



January 2016

The Limited Liability Companies Bill, 2015

The Limited Liability Companies Bill, 2015 was published on 18th December 2015. It is likely to be enacted as the Limited Liability Companies Law in January 2016 and brought into force before the end of June 2016. Once that is completed, the Cayman Islands will then be able to offer a Limited Liability Company ("**Cayman LLC**") as an alternative, or as a compliment, to the existing range of legal structures currently available in Islands. The Cayman LLC's flexibility is anticipated to be utilised in a wide variety of commercial structures and the planned introduction of the Cayman LLC was particularly welcomed by the private investment funds and financial services industries in Cayman and elsewhere. The Cayman LLC is expected to assist the Cayman Islands enhance its position as a leading offshore financial centre.

The Cayman LLC is based upon its Delaware (US) equivalent. The genesis of the legislative drafting can be found in the Delaware statute with Cayman legal concepts and specifics included. The Cayman LLC will be a body corporate with separate legal personality. The members will enjoy limited liability and a great deal of flexibility in settling the terms of the agreement governing how a Cayman LLC is to be operated including the allocation of gains/losses, the return of capital, voting rights and how it is managed. The governance structure of a Cayman LLC can be particularly flexible. The members themselves can manage a Cayman LLC, it may be managed by a managing member or by non-member managers and the agreement governing the operation of a

For further information on any of the issues discussed in this article please contact:



Jonathan Law
Jonathan.Law@dilloneustace.ie
DD: +1 345 814 4057



Matt Mulry
Matt.Mulry@dilloneustace.ie
DD: +1 345 814 4054



Derbhil O'Riordan
Derbhil.Oriordan@dilloneustace.ie
DD: +1 345 814 4052



Christine Holland
Christine.Holland@dilloneustace.ie
DD: +1 345 814 4051

Cayman LLC can specify differing powers and duties for separate classes of managers.

The formation process for a Cayman LLC will be simple and deliberately similar to the process that would be typical for a Delaware LLC. The agreement governing the operation of a Cayman LLC is not required to be filed with the Registry. The Cayman LLC is required to maintain registers of (1) members, (2) managers, and (3) mortgages and charges, although similar to Cayman Islands exempted companies it is only the register of managers which will be filed with the Registry. Importantly, existing Cayman Islands exempted companies will be able to convert into a Cayman LLC, a Cayman LLC will be able to participate in a merger or consolidation transaction, and non-Cayman entities will be able to migrate into the Cayman Islands and re-register as a Cayman LLC.

A further release will be issued on the enactment of the Bill and, once it has been confirmed, the date upon which the new Law will enter into force.

Dillon Eustace
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DILLON EUSTACE

Dublin

33 Sir John Rogerson's Quay, Dublin 2, Ireland. Tel: +353 1 667 0022 Fax: +353 1 667 0042.

Cayman Islands

Landmark Square, West Bay Road, PO Box 775, Grand Cayman KY1-9006, Cayman Islands. Tel: +1 345 949 0022 Fax: +1 345 945 0042.

New York

245 Park Avenue, 39th Floor, New York, NY 10167, U.S.A. Tel: +1 212 792 4166 Fax: +1 212 792 4167.

Tokyo

12th Floor, Yurakucho Itocia Building, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo 100-0006, Japan. Tel: +813 6860 4885 Fax: +813 6860 4501.

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