

List of proposed amendments to the Limited Partnerships Act (“LP Act”)

Item no.	Statutory provision	Current requirement	Proposal	Reason for proposal/ Consultation questions
A. New definition of fund LPs				
1	-	There is a definition of “relevant limited partnership” in Regulation 12 Limited Partnerships Regulations which relates to funds where the particulars of limited partners lodged with the Registrar are not open to inspection by the public.	<p>To introduce a definition for a “fund limited partnership” in the LP Act and for certain provisions of the LP Act to apply only to fund limited partnerships (“fund LPs”).</p> <p>The new definition of “fund limited partnership” is proposed to follow that of the existing definition of “relevant limited partnership” as defined in Regulation 12 Limited Partnerships Regulations.</p>	<p>Given that the nature and concerns of a fund LP may differ from a non-fund LP, ACRA proposes to introduce a new definition of a fund LP and for certain provisions in the LP Act to be applied to only fund LPs.</p> <p>ACRA takes the view that it is appropriate to use the existing definition of “relevant limited partnership” for the definition of fund LP as the existing definition relates to funds. The definition will be placed in the LP Act.</p>
2	New provision	-	Existing limited partnerships which meet the definition of “fund limited partnership” will be allowed to apply to be designated as a fund LP, and the provisions relating to fund LPs will apply to the limited	With the introduction of a definition for fund LPs and the additional provisions that apply only to fund LPs, existing limited partnerships may wish to become fund LPs. To facilitate this process and to reduce regulatory burden, ACRA proposes to allow the designation of an existing limited partnership as

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			<p>partnership from the date of designation as a fund LP.</p>	<p>a fund LP, upon application of the limited partnership. Such a provision will not merely be a transitional provision, but will be a provision which would allow re-designation at any time.</p> <p>The provisions relating to fund LPs will apply to the limited partnership from the date of designation as a fund LP.</p> <p>Consultation Question:</p> <p>(a) Do you agree with the proposal to allow for the designation of an existing limited partnership as a fund LP, upon application of the limited partnership?</p> <p>(b) Are there any specific issues or concerns which need to be addressed in the legislation upon the designation of an existing limited partnership as a fund LP?</p>
B. Registration				
3	S16(1) LP Act	Under s16(1), the name of every limited partnership must contain the words “limited partnership” or the acronym “LP”.	<p>To amend s16(1) to include the acronym “L.P.”.</p> <p>This amendment is proposed to apply to all limited partnerships.</p>	The difference between the proposed acronym “L.P.” and the acronym “LP”, currently in the LP Act, is the punctuation mark. The proposal is intended to reflect practice in the funds industry, but as this is not specific to the funds industry, the proposed amendment is intended to be applied to all limited partnerships.

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4	S3(5) LP Act	Under s3(5), a general partner or a limited partner may be either an individual or a corporation.	<p>To introduce the following additional forms that a general partner/ limited partner can take:</p> <p>(a) a limited partnership registered under the LP Act;</p> <p>(b) a non-Singapore limited partnership with a legal personality;</p> <p>(c) a non-Singapore limited partnership without a legal personality.</p> <p>To require the general partner to appoint a local manager if the general partner is (a) or (c).</p> <p>This amendment is proposed to apply to all limited partnerships.</p>	<p>The proposal provides more flexibility in the structuring of limited partnerships. The proposal is consistent with the position in the UK, Hong Kong and the Cayman Islands.</p> <p>As (a) a limited partnership registered under the LP Act and (c) a non-Singapore limited partnership without a legal personality are not legal persons and the LP Act imposes obligations on general partners, a local manager is proposed to be appointed where the general partner is (a) or (c) to facilitate enforcement action.</p>
5	New provision	-	To provide an express statement that a general partner/ limited partner (whether individual or corporate) can be acting in the capacity of a trustee or representative capacity.	The proposal to provide an express statement that an individual who is a general partner or limited partner of a limited partnership can be acting in the capacity of a trustee or representative capacity is for clarification only, since the definition of "individual" in s2 LP Act includes "trustee" and "nominee".

