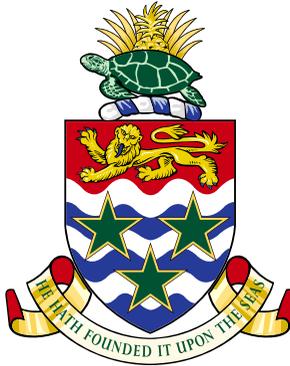


CAYMAN ISLANDS



# LIMITED LIABILITY PARTNERSHIP (AMENDMENT) BILL, 2019

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**A BILL FOR A LAW TO AMEND THE LIMITED LIABILITY PARTNERSHIP LAW, 2017 TO MAKE CERTAIN INFORMATION RELATED TO LIMITED LIABILITY PARTNERSHIPS ACCESSIBLE; TO REQUIRE LIMITED LIABILITY PARTNERSHIPS TO KEEP CERTAIN INFORMATION UP TO DATE; TO INCREASE THE PENALTIES FOR THE FAILURE TO COMPLY WITH BENEFICIAL OWNERSHIP REQUIREMENTS; AND FOR INCIDENTAL AND CONNECTED PURPOSES**

## PUBLISHING DETAILS

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**Memorandum of**  
**OBJECTS AND REASONS**

The Bill seeks to amend the Limited Liability Partnership Law, 2017 (“the principal Law”) to make certain information related to limited liability partnerships accessible; to require limited liability partnerships to keep certain information up to date; and to increase the penalties for the failure to comply with beneficial ownership requirements.

Clause 1 provides the short title of the Bill.

Clause 2 amends section 9 of the principal Law to require limited liability partnerships to include information on the nature of the partnership interest of each partner in the partnership agreement required to be kept at its registered office and to provide for a fee for inspecting the register of partners.

Clause 2 also amends section 9 by introducing subsections (5), (6), (7) and (8) which would require a limited liability partnership to allow a person to receive a copy of the register of the partners, and would make it an offence for a limited liability partnership to refuse to allow a person to inspect or make a copy of the register of partners or for the managing partner or partner to knowingly authorise or permit the refusal.

Clause 3 inserts section 44A in the principal Law which would require the Registrar, upon receipt of a request in writing, to provide information to the Anti-Corruption Commission, the Cayman Islands Monetary Authority, the Financial Crimes Unit of the Royal Cayman Islands Police Service, the Financial Reporting Authority, the Tax Information Authority and any competent authority, as defined under the Proceeds of Crime Law (2019 Revision), which is assigned responsibility for monitoring compliance with the anti-money laundering regulations made under section 4(9) of the Proceeds of Crime Law (2019 Revision). The clause would require the Registrar to provide the information within forty-eight hours of receipt of a request. Clause 3 also seeks to insert proposed section 44A(5) and to restrict the use of the information which has been provided.

Clause 4 amends section 69 of the principal Law to require the competent authority to execute a search of a limited liability partnership’s beneficial ownership register pursuant to a request by a senior official of the financial intelligence unit as defined in the Proceeds of Crime Law (2019 Revision), the Financial Reporting Authority, the Cayman Islands Monetary Authority, the Anti-Corruption Commission, the Tax Information Authority and any other body which is assigned responsibility for monitoring compliance with the anti-money laundering regulations made under section 4(9) of the Proceeds of Crime Law (2019 Revision) or Financial Crime Unit of the Royal Cayman Islands Police Service, within forty-eight hours of receipt of the request.

Clause 5 amends section 81 of the principal Law to provide for a fine of twenty-five thousand dollars in the case of a first offence, where a limited liability partnership



knowingly and wilfully contravenes section 54(1), 55(1), 59, 60(1) or (2) or 62(2) of the principal Law or knowingly and wilfully fails to issue a notice as required by section 56, 62 or 63(3) of the principal law. Clause 6 also provides for a fine of one hundred thousand dollars where a limited liability partnership commits a second offence and empowers the court to strike the limited liability partnership off the register where it is convicted of a third offence.

Clause 6 amends section 82 of the principal Law to provide for a fine of twenty-five thousand dollars for a person who commits a first offence of failing to comply with a notice issued under section 56 or 62 of the principal Law and in the case of a second or subsequent offence, a fine of fifty thousand dollars.

Clause 7 amends section 83 of the principal Law to provide for a fine of twenty-five thousand dollars for a person who commits a first offence of failing to comply with a duty under section 57 or 64 and in the case of a second offence, a fine of fifty thousand dollars.



**CAYMAN ISLANDS**



**LIMITED LIABILITY PARTNERSHIP  
(AMENDMENT) BILL, 2019**

**Arrangement of Clauses**

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ENACTED by the Legislature of the Cayman Islands.

