have become a partner and adhered to and agreed to be bound by the terms and conditions of the partnership agreement from that date as if that person and all existing partners and any other parties to the partnership agreement had together duly executed and delivered the partnership agreement whether as a deed or otherwise.

15. (1) Subject to the partnership agreement, a partner in a limited liability partnership may transfer or assign the whole or part of the partner's partnership interest and may create a mortgage over the whole or part of the partner's partnership interest.

Assignments, etc.

(2) No mortgagee of a partner's partnership interest or judgement creditor of a partner in a limited liability partnership shall be entitled, as against the other partners, during the continuance of the limited liability partnership to interfere in the management or administration of the business or affairs of the limited liability partnership or to require any accounts or to inspect the books of the limited liability partnership but shall be entitled only to any proceeds representing any payment or other distribution in respect of that partner's partnership interest and any sum due to the partner by way of repayment of a loan.

(3) Changes may be made in the partnership interests in a limited liability partnership in the manner provided in the partnership agreement or as may be agreed unanimously by the partners on the admission or retirement of a partner, on the death of a partner or on a partner otherwise ceasing to exist.

(4) A transferee or an assignee of all or part of a partnership interest may become a partner in respect of the transferred or assigned, as applicable, partnership interest -

- (a) if permitted in the partnership agreement and in accordance with the terms of the partnership agreement; or
- (b) with the unanimous agreement of all of the partners.

(5) A transferee or an assignee who has become a partner has, to the extent transferred and assigned, the rights and powers and is subject to the restrictions and liabilities, of a partner contained in the partnership agreement, this Law and any other applicable law.

(6) Notwithstanding subsection (5), unless otherwise provided in a partnership agreement or in an agreement between the limited liability partnership and the transferee or the assignee, a transferee or an assignee, as applicable, that becomes a partner in respect of all or part of a partnership interest -

- (a) is liable for the obligations of the transferor or assignor, as applicable, to make contributions and fulfil such other obligations as set out in the partnership agreement in respect of the partnership interest, or part thereof, so transferred or assigned; and
- (b) is not liable for any other obligations of the transferee or assignor, as applicable, incurred before the transferor or assignee is admitted unless otherwise agreed in writing by the transferor and transferee or the assignor and assignee, as applicable.

(7) Whether or not a transferee or an assignee of a partnership interest becomes a partner, the transferor or assignor, as applicable, is not released from liability to a limited liability partnership under section 7(2) and (3).

Agency of partner in a limited liability partnership

16. (1) A partner in a limited liability partnership is not an agent of the other partners in that limited liability partnership.

(2) Every partner in a limited liability partnership is the agent of that limited liability partnership and accordingly, but subject to subsection (3), the acts of a partner in the partner's capacity as a partner shall bind the limited liability partnership.

(3) The acts of a partner in a limited liability partnership shall not bind that limited liability partnership where -

- (a) the partner is not acting as a partner or is acting without authority; and
- (b) the person with whom the partner is dealing knows or should know that to be the position.

(4) A partner shall not be considered to be acting with authority unless the partner is acting -

- (a) in the ordinary course of the business of the limited liability partnership; or
- (b) with express authority conferred by or pursuant to the partnership agreement.

(5) For the purposes of subsection (3), a person shall be deemed to have notice of the partners identified in the registration statements delivered to the Registrar pursuant to sections 18(3)(d) and 19(1).

17. A person who has executed the partnership agreement of a limited liability partnership or who is named or otherwise identified in the partnership agreement shall not be deemed to be or otherwise construed as a partner of the limited liability partnership if -

Agreement as to benefits

- (a) that person has executed the partnership agreement solely in order to take the benefit of a provision of, or assume an obligation under, the partnership agreement otherwise than as a partner; or
- (b) where, on a proper construction of the partnership agreement, the parties did not intend the person to be a partner of the limited liability partnership.

PART 4 - REGISTRATION OF A LIMITED LIABILITY PARTNERSHIP

18. (1) An application for registration as a limited liability partnership may be made by persons to whom section 4(2) applies.

Registration of limited liability partnership

(2) An application shall be in the form of a registration statement delivered to the Registrar with a fee of such amount as the Cabinet shall by regulation prescribe.

(3) The registration statement shall state -

- (a) the proposed name of the limited liability partnership, such name to comply with section 8(1);
- (b) the address in the Islands of the registered office of the limited liability partnership;
- (c) the general nature of the business of the limited liability partnership;
- (d) the name and address (which may be a business address) of each person who is to be a partner in the limited liability partnership;
- (e) which of the partners under paragraph (d) is to be a managing partner, if any and;
 - (i) in the case of a corporate managing partner, there shall be filed with the registration statement a certificate of incorporation and a certificate of good standing, or similar document under the laws of the jurisdiction of

- incorporation, or a certificate of registration and a certificate of good standing under Part IX of the Companies Law; and
- (ii) in the case of a managing partner which is a partnership to be registered under this Law, there shall be filed with the registration statement a certificate of registration and a certificate of good standing or certified copies thereof; and
 - (f) the term, if any, for which the limited liability partnership is to exist, failing which the limited liability partnership shall be considered to have unlimited duration.

(4) Subject to section 8(3), upon receipt of an application complying with subsections (2) and (3), the Registrar shall register the limited liability partnership and issue a certificate of registration under the Registrar's hand and seal of office, which certificate of registration shall be conclusive evidence that compliance has been made with all requirements of this Law in respect of the constitution and registration of a limited liability partnership.

Changes in registered particulars

19. (1) Subject to subsection (2), within thirty days after any change in the information stated in the registration statement, the limited liability partnership shall deliver to the Registrar a registration statement specifying the nature of the change.

(2) No registration statement is required to be delivered under subsection (1) in respect of the retirement of a partner which is specified in a registration statement delivered pursuant to section 27(2).

