

CAYMAN ISLANDS



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THE LIMITED LIABILITY PARTNERSHIP (AMENDMENT) LAW, 2018

(LAW 42 OF 2018)

CAYMAN ISLANDS

Law 42 of 2018

I Assent

Martyn Roper

Governor.

14th December, 2018

A LAW TO AMEND THE LIMITED LIABILITY PARTNERSHIP LAW, 2017 TO REQUIRE LIMITED LIABILITY PARTNERSHIPS REGISTERED IN THE ISLANDS TO ESTABLISH, MAINTAIN AND REGULARLY UPDATE BENEFICIAL OWNERSHIP REGISTERS; TO IDENTIFY LIMITED LIABILITY PARTNERSHIPS THAT ARE EXEMPT FROM THESE REQUIREMENTS AND REQUIRE THEM TO FILE WRITTEN CONFIRMATIONS OF EXEMPTION; TO ENABLE THE REGISTERS TO BE SEARCHED BY THE COMPETENT AUTHORITY DESIGNATED UNDER THE COMPANIES LAW (2018 REVISION); AND FOR INCIDENTAL AND CONNECTED MATTERS

ENACTED by the Legislature of the Cayman Islands.

1. (1) This Law may be cited as the Limited Liability Partnership (Amendment) Law, 2018.

Short title and commencement

(2) This Law shall come into force on such date as may be appointed by the Cabinet and different dates may be appointed for different provisions.

2. The Limited Liability Partnership Law, 2017, in this Law referred to as “the principal Law”, is amended by inserting after Part 7 the following Part -

Insertion of new Part 8

“PART 8 - BENEFICIAL OWNERSHIP REGISTERS

Interpretation

51. (1) In this Part -

“beneficial owner”, in relation to a limited liability

partnership, has the meaning assigned by sections 54(3), (4) and (5);

“beneficial ownership register” means a register of adequate, accurate and current beneficial ownership information maintained by a limited liability partnership pursuant to section 59, containing the required particulars of registrable persons in relation to the limited liability partnership;

(2018 Revision) “competent authority” means the Minister referred to in section 246(1) of the Companies Law (2018 Revision) or the person designated by the Minister under that section;

(2018 Revision) “corporate services provider” means an individual or legal entity that provides corporate services under the Companies Management Law (2018 Revision), the Banks and Trust Companies Law (2018 Revision), the Insurance Law, 2010 or any other regulatory law pursuant to which the individual or legal entity is licensed or permitted to provide registered office services;

“individual” means a natural person;

“legal entity” means a company, limited liability company, limited liability partnership or other body that is a legal person under the law by which it is governed;

“prescribed” means prescribed by regulations made under section 87;

“registrable person” means an individual or relevant legal entity that is a registrable person under section 58;

“regulatory law” means a law defined as such in section 2 of the Monetary Authority Law (2018 Revision), other than the Directors Registration and Licensing Law, 2014;

“relevant interest” means an interest that a person holds in a limited liability partnership consisting of -

- (a) a partnership interest; or
- (b) the right to appoint or remove a majority of the managing partners of the limited liability

partnership;

“relevant legal entity”, in relation to a limited liability partnership, has the meaning assigned by section 55(3);

“required particulars” means particulars in respect of a registrable person required to be kept in a limited liability partnership’s beneficial ownership register pursuant to sections 60 and 61;

“restrictions notice” means a notice issued under section 72; and

“specified conditions” means the conditions specified in sections 54(3), (4) and (5).

(2) This Part is to be read and have effect as if each of the following were an individual, even if they are legal persons under the laws by which they are governed -

- (a) a corporation sole;
- (b) a government or government department of a country or territory or a part of a country or territory;
- (c) an international organization whose members include two or more countries or territories (or their governments); and
- (d) a local authority or local government body.

Application

52. (1) This Part applies in respect of limited liability partnerships formed and registered, except a legal entity or subsidiary of one or more legal entities, each of which is -

Schedule 4
(2018 Revision)

- (a) listed on the Cayman Islands Stock Exchange or an approved stock exchange in Schedule 4 of the Companies Law (2018 Revision);
- (b) registered or holding a licence under a regulatory law (other than a limited liability partnership registered as an excluded person under section 5(4) of the Securities Investment Business Law (2015 Revision));
- (c) managed, arranged, administered, operated or promoted by an approved person as a special purpose vehicle, private equity fund, collective investment scheme or investment

(2015 Revision)

