

## Ireland to update its Investment Limited Partnership Act

The Irish Government has published the Investment Limited Partnerships (Amendment) Bill 2019 (the 2019 Bill) which substantially overhauls the Investment Limited Partnership Act 1994. This will bring welcome changes that will help make Ireland an attractive location for the setting up of regulated limited partnerships.

The Bill also includes amendments to the ICAV Act.

Ireland has had regulated limited partnerships since 1994 and unregulated limited partnerships since 1907. The 2019 Bill overhauls the Investment Limited Partnership Act 1994 which relates to regulated limited partnerships. Investment limited partnerships are very popular collective investment vehicles globally and are used to invest in a broad range of asset classes. They are particularly suited for private equity, real estate and infrastructure investment vehicles where the investment tends to be of a longer term nature with capital often drawn down over a period of years.

Ireland is a leading domicile for regulated investment funds and offers 5 different types of vehicles, ICAVs, investment companies, common contractual funds, unit trusts and investment limited partnerships. However, Ireland has lagged behind other jurisdictions for investment limited partnerships because the 1994 Act had not kept pace with updates made to the legislation for the other types of regulated fund vehicles and the changes made to investment limited partnership legislation in other major global centres. The 2019 Bill endeavours to rectify this.

### Main changes

The main changes contained in the 2019 Bill include:

- A new definition of “limited partner” which further clarifies the limited liability nature of a limited partnership interest.
- The ability to establish investment limited partnerships as umbrella funds with segregated liability between such sub-funds.
- Greater clarity around the actions that a limited partner may take in connection with the limited partnership, without losing the benefit of limited liability.<sup>1</sup>
- The ability to have an alternative foreign name of the limited partnership, which is helpful in a variety of jurisdictions such as China.
- Updating the provisions regarding capital contributions by limited partners and replacement of the provision in the 1994 Act relating to the return of capital which was out of sync with legislation for other types of Irish regulated fund vehicles and limited partnership law in other major jurisdictions.

<sup>1</sup> Ordinarily a limited partner loses the benefit of limited liability if it involves itself in the management of the limited partnership.

- Clarity that a limited partnership agreement may provide that it can be amended with the approval of a majority of limited partners, by value, and a majority of the general partners. The consent of all limited partners will no longer be required, unless provided for in the limited partnership agreement.
- Various updates to bring the Investment Limited Partnership Act in line with equivalent legislation applicable to the other types of Irish regulated fund structures.
- Providing greater ability for parties to agree specific terms that will apply in their limited partnership agreement.
- Generally amending terminology to align with other regulated fund legislation and the AIFMD.

#### Amendments to the Irish Collective Asset-Management Vehicles Act 2015

The 2019 Bill also includes some amendments to the ICAV Act 2015. These are not as significant in nature and include:

- Supplementary provisions regarding ordinary and special resolutions (as well as written resolutions).
- A clarificatory amendment regarding the principal object clause of UCITS ICAVs.
- Matters relating to the corporate powers of an ICAV.
- Further provisions relating to the use of a corporate seal by an ICAV.
- Confirmation that the registration of an investment company as an ICAV does not affect the priority of charges created by that investment company.

#### Next Steps

The 2019 Bill will be subject to review and possible amendment on its passage through the Oireachtas and is subject to being enacted by the Oireachtas and signed by the President.

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