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			<p>This amendment is proposed to apply to all limited partnerships.</p>	<p>The current law is silent on whether a limited partner that is a corporate can be a trustee. There does not appear to be any reason for allowing individual trustees but not corporate trustees.</p> <p>Consultation Question: Are there reasons to allow only corporate limited partners (but not corporate general partners) to act in the capacity of a trustee or representative capacity?</p>
6	S28 LP Act	<p>Where every general partner of a limited partnership is ordinarily resident outside Singapore, the Registrar may require a local manager to be appointed. (s28)</p> <p>S11(1)(g) requires specified information of any individual who is appointed as a local manager under s28, to be filed with the Registrar.</p>	<p>To clarify the current law by expressly stating in the LP Act that the local manager must be an individual.</p> <p>This amendment is proposed to apply to all limited partnerships.</p>	<p>It is implicit from s11(1)(g) that a local manager must be an individual. The equivalent position of authorised representative under the Companies Act and the Business Names Registration Act 2014 must be an individual.</p>

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C. Assignment and transfer of interests				
7	New provision	-	<p>To add new legislative provisions for the following:</p> <p>a) Subject to the partnership agreement, assignment of a right, debt or other chose in action by a limited partner requires the general partner's consent.</p> <p>b) A partnership interest is transferable in whole or in part in accordance with the limited partnership agreement.</p> <p>This amendment is proposed to apply to all limited partnerships.</p>	<p>Currently, the LP Act does not regulate when an assignment of an interest is validly made and this area is left to market practice. The proposed amendments seek to provide safeguards and certainty as to when an assignment can be validly made in a limited partnership.</p> <p>Position (a) is consistent with the position in the Cayman Islands and Luxembourg.</p> <p>Position (b) is consistent with the Cayman Islands.</p> <p>As the objective of the proposal is to provide certainty, the proposal is proposed for all limited partnerships.</p> <p>Consultation Question: Should the proposal that a partnership interest be transferable in whole or in part in accordance with the limited partnership agreement be limited to the limited partner's interest (as opposed to both the limited partner's and the general partner's interest)?</p>
8	New provision	-	<p>To add new legislative provisions for the following:</p> <p>a) Subject to the partnership agreement, the</p>	<p>Currently, the LP Act does not regulate the transfer of a limited partner's interest and this area is left to market practice. The proposal increases legal certainty and at the same time, reflects contractual flexibility. The proposal in (a) is consistent with the</p>

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			<p>general partner’s consent is required for transfer of a limited partner’s interest. The transfer of a limited partner’s interest results in the admission of a replacement limited partner.</p> <p>b) The admission of a replacement limited partner does not result in a technical dissolution of the limited partnership.</p> <p>This amendment is proposed to apply to fund LPs only.</p>	<p>position in the UK, the Cayman Islands and Luxembourg.</p> <p>Consultation Question:</p> <p>(a) Is the industry practice outside of the funds industry that the transfer of a limited partner’s interest results in a technical dissolution of the limited partnership?</p> <p>(b) Should the proposal apply to all limited partnerships or only fund LPs?</p>
D. Fiduciary duties of partners				
9	New provision	-	<p>To add new legislative provisions for the following:</p> <ul style="list-style-type: none"> Subject to the partnership agreement, a limited partner is not subject to s28 or s30 PA, which relate to the duty of a partners to render accounts and the duty of a 	<p>The Partnership Act (“PA”) sets out the following duties:</p> <ul style="list-style-type: none"> a) S28 Duty of partners to render accounts, etc.; b) S29 Accountability of partners for private profits; c) S30 Duty of partner not to compete with firm. <p>Under the LP Act, limited partners cannot take part in the management of the limited partnership and</p>

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			<p>partner not to compete with the partnership, respectively.</p> <p>This amendment is proposed to apply to fund LPs only.</p>	<p>are usually in the role of an investor. Investors in funds frequently invest in more than one fund and could have other direct and indirect business interests which may compete with the fund or the entities that the fund invests in. As s19 PA allows for the variation of duties under s28 and s30 PA, this proposal is intended to reduce the regulatory burden by reversing the default position for s28 and s30 PA in relation to a limited partner of a fund LP. This would mean as a default, s28 and 30 PA will not apply to a limited partner, unless the partnership agreement provides for this.</p> <p>While limited partners in a fund LP may have other direct and indirect business interests which compete with the fund LP, limited partners should still be accountable for private profits made from a transaction concerning the limited partnership or from any use of the limited partnership's property, name or business connection (s29 PA). This is consistent with the position in the UK and Hong Kong. Hence, it is proposed that s29 PA continues to apply to the limited partner (subject to variation pursuant to s19 PA).</p> <p>Similar to the approach in the UK and Hong Kong, ACRA does not propose that the amendments apply to non-fund LPs.</p>