(3) Subject to section 8(3), upon delivery of a registration statement pursuant to subsection (1) in connection with a change of name of a limited liability partnership, the Registrar shall register the change of name specified in the registration statement and issue a certificate reflecting the change of name.

(4) If default is made in compliance with subsection (1), the limited liability partnership shall incur a penalty of twenty-five dollars for each day that such default continues, which penalty shall be a debt due to the Registrar.

Annual return

20. (1) Subject to subsection (2), on or before the 31st day of January in every year following the year in which a limited liability partnership is registered, the limited liability partnership shall deliver an annual return to the Registrar stating the name and address of every person who, on the 1st day of January in that year, was a partner in the limited liability partnership and pay to the Registrar an annual fee of such amount as the Cabinet shall by regulation prescribe.

- (2) The Registrar may impose upon a limited liability partnership which fails to comply with subsection (1), where the annual return is submitted or annual fee is paid -
- (a) in the second quarter of the calendar year, a penalty of 33.33% of the annual fee;
 - (b) in the third quarter of the calendar year, a penalty of 66.67% of the annual fee; and
 - (c) in or after the fourth quarter of the calendar year, a penalty of 100% of the annual fee.

21. No error in any registration statement or any annual return delivered to the Registrar pursuant to this Law, nor any default in the delivery of an annual return, any such registration statement or any copy required to be delivered to the Registrar under this Law shall affect the validity of the registration of a limited liability partnership.

Validity of registration

PART 5 - WINDING UP, DISSOLUTION AND STRIKE-OFF

22. (1) A limited liability partnership shall be voluntarily wound up in accordance with the provisions of the partnership agreement -

Voluntary Winding up

- (a) at the time or upon the occurrence of any event specified in the partnership agreement; or
- (b) unless otherwise specified in the partnership agreement, upon the passing of a resolution of a two-thirds' majority of the partners.

23. A limited liability partnership shall not be wound up by any change in the persons who are partners unless the partnership agreement provides otherwise.

No winding up upon a change in the partners in a limited liability partnership

24. Notwithstanding any provision, express or implied, of the partnership agreement to the contrary, a limited liability partnership shall be wound up automatically upon there ceasing to be two or more partners in the partnership.

Winding up upon limited liability partnership ceasing to have two or more partners

25. Upon the completion of the winding up of a limited liability partnership, the voluntary liquidator shall file a notice of dissolution with the Registrar and a limited liability partnership shall not be dissolved by an act of the partners or otherwise until a notice of dissolution signed by the voluntary liquidator has been filed with the Registrar.

Notice of winding up

Power of Court to order winding up

(2016 Revision)

26. (1) Except to the extent that the provisions are not consistent with this Law, and in the event of any inconsistencies, this Law shall prevail, and subject to any express provisions of this Law to the contrary, the provisions of Part V of the Companies Law (2016 Revision) and the Companies Winding Up Rules 2008 shall apply to the winding up of a limited liability partnership and for this purpose

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- (a) references in Part V of the Companies Law to a company shall include references to a limited liability partnership;
- (b) the partners shall be treated as if those partners were shareholders of a company and references to contributories in Part V of the Companies Law shall be construed accordingly, except that the application of the provisions shall not cause a partner to be subject to any greater liability than the partner would otherwise bear under this Law but for the application of this paragraph;
- (c) references in Part V of the Companies Law to a director or officer of a company shall include references to the managing partner of a limited liability partnership;
- (d) except for sections 123, excluding paragraphs (1)(b) and (1)(c), 129, 140, 145 and 147 of the Companies Law, Part V shall not apply to a voluntary winding up under subsection (1);
- (e) the Insolvency Rules Committee established pursuant to the Companies Law shall have the power to make rules and prescribe forms for the purpose of giving effect to this section or the interpretation of this section; and
- (f) on application by a partner, creditor or liquidator, the Court may make orders and give directions for the winding up and dissolution of an limited liability partnership as may be just and equitable.

(2) Notwithstanding that the winding up of a limited liability partnership has commenced, a creditor who has security over the whole or part of the assets of the limited liability partnership is entitled to enforce the creditor's security without the leave of the Court and without reference to the liquidator appointed to wind up the limited liability partnership.

(3) Where a liquidator sells assets on behalf of a secured creditor of a limited liability partnership, the liquidator is entitled to deduct from the proceeds of sale a reasonable sum by way of remuneration.

(4) Where a limited liability partnership is being wound up and a liquidator is appointed, the Registrar shall within twenty-eight days of the appointment be notified of the name and business address of the liquidator.

(5) The winding up of a limited liability partnership shall be deemed to commence upon the earlier to occur of any of the following -

- (a) the passing of a resolution for winding up;
- (b) any automatic wind up date;
- (c) the expiry of the period fixed for the duration of the limited liability partnership by the partnership agreement;
- (d) the occurrence of an event provided by the partnership agreement upon which the limited liability partnership is to be wound up; or
- (e) where a winding up order has been made, the presentation of the petition for winding up.

27. (1) Where, following commencement of voluntary winding up of a limited liability partnership but before completion of the winding up of the limited liability partnership's affairs, two or more of the partners are to acquire the partnership interests of each of the remaining partners or the sole remaining partner, or the personal or other legal representative of the sole remaining partner and one or more persons who have agreed to become partners are to acquire the limited liability partnership assets, either by agreement or upon a direction of the Court pursuant to section 29(2) -

Continuation of limited liability partnership following winding up

- (a) the affairs of the limited liability partnership shall not be wound up and dissolved and the limited liability partnership shall continue as if the limited liability partnership had not been subject to winding up; and
- (b) upon the acquisition taking place, the partners whose partnership interests are acquired shall be taken to retire from it.

