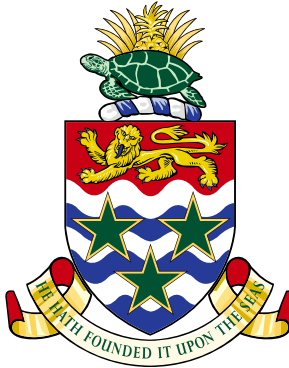


CAYMAN ISLANDS



PARTNERSHIP LAW

(2013 Revision)

Supplement No. 18 published with Extraordinary Gazette No. 82 of 11th October, 2013.

PUBLISHING DETAILS

Law 26 of 1983 consolidated with Laws 4 of 1984, 23 of 1986, 15 of 1987, 5 of 1990, 10 of 1994, 27 of 2001, 38 of 2010, 15 of 2012 and 2 of 2013.

Revised under the authority of the *Law Revision Law (1999 Revision)*.

Originally enacted —

Law 26 of 1983-13th September, 1983

Law 4 of 1984-28th February, 1984

Law 23 of 1986-2nd December, 1986

Law 15 of 1987-29th April, 1987

Law 5 of 1990-20th February, 1990

Law 10 of 1994-23rd September, 1994

Law 27 of 2001-26th September, 2001

Law 38 of 2010-15th September, 2010

Law 15 of 2012-31st August, 2012

Law 2 of 2013-10th January, 2013.

Consolidated and revised this 31st day of July, 2013.

Note (not forming part of the Law): This revision replaces the 2011 Revision which should now be discarded.



CAYMAN ISLANDS



PARTNERSHIP LAW
(2013 Revision)

Arrangement of Sections

Section	Page
PART I - Introductory	
1 Short title	7
2 Definitions.....	7
PART II - Nature of Partnership	
3 Definition of partnership	8
4 Rules for determining existence of partnership	8
5 Meaning of firm.....	9
PART III - Relations of Partners to Persons Dealing With Them	
6 Power of partner to bind the firm	9
7 Partners bound by acts on behalf of firm	9
8 Partner using credit of firm for private purposes	9
9 Effect of notice that firm will not be bound by acts of partner	10
10 Liability of partners.....	10
11 Liability of the firm for wrongs	10
12 Misapplication of money or property received for or in custody of the firm.....	10
13 Liability for wrongs joint and several	10
14 Improper employment of trust property for partnership purposes	10
15 Persons liable by “holding out”.....	11
16 Admission or representation of partner	11



17	Notice to acting partner to be notice to the firm	11
18	Liabilities of incoming and outgoing partners	11
19	Revocation of continuing guarantee by change in firm	11

PART IV - Relations of Partners to One Another`

20	Variation by consent of terms of partnership	12
21	Partnership property	12
22	Property bought with partnership money.....	12
23	Procedure against partnership property for a partner's separate judgment debt.....	12
24	Rules as to interest and duties of partners subject to special agreement	13
25	Expulsion of partners.....	14
26	Retirement from partnership at will.....	14
27	Where partnership for term is continued over continuance on old terms presumed	14
28	Accounts.....	14
29	Accountability of partners for private profits	15
30	Duty of partner not to compete with firm	15
31	Rights of assignee of share in partnership	15

PART V - Dissolution of Partnership and Its Consequences

32	Dissolution by expiration or notice	16
33	Dissolution by bankruptcy, death or charge	16
34	Dissolution by illegality of partnership	16
35	Dissolution by the court	16
36	Rights of persons dealing with firm against apparent members of firm	17
37	Right of partners to notify dissolution	17
38	Continuing authority of partners for purposes of winding up.....	17
39	Rights of partners as to application of partnership property.....	17
40	Apportionment of premium where partnership prematurely dissolved	18
41	Rights where partnership dissolved for fraud or misrepresentation	18
42	Right of outgoing partner in certain cases to share profits made after dissolution	18
43	Retiring or deceased partner's share to be a debt.....	19
44	Rule for distribution of assets on final settlement of accounts	19

PART VI - Limited Partnerships

45	Law to apply to limited partnerships	19
46	Definition and constitution of limited partnership	19
47	Registration of limited partnership.....	20
48	Registrar 2013 Revision	20
49	Details required for registration	20
50	Annual fee	21
51	Changes in limited partnership.....	21
52	Modifications of general law.....	22
53	Advertisement in the Gazette.....	23
54	Inspection of statements	23
55	Express fees.....	23
56	Regulations	24
57	Saving	24



