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**LIMITED LIABILITY PARTNERSHIP LAW**

**DIFC LAW NO. 5 OF 2004**

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Consolidated Version  
(May 2017)

As Amended by

DIFC Law Amendment Law  
DIFC Law No. 1 of 2017

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**PART 1: GENERAL**

1. **Title and Commencement**

This Law may be cited as the “Limited Liability Partnership Law 2004”.

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.

## PART 2: FORMATION AND REGISTRATION

### 8. Method of formation

- (1) Any two or more persons may apply for the incorporation of a Limited Liability Partnership in accordance with the terms of the Limited Liability Partnership Agreement, by signing and filing with the Registrar an application for incorporation.
- (2) A Limited Liability Partnership may be incorporated to conduct any lawful business.
- (3) The application filed with the Registrar under Article 8 (1) shall be signed by the Members and shall set out:
  - (a) the name of the Limited Liability Partnership which must end with the words "Limited Liability Partnership";
  - (b) the address of the Limited Liability Partnership's registered office;
  - (c) the nature of the business to be conducted. It shall be sufficient to state that the purpose of the Limited Liability Partnership is to engage in any lawful act or activity;
  - (d) the name and address of each of the persons who are to be Members of the Limited Liability Partnership on incorporation;
  - (e) the names of those persons who are to be Designated Members or state that every person who from time to time is a Member of the Limited Liability Partnership is a Designated Member; and
  - (f) such other particulars as the Registrar may require.

### 9. Limited Liability Partnership Agreement

- (1) The Limited Liability Partnership Agreement shall be in the English language and shall be printed and be divided into paragraphs numbered consecutively.
- (2) The mutual rights and duties of the Limited Liability Partnership and the Members shall be determined, subject to the terms of the Limited Liability Partnership Agreement, by the following rules:
  - (a) All Members of a Limited Liability Partnership are entitled to share equally in the capital and profits of the Limited Liability Partnership.
  - (b) The Limited Liability Partnership shall indemnify each Member in respect of payments made and personal liabilities incurred by him:



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- (i) in the ordinary and proper conduct of the business of the Limited Liability Partnership; or
- (ii) in or about anything necessarily done for the preservation of the business or property of the Limited Liability Partnership;
- (c) Every Member may take part in the management of the Limited Liability Partnership.
- (d) No Member shall be entitled to remuneration for acting in the business or management of the Limited Liability Partnership.
- (e) No person may be introduced as a Member or voluntarily assign an interest in a Limited Liability Partnership without the consent of all existing Members.
- (f) Any difference arising as to ordinary matters connected with the business of the Limited Liability Partnership shall be decided by a majority of the Members, but no change may be made in the nature of the business of the Limited Liability Partnership without the consent of all the Members.
- (g) The books and records of the Limited Liability Partnership shall be made available for inspection at the registered office of the Limited Liability Partnership or at such other place as the Members think fit and every Member of the Limited Liability Partnership may have reasonable access to inspect and copy any of them.
- (h) Each Member shall render true accounts and full information of all things affecting the Limited Liability Partnership to any Member or his legal representatives.
- (i) If a Member, without the consent of the Limited Liability Partnership, carries on any business of the same nature as and competing with the Limited Liability Partnership, he shall account for and pay over to the Limited Liability Partnership all profits made by him in that business.
- (j) A Member shall account to the Limited Liability Partnership for any benefit derived by him without the consent of the Limited Liability Partnership from any transaction concerning the Limited Liability Partnership, or from any use by him of the property of the Limited Liability Partnership, name or business connection.

### 10. **Registration**

- (1) The Registrar may refuse to register a Limited Liability Partnership for such reason as he believes to be proper grounds for refusing such registration.

- (2) Where the Registrar refuses to register a Limited Liability Partnership he shall not be bound to provide any reason for his refusal and his decision shall not be subject to appeal or review in any court.

**11. Effect of registration**

- (1) On the registration of a Limited Liability Partnership and its Limited Liability Partnership Agreement the Registrar shall:
  - (a) give a certificate that the Limited Liability Partnership is incorporated; and
  - (b) allocate to the Limited Liability Partnership a number, which shall be the Limited Liability Partnership's registered number.
- (2) From the date of incorporation mentioned in the certificate of incorporation, the Members shall be a body corporate having the name contained in the certificate of incorporation capable forthwith of exercising all the functions of a Limited Liability Partnership.
- (3) A certificate of incorporation is conclusive evidence:
  - (a) of the incorporation of the Limited Liability Partnership; and
  - (b) that the requirements of this Law have been complied with in respect of the registration of the Limited Liability Partnership.



