

Consultation Paper No. 8 of 2015

ANNEX A

LIMITED LIABILITY PARTNERSHIPS REGULATIONS 2015

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LIMITED LIABILITY PARTNERSHIPS REGULATIONS 2015

Regulations to make provision for limited liability partnerships.

Date of Enactment: [•] 2015

The Board of Directors of the Abu Dhabi Global Market, in exercise of its powers under Article 6(1) of Law No. 4 of 2013 concerning the Abu Dhabi Global Market issued by His Highness the Ruler of the Emirate of Abu Dhabi, hereby enacts the following Regulations:-

1. Limited liability partnerships

- (1) There shall be a form of legal entity to be known as a limited liability partnership.
- (2) A limited liability partnership is a body corporate (with legal personality separate from that of its members) which is formed by being incorporated under these Regulations and:
 - (a) in the following provisions of these Regulations, and
 - (b) in any other enactment (except where provision is made to the contrary or the context otherwise requires),

references to a limited liability partnership are to such a body corporate.

- (3) A limited liability partnership has unlimited capacity.
- (4) The members of a limited liability partnership have such liability to contribute to its assets in the event of its being wound up as is provided for by virtue of these Regulations.
- (5) Accordingly, except as far as otherwise provided by these Regulations or any other enactment, the Partnership Act 1890 does not apply to a limited liability partnership.

2. Incorporation document etc.

- (1) For a limited liability partnership to be incorporated:
 - (a) two or more persons associated for carrying on a lawful business with a view to profit must have subscribed their names to an incorporation document,
 - (b) the incorporation document or a copy of it must have been delivered to the Registrar, and
 - (c) there must have been so delivered a statement made by anyone who subscribed his name to the incorporation document, that the requirement imposed by paragraph (a) has been complied with.
- (2) The incorporation document must:
 - (a) state the name of the limited liability partnership,

- (b) state the address of the registered office of the limited liability partnership in the Abu Dhabi Global Market,
 - (c) give the full name and residential address of each of the persons who are to be members of the limited liability partnership on incorporation, and
 - (d) either specify which of those persons are to be designated members or state that every person who from time to time is a member of the limited liability partnership is a designated member.
- (3) If a person makes a false statement under subsection (1)(c) which he:
- (a) knows to be false, or
 - (b) does not believe to be true,
- he commits a contravention of these Regulations.
- (4) A person who commits a contravention of these Regulations under subsection (3) is liable to a [level 1 fine].

3. Members

- (1) On the incorporation of a limited liability partnership its members are the persons who subscribed their names to the incorporation document (other than any who have died or been dissolved).
- (2) Any other person may become a member of a limited liability partnership by and in accordance with an agreement with the existing members.
- (3) A person may cease to be a member of a limited liability partnership (as well as by death or dissolution) in accordance with an agreement with the other members or, in the absence of agreement with the other members as to cessation of membership, by giving reasonable notice to the other members.
- (4) A member of a limited liability partnership shall not be regarded for any purpose as employed by the limited liability partnership unless, if he and the other members were partners in a partnership, he would be regarded for that purpose as employed by the partnership.

4. Minimum membership for carrying on business

- (1) This section applies where a limited liability partnership carries on business without having at least two members, and does so for more than 6 months.
- (2) A person who, for the whole or any part of the period that it carries on business after those 6 months:
 - (a) is a member of the limited liability partnership, and

(b) knows that it is carrying on business with only one member,

is liable (jointly and severally with the limited liability partnership) for the payment of the limited liability partnership's debts contracted during the period or, as the case may be, that part of it.

5. Relationship of members etc.

- (1) Except as far as otherwise provided by these Regulations or any other enactment, the mutual rights and duties of the members of a limited liability partnership, and the mutual rights and duties of a limited liability partnership and its members, shall be governed:
 - (a) by agreement between the members, or between the limited liability partnership and its members, or
 - (b) in the absence of agreement as to any matter, by any provision made in relation to that matter by rules made by the Board for that purpose.
- (2) An agreement made before the incorporation of a limited liability partnership between the persons who subscribe their names to the incorporation document may impose obligations on the limited liability partnership (to take effect at any time after its incorporation).

6. Members as agents

- (1) Every member of a limited liability partnership is the agent of the limited liability partnership.
- (2) But a limited liability partnership is not bound by anything done by a member in dealing with a person if:
 - (a) the member in fact has no authority to act for the limited liability partnership by doing that thing, and
 - (b) the person knows that he has no authority or does not know or believe him to be a member of the limited liability partnership.
- (3) Where a person has ceased to be a member of a limited liability partnership, the former member is to be regarded (in relation to any person dealing with the limited liability partnership) as still being a member of the limited liability partnership unless:
 - (a) the person has notice that the former member has ceased to be a member of the limited liability partnership, or
 - (b) notice that the former member has ceased to be a member of the limited liability partnership has been delivered to the Registrar.
- (4) Where a member of a limited liability partnership is liable to any person (other than another member of the limited liability partnership) as a result of that member's wrongful act or

omission (in the course of the business of the limited liability partnership or with its authority) the limited liability partnership is liable to the same extent as the member.

7. Ex-members

- (1) This section applies where a member of a limited liability partnership has either ceased to be a member or:
 - (a) has died,
 - (b) has been wound up, or
 - (c) has assigned the whole or any part of his share in the limited liability partnership (absolutely or by way of charge or security).
- (2) In such an event the former member or:
 - (a) his personal representative,
 - (b) his liquidator, or
 - (c) his assignee,

may not interfere in the management or administration of any business or affairs of the limited liability partnership.
- (3) But subsection (2) does not affect any right to receive an amount from the limited liability partnership in that event.

