



Cayman Islands Limited Liability Companies Law – Now in Force



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The Cayman Islands *Limited Liability Companies Law, 2016* (the “LLC Law”) is now in force¹. The Cayman Islands now offers a new form of corporate vehicle, the limited liability company (“LLC”). An LLC is 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 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.

¹ The LLC Law was brought into force pursuant to the *Limited Liability Companies Law, 2016 (Commencement) Order, 2016* on 8 July 2016.



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

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