### **PART 3: NAMES AND CHANGE OF NAMES**

#### **12. Power to require change of name**

- (1) If, in the opinion of the Registrar, the name by which a Limited Liability Partnership is registered is misleading or otherwise undesirable, he may direct the Limited Liability Partnership to change it.
- (2) The direction shall be complied with within 14 days from the date of the direction or within such longer period as the Registrar may allow.

#### **13. Change of name**

- (1) A Limited Liability Partnership may, by Resolution, change its name, to a name which is acceptable to the Registrar.
- (2) Where a Limited Liability Partnership changes its name under this Article, the Registrar shall enter the new name on the register in place of the former name, and shall alter the register and issue a certificate to meet the circumstances of the case; and the change of name has effect from the date on which the altered certificate is issued.
- (3) A change of name by a Limited Liability Partnership under this Law does not affect any rights or obligations of the Limited Liability Partnership or render defective any legal proceedings by or against it; and any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it by its new name.



**PART 4: ADMINISTRATION OF AFFAIRS OF A LIMITED LIABILITY PARTNERSHIP**

**14. Registered office and conduct of business**

- (1) A Limited Liability Partnership shall at all times have a registered office in the DIFC to which all communications and notices may be addressed.
- (2) A Limited Liability Partnership must carry on its principal business activity in the DIFC, unless the Registrar otherwise permits.
- (3) A document may be served on a Limited Liability Partnership by leaving it at, or sending it by post to, the registered office of the Limited Liability Partnership.

**15. Particulars in correspondence**

- (1) Subject to Article 15 (2) the name of a Limited Liability Partnership and the address of the registered office of a Limited Liability Partnership shall appear in legible characters in all its business letters and order forms.
- (2) Wherever its name appears, a Limited Liability Partnership may abbreviate the words "Limited Liability Partnership" to "LLP".

## PART 5: CORPORATE CAPACITY AND TRANSACTIONS

### 16. Capacity of Limited Liability Partnership

- (1) A Limited Liability Partnership is a body corporate with a legal personality separate from that of its Members, which is formed by being incorporated under Part 2 of this Law.
- (2) A Limited Liability Partnership has unlimited capacity.
- (3) The Members of a Limited Liability Partnership have such liability to contribute to its assets in the event of its being wound up as provided by this Law or the Limited Liability Partnership Agreement.

### 17. Transactions entered into prior to corporate existence

- (1) Where a transaction purports to be entered into by a Limited Liability Partnership, or by a person as agent for a Limited Liability Partnership, at a time when the Limited Liability Partnership has not been formed, then, unless otherwise agreed by the parties to the transaction, the transaction has effect as one entered into by the person purporting to act for the Limited Liability Partnership or as agent for it, and he is personally bound by the transaction and entitled to its benefits.
- (2) A Limited Liability Partnership may, within such period as may be specified in the terms of the transaction or if no period is specified, within a reasonable time after it is formed, by act or conduct signifying its intention to be bound thereby, adopt any such transaction and it shall from that time be bound by it and entitled to its benefits and the person who entered into the transaction shall cease to be so bound and entitled.

## PART 6: MEMBERS

### 18. **Members**

- (1) In addition to those persons named as Members in the Limited Liability Partnership Agreement, any person may become a Member of a Limited Liability Partnership by and in accordance with an agreement with the existing Members.
- (2) A person may cease to be a Member of a Limited Liability Partnership (as well as by death or dissolution) in accordance with an agreement with the other Members or, in the absence of agreement with the other Members as to cessation of Membership, by giving reasonable notice to the other Members.
- (3) No majority of Members can expel any Member unless a power to do so has been conferred by express agreement between the Members.
- (4) A Member of a Limited Liability Partnership shall not be regarded for any purpose as employed by the Limited Liability Partnership.
- (5) If a Limited Liability Partnership carries on business without having at least two Members and does so for more than 14 days then:
  - (a) the Registrar may strike the Limited Liability Partnership off the register and the Limited Liability Partnership will be dissolved; and
  - (b) a person who, for the whole or any part of the period, that it so carries on business after those 14 days:
    - (i) is a Member of the Limited Liability Partnership; and
    - (ii) knows that it is carrying on business with less than two Members;

is liable (jointly and severally with the Limited Liability Partnership) for the payment of the Limited Liability Partnership's debts contracted during the period or, as the case may be, that part of it.

### 19. **Relationship of Members**

- (1) Except as far as otherwise provided by this Law or any other law, the mutual rights and duties of the Members of a Limited Liability Partnership, and the mutual rights and duties of a Limited Liability Partnership and its Members, shall be governed by the Limited Liability Partnership Agreement.
- (2) A Limited Liability Partnership Agreement made before the incorporation of a Limited Liability Partnership between the persons who subscribe their names to the

Limited Liability Partnership Agreement may impose obligations on the Limited Liability Partnership to take effect at any time after its incorporation.

