



**CAYMAN  
LAW  
GROUP LTD.**

## **LIMITED LIABILITY COMPANY (“LLC”)**

*We have set out below some general information in relation to a Limited Liability Company in the Cayman Islands. This information should not be construed as giving legal advice and the general public and clients should obtain advice on specific areas of concern. It should also be read in conjunction with our Memorandum on Due Diligence Requirements.*

The limited liability law introduces a new hybrid entity, modelled on financial and legal principles of a Delaware company and a Cayman company that combines attributes of a company and a limited liability partnership. LLCs formed under the new law are expected to be popular as a vehicle for investment fund and private equity structures, as well as corporate transactions including: joint ventures, special purpose vehicles and holding companies, wherein the LLC can be used in structures tailored to suit the particular transaction.

The principle law governing the formation and operation of LLCs in Cayman is the Limited Liability Companies Law, 2016 (“Law”).

### **DOCUMENTS TO BE FILED WITH THE REGISTRAR OF COMPANIES IN CAYMAN**

The registration of the LLC shall be effected by payment to the Registrar of Companies (“Registrar”) of a registration fee in the amount that the Cayman Cabinet shall, from time to time, by regulation prescribe along with filing with the Registrar a registration statement signed by or on behalf of any person forming the LLC in accordance with section 5(1) of the Law, which registration statement shall contain:

- a. The name of the LLC and, if applicable, its dual foreign name together with its translated name;

- b. The address in Cayman of the registered office of the LLC for the service of process and to which all notices and communications may be addressed;
- c. If the LLC has not been formed for an unlimited duration, the term, if any, the LLC is formed; and
- d. A declaration that the LLC shall not undertake business with the public in Cayman other than so far as may be necessary for the carrying on of the business of that LLC outside Cayman as contemplated by this Law.

### **ONGOING REQUIREMENTS**

1. Every LLC shall maintain at its registered office or at any other place within or outside Cayman, a register of its members which shall contain the name and address of each person who is a member of the LLC, the date on which such person became a member and the date on which such person ceased to be a member, and such register shall be updated within twenty-one days of any change in the particulars therein.
2. Every LLC shall, in January in every year file (including by permitted electronic means) with the Registrar a return signed by or on behalf of the LLC certifying that it has, during the calendar year, complied with the provisions of this Law and pay to the Registrar the prescribed annual fee.
3. Every LLC shall maintain a register of its managers and a register of mortgages and charges in a similar manner to an exempted company incorporated or registered under the Companies Law (Revised) in respect of its register of directors and officers and its register of mortgages and charges.
4. Every LLC shall cause to be kept proper books of account including, where applicable, material underlying documentation including contracts and invoices, with respect to:
  - a. All sums of money received and expended by the LLC and matters in respect of which the receipt and expenditure takes place;
  - b. All sales and purchases of goods by the LLC; and
  - c. The assets and liabilities of the LLC.

## ADVANTAGES OF THE LLC

1. Member liability is not limited by shares nor guarantee, but by capital accounts and contributions.
2. Separate legal personality with the substantial contractual flexibility of a partnership.
3. Operationally the same as partnerships wherein members hold capital accounts rather than shares.
4. Flexible and straight forward administration, tracking and calculation in a fund structure without the need to reference shares.
5. Profit and loss is allocated in accordance with operating agreement unlike a unitized company.
6. Parallel to onshore structures that include limited liability companies.
7. A legal entity that is familiar to onshore clients.