

CONYERS

A photograph of a modern glass skyscraper with a grid-like facade, viewed from a low angle. The building is partially obscured by a semi-transparent blue overlay containing text. The foreground shows a paved plaza with a pattern of light and dark tiles.

Cayman Islands Limited Liability Partnerships

Preface

This publication has been prepared for the assistance of those who are considering the formation of limited liability partnerships in the Cayman Islands pursuant to the terms of The Limited Liability Partnership Act (2023 Revision). It deals in broad terms with the requirements of Cayman Islands law for the establishment and operation of such entities. It is not intended to be exhaustive but merely to provide brief details and information which we hope will be of use to our clients. We recommend that our clients and prospective clients seek legal advice in the Cayman Islands on their specific proposals before taking steps to implement them.

Before proceeding with the registration of a limited liability partnership in the Cayman Islands, persons are advised to consult their tax, legal and other professional advisers in their respective jurisdictions.

Persons considering establishing limited liability partnerships to carry on a regulated activity such as insurance or mutual fund business should request separate publications prepared by Conyers on these topics.

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1. INTRODUCTION

The principal statute governing the formation and operation of limited liability partnerships (each an “**LLP**”) in the Cayman Islands is The Limited Liability Partnership Act (2023 Revision) (the “**Act**”).

An LLP is an entity with legal personality other than a body corporate which is separate and distinct from its partners and, unless otherwise provided in its partnership agreement, is capable of exercising all the functions of a natural person of full capacity irrespective of any question of benefit. An LLP has perpetual succession, the capacity to sue and be sued in its own name and the power to acquire, hold and dispose of property. An LLP may be registered where two or more persons carrying on 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 an LLP.

2. PRE-REGISTRATION MATTERS

2.1. Partnership Name

The proposed name of the LLP can be reserved with the Registrar of Limited Liability Partnerships (the “**Registrar**”) for up to one hundred and twenty days. No LLP may be registered with a name that is identical to the name of an LLP already registered or which so nearly resembles such name (or translated name) as to be calculated to deceive unless the LLP in existence is in the course of being dissolved and provides its consent. Similarly, an LLP may not register with a name that, in the opinion of the Registrar, suggests that the LLP is licensed to carry on any type of business when the LLP is not in fact so licensed or, because of any other reason, is likely to mislead.

The name of an LLP may, but need not, include the words “Limited Liability Partnership” or the letters “LLP” or “L.L.P”. In the case of an LLP carrying on special economic zone business, the name shall include the words “Special Economic Zone” or the letters “SEZ”. The Act also prescribes certain words that may not be used in an LLP’s registered name except with the Registrar’s consent.

An LLP may be registered with a dual name in a foreign script. There is no requirement that the dual name be a translation of the company’s English name.

3. FORMATION AND REGISTRATION

Registration of an LLP is effected by filing with the Registrar a registration statement signed by or on behalf of any person forming the LLP and the payment of a prescribed fee. The registration statement is required to state the name of the LLP, the type of LLP, the address in the Cayman Islands of the registered office, the LLP’s nature of business, the name and address (which may be a business address) of each person who is to be a partner, the start date of each partner and the end date (where applicable), the date of the end of the LLP’s financial year, which of the partners will be a managing partner, the term of the LLP, if the LLP is not formed for an unlimited duration, and the expiration date (where applicable). The LLP will be issued with a certificate of registration, which is evidence that the LLP has met the requirements under the Act. The Registrar shall make the registration documents and certificate of registration available for inspection by any person on payment of a fee and any member of the public is entitled to be informed by the Registrar, upon their request, of the location of the LLP’s registered office.

Along with the registration statement, a certificate of incorporation and a certificate of good standing dated no earlier than one month prior to the date of its delivery to the Registrar are required for corporate managing partners. In certain circumstances, approvals from CIMA and other authorities may be required. A partnership agreement is only required to be submitted if the relevant option “Subject to Terms and Conditions of LLP Agreement” is chosen in the smart form registration statement.

4. CONVERSION OF A FIRM

A firm, meaning “persons who have entered into partnership with one another”, may apply to convert to an LLP if the partners of the prospective LLP comprise all of the partners of the firm at the time of such conversion and the firm publishes a notice of its application in the Cayman Gazette at least twenty-eight (28) days prior to the proposed conversion date.

