

STATES OF JERSEY



DRAFT SEPARATE LIMITED PARTNERSHIPS (JERSEY) LAW 2011 (APPOINTED DAY) ACT 201-

**Lodged au Greffe on 22nd March 2011
by the Minister for Economic Development**

STATES GREFFE



Jersey

DRAFT SEPARATE LIMITED PARTNERSHIPS (JERSEY) LAW 2011 (APPOINTED DAY) ACT 201-

REPORT

This Appointed Day Act is required to bring into force the Separate Limited Partnerships (Jersey) Law 2011 (“**the Law**”), which was adopted by the States on 25th May 2010 and sanctioned by the Privy Council on 16th March 2011.

The Appointed Day Act will bring the Law into force 2 weeks after the States give their assent.

Background

Since the passing of the Limited Partnerships (Jersey) Law 1994 (“the 1994 Law”), Jersey limited partnerships have proved increasingly popular, particularly as collective investment vehicles, and particularly among private equity investors. The 1994 Law is widely considered to be both modern and clearly drafted. We seek to build on that success with the introduction of the Law introducing a different legal status for Separate Limited Partnerships.

A limited partnership is a form of partnership having both general and limited partners. The key feature is that the limited partners’ liability is limited to their partnership contribution, while the general partners’ liability is unlimited. In order to benefit from this limited liability, the limited partners must not involve themselves in the management of the limited partnership.

At present, a Jersey limited partnership does not have a legal personality of its own. In some circumstances this can pose a problem for investors, e.g. if investing in another jurisdiction which does not recognise the concept of limited partnerships.

In Scotland limited partnerships do have legal personality, while in Guernsey limited partnerships have a choice as to whether to adopt legal personality or not. It is believed that a wider range of uses of Jersey limited partnerships would be made by consumers if they had the option of creating a limited partnership with legal personality.

Separate Limited Partnerships (Jersey) Law 2011

A Separate Limited Partnership (“**SLP**”) follows the Scottish model of limited partnership in having a legal personality separate from that of the partners but without being a body corporate. It will be called a ‘Separate Limited Partnership’ as a

contraction of 'Separate Legal Personality Limited Partnership', which was considered too lengthy to be suitable as a name.

The SLP will be capable of owning property in its own name (as opposed to limited partnerships under the 1994 Law, which hold property in the name of one or more general partners as an asset of the limited partnership in accordance with the terms of the partnership agreement). The SLP will also be capable of entering into contracts in its own name. However, unlike a body corporate, it will not have perpetual succession. The existence of the separate legal personality will not affect the rights of the partners as between themselves.

In many ways, SLPs will be similar to existing Scottish limited partnerships. However, while a Scottish Limited Partnership must be "between persons carrying on business with a view to profit", Article 3(3) of the SLP Law retains the more flexible Jersey provision that an SLP may be set up for any lawful purpose.

Financial and manpower implications

There are no financial or manpower implications for the States arising from the adoption of this Draft Appointed Day Act.

Explanatory Note

This Act will bring the Separate Limited Partnerships (Jersey) Law 2011 into force 14 days after the Act is made.



Jersey

DRAFT SEPARATE LIMITED PARTNERSHIPS (JERSEY) LAW 2011 (APPOINTED DAY) ACT 201-

Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES, in pursuance of Article 47 of the Separate Limited Partnerships (Jersey) Law 2011, have made the following Act –

1 Law commenced

The Separate Limited Partnerships (Jersey) Law 2011 shall come into force 14 days after this Act is made.

2 Citation

This Act may be cited as the Separate Limited Partnerships (Jersey) Law 2011 (Appointed Day) Act 201-.