8. Designated members

- (1) If the incorporation document specifies who are to be designated members:
 - (a) they are designated members on incorporation, and
 - (b) any member may become a designated member by and in accordance with an agreement with the other members,

and a member may cease to be a designated member in accordance with an agreement with the other members.
- (2) But if there would otherwise be no designated members, or only one, every member is a designated member.
- (3) If the incorporation document states that every person who from time to time is a member of the limited liability partnership is a designated member, every member is a designated member.
- (4) A limited liability partnership may at any time deliver to the Registrar:

- (a) notice that specified members are to be designated members, or
- (b) notice that every person who from time to time is a member of the limited liability partnership is a designated member,

and, once it is delivered, subsection (1) (apart from paragraph (a)) and subsection (2), or subsection (3), shall have effect as if that were stated in the incorporation document.

- (5) A person ceases to be a designated member if he ceases to be a member.

9. Registration of membership changes

- (1) A limited liability partnership must ensure that:

- (a) where a person becomes or ceases to be a member or designated member, notice is delivered to the Registrar within 14 days, and
- (b) where there is any change in the particulars contained in its register of members or its register of members' residential addresses, notice is delivered to the Registrar within 14 days.

- (2) Where all the members from time to time of a limited liability partnership are designated members, subsection (1)(a) does not require notice that a person has become or ceased to be a designated member as well as a member.

- (3) A notice delivered under subsection (1) that relates to a person becoming a member or designated member must contain:

- (a) a statement that the member or designated member consents to acting in that capacity, and
- (b) in the case of a person becoming a member, a statement of the particulars of the new member that are required to be included in the limited liability partnership's register of members and its register of residential addresses.

- (4) Where:

- (a) a limited liability partnership gives notice of a change of a member's service address as stated in its register of members, and
- (b) the notice is not accompanied by notice of any resulting change in the particulars contained in its register of members' residential addresses,

the notice must be accompanied by a statement that no such change is required.

- (5) If a limited liability partnership fails to comply with this section, the partnership and every designated member commits a contravention of these Regulations.

- (6) But it is a defence for a designated member alleged to have committed a contravention of these Regulations under subsection (5) to prove that he took all reasonable steps for securing that this section was complied with.
- (7) A person who commits a contravention of these Regulations under subsection (5) is liable to a [level 1 fine].

10. Name to indicate status

- (1) The name of a limited liability partnership must end with:
 - (a) the expression "limited liability partnership", or
 - (b) the abbreviation "llp" or "LLP".

11. Change of name

- (1) A limited liability partnership may change its name at any time.
- (2) The name of a limited liability partnership may also be changed:
 - (a) on the determination of a new name by the Registrar under section 61 of the Companies Regulations 2015 (order requiring name to be changed),
 - (b) on the determination of a new name by the Court under section 62 of the Companies Regulations 2015 (appeal from the Registrar's decision),
 - (c) under section 891 of the Companies Regulations 2015 (name on restoration).

12. Notification of change of name

- (1) Where a limited liability partnership changes its name it shall deliver notice of the change to the Registrar.
- (2) Where the Registrar receives notice of a change of name it shall (unless the new name is one by which a limited liability partnership may not be registered):
 - (a) enter the new name on the register in place of the former name, and
 - (b) issue a certificate of the change of name.
- (3) The change of name has effect from the date on which the certificate is issued.

13. Effect of change of name

A change of name by a limited liability partnership does not:

- (a) affect any of its rights or duties,

- (b) render defective any legal proceedings by or against it,

and any legal proceedings that might have been commenced or continued against it by its former name may be commenced or continued against it by its new name.

14. Improper use of "limited liability partnership" etc.

- (1) If any person carries on a business under a name or title which includes:

- (a) the expression "limited liability partnership", or
- (b) any contraction or imitation thereof,

that person, unless a limited liability partnership, commits a contravention of these Regulations.

A person who commits a contravention of these Regulations under sub-paragraph (1) shall be liable to a fine of up to level 3.

15. Insolvency and winding up

Limited liability partnerships are subject to Section 260 of the Insolvency Regulations 2015 and such other rules regarding the insolvency and winding up of a limited liability partnership as the Board may make.

16. Application of other enactments

The Board may make rules regarding limited liability partnerships (not being provision about insolvency or winding up) by:

- (a) applying or incorporating, with such modifications as appear appropriate, any enactment relating to companies or other corporations (which may include the Companies Regulations 2015) which would not otherwise have effect in relation to them, or
- (b) providing for any enactment relating to companies or other corporations which would otherwise have effect in relation to them not to apply to them or to apply to them with such modifications as appear appropriate.

17. Interpretation.

In these Regulations:

"business" includes every trade, profession and occupation,

"designated member" shall be construed in accordance with section 8,

"enactment" includes subordinate legislation (within the meaning of the Interpretation Regulations 2015),

"incorporation document" shall be construed in accordance with section 2,

"limited liability partnership" has the meaning given by section 1(2),

"member" shall be construed in accordance with section 4,

"modifications" includes additions and omissions, and

"name", in relation to a member of a limited liability partnership, means –

- (a) if an individual, his forename and surname (or, in the case of a person usually known by a title, his title instead of or in addition to either or both his forename and surname), and
- (b) if a body corporate, its corporate name.

18. Short title, extent and commencement

- (1) These Regulations may be cited as the Limited Liability Partnerships Regulations 2015.
- (2) These Regulations shall apply in the Abu Dhabi Global Market.
- (3) These Regulations shall come into force on the date of their publication. The Board may by rules make any transitional, transitory, consequential, saving, incidental or supplementary provision in relation to the commencement of these Regulations as the Board thinks fit.