

A
BILL FOR
A LAW TO FURTHER AMEND THE PARTNERSHIP LAW Cap P1 LAWS OF
LAGOS STATE 2003 AND FOR CONNECTED PURPOSES.

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Commencement (.....)

THE LAGOS STATE HOUSE OF ASSEMBLY enacts as follows:

Amendment to the Interpretation Section of the Principal Law 1. Section 2 of the Principal Law is amended by deleting the meaning of “State Commissioner” and inserting a new meaning as Follows-

“State Commissioner” means the Attorney-General and Commissioner for Justice

Section 2 is further amended by inserting the following interpretations;

“Persons” shall include any juristic person or any aggregate of persons possessing legal personality.

“State” means Lagos State of Nigeria.

2. The Principal Law is amended by inserting the following Sections immediately after Section 57 as follows:-

Limited liability Partnership. 58. (1) A Limited Liability Partnership may be formed in the form and manner prescribed by the provisions of this law.

(2) The partners of a Limited Liability Partnership shall have liability to contribute to its assets in the event of its being wound up (or dissolved) as provided for by this law.

(3) There shall be a capital adequacy ratio for a Limited Liability Partnership as described in Section 78(2)(d) of this Law..

(4) A Limited Liability Partnership may sue and be sued in its registered name however a limited liability partner will be liable to be sued in his personal capacity for acts of the partnership in the following circumstances:

(a) Cases of fraud, misrepresentation and other improper conduct alleged to have been committed by the limited liability partner and

(b) With the written consent of the Commissioner where it is established that it is in the reasonable interest of the public for an action to be maintained against an individual or a limited liability partner.

(5) A judgment against the partnership is not by itself a judgment against a partner. A judgment against a partnership may not be

satisfied from a partner's asset unless there is also a judgment against the partner.

(6) A judgment creditor of a partner may not levy execution against the assets of the partnership based on a claim against the partner unless a judgment based on the same claim has been obtained against the partnership and a Writ of Execution on the judgment has been returned unsatisfied in whole or in part.

Appointment 59.
of Registrar

(1) The Registrar of Limited Partnerships shall also function as the Registrar of Limited Liability Partnerships. The Office of the Registrar shall be the Registry of Limited Partnerships carrying on business within the State.

(2) The Registry shall be open for public access to the statutory documents of Limited Liability Partnerships between 10.00am and 3.00pm on Monday to Friday every week and such other times as may be stipulated by notice to the public.

Requirements 60.
and Registration.

(1) For a Limited Liability Partnership to be registered the following conditions must be fulfilled:

- (a) two or more persons associated for carrying on a lawful business with a view to profit must have subscribed their names to a registration document;
- (b) the requirement above must have been delivered to the Registrar in a manner approved by him along with a copy of the partnership agreement, if any, between the partners or the limited liability partners;
- (c) there must have been delivered a statement in a form approved by the Registrar, made by either a Solicitor engaged in the formation of the Limited Liability Partnership or anyone who subscribed his name to the registration document, that the requirement imposed by paragraph (a) has been complied with;
- (d) there must have been delivered to the Registrar, evidence of payment of the initial registration fees as specified in the Schedule, or as may be prescribed by the State Commissioner from time to time

(2) The registration document must—

- (a) be in a form approved by the Registrar (or as near to such a form as circumstances allow);

- (b) state the name of the Limited Liability Partnership;
- (c) state that the registered office of the Limited Liability Partnership is to be situated in the State;
- (d) state the address of the registered office;
- (e) state the name and address of each of the persons who are to be partners of the Limited Liability Partnership on registration; and
- (f) either specify which of those persons are to be designated Limited Liability Partners or state that every person who is a partner of the Limited Liability Partnership is a designated partner.

(3) If a person makes a false statement under subsections (1) and (2) of this Section which he:

- (a) knows to be false,
- (b) does not believe to be true,
- (c) fails to furnish a return, or keep records as required under this Law;

commits an offence and is liable upon conviction to the punishment prescribed under Section 50(2) of this Law.

Registration 61.