PART VII - Supplemental

58 Saving for rules of equity and common law.....25



CAYMAN ISLANDS



PARTNERSHIP LAW

(2013 Revision)

PART I - Introductory

Short title

1. This Law may be cited as the *Partnership Law (2013 Revision)*.

Definitions

2. In this Law —

“**business**” includes every trade, occupation or profession; “**court**” means the Grand Court;

“**general partner**”, in relation to a limited partnership, means a partner who is not a limited partner as defined by section 46(2);

“**Governor**” means Governor in Cabinet;

“**registered office provider**” means, in relation to a limited partnership registered under section 49, the person who provides the registered office for that limited partnership; and

“**Registrar**” means the Registrar of Limited Partnerships appointed under section 48.

PART II - Nature of Partnership

Definition of partnership

3. (1) Partnership is the relation which subsists between persons carrying on a business in common with a view to profit.
- (2) The relation between members of any company or association which is —
- (a) registered as a company under the *Companies Law (2013 Revision)* or any other law for the time being in force and relating to the registration of companies; or
 - (b) formed or incorporated by or in pursuance of any other law, letter patent or Royal Charter,
- is not a partnership within the meaning of this Law.

Rules for determining existence of partnership

4. In determining whether a partnership does or does not exist, regard shall be had to the following rules —
- (a) joint tenancy, tenancy in common, joint property, common property or part ownership does not of itself create a partnership as to anything so held or owned, whether the tenants or owners do or do not share any profits made by the use thereof;
 - (b) the sharing of gross returns does not of itself create a partnership, whether the persons sharing such returns have or have not a joint or common right or interest in any property from which or from the use of which the returns are derived; and
 - (c) the receipt by a person of a share of the profits of a business is *prima facie* evidence that he is a partner in the business, but the receipt of such a share, or of a payment contingent on or varying with the profits of a business, does not of itself make him a partner in the business; and in particular —
 - (i) the receipt by a person of a debt or other liquidated amount by instalments or otherwise not of the accruing profits of a business does not of itself make him a partner in the business or liable as such;
 - (ii) a contract for the remuneration of a servant or agent of a person engaged in a business by a share of the profits of the business does not of itself make the servant or agent a partner in the business or liable as such;
 - (iii) a person being the widow or child of a deceased partner, and receiving by way of annuity a portion of the profits made in the business in which the deceased person was a partner, is not by reason only of such receipt a partner in the business or liable as such;



- (iv) the advance of money by way of loan to a person engaged or about to engage in any business on a contract in writing with that person, signed by or on behalf of all the parties thereto, that the lender shall receive a rate of interest varying with the profits arising from carrying on the business, does not of itself make the lender a partner with the person or persons carrying on the business or liable as such; and
- (v) a person receiving by way of annuity or otherwise a portion of the profits of a business in consideration of the sale by him of the goodwill of the business is not by reason only of such receipt a partner in the business or liable as such.

Meaning of firm

5. Persons who have entered into partnership with one another are for the purposes of this Law called collectively a firm, and the name under which their business is carried on is called the firm-name.

PART III - Relations of Partners to Persons Dealing With Them

Power of partner to bind the firm

6. Every partner is an agent of the firm and his other partners for the purpose of the business of the partnership; and the acts of every partner who does any act for carrying on in the usual way business of the kind carried on by the firm of which he is a member bind the firm and his partners, unless the partner so acting has in fact no authority to act for the firm in the particular matter, and the person with whom he is dealing either knows that he has no authority, or does not know or believe him to be a partner.

Partners bound by acts on behalf of firm

7. An act or instrument relating to the business of the firm done or executed in the firm-name, or in any other manner showing an intention to bind the firm, by any person thereto authorised, whether a partner or not, is binding on the firm and all the partners:
Provided that this section shall not affect any general rule of law relating to the execution of deeds or negotiable instruments.

Partner using credit of firm for private purposes

8. Where one partner pledges the credit of the firm for a purpose apparently not connected with the firm's ordinary course of business, the firm is not bound, unless he is in fact specially authorised by the other partners; but this section does not affect any personal liability incurred by an individual partner.



Effect of notice that firm will not be bound by acts of partner

9. If it has been agreed between the partners that any restriction shall be placed on the power of any one or more of them to bind the firm, no act done in contravention of the agreement is binding on the firm with respect to persons having notice of the agreement.

