

UK limited partnership law reforms are finalised



The UK government has enacted its long-awaited reforms to UK limited partnership law in the Economic Crime and Corporate Transparency Act (the “Act”), which received Royal Assent on 26 October 2023. Following over a year of debate and amendment as it progressed through Parliament, the Act is the latest stage in the government’s pledge to increase transparency and prevent corporate and other UK structures being used for illegal purposes. It follows hot on the heels of the Economic Crime (Transparency and Enforcement) Act 2022 which, among other things, introduced a new register of overseas entities (“ROE”) which own or lease property in the UK.

What is changing?

The reforms to limited partnership law made by the Act will apply to all UK limited partnerships (“UKLPs”), including private fund limited partnerships (“PFLPs”).

UK registered office and email: All UKLPs will need to demonstrate a greater connection to the UK by having a registered office at an “appropriate address”. This must be: (i) in the part of the UK in which the UKLP is registered; (ii) somewhere that, in the ordinary course of events, documents delivered there would come to the attention of someone acting on behalf of the UKLP and where delivery is capable of being recorded; and (iii) either the UKLP’s principal place of business, the address of the general partner or the address of an ACSP acting for the UKLP (see below for more information on ACSPs). The general partner will also need to maintain an “appropriate” registered email address, where emails sent to it by the Registrar would be expected to come to the attention of a person acting on behalf of the UKLP.

Principal place of business and location of an AIF: There are no changes to the rules relating to the principal place of business of a UKLP, which can still be moved after establishment. However, for those UKLPs which are alternative investment funds (“AIFs”), the introduction of a registered office concept could have changed the current approach to whether it is a UK AIF or a non-UK AIF under the UK AIFMD rules, as this ordinarily looks at where an AIF’s registered office is located. However, as UKLPs are not (until these changes take effect) required to have a registered office, the Financial Conduct Authority previously provided

guidance that this should be interpreted as the UKLP’s principal place of business. Fortunately, the government has heard the concerns of the funds industry on this point, and the Act amends the UK AIFMD rules to put this interpretation on a statutory footing, making it clear that the determining factor is where the principal place of business of a UKLP is located, rather than where its (new) registered office is located. This importantly maintains the status quo and provides regulatory certainty for those UKLPs which are AIFs.

Information about partners: The level of detail that general partners will be required to provide to the Registrar about the partners in a UKLP is going to increase. A new schedule to be included in the Limited Partnerships Act 1907 will specify the information, which will differ depending on whether a partner is a legal entity or an individual, and whether they are a general partner or a limited partner. For legal entities it will include not only the name of the partner (as is currently the case), but also its address, legal form and the law by which it is governed. For individuals, it will include their date of birth, nationality and usual residential address. Certain personal data will be kept private by the Registrar.

Any new general partner appointed during the life of the UKLP will not be able to take part in management of the UKLP until their appointment has been notified to the Registrar.

Registered officers: Each general partner that is a legal entity will also need to specify an individual as its “registered officer”, who must be one of the general partner’s “managing officers” (which broadly requires them to be a director,

a member, or a person in an equivalent position in/of the general partner). Whilst on the face of it, this requires all general partners to have an individual who holds such a position in order to be named as its “registered officer”, the analysis is quite technical and we are expecting further guidance from the government on practical application, particularly in respect of UKLPs that have a limited partnership as their general partner.

Registered officers will need to have their identity verified in accordance with a process set out in the Act, and cannot have been disqualified under directors disqualification legislation.

If the general partner has any managing officers which are legal entities (to be known as “corporate managing officers”), a “named contact” for each of those corporates will need to be notified to the Registrar. The named contact must be an individual who is a managing officer of the corporate.

Information about the limited partnership:

When registering the general nature of a UKLP (that is not a PFLP), a new standard system of classification of business activities will be used.

Dissolution and deregistration: Currently there is no requirement for a general partner to notify the Registrar when a UKLP has been dissolved. There is also no power for the Registrar to require a UKLP to be dissolved and wound-up, nor for the Registrar to remove UKLPs from the register. This has caused concerns particularly where UKLPs have been used for fraudulent purposes. In response, the government has sought to create a regime which empowers the Registrar to clean up the register, providing powers to intervene where a UKLP is not compliant with the legislation and where this leads her to conclude that the UKLP is no longer operating.

Therefore, the Act includes new triggers for dissolution, and new obligations on general partners and (in limited circumstances) on limited partners to notify the Registrar of dissolution and to ensure the UKLP is wound-up. It also includes a power for the Registrar to confirm dissolution via notice in the Gazette, and to move records of dissolved UKLPs to the public records office in certain timeframes. The Act provides a new power for the Secretary of State to apply to court to order a UKLP be dissolved and wound-up where it is in the public interest, and for the Secretary of State or another person with sufficient interest to apply to court for an order the court considers appropriate if there has been a failure to wind-up a dissolved UKLP.