**20. Duties of Members**

A Member of a Limited Liability Partnership in exercising his powers and discharging his duties, shall:

- (a) act honestly and in good faith with a view to the best interests of the Members and the Limited Liability Partnership; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**21. Members as agents**

- (1) Every Member of a Limited Liability Partnership is the agent of the Limited Liability Partnership.
- (2) But a Limited Liability Partnership is not bound by anything done by a Member in dealing with a person if:
  - (a) the Member in fact has no authority to act for the Limited Liability Partnership by doing that thing; and
  - (b) the person knows that the Member has no authority or does not know or believe him to be a Member of the Limited Liability Partnership.
- (3) Where a person has ceased to be a Member of a Limited Liability Partnership, the former Member is to be regarded in relation to any person dealing with the Limited Liability Partnership, as still being a Member of the Limited Liability Partnership unless:
  - (a) the person has notice that the former Member has ceased to be a Member of the Limited Liability Partnership; or
  - (b) notice that the former Member has ceased to be a Member of the Limited Liability Partnership has been delivered to the Registrar.
- (4) Where a Member of a Limited Liability Partnership is liable to any person, other than another Member of the Limited Liability Partnership, as a result of a wrongful act or omission of his in the course of the business of the Limited Liability Partnership or with its authority, the Limited Liability Partnership is jointly and severally liable to the same extent as the Member.

22. **Assumptions in relation to Members**

- (1) Subject to Article 22 (3), a person dealing with a Limited Liability Partnership is entitled to assume that anyone who appears, from information that is available on a public register of the Registrar, to be a Member of the Limited Liability Partnership:
  - (a) has been duly appointed; and
  - (b) has authority to exercise the powers and perform the duties customarily exercised or performed by a Member of a Limited Liability Partnership.
- (2) A Limited Liability Partnership is not entitled to assert in proceedings in relation to dealings of the Limited Liability Partnership that any such assumption is incorrect.
- (3) A person is not entitled to make an assumption in Article 22 (1) if at the time of the dealing he knew or suspected that the assumption was incorrect.

23. **Ex-Members**

- (1) Where a Member of a Limited Liability Partnership has:
  - (a) ceased to be a Member;
  - (b) died;
  - (c) become bankrupt or has been wound up; or
  - (d) assigned the whole or any part of his share in the Limited Liability Partnership absolutely or by way of charge or security;

then:

- (e) the former Member
  - (f) his personal representative;
  - (g) his liquidator; or
  - (h) his assignee;

as the case may be, may not interfere in the management or administration of any business or affairs of the Limited Liability Partnership.
- (2) Article 23 (1) does not affect any right to receive an amount from the Limited Liability Partnership in that event.

24. **Designated Members**

(1) If the Limited Liability Partnership Agreement specifies who are to be Designated Members:

- (a) they are Designated Members on incorporation; and
- (b) any Member may become a Designated Member by and in accordance with an agreement with the other Members;

and a Member may cease to be a designated Member in accordance with an agreement with the other Members.

(2) There must be at least one Designated Member, and where no Member is appointed, then every Member is a Designated Member.

(3) If the Limited Liability Partnership Agreement states that every person who from time to time is a Member of the Limited Liability Partnership is a designated Member, every Member is a Designated Member.

(4) A Limited Liability Partnership may at any time deliver to the Registrar:

- (a) notice that specified Members are to be Designated Members; or
- (b) notice that every person who from time to time is a Member of the Limited Liability Partnership is a Designated Member;

and once it is delivered, Article 24 (1) and Article 24 (2) or Article 24 (3), shall have effect as if that were stated in the Limited Liability Partnership Agreement.

(5) A notice delivered under Article 24 (4):

- (a) shall be in a form approved by the Registrar; and
- (b) shall be signed by a Designated Member of the Limited Liability Partnership or authenticated in a manner approved by the Registrar.

(6) A person ceases to be a Designated Member if he ceases to be a Member.

(7) The Designated Members shall have the responsibilities imposed by Articles 26, 28 and 30.

