

Creating flexibility and certainty

On 29 May 2015 the Bermuda Legislature passed several amendments to its partnership legislation most of which are intended to boost the Bermuda funds sector. As of 30 April 2015 there were approximately 800 active funds in Bermuda. In an effort to improve the asset management industry the Bermuda Legislature, through these partnership amendments, has improved the partnership product and seek to stimulate growth in the fund sector. Several amendments will now give Bermuda partnerships the same rights afforded to Bermuda companies.

The specific changes include:

Flexibility

- Aimed at making the restructuring the Partnership business easier
- Partnerships with separate legal personality will be able to be converted into a company
- For Limited Partnerships the partnership agreement may allow for the regulation and establishment of boards and committees to assist the General Partner in managing the Partnership

Certainty

- Judgments against the Partnership can only be enforced against the General Partner, which preserves the restricted liability of the Limited Partner
- Clarifying the 'safe harbour' provisions for Limited Partners to allow Limited Partners to consult or advise a General Partner with respect to the business of the limited partnership without affecting the liability of the Limited Partner

Relocation

- Partnerships can now continue into Bermuda

Charges Register

- Created for Partnerships with separate legal personality
- Operation similar to the register of charges maintained for Bermuda companies
- Aimed at facilitating financing of Partnerships



These changes are an indication of Bermuda's commitment to be responsive to the needs of its private equity and fund sectors, and to continue as a preferred jurisdiction for new and established businesses in this space.



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