In order to make the application, the firm must file with the Registrar an application for conversion, a consent signed by all the partners of the firm together with the associated documents specified by the Registrar, and the requisite fee. The consent must adopt a registration statement and an LLP agreement in conformity with the Act which will each take effect upon registration of the conversion. The name of the firm prior to conversion must be provided, along with its registration number if it was previously registered as a limited partnership.

The conversion will constitute a transfer of the property, interests, rights, including choses in action, debts and obligations of the firm to the LLP. Once the Registrar is satisfied that the firm may be converted to an LLP, the Registrar will issue a certificate of registration and enter the details in the register. The firm will convert to an LLP by virtue of the issuance of the certificate and the LLP agreement will take effect accordingly. The firm will be dissolved from the date that the conversion takes effect.

Every partner of a firm that converts to an LLP continues to be personally liable, jointly and severally with the LLP, for any debts and obligations of the firm that were incurred before conversion or which arise from any contract entered into before conversion, unless written consent is obtained from any persons thereby affected.

If a partner discharges any debt or obligation, that partner is entitled to be fully indemnified by the LLP in respect of the debt or obligation subject to any express provision in the LLP agreement.

5. PARTNERS

Any person (including a body corporate, with or without limited liability, and a partnership of any type) may be a partner of an LLP. An LLP may have any number of partners; such partners may be admitted into the LLP in accordance with the partnership agreement or by unanimous agreement of the partners. The LLP is liable for all its debts and losses and, subject to the Act (see 5.1 below), no partner is liable, either jointly or jointly and severally, for the debts and losses of the LLP. All partners in an LLP are considered to be managing partners unless the partnership agreement specifies one or more managing partners with the requisite responsibilities under the Act. If there is more than one managing partner, anything that the managing partner is required to do by the Act may be done by any one of the managing partners. Each partner of the LLP is an agent of the LLP and the acts of any one partner in its capacity as such bind the LLP except in circumstances where (i) the partner is not acting in such capacity or is

acting without authority; and (ii) the person with whom the partner is dealing knows or should have known that to be the case.

A change brought about by the admission, retirement or death of a partner, or by a partner liquidating or otherwise ceasing to exist, does not affect the existence, rights or liabilities of the LLP.

5.1. Partners' Liability

A partner or a former partner in an LLP is not liable for any debt or loss of the LLP, including any such debt or loss caused by the act or omission of another partner or former partner in the LLP. However, a partner or former partner in an LLP may still be liable for any loss caused by their own negligent act or omission if they assumed an express duty of care to a person and acted in breach of that duty of care.

5.2. Partners' Contributions

The liability of a partner to contribute to the assets of an LLP is limited to the amount that the partner has undertaken to contribute, whether in the LLP agreement or otherwise. Subject to the LLP agreement, no partner is personally liable for any debt, obligation or liability of the LLP solely by reason of being a partner of the LLP. However, a partner that receives distributions made in certain circumstances will be liable to return the amount of the distribution or fulfill the due performance of a released obligation, as applicable – refer to section 5.4 below.

Subject to the LLP agreement, a person may receive an LLP interest or be granted other rights in respect of the LLP without making any contribution or being obligated to make a contribution to the LLP. Subject to the LLP agreement, a partner may grant a security interest to a third party in respect of any or all of the LLP interest of that partner.

5.3. Transfer of Partnership Interests

An LLP interest is capable of being transferred in whole or in part in accordance with the Act and the provisions of the LLP agreement. An assignee of a partner's LLP interest who is not admitted as a partner has no right to participate in the management of the business or affairs of the LLP except as provided in an LLP agreement or otherwise upon the approval of all of the partners. Further, subject to the LLP agreement, unless and until an assignee of an LLP interest becomes a partner, the assignee has no liability as a partner solely as a result of the assignment.

5.4. Distributions to Partners

Subject to the LLP agreement, the profits and losses and distributions of an LLP are allocated on the basis of the agreed value of the contributions made by each partner. An LLP may not declare, make or pay a distribution, or release a partner from any obligation to the LLP if, at the time of such distribution or purported release, the LLP is, or would as a result be, unable to pay its debts as they fall due in the ordinary course of business. A partner who receives a distribution, or is purportedly released from an obligation in violation of this solvency test and who had actual knowledge of the violation at the relevant time, is liable to the LLP for a period of six months from the date of the distribution, for the amount of such distribution or for the performance of the obligation purportedly released.

6. LIMITED LIABILITY PARTNERSHIP AGREEMENT

The Act imposes a requirement that the partners of an LLP enter into an LLP agreement to regulate the business or affairs of the LLP. The LLP will be bound by the terms of the LLP agreement whether or not it is signed by the LLP. An LLP agreement may be entered into at any time before, after or at the time of the filing of a registration statement and, if entered into before such filing, it is deemed to be effective on the date of registration of the LLP.

