

CAYMAN ISLANDS



Limited Liability Partnership Law, 2017

**BENEFICIAL OWNERSHIP (LIMITED LIABILITY PARTNERSHIP)
REGULATIONS, 2019**

(SL 15 of 2019)

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(SL 15 of 2019)

In accordance with the powers conferred by section 87 of the Limited Liability Partnership Law, 2017 the Cabinet makes the following Regulations —

PART 1 - PRELIMINARY

Citation and commencement

1. (1) These Regulations may be cited as the Beneficial Ownership (Limited Liability Partnership) Regulations, 2019.
- (2) These Regulations shall come into force immediately after the *Limited Liability Partnership (Amendment) Law, 2018* comes into force.

Definitions

2. In these Regulations —

“**arrangement**” includes —

- (a) a scheme, agreement or understanding, whether or not it is legally enforceable; and
- (b) a convention, custom or practice of any kind,

that has at the minimum a degree of stability (whether by virtue of its nature, the terms, the time it has been in existence or otherwise);

“**joint arrangement**” means an arrangement between or amongst the holders of partnership interests (or rights) to exercise jointly all or substantially all the rights conferred by the respective partnership interests (or rights) in the partnership in a way that is pre-determined by the arrangement;

“**limited liability partnership**” means a limited liability partnership to which Part 8 of the Law applies;

“**voting rights**” means —

- (a) rights to vote at general meetings of the limited liability partnership or legal entity in question (including rights that arise only in certain circumstances); and
- (b) in relation to a legal entity that does not have general meetings at which matters are decided by the exercise of voting rights, rights that are equivalent to the rights of a person entitled to exercise voting rights in a limited liability partnership; and

“**withdrawal notice**” means a notice issued by a limited liability partnership under section 80 of the Law that withdraws a restrictions notice.

PART 2 – ADDITIONAL MATTERS TO BE NOTED IN BENEFICIAL OWNERSHIP REGISTER

Duty of limited liability partnership to provide additional matters to Registrar

3. (1) A limited liability partnership shall provide in writing to a corporate services provider or the Registrar the additional matters required to be noted by this Part.
- (2) Where any additional matter noted in a limited liability partnership’s beneficial ownership register in accordance with regulation 4, 5, 6 or 8 ceases to be true, the limited liability partnership shall, within one month of becoming aware of that fact —
- (a) update its beneficial ownership register to reflect any new information received regarding the additional matter, once that information is confirmed; or
 - (b) note in its beneficial ownership register —
 - (i) that the additional matter has ceased to be true; and
 - (ii) the date on which the additional matter ceased to be true.

Additional matters where there is no registrable beneficial owner or relevant legal entity

4. (1) This regulation applies where a limited liability partnership knows or has reasonable cause to believe that there is no registrable beneficial owner or relevant legal entity in relation to the limited liability partnership.
- (2) The limited liability partnership shall note in its beneficial ownership register the words “no registrable beneficial owner identified or relevant legal entity” to show that —
- (a) the limited liability partnership knows or has reasonable cause to believe that there is no registrable beneficial owner or relevant legal entity in relation to it; or
 - (b) the limited liability partnership has taken reasonable steps to identify all beneficial owners and relevant legal entities and has not, in the course of taking such steps, been able to identify any registrable person.

Additional matters where an identified registrable person’s particulars are not confirmed

5. (1) This regulation applies where —
- (a) a limited liability partnership has identified a registrable person in relation to it; and
 - (b) all the required particulars of that person have not yet been confirmed for the purposes of section 60 of the Law.
- (2) The limited liability partnership shall note in its beneficial ownership register the words “confirmations pending” to show that the limited liability partnership has identified a registrable person in relation to the limited liability partnership but that all the required particulars of that person have not yet been confirmed.

Additional matters where a limited liability partnership’s investigations are ongoing

6. (1) This regulation applies where a limited liability partnership —
- (a) is not required to place a note in its beneficial ownership register by regulation 4 or 5;
 - (b) has not entered, and is not required to enter, the required particulars of any registrable person in its beneficial ownership register; and
 - (c) has not yet completed taking reasonable steps to find out if there is anyone who is a registrable person in relation to the limited liability partnership.