(2) One of the acquiring partners shall, within thirty days after the agreement or direction described in subsection (1), deliver to the Registrar a statement of cessation of winding up signed by the partner specifying -

- (a) the date of acquisition of the retiring partners' partnership interests;
- (b) the names of the acquiring partners and indicating which of the partners, if any, is to be a managing partner; and
- (c) the names of the retiring partners.

28. (1) Subject to subsection (2) and section 27 -

Winding up

- (a) in the event of the voluntary winding up of a limited liability partnership in the circumstances described in section 24, the limited liability partnership's affairs shall be wound up by the person who, at the time of the commencement of the winding up, was the last remaining partner or, if the partner is deceased or liquidated or otherwise ceases to exist, the partner's personal representatives, liquidator or other legal representative and such person shall act as voluntary liquidator; and
- (b) in the event of the voluntary winding up of a limited liability partnership in any other circumstances, the limited liability partnership's affairs shall be wound up by a person acting as liquidator appointed by a majority of partners or otherwise as provided in the partnership agreement or, if none, the managing partner, or if more than one, all of the managing partners.

(2) After the commencement of the winding up of a limited liability partnership, the limited liability partnership shall cease to carry on business except so far as may be beneficial for the limited liability partnership's winding up by the limited liability partnership's liquidator.

Power of Court to give directions as to winding up

29. (1) The Court may give such directions as the Court thinks fit in the course of the winding up of the affairs of a limited liability partnership upon the application of -

- (a) any partner in the limited liability partnership or the partner's legal representatives;
- (b) any creditor of the limited liability partnership; or
- (c) the person acting as liquidator who is responsible for winding up the affairs of the limited liability partnership.

(2) Without prejudice to the discretion conferred by subsection (1), on an application by the relevant majority, the Court may give a direction that the applicants purchase the partnership interest of each of the remaining partners at such price and otherwise upon such terms as the Court thinks fit.

(3) In subsection (2), "relevant majority" in relation to a limited liability partnership shall have the meaning assigned to those words for the purposes of that subsection by the partnership agreement or, if no meaning is so assigned, shall mean a majority of the partners of which such limited liability partnership was composed at the date of the commencement of the winding up, being either -

- (a) a majority of the partners by number; or

- (b) the number of partners which were at the date of commencement of winding up together entitled to a majority of the profits of the limited liability partnership.

(4) In subsection (2), the reference to the partnership interest of each of the remaining partners includes the partnership interest of any partner who is deceased or liquidated or has otherwise ceased to exist.

30. (1) The limited liability partnership property shall, on a winding up of the limited liability partnership, be distributed in the following order of priority -

Settling accounts on winding up

- (a) liabilities to creditors, excluding any partner or former partner in the limited liability partnership in respect of the partner's or former partner's partnership interest or in respect of any loan made by the partner or any former partner to the limited liability partnership for any purpose; then
- (b) subject to the partnership agreement and to any agreement between the limited liability partnership and any former partner in question -
 - (i) liabilities to former partners in the limited liability partnership in respect of any loans made by the former partners to the limited liability partnership for any purpose, then
 - (ii) liabilities to former partners in the limited liability partnership in respect of their partnership interests or otherwise; then
- (c) subject to the partnership agreement and to any agreement between the limited liability partnership and any former partner in question -
 - (i) liabilities to partners in the limited liability partnership in respect of any loans made by the partners to the limited liability partnership for any purpose; then
 - (ii) liabilities to partners in the limited liability partnership in respect of their partnership interests or otherwise.

(2) Subject to the partnership agreement, any limited liability partnership property remaining after payment of the liabilities described in subsection (1) shall be distributed equally to the partners.

31. (1) Where the Registrar has reasonable cause to believe that a limited liability partnership is not carrying on business or is not in operation, the

Strike off

Registrar may strike the limited liability partnership off the register and the limited liability partnership shall thereupon be dissolved.

(2) A request on behalf of a limited liability partnership to strike the limited liability partnership off the register shall be accompanied by a fee of twenty-five dollars.

(3) Where a limited liability partnership is being wound up, and the Registrar has reasonable cause to believe either that no liquidator is acting, or that the affairs of the limited liability partnership are fully wound up, the Registrar may strike the limited liability partnership off the register and the limited liability partnership shall thereupon be dissolved without the need for a notice of dissolution to be filed pursuant to section 30.

(4) The Registrar shall immediately publish a Notice in the Gazette to the effect that the limited liability partnership in question has been struck off the register, the date on which the limited liability partnership has been struck off and the reason therefor and such Notice shall be gazetted.

(5) If any partner of a limited liability partnership or creditor thereof objects to the limited liability partnership having been struck off the register in accordance with this section, the Court on the application of such partner or creditor made within two years or such longer period not exceeding ten years as the Cabinet may allow of the date on which the limited liability partnership was so struck off, may, if satisfied that the limited liability partnership was, at the time of the striking off thereof, carrying on business or in operation, or otherwise, that it is just that the limited liability partnership be restored to the register, order the name of the limited liability partnership to be restored to the register, on payment by the relevant applicant of a re-instatement fee equivalent to the original registration fee and on such terms and conditions as to the Court may seem just, and thereupon the limited liability partnership shall be deemed to have continued in existence as if the name of the limited liability partnership had not been struck off; and the Court may, by the same or any subsequent order, give such directions and make such provisions as seem just for placing the limited liability partnership and all other persons in the same position as nearly as may be as if the limited liability partnership had not been struck off.

(6) The striking off the register of any limited liability partnership under this Law shall not affect the liability, if any, of any partner of the limited liability partnership, and such liability shall continue and may be enforced as if the limited liability partnership had not been dissolved.

(7) No liability shall attach for any act performed or thing done or omission by the Registrar under this section.

