

In this document underlining indicates new text and striking through indicates deleted text.



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**LIMITED LIABILITY PARTNERSHIP LAW AMENDMENT LAW**

**DIFC LAW NO. 5 OF 2013**

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## LIMITED LIABILITY PARTNERSHIP LAW AMENDMENT LAW

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### PART 1: GENERAL

1. **Title and Commencement**

This Law may be cited as the “Limited Liability Partnership Law ~~2004~~ Amendment Law, DIFC Law No. 5 of 2013.”

2. **Legislative authority**

This Law is made by the Ruler of Dubai.

3. **Application of the law**

This Law applies in the jurisdiction of the Dubai International Financial Centre.

4. **Date of enactment**

This Law is enacted on the date specified in the Enactment Notice in respect of this Law.

5. **Commencement**

This Law comes into force on the date specified in the Enactment Notice in respect of this Law.

6. **Interpretation**

(1) Schedule 1 contains:

- (a) interpretative provisions which apply to this Law; and
- (b) a list of defined terms used in this Law.

(2) Schedule 2 contains prescribed contraventions.

7. **The Registrar**

This Law and any legislation made for the purpose of this Law is administered by the Registrar.

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**PART 7: ACCOUNTS AND AUDIT**

**CHAPTER 1 - ACCOUNTS**

**26. Maintenance of accounting records**

- (1) This Part does not apply in relation to any Company which is an Authorised Firm, Authorised Market Institution, Recognised Body or Recognised Member under the Regulatory Law 2004.
- (2) Every Limited Liability Partnership shall keep accounting records including underlying documents which are sufficient to show and explain its transactions and are such as to:
  - (a) disclose with reasonable accuracy the financial position of the Limited Liability Partnership at any time; and
  - (b) enable the Members to ensure that any accounts prepared by the Limited Liability Partnership under this Part comply with the requirements of this Law.
- (2)(3) A Limited Liability Partnership's accounting records shall be:
  - (a) kept at such a place within the DIFC as the Members think fit unless specifically prescribed in the Regulations;
  - (b) preserved by the Limited Liability Partnership for at least ~~10~~ 6 years from the date ~~to~~ upon which they ~~relate~~ were created, or for some other period as may be prescribed in the Regulations ;
  - (c) ~~at all reasonable times~~ open to inspection by any Member or auditor of the Limited Liability Partnership at all reasonable times; and
  - (d) otherwise kept and maintained in such manner as may be ~~provided~~ prescribed in the Regulations.

**PART 8: RECOGNISED LIMITED LIABILITY PARTNERSHIPS**

**36. Foreign Limited Liability Partnerships**

- (1) A Foreign Limited Liability Partnership shall not carry on business in the DIFC unless:
  - (a) it is registered as a Recognised Limited Liability Partnership under this Part; or
  - (b) it has submitted all necessary documents and information to be so registered in accordance with the requirements of the Registrar and the application has not been dealt with.
- (2) The Board of Directors of the DIFCA may make Regulations prescribing what comprises 'carrying on business' for the purposes of this Part.
- (3) A Foreign Limited Liability Partnership may apply to the Registrar for registration as a Recognised Limited Liability Partnership in such manner as shall be prescribed in the Regulations.

**37. Requirements of a Recognised Limited Liability Partnership**

- (1) A Recognised Limited Liability Partnership shall:
  - (a) appoint and retain at all times at least one person who is authorised to accept service of any document or notice on behalf of the Recognised Limited Liability Partnership and to undertake any other function as may be prescribed in the Regulations;
  - (b) have a principal place of business in the DIFC to which all communications and notices may be addressed; and
  - (c) file with the Registrar notice of:
    - (i) appointment of persons authorised to accept service;
    - (ii) address of the principal place of business in the DIFC; ~~and~~
    - (iii) any change in the name of a Recognised Limited Liability Partnership or details of persons authorised to accept service of any document on behalf of the Recognised Limited Liability Partnership and the address of its principal place of business in the DIFC; and
    - (iv) any change in the constitution of a Recognised Limited Liability Partnership, by the incoming or outgoing of any partner;



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in the form and manner required in the Regulations.

- (2) The Board of Directors of the DIFCA may make Regulations:
  - (a) prescribing procedures in relation to requirements under this Part; and
  - (b) waiving or modifying any requirements under this Part in relation to different cases or classes of cases.

**37A. Notification of change in registered details of a Recognised Limited Liability Partnership**

If there is a change in the registered details of a Recognised Limited Liability Partnership prescribed in the Law or the Regulations, the Recognised Limited Liability Partnership shall notify the Registrar in writing within 14 days of any such change taking place.

**37B. Maintenance of Accounting Records**

- (1) A Recognised Limited Liability Partnership shall keep accounting records including underlying documents which are sufficient to show and explain its transactions so as to:
  - (a) disclose with reasonable accuracy the financial position of the Recognised Limited Liability Partnership at any time; and
  - (b) enable the partners to ensure that any accounts prepared by the Recognised Limited Liability Partnership under this Part comply with the requirements of this Law.
  