- (2) The limited liability partnership shall note in its beneficial ownership register the words “enquiries pending” to show that it is still in the process of taking reasonable steps to find out if there is anyone who is a registrable person in relation to the limited liability partnership.

Additional matters where there is a failure to comply with a notice given under section 56 or 62 of the Law

7. (1) This regulation applies where a limited liability partnership has given a notice under section 56 or 62 of the Law and —
- (a) the addressee of the notice has failed to comply with the notice within the time specified in it; or
 - (b) the addressee of the notice has complied with the notice, but after the time specified in it.
- (2) The limited liability partnership shall note in its beneficial ownership register that it has given a notice under section 56 or 62 of the Law, as the case may be, and —
- (a) where the notice has not been complied with, shall make a separate note in respect of each notice which has not been complied with; or
 - (b) where the notice has been complied with after the time specified in it, shall note the date on which the notice was complied with.

Additional matters where a limited liability partnership has issued a restrictions notice

8. (1) This regulation applies where a limited liability partnership has issued a restrictions notice.
- (2) The limited liability partnership shall note in its beneficial ownership register the words “restrictions notice issued” and the date of issue of the notice to show that it has issued the restrictions notice.
- (3) Where the limited liability partnership withdraws a restrictions notice under section 80 of the Law, the limited liability partnership shall note in its beneficial ownership register —
- (a) the words “restrictions notice withdrawn” to show that it has withdrawn the restrictions notice by giving a withdrawal notice; and
 - (b) the date specified in the withdrawal notice as the date on which the notice was given.
- (4) Where a court makes an order under section 77 of the Law directing that a relevant interest in the limited liability partnership cease to be subject to restrictions, the limited liability partnership shall note in its beneficial ownership register —
- (a) the words “restrictions ceased by court order” to show that the court has made the order under section 77 directing that a relevant interest in the limited liability partnership cease to be subject to restrictions; and
 - (b) the date on which the court’s order takes effect.

PART 3 – DUTIES OF CORPORATE SERVICES PROVIDERS AND THE REGISTRAR

Confirmation of limited liability partnership’s exemption from the application of Part 8 of the Law

9. (1) Where a limited liability partnership is exempt from the application of Part 8 of the Law, the corporate services provider that provides registered office services to the limited liability partnership (or the Registrar if the Registrar provides such services) shall provide the competent authority with all relevant information from the written confirmation of the exemption provided by the limited liability partnership under section 60(2) of the Law.
- (2) The relevant information shall be provided by way of the search platform established pursuant to section 67 of the Law and in the place and manner and at such intervals as are required of corporate services providers by virtue of section 68(2) of the Law and these Regulations.