(8) Any property that is held or considered to be held by a limited liability partnership that is struck off the register under this section, and not otherwise restored to the register pursuant to subsection (5) shall thereupon vest in the Financial Secretary and shall be subject to disposition by the Cabinet, or to retention for the benefit of the Islands.

PART 6 - CONVERSION OF FIRM TO LIMITED LIABILITY
PARTNERSHIP

32. (1) Subject to this Part, a firm may apply to convert to a limited liability partnership if -

Eligibility of a firm to convert into a limited liability partnership

- (a) the persons who shall be partners of the limited liability partnership to which the firm is to be converted comprise all the partners of the firm at the time of such conversion and no other person; and
- (b) a firm publishes notice of the firm's application to convert to a limited liability partnership in the Gazette at least twenty-eight days prior to the date on which the conversion is proposed to take effect.

(2) In this Part -

“firm” has the meaning given in the Partnership Law (2013 Revision); and

(2013 Revision)

“convert”, in relation to a firm converting to a limited liability partnership, means a transfer of the property, interests, rights, including choses in action, debts, obligations and the undertaking of the firm to the limited liability partnership in accordance with the provisions of this Part.

33. (1) A firm may apply to convert to a limited liability partnership by filing with the Registrar -

Application for conversion and registration as a limited liability partnership

- (a) a consent signed by all the partners of a firm that such firm should be so converted; and
- (b) an application for conversion together with the documents specified by the Registrar.

(2) The consent shall adopt a registration statement of a limited liability partnership and a partnership agreement in conformity with the requirements of this Law to take effect upon registration of the conversion.

(3) The conversion application shall be accompanied by a conversion fee equal to the fee payable on the registration of a limited liability partnership pursuant to section 18(2).

(4) If, on an application under this section, the Registrar is satisfied that a firm may be converted to a limited liability partnership under this Part, the Registrar shall -

- (a) retain (in such form as the Registrar may determine) the application and other documents delivered to the Registrar under this section;
- (b) issue a certificate of registration stating that the firm has been converted to a limited liability partnership; and
- (c) enter such details in the register in respect of the limited liability partnership's conversion as the Registrar considers appropriate.

(5) Subject to this Part, upon the issue of a certificate of registration under subsection (4) -

- (a) the firm, by virtue of the issue of that certificate, is converted into and becomes a limited liability partnership; and
- (b) the partnership agreement adopted in the consent shall take effect accordingly.

(6) The certificate of registration issued under this section is conclusive evidence that -

- (a) the requirements of this Law in respect of conversion and of matters precedent and incidental thereto have been complied with; and
- (b) the limited liability partnership is registered as a limited liability partnership with the name specified in such certificate of registration.

Effect of conversion and registration as a limited liability partnership

34. (1) Subject to section 35, on and from the date the conversion takes effect and the registration of the firm as a limited liability partnership -

- (a) all property of the firm and all interests, rights, including choses in action, debts and obligations relating to the firm shall be transferred and vest in the limited liability partnership without the requirement for further actions or formalities; and
- (b) the firm shall be dissolved.

(2) All proceedings by or against the firm which are pending immediately before the date of registration of the limited liability partnership, may be continued, completed and enforced by or against the limited liability partnership and any judgment, ruling or order in favour of or against the firm may be enforced by or against the limited liability partnership.

(3) All agreements, contracts, bonds, schemes, instruments, arrangements, security, guarantees, indemnities, approvals and licences subsisting immediately before the date of registration of the limited liability partnership to which the firm is a party, or otherwise relating to the firm, whether or not of such nature that the rights and liabilities thereunder could be assigned, shall continue in force on and after that date as if the agreements, contracts, bonds, schemes, instruments, arrangements, security, guarantees, indemnities, approvals and licences relate to the limited liability partnership and shall be enforceable by or against the limited liability partnership as if the limited liability partnership were a party thereto or otherwise named therein, as appropriate, instead of the firm.

(4) For the avoidance of doubt, every contract of employment to which subsection (3) applies shall continue in force on and after the date of registration of the limited liability partnership as if the limited liability partnership were the employer thereunder instead of the firm.

(5) A conversion under this Part shall not be regarded as giving rise to any remedy, by a party to a contract or other instrument, as an event of default under any contract or other instrument or as causing or permitting the termination of any contract or other instrument or of any obligation or relationship.

(6) Every appointment of the firm or the partners of the firm in any role or capacity, including, for the avoidance of doubt, a prospective, conditional or contingent appointment, which is in force immediately before the date of registration of the limited liability partnership shall have effect from that date as if the limited liability partnership were so appointed, and any authority or power conferred on the firm or the partners of that firm, including, for the avoidance of doubt, a prospective, conditional or contingent authority or power, which is in force immediately before the date of the registration of the limited liability partnership shall have effect from that date as if it were conferred on the limited liability partnership.

(7) Except as expressly provided for in the partnership agreement of a limited liability partnership, subsection (6) is of no effect in respect of an appointment of a named individual.

Partners of a firm to be converted into a limited liability partnership to remain liable for liabilities of firm before conversion

35. (1) Save with the written consent of any person thereby affected, every partner of a firm that has converted to a limited liability partnership shall continue to be personally liable, jointly and severally with the limited liability partnership, for the debts and obligations of the firm which were incurred before conversion or which arise from any contract entered into before conversion.

(2) If such a partner of a firm discharges any such debt or obligation, the partner shall be entitled, subject to any express provision in the partnership agreement to the contrary, to be fully indemnified by the limited liability partnership in respect of that debt or obligation.

Notice of conversion

36. (1) A limited liability partnership that has converted from a firm shall ensure that for a period of twelve months from the date of registration of the limited liability partnership, all correspondence of the limited liability partnership and every invoice issued by it bears -

- (a) a statement that, on the date of registration of the limited liability partnership, it converted from a firm to a limited liability partnership, and
- (b) the name of the firm from which it was converted.

