



The Cayman Islands Introduces Limited Liability Companies



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The Cayman Islands *Limited Liability Companies Law, 2016* (the “LLC Law”) has now been enacted and will be brought into force by a separate commencement order which is expected to be published later this month. Once in force, the Cayman Islands will offer a new form of corporate vehicle, the Limited Liability Company (“LLC”). The LLC will be a hybrid vehicle combining many of the key characteristics of existing Cayman Islands companies and limited partnerships. The LLC is expected to be particularly attractive to sponsors and promoters from the US looking for a vehicle that is closely aligned with the Delaware limited liability company.

Registration of LLCs

- Registration of an LLC is effected by filing a registration statement with the Registrar of Limited Liability Companies (“Registrar”) together with payment of the prescribed fee.

Constitution of LLCs

- The member(s) of an LLC are required to enter into an LLC Agreement to regulate and conduct the business or affairs of the LLC. The LLC Agreement is required to be governed by Cayman Islands law and the LLC is bound by the terms of the LLC Agreement (whether or not signed by the LLC). The LLC Agreement is not required to be filed with the Registrar.

Merger or Consolidation of LLCs

- Subject to the LLC Agreement, an LLC may merge or consolidate with either one or more LLCs, one or more Cayman Islands exempted companies, or one or more foreign entities having separate legal personality.

Continuation of Foreign Entities as LLCs and Conversion of Exempted Companies to LLCs

- Any foreign entity with separate legal personality may be registered by way of continuation as an LLC in the Cayman Islands and any LLC may deregister as an LLC and be registered by way of continuation as a foreign entity under the laws of any jurisdiction outside the Cayman Islands.
- An exempted company (either incorporated or registered under the Companies Law by way of continuation from another jurisdiction) which is not a segregated portfolio company, may convert into an LLC.



The LLC is a very welcome addition to the Cayman Islands' existing stable of company, limited partnership and trust vehicles and will further enhance the Cayman Islands' as a leading offshore jurisdiction.

We will provide a further update once the commencement date for the LLC Law has been set. Please contact the author or your usual contact at Conyers Dill & Pearman for more detailed information.

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