25. **Registration of Membership changes**

(1) A Limited Liability Partnership must ensure that:

- (a) when a person becomes or ceases to be a Member or Designated Member, notice is delivered to the Registrar within 14 days; and
  - (b) where there is any change in the name or address of a Member, notice is delivered to the Registrar within 28 days.
- (2) Where all the Members from time to time of a Limited Liability Partnership are Designated Members, Article 25 (1)(a) does not require notice that a person has become or ceased to be a Designated Member as well as a Member.
- (3) A notice delivered under Article 25 (1):
- (a) shall be in a form approved by the Registrar; and
  - (b) shall be signed by a Designated Member of the Limited Liability Partnership or authenticated in a manner approved by the Registrar;

and, if it relates to a person becoming a Member or Designated Member, shall contain a statement that he consents to becoming a Member or designated Member signed by him or authenticated in a manner approved by the Registrar.

- (4) If a Limited Liability Partnership fails to comply with Article 25 (1), the partnership and every Designated Member commits an offence.
- (5) It is a defence for a Designated Member who commits a contravention under Article 25 (4) to prove that he took all reasonable steps for securing that Article 25 (1) was complied with.



## 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 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.
- (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 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 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 prescribed in the Regulations.

#### 27. Financial years

- (1) The first financial year of a Limited Liability Partnership starts on the day on which it is incorporated and lasts for 12 months or some other period not exceeding 18 months as may be determined by the Members.
- (2) The second and any subsequent financial year shall start at the end of the previous financial year and shall last for 12 months or some other period which is within 7 days either shorter or longer than 12 months as may be determined by the Members.

**28. Accounts**

- (1) The Members of every Limited Liability Partnership shall cause accounts to be prepared in relation to each financial year of the Limited Liability Partnership.
- (2) The accounts shall be prepared in accordance with accounting principles or standards approved by the Registrar or prescribed in Regulations and shall show a true and fair view of the profit or loss of the Limited Liability Partnership for the period and of the state of the Limited Liability Partnership's affairs at the end of the period and comply with any other requirements of this Law.
- (3) A Limited Liability Partnership's accounts shall be approved by the Members and signed on their behalf by at least one of them.
- (4) Within 6 months after the end of the financial year, the accounts for that year shall be:
  - (a) prepared and approved by all the Members; and
  - (b) examined and reported upon by an auditor.
- (5) A Limited Liability Partnership shall file with the Registrar within 7 days after the accounts have been approved by the Members, a copy of the accounts and auditors report.
- (6) In this Part, references to "accounts" are to those prepared in accordance with this Article.

**29. Provision of copy of accounts to Member**

- (1) Any Member of a Limited Liability Partnership is entitled, on written request to be furnished with a copy of the Limited Liability Partnership's latest audited accounts and auditor's report without charge.
- (2) A Limited Liability Partnership shall comply with such a request within seven days.

**CHAPTER 2 - AUDITORS**

**30. Appointment and removal of auditors**

- (1) A Limited Liability Partnership shall appoint a firm of auditors who shall examine and report in accordance with this Law upon the accounts prepared pursuant to Article 28.

**31. Auditors' report to the Members**

- (1) A Limited Liability Partnership's auditor shall make a report to the Members on the accounts examined by the auditor.
- (2) The auditor's report shall state:
  - (a) whether in the auditor's opinion the accounts have been properly prepared in accordance with this Law;
  - (b) in particular, whether the accounts give a true and fair view of the profit or loss of the Limited Liability Partnership for the financial year and of the state of the Limited Liability Partnership's affairs at the end of the financial year; and
  - (c) any other matter or opinion required under the Regulations.

**32. Auditors' duties and powers**

- (1) A Limited Liability Partnership's auditor shall, in preparing the report in relation to accounts of a Limited Liability Partnership, carry out such investigations as will enable the auditor to form an opinion as to the following matters:
  - (a) whether proper Accounting Records have been kept by the Limited Liability Partnership and proper returns adequate for the audit have been received from branches or offices not visited by the auditor;
  - (b) whether the Limited Liability Partnership's accounts are in agreement with the Accounting Records and returns; and
  - (c) whether the Limited Liability Partnership's accounts have been prepared in compliance with any applicable accounting standards.
- (2) If the auditors are of the opinion that proper Accounting Records have not been kept, or that proper returns adequate for the audit have not been received from branches or offices not visited by the auditor, or if the accounts are not in agreement with the Accounting Records and returns, or that the accounts do not comply with accounting standards, the auditor shall state that fact in the report.
- (3) The auditor has a right of access at all reasonable times to the Limited Liability Partnership's records, and is entitled to require from the Limited Liability Partnership's Members such information and explanations as the auditor considers necessary for the performance of the duties of the auditor.
- (4) Every auditor is entitled to receive notice of, and attend, any meeting of Members and to be heard on any part of the business of the meeting which concerns the auditor.

- (5) If the auditor fails to obtain all the information and explanations which, to the best of the auditor's knowledge and belief are necessary for the purposes of the audit, the auditor shall state that fact in the report.