- fund, including where the vehicle, fund or scheme is a Cayman Islands exempted limited partnership;
 - (d) regulated in a jurisdiction included in a list published by the Anti-Money Laundering Steering Group of countries and territories whose Anti-Money Laundering legislation is deemed to be equivalent to the Anti-Money Laundering legislation of the Islands;
 - (e) a general partner of a vehicle, fund or scheme referred to in paragraph (c) which vehicle, fund or scheme -
 - (i) is registered or holds a licence under a regulatory law; or
 - (ii) is managed, arranged, administered, operated or promoted by an approved person;
 - (f) holding directly a legal or beneficial interest in the shares of a legal entity which holds a licence under the Banks and Trust Companies Law (2018 Revision), the Companies Management Law (2018 Revision), the Insurance Law, 2010, Part III of the Mutual Funds Law (2015 Revision) or the Securities Investment Business Law (2015 Revision); or
 - (g) exempted by the Regulations.
- (2) For the avoidance of doubt, a legal entity shall not be considered -
- (a) to be operated or managed by an approved person solely as a consequence of the entity having appointed an individual who is an employee of a legal entity which holds a licence under a regulatory law as a director or managing partner; or
 - (b) to be managed, arranged, administered, operated or promoted by an approved person solely as a consequence of the entity having appointed an approved person to provide its registered office in the Cayman Islands.
- (3) In this section, “approved person” means a person

or a subsidiary of a person that is -

- (2015 Revision) (a) regulated, registered or holding a licence in the Islands under a regulatory law (other than a person registered as an excluded person under section 5(4) of the Securities Investment Business Law (2015 Revision));
- (2018 Revision) (b) regulated in an equivalent legislation jurisdiction that is included in the list published in the Gazette and referred to in regulations 22(d) and 23(1) of the Anti-Money Laundering Regulations (2018 Revision); or
- Schedule 4 (2018 Revision) (c) listed on the Cayman Islands Stock Exchange or an approved stock exchange in Schedule 4 of the Companies Law (2018 Revision).

(4) For the purposes of this section, a limited liability partnership (“S”) is a subsidiary of one or more legal entities described in subsection (1) if -

- (a) such legal entities, separately or collectively, hold in excess of seventy-five percent of the partnership interests with respect to profit sharing or voting rights in S or distributions of capital from S;
- (b) each such legal entity is a partner of S and, separately or collectively, such legal entities have the right to appoint or remove a majority of its managing partners; or
- (c) it is a subsidiary of one or more legal entities each of which is itself a subsidiary of one or more legal entities described in subsection (1).

Competent authority

53. The competent authority may do all things necessary or convenient to be done in the performance of the competent authority’s functions under this Part, including executing requests by senior officials referred to in section 69(1) to search for information concerning the beneficial ownership of limited liability partnerships registered in the Islands.

Identifying Beneficial Owners, Relevant Legal Entities and Registrable Persons

Duty of limited liability partnerships to identify beneficial owners

54. (1) Limited liability partnerships to which this Part applies shall take reasonable steps to identify any individual who is a beneficial owner of the limited liability partnership.

(2) For the purpose of identifying individuals who are beneficial owners under subsection (1), a limited liability partnership is entitled to rely, without further enquiry, on the response of a person to a notice in writing sent in good faith by the limited liability partnership, unless it has reason to believe that the response is misleading or false.

(3) An individual (“X”) is a beneficial owner of a limited liability partnership (“Y”) if the individual meets one or more of the following conditions in relation to the limited liability partnership -

- (a) X must hold, directly or indirectly, a partnership interest in Y representing a right to share in more than 25 percent of any surplus limited liability partnership property of Y on a winding up of Y;
- (b) X must hold, directly or indirectly, a partnership interest in Y representing more than 25 percent of the rights to vote on those matters that are to be decided by a vote at meetings of the partners of Y; or
- (c) X must hold the right, directly or indirectly, to appoint or remove a majority of the managing partners of Y or those persons who hold a majority of the voting rights at meetings of the partners.

(4) If no individual meets the conditions in subsection (3), X is a beneficial owner of limited liability partnership Y if X has the absolute and unconditional legal right to exercise, or actually exercises, significant influence or control over Y through the interests described in subsection (3) other than where that influence or control is solely in the capacity of a professional advisor or professional manager.

(5) If no individual meets the conditions in subsections (3) and (4) but the trustees of a trust (or the

members of a partnership or other entity that under the law by which it is governed is not a legal person) meet one of those conditions in relation to limited liability partnership Y in their capacity as such, X is a beneficial owner of Y if X has the absolute and unconditional legal right to exercise, or actually exercises, significant influence or control over the activities of that trust (or partnership or other entity) other than where that influence or control is solely in the capacity of a professional advisor or professional manager.

Duty of limited liability partnerships to identify relevant legal entities

55. (1) A limited liability partnership to which this Part applies shall take reasonable steps to identify all relevant legal entities that exist in relation to the limited liability partnership.

(2) For the purpose of identifying relevant legal entities under subsection (1), a limited liability partnership is entitled to rely, without further enquiry, on the response of a legal entity to a notice in writing sent in good faith by the limited liability partnership, unless it has reason to believe that the response is misleading or false.