- (2) A Recognised Limited Liability Partnership's accounting records shall be:
  - (a) kept at such place as the partners think fit unless specifically prescribed in the Regulations;
  - (b) preserved by the Recognised Limited Liability Partnership for at least 6 years from the date upon which they were created, or for some other period as may be prescribed in the Regulations;
  - (c) open to inspection by a partner or auditor of the Recognised Limited Liability Partnership at all reasonable times; and
  - (d) otherwise kept and maintained in such manner as may be prescribed in the Regulations.

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**PART 9: POWERS OF INSPECTION AND REMEDIES**

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**CHAPTER 4 – APPLICATIONS TO COURT**

**46. Orders for compensation**

The power of the Court to make orders for compensation is contained in Article ~~109~~ 133 of the Companies Law 2009.

**47. Orders in event of unfair prejudice**

(1) Where a Limited Liability Partnership's affairs are being or have been conducted in a manner whereby the conduct is unfairly prejudicial to the interests of its Members generally or of one or more Members; or an actual or proposed act or omission of the Limited Liability Partnership is or would be so prejudicial, the Court may, on application of one or more Members of the Limited Liability Partnership, make one or more of the following orders:

- (a) an order regulating the conduct of the Limited Liability Partnership's affairs in the future;
- (b) an order requiring a person to do, or refrain from doing, any act or thing;
- (c) authorise proceedings to be brought in the name of and on behalf of the Limited Liability Partnership by such person or persons and on such terms as the Court may direct; or
- (d) other order as the Court sees fit.

(2) Nothing in this Article affects the powers that any person or the Court may have apart from this Article.

**48. Power of Court to grant relief in certain cases**

The power of the Court to grant relief under this Law is contained in Article ~~113~~ 137 of the Companies Law 2009.

**49. Effect of Provisions**

For the avoidance of doubt, nothing in any Article in this Part limits the generality of any other Article in this Part, or the generality of any other provision in the Law or Regulations or other legislation administered by the Registrar, which may provide for administrative remedies or the commencement of proceedings in the Court.

**PART 10: MISCELLANEOUS**

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**54. Power to make Regulations**

- (1) The Board of Directors of the DIFCA may make Regulations for the purposes of this Law pursuant to the power conferred upon it under Article ~~116~~ 140 of the Companies Law ~~2004~~ 2009.
- (2) Without limiting the generality of Article ~~116~~ 140 of the Companies Law ~~2004~~ 2009, such Regulations may be made in respect of:
  - (a) the operation of the Law;
  - (b) forms, procedures and requirements under the Law;
  - (c) the keeping of public registers and databases; and
  - (d) the conduct of the Registrar and his officers, employees and agents in relation to the exercise of powers and performance of functions, including the exercise of discretionary powers and powers to conduct investigations and hearings.
- (3) The Board of Directors of the DIFCA may, without limiting powers conferred upon it elsewhere under the Law, make Regulations extending, waiving or modifying the application of the provisions of Part 7 of this Law in relation to different cases or classes of cases.
- (4) Where the Board of Directors of the DIFCA issues a standard or code of practice, the Board of Directors of the DIFCA may incorporate such a standard or code into the Regulations by reference and in such circumstances, except to the extent that the Regulations otherwise provide, a person who is subject to the provisions of any such standard or code must comply with such provisions as if they were provisions of the Regulations.
- (5) Where any legislation made for the purpose of this Law purports to be made in exercise of a particular power or powers, it shall be taken also to be made in the exercise of all powers under which it may be made.
- (6) The Board of Directors of the DIFCA shall publish draft Regulations in the manner prescribed under Article ~~117~~ 141 of the Companies Law ~~2004~~ 2009.

**55. Waivers and Modification of Law or Regulations**

The powers to waive and modify the Law or any Regulations made pursuant to the Law are contained in Article ~~130~~ 154 of the Companies Law 2009.

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**SCHEDULE 1**

**INTERPRETATION**

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**2. Legislation in the DIFC**

References to legislation and Guidance in the Law shall be construed in accordance with the following provisions:

- (a) Federal Law is law made by the federal government of the United Arab Emirates;
- (b) Dubai Law is law made by the Ruler, as applicable in the Emirate of Dubai;
- (c) DIFC Law is law made by the Ruler (including, by way of example, the Law), as applicable in the DIFC;
- (d) the Law is The Limited Liability Partnership Law, DIFC Law No.5 of 2004, made by the Ruler;
- (e) the Companies Law is the Companies Law, DIFC Law No.2 of ~~2004~~ 2009, made by the Ruler ;
- (f) the Regulations are legislation made by the Board of Directors of the DIFCA for the purpose of the Law and are binding in nature;
- (g) Guidance is indicative and non-binding and may comprise (i) guidance made and issued by the Registrar under the Law; and (ii) any standard or code of practice issued by the Board of Directors of the DIFCA which has not been incorporated into the Regulations; and
- (h) references to “legislation administered by the Registrar” are references to DIFC Law and Regulations conferring functions and powers on the Registrar.