Liability of partners

10. Every partner in a firm is liable jointly with the other partners for all debts and obligations of the firm incurred while he is a partner; and after his death his estate is also severally liable in the due course of administration for such debts and obligations, so far as they remain unsatisfied, but subject to the prior payment of his separate debts.

Liability of the firm for wrongs

11. Where, by any wrongful act or omission of any partner acting in the ordinary course of the business of the firm, or with the authority of his co- partners, loss or injury is caused to any person not being a partner in the firm, or any penalty is incurred, the firm is liable therefor to the same extent as the partner so acting or omitting to act.

Misapplication of money or property received for or in custody of the firm

12. In the following cases —
- (a) where one partner acting within the scope of his apparent authority receives the money or property of a third person and misapplies it; and
 - (b) where a firm in the course of its business receives money or property of a third person, and the money or property so received is misapplied by one or more of the partners while it is in the custody of the firm,
- the firm is liable to make good the loss.

Liability for wrongs joint and several

13. Every partner is liable jointly with his co-partners and also severally for everything for which the firm while he is a partner therein becomes liable under either section 11 or 12.

Improper employment of trust property for partnership purposes

14. If a partner, being a trustee, improperly employs trust property in the business or on the account of the partnership, no other partner is liable for the trust property to the persons beneficially interested therein:

Provided that this section shall not —

- (a) affect any liability incurred by any partner by reason of his having notice of a breach of trust; or



- (b) prevent trust money from being followed and recovered from the firm if still in its possession or under its control.

Persons liable by “holding out”

- 15.** Everyone who by words spoken or written or by conduct represents himself, or who knowingly suffers himself to be represented, as a partner in a particular firm is liable as a partner to any one who has on the faith of any such representation given credit to the firm, whether the representation has or has not been made or communicated to the person so giving credit by or with the knowledge of the apparent partner making the representation or suffering it to be made:

Provided that where after a partner’s death the partnership business is continued in the old firm’s name, the continued use of that name or of the deceased partner’s name as part thereof shall not of itself make his executors or administrators or his estate liable for any partnership debts contracted after his death.

Admission or representation of partner

- 16.** An admission or representation made by any partner concerning the partnership affairs, and in the ordinary course of its business, is evidence against the firm.

Notice to acting partner to be notice to the firm

- 17.** Notice to any partner who habitually acts in the partnership business of any matter relating to partnership affairs operates as notice to the firm, except in the case of a fraud on the firm committed by or with the consent of that partner.

Liabilities of incoming and outgoing partners

- 18.** (1) A person who is admitted as a partner into an existing firm does not thereby become liable to the creditors of the firm for anything done before he became a partner.
- (2) A partner who retires from a firm does not thereby cease to be liable for partnership debts or obligations incurred before his retirement.
- (3) A retiring partner may be discharged from any existing liabilities by an agreement to that effect between himself and the members of the firm as newly constituted and the creditors, and this agreement may be either expressed or inferred as a fact from the course of dealing between the creditors and the firm as newly constituted.

Revocation of continuing guarantee by change in firm

- 19.** A continuing guarantee given either to a firm or to a third person in respect of the transactions of a firm is, in the absence of agreement to the contrary, revoked as to future transactions by any change in the constitution of the firm to which, or of the firm in respect of the transactions of which, the guarantee was given.



PART IV - Relations of Partners to One Another`

Variation by consent of terms of partnership

- 20.** The mutual rights and duties of partners, whether ascertained by agreement or defined by this Law, may be varied by the consent of all the partners, and such consent may be either expressed or inferred from a course of dealing.

Partnership property

- 21.** (1) All property and rights and interests in property originally brought into the partnership stock or acquired, whether by purchase or otherwise, on account of the firm, or for the purposes and in the course of the partnership business, are called in this Law partnership property, and must be held and applied by the partners exclusively for the purposes of the partnership and in accordance with the partnership agreement:

Provided that the legal estate or interest in any land which belongs to the partnership shall devolve according to the general rules of law thereto applicable, but in trust, so far as necessary, for the persons beneficially interested in the land under this section.

- (2) Where co-owners of an estate or interest in any land, not being itself partnership property, are partners as to profits made by the use of that land, and purchase other land out of the profits to be used in like manner, the land so purchased belongs to them, in the absence of an agreement to the contrary, not as partners, but as co-owners for the same respective estates and interests as are held by them in the land first mentioned at the date of the purchase.

Property bought with partnership money

- 22.** Unless the contrary intention appears, property bought with money belonging to the firm is deemed to have been bought on account of the firm.