- (3) The written confirmation of the exemption required to be provided by a limited liability partnership by section 60(2) of the Law shall include the following information for the purposes of paragraph (a)(ii) of that section —
- (a) for an exemption under section 52(1)(a) of the Law, the name of the stock exchange;
 - (b) for an exemption under section 52(1)(c) of the Law, the names of the approved person, the regulator or the stock exchange that is relevant to the approved person and the jurisdiction in which that regulator or stock exchange is established;
 - (c) for an exemption under section 52(1)(d) of the Law, the names of the relevant regulator and the jurisdiction in which that regulator is established;
 - (d) for an exemption under section 52(1)(e) of the Law —
 - (i) where the vehicle, fund or scheme is registered or holds a licence under a regulatory law, the name of the partnership; or
 - (ii) where the vehicle, fund or scheme is managed, arranged, administered or operated by an approved person, the names of the partnership, the approved person and the regulator or stock exchange that is relevant to the approved person and the jurisdiction in which that regulator or stock exchange is established;
 - (e) for an exemption under section 52(1)(f) of the Law, the name of the relevant legal entity holding a licence under the relevant Law referred to in that section;
 - (f) for an exemption under section 52(1)(g) of the Law, such information as may be prescribed.
- (4) Where a limited liability partnership is exempted on the basis that it is a subsidiary of one or more legal entities described in section 52(1) of the Law, the written confirmation shall include —
- (a) the names of —
 - (i) every legal entity described in that section of which the limited liability partnership is a subsidiary for the reasons set out in section 52(4)(a) or (b); or
 - (ii) the ultimate parent or parents in each chain of exempted legal entities, where the limited liability partnership is a subsidiary by reason only of section 52(4)(c); and
 - (b) in respect of each legal entity named pursuant to paragraph (a), the paragraph of section 52(1) that provides for the exemption and such additional information as may be relevant based on the provisions set out in that paragraph.
- (5) Where, in the case of an exemption under section 52(1)(e) of the Law, the general partner is a general partner of more than one partnership which qualifies for the exemption, the written confirmation of the exemption need only name one such partnership.
- (6) Where a limited liability partnership is exempt from the application of Part 8 of the Law under more than one paragraph of section 52(1) of the Law, the written confirmation of the exemption need only include the information required by one subparagraph of paragraph (3) of this regulation that applies to the limited liability partnership.
- (7) The written confirmation referred to in paragraph (4) need only include the names of legal entities or parent entities that are required under subparagraph (4)(a) and apply to the limited liability partnership.

Changes to information in confirmation of exemption

10. (1) If a limited liability partnership that has provided a written confirmation of exemption to a corporate services provider or the Registrar in accordance with section 60(2) of the Law becomes aware that any information in the confirmation has ceased to be true, the limited liability partnership shall, within one month of becoming aware of that fact, provide the corporate services provider or the Registrar, as the case may be, with —



- (a) an amended written confirmation of the exemption correcting the erroneous information and including any additional information required by these Regulations; and
 - (b) instructions to file the amended confirmation of exemption with the competent authority.
- (2) On receipt of an amended confirmation of exemption provided under paragraph (1), a corporate services provider or the Registrar, as the case may be, shall provide the competent authority with all relevant information from the amended confirmation or exemption in accordance with the requirements of regulation 9(2).

Deposit of beneficial ownership information

11. (1) Corporate services providers shall deposit with the competent authority not less than once in each month —
- (a) the beneficial ownership information required to be deposited under section 68(2) of the Law and the relevant information required under regulation 9(1) respecting a confirmation of exemption; or
 - (b) if the beneficial ownership information and relevant information referred to in subparagraph (a) has not changed since the prior deposit of such information, a notice that there has been no change to the information since that time.
- (2) The beneficial ownership information and notice referred to in paragraph (1) shall be deposited in the manner specified by the competent authority as being compatible with its search platform.
- (3) Notwithstanding paragraph (1), a limited liability partnership that is being wound up need only deposit the beneficial ownership information and notice referred to in that paragraph every ninety days.

PART 4 – RESTRICTIONS NOTICE

Content of a restrictions notice

12. A restrictions notice shall —
- (a) specify the date on which it is issued;
 - (b) identify the addressee's relevant interest in the limited liability partnership by reference to the partnership interest or right in question;
 - (c) explain the effect of the notice;
 - (d) state that, by virtue of the notice, certain acts or failures to act may constitute an offence; and
 - (e) state that an aggrieved person may apply to the court for an order directing that the relevant interest cease to be subject to restrictions.

Withdrawal of a restrictions notice

13. Where a limited liability partnership is required to withdraw a restrictions notice under section 80 of the Law, the withdrawal notice shall —
- (a) be given before the end of the period of fourteen days beginning with the day on which the limited liability partnership is required to withdraw the restrictions notice under that section;
 - (b) specify the date on which the withdrawal notice is given;
 - (c) identify the addressee's relevant interest in the limited liability partnership by reference to the partnership interest or right in question; and
 - (d) state that the relevant interest is no longer subject to restrictions.

