

STATES OF JERSEY



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

**Lodged au Greffe on 5th April 2011
by the Minister for Economic Development**

STATES GREFFE



Jersey

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

REPORT

This Appointed Day Act is required to bring into force the Incorporated Limited Partnerships (Jersey) Law 2010 (“**the ILP 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 ILP Law into force in 7 days.

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 2 further limited partnership Laws, introducing different possible legal statuses for 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.

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An ILP will have some features of a company, but will be a wholly new vehicle. It will be a body corporate, having perpetual succession. This may be attractive for a number of reasons. Firstly, there may be an attraction to having body corporate status for those engaging in cross-border transactions, since this gives greater certainty as a

matter of international law, in particular regarding the limited liability of the limited partners. Secondly, perpetual succession means that those dealing with the ILP can be confident that it will continue to exist and be held accountable for its obligations.

While the general partner(s) will continue to be liable for the ILP's debts, this liability will be a secondary one, only arising if the ILP itself defaults. The general partner(s) will act as an agent for the ILP rather than the partners as individuals, and in some ways will be similar to a company director. Correspondingly, general partners' duties similar to directors' duties have been included.

Financial and manpower implications

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

Explanatory Note

This Act will bring the Incorporated Limited Partnerships (Jersey) Law 2011 into force 7 days after the Act is made.



Jersey

**DRAFT INCORPORATED 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 40 of the Incorporated Limited Partnerships (Jersey) Law 2011¹, have made the following Act –

1 Law commenced

The Incorporated Limited Partnerships (Jersey) Law 2011² shall come into force 7 days after this Act is made.

2 Citation

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

¹ *L.5/2011*
² *L.5/2011*