**33. Resignation of an auditor**

- (1) An auditor of a Limited Liability Partnership may resign from office by depositing a notice in writing to that effect together with a statement under Article 33 (2) at the Limited Liability Partnership's registered office; and any such notice operates to bring his term of office to an end on the date on which the notice is deposited, or on such later date as may be specified in it.
- (2) When an auditor ceases for any reason to hold office the auditor shall deposit at the Limited Liability Partnership's registered office:
  - (a) a statement to the effect that there are no circumstances connected with the ceasing to hold office which the auditor considers should be brought to the notice of the Members or creditors of the Limited Liability Partnership; or
  - (b) a statement of any circumstances as are mentioned above.
- (3) Where a statement under Article 33 (2) falls within sub-paragraph (b) of that Article, the Limited Liability Partnership shall within 14 days send a copy of the statement to every Member of the Limited Liability Partnership.

**34. Co-operation with auditors**

- (1) A Member of a Limited Liability Partnership shall not knowingly or recklessly make to the Limited Liability Partnership's auditor, either orally or in writing, a statement which:
  - (a) conveys or purports to convey any information or explanation which the auditor requires, or is entitled to require, as auditor of the Limited Liability Partnership; and
  - (b) is either or both:
    - (i) false, misleading or deceptive in a material particular; or
    - (ii) is such that it omits information where the omission of such information is likely to mislead or deceive the auditor.
- (2) A Limited Liability Partnership, or any Member of a Limited Liability Partnership, or any person acting under the direction or authority of such a Limited Liability Partnership or Member, shall not without reasonable excuse engage in conduct, including without limitation the:

- (a) destruction or concealment of documents;
- (b) coercion, manipulation, misleading, or influencing of the auditor;
- (c) failure to provide access to information or documents specified by the auditor; or
- (d) failure to give any information or explanation which the person is able to give;

where the Limited Liability Partnership, Member or other person knows or ought to know that such conduct could, if successful:

- (e) obstruct the auditor in the exercise of any powers under this Chapter, or
- (f) result in the rendering of the accounts of the Limited Liability Partnership or the auditor's report materially misleading.

**35. Obligation of Disclosure to the Registrar**

- (1) An auditor shall disclose to the Registrar any material matters concerning the accounts of a Limited Liability Partnership which reasonably tend to show that there has been a failure or a likely failure to comply with any obligation under this Law or Regulations.
- (2) Without limiting the application of Article 35 (1) or any other provision of this Law, an auditor does not contravene any duty to which the auditor is subject merely because the auditor gives to the Registrar:
  - (a) a notification as required under Article 35 (1); or
  - (b) any other information or opinion;

if the auditor is acting in good faith and reasonably believes that the notification, information or opinion is relevant to any functions of the Registrar.

## 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;
    - (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;

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 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.

## PART 9: POWERS OF INSPECTION AND REMEDIES

### CHAPTER 1 – POWERS OF INSPECTION

#### 38. Appointment of Inspectors

- (1) The Registrar may appoint one or more Inspectors to investigate the affairs of a Limited Liability Partnership and to submit such written report as the Registrar may direct.
- (2) The Registrar shall inform the DFSA prior to appointing Inspectors under 38(1) to investigate the affairs of a Limited Liability Partnership licensed, registered or recognised by the DFSA.

#### 39. Production of books, records and assistance

- (1) If Inspectors appointed under Article 38 suspect that any person may be in possession of book, records or information relevant to the investigation, they may require such person:
  - (a) to produce any books and records in his custody or power relating to the affairs of the Limited Liability Partnership;
  - (b) to attend before them at reasonable times and on reasonable notice and answer all questions put to them relevant to the affairs of the Limited Liability Partnership; and
  - (c) to give reasonable assistance to them in connection with the investigation.
- (2) If Inspectors appointed under Article 38 have reasonable grounds for suspecting that a Member or past Member of a Limited Liability Partnership maintains or has maintained a bank account of any description, whether alone or jointly with another person, into or out of which has been paid money which is in any way related to the affairs of the Limited Liability Partnership which are the subject of investigation, the Inspectors may require the Member to obtain and produce all books and records in his custody or power relating to the bank account.
- (3) A person in respect of whom a requirement is made by an Inspector pursuant to Article 38 shall comply with that requirement.

#### 40. Inspectors' Reports

- (1) The Inspectors shall make a written report to the Registrar at the conclusion of their investigation.