(3) A “relevant legal entity”, in relation to a limited liability partnership, is a legal entity that -

- (a) is incorporated, formed or registered (including by way of continuation or as a foreign company) in the Islands under the laws of the Islands; and
- (b) would be a beneficial owner of the limited liability partnership if it were an individual.

Duty of limited liability partnerships to give notice to registrable persons

56. (1) Subject to subsection (5), a limited liability partnership to which this Part applies shall give notice in writing to beneficial owners and relevant legal entities identified by the limited liability partnership under sections 54 and 55 and to any person that it knows or has reasonable cause to believe is a registrable person in relation to it.

(2) The notice shall require the persons to whom it is addressed, within one month of the date of receipt of the notice -

- (a) to state whether or not they are registrable persons, within the meaning of this Part; and

- (b) if they are registrable persons, to confirm or correct any required particulars that are included in the notice and supply any required particulars that are missing from the notice.

(3) A limited liability partnership may also give notice in writing to a partner or a legal entity that it knows or has reasonable cause to believe is a relevant legal entity in relation to that limited liability partnership (or would be a relevant legal entity if it were registered under this Law), if the limited liability partnership knows or has reasonable cause to believe that such partner or legal entity knows the identity of a registrable person.

(4) A notice under subsection (3) may require the persons to whom it is addressed -

- (a) to state whether or not they know the identity of a registrable person or any person likely to have that knowledge; and
- (b) to supply, within one month of receipt of the notice and at the expense of the limited liability partnership, any required particulars respecting such registrable persons that are within the addressee's knowledge and to state whether the particulars are being supplied with or without the knowledge of the person concerned.

(5) A limited liability partnership is not required to give a notice to an individual or a relevant legal entity if -

- (a) the limited liability partnership knows that the individual or entity is not a registrable person; or
- (b) the limited liability partnership has already been informed of the person's status as a registrable person in relation to it, and has received all the required particulars.

(6) A person to whom a notice under this section is given is not required by that notice to disclose any information -

- (a) in respect of which a claim to legal professional privilege could be maintained in

legal proceedings; or

- (b) that the person is prohibited by any law applicable in the Islands from disclosing.

Duty of beneficial owners and relevant legal entities to supply information

57. (1) This section applies to a person if -

- (a) the person is a registrable person in respect of a limited liability partnership to which this Part applies;
- (b) the person knows the facts referred to in paragraph (a);
- (c) the person has no reason to believe that the person's required particulars are stated in the limited liability partnership's beneficial ownership register;
- (d) the person has not received a notice from the limited liability partnership under section 56; and
- (e) the circumstances described in paragraphs (a), (b), (c) and (d) have continued for a period of at least one month.

(2) The person shall -

- (a) notify the limited liability partnership of the person's status as a registrable person in relation to the limited liability partnership;
- (b) state the date, to the best of the person's knowledge, on which the person acquired that status; and
- (c) give the limited liability partnership the required particulars.

(3) The duty under subsection (2) must be complied with by the end of the period of one month beginning with the day on which the conditions in subsections (1)(a), (b) and (c) were first met with respect to the person.

Individuals and relevant legal entities that are registrable persons

58. (1) The following are registrable persons in relation to a limited liability partnership -

- (a) an individual whom the limited liability partnership identifies pursuant to section 54 as a beneficial owner; and
- (b) a relevant legal entity identified by the limited liability partnership pursuant to

section 55 -

- (i) that directly holds a partnership interest or meets one or more of the specified conditions directly in respect of the limited liability partnership; and
- (ii) through which any beneficial owner or relevant legal entity indirectly owns a partnership interest.

(2) Whether a person holds a partnership interest in a limited liability partnership or meets a specified condition in relation to it directly or indirectly shall be determined in the manner prescribed.

Establishing Beneficial Ownership Registers

Duty to establish and maintain beneficial ownership register

59. A limited liability partnership to which this Part applies by virtue of section 52(1) shall -

- (a) keep its beneficial ownership register at the limited liability partnership's registered office; and
- (b) engage a corporate services provider or the Registrar to establish and maintain its beneficial ownership register.

Role of corporate services provider and Registrar

60. (1) A limited liability partnership to which this Part applies shall provide in writing to the corporate services provider or the Registrar, as the case may be, the required particulars of registrable persons in respect of that limited liability partnership, once those particulars have been confirmed.

(2) A limited liability partnership that is exempt from the application of this Part shall, in the prescribed manner, provide to the corporate services provider or the Registrar, as the case may be -

- (a) written confirmation of the exemption -
 - (i) identifying the paragraph under section 52(1) that provides for the exemption; and
 - (ii) including the prescribed information about the regulated legal entity, regulated parent entity or approved

person referred to in that paragraph;
and

- (b) instructions to file the written confirmation with the competent authority.