The Act, however, affords flexibility to the partners to agree among themselves the internal workings of the LLP, with appropriate minimum safeguards. For example, an LLP agreement may:

- give indemnities to any partner or other person from and against any liability;
- provide that a partner who fails to perform in accordance with the LLP agreement shall be subject to specified remedies, sanctions or consequences;
- provide for classes of LLP interests;
- provide for the taking of an action, including the amendment of the LLP agreement, without the vote or approval of any partner or class of LLP interest and may provide that any partner or class of LLP interests shall have no voting rights;
- grant to all or certain identified partners or a specified class of LLP interests, the right to vote separately or with all or any class of LLP interest on any matter;
- provide that voting shall be on a per capita, number, financial interest, class, group or any other basis.

7. CONTINUATION, DEREGISTRATION AND DISCONTINUATION

7.1. Continuation into Cayman

A foreign limited liability partnership (“**Registrant Partnership**” or “**RP**”) may apply to the Registrar for permission to continue into the Cayman Islands as an LLP. The following documents are required in addition to those required for the registration of an LLP:

- letter applying for continuation/ certificate of conversion from jurisdiction;
- registration statement or equivalent from the jurisdiction of original registration;
- certificate of registration from the relevant jurisdiction;
- certificate of good standing dated no earlier than 30 days prior to the application;
- notice of undertaking to creditors;
- voluntary affidavit; and
- notice of undertaking to change name (if applicable).

The Registrar shall register a Registrant Partnership if the following requirements are satisfied: (i) the RP is registered in a “relevant jurisdiction” which permits (or does not prohibit) the transfer of the RP in a manner as provided in the Act; (ii) the RP has paid the requisite fee; (iii) the RP has delivered to the Registrar a copy of its certificate of registration and any registration statements (or equivalent) in the relevant jurisdiction; (iv) the RP has delivered a registration statement to the Registrar specifying the jurisdiction of establishment, whether the RP is deemed to be a separate legal person under the laws of the relevant jurisdiction and, if so, the name and address of the managing partner/ other person who controls or directs the affairs of the RP; (v) the RP’s name is acceptable to the Registrar, or the RP has

undertaken to change such within sixty (60) days of registration; (vi) 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; (vii) no receiver, trustee or administrator has been appointed in relation to the RP, its affairs or property; (viii) no scheme, order, compromise or similar arrangement has been entered into in any jurisdiction whereby the rights of the RP's creditors are and continue to be suspended or restricted; (ix) the RP is able to pay its debts as they fall due; (x) the application for registration is bona fide and not intended to defraud creditors of the registrant partnership; (xi) the RP has delivered an undertaking to the Registrar that notice of the transfer has been or will be given within twenty-one (21) days to its secured creditors; (xii) any relevant consents or approvals concerning the transfer have been obtained, released or waived, as applicable; (xiii) the transfer has been approved in accordance with the partnership agreement; (xiv) the laws of the relevant jurisdiction have been, or will be, complied with; (xv) the RP is formed or constituted in a form which could have been formed and registered as an LLP under the Act; (xvi) the RP will cease to be formed, registered or exist under the laws of the relevant jurisdiction once registered under the Act; (xvii) the RP is, or will be when registered, prohibited from carrying on business in or from within the Islands unless licensed under any law, has applied for and obtained such licence; and (xviii) the Registrar does not consider it against the public interest to register the RP.

A number of the above prescribed matters regarding the Registrant Partnership's status may be satisfactorily confirmed by a declaration or affidavit signed by an authorised person of the Registrant Partnership. A Registrant Partnership may also apply to be provisionally registered by way of continuation as a LLP under the Act, in which case, only certain of the above requirements are applicable.

The Registrant Partnership must make any changes required to the partnership agreement in order for it to comply with the Act, if any, within ninety (90) days or, it may apply to the Court for an order approving such changes.

7.2. Deregistration and Discontinuation from Cayman

An LLP may terminate its registration at any time, if it 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.