(1) When the requirements imposed by paragraphs (b) and (c) of subsection (1) of Section 60 have been complied with, the Registrar shall retain the registration document, unless the requirement imposed by paragraph (a) of that subsection has not been complied with, he shall, subject to Section 76 of this law,

- (a) register the registration document, and
- (b) give a certificate that the Limited Liability Partnership is registered by the name specified in the registration document.

(2) The Registrar may accept the statement delivered under paragraph (c) of subsection (1) of Section 60 as sufficient evidence that the requirement imposed by paragraph (a) of subsection (1) of that Section has been complied with.

(3) The Certificate shall be signed by the Registrar and authenticated by his official seal.

(4) The Certificate is conclusive evidence that the requirements of Section 60 have been complied with and that the Limited Liability Partnership is registered by the name specified in the registration document.

Approved 62.
Registration
Agents

(1) for the purpose of registration under this Law, an approved Registration Agent shall be required to deliver prescribed registration documents on behalf of the proposed partners who shall be either

- (a) a Chartered Secretary; or
- (b) a Legal Practitioner

(2) An approved Registration Agent shall be duly accredited by the Registrar.

Application of 63.
other Provisions
of the Principal
Law to Limited
Liability Partnership

All other provisions of the Principal Law not specifically varied shall apply to a Limited Liability Partnership.

Description of 64.
Registered
Partnerships

All registered partnerships shall use the abbreviations “LP” for Limited Partnerships and “LLP” for Limited Liability Partnerships after the partnership name.

Restriction on 65.
Use of Certain
Names

The Registrar may decline to register any partnership under this Law where the proposed name:

- (a) is identical with the name or nearly resembles any name of a partnership already registered under this Law as to mislead the Public;
- (b) in the opinion of the Registrar is capable of misleading as to the nature or extent of its activities or is undesirable, offensive or otherwise contrary to public policy; or
- (c) violates any other provisions contained in any Statute.

Limited Liability 66.
Partners.

(1) On the registration of a Limited Liability Partnership its limited liability partners are the persons who subscribed their names to the registration document (other than any partner who has died).

(2) Any other person may become a limited liability partner of a Limited Liability Partnership by and in accordance with an agreement with the existing partners.

(3) A person may cease to be a limited liability partner:

(a) in agreement with other partners; or

(b) by giving reasonable notice to the other partners.

(4) A Limited Partnership may be registered as a Limited Liability Partnership where all the partners or majority of the partners agree that the Limited Partnership be registered as a Limited Liability Partnership and the partners shall execute the registration documents and comply with other provisions of this Law

Relationship of Partners 67.

(1) Except as otherwise provided by this Law or any other enactment, the mutual rights and duties of the limited liability partners of a Limited Liability Partnership, and the mutual rights and duties of a Limited Liability Partnership and its partners, shall be governed:

(a) by agreement between the partners, or between the Limited Liability Partnership and its partners, or

(b) in the absence of an agreement as to any matter, by any regulations made under this Law incorporating any rules relating to partnerships in general and limited liability partners in particular.

PROVIDED always that in the event of a conflict between any provisions of any general law relating to partnerships and the specific provisions of this Law as may be amended from time to time, the provisions of this Law shall supercede and the provisions of the general law relating to partnerships shall be considered modified to the extent of any inconsistency with respect to its application to Limited Liability Partnerships.

(2) An agreement made before the registration of a Limited Liability Partnership between the persons who subscribe their names to the registration document may impose obligations on the Limited Liability Partnership (to take effect at any time after its registration).

Partners 68
as Agents.

(1) Every partner of a Limited Liability Partnership is the agent of the Limited Liability Partnership in the conduct of the partnership business.

(2) A Limited Liability Partnership is not bound by anything done by a partner in dealing with a person if:

(a) the partner in fact has no authority to act for the Limited Liability Partnership by the doing of that thing and

(b) the person with whom the partner deals knows or ought reasonably to know that such partner has no authority to act for the Limited Liability Partnership.

(3) Where a person has ceased to be a partner of a Limited Liability Partnership, the former partner is to be regarded (in relation to any person dealing with the Limited Liability Partnership) as still being a partner of the Limited Liability Partnership unless:

(a) the person has notice that the former partner has ceased to be a partner of the Limited Liability Partnership and

(b) notice that the former partner has ceased to be a partner of the Limited Liability Partnership has been delivered to the Registrar.