(3) The limited liability partnership referred to in subsection (1) shall instruct the corporate services provider or the Registrar, as the case may be, to enter the required particulars of registrable persons in the limited liability partnership's beneficial ownership register in the prescribed form and manner, or if no registrable persons are identified, to enter a nil return.

(4) It is not required for particulars to be entered in the register concerning an individual or relevant legal entity that is not a registrable person.

(5) For the purposes of this section, particulars are considered to have been confirmed if -

- (a) the limited liability partnership has reasonable grounds to believe that they were supplied or confirmed by the individual or entity to whom the particulars relate;
- (b) another person supplied or confirmed them to the limited liability partnership, and the limited liability partnership has reasonable grounds to believe that this was done with the knowledge of the individual or entity to whom the particulars relate; or
- (c) the particulars were included in a statement referred to in section 18 and delivered to the Registrar by persons wishing to form the limited liability partnership.

Required
particulars

61. (1) The required particulars of an individual are -

- (a) full legal name;
- (b) residential address and, if different, an address for service of notices under this Law;
- (c) date of birth;
- (d) information identifying the individual from the individual's passport, driver's licence or other government-issued document, including -

- (i) identifying number;
- (ii) country of issue; and
- (iii) date of issue and of expiry; and
- (e) the date on which the individual became or ceased to be a registrable person in relation to the limited liability partnership in question.

(2) In the case of a person in relation to whom this Part has effect by virtue of section 51(2), the required particulars are -

- (a) name;
- (b) principal office;
- (c) the legal form of the person and the law by which the person is governed; and
- (d) the date on which the person became or ceased to be a registrable person in relation to the legal entity in question.

(3) The required particulars of a relevant legal entity are -

- (a) corporate or firm name;
- (b) registered or principal office;
- (c) the legal form of the entity and the law by which it is governed;
- (d) if applicable, the register of companies or limited liability companies in which it is entered and its registration number in that register; and
- (e) the date on which it became or ceased to be a registrable person in relation to the limited liability partnership in question.

Duty of limited liability partnership to keep register up to date

62. (1) If a limited liability partnership to which this Part applies becomes aware of a relevant change with respect to a registrable person whose required particulars are stated in its beneficial ownership register, the limited liability partnership shall give notice to the registrable person, as soon as reasonably practicable after it learns of the change or first has reasonable cause to believe that the change has occurred, requesting confirmation of the change.

(2) If the person to which a notice is sent under

subsection (1) confirms the relevant change, the limited liability partnership shall record the details of the change and instruct the corporate services provider or the Registrar, as the case may be, to enter in the limited liability partnership's beneficial ownership register in the prescribed form and manner -

- (a) the details of the relevant change confirmed by the limited liability partnership;
- (b) the date on which the change was made; and
- (c) whether there are further alterations to be made.

(3) For the purposes of this section, a relevant change occurs if -

- (a) the registrable person ceases to be a registrable person in relation to the limited liability partnership; or
- (b) any other change occurs as a result of which the required particulars stated respecting the registrable person in the limited liability partnership's beneficial ownership register are materially incorrect or incomplete.

(4) A relevant change with respect to a registrable person is considered to have been confirmed if -

- (a) the limited liability partnership has given notice to the registrable person requesting confirmation, within the period of one month from the date of the notice, of the relevant change, the date of the change and the required particulars included in the notice; and
- (b) the details, date and required particulars of the change have been supplied or confirmed to the limited liability partnership by the registrable person or by another person with the knowledge of the registrable person.

Consequences of failure to disclose beneficial ownership

63. (1) If a limited liability partnership's corporate services provider or the Registrar, as the case may be, is of the opinion that a limited liability partnership has failed to comply with section 60 or 62 without reasonable excuse or has made a statement to either of them that is false, deceptive

or misleading in respect of a material particular, the limited liability partnership's corporate services provider or the Registrar, as the case may be, shall give notice of the opinion to the limited liability partnership.

(2) On receipt of a notice under subsection (1), the limited liability partnership shall provide its corporate services provider or the Registrar, as the case may be, with -

- (a) the missing particulars required under section 60 or 62 pertaining to registrable persons; and
- (b) a justification or correction respecting any statement identified in the notice.

(3) If the notified limited liability partnership fails, due to the failure of a registrable person to comply with the obligations under this Law, to provide the missing particulars referred to in subsection (2)(a) within one month of receipt of the notice, the limited liability partnership shall -

- (a) subject to section 72, issue a restrictions notice to the registrable persons whose particulars are missing with regard to the partnership interest or other relevant interest of such registrable persons in the limited liability partnership; and
- (b) send a copy of the notice to the competent authority within two weeks of issuing it.

(4) A person to whom a restrictions notice is issued under this section may apply to the Court to set aside any restriction or cancellation imposed by the notice.