- (2) The Inspectors shall make such interim reports, if any, to the Registrar that the Registrar may require.
- (3) The Registrar may, upon receipt of a report by an Inspector, do any one or more of the following:
  - (a) provide a copy to the Limited Liability Partnership to which the report relates with or without a direction that it be disclosed to the Members;
  - (b) provide a copy of the report to any person whose financial interests may have been affected by the matters dealt with in the report; or
  - (c) cause the report to be published; or
  - (d) in the case of a Limited Liability Partnership licensed, registered or recognised by the DFSA, provide a copy of the report to the DFSA.

## **CHAPTER 2 – POWERS OF THE REGISTRAR**

### **41. Direction to Limited Liability Partnership to comply with the Law**

- (1) If a Limited Liability Partnership or any Member of it fails to comply with:
  - (a) a provision of this Law or of the Regulations or of any legislation administered by the Registrar; or
  - (b) a requirement made by the Registrar pursuant to any power under such Law, Regulations, or other legislation;

which requires any of them to deliver to or file with the Registrar any document, or to give notice to him of any matter, the Registrar may issue a direction that the Limited Liability Partnership or any Member to make good the failure within a time specified in the direction.

- (2) If the Registrar considers that the Limited Liability Partnership or any Member of it has failed to comply with the direction, he may apply to the Court for one or more of the following orders:
  - (a) an order directing the Limited Liability Partnership or Members to comply with the direction or with any provision of the Law or of the Regulations or of any legislation administered by the Registrar relevant to the issue of the direction;
  - (b) an order directing the Limited Liability Partnership or Members to pay any costs incurred by the Registrar or other person relating to the issue of the

direction by the Registrar or the breach of such Law, Regulations or legislation relevant to the issue of the direction; or

- (c) any other order that the Court considers appropriate.
- (3) Nothing in this Article prejudices the operation of any Article imposing penalties on a Limited Liability Partnership or its Members in respect of a failure mentioned above, nor any powers that the Registrar or other person or the Court may have under any other provision of the Law.

**42. Compliance with an order or direction of the Registrar**

Where the Registrar makes an order, issues a direction or makes a requirement in relation to a person pursuant to a provision of this Law or Regulations, such person must comply with such order, direction or requirement.

**43. Dissolution of Limited Liability Partnerships**

- (1) If the Registrar has reason to believe that:
  - (a) a Limited Liability Partnership is not carrying on business or is not in operation;
  - (b) a Limited Liability Partnership is acting in contravention of this Law; or
  - (c) it is prejudicial to the interests of the DIFC for a Limited Liability Partnership to remain on the register, he may give notice to the Limited Liability Partnership that at the conclusion of three months from the date of the notice, the Limited Liability Partnership shall be struck off the register unless reason is shown to the contrary.
- (2) If the Limited Liability Partnership to whom notice under 43(1) is to be given is licensed, registered or recognised by the DFSA, the Registrar shall first obtain the consent of the DFSA prior to giving such notice.
- (3) If by the end of the three month period the Registrar:
  - (a) has received confirmation that the Limited Liability Partnership is no longer carrying on business or is not in operation; or
  - (b) has not received from the Limited Liability Partnership sufficient reasons as to why the Limited Liability Partnership should not be struck off the register,

the Registrar shall strike the name of the Limited Liability Partnership off the register and the Limited Liability Partnership shall be dissolved.

- (4) If, where a Limited Liability Partnership is being wound up in a creditors' winding up, the Registrar has reason to believe either that no liquidator is acting, or that the affairs of the Limited Liability Partnership are fully wound up, and the returns required to be made by the liquidator have not been made for a period of six consecutive months, the Registrar may give notice to the Limited Liability Partnership or the liquidator (if any) similar to that provided for in Article 43 (1).
- (5) At the end of the period mentioned in the notice the Registrar shall, unless reason to the contrary is shown by the Limited Liability Partnership, creditor or liquidator, strike the name of the Limited Liability Partnership off the register and the Limited Liability Partnership will be dissolved.
- (6) Where a Limited Liability Partnership is struck off the register under this Article, the liability of every Member of the Limited Liability Partnership continues and may be enforced as if the Limited Liability Partnership had not been dissolved.

### **CHAPTER 3 – GENERAL CONTRAVENTIONS**

#### **44. General Contraventions Provision**

- (1) A person who:
  - (a) does an act or thing that the person is prohibited from doing by or under an Article of this Law referred to in Schedule 2;
  - (b) does not do an act or thing that the person is required or directed to do under an Article of this Law referred to in Schedule 2; or
  - (c) otherwise contravenes an Article of this Law referred to in Schedule 2;commits a contravention of this Law.
- (2) In Article 44, 'person' does not include the DIFCA, DFSA, Registrar or President.