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10	New provision	-	<p>To legislate that limited partners of fund LPs do not owe fiduciary duties to the limited partnership/ other partners, unless otherwise provided in the limited partnership agreement.</p> <p>This amendment is proposed to apply to fund LPs only.</p>	<p>There appears to be a lack of clarity in the industry as to whether limited partners owe fiduciary duties to the limited partnership/ other partners. The proposal will increase certainty in the industry.</p> <p>To minimise the impact that the proposal will have on the application of common law and equity to limited partnerships, the proposal applies only to fund LPs. This approach is consistent with the position in Hong Kong and the Cayman Islands.</p> <p>Consultation Question: Should the proposal apply to all limited partnerships or only fund LPs?</p>
E. Re-domiciliation				
11	New provision	There is no re-domiciliation regime for limited partnerships. There is an inward re-domiciliation regime for companies and variable	<p>We seek views on whether to introduce a new re-domiciliation framework for fund LPs.</p> <p>If proceeded with, the proposed criteria to be met for re-domiciliation is as follows:</p>	<p>ACRA notes the potential benefits to Singapore of introducing a LP re-domiciliation regime. At the same time, we are cognizant that unlike companies and VCCs with perpetual existence, funds in Singapore usually cease after a number of years and therefore re-domiciliation may not be attractive given the cost and process involved.</p>

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		capital companies (VCCs).	<p>a) the fund management company of the fund is either a (i) Singapore-based fund manager or (ii) global fund-manager with a presence in Singapore; and</p> <p>b) the fund must meet minimum requirements similar to that imposed for re-domiciliation of a VCC. For reference, these are set out below:</p> <ul style="list-style-type: none"> i. There is no ground on which the foreign corporate entity (“FCE”) may be found to be unable to pay its debts. ii. Value of the FCE’s assets is not less than its liabilities (including contingent liabilities). iii. If the FCE intends to commence winding up within 12 months after the re-domiciliation application date, it is able 	<p>Consultation Questions:</p> <ul style="list-style-type: none"> (a) Is there a demand for limited partnership re-domiciliation? (b) Are the proposed criteria for re-domiciliation appropriate? (c) Are there additional minimum requirements that a foreign fund should meet before it is eligible to re-domicile to Singapore as a limited partnership?

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			<p>to pay its debt within 12 months after commencement of winding up.</p> <p>iv. If the FCE does not intend to commence winding up within 12 months after the re-domiciliation application date, it is able to pay its debt as they fall due during the 12 months after the re-domiciliation application date.</p> <p>v. The FCE is authorised to re-domicile under the law of its place of incorporation.</p> <p>vi. The FCE has complied with the requirements of the law of its place of incorporation in relation to the re-domiciliation.</p> <p>vii. The re-domiciliation application</p>	

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			<p>is not intended to defraud existing creditors and is made in good faith.</p> <p>viii. No receiver is in possession of any property of the FCE and there is no such ongoing or pending proceeding.</p> <p>ix. The FCE is not under judicial management and there is no such ongoing or pending proceeding.</p> <p>x. The FCE has not made any compromise or arrangement with any person and there is no such ongoing or pending proceeding.</p> <p>xi. The FCE is not in liquidation or being wound up and there is no such ongoing or pending proceeding.</p>	