Procedure against partnership property for a partner's separate judgment debt

- 23.** (1) A writ of execution shall not issue against any partnership property except on a judgment against the firm.
- (2) A court may, on the application by summons of any judgment creditor of a partner, make an order charging that partner's interest in the partnership property and profits with payment of the amount of the judgment debt and interest thereon, and may, by the same or a subsequent order, appoint a receiver of that partner's share of profits (whether already declared or accruing) and of any other money which may be coming to him in respect of the partnership, and direct all accounts and inquiries, and give all other orders and directions which might have been directed or given if the charge had been made in favour of the



judgment creditor by the partner, or which the circumstances of the case may require.

- (3) The other partner or partners shall be at liberty at any time to redeem the interest charged, or in case of a sale being directed, to purchase the same.

Rules as to interest and duties of partners subject to special agreement

24. The interests of partners in the partnership property and their rights and duties in relation to the partnership shall be determined, subject to any agreement express or implied between the partners, by the following rules —

- (a) all the partners are entitled to share equally in the capital and profits of the business and must contribute equally towards the losses whether of capital or otherwise sustained by the firm;
- (b) the firm must indemnify every partner in respect of payments made and personal liabilities incurred by him —
 - (i) in the ordinary and proper conduct of the business of the firm; or
 - (ii) in or about anything necessarily done for the preservation of the business or property of the firm;
- (c) a partner making, for the purpose of the partnership, any actual payment or advance beyond the amount of capital which he has agreed to subscribe, is entitled to interest at the rate of ten per centum per annum from the date of the payment or advance;
- (d) a partner is not entitled, before the ascertainment of profits, to interest on the capital subscribed by him;
- (e) every partner may take part in the management of the partnership business;
- (f) no partner shall be entitled to remuneration for acting in the partnership business;
- (g) no person may be introduced as a partner without the consent of all existing partners;
- (h) any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the partners, but no charge may be made in the nature of the partnership business without the consent of all existing partners; and
- (i) the partnership books are to be kept at the place of business of the partnership (or the principal place, if there is more than one); and every partner may, when he thinks fit, have access to and inspect and copy any of them.

Expulsion of partners

25. No majority of the partners can expel any partner unless a power to do so has been conferred by express agreement between the partners.

Retirement from partnership at will

26. (1) Where no fixed term has been agreed upon for the duration of the partnership, any partner may determine the partnership at any time on giving notice of his intention so to do to all the other partners.
- (2) Where the partnership has originally been constituted by deed, a notice in writing, signed by the partner giving it, shall be sufficient for this purpose.

Where partnership for term is continued over continuance on old terms presumed

27. (1) Where a partnership entered into for a fixed term is continued after the term has expired, and without any express new agreement, the rights and duties of the partners remain the same as they were at the expiration of the term, so far as is consistent with the incidents of a partnership at will.
- (2) A continuance of the business by the partners or such of them as habitually acted therein during the term, without any settlement or liquidation of the partnership affairs, is presumed to be a continuance of the partnership.
- (2A) In the case of a limited partnership registered under section 49, the general partner which keeps the books of account described in subsection (2) at any place other than at the registered office of the limited partnership or at any other place within the Islands shall, upon service of an order or notice by the Tax Information Authority pursuant to the *Tax Information Authority Law (2013 Revision)*, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice; and if the general partner fails to comply with the order or notice without reasonable excuse, the general partner shall incur a penalty of five hundred dollars and a further penalty of one hundred dollars for every day during which such non-compliance continues.

Accounts

28. (1) Partners are bound to render true accounts and full information of all things affecting the partnership to any partner or his agents.
- (2) A partner, other than a limited partner, shall keep or cause to be kept proper books of account including, where applicable, material underlying documentation including contracts and invoices, with respect to —
- (a) all sums of money received and expended by the partnership and matters in respect of which the receipt of expenditure takes place;
- (b) all sales and purchases of goods by the partnership; and



- (c) the assets and liabilities of the partnership.
- (3) For the purposes of subsection (2), proper books of account shall not be deemed 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 partnership and to explain its transactions.
- (4) A partner, other than a limited partner, shall cause all books of account required to be kept under subsection (2) to be retained for a minimum period of five years from the date on which they are prepared.
- (5) A partner who knowingly and willfully contravenes subsection (2) or (4) shall be subject to a penalty of five thousand dollars.