However, dissolution of a limited partnership is unlike that of a company. Whereas for a company, it is the end of a process following which the company ceases to exist, for a limited partnership it is the start of a winding-up process during which the UKLP continues but is no longer actively pursuing the business for which it was established. It is vital that limited liability of limited partners is protected during this period. Designing a process that balances these objectives has taken some time, and it remains to be seen how effective it will be. We expect further detail and guidance to be published in due course.

Annual confirmation statements: In addition to notifying the Registrar of any changes to the UKLP within 14 days, the Act requires general partners to file an annual confirmation statement confirming that all information on the register is correct or providing updates at the same time. Existing UKLPs will be required to file their first annual confirmation statement before the end of a six-month transitional period (discussed further below).

Accounts: HMRC is given the power to require general partners to prepare accounts and deliver those accounts, together with an auditor’s report and supporting evidence, to HMRC on demand.

Delivery of documents: The government is creating a new role of an authorised corporate service provider (“ACSP”), for both company and UKLP filings. The Act sets out new provisions to be included in the Companies Act 2006 to govern ACSPs, which must be a “relevant person” under the UK Money Laundering Regulations and also approved by the Registrar. A number of filings relating to UKLPs will only be able to be made by an ACSP, and not by the general partner, as is currently the case. These will include applications for registration, changes relating to the UKLP, and confirmation statements.

Application of company law: There is a potentially rather broad power for the Secretary of State to make regulations that apply company law to UKLPs, however it is not clear the scope of this or what changes would be made under that power.

Failure to comply: Each of the new provisions have sanctions for failure to comply. These are largely fines that can be levied, but the offence in connection with failure to deliver accounts could involve imprisonment for the relevant individual.

False statement offences: In addition to the failure to comply offences, if any false statements are made in any filings, the person making the filing and/or causing the filing to be made could be committing a criminal offence punishable by a fine or imprisonment. The sanctions

vary depending on whether the false statements are made “without reasonable excuse” or “knowingly”.

Transitional periods: The Act provides a six-month transitional period for many of the above requirements, so that existing UKLPs have time to comply.

Timing

Although the Act has now been passed, the limited partnership changes do not go live instantly, and the government will need to specify a future date for the changes take effect. No official timeline has been published at the time of writing this note, but our expectation is that it could be up to 12 months before the limited partnership reforms commence. In the interim, secondary legislation and further guidance will need to be issued to supplement the rules, and the new ACSP regime will need to be fully in effect before the new limited partnership filings can be made.

What should you be doing now?

Once the limited partnership reforms commence, the clock will begin ticking on the transitional periods. In order to be in as good position to comply with the rules at that stage as possible, general partners will want to start assessing their stable of UKLPs (both current and historic) and determining what steps will need to take place for each (including assessing whether any structural changes will need to be made, such as putting in place individuals who can fulfil the registered officer role, and whether any amendments to the UKLP’s limited partnership agreement would be advisable), and what information is held or will need to be obtained from limited partners. However, a lot of the detail will be in guidance and statutory instruments which will follow over the coming months, and general partners will only be able to begin their preparations in earnest once that detail becomes available.

Other reforms in the Act

The Act will implement a major overhaul of the role and powers of Companies House, and includes new obligations to verify the identity of directors, LLP members and people with significant control, and restrictions on the use of corporate directors. The Registrar published a [blog post](#) on Royal Assent, noting which of the Companies House measures she expects to come into force in early 2024, with others, such as identity verification, to come later as those changes need system development and secondary legislation before they’re introduced.

The Act introduces measures to further tackle economic crime, including new powers for law enforcement to seize and recover cryptoassets which are the proceeds of crime or associated with illicit activity such as money laundering, fraud and ransomware attacks. It strengthens anti-money laundering powers, enabling better information sharing on suspected money laundering, fraud and other economic crimes. The Act also includes a new corporate offence of failure to prevent fraud committed by employees or agents, which will apply to large organisations, and reframes the common law identification doctrine to allow for the attribution of criminal liability to companies where senior managers commit certain economic crimes.

The regime governing the ROE is also amended by the Act, most notably by expanding (a) the scope of certain registrable beneficial owners where overseas nominees are used to hold UK land and where trusts are involved in ownership structures, and (b) the information which must be provided to Companies House. The intent is to reach a position where the “true” beneficial owners of UK land are registered.

More information

For a full round up of what this comprehensive Act includes, please see our [client hub](#).

The Act is available [here](#).

A collection of government factsheets which give further details on the measures are available [here](#).

Key contacts

If you would like to discuss any aspect of the reforms and what you should be doing now, please contact any of the individuals named below, or your usual Linklaters LLP contact.



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