(2) The Registrar may impose on a limited liability partnership which contravenes subsection (1) a penalty of two hundred dollars, which penalty shall be a debt due to the Registrar.

PART 7 - MISCELLANEOUS AND GENERAL

Deregistration pursuant to partnership agreement

37. A limited liability partnership may at any time terminate the registration of the limited liability partnership as a limited liability partnership, if termination of registration is permitted under the terms of the partnership agreement, by filing a written notice of termination of registration with the Registrar together with written confirmation that the action is authorised by the partnership agreement.

Deregistration for purposes of continuation in another jurisdiction

38. (1) A limited liability partnership which proposes to be registered by way of continuation as a partnership, body corporate or any other form of entity under the laws of any jurisdiction outside the Islands, hereinafter called an “applicant partnership” may apply to the Registrar to be deregistered in the Islands.

(2) The Registrar shall deregister an applicant partnership if -

- (a) the applicant partnership proposes to register by way of continuation in a jurisdiction which permits or does not prohibit the transfer of the applicant partnership in the manner provided in this section, in this section referred to as a “relevant jurisdiction”;

- (b) the applicant partnership has paid to the Registrar a fee equal to three times the annual fee that would have been payable pursuant to section 19(1) in the January immediately preceding the application for deregistration;
- (c) the applicant partnership has filed with the Registrar notice of any proposed change in the name of the applicant partnership and of the applicant partnership's proposed registered office or agent for service of process in the relevant jurisdiction;
- (d) no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up, dissolve or liquidate the applicant partnership in any jurisdiction;
- (e) no receiver, trustee or administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the applicant partnership, the affairs or property of the applicant partnership or any part thereof;
- (f) no scheme, order, compromise or other similar arrangement has been entered into or made whereby the rights of creditors of the applicant partnership are and continue to be suspended or restricted;
- (g) the applicant partnership is able to pay the debts of the applicant partnership as those debts fall due;
- (h) the application for deregistration is bona fide and not intended to defraud creditors of the applicant partnership;
- (i) the applicant partnership has delivered to the Registrar an undertaking that notice of the transfer has been or will be given within twenty-one days to the secured creditors of the applicant partnership;
- (j) any consent or approval to the transfer required by any contract or undertaking entered into or given by the applicant partnership has been obtained, released or waived, as the case may be;
- (k) the transfer is permitted by and has been approved in accordance with the partnership agreement of the applicant partnership;
- (l) the laws of the relevant jurisdiction with respect to transfer have been or will be complied with;
- (m) the applicant partnership, if licensed under the regulatory laws has obtained the consent of the Cayman Islands Monetary Authority to the transfer;
- (n) the applicant partnership will upon registration under the laws of the relevant jurisdiction continue as a partnership, body corporate or other entity; and

(o) the Registrar is not aware of any other reason why it would be against the public interest to deregister the applicant partnership.

(3) Subsection (2)(d), (e), (f), (g), (h), (j), (k), (l) and (n) shall be satisfied by filing with the Registrar a voluntary declaration or affidavit of an authorized signatory of the applicant partnership to the effect that, having made due enquiry, the Registrar is of the opinion that the requirements of those paragraphs have been met and which declaration or affidavit shall include a statement of the assets and liabilities of the applicant partnership made up to the latest practicable date before the making of the declaration or affidavit.

(4) A person who, being an authorized signatory of the applicant partnership, makes a declaration or affidavit under subsection (3) without reasonable grounds therefor is commits an offence and is liable on summary conviction to a fine of fifteen thousand dollars and to imprisonment for a term of five years.

(5) An applicant partnership shall be entitled to request that the applicant partnership either be deregistered immediately upon the Registrar being satisfied that the applicant partnership has complied with subsection (2) or that the applicant partnership first be provisionally deregistered upon the Registrar being satisfied that the applicant has complied with subsection (2) and in the event that the applicant partnership requests that the applicant partnership first be provisionally deregistered, the Registrar shall confirm such provisional deregistration, and the date thereof, in writing to the applicant partnership, but the Registrar shall only complete the deregistration of the applicant partnership upon receipt of such evidence as the Registrar considers appropriate that the applicant partnership has been reregistered, or will be reregistered contemporaneously with the applicant partnership's deregistration, in the relevant jurisdiction and in the event the Registrar has not received such evidence within ninety days of the date of provisional deregistration, the provisional deregistration shall be cancelled and the applicant partnership, if the applicant partnership wishes to be deregistered, shall apply anew for deregistration.

(6) Upon deregistration of an applicant partnership under this section, the Registrar shall issue a certificate under the Registrar's hand and seal of office that the applicant partnership has been deregistered as a limited liability partnership and specifying the date of such deregistration.

(7) The Registrar shall enter in the register the date of deregistration of the applicant partnership.

(8) Subject to subsection (9), from the commencement of the date of deregistration, the applicant partnership shall cease to be a limited liability partnership for all purposes under this Law and shall continue as a partnership, body corporate or other entity under the laws of the relevant jurisdiction.

(9) Subsection (8) shall not operate -

- (a) to create a new legal entity unless otherwise provided by the laws of the relevant jurisdiction;
- (b) to prejudice or affect the identity or continuity of the applicant partnership as previously constituted unless otherwise provided by the laws of the relevant jurisdiction;
- (c) to affect the property of any applicant partnership;
- (d) to affect any appointment made, resolution passed or any other act or thing done in relation to the applicant partnership pursuant to a power conferred by the partnership agreement of the applicant partnership or by the laws of the Islands;
- (e) except to the extent provided by or pursuant to this section, to affect the rights, powers, authorities, functions and liabilities or obligations of the applicant partnership or any other person unless otherwise provided by the laws of the relevant jurisdiction; or
- (f) to render defective any legal proceedings by or against the applicant partnership, and any legal proceedings that could have been continued or commenced by or against the applicant partnership before the applicant partnership's deregistration hereunder may, notwithstanding the deregistration, be continued or commenced by or against the applicant partnership after deregistration.