The Act also contains provisions whereby an LLP ("**Applicant Partnership**" or "**AP**") may be deregistered as an LLP in the Cayman Islands and continued as a foreign entity under the laws of any other jurisdiction by application to the Registrar. The Registrar shall deregister an Applicant Partnership if: (i) the AP proposes to register in a "relevant jurisdiction" which permits (or does not prohibit) the transfer of the AP in a manner as provided in the Act; (ii) the AP has paid the requisite fee; (iii) the AP has filed a notice of its proposed change of name, registered office or agent for service of process in the relevant jurisdiction with the Registrar; (iv) no petition or filings or orders or resolutions for the winding up, dissolution or liquidation of the AP have been filed, remain pending or are outstanding in any jurisdiction; (v) no receiver, trustee or administrator has been appointed in relation to the AP, its affairs or property; (vi) no scheme, order, compromise or similar arrangement has been entered into in any jurisdiction whereby the rights of the AP's creditors are and continue to be suspended or restricted; (vii) the AP is able to pay its debts as they fall due; (viii) the AP has delivered an undertaking to the Registrar that notice of the transfer has been or will be given within twenty-one (21) days to its secured creditors; (ix) any

relevant consents or approvals concerning the transfer have been obtained, released or waived, as applicable; (x) the transfer has been approved in accordance with the partnership agreement; (xi) the laws of the relevant jurisdiction have been, or will be, complied with; (xii) the AP, if licensed under regulatory laws, has obtained the consent of the Cayman Islands Monetary Authority to the transfer; (xiii) upon registration under the laws of the relevant jurisdiction, the AP will continue as a partnership, body corporate or other entity; and (xiv) the Registrar does not consider it against the public interest to register the AP.

A number of the above prescribed matters may be confirmed by a voluntary declaration or affidavit of an authorised signatory of the Applicant Partnership. An Applicant Partnership may also apply to first be provisionally deregistered, in which case the Registrar will confirm the date of such by writing to the Applicant Partnership. However, the Registrar will only complete the deregistration upon receiving evidence that the Applicant Partnership has been reregistered or will be reregistered contemporaneously with its deregistration, in the relevant jurisdiction. This evidence must be submitted to the Registrar within ninety (90) days of the provisional deregistration.

8. CHANGE OF LLP TYPE

A partnership may be registered which was provisionally registered by filing a notice of undertaking to creditors, a voluntary affidavit and a notice of undertaking to change name (if applicable).

Further, an LLP may be changed to an LLP SEZ or an LLP SEZ may be changed to an LLP. In either case, a registration statement is required, along with a letter from the Cayman Enterprise City either approving or terminating the SEZ tenancy, as applicable.

9. ECONOMIC SUBSTANCE

The International Tax Co-Operation (Economic Substance) Act (2024 Revision) (the “**ES Act**”) applies to a defined class of relevant entities including LLPs that are required, subject to what is said below, to maintain economic substance in the Cayman Islands unless they fall within one of the exemptions which include being tax resident outside the Cayman Islands; or operating as an investment fund (including entities through which any such fund invests or operates).

The ES Act requires that all Cayman Islands entities notify the Cayman Tax Information Authority (“**TIA**”) of, amongst things, whether or not it is carrying on a “relevant activity” (as defined in the ES Act and as discussed further below) and, if so, whether or not it is a “relevant entity”. The notification to the TIA is by way of an Annual Economic Substance Notification which must be filed prior to an entity filing its Annual Return with the General Registry’s Corporate Administration Portal.

An LLP will be subject to the ES Act from the date on which it commences a relevant activity. Non-compliance with the ES Act will result in significant financial penalties and continued non-compliance may result in an application by the TIA to the Grand Court for an order that the entity is defunct.

9.1. Relevant Activities

Relevant entities will be required to meet the economic substance test (“**ES Test**”) in respect of their relevant activities in the Cayman Islands. The categories of relevant activities include the following which are further defined in the ES Act:

- (a) Banking business;
- (b) Distribution and service centre business;
- (c) Financing and leasing business;
- (d) Fund management business;
- (e) Headquarters business;
- (f) Holding company business;
- (g) Insurance business;
- (h) Intellectual property business; and
- (i) Shipping business.

9.2. Economic Substance Requirements

For relevant entities carrying on relevant activities, the ES Act requires that they:

- (i) conduct core income generating activities (“**CIGAs**”) (see further below) in relation to the relevant activity;
- (ii) be directed and managed appropriately in the Cayman Islands related to the relevant activity; and
- (iii) with regard to the level of relevant income from the relevant activity carried out in the Cayman Islands, have an adequate –
 - amount of operating expenditure incurred in the Cayman Islands;
 - physical presence (including maintaining a place of business or plant, property and equipment) in the Cayman Islands; and
 - number of full-time employees or other personnel with appropriate qualifications in the Cayman Islands.