Accountability of partners for private profits

- 29.** (1) Every partner must account to the firm for any benefit derived by him without the consent of the other partners from any transaction concerning the partnership, or from any use by him of the partnership property, name or business connection.
- (2) This section applies also to transactions undertaken after a partnership has been dissolved by the death of a partner, and before the affairs thereof have been completely wound up, either by any surviving partner or by the executors.

Duty of partner not to compete with firm

- 30.** If a partner, without the consent of the other partners, carries on any business of the same nature as and competing with that of the firm, he must account for and pay over to the firm all profits made by him in that business.

Rights of assignee of share in partnership

- 31.** (1) An assignment by any partner of his share in the partnership, either absolute or by way of mortgage or redeemable charge, does not, as against the other partners, entitle the assignee, during the continuance of the partnership, to interfere in the management or administration of the partnership business or affairs, or to require any accounts of the partnership transactions, or to inspect the partnership books, but entitles the assignee only to receive the share of profits to which the assigning partner would otherwise be entitled, and the assignee must accept the account of profits agreed to by the partners.
- (2) In case of a dissolution of the partnership, whether as respects all the partners or as respects the assigning partner, the assignee is entitled to receive the share of the partnership assets to which the assigning partner is entitled as between himself and the other partners, and, for the purpose of ascertaining that share, to an account as from the date of the dissolution.

PART V - Dissolution of Partnership and Its Consequences

Dissolution by expiration or notice

- 32.** Subject to any agreement between the partners, a partnership is dissolved —
- (a) if entered into for a fixed term, by the expiration of that term;
 - (b) if entered into for a single adventure or undertaking, by the termination of that adventure or undertaking; or
 - (c) if entered into for an undefined time, by any partner giving notice to the other or others of his intention to dissolve the partnership:

Provided that in this case the partnership is dissolved as from the date mentioned in the notice as the date of dissolution, or, if no date is so mentioned, as from the date of the communication of the notice.

Dissolution by bankruptcy, death or charge

- 33.** (1) Subject to any agreement between the partners, every partnership is dissolved as regards all the partners by the death or bankruptcy of any partner.
- (2) A partnership may, at the option of the other partners, be dissolved if any partner suffers his share of the partnership property to be charged under this Law for his separate debt.

Dissolution by illegality of partnership

- 34.** A partnership is in every case dissolved by the happening of any event which makes it unlawful for the business of the firm to be carried on or for the members of the firm to carry it on in partnership.

Dissolution by the court

- 35.** On application by a partner the court may decree a dissolution of the partnership in any of the following cases —
- (a) when a partner, other than the partner suing, becomes in any way permanently incapable of performing his part of the partnership contract;
 - (b) when a partner, other than the partner suing, has been guilty of such conduct as, in the opinion of the court, regard being had to the nature of the business, is calculated to affect prejudicially the carrying on of the business;
 - (c) when a partner, other than the partner suing, wilfully or persistently commits a breach of the partnership agreement, or otherwise so conducts himself in matters relating to the partnership business that it is not reasonably practicable for the other partner or partners to carry on the business in partnership with him;
 - (d) when the business of the partnership can only be carried on at a loss; or



- (e) whenever in any case circumstances have arisen which, in the opinion of the court, render it just and equitable that the partnership be dissolved.

Rights of persons dealing with firm against apparent members of firm

- 36.** (1) Where a person deals with a firm after a change in its constitution he is entitled to treat all apparent members of the old firm as still being members of the firm until he has notice of the change.
- (2) An advertisement in the Gazette shall be notice as to persons who had no dealings with the firm before the date of the dissolution or change so advertised.
- (3) The estate of a partner who dies, or who becomes bankrupt, or of a partner who, not having been known to the person dealing with the firm to be a partner, retires from the firm, is not liable for partnership debts contracted after the date of such death, bankruptcy or retirement.

Right of partners to notify dissolution

- 37.** On the dissolution of a partnership or retirement of a partner any partner may publicly notify the same, and may require the other partner or partners to concur for that purpose in all necessary or proper acts, if any, which cannot be done without his or their concurrence.

Continuing authority of partners for purposes of winding up

- 38.** After the dissolution of a partnership the authority of each partner to bind the firm, and the other rights and obligations of the partners, continue notwithstanding the dissolution so far as may be necessary to wind up the affairs of the partnership, and to complete transactions begun but unfinished at the time of the dissolution, but not otherwise:

Provided that the firm is in no case bound by the acts of a partner who has become bankrupt; but this proviso does not affect the liability of any person who has after the bankruptcy represented himself or knowingly suffered himself to be represented as a partner of the bankrupt.