(10) The Registrar shall forthwith give notice in the Gazette of the deregistration of any applicant partnership under this section, the jurisdiction under the laws of which the applicant partnership has been registered by way of continuation and the name of the applicant partnership, if changed.

39. (1) A foreign limited liability partnership, hereinafter called a "registrant partnership", may apply to the Registrar to be registered by way of continuation as a limited liability partnership under this Law.

Continuation from
another jurisdiction to
the Islands

(2) The Registrar shall register a registrant partnership if -

- (a) the registrant partnership is registered in a jurisdiction which permits or does not prohibit the transfer of the registrant

- partnership in the manner provided in this section (hereinafter in this section referred to as a "relevant jurisdiction");
- (b) the registrant partnership has paid to the Registrar a fee equal to the fee payable on the registration of a limited liability partnership pursuant to section 18(2);
 - (c) the registrant partnership has delivered to the Registrar a copy of the registrant partnership's certificate of registration in the relevant jurisdiction and of any registration statements or equivalent filed in the relevant jurisdiction;
 - (d) the registrant partnership has delivered to the Registrar a registration statement signed by or on behalf of the registrant partnership containing the information required on registration of a limited liability partnership under section 18(3) and specifying
 -
 - (i) the jurisdiction in which the registrant partnership is established; and
 - (ii) whether the registrant partnership is deemed to be a separate legal person under the laws of the relevant jurisdiction and, if so, the full name and address of any managing partner or other person, if not identified as provided in paragraph (c), who immediately controls or directs the affairs of the registrant partnership;
 - (e) the name of the registrant partnership is acceptable to the Registrar under section 8(1) or the registrant partnership has undertaken to change the name to an acceptable name within sixty days of registration;
 - (f) no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up, dissolve or liquidate the registrant partnership in any jurisdiction;
 - (g) no receiver, trustee or administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the registrant partnership, the registrant partnership's affairs or the property of the registrant partnership or any part thereof;
 - (h) no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the registrant partnership are and continue to be suspended or restricted;
 - (i) the registrant partnership is able to pay the debts of the registrant partnership as those debts fall due;

- (j) the application for registration is bona fide and not intended to defraud creditors of the registrant partnership;
- (k) the registrant partnership has delivered to the Registrar an undertaking that notice of the transfer has been or will be given within twenty-one days to the secured creditors of the registrant partnership;
- (l) any consent or approval to the transfer required by any contract or undertaking entered into or given by the registrant partnership has been obtained, released or waived, as the case may be;
- (m) the transfer is permitted by and has been approved in accordance with the partnership agreement of the registrant partnership;
- (n) the laws of the relevant jurisdiction with respect to transfer have been or will be complied with;
- (o) the registrant partnership is constituted in a form or substantially a form which could have been formed and registered as a limited liability partnership under this Law;
- (p) the registrant partnership will upon registration under this Law cease to be formed, registered or exist under the laws of the relevant jurisdiction;
- (q) the registrant partnership, if the registrant partnership is, or will when registered be, prohibited from carrying on the registrant partnership's business in or from within the Islands unless licensed under any law, has applied for and obtained the requisite licence; and
- (r) the Registrar is not aware of any other reason why it would be against the public interest to register the registrant partnership.

(3) Subsection (2) (f), (g), (h), (i), (j), (l), (m), (n) and (p) shall be satisfied by filing with the Registrar a voluntary declaration or affidavit of an authorized signatory of the registrant partnership to the effect that, having made due enquiry, the Registrar is of the opinion that the requirements of those paragraphs have been met and which declaration or affidavit shall include a statement of the assets and liabilities of the registrant partnership made up to the latest practicable date before the making of the declaration or affidavit.

(4) Whoever, being an authorized signatory of the registrant partnership, makes a declaration or affidavit under subsection (3) without reasonable grounds therefor is commits an offence and liable on summary conviction to a fine of fifteen thousand dollars and to imprisonment for a term of five years.

(5) A registrant partnership may apply to be provisionally registered by way of continuation as a limited liability partnership under this Law.

(6) The Registrar shall provisionally register a registrant partnership if -

- (a) the registrant partnership complies with the requirements of subsection (2)(a), (c), (d), (f), (g), (h), (i), and (o); and
- (b) the registrant partnership has paid to the Registrar a fee of one thousand five hundred dollars.

(7) Subsection (2)(f), (g), (h), (i) and (o) shall be satisfied by filing with the Registrar a voluntary declaration or affidavit of an authorized signatory of the registrant partnership to the effect that, having made due enquiry, the authorized signatory is of the opinion that the requirements of those paragraphs have been met, and subsection (4) shall, mutatis mutandis apply with respect to such declaration or affidavit.

(8) The Registrar shall register a registrant partnership which is provisionally registered pursuant to subsection (6) upon the requirements of subsection (2)(b), (e), (j), (k), (l), (m), (n), (p), (q) and (r) being met, as to which subsection (3) shall, mutatis mutandis, apply where relevant.

(9) Upon provisional registration of a registrant partnership under subsection (8), the Registrar shall issue a certificate under the Registrar's hand and seal of office that the registrant partnership has been provisionally registered by way of continuation as a limited liability partnership and specifying the date of such provisional registration.

(10) The Registrar shall enter in the register the date of provisional registration and name of the registrant partnership.

(11) A registrant partnership which is provisionally registered shall -

- (a) within sixty days after registration, deliver, to the Registrar details of any changes in the information required by paragraphs (c) and (d) of subsection (2);
- (b) file with the Registrar in January of each year following provisional registration, a voluntary declaration or affidavit in the form described in subsection (7); and
- (c) pay to the Registrar in January of each year following provisional registration, a fee of one thousand dollars.

