



BVI Limited Partnership Act, 2017

5 March 2018

Walkers is pleased to confirm that the new BVI Limited Partnership Act, 2017 (the “LPA”) is now in force and the Registry of Corporate Affairs is accepting the registration of limited partnerships under the LPA.

Providing a modern and up-to-date framework for BVI limited partnerships, the LPA has taken inspiration from legislation in a number of leading jurisdictions for private equity funds, including Delaware and the Cayman Islands, as well as drawing on the BVI’s own highly successful BVI Business Companies Act.

The LPA is aimed firmly at private equity funds, and is specifically designed to provide a platform for subscription finance transactions.

The LPA will also provide an alternative to the BVI business company for other corporate transactions, for example in joint ventures and as a holding entity for other structures where the flexibility of the structure and the confidentiality of the terms of the commercial relationship may be attractive.

We consider the following to be the key features of the LPA:

- streamlined and cost-effective registration of limited partnerships, with a default model agreement which is intended to facilitate same-day registration while the commercial terms of the partnership agreement are finalised;
- legal personality as the default position but with flexibility to elect not to have legal personality upon registration;
- no requirement for a BVI based general partner and no requirement for the general partner to make a capital contribution;
- near complete flexibility as to the commercial terms of the partnership agreement;
- specific recognition of capital commitments as an asset which can be dealt with by way of security to facilitate subscription finance transactions;
- ability to register a charge against a limited partnership with legal personality on the public register in the BVI and obtain priority under BVI law over unregistered and/or subsequently registered charges;
- extensive safe harbour provisions for limited partners in their dealings with the partnership;
- application of certain corporate law concepts to limited partnerships, including merger (with rights for dissenting limited partners), consolidation, plans and schemes of arrangements, redemption of minority partnership interests and continuations; and
- detailed provisions for the termination, deregistration, winding up and striking off of solvent limited partnerships, and also for winding up insolvent limited partnerships.



The legislation is the result of a collaborative effort by leading legal practitioners in the BVI, including Walkers, together with the BVI Government and experienced legislative drafters.

Contacts

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