



ABU DHABI GLOBAL MARKET  
سوق أبوظبي العالمي

# CONSULTATION PAPER NO 8 OF 2015

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29 JUNE 2015

**LIMITED LIABILITY PARTNERSHIPS  
REGULATIONS**

## **INTRODUCTION**

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1. The Board of Directors (the "Board") of Abu Dhabi Global Market ("ADGM") have issued this Consultation Paper to invite public comment on the Board's proposals to issue regulations for ADGM to be called the Limited Liability Partnerships Regulations (the "LLP Regulations"). A proposed draft of the LLP Regulations is set out at Annex A to this Paper.
2. The proposals in this Consultation Paper would be of interest to individuals, organisations and investors with an interest in establishing a presence in ADGM or otherwise doing business in ADGM, and their professional advisors.
3. The deadline for providing comments on this proposal is 11 August 2015. Once we receive your comments, we will consider whether any modifications are required to this proposal. We will then proceed to publish the Limited Liability Partnership Regulations. You should not act on these proposals until the relevant guidance is issued by the Board. We shall issue a notice on our website telling you when this happens.

## **COMMENTS TO BE ADDRESSED TO:**

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## SCOPE AND APPROACH TO LIMITED LIABILITY PARTNERSHIPS REGULATIONS

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4. The Board of ADGM, has decided to align its proposed LLP Regulations with the UK Limited Liability Partnerships Act 2000 and other related UK limited liability partnerships regulations (together, the "**UK Legislation**").
5. The UK Legislation currently consists of the Limited Liability Partnerships Act 2000, the Limited Liability Partnerships Regulations 2001 and certain other supporting legislation (including the Companies Act 2006). While the Limited Liability Partnerships Act sets out the general framework of the limited liability partnerships regime, the proposed ADGM Limited Liability Partnerships Regulations and other ancillary legislation provide procedural guidance to members and other concerned parties regarding the operation of a limited liability partnership.
6. We consider that it would be appropriate to establish a limited liability partnerships framework within ADGM to provide for the establishment and operation of limited liability partnerships as a corporate structure. We believe the UK Legislation, which has been adapted and updated in line with market standards and developments in corporate practices provides a good basis for the LLP Regulations.

## GOVERNANCE OF LIMITED LIABILITY PARTNERSHIPS

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7. Generally speaking, except as otherwise provided by the LLP Regulations (or any other enactment), the rights and duties of the members of a limited liability partnership 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.
8. The proposed approach would not impose an obligation on the members of a limited liability partnership to have an agreement in place or, where such agreement exists, file any copy of such agreement with ADGM. This approach is consistent with the approach of the UK Legislation. We consider that by not imposing such obligations, the LLP Regulations will maintain a degree of flexibility, in respect of allowing members to determine their own bespoke governing rules, and afford members a certain amount of confidentiality, in not having their constitutional document made publicly accessible, as is consistent with such vehicles in other jurisdictions.

### ISSUES FOR CONSIDERATION

Q1: THE BOARD WOULD LIKE YOUR VIEW AS TO WHETHER THE PROPOSED APPROACH OF HAVING A COMBINATION OF THE PROPOSED LLP REGULATIONS AND DEFAULT RULES IS APPROPRIATE FOR THE GOVERNANCE OF RELATIONSHIPS WITHIN A LIMITED LIABILITY PARTNERSHIP AND BETWEEN INDIVIDUAL MEMBERS.

## THE REGULATIONS: INSOLVENCY REGULATIONS

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9. The Board considers that it would be appropriate to reserve the right to make further rules relating to the insolvency regime and its application to limited liability partnerships. These powers should afford the Board a greater degree of flexibility to make such modifications, amendments or deletions to the proposed Insolvency Regulations 2015, through supplementary legislation. The Board considers this

advantageous in allowing it to implement necessary changes to the legislation affecting limited liability partnerships in a timely and efficient manner.

#### ISSUES FOR CONSIDERATION

Q2: DO YOU AGREE THAT THE BOARD SHOULD BE GIVEN DISCRETIONARY POWERS TO MAKE FURTHER RULES REGARDING INSOLVENCY IN RESPECT OF LIMITED LIABILITY PARTNERSHIPS, IN ADDITION TO THE SEPARATE INSOLVENCY REGULATIONS PROPOSED?

#### THE REGULATIONS: OTHER COMMENTS

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10. This Consultation Paper does not summarise all rights and obligations that are covered by the proposed LLP Regulations. If you have any other comments on any other rights and obligations set out in the proposed LLP Regulations, please let us have those comments.

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**ANNEX A: PROPOSED LIMITED LIABILITY PARTNERSHIPS REGULATIONS**