PART 5 – HOLDING AN INTEREST IN A LIMITED LIABILITY PARTNERSHIP DIRECTLY OR INDIRECTLY**Application**

14. For the purposes of determining whether a person meets the specified conditions under section 54 or 55 of the Law or is a registrable person under section 58, this Part specifies the circumstances in which —
- (a) a person (“V”) is to be regarded as directly holding an interest in a limited liability partnership (“W”); and
 - (b) an interest held by V in W is to be regarded as held indirectly through a legal entity.

Holding an interest in a limited liability partnership directly

15. (1) V holds an interest in limited liability partnership W directly if —
- (a) V holds a partnership interest of W directly;
 - (b) V holds, directly, voting rights in W;
 - (c) V holds, directly, the right to appoint or remove any of the persons entitled to take part in the management of W;
 - (d) V has the right to exercise, or actually exercises, significant influence or control directly over W; or
 - (e) paragraph (2) is satisfied.
- (2) This paragraph is satisfied where —
- (a) 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) hold an interest in W in a way mentioned in paragraph (1)(a) to (d); and
 - (b) V has the right to exercise, or actually exercises, significant influence or control directly over the activities of that trust, partnership or other entity.

Holding an interest in a limited liability partnership indirectly through a legal entity

16. (1) This regulation applies where V —
- (a) holds a partnership interest in W by virtue of indirectly holding a partnership interest in W; and
 - (b) holds a partnership interest in W by virtue of having a majority stake as described in regulation 19(3) in —
 - (i) a legal entity (“L”) which holds the partnership interest directly; or
 - (ii) a legal entity that is part of a chain of legal entities described in regulation 19(1)(b) or (2)(b) that includes L.
- (2) Where this regulation applies, V holds the interest in W —
- (a) through L; and
 - (b) through each other legal entity in the chain mentioned in paragraph (1)(b)(ii).

Rights or interests held indirectly

17. (1) A person holds a right or partnership interest indirectly if the person has a majority stake in a legal entity and that entity —
- (a) holds the right or partnership interest in question; or
 - (b) is part of a chain of legal entities —
 - (i) each of which (other than the last) has a majority stake in the entity immediately below it in the chain; and
 - (ii) the last of which holds the right or partnership interest.



- (2) For these purposes, a person (“A”) has a majority stake in a legal entity (“B”) if —
 - (a) A holds a majority of the voting rights in B;
 - (b) A is a member of B and has the right to appoint or remove a majority of —
 - (i) the board of directors of B; or
 - (ii) the managers or a person holding similar or equivalent position in B;
 - (c) A is a member of B and controls alone, pursuant to a joint agreement with other members, a majority of the voting rights in B; or
 - (d) A has the right to exercise, or actually exercises, dominant direct influence or control over B.
- (3) In the application of this paragraph to the right to appoint or remove a majority of the board of directors, a legal entity is to be treated as having the right to appoint a director if —
 - (a) a person’s appointment as director follows necessarily from that person’s appointment as director of the legal entity; or
 - (b) the directorship is held by the legal entity itself.

PART 6 – DETERMINING WHETHER A PERSON MEETS THE SPECIFIED CONDITIONS OR HOLDS A RELEVANT INTEREST

Determining whether person meets specified conditions

- 18.** This Part applies for the purposes of determining whether a person meets the specified conditions under section 54 or 55 of the Law or holds a relevant interest for the purposes of the provisions relating to restriction notices under Part 8 of the Law.

Joint interests and arrangements

- 19.** (1) If two or more persons each hold a partnership interest or right jointly, each of them is treated as holding it.
- (2) If a partnership interest or right held by a person and a partnership interest or right held by another person are the subject of a joint arrangement between those persons, each of them is treated as holding the combined partnership interests or rights of both of them.

References to voting rights

- 20.** (1) A reference to the voting rights in a legal entity is to the rights conferred on the persons holding partnership interests or equivalent equity interests to vote at general meetings of the entity on all or substantially all matters.
- (2) In relation to a legal entity that does not have general meetings at which matters are decided by the exercise of voting rights, a reference to exercising voting rights in the entity shall be read as a reference to exercising rights in relation to the entity that are equivalent to those of a person entitled to exercise voting rights in a limited liability partnership.