Duty of other persons to update register

64. (1) This section applies to persons if -

- (a) they have stated that they are registrable persons, within the meaning of this Part, in response to a notice received under section 56 or they have reason to believe that their required particulars are stated in a limited liability partnership's beneficial ownership register;
- (b) a relevant change, within the meaning of section 62(3), occurs with respect to the

- person;
- (c) they know of the change;
 - (d) they have no knowledge that the beneficial ownership register has been altered to reflect the change; and
 - (e) they have not received a notice from the limited liability partnership under section 62 by the end of the period of one month beginning with the day on which the change occurred.
- (2) A person to which this section applies shall -
- (a) notify the limited liability partnership of the relevant change;
 - (b) state the date on which the relevant change occurred; and
 - (c) give the limited liability partnership any information needed to update the limited liability partnership's beneficial ownership register.

(3) The duty under subsection (2) shall be complied with by the end of the period of one month beginning with the day on which the person discovered the relevant change.

Removal of entries from limited liability partnership's beneficial ownership register

65. A limited liability partnership may cause an entry relating to a person that is no longer a registrable person to be removed from its beneficial ownership register on the expiration of five years from the date on which the person ceased to be a registrable person in relation to the limited liability partnership.

Power of Court to rectify beneficial ownership register

66. (1) If -

- (a) the name of any individual or relevant legal entity is, without sufficient cause, entered in or omitted from a limited liability partnership's beneficial ownership register as a registrable person; or
- (b) default is made or unnecessary delay takes place in entering on a limited liability partnership's beneficial ownership register the fact that the individual or relevant legal entity has ceased to be a registrable person,

the person aggrieved, or any individual or relevant legal entity that is a registrable person in relation to the limited liability partnership, may apply to the Court for rectification of the limited liability partnership's beneficial ownership register.

(2) The Court may -

- (a) refuse the application; or
- (b) order rectification of the beneficial ownership register and payment by the limited liability partnership of any damages sustained by any person aggrieved.

(3) On an application under this section, the Grand Court may decide any question -

- (a) as to whether the name of any person who is a party to the application should or should not be entered in or omitted from the limited liability partnership's beneficial ownership register; and
- (b) that is necessary or expedient to be decided for rectification of the limited liability partnership's beneficial ownership register.

(4) If the Court makes an order for rectification of a limited liability partnership's beneficial ownership register against the limited liability partnership, it shall direct notice of the rectification to be given to the competent authority.

Access to Beneficial Ownership Information

Duty of competent authority to establish search platform

67. (1) The competent authority shall establish a search platform by means of which access may be provided to information on all beneficial ownership registers maintained by corporate services providers or the Registrar on behalf of limited liability partnerships subject to this Part.

(2) The search platform must -

- (a) be secure and accessible only by the competent authority;
- (b) be able to search all limited liability

partnership beneficial ownership information provided to the competent authority by corporate services providers or the Registrar by the name of an individual, legal entity or limited liability partnership; and

- (c) prevent communication to any person of the fact that a search is being made or has taken place, except where the competent authority expressly discloses such communication.

Duties of the Registrar and corporate services providers

68. (1) A corporate services provider engaged by a limited liability partnership pursuant to section 59, or the Registrar if so engaged, shall offer the limited liability partnership an information technology solution, either directly or through another corporate services provider, that enables the corporate services provider or the Registrar, as the case may be -

- (a) to establish and maintain the limited liability partnership's beneficial ownership register on behalf of the limited liability partnership; and
- (b) to provide information on the beneficial ownership register to the competent authority by means of the search platform established by the competent authority pursuant to section 67.

(2) The corporate services provider shall regularly deposit beneficial ownership information received from limited liability partnerships that have engaged the corporate services provider in such place, in such manner and at such intervals as may be prescribed.

(3) If there is default in complying with subsection (2), the corporate services provider and any officer of the corporate services provider who is in default -

- (a) shall incur a penalty of five hundred dollars; and
- (b) shall incur an additional penalty of one thousand dollars and a further penalty of one hundred dollars for every day during which the default continues if the competent authority is satisfied that the default was

knowingly or wilfully authorized or permitted.

Limits on searches that may be executed

69. (1) The competent authority shall execute a search of a limited liability partnership's beneficial ownership register by means of the search platform if formally requested to do so -

(2018 Revision)

(a) by a senior official referred to in section 262(1) of the Companies Law (2018 Revision), provided that the senior official certifies that the request meets the conditions referred to in section 262(2) of that Law; or

(b) by the Financial Crime Unit of the Royal Cayman Islands Police Service, provided that a senior official of the Unit certifies that the request meets the conditions referred to in section 262(3) of the Companies Law (2018 Revision).

(2018 Revision)

(2) No person shall use the search platform to search a limited liability partnership's beneficial ownership register except the competent authority.