Each relevant entity that is carrying on a relevant activity and is required to satisfy the ES Test will be required to file an annual return with the TIA in respect of their status under the ES Act.

9.3. Core Income Generating Activities

CIGAs are defined in the ES Act to mean activities that are of central importance to a relevant entity in terms of generating income and that are being carried out in the Cayman Islands. CIGAs may be outsourced provided that the relevant entity is able to monitor and control the carrying out of the CIGA. The TIA will only accept the relevant entity's claim to have satisfied the ES Test by means of domestic outsourcing if the information is verified by the service provider. Such verification must be made within thirty days of the relevant entity providing the same information to the TIA.

Service providers undertaking outsourcing functions are required to register with the Cayman Islands Department of Information Tax Co-operation (“**DITC**”) so that the DITC can independently verify the engagement and nature of the services provided.

10. MAINTENANCE OF REGISTERS AND UPKEEP OF RECORDS

10.1. Register of Partners

An LLP must maintain a register of partners containing the name and address of each partner, which may include a business address (and indicating if any is a managing partner) and photographic evidence of the identity of the managing partner and their residential address, where the managing partner is an individual at its registered office. The Register of Partners must be updated within thirty (30) days of any change in the particulars therein and be open to inspection by any person during normal business hours on payment of CI\$10/US\$12 or a lesser sum specified by the LLP for each inspection.

10.2. Register of Mortgages

An LLP must maintain at its registered office a register of all mortgages specifically affecting the LLP property, the details of which must include a short description of the property mortgaged, the amount of the mortgage created and the names of the mortgagee or persons entitled to each mortgage. The register of mortgages must be open to inspection by any person during normal business hours.

10.3. Books of Account

An LLP must keep proper books of account which give a true and fair view of the business and financial condition of the LLP and which explain the LLP's transactions. Such records shall be retained for a minimum period of five years from the date on which they are prepared. The records need not be kept at the LLP's registered office, but will need to be made available at the registered office on service of an order or notice for production by the TIA. The LLP must also keep a copy of any registration statement delivered pursuant to section 18 of the Act, or delivered to the Registrar under the Act, a copy of its most recent annual return, a copy of any certificate issued by the Registrar and a copy of the partnership agreement, including the nature of each category of partnership interest issued by the LLP, and any amendments made thereto at its registered office.

10.4. Beneficial Ownership Register

Unless exempted, each LLP has an obligation to create and maintain a register of its beneficial owners (the “**Register**”) to be kept at its registered office and, in particular, is required to take reasonable steps

to identify any individual who is a beneficial owner of the LLP and all Cayman incorporated, formed or registered legal entities that would be beneficial owners if they were individuals.

Beneficial owner details are uploaded to the General Registry via its Corporate Administration Platform (“**CAP**”) system. The information is encrypted upon submission and further encrypted upon receipt. The data is then deleted from CAP and goes to a non-internet facing, offline server only accessible by a Government authorised competent authority.

If an LLP becomes aware of a relevant change with respect to a registrable person whose required particulars are entered in its Register, it is required to give notice to the registrable person, as soon as reasonably practicable after it becomes aware of the change or has reasonable cause to believe a change has occurred, requesting confirmation of the change. If the person confirms the change, the LLP shall record the details of the change and instruct its corporate services provider or the Registrar, as appropriate, to enter in its Register (a) the details of the relevant change confirmed by the LLP, the date on which the change was made and whether there are further alterations to the Register that should be made.

The Beneficial Ownership (Limited Liability Partnership) Regulations (2022 Revision) (the “**Regulations**”) set out various ‘additional matters’ in relation to which an LLP must provide information to its corporate services provider or the Registrar, as appropriate, and update its beneficial ownership register accordingly. Examples of such matters include where there is no registrable beneficial owner or relevant legal entity, where an identified registrable person’s particulars are not confirmed, where an LLP’s investigations are ongoing, where there is a failure to comply with certain notices or where an LLP’s corporate services provider has issued a restrictions notice. Certain duties of the corporate services provider and the Registrar are also outlined in the Regulations, along with additional requirements for restrictions notices and for determining interests held in the LLP.

