



Changes to the Limited Partnership (Jersey) Law 1994 (LP Law)

Explanatory session and discussion with Industry

Virtual Townhall Meeting

12 January 2022



Background to draft amendment law



- Industry submitted a revised WIT to Government in late 2020 – based on earlier WIT (2018)
- JFL Working Group commenced working on LP changes set out in WIT in early 2021
- Working Group includes representation from leading law firms and from the Registry and LOD
- Registry has added to policy objectives included in the WIT – these enhancements were identified following a review of Registry’s supervision and control of limited partnerships on the register and concerns raised about the number of inactive limited partnerships which have remained on the Register but which were in default.

Timing



- This is a priority piece of legislation for Government and the Minister as it delivers important policy objectives.
- Important for amendment to LP Law to be debated by States Assembly before election ‘purdah’ period.
- Consultation period ends 21st January 2022
- Lodging of final draft amendment law needs to be submitted by 14th February 2022.
- Finalisation of draft amendment needs to be complete by beginning of February.
- Scrutiny need to be advised
- Before the draft amendment is effective, it will need to be submitted for approval by the Privy Council.

Policy objectives of changes to LP Law



- 4 key policy objectives:
 - Update and enhance the LP law to maintain Jersey's competitive position as a leading IFC for fund structures
 - Introduce a new improved process for terminating a limited partnership and ensuring the register is kept accurate and up-to-date
 - Ensuring the Registrar has adequate control and supervision of international finance vehicles structured as limited partnerships for Jersey's MONEYVAL assessment
 - Allow for future changes to the LP Law to be made by way of secondary legislation to enable quicker legislative change to meet the needs of industry

Purpose of this meeting



- Aim of this meeting is to ensure industry is content that:
 - The policy objectives have been met
 - There are no unintended consequences caused by the changes
- Not the intention to re-open policy aims for draft legislation
- Further changes can be considered once the draft amendment law has been passed as it will enable more changes to be made by way of secondary legislation

Enhancing LP Law so Jersey remains competitive



- The draft amendments deliver the following enhancements:
 - E-filing of reporting and registration – article 1 definitions
 - Clarification of current LP Law – articles 3(3), 3(4), 4(3), 7, 8(5), 10, 14(3), new 16A, 17(2), new 17A, 18(2), 19(7) and 21A(2)
 - Greater flexibility as to the operation of the LP Law by working alongside and as a backstop to the limited partnership agreement – articles 11(1), 13, 17(4), 18(1), 23 and 24(3)
 - Expanded limited liability to investors as limited partners when involving themselves in the activities of the limited partnership – article 19 as amended

New termination process



- Existing process – articles 21A, 22, 23, 24 and 25
 - Voluntary termination
 - Involuntary termination
- Issues with existing process:
 - accuracy of register
 - enforcement against parties for non-compliance with statutory obligations
 - status of limited partners during winding up process
- New process and effect of de-registration – articles 21A, new 21B, new 21C, new 22, 23, 24 and 25
 - Voluntary termination
 - Involuntary termination and consequences for GP and LPs
 - Reinstatement and consequences

Enhancing Registrar's powers and supervision



- New annual confirmation requirement – article 5A
 - Consistent with reporting requirements of other legal entities
 - Allows Registry better oversight and updates as to any relevant changes to registered limited partnerships
 - Will allow for further information to be required if appropriate, such as beneficial ownership information to comply with EU and OECD reporting requirements.
 - Criminal penalty for failure to comply
- Power for Registrar to remove defaulting limited partnerships from the Register by cancelling registration – article 21A(3)
- Power for Registrar to apply to Court for winding up of a limited partnership where bringing reputation of Island into disrepute – article 25(1A)

Wider amendment power



- Amendment powers by Regulations and Order under Articles 37A and 38 – very limited power under existing LP Law
- Amendment law – introduces wider power and anticipates further changes which can be made to LP Law by regulation:
 - to provide for merger of limited partnerships;
 - To provide for the creation of cellular limited partnerships;
 - To provide for the continuance of limited partnerships (this will embed the triennial regulations which were passed in 2020 into permanent law)
 - To amend articles 8 and 11 (registered office and rights and powers of GP)

Registry additional changes



- Registry to lead on a further change sought:
- How do third parties know that a limited partnership has commenced winding up?

Questions and Answer session



- Your chance to ask questions about the changes to:
 - Government
 - Registry
 - Working Group
 - Law Officers Department
- Any further questions can be emailed to:
C.Brambilla@gov.je or to
Peggy.Gielen@jerseyfinance.je
- Final deadline is 21st January to raise any further comments or concerns
- Public consultation to be found at [Changes to Limited Partnerships \(Jersey\) Law 1994 \(gov.je\)](#)

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