(12) A registrant partnership which is provisionally registered and which fails to comply with subsection (11)(b) and (c) by 30th June in such year shall

cease to be provisionally registered but without prejudice to being provisionally registered anew hereunder upon complying with the requirements of this section.

(13) Upon registration of a registrant partnership under this section, the Registrar shall issue a certificate under the Registrar's hand and seal of office that the registrant partnership has been registered as a limited liability partnership and specifying the date of such registration, and section 18(4) shall apply, mutatis mutandis, to such certificate.

(14) The Registrar shall enter in the register the date of registration of the registrant partnership.

(15) Subject to subsection (16), from the date of registration of the registrant partnership, the registrant partnership shall continue as a limited liability partnership as if formed and registered as a limited liability partnership under and subject to this Law, the provisions of which shall apply to the limited liability partnership and to persons and matters associated therewith as if such limited liability partnership were so formed and registered;

(16) Subsection (15) shall not operate -

- (a) to create a new legal entity;
- (b) to prejudice or affect the identity or continuity of the registrant partnership as previously constituted;
- (c) to affect the property of the registrant partnership;
- (d) to affect any appointment made, resolution passed or any other act or thing done in relation to the registrant partnership pursuant to a power conferred by the partnership agreement of the registrant partnership or by the laws of the relevant jurisdiction;
- (e) except to the extent provided by or pursuant to this section, to affect the rights, powers, authorities, functions and liabilities or obligations of the registrant partnership or any other person; or
- (f) to render defective any legal proceedings by or against the registrant partnership, and any legal proceedings that could have been continued or commenced by or against the registrant partnership before the registrant partnership's registration hereunder may, notwithstanding the registration, be continued or commenced by or against the registrant partnership after registration.

(17) A registrant partnership shall, within ninety days of the registrant partnership's registration, make such amendments, alterations, modifications, variations, deletions and additions, if any, to the partnership agreement of the

registrant partnership as are necessary to ensure that the amendments, alterations, modifications, variations, deletions and additions, comply with the requirements of this Law.

(18) Within ninety days of registration, the registrant partnership may, instead of making the changes required by subsection (17), apply to the Court for an order approving such changes and the Court, if satisfied that the changes, with such modifications, if any, as the Court considers appropriate, are necessary to ensure that the partnership agreement of the registrant partnership complies with the requirements of this Law, may approve the changes accordingly and make such consequential orders as the Court thinks fit.

(19) After registration of the registrant partnership and until such time as the partnership agreement of the registrant partnership is changed to comply with the requirements of this Law or to the extent the partnership agreement cannot be changed so to comply, this Law shall prevail.

(20) The Registrar shall forthwith give notice in the Gazette of the registration of any registrant partnership under this section, the jurisdiction under the laws of which the registrant partnership was previously formed, registered or existing and the previous name of the registrant partnership, if different from the current name.

(21) In this section -

“foreign limited liability partnership” means a limited liability partnership or limited partnership established in a recognised jurisdiction outside the Islands.

“recognized jurisdiction” is one that is prescribed as such by the Cabinet in regulations made under this Law.

Recognition of proceedings in other jurisdictions

40. (1) This section applies where an order is made by a court outside of the Islands for the winding up of the affairs of a limited liability partnership, and references in this section to an order shall be construed accordingly.

(2) For the purposes of this Law, a limited liability partnership shall not be taken to be wound up by an order until that order has been recognized by the Court, but, once an order has been recognized by the Court, the order shall be taken to be an order for the winding up of the affairs of the limited liability partnership with effect from the date on which such order is recognized by the Court.

(3) An application to the Court for recognition of an order may be made by the person appointed under the order to wind up the affairs of the limited

liability partnership or, if none, the person on whose application the order was made.

(4) In determining whether or not to recognize an order the Court shall have regard to whether the grounds on which the order is made would constitute grounds for winding up in the Islands.

(5) Where the Court decides to recognize an order, the Court may also appoint a person as liquidator to be responsible for winding up the affairs of the limited liability partnership and give such directions as the Court thinks fit as to the winding up.

(6) Where the Court decides to recognize an order in respect of a limited liability partnership, the person acting as liquidator and responsible for winding up the affairs of the limited liability partnership shall deliver a copy of the decision of the Court to the Registrar within thirty days after the order is made.

41. (1) Except as provided in section 28(4)(b), legal proceedings by or against a limited liability partnership or any partner of a limited liability partnership in the partner's capacity as such shall be instituted only by or against the limited liability partnership and any judgment shall be made in such proceedings in favour of or against the limited liability partnership only in the name of the limited liability partnership.

Legal proceedings

(2) Subject to subsection (3) and except as provided in section 28(4)(c), no judgment shall be enforced against any limited liability partnership property unless such judgment has been granted against the limited liability partnership.

(3) Subsection (2) shall not affect any right of a judgment creditor of a partner in a limited liability partnership to enforcement against any proceeds representing a payment or other distribution in respect of that partner's partnership interest in the limited liability partnership property and any sum due to the partner from the limited liability partnership by way of repayment of a loan.

(4) Execution to enforce a judgment obtained against a limited liability partnership pursuant to subsection (1) or against the person responsible for winding up the affairs of the limited liability partnership pursuant to section 27(4)(c) shall only be capable of being issued against and satisfied out of the limited liability partnership property as at the date of such execution (no account being taken of any changes in the partners composing the limited liability partnership prior to such date).

(5) Any person shall have the right to join or otherwise institute proceedings against -

- (a) one or more of the partners and any former partner of a limited liability partnership who is liable by virtue of section 7(2) or (3); and
- (b) any person holding limited liability partnership property on behalf of a limited liability partnership for the purposes of enforcement against that property.

