



# CAYMAN ISLANDS LIMITED LIABILITY COMPANIES

On 8 June 2016, the Cayman Islands enacted the Limited Liability Companies Law, 2016 (“LLC Law”), which provides for a new type of Cayman Islands vehicle: the limited liability company (“LLC”).

It is possible to:

- form and register a new Cayman LLC;
- transfer by way of continuation into the Cayman Islands and transfer by way of continuation out of the Cayman Islands are also permitted for LLCs;
- convert an existing Cayman Islands exempted company into an LLC. However, there are no mechanism for an exempted limited partnership to convert to an LLC; and
- merge with or consolidate with either one or more LLCs, one or more Cayman Islands exempted companies, or one or more foreign entities having separate legal personality.

## What is Cayman LLC?

An LLC is essentially a hybrid vehicle, combining certain characteristics of a Cayman Islands exempted company with those of a Cayman Islands exempted limited partnership. Basically, an LLC is a body corporate with separate legal personality, like a Cayman Islands exempted company, but without the constraint of having share capital.

Based on its features and flexibility, an LLC may be an appropriate vehicle for a range of uses in investment funds, joint venture companies, private equity transactions vehicle, securitisation SPV, holding companies and other corporate transactions and international structures.

## Registration

Registration of the LLC is straightforward. Only one member is required in order to register an LLC and will be effected by the filing of a Registration Statement with the Registrar together with payment of the initial registration fee.

The certificate of registration issued by the Registrar is conclusive evidence of compliance with all the requirements of the LLC Law in respect of formation and registration. An LLC is deemed to be registered on the date of filing.

The LLC must have a written LLC agreement (“LLC Agreement”) of the member(s) of the LLC as to the business or affairs of the LLC. Such agreement may be referred to as an LLC agreement, operating agreement or otherwise. The Registration Statement can serve as the LLC Agreement for this purpose.

## Tax undertaking certificate

An LLC may apply for a tax undertaking certificate from the Cayman Islands Government in similar terms to an exempted company, exempted limited partnerships or exempted trusts to the effect that, for a period not exceeding 50 years from the date of the undertaking.

## Key features of Cayman LLC

- An LLC is a body corporate with separate legal personality.
- An LLC may be formed for any lawful business, purpose or activity.
- An LLC needs to maintain a registered office in the Cayman Islands for the service of process and to which all notices and communications may be addressed.
- An LLC may be formed for an unlimited duration or a specific term.
  - making such other payments or performing such services as set out in the LLC Agreement or otherwise agreed between the member and the LLC; and
  - such other amounts as set out in the LLC Agreement.
- There are no capital maintenance requirements imposed on an LLC that limit the ability of the LLC to make distributions, only a cash-flow based solvency test.
- No law enacted in the Cayman Islands imposes any tax to be levied on profits, income, gains or appreciation shall apply to the LLC.



## KEY CONTACTS



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Our purpose is to maximise potential and our success is built on service excellence, long-term relationships and technology capabilities that drive efficiency and add value.

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