

Jersey LLC law will build on Island's offer to US clients

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Jersey's new LLC law strengthens the Island's offering to US managers to build on the £169 billion of US assets and funds already administered here, says Ogier partner Matthew Shaxson. The Limited Liability Companies (Jersey) Law 2018 (the LLC Law) will, once in force, create a new structure in Jersey which is similar to the Delaware LLC model. This will offer a new structuring option that is tax transparent and which offers the limited liability protection of a company and the flexibility of a partnership in one vehicle.

On 30 March 2020, a proposition was lodged au Greffe in relation to certain amendments to the draft LLC Law. The purpose of the proposed amendments is to ensure that the Jersey LLC is will be an attractive product to the target market whilst still operating within Jersey's regulatory framework and in line with international standards. In addition, the intention is for additional regulations and amendments to the Bankruptcy (*Désastre*) (Jersey) Law 1990 to be made in due course which will deal with the dissolution and winding up of any such Jersey LLCs.

With a significant amount of US assets already administered in Jersey, and with the Island's appeal to US investors boosted by the uncertainty created by Brexit, Matt says that the new law is well timed.

"The respected Z/Yen survey this week rated New York as the world's top financial centre, having overtaken London in the rankings," he said.

"That – and the substantial US assets and funds already administered here – makes the move by Jersey to develop a robust and familiar LLC model particularly opportune.

"The Delaware LLC model is very familiar to the US market, and offers a new structuring option that is tax transparent and which offers the limited liability protection of a company and the flexibility of a partnership in one vehicle.

"By offering a flexible model that caters for bespoke voting rights, internal governance and contribution obligations, this new structure is likely to be of interest to US managers and onshore counsel."

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