Rights of partners as to application of partnership property

- 39.** On the dissolution of a partnership every partner is entitled, as against the other partners in the firm and all persons claiming through them in respect of their interests as partners, to have the property of the partnership applied in payment of the debts and liabilities of the firm, and to have the surplus assets after such payment applied in payment of what may be due to the partners respectively after deducting what may be due from them as partners to the firm; and for that purpose any partner or his executors or administrators may, on the termination of the partnership, apply to the court to wind up the business and affairs of the firm.

Apportionment of premium where partnership prematurely dissolved

40. Where one partner has paid a premium to another on entering into a partnership for a fixed term, and the partnership is dissolved before the expiration of that term otherwise than by the death of a partner, the court may order the repayment of the premium, or of such part thereof as it thinks just, having regard to the terms of the partnership contract and to the length of time during which the partnership has continued, unless —
- (a) the dissolution is, in the judgment of the court, wholly or chiefly due to the misconduct of the partner who paid the premium; or
 - (b) the partnership has been dissolved by an agreement containing no provision for a return of any part of the premium.

Rights where partnership dissolved for fraud or misrepresentation

41. Where a partnership contract is rescinded on the ground of the fraud or misrepresentation of one of the parties thereto, the party entitled to rescind, is, without prejudice to any other right, entitled —
- (a) to a lien on, or right of retention of, the surplus of the partnership assets after satisfying the partnership liabilities, for any sum of money paid by him for the purchase of a share in the partnership and for any capital contributed by him;
 - (b) to stand in the place of the creditors of the firm for any payments made by him in respect of the partnership liabilities; and
 - (c) to be indemnified by the person guilty of the fraud or making the representation against all the debts and liabilities of the firm.

Right of outgoing partner in certain cases to share profits made after dissolution

42. (1) Where any member of a firm has died or otherwise ceased to be a partner, and the surviving or continuing partners carry on the business of the firm with its capital or assets without any final settlement of accounts as between the firm and the outgoing partner or his estate, then, in the absence of any agreement to the contrary, the outgoing partner or his estate is entitled at the option of himself or his executors or administrators to such share of the profits made since the dissolution as the court may find to be attributable to the use of his share of the partnership assets, or to interest at the rate of ten per centum per annum on the amount of his share of the partnership assets.
- (2) Provided that where by the partnership contract an option is given to surviving or continuing partners to purchase the interest of a deceased or outgoing partner, and that option is duly exercised, the estate of the deceased partner or the outgoing partner or his estate (as the case may be) is not entitled to any further share of profits; but if the partner assuming to act in exercise of the option does



not in all material respects comply with the terms thereof, he is liable to account under subsection (1).

Retiring or deceased partner's share to be a debt

- 43.** Subject to any agreement between the partners, the amount due from surviving or continuing partners to an outgoing partner or the executors or administrators of a deceased partner in respect of the outgoing or deceased partner's share is a debt accruing at the date of the dissolution or death.

Rule for distribution of assets on final settlement of accounts

- 44.** In settling accounts between the partners after a dissolution of partnership, the following rules shall, subject to any agreement, be observed —
- (a) losses, including losses and deficiencies of capital, shall be paid first out of profits, next out of capital, and lastly if necessary, by the partners individually in the proportion in which they were entitled to share profits; and
 - (b) the assets of the firm including the sums, if any, contributed by the partners to make up losses or deficiencies of capital, shall be applied in the following manner and order —
 - (i) in paying the debts and liabilities of the firm to persons who are not partners therein;
 - (ii) in paying to each partner rateably what is due from the firm to him for advances as distinguished from capital;
 - (iii) in paying to each partner rateably what is due from the firm to him in respect of capital; and
 - (iv) the ultimate residue (if any) shall be divided among the partners in the proportion in which profits are divisible.

PART VI - Limited Partnerships

Law to apply to limited partnerships

- 45.** Subject to this Part, the preceding Parts shall apply to a limited partnership.