Disclosure of beneficial ownership information by the Cayman Islands Monetary Authority

70. (1) The Cayman Islands Monetary Authority may, on request by the competent authority, disclose any information in its possession respecting -

- (a) a limited liability partnership; or
- (b) a subsidiary of such a limited liability partnership registered or holding a licence under a regulatory law,

that the limited liability partnership would be required to provide under this Part as required particulars if this Part applied to it.

(2) For greater certainty, section 50(1) of the Monetary Authority Law (2018 Revision) does not apply to a disclosure made under this section.

(2018 Revision)

Non-disclosure of information concerning requests for beneficial ownership

71. (1) Neither the competent authority nor any employee, servant or agent of the competent authority shall disclose any information relating to a request for beneficial ownership information referred to in section 69, including the fact that

information such a request was made or that a search was carried out, to any person other than the authorized personnel of the competent authority or the law enforcement agency that requested the search.

(2) Information maintained by corporate services providers and the Registrar in respect of beneficial ownership of a limited liability partnership is deemed to be confidential information under the Confidential Information Disclosure Law, 2016.

(3) Subject to sections 18 and 19 of the Tax Information Law (2017 Revision), information deemed to be confidential under subsection (2) shall only be disclosed in accordance with the Confidential Information Disclosure Law, 2016.

Enforcement

Right to issue restrictions notice 72. (1) A limited liability partnership to which this Part applies may send a restrictions notice to a person who has a relevant interest in that limited liability partnership if -

- (a) a notice under section 56 or 62 was served on the person;
- (b) the person has not, by the end of the period of one month beginning with the date of receipt of the notice -
 - (i) complied with the notice; or
 - (ii) provided the limited liability partnership with a valid reason sufficient to justify the person's failure to comply with the notice; and
- (c) the relevant interest is not subject to a security interest granted to a third party who is not affiliated with the person.

(2) In deciding whether to send a restrictions notice, the limited liability partnership shall have regard to the effect of the notice on the rights of persons in respect of the relevant interest, including third parties, persons with a security interest over the relevant interest, other holders of a partnership interest and other beneficial owners.

Effect of
restrictions
notice

73. (1) The effect of a restrictions notice with respect to a relevant interest is as follows -

- (a) any transfer or agreement to transfer the interest is void;
- (b) no rights are exercisable in respect of the interest;
- (c) no additional rights may be granted in respect of the interest or in pursuance of an offer made to the interest-holder;
- (d) except in a liquidation, no payment may be made of sums due from the limited liability partnership in respect of the interest, whether in respect of capital or otherwise; and
- (e) other than in a liquidation, an agreement to transfer any of the following associated rights in relation to the relevant interest is void -
 - (i) a right to be granted additional rights in respect of the relevant interest; or
 - (ii) a right to receive payment of any sums due from the limited liability partnership in respect of the relevant interest.

(2) This section does not apply to an agreement to transfer a relevant interest referred to in subsection (1)(a) or to an associated right referred to in subsection (1)(e), if the agreement results from the making of an order referred to in section 76(2)(b).

Protection of
third party rights

74. (1) The Court may, on application by any person aggrieved, give a direction for the purpose of protecting the rights of third parties, persons with a security interest over the relevant interest, holders of a partnership interest or other beneficial owners in respect of a relevant interest, if the Court is satisfied that a restrictions notice unfairly affects those rights.

(2) An order under this section -

- (a) shall direct, subject to such terms as the Court thinks fit, that certain acts will not constitute a breach of the restrictions placed

on the relevant interest by the restrictions notice;

- (b) shall specify the acts that will not constitute a breach of the restrictions; and
- (c) may confine the direction to cases where those acts are done by persons, or for purposes, described in the order.

Breach of restrictions an offence

75. (1) A person commits an offence who, knowing that a relevant interest is subject to restrictions -

- (a) exercises or purports to exercise any right to dispose of the relevant interest;
- (b) exercises or purports to exercise any right to dispose of any right to be issued with the relevant interest; or
- (c) votes in respect of the relevant interest (whether as holder of the interest or as proxy) or appoints a proxy to vote in respect of the relevant interest.

(2) A person who has a relevant interest that the person knows to be subject to restrictions commits an offence if the person -

- (a) knows a person to be entitled (apart from the restrictions) to vote in respect of the interest, whether as holder or as proxy;
- (b) does not know the person to be aware of the fact that the interest is subject to restrictions; and
- (c) fails to notify the person of the fact referred to in paragraph (b).

(3) A person commits an offence if the person -

- (a) has a relevant interest that the person knows to be subject to restrictions or is entitled to an associated right; and
- (b) enters into an agreement that is void by virtue of section 73(1)(a) or (e).

(4) A person who commits an offence under this section is liable on summary conviction to a fine of five thousand dollars.

