

**DRAFT LIMITED LIABILITY PARTNERSHIPS (INSOLVENT  
PARTNERSHIPS) (No. 2) (JERSEY) REGULATIONS 199**

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**Lodged au Greffe on 30th June 1998  
by the Finance and Economics Committee**

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**STATES OF JERSEY**

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## **Report**

The Limited Liability Partnerships (Insolvent Partnerships) (Jersey) Regulations 199 (“the LLP Regulations”) were approved by the States on 19th May 1998.

Since the LLP Regulations were approved by the States it has been found that one minor change is necessary.

This change is to enable a binding arrangement with creditors to be entered into once a winding up of a limited liability partnership (“LLP”) has commenced. At present the LLP Regulations restrict such an arrangement to the period immediately preceding the winding up. The draft Amendment extends the period during which such an arrangement may be made to include the period after the winding up has commenced. The arrangement will be reached between the creditors and the insolvency manager, a qualified professional, because the powers of the partners of the LLP and of the person normally responsible for winding up the partnership will have ceased on the commencement of the insolvency. This is the position in relation to an LLP insolvent winding up generally.

The other paragraphs of the Regulations now proposed are a consequence of the Jersey Financial Services Commission taking over functions, duties and responsibilities from the Finance and Economics Committee on 1st July 1998. These mirror exactly the equivalent changes which have been made to the Companies (Jersey) Law 1991 through the Second Schedule of the Financial Services Commission (Jersey) Law 1998 for the equivalent duties and responsibilities.

## **Explanatory Note**

These Regulations further modify Part V of the Limited Liability Partnerships (Jersey) Law 1997 (“the principal Law”) in its application to insolvent limited liability partnerships. Part V has been previously modified by the Limited Liability Partnerships (Insolvent Partnerships) (Jersey) Regulations 1998 (“the principal Regulations”) made by the States on 19<sup>th</sup> May 1998. The text of Part V as first modified is set out in the Second Schedule to those Regulations.

*Regulation 1* sets out the further modifications of Part V of the principal Law. The modification of Article 27B has the effect that an arrangement entered into by the insolvency manager of an insolvent limited liability partnership and its creditors in the course of its winding up is binding on the partnership and on the creditors save that a creditor has the right to appeal to the Royal Court against the arrangements. The remaining modifications are consequential upon the establishment of the Jersey Financial Services Commission. They confer rights and powers on the Commission in relation to the conduct of an insolvent winding up and the investigation of offences relating to an insolvent winding up of a limited liability partnership. As a result, the Attorney General may refer a case for investigation to either the Commission or the Finance and Economics Committee.

*Regulation 2* is the citation and commencement provision. If adopted, these Regulations will come into force on the same day as the principal Law and principal Regulations.

**Limited Liability Partnerships (Jersey) Law 1997**

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LIMITED LIABILITY PARTNERSHIPS (INSOLVENT  
PARTNERSHIPS) (No. 2) (JERSEY) REGULATIONS 199

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*(Promulgated on the      day of      199 )*

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**STATES OF JERSEY**

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The      day of      199

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**THE STATES**, in pursuance of Article 44 of the Limited Liability Partnerships (Jersey) Law 1997<sup>1</sup> (hereinafter referred to as “the principal Law”), have made the following Regulations -

**1.** Part V of the principal Law,<sup>2</sup> as it has effect in its application to insolvent limited liability partnerships, shall be further modified by -

- (a) in paragraph (1) of Article 27B, the insertion after the words “its creditors” of the words “or, in the course of an insolvent winding up, between the insolvency manager and the creditors”;
- (b) in paragraph (1) of Article 28A, the substitution for the word “Committee” of the word “Commission”;
- (c) in Article 31M -
  - (i) in paragraph (2), the insertion after the words “the Committee” where they first appear of the words “or the Commission” and the insertion after the words

<sup>1</sup> Recueil des Lois, Volume 1996-1997, page 545.

<sup>2</sup> Recueil des Lois, Volume 1996-1997, page 527.

“the Committee” where they next appear of the words “or the Commission, as the case may be”, and

- (ii) in paragraph (3), the insertion after the words “The Committee” of the words “or the Commission”;
- (d) in Article 31N -
  - (i) in paragraph (1), the substitution for the words “or an inspector appointed by it” of the words “, the Commission or an inspector appointed by either of them” and the insertion after the words “the Committee” in the second place where they appear of the word “, the Commission”,
  - (ii) in paragraph (2), the substitution for the words “or an inspector appointed by it” of the words “, the Commission or an inspector appointed by either of them”,
  - (iii) in paragraph (4), the substitution for the words “or an inspector appointed by it” of the words “, the Commission or an inspector appointed by either of them”, and the insertion after the words “the Committee”, in the second and third places where they appear, of the words “, the Commission”,
  - (iv) in paragraph (7), the substitution for the words “or an inspector appointed by it” of the words “, the Commission or an inspector appointed by either of them” and the insertion after the words “the Committee” in the second place where they appear of the word “, the Commission”;
- (e) in the heading to Article 31Q, the insertion after the word “**Committee**” of the word “, **Commission**”;
- (f) in paragraph (1) of Article 31Q, the insertion after the words “the Committee” of the words “, the Commission”;

- (g) in paragraph (1) of Article 31R, the substitution for the words “the Committee” of the words “whichever of the Committee or the Commission appointed him”;
- (h) in Article 31S, the substitution for the words “or to an inspector appointed by it” of the words “or the Commission or to an inspector appointed by either of them”; and
- (j) in paragraph (3) of Article 31Z, the insertion after the words “The Committee” of the words “or the Commission”.

**2.** These Regulations may be cited as the Limited Liability Partnerships (Insolvent Partnerships) (No. 2) (Jersey) Regulations 1998 and shall come into force on the ninth day of September 1998.