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			Some criteria (for e.g. ix and x) applicable to VCCs will not be applicable to limited partnerships and some may require modification (for e.g. i and viii) for application to FCEs that are limited partnerships.	
F. Dissolution				
12	S8(6) LP Act	In a dissolution, the affairs of a limited partnership shall be wound up by the general partners, unless the court otherwise orders.	<p>To allow limited partners to appoint a third party to wind up the limited partnership if the general partner is unable to do so, subject to the agreement of the partners.</p> <p>This amendment is proposed to apply to all limited partnerships.</p>	The proposal is intended to reduce regulatory burden, by allowing limited partners to appoint a third party to wind up the limited partnership without getting a court order. The proposal is consistent with the position in the UK and the Cayman Islands.
13	New provision	Case law relating to death of a partner in general partnerships states that a technical dissolution will occur as a matter of law, even if partners agree to continue with the partnership. In a technical dissolution, the	<p>To add a new legislative provision that subject to the partnership agreement, withdrawal of a limited partner does not result in a technical dissolution of the limited partnership.</p> <p>This amendment is proposed to apply to all limited partnerships.</p>	<p>There are two forms of dissolution: technical and general. In a technical dissolution, a new partnership is constituted by the remaining partners. In a general dissolution, the limited partnership is wound up. Based on case law on general partnerships, a technical dissolution will occur as a matter of law with the withdrawal of a partner.</p> <p>There is ambiguity as to the effect of withdrawal of a limited partner for limited partnerships. We</p>

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		<p>withdrawing partner has a right to have the value of his share ascertained and paid out by the remaining partners.</p>		<p>understand that, in practice, limited partnerships use s8(4) LP Act, which allows the effect in s8(1) and 8(2) to be contracted out through the agreement of the limited partnership, but leaves ambiguity as to the effects of the withdrawal of a partner that operates as a matter of law. It would therefore be beneficial to clarify the legislative position in line with the current market practice which is common under limited partnership agreements, in which the withdrawal of a limited partner does not bring about a technical dissolution (i.e. the effects of the withdrawal of the limited partner should be governed by the limited partnership agreement). To promote contractual flexibility, the proposal applies subject to the partnership agreement.</p> <p>Unlike limited partners in a general partnership, limited partners in a limited partnership cannot take part in the management of the limited partnership. Following from this, the withdrawal of such a limited partner should not result in a technical dissolution, regardless of whether the limited partnership is a fund LP.</p> <p>Consultation Question: Should the proposal apply to all limited partnerships or only fund LPs?</p>

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14	S8(2) and s8(4) LP Act	A limited partnership is dissolved as regards all the partners by the death or bankruptcy of a general partner (subject to agreement between the partners).	We seek views on whether, subject to the partnership agreement, to allow a grace period of 30 days for a replacement general partner of a limited partnership to be appointed, before the limited partnership dissolves upon the bankruptcy or death of a general partner.	<p>ACRA notes there are potential benefits in allowing a grace period for a replacement to be appointed where a general partner becomes bankrupt or dies, such as continuity of partnership and avoiding a disruption of business.</p> <p>However, there are certain issues that may arise during the interim period when there is no general partner which would need to be addressed, for e.g.:</p> <ul style="list-style-type: none"> (a) As the general partner is responsible for the management of the limited partnership (and limited partners cannot take part in the management), management decisions cannot be taken within the grace period. (b) As the general partner is liable for all debts and obligations of the limited partnership, creditors' claims may be affected within the grace period. (c) There are statutory obligations under the LP Act for which the general partner is responsible (if the limited partnership also has no local manager): <ul style="list-style-type: none"> I. lodging changes in particulars (s18); II. ensuring that the invoices and official correspondence of the limited partnership bear the name and

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				<p> registration number of the limited partnership (s26); III. ensuring that accounting and financial records of the limited partnership are kept (s27); IV. applying for notice of error in documents filed with the Registrar. (s21A) </p> <p> Given the above, we would like to seek views on the risks and concerns if a grace period of 30 days is provided for a replacement general partner of a limited partnership to be appointed before the limited partnership dissolves (subject to the partnership agreement), upon the bankruptcy or death of a general partner. </p> <p> Consultation questions: (a) Do the potential benefits of the proposal outweigh the potential implications arising from the proposal? (b) If such a proposal is introduced, should the proposal apply to all limited partnerships or only fund LPs? (c) If such a proposal is introduced, is a grace period of 30 days sufficient, in view of factors such as the disruption of business activities and the </p>

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				current market practice? If not, what would be a more appropriate duration for the grace period?