Service of documents

42. For the purposes of this Law -

- (a) any writ, notice, order or other document required to be served on a limited liability partnership may be served by leaving the same, or by sending the writ, notice, order or other document required to be served through the post in a prepaid letter, addressed to the limited liability partnership at the limited liability partnership's registered office; and
- (b) any writ, notice, order or other document required to be served on a partner in the partner's capacity as such may be served by leaving the same, or by sending the writ, notice, order or other document required to be served through the post in a prepaid letter, addressed to the partner at the registered office of the limited liability partnership or at the address stated for the partner in the registration statement.

Notices to Registrar

43. Any registration statement, annual return, notice or information required by this Law to be made, given or supplied to the Registrar shall be signed by, or on behalf of, a managing partner or any other partner of the limited liability partnership.

Appointment and functions of Registrar

44. (1) The Registrar of Companies appointed under the Companies Law shall be the Registrar of Limited Liability Partnerships.

(2) The Registrar shall maintain a register of each limited liability partnership registered under this Law and include in such register all registration statements delivered to the Registrar and any certificates issued by the Registrar in relation to each limited liability partnership pursuant to this Law.

(3) Any certificate issued by the Registrar under this Law shall be signed by the Registrar and sealed with the Registrar's seal of office.

45. (1) The Registrar may on application made by a limited liability partnership issue a certificate of good standing to the limited liability partnership that is in good standing in accordance with subsections (2) and (3). Certificate of good standing

(2) A certificate of good standing is evidence of the fact that the limited liability partnership is in good standing on the date that the certificate of good standing is issued.

(3) A limited liability partnership is considered to be in good standing if all fees and penalties under this Law have been paid and the Registrar has no knowledge that the limited liability partnership is in default under this Law.

46. (1) Notwithstanding any provision of this Law which prescribes a specific per diem penalty in respect of a default of any obligation to make a filing or to maintain a record set out in this Law, it shall be lawful for the Registrar, in any case where the aggregate per diem penalty has exceeded the amount of five hundred dollars and the Registrar is satisfied that the failure is not due to a wilful default, to accept at any time payment of a penalty in the amount of five hundred dollars in lieu thereof. Recovery of penalties

(2) Without prejudice to the powers exercisable by the Registrar under this Law, all sums that the Registrar is entitled to recover by way of fees or penalties are recoverable either summarily as a civil debt, or as a simple contract debt, in any court of competent jurisdiction.

47. (1) A person who wilfully makes a statement in a document, material, evidence or information which is required to be delivered to the Registrar under this Law that, at the time and in the light of the circumstances under which the statement is made, is false or misleading with respect to any material fact, or that wilfully omits to state any material fact the omission of which makes the statement false or misleading, commits an offence and is liable on summary conviction to a fine of one thousand dollars or imprisonment for three months, or to both. Offences

(2) A person who wilfully takes or uses any name, title, addition or description implying that the person is a partner in a limited liability partnership when the person is not, or implies that the person is a partner in a partnership which is not a limited liability partnership when the person is, commits an offence and is liable on summary conviction to a fine of one thousand dollars or up to imprisonment for three months, or to both.

(3) Where an offence under this Law committed by a body corporate is proved to have been committed with the consent or connivance of, or to be

attributable to any neglect on the part of any director, manager, secretary, or other similar officer of the body corporate, or any person purporting to act in any such capacity, the director, manager, secretary, or other similar officer of the body corporate, as well as the body corporate, shall be guilty of the same offence and liable in the same manner to the penalty provided for that offence.

General penalty for offences

48. Where a duty is imposed by this Law on any limited liability partnership, managing or other partner or any other person and no special penalty or fine has been provided for breach of such duty, then any such limited liability partnership, managing or other partner or any other person guilty of such breach commits an offence and is liable on summary conviction to a fine of one hundred dollars.

Tax undertaking

49. (1) The Financial Secretary may, on application by a limited liability partnership accompanied by a declaration by the limited liability partnership that such limited liability partnership shall not undertake business with the public in the Islands other than so far as may be necessary for the carrying on of the business of that limited liability partnership exterior to the Islands, give an undertaking in respect of that limited liability partnership that a law which is hereafter enacted in the Islands imposing any tax to be levied on profits or income or gains or appreciations shall not apply to such limited liability partnership or to any partner thereof in respect of the operations or assets of such limited liability partnership or the partnership interest of a partner.

(2) Any undertaking given under subsection (1) may provide, in addition, that the taxes and any tax in the nature of estate duty or inheritance tax shall not be payable in respect of the obligations of the limited liability partnership or the partnership interests of the partners.

(3) Any such undertaking may be for a period not exceeding fifty years from the date of the approval of the application and may be in such form as the Financial Secretary shall determine.

(4) The Financial Secretary shall prepare and present to the Cabinet, a report of all applications made and granted pursuant to this section on a monthly basis.

(5) The first report due to be prepared pursuant to subsection (4) shall be presented to the Cabinet on the date specified by the Cabinet by Order.

Regulations

50. (1) The Cabinet may make regulations prescribing any matter referred to in this Law to be prescribed by Regulations and for carrying this Law into effect.

(2) Notwithstanding the generality of subsection (1) the Cabinet may make Regulations in particular, prescribing -

- (a) the duties to be performed by the Registrar for the purposes of this Law;
- (b) the forms to be used for the purposes of this Law;
- (c) the fees payable to the Registrar in respect of filings or certifications or otherwise pursuant to this Law;
- (d) the fee payable for the issue of a tax undertaking pursuant to section 48; and
- (e) generally, the conduct and regulation of registration under this Law and any matters incidental thereto.

Passed by the Legislative Assembly the day of , 2017.

Speaker.

Clerk of the Legislative Assembly.