**Short title**

1. This Law may be cited as the Limited Liability Partnership (Amendment) Law, 2019.

**Amendment of section 9 of the Limited Liability Partnership Law, 2017 – registered office**

2. The *Limited Liability Partnership Law, 2017*, in this Law referred to as the “principal Law”, is amended in section 9 as follows—
  - (a) in subsection (3)(f) by inserting after the words “a copy of the partnership agreement” the words “including the nature of the partnership interest of each partner”;

- (b) in subsection (4)(c), by inserting after the word “hours” the words “on payment of ten dollars or such lesser sum as the limited liability partnership may specify for each inspection”;
- (c) by inserting after subsection (4), the following subsections —
- “(5) A person who inspects the register of partners under subsection (4)(c) may receive a copy of any part of the register of partners on payment of one dollar for every page required to be copied.
- (6) Where a limited liability partnership unreasonably refuses to allow a person to —
- (a) inspect the register of partners under subsection (4)(c); or
- (b) make a copy of the register of partners under subsection (5) respectively, —
- the limited liability partnership, managing partner or partner who knowingly authorises or permits the refusal is liable to a fine of five hundred dollars for each refusal.
- (7) A person who is refused under subsection (6) may apply to a judge sitting in chambers for an order to compel the limited liability partnership to allow the person to inspect the register of partners.
- (8) A judge sitting in chambers may, upon an application by a person who has been refused under subsection (6), by order, compel an immediate inspection of the register of partners.”.

### **Insertion of section 44A - registrar to provide information**

3. The principal Law is amended by inserting after section 44, the following section —

#### **“Registrar to provide information**

- 44A.** (1) The Registrar shall, upon request by an entity under subsection (2), provide any information required to discharge any function or exercise any power, under the following Laws —
- (a) the *Anti-Corruption Law (2019 Revision)*;
- (b) the *Monetary Authority Law (2018 Revision)*;
- (c) the *Proceeds of Crime Law (2019 Revision)*; or
- (d) the *Tax Information Authority Law (2017 Revision)*.
- (2) For the purposes of subsection (1), the following entities may request information from the Registrar —
- (a) the Anti-Corruption Commission established under section 3 of the *Anti-Corruption Law (2019 Revision)*;



- (b) the Cayman Islands Monetary Authority established under section 5 of the *Monetary Authority Law (2018 Revision)*;
  - (c) the Financial Crimes Unit of the Royal Cayman Islands Police Service;
  - (d) the Financial Reporting Authority as defined under section 2 of the *Proceeds of Crime Law (2019 Revision)*;
  - (e) the Tax Information Authority designated under section 4 of the *Tax Information Authority Law (2017 Revision)*; or
  - (f) a competent authority as defined under section 2(1) of the *Proceeds of Crime Law (2019 Revision)*, which is assigned responsibility for monitoring compliance with the money laundering regulations under section 4(9) of the *Proceeds of Crime Law (2019 Revision)*.
- (3) A request for information by an entity under subsection (2) shall be made in writing.
- (4) Where a request for information is made under subsection (1), the information shall be provided within forty-eight hours of receipt of the request.
- (5) The recipient of any information provided by the Registrar under this section shall —
- (a) use the information for the purpose for which it was provided;
  - (b) retain the information for as long as is necessary to carry out the purpose for which it was provided; and
  - (c) not disclose the information for any purpose other than the purpose for which it was provided, without the consent of the Registrar.”.

#### **Amendment of section 69 - limits on searches that may be executed**

4. The principal Law is amended in section 69(1) by inserting after the words “search platform” the words “, within forty-eight hours of receipt of a request,”.

#### **Amendment of section 81 - failure of a limited liability partnership to establish or maintain beneficial ownership register**

5. The principal Law is amended in section 81 as follows —
- (a) by renumbering the section as section 81(1); and
  - (b) in subsection (1) as renumbered by repealing paragraphs (a) and (b) and substituting the following paragraphs —
    - “(a) in the case of a first offence, to a fine of twenty-five thousand dollars; or

- (b) in the case of a second or subsequent offence, to a fine of one hundred thousand dollars.”; and
- (c) by inserting after subsection (1) as renumbered, the following subsection —
- “(2) Where a limited liability partnership is convicted of a third offence under subsection (1), the court may order that the limited liability partnership be struck off the register by the Registrar in accordance with section 31, as if it is a limited liability partnership that the Registrar has reasonable cause to believe is not carrying on business or is not in operation.”.

### **Amendment of section 82 - failure to comply with notices**

6. The principal Law is amended in section 82(3), by repealing paragraph (a) and substituting the following paragraph —
- “(a) on conviction on indictment —
- (i) in the case of a first offence, to a fine of twenty-five thousand dollars; or
- (ii) in the case of a second or subsequent offence, to a fine of fifty thousand dollars or to imprisonment for a term of two years, or to both; or”.

### **Amendment of section 83 - failure to provide information**

7. The principal Law is amended in section 83(2) by repealing paragraph (a) and substituting the following paragraph —
- “(a) on conviction on indictment —
- (i) in the case of a first offence, to a fine of twenty-five thousand dollars; or
- (ii) in the case of a second or subsequent offence, to a fine of fifty thousand dollars or to imprisonment for a term of two years , or to both; or”.

**Passed by the Legislative Assembly the                      day of                      , 2019.**

*Speaker*

*Clerk of the Legislative Assembly*