(5) No person commits an offence who contravenes subsections (1) to (3) in furtherance of compliance with a direction of the Court given under section 74 or 76.

Offence: issuing partnership interests contrary to restriction

76. Subject to a direction given under section 74 or 75, a limited liability partnership that issues partnership interests in contravention of a restriction imposed by virtue of a restrictions notice commits an offence and is liable on summary conviction to a fine of five thousand dollars.

Relaxation of restrictions

77. (1) A limited liability partnership that issues a restrictions notice, or any person aggrieved by such notice, may apply to the Court for an order directing that the relevant interest cease to be subject to restrictions.

(2) The Court may only make an order under this section if -

- (a) the Court is satisfied that the information required by the notice served under section 56 or 64 has been disclosed to the limited liability partnership and no unfair advantage has accrued to any person as a result of the earlier failure to make that disclosure; or
- (b) the relevant interest is to be transferred for valuable consideration and the Court approves the transfer.

(3) An order made by virtue of subsection (2)(b) may continue, in whole or in part, the restrictions mentioned in section 73(1)(c) and (d) so far as they relate to a right acquired or offer made before the transfer.

(4) Where any restrictions continue in force by virtue of subsection (3) -

- (a) an application may be made under this section for an order directing that the relevant interest cease to be subject to those restrictions; and
- (b) subsection (2) does not apply in relation to the making of such an order.

Orders for sale

78. (1) On application by a limited liability partnership

that issues a restrictions notice, the Court may order that the relevant interest subject to restrictions be sold, provided that the Court approves the sale.

(2) A Court that makes an order under subsection (1) may make such further order relating to the sale or transfer of the interest as it thinks fit on application by -

- (a) the limited liability partnership that issued the restrictions notice;
- (b) the person appointed in pursuance of the order to effect the sale; or
- (c) any person with an interest in the relevant interest.

(3) On making an order under subsection (1) or (2), the Court may order that the applicant's costs be paid from the proceeds of sale.

Proceeds of sale
of relevant
interest

79. (1) If a relevant interest is sold pursuant to an order under section 77, the proceeds of the sale, less the costs of the sale, must be paid into the Court for the benefit of persons who are beneficially interested in the relevant interest.

(2) A person who is beneficially interested in the relevant interest may apply to the Court for the whole or part of those proceeds to be paid to that person.

(3) On an application under subsection (2), the Court shall order the payment to the applicant of -

- (a) the whole of the proceeds of sale together with any interest on the proceeds; or
- (b) if another person was also beneficially interested in the relevant interest at the time of the sale, such proportion of the proceeds (and any interest) as the value of the applicant's interest bears to the total value of the relevant interest.

(4) Where the Court has ordered under section 77(3) that the costs of an applicant be paid from the proceeds of sale, the applicant is entitled to payment of those costs before any person receives any part of the proceeds under this

section.

Limited liability partnership may withdraw restrictions notice

80. A limited liability partnership that issues a restrictions notice to a person shall by notice withdraw the restrictions notice if -

- (a) it is satisfied that there is a valid reason sufficient to justify the person's failure to comply with the notice served under section 56 or 62;
- (b) the notice served under section 56 or 62 is complied with; or
- (c) the limited liability partnership discovers that the rights of a third party in respect of the relevant interest are being unfairly affected by the restrictions notice.

Offences

Failure of a limited liability partnership to establish or maintain beneficial ownership register

81. A limited liability partnership that knowingly and wilfully contravenes section 54(1), 55(1), 59, 60(1) or (2) or 62(2) or knowingly and wilfully fails to issue a notice as required by section 56, 62 or 63(3) commits an offence and is liable on summary conviction for each such contravention -

- (a) to a fine of twenty-five thousand dollars; and
- (b) if the offence is a continuing one, to a fine of five hundred dollars for each day or part of a day during which the offence continues, up to a maximum of twenty-five thousand dollars.

Failure to comply with notices

82. (1) A person to whom a notice under section 56 or 62 is addressed commits an offence if the person -

- (a) knowingly and wilfully fails to comply with the notice; or
- (b) in purported compliance with the notice -
 - (i) makes a statement that the person knows to be false in a material particular; or
 - (ii) recklessly makes a statement that is false in a material particular.

(2) A person does not commit an offence under subsection (1)(a) if the person proves that the requirement to

give information was frivolous or vexatious.

(3) A person who is guilty of an offence under this section is liable -

- (a) on conviction on indictment, to imprisonment for a term of two years or a fine of ten thousand dollars, or to both;
- (b) on summary conviction to imprisonment for a term of twelve months or a fine of five thousand dollars, or to both.

Failure to provide information

83. (1) A person commits an offence if the person -

- (a) knowingly and wilfully fails to comply with a duty under section 57 or 64 within the time required by that section; or
- (b) in purported compliance with such a duty -
 - (i) makes a statement that the person knows to be false in a material particular; or
 - (ii) recklessly makes a statement that is false in a material particular.