#### **45. Administrative Imposition of Fine**

- (1) The Board of Directors of the DIFCA shall prescribe in Regulations procedures in relation to the imposition and recovery of fines under this Article.
- (2) Where the Registrar considers that a person has contravened a provision of the Law referred to in Schedule 2 which has a fine stipulated, the Registrar may impose by written notice given to the person a fine, in respect of the contravention, of such amount as it considers appropriate but not exceeding the amount of the maximum fine specified in Schedule 2 in respect of each contravention.
- (3) If, within the period specified in the notice:

- (a) the person pays the prescribed fine to the Registrar, then no proceedings may be commenced by the Registrar against the person in respect of the relevant contravention; or
  - (b) the person takes such action as is prescribed in the Regulations to object to the imposition of the fine or has not paid the prescribed fine to the Registrar, then the Registrar may apply to the Court for, and the Court may so order, the payment of the fine or so much of the fine as is not paid and make any further order as the Court sees fit for recovery of the fine.
- (4) A certificate that purports to be signed by the Registrar and states that a written notice was given to a person pursuant to Article 45 (2) imposing a fine on the basis of specific facts is:
- (a) conclusive evidence of the giving of the notice to the person; and
  - (b) prima facie evidence of the facts contained in the notice;
- in any proceedings commenced under Article 45 (3).

#### **CHAPTER 4 – APPLICATIONS TO COURT**

##### **46. Orders for compensation**

The power of the Court to make orders for compensation is contained in Article 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 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

### 50. Irregularities

- (1) In this Article:
  - (a) “procedure” is a reference to any procedure including but not limited to the making of a decision, the conduct of a hearing, the giving of a notice, and any proceeding whether a legal proceeding or not; and
  - (b) “procedural irregularity” includes a reference to a defect, irregularity or deficiency of notice or time.
- (2) A procedure under the Law or the Regulations or any other legislation administered by the Registrar is not invalidated because of any procedural irregularity unless the Court declares the procedure to be invalid.
- (3) A person may apply to the Court for an order:
  - (a) declaring that:
    - (i) any act or thing purporting to have been done; or
    - (ii) any procedure purporting to have been commenced or undertaken;under the Law or the Regulations administered by the Registrar is not invalid by reason of any contravention of a provision of such Law, Regulations or other legislation; or
  - (b) extending or abridging the period for doing any act, matter or thing or commencing or undertaking any procedure under the Law or the Regulations or any other legislation administered by the Registrar;

where any such act or thing, or procedure, is essentially of a procedural nature.

### 51. False or Misleading Information

A person shall not:

- (a) provide information which is false, misleading or deceptive to the Registrar; or
- (b) conceal information where the concealment of such information is likely to mislead or deceive the Registrar.

**52. Forms and Filing of Material with the Registrar**

The Board of Directors of the DIFCA may by means of Regulations:

- (a) require the filing or delivery of certain material with the Registrar, including without limitation in relation to applications for registration of a Limited Liability Partnership;
- (b) provide for the manner in which any document to be filed with the Registrar is to be, or to be deemed, signed, including authentication by electronic means, and by whom;
- (c) prescribe the manner in which such material shall be filed;
- (d) prescribe which material, or parts of the material, shall be made available for viewing by the public during the normal business hours of the Registrar;
- (e) permit or require the use of an electronic or computer-based system for the filing, delivery or depositing of, documents or information required under or governed by the Law or Regulations or other legislation administered by the Registrar, and any ancillary documents; and
- (f) prescribe the circumstances in which persons or Limited Liability Partnerships shall be deemed to have signed or certified documents on an electronic or computer-based system for any purpose under the Law.

**53. Public Registers**

- (1) The Registrar shall publish and maintain a register of current and past registrations of Limited Liability Partnerships in such manner as may be prescribed in the Regulations.
- (2) The Registrar shall make a reasonably current version of any register maintained under this Article freely available for viewing by the public during the normal business hours of the Registrar.

**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 of the Companies Law 2009.
- (2) Without limiting the generality of Article 116 of the Companies Law 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 141 of the Companies Law 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 154 of the Companies Law 2009.

**56. Fees**

- (1) The Board of Directors of the DIFCA may make Regulations requiring the payment to the Registrar of such fees as may be prescribed in respect of:
- (a) the performance by the Registrar of such functions under this Law as may be specified in the Regulations, including the receipt by him of any document under this Law which is required to be delivered to him; and
  - (b) the inspection of documents or other material held by him under this Law.
- (2) The Registrar may charge a fee for any services provided by him otherwise than in pursuance of an obligation imposed on him by this Law.
- (3) Where a fee is provided for or charged under this Article for the performance of an act or duty by the Registrar, no action need be taken by him until the fee is paid, and





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where the fee is payable on the receipt by him of a document required to be delivered to him he shall be deemed not to have received it until the fee is paid.