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**3. Defined Terms**

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings.

<b>Terms</b>	<b>Definitions</b>
Board of Directors of the DIFCA	the governing body of the DIFCA.
Company	a Company incorporated under the Companies Law <u>2009</u> .
Court	the DIFC Court as established under Dubai Law.
creditors	includes present, future and contingent creditors.
Designated Member	the Member responsible for fulfilling specified requirements under this Law.
DFSA	DIFC Financial Services Authority.
DIFC	the Dubai International Financial Centre.
DIFCA	the DIFC Authority established under Dubai Law.
document	includes summons, notice, statement, return, account, order and other legal process, and registers.
Financial Services Regulator	a regulator of financial services activities established in a jurisdiction other than the DIFC.
Foreign Limited Liability Partnership	a limited liability partnership incorporated in any jurisdiction other than the DIFC.
Law	the Limited Liability Partnership Law 2004.
liabilities	includes any amount reasonably necessary to be retained for the purpose of providing for any liability or loss which is either likely to be incurred or certain to be incurred but uncertain as to amount or as to the date on which it will arise.
Limited Liability Partnership	a limited liability partnership incorporated in the DIFC.
Limited Liability Partnership Agreement	contains the elements set out in Article 9.
Member	a person named as a Member in the Limited Liability Partnership Agreement and has the duties under Part 6 of the Law.

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person	has the meaning given in Article 1 of Schedule 1 to the Law.
prescribed	prescribed by Regulation made by the Registrar.
President	the president of the DIFC, appointed by a decree of the Ruler pursuant to Dubai Law.
printed	includes typewritten and a photocopying of a printed or typewritten document.
records	documents and other records however stored.
Recognised Limited Liability Partnership	a Limited Liability Partnership registered under Article 36 of the Law.
Registrar	the Registrar of Companies appointed under the Companies Law <u>2009</u> .
Regulations	has the meaning given in Article 2 of Schedule 1 to the Law.
Ruler	the ruler of the Emirate of Dubai.
Schedule	a schedule to the Law.
year	a calendar year having the meaning given in Article 1 of Schedule 1 to the Law.

**SCHEDULE 2**

**CONTRAVENTIONS WITH FINES STIPULATED**

<i>Article of Law creating contravention</i>	<i>General nature of contravention</i>	<i>Fine</i>
12 (2)	Limited Liability Partnership failing to change name on direction of Registrar.	\$2,000
14 (1)	Limited Liability Partnership failing to have a registered office.	\$2,000
15 (1)	Limited Liability Partnership failing to have name on certain documents.	\$1,000
25 (2)	Limited Liability Partnership failing to take reasonable precautions to prevent loss or falsification of Limited Liability Partnership records.	
<u>26(2)</u>	<u>Failure of Limited Liability Partnership to keep accounting records.</u>	<u>\$2,000</u> <u>\$15,000</u>
26 ( <del>23</del> )(a) or (b)	Non-compliant maintenance of accounting records.	\$2,000
26 ( <del>23</del> )(c)	Failure to keep accounting records open to inspection.	
<u>28</u>	<u>Failure of Limited Liability Partnership to keep accounts or prepare accounts as required.</u>	<u>\$10,000</u> <u>\$15,000</u>
28 (3)	Failure of Members to approve and sign accounts.	\$10,000
28 (4)	Failure to comply with requirements within 6 months.	\$5,000
29 (1)	Limited Liability Partnership failing to supply copy of accounts to Member.	\$2,000
30	Limited Liability Partnership failing to appoint auditors.	\$10,000
31 (1)	Failure of auditor to make a report as required.	\$5,000
32 (1)	Auditor failing to fulfil duties.	\$5,000
33 (2)	Failure of auditor to comply with resignation requirements.	\$5,000
33 (3)	Limited Liability Partnership failing to send notice of auditor's resignation to Members <del>and to other persons entitled to receive notice of general meetings.</del>	\$1,000
34 (1)	Limited Liability Partnership not co-operating with auditor.	\$5,000
35 (1)	Limited Liability Partnership or auditor failing to disclose.	\$5,000
35 (2)	Limited Liability Partnership obstructing auditor.	\$5,000
<u>37A</u>	<u>Failure of Recognised Limited Liability Partnership to notify the Registrar of any change in registered details.</u>	<u>\$2,000</u>
<u>37(B)(1)</u>	<u>Failure of Recognised Limited Liability Partnership to keep accounting records.</u>	<u>\$15,000</u>
<u>37(B)(2)(a) or (b)</u>	<u>Non-compliant maintenance of accounting records by Recognised Limited Liability Partnership.</u>	<u>\$2,000</u>
<u>37(B)(2)(c)</u>	<u>Failure of Recognised Limited Liability Partnership to keep accounting records open to inspection.</u>	<u>\$1,000</u>



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42	Failure to comply with a direction or order of the Registrar.	\$15,000
51	Provision of false or misleading information to the Registrar.	\$15,000

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