

## Limited Liability Partnership in the Cayman Islands

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The Cayman Islands has recently passed the *Limited Liability Partnership Law, 2017* (the “LLP Law”) allowing for the registration of a new type of partnership vehicle, namely a limited liability partnership (an “LLP”).

The LLP Law came into force on 5 June 2017 and allows for the registration of LLPs with immediate effect. The purpose of this Alert is to briefly outline the legal structure of an LLP to enable clients and others to assess whether the characteristics of such a vehicle may be of interest to their business.

### What is an LLP?

In broad terms, an LLP is similar to a general or exempted limited partnership in that the partners retain the flexibility of a partnership agreement that governs their relationship. The key difference is that an LLP is established as an entity with a legal personality which is separate and distinct from its partners.

It is the LLP, rather than its individual partners, that is liable for any debts and losses of the LLP. This means that whilst partners in an LLP can actively manage the operations of the LLPs business, they will not be personally liable for the debts or losses of the LLP either jointly or jointly and severally (provided that such debts or losses are not caused by a negligent act or a breach of duty of care where such an express duty has been assumed).

### For whom will LLPs be of most interest?

The LLP vehicle may be used for any lawful purpose but will likely be of most interest to professional businesses such as accounting or law firms. An LLP requires a minimum of two partners, however, there is no requirement for a managing partner or for the partners to be a Cayman resident.

The LLP Law permits LLPs to be registered as new entities, existing general partnerships to be converted into LLPs or for the continuation of foreign LLPs into Cayman.

Conyers Dill & Pearman offers a full range of services to assist clients with establishing a new LLP, or converting an existing general partnership into an LLP. For further information, please contact the authors of this Alert or your usual Conyers Dill & Pearman contact.

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