(2) A person who is guilty of an offence under this section is liable -

- (a) on conviction on indictment, to imprisonment for a term not exceeding two years or a fine of ten thousand dollars, or to both;
- (b) on summary conviction to imprisonment for a term of twelve months or to a fine of five thousand dollars, or to both.

Unlawful search or disclosure of beneficial ownership information

84. A person who conducts a search of a limited liability partnership's beneficial ownership register contrary to section 69(1) or (2) or who discloses beneficial ownership information contrary to section 71 commits an offence and is liable on summary conviction to a fine of ten thousand dollars or imprisonment for twelve months, or to both.

Offences by partners and managers

85. Where a limited liability partnership or a legal entity is guilty of an offence under this Part and it is proved that the offence was committed with the consent or connivance of, or was attributable to, wilful default on the part of a partner or

person concerned in the management of the limited liability partnership or legal entity, the partner or person is guilty of the same offence and liable to the same penalty as the limited liability partnership or legal entity.

Supplementary Provisions

Exemptions

86. (1) The competent authority, if satisfied, having regard to any undertaking given by an individual or a legal entity, that there are special reasons for an exemption from compliance with a notice or duty under this Part, may exempt -

- (a) the individual or legal entity from complying with a notice issued under section 56 or 62;
- (b) a limited liability partnership from taking steps to identify that individual or legal entity or give notice under sections 56 or 62 to or with respect to them;
- (c) anyone from sending a notice or giving information pursuant to a notice under section 56(3);
- (d) the individual or legal entity from the duties imposed by sections 57 and 62; or
- (e) the individual or legal entity from being entered on a limited liability partnership's beneficial ownership register as a registrable person in relation to any limited liability partnership.

(2) The competent authority shall exercise the exemption powers in subsection (1) in accordance with the prescribed criteria.

Regulations
under this Part

87. (1) The Cabinet may make regulations respecting anything required to carry out this Part or prescribing anything required to be prescribed under this Part, including regulations -

- (a) specifying criteria for the exercise of the competent authority's exemption powers under section 86;
- (b) respecting the giving of notices under section 56 or 62, including the form, content and

- manner of giving such notices;
- (c) to add to or remove from any of the lists of required particulars, including specifying the particulars required respecting the nature of control of an individual over the limited liability partnership referred to in the particulars;
 - (d) requiring additional matters to be noted in a limited liability partnership's beneficial ownership register;
 - (e) requiring the competent authority, a corporate services provider, the Registrar or a limited liability partnership to refrain from using or disclosing particulars of a prescribed kind from a limited liability partnership's beneficial ownership register (or to refrain from doing so except in prescribed circumstances) where an application is made to the competent authority requesting the respective entity to refrain from so doing;
 - (f) specifying the manner and form in which a limited liability partnership shall keep its beneficial ownership register;
 - (g) setting the fees that the Registrar may charge for services pursuant to an engagement by a limited liability partnership pursuant to section 59 to establish and maintain the company's beneficial ownership register;
 - (h) respecting the procedure to be followed by limited liability partnerships issuing and withdrawing restrictions notices, including regulations providing for -
 - (i) the form and content of restrictions notices, and the manner in which they must be given;
 - (ii) the factors to be taken into account in deciding what counts as a reason sufficient to justify a person's failure to comply with a notice issued under section 56 or 62; and
 - (iii) the effect of withdrawing a restrictions notice on matters that are pending with

respect to the relevant interest when the notice is withdrawn.

(2) The Cabinet may make regulations respecting the interpretation of the terms “beneficial owner”, “significant influence or control”, “specified conditions”, “registrable person” and “relevant interest”, including regulations -

- (a) to replace any or all references in section 54(3) to a percentage figure with references to some other (larger or smaller) percentage figure;
- (b) to change or supplement the specified conditions in section 54(3) so as to include circumstances (for example, circumstances involving more complex structures) that give individuals a level of control over limited liability partnership Y broadly similar to the level of control given by the other specified conditions; and
- (c) specifying the circumstances in which a person holds a right in a limited liability partnership or meets a specified condition in relation to it directly or indirectly through any number of persons or arrangements of any description.

(3) The Cabinet may, by affirmative resolution, make regulations to add to, remove from or otherwise revise the list of limited liability partnerships to which this Part applies or does not apply under section 52(1)(g).”.

Transitional provision

3. No prosecution may be commenced against a limited liability partnership for an offence under section 81, as enacted by clause 2 of this Law, unless the act or

omission that constituted the offence took place at least three months after the coming into force of that section.

Passed by the Legislative Assembly the 22nd day of November, 2018.

Dr. Hon. W. McKeeva Bush

Speaker.

Zena Merren-Chin

Clerk of the Legislative Assembly.