Definition and constitution of limited partnership

- 46.** (1) A limited partnership may be established in the Islands for any lawful purpose or purposes, to be carried on either within the Islands or elsewhere by two or more persons upon the terms, with the rights and powers, and subject to the conditions, limitations, restrictions and liabilities herein mentioned.
- (2) A limited partnership may consist of any number of persons but shall include —

- (a) one or more persons called general partners, who shall be liable for all debts and obligations of the firm; and
 - (b) one or more persons called limited partners, who shall at the time of entering into such partnership contribute thereto in actual cash payments, a specific sum as capital and who shall not be liable for the debts or obligations of the firm beyond the amount so contributed.
- (3) A limited partner shall not during the continuance of the partnership, either directly or indirectly, draw out or receive back any part of his contribution in the shape of dividends, profits or otherwise, and if he does so he shall forthwith repay the same and until he does so he shall be liable for the debts and obligations of the firm up to the amount so drawn out or received back:
- Provided that a limited partner may receive lawful interest annually on the sum contributed by him if the payment of such interest does not reduce the original amount of his capital.
- (4) A body corporate may be a general or a limited partner.

Registration of limited partnership

47. A limited partnership shall be registered as such in accordance with section 49, and in default thereof, it shall be deemed to be a general partnership and every partner shall be deemed to be a general partner.

Registrar 2013 Revision

48. The Registrar of Companies appointed under the *Companies Law (2013 Revision)* shall be the Registrar of Limited Partnerships.

Details required for registration

49. (1) The registration of a limited partnership shall be effected by filing with the Registrar a declaration under the *Voluntary Declarations Law (1998 Revision)* by all the general partners containing —
- (a) the firm name;
 - (b) the general nature of the business;
 - (c) the registered office in the Islands;
 - (d) the full name of each of the partners and their respective places of residence;
 - (e) the term, if any, for which the partnership is entered into, and the date of its commencement;
 - (f) a statement that the partnership is limited, and the description of every limited partner as such;
 - (g) the amount of capital contributed by each limited partner; and



- (h) a statement that the sum referred to in paragraph (g) to have been contributed by each of the limited partners has been actually and in good faith paid in cash.
- (1A) Every limited partnership shall have a registered office situate in the Islands for the service of process and to which all notices and communications may be addressed but a limited partnership which, at the date of commencement of the *Partnership (Amendment) Law, 2013*, is registered under this Part shall comply with this requirement within ninety days of that date.
- (2) The Registrar shall maintain a record of all limited partnerships registered under this Law, and all the statements filed in relation to such partnerships, which records and statements shall be kept open to public inspection.
- (3) A limited partnership shall be deemed not to have been formed until —
 - (a) the declaration in subsection (1) has been filed with the Registrar; and
 - (b) the information listed in the said declaration has been published in the Gazette.
- (4) The Registrar shall, on payment to him of a registration fee of eight hundred and fifty dollars, issue a certificate of registration under his hand and seal of office as soon as the registration of a limited partnership has been effected.
- (5) A certificate issued under subsection (4) shall be conclusive evidence that compliance has been made with all the requirements of this Law in respect of registration.

Annual fee

- 50.** (1) A limited partnership shall, on or before the 16th January in every year, pay to the Registrar an annual fee of four hundred and seventy-five dollars.
- (2) If the annual fee is not paid by the due date, each of the partners commits an offence and is liable on conviction to a fine of one thousand dollars and to a further fine of one hundred dollars for each day during which the default continues.

Changes in limited partnership

- 51.** (1) If, during the continuance of a limited partnership, any change is made or occurs in —
- (a) the firm name;
 - (b) the general nature of the business;
 - (c) the registered office;
 - (d) the partners or the name of any partner;
 - (e) the term of the partnership;
 - (f) the sum contributed by any limited partner;

- (g) the liability of any partner by reason of his becoming a limited instead of a general partner or a general instead of a limited partner;
 - (h) the capital or shares thereof; or
 - (i) any other matter specified in the declaration filed under section 49(1), a declaration under the *Voluntary Declarations Law (1998 Revision)* by all the general partners specifying the nature of the change, shall within seven days of such change be filed with the Registrar.
- (2) If the declaration referred to in subsection (1) is not so filed, every partner shall thereafter and until it is filed be deemed to be a general partner.
- (3) If default is made in compliance with the requirements of this section, each of the partners commits an offence and is liable on conviction to a fine of five hundred dollars and a further fine of fifty dollars for each day during which the default continues.

Modifications of general law

- 52.** (1) A limited partner shall not take part in the management of the partnership business, and shall not have power or authority to transact the business of, and sign for and bind, the firm:

Provided that he may, at any time, inspect the books of the firm and examine into the state and progress of the partnership business, and may advise as with the partners thereon.