The Registrar has the power to impose administrative fines for a number of breaches listed in a Schedule to the Act including where an LLP, for example, fails to take reasonable steps to identify beneficial owners and relevant legal entities, fails to ensure their beneficial ownership register remains up to date and/or fails to provide current and up to date particulars of registrable persons to their corporate services providers or certain notices to their registrable persons. LLPs exempted from the primary obligations of the beneficial ownership legislation may still be in breach if they fail to provide written confirmation of their exemption and instructions to file such exemption, or if they incorrectly report that they are an exempted entity. A fine of CI\$5,000/US\$6,100 is imposed for an initial breach and further fines of CI\$1,000/US\$1,220 may be imposed for every day that the breach continues, to a maximum of CI\$20,000/US\$24,400. Further penalties apply in relation to the failure to establish and maintain a beneficial ownership register – see 11.3 below.

11. ONGOING OBLIGATIONS AND DEFAULT PENALTIES

The ongoing obligations of an LLP and the prescribed penalties in the event of default are set out below.

11.1. Filing Requirements

An LLP must notify the Registrar of any change to information contained in its registration statement, such as its name or dual foreign name, registered office address and the term of the LLP, within thirty

(30) days by way of a registration statement specifying the nature of the change and an accompanying fee for the Registrar. A penalty of CI\$25/ US\$31 will be applied for every day that the change is not notified.

An annual return must be submitted to the Registrar in January of every year stating the nature of the business and the name and address of every person who is a partner as at 1 January in that year together with the prescribed fee. A current listing of the annual government fees is available upon request. Significant penalties apply for failure to file the annual return on or before 31 March in any year.

11.2. Default Penalties – Inspection of Register of Partners and Register of Mortgages

An LLP is required to maintain a register of mortgages and a register of partners for inspection by any person during normal business hours. If inspection of the register of mortgages is refused, the Registrar may impose a penalty of CI\$25/ US\$31 for each day that the refusal continues. Where an LLP unreasonably refuses to allow a person to inspect or make a copy of the register of partners, the LLP, managing partner or partner responsible is liable to a fine of CI\$500/ US\$610 per refusal. In each case, a judge may, upon application by the aggrieved party, compel an immediate inspection of the registers.

11.3. Offences

A person who deliberately makes a false or misleading statement with respect to any material fact in a document, material, evidence or information required by the Registrar or that wilfully omits to state a material fact, commits an offence and is liable on summary conviction to a fine of CI\$1,000/ US\$1,220 or imprisonment for three months, or both. The same penalties apply where a person makes a false declaration under the Act.

Heavy penalties apply to LLPs that knowingly or willingly fail to establish or maintain a beneficial ownership register (as well as administrative fines referred to above). Upon summary conviction, a fine of CI\$25,000/ US\$30,500 applies and in the case of a second or subsequent offence, a fine of CI\$100,000/ US\$122,000. Where an LLP is convicted of a third such offence, the court may order that it be struck off the register. Other offences include the failure to comply with a notice, the failure to provide information and the unlawful search or disclosure of beneficial ownership information.

Where an LLP is guilty of an offence, and it is proven that the offence was committed with the consent or connivance of, or was attributable to, the wilful default on the part of a partner or person concerned in the LLP's management, that partner or person is liable to the same offence and applicable penalties.

12. TAX UNDERTAKING

An LLP may apply to the Financial Secretary for a tax undertaking that a law which is subsequently enacted imposing any tax in the Cayman Islands on profits, income, gains or appreciations shall not apply to the LLP or its partners. To apply for the undertaking, the LLP must submit a declaration that it shall not undertake any business with the public in the Cayman Islands other than so far as may be necessary to carry on its business exterior to the Cayman Islands. If granted, such an undertaking may be for a period of up to fifty (50) years.

13. WINDING-UP AND DISSOLUTION

An LLP may be wound up voluntarily, compulsorily by the court or under the supervision of the court. An LLP shall be wound up voluntarily in accordance with the partnership agreement, (i) at a time or upon the occurrence of any event specified in the partnership agreement, or (ii) unless otherwise specified in the partnership agreement, upon a resolution passed by a two-thirds' majority of the partners. An LLP shall be wound up automatically if there ceases to be two or more partners in the partnership, notwithstanding any provision of the partnership agreement to the contrary. Unless inconsistent with the Act, the provisions of Part V of the Companies Act and the Companies Winding up Rules, as applicable, will apply to the winding up of an LLP. If the Registrar has reasonable cause to believe that the LLP is not carrying on business or is in operation, or if an administrative fine remains unpaid for ninety (90) days, the Registrar may strike the LLP off the register, thereby dissolving the LLP.

This publication should not be construed as legal advice and is not intended to be relied upon in relation to any specific matter. It deals in broad terms only and is intended merely to provide a brief overview and give general information.

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