## SCHEDULE 1

### INTERPRETATION

#### 1. Rules of interpretation

- (1) In the Law, a reference to:
  - (a) a statutory provision includes a reference to the statutory provision as amended or re-enacted from time to time;
  - (b) a person includes any natural person, body corporate or body unincorporate, including a company, partnership, unincorporated association, government or state;
  - (c) an obligation to publish or cause to be published a particular document shall, unless expressly provided otherwise in the Law, include publishing or causing to be published in printed or electronic form;
  - (d) a day shall refer to a business day, being a normal working day in the DIFC;
  - (e) a calendar year shall mean a year of the Gregorian calendar; and
  - (f) a reference to the masculine gender includes the feminine.
- (2) The headings in the Law shall not affect its interpretation.
- (3) References in this Law to a body corporate include a body corporate incorporated outside DIFC.
- (4) A reference in this Law to a Part, Article or Schedule by number only, and without further identification, is a reference to the Part, Article or Schedule of that number in this Law.
- (5) A reference in an Article or other division of this Law to a paragraph, sub-paragraph or Article by number or letter only, and without further identification, is a reference to the paragraph, sub-paragraph or Article of that number or letter contained in the Article or other division of this Law in which that reference occurs.
- (6) Unless the context otherwise requires, where this Law refers to an enactment, the reference is to that enactment as amended from time to time, and includes a reference to that enactment as extended or applied by or under another enactment, including any other provision of that enactment.



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- (7) References to this Law to a writing, filing, instrument or certificate include any mode of communication that preserves a record of the information contained therein and is capable of being reproduced in tangible form, including electronic means.



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 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.

3. **Defined Terms**

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

| Terms              | Definitions   |
|--------------------|---|
| Accounting Records | records and underlying documents comprising initial and other accounting entries and associated supporting documents such as: <ul style="list-style-type: none"><li>(a) cheques;</li><li>(b) records of electronic funds transfers;</li><li>(c) invoices;</li></ul> |

|                                       |   |
|---------------------------------------|---|
|                                       | <p>(d) contracts;</p> <p>(e) the general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in journal entries; and</p> <p>(f) work sheets and spread sheets supporting costs allocations, computations, reconciliations and disclosures.</p> |
| Board of Directors of the DIFCA       | the governing body of the DIFCA.  |
| Company                               | a Company incorporated under the Companies Law 2009.  |
| 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                     | contains the elements set out in Article 9.   |

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**DIFC LIMITED LIABILITY PARTNERSHIP LAW**


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| Partnership Agreement                    |   |
| Member                                   | a person named as a Member in the Limited Liability Partnership Agreement and has the duties under Part 6 of the Law. |
| 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 2009.  |
| 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<br/>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. | \$2,000     |
| 26(2)  | Failure of Limited Liability Partnership to keep Accounting Records.  | \$15,000    |
| 26 (3)(a) or (b)                                 | Non-compliant maintenance of Accounting Records.  | \$2,000     |
| 26(3)(c)   | Failure to keep Accounting Records open to inspection.  | \$10,000    |
| 28(1) or (2)                                     | Failure of Limited Liability Partnership to prepare accounts as required.   | \$15,000    |
| 28(3)  | Failure of Members to approve and sign accounts.  | \$10,000    |
| 28(4)  | Failure to comply with requirements within 6 months.  | \$5,000     |
| 28(5)  | Failure to file accounts as required  | \$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(1)  | Failure of auditor to comply with resignation requirements.   | \$5,000     |
| 33(3)  | Limited Liability Partnership failing to send auditor's statement to Members as required  | \$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     |
| 34(2)  | Limited Liability Partnership, Member or person obstructing the auditor.  | \$5,000     |
| 37A  | Failure of Recognised Limited Liability Partnership to notify the Registrar of any change in registered details.                                | \$2,000     |
| 37(B)(1)   | Failure of Recognised Limited Liability Partnership to keep Accounting Records.   | \$15,000    |

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|--------------------|--|----------|
| 37(B)(2)(a) or (b) | Non-compliant maintenance of Accounting Records by Recognised Limited Liability Partnership.       | \$2,000  |
| 37(B)(2)(c)        | Failure of Recognised Limited Liability Partnership to keep Accounting Records open to inspection. | \$1,000  |
| 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 |

**CONTRAVENTIONS WITH NO FINES STIPULATED**

| <i>Article of Law creating<br/>contravention</i> | <i>General nature of contravention</i>     |
|--|--|
| 20   | Failure of a Member to comply with duties. |
| 28 (2)   | Failure to prepare true and fair accounts. |