- (2) A limited partner, in whatsoever capacity, who transacts any business in the name of or for the partnership business or if his name is used in the firm name with his privity or consent shall be deemed to be a general partner in respect of all debts and obligations of the firm incurred while he so takes part in the management.
- (3) Legal proceedings relating to the business of the firm may be instituted by or against the general partners only, as if there were no limited partners.
- (4) Notwithstanding section 33(1) and paragraph (a) of section 35 —
- (a) a limited partnership shall not be dissolved by the death or bankruptcy of a limited partner; and
 - (b) the permanent incapacity of a limited partner in performing his part of the partnership contract shall not be a ground for dissolution of the partnership by the court unless his share cannot be otherwise ascertained and realised.
- (5) In the event of the dissolution of a limited partnership its affairs shall, unless the court otherwise orders, be wound up by the general partners; and no limited partner shall, under any circumstances, be allowed to withdraw any part of his capital, or to claim as a creditor, until the claims of all the other creditors of the partnership, and all charges thereon, have been fully paid or satisfied.



- (6) A limited partnership shall not be dissolved by an act of the parties before the time specified in paragraph (e) of section 51(1), and not in any case until after a notice of dissolution has been filed with the Registrar and published in the Gazette.
- (7) Notwithstanding anything in this Law to the contrary and subject to any agreement expressed or implied between the partners, in the case of a limited partnership —
 - (a) any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the general partners;
 - (b) a limited partner may, with the consent of the general partners, assign his share in the partnership, and upon such an assignment the assignee shall become a limited partner with all the rights of the assignor;
 - (c) the other partners shall not be entitled to dissolve the partnership by reason of any limited partner suffering his share to be charged for his separate debt;
 - (d) a person may be introduced as a partner without the consent of the existing limited partners; and
 - (e) a limited partner shall not be entitled to dissolve the partnership by notice.

Advertisement in the Gazette

- 53.** Notice of any arrangement or transaction under which any person will cease to be a general partner in any firm and become a limited partner in that firm or under which the share of a limited partner in a firm will be assigned to any person, shall be forthwith advertised in the Gazette, and until notice of the arrangement or transaction is so advertised, the arrangement or transaction shall, for the purposes of this Law, be deemed to be of no effect.

Inspection of statements

- 54.** (1) Any person may inspect the statements filed by the Registrar, on payment of such fees as the Governor may prescribe; and any person may require a certificate of the registration of a limited partnership, or a copy of or extract from a registered statement, to be certified by the Registrar, on payment of such fees as the Governor may prescribe.
- (2) A certificate of registration, or a copy of or extract from a statement registered under section 49 or 51, if duly certified by the Registrar to be a true copy shall be received in evidence in all legal proceedings.

Express fees

- 55.** (1) The Registrar, on receipt of —
- (a) an application for registration under section 49; or

- (b) an application for any certificate which he is authorised to provide under this Law,

which is accompanied by an express fee of an amount specified in subsection (2), shall complete the transaction for which the application has been made by —

- (i) the end of the working day, where the application and all fees are received by 12 noon; or
 - (ii) 12 noon on the following working day, where the application and all fees are received after 12 noon.
- (2) The express fee referred to in subsection (1) is
 - (a) for an application referred to in paragraph (a) of subsection (1)- \$400; and
 - (b) for an application referred to in paragraph (b) of subsection (1) -\$25.

Regulations

- 56.** (1) The Governor may make regulations in respect of limited partnerships concerning —
- (a) the fees to be paid to the Registrar under this Law;
 - (b) the duties to be performed by the Registrar for the purposes of this Law;
 - (c) the forms to be used for the purposes of this Law; and
 - (d) generally, the conduct and regulation of registration under this Law and any matters incidental thereto.
- (2) The Governor in Cabinet may make regulations prescribing all matters that are required or permitted by this Law to be prescribed, or are necessary or convenient to be prescribed for giving effect to the purposes of this Law.

Saving

- 57.** (1) Insofar as any registration of a limited partnership effected under the repealed Limited Partnership Law or its revision could have been effected under a corresponding provision of this Law it shall not be invalidated by the repeal of that Law but shall have effect as if effected under that corresponding provision.
- (2) A provision in any document referring to the repealed Limited Partnerships Law or its revision, so far as may be necessary for preserving its effect, be construed as referring to the corresponding provision in this Law.



PART VII - Supplemental

Saving for rules of equity and common law

- 58.** The rules of equity and of common law applicable to partnerships shall continue in force, except so far as they are inconsistent with the express provisions of this Law.

**Publication in consolidated and revised form authorised by the Governor in Cabinet
this 3rd day of September, 2013.**

Carmena Watler
Acting Clerk of Cabinet