Voting rights in a legal entity

- 21.** In applying this Part, the voting rights in a legal entity shall be reduced by any rights held by the entity itself.

Interests or rights held by nominees

- 22.** An interest or right held by a person as nominee for another is to be treated for the purposes of these Regulations as held by the other (and not by the nominee).

Right to share in surplus limited liability partnership property

23. For the purpose of section 54(3)(a) of the Law, to the extent that the holding of a right to share in any surplus limited liability partnership property on a winding up of the limited liability partnership is not expressly provided for, each member of the limited liability partnership shall be treated as holding the right to an equal share in any surplus limited liability partnership property on a winding up.

Right to appoint or remove managers

24. A reference to the right to appoint or remove —
- (a) a majority of the directors; or
 - (b) a manager or a person holding a similar or equivalent position, of a legal entity,
- is to the right to appoint or remove managers holding a majority of the voting rights on all or substantially all matters at meetings of the managers.

Rights treated as held by person who controls their exercise

25. (1) Where a person controls a right, the right is to be treated for the purposes of these Regulations as held by that person (and not by the person who in fact holds the right, unless that person also controls it).
- (2) Where a relevant interest is treated under this regulation as held by a person other than the person who in fact holds the interest, both the holder and the other person shall be regarded as holding the relevant interest.
- (3) A person controls a right if, by virtue of any arrangement between that person and others, the right is exercisable only —
- (a) by that person;
 - (b) in accordance with that person's directions or instructions; or
 - (c) with that person's consent or concurrence.

Rights exercisable only in certain circumstances, etc

26. (1) Rights that are exercisable only in certain circumstances shall be taken into account only —
- (a) when the circumstances have arisen and for so long as they continue to subsist; or
 - (b) when the circumstances are within the control of the person having the rights.
- (2) Notwithstanding paragraph (1), rights that are exercisable by an administrator or by creditors while a legal entity is in insolvency proceedings shall not be taken into account even while the entity is in those proceedings.
- (3) Rights that are normally exercisable but are temporarily incapable of exercise shall continue to be taken into account.

Rights attached to partnership interests held by way of security

27. Rights attached to partnership interests held by way of security provided by a person shall be treated as held by that person —
- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realizing it, the rights are exercisable only in accordance with that person's instructions; and
 - (b) where the partnership interests are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realizing it, the rights are exercisable only in that person's interests.

Limited partners

- 28.** (1) An individual or a legal entity does not meet the specified conditions for being a beneficial owner or a relevant legal entity in relation to a limited liability partnership by virtue only of being a limited partner.
- (2) An individual or a legal entity does not meet the specified conditions in section 54(3) of the Law in relation to a limited liability partnership (or to the extent they may otherwise apply to such legal entity by virtue of section 55(3) of the Law) by virtue only of, directly or indirectly, holding a partnership interest or a right in or in relation to a limited partner which (in its capacity as such) would meet the condition if it were an individual.
- (3) Paragraphs (1) and (2) do not apply for the purposes of determining under section 54(5) of the Law (to the extent that the section would apply to the legal entity by virtue of section 55(3) of the Law) whether the members of a partnership or other entity meet the conditions in section 54(3) or (4) of the Law (to the extent that the section would apply to the legal entity by virtue of section 55(3) of the Law) in their capacity as members.
- (4) In this regulation, “limited partner” means —
- (a) a limited partner in a limited partnership registered under the *Partnership Law (2013 Revision)* or the *Exempted Limited Partnership Law (2018 Revision)*, other than one who takes part in the management of the partnership business; or
 - (b) an individual or a legal entity who is a foreign limited partner and participates in limited partnership arrangements established under the law of a country or territory outside the Islands.

Made in Cabinet the 12th day of March, 2019.

Kim Bullings

Clerk of the Cabinet.