

Key Facts on Jersey Limited Partnerships

Listed below are ten key facts to bear in mind when structuring or dealing with a Jersey Limited Partnership:

- Do not commence any business activities in the name of the partnership prior to registration under the appropriate Limited Partnerships Law in Jersey. Prior to registration all partners are exposed to unlimited liability.
- There is no limit on the number of partners in a Jersey limited partnership. But if the partnership is used as a pooled investment vehicle it may be subject to regulatory controls in Jersey depending on the number of limited partners. See the following page for further guidance on this.
- Neither the limited partnership agreement nor the names of limited partners are available on the public record of the partnership in Jersey thereby preserving a high degree of privacy.
- The customary law rules of Jersey relating to partnerships apply to limited partnerships registered in Jersey to the extent not inconsistent with the provisions of the relevant Limited Partnerships Law under which the partnership is registered. Accordingly it is important to ensure that a Jersey limited partnership satisfies the conditions for creation of a valid partnership under Jersey law.
- Jersey limited partnerships are not partnerships at will. This means that no individual limited partner can purport to terminate the partnership unilaterally (unless this right is given to them in the partnership agreement).
- If the limited partnership has been established with an unlimited duration a limited partner can demand the return of their capital contribution on giving 6 months' notice.
- Jersey limited partnerships can operate as variable capital vehicles receiving and repaying capital to and from limited partners during the life of the partnership subject to a simple going concern solvency test when distributions are made.
- The established view is that Jersey limited partnerships registered under the Limited Partnerships (Jersey) Law 1994 do not have separate legal personality (in the way that an incorporated company does have). However a change of limited partner does not result in the termination of the limited partnership (unless otherwise provided in the partnership agreement).
- Jersey limited partnerships can be financed by either equity capital from limited partners or a mix of equity and loan capital provided by the partners. Limited partners providing loan capital to the partnership rank equally with the unsecured creditors of the partnership for the repayment of their partnership loans.
- Limited partnerships with legal personality may now be registered under the Limited Partnerships (Jersey) Law 2011. Limited partnerships qualifying as bodies corporate may also be registered under the Incorporated Limited Partnerships (Jersey) Law 2011.

Uses for Jersey limited partnerships:

- Regulated private equity funds or private investment funds
- As conduits for receiving and vesting carried interest/performance fees
- Family office holding structures
- As tax transparent joint venture vehicles

Regulatory Matters

The use and operation of Jersey limited partnerships as part of family office holding structures will typically be categorised as trust company business and save for obtaining a consent under the Control of Borrowing (Jersey) Order 1958 to enable the partnership to create limited partner interests, regulated trust companies in Jersey can set up and administer Jersey limited partnerships for this purpose without any further regulatory consents.

Where a Jersey limited partnership is used as a private investment syndicate or asset allocation vehicle for a maximum of 15 limited partners or as a conduit for carried interest/performance fees it can be structured so as to be subject only to light touch regulation under the Control of Borrowing (Jersey) Order 1958 and can be set up and administered by a regulated trust company in Jersey.

Where a Jersey limited partnership is used as a public collective investment fund it will be regulated under the Collective Investment Funds (Jersey) Law 1988 and must be administered by a business in Jersey holding a Fund Services Business registration under the Financial Services (Jersey) Law 1998.

For further information or advice please use the contact details below.