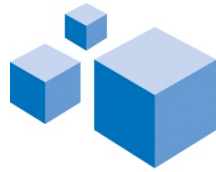


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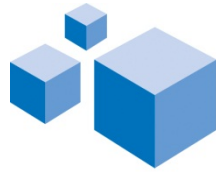
Setting up an LLP and structuring the LLP Deed

October 2014



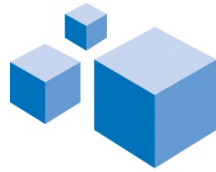
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- Legally binding agreement between the partners
- Covers matters such as:
 - rights and duties of partners;
 - running of the business;
 - capital contributions
 - divisions of profits and losses; and
 - changes to partnership.
- Default provisions of relevant legislation apply in absence of LLP deed (e.g. Limited Liability Partnerships Act 2000)



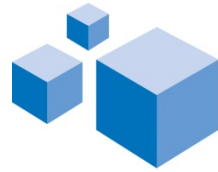
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- First, find your name
- Must end with “LLP” or “Limited Liability Partnership”
- Check the FCA register
- Display name at place of business
- Information to be on stationery and invoices etc. includes:
 - that it is an LLP;
 - place of incorporation (ie England);
 - company number; and
 - registered office.



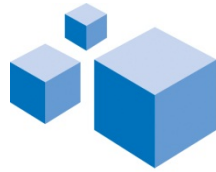
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- Incorporation by form LL IN01 with the applicable fee to Companies House
- The LLP is a tax transparent entity so pays no taxes itself
- Each partner will be taxed on his share of profits/losses
- Each partner must liaise separately with HMRC
- Accountants may be involved
- LLP files annual accounts at Companies House
- LLP files annual return (from LL AR01) at Companies House



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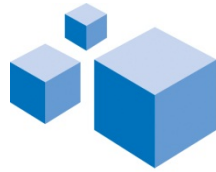
- LLP has own legal personality
- LLP can enter into contracts, sue and be sued, assets and debts, take charges etc.



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PARTNERS

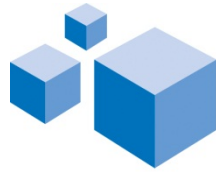
- How many partners, including any maximum
- Designated partners – two; responsible for compliance with legislation
- Methods for appointing new partners and expelling existing partners
- Good leavers and bad leavers?
- Retirement age?
- Transfer of interest on retirement, death, expulsion etc.



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CAPITAL, PROFITS AND LOSSES

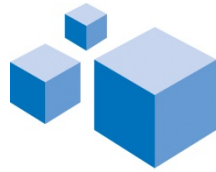
- Initial capital contribution
- Further contributions
- Regulatory capital – contributions and maintenance
- Capital contributions of incoming and outgoing partners, including pre-emption rights
- Further capital contributions
- Division of profits and losses for all partners, including incoming and outgoing
- Future funding



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MANAGEMENT

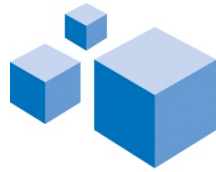
- Management or executive committee with reserved powers?
- Division of senior and junior partners and tax considerations – take tax advice
- Basis of decision making
- Veto and deadlock applicable and capable of being resolved
- Quorum for meetings
- Will unfair prejudice to minority partners be excluded?



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DUTIES AND OBLIGATIONS OF PARTNERS

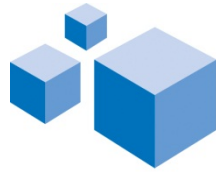
- Which partners will be able to bind the LLP?
- Extent of the LLP's liability – blanket indemnities; carve outs for negligence, dishonesty, breach of contract etc. by a partner
- Each partner's indemnification of the others, including carve outs for negligence, dishonesty, breach of contract etc. by a partner
- Expected fiduciary duties – any competing business in which a partner is involved?
- Necessary time and attention to LLP's business



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TRANSFER OF INTERESTS

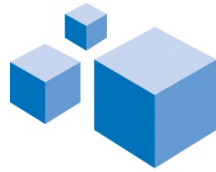
- Any initial lock-up period?
- Circumstances for transfer e.g. death, expulsion, decision to leave
- Restrictions, pre-emption rights, drag-along, tag-along
- Method of valuation
- Payment of cost of valuation
- Rights and obligations toward loans, payment of assets etc.



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RETIREMENT, REMOVAL AND EXIT

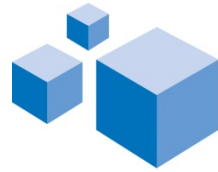
- Grounds of removal and/or expulsion, including good leaver and bad leaver provisions
- Length of notice
- Treatment of an outgoing partner's partnership interest, including staged release
- Ongoing confidentiality
- Restrictive covenants – consider duration, clients, geographic scope
- Indemnities to or from outgoing partners?



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WINDING UP

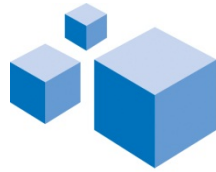
- Will any events cause automatic winding-up, for example change of control, transfer
- Consequences of winding up
- Distribution of profits and losses
- Add provision stating that the partners are not liable to contribute to the LLP's losses on winding up
- Consider default provisions on contributions on a winding up



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GOVERNING LAW AND DISPUTES

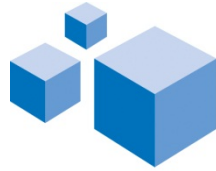
- Which law? Generally England and Wales
- Dispute resolution?
- Arbitration?



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MISCELLANEOUS

- Insurance, including any AIFMD requirements
- FCA authorisation
- Ownership of IP
- Appointment of auditors and bank, and bank signatories
- Holidays and other leave
- Confidentiality
- Access to books and records



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