Ex-partners 69

(1) A partner becomes an ex-partner of a Limited Liability Partnership where he has either ceased to be a partner or:

(a) has died; or

(b) has become bankrupt or had his estate levied or has been wound up; or

(c) has granted a trust deed for the benefit of his creditors; or

(d) has assigned the whole or any part of his share in the Limited Liability Partnership (absolutely or by way of charge or security).

(2) In any of the events stated in subsection (1) of this Section the former partner or:

(a) his personal representative;

- (b) his trustee in bankruptcy (within the meaning of the Bankruptcy Act);
- (c) his trustee under the trust deed for the benefit of creditors;
- (d) his assignee, may not interfere or participate in the management or administration of any business or affairs of the Limited Liability Partnership or represent to members of the public that he is still a partner.

Designated 70
Partners.

(1) If the registration document specifies who are to be designated partners (partners in charge of administrative functions and are to liaise with the Limited Liability Partnership Registry):

(a) such partners shall be described as “designated partners” on registration;

(b) any partner(s) may become designated partner(s) by and in accordance with an agreement with the other partners upon notification of such to the Registrar; and

(c) a partner may cease to be a designated partner in accordance with an agreement with the other partners after notifying the Registrar.

(2) Where there are no designated partners or there is only one designated partner or designated partners are reduced to one by any circumstances, every partner in a Limited Liability Partnership shall be deemed to be a designated partner.

(3) A Limited Liability Partnership may at any time deliver to the Registrar:

(a) notice that specified partners are to be designated partners, or

(b) notice that every person who from time to time is a partner of the Limited Liability Partnership is a designated partner, and, once it is delivered, subsections (1) and (2) of this Section shall have effect as if stated in the registration document.

(4) A notice delivered under subsection (3) shall be:-

(a) in a form approved by the Registrar, and;

(b) signed by a designated partner of the Limited Liability Partnership or authenticated in a manner approved by the Registrar.

(5) A partner shall cease to be a designated partner of a Limited Liability Partnership if he ceases to be a partner.

(6) Designated partners shall perform the following functions, including but not limited to:

(a) notify the registry of any changes in the partnership or change in the partnership agreement or capital contribution or ratios between the partners or changes to the registered address or name of the Limited Liability Partnership;

(b) Preparation, signing and delivery of annual returns;

(c) act on behalf of the Limited Liability Partnership in cases of winding up and dissolution of the Partnership; and

(d) other related functions of the Limited Liability Partnership as may be prescribed by the Registrar of Limited Liability Partnerships from time to time.

(7) A designated partner is personally accountable in law for failure to carry out any legal duty imposed on the Limited Liability Partnership by Law.

(8) The personal liability of a designated partner shall not affect any liability imposed on a Limited Liability Partnership by Law.

Registration of 71. (1) A Limited Liability Partnership must ensure that—
changes.

(a) where a person becomes or ceases to be a partner or designated partner, notice is delivered to the Registrar within fourteen (14) days;

(b) where there are changes to the capital structure of the partnership or to the amounts contributed or to be contributed by any limited liability partner to the Partnership, notice is delivered to the Registrar within fourteen (14) days thereof; and

(c) where there is any change in the name or residential address of a partner, notice is delivered to the Registrar within twenty-eight (28) days.

- (2) Where all the partners of a Limited Liability Partnership are designated partners, subsection (1)(a) does not require notice that a person has become or ceased to be a designated partner as well as a partner.
- (3) A notice delivered under subsection (1)—
 - (a) shall be in a form approved by the Registrar; and
 - (b) shall be signed by a designated partner of the Limited Liability Partnership or authenticated in a manner approved by the Registrar, and, if it relates to a person becoming a partner or designated partner, shall contain a statement that he consents to becoming a partner or designated partner signed by him or authenticated in a manner approved by the Registrar.
- (4) Subject to the provisions of section 71 of this Law, where a new member is introduced into a Limited Liability Partnership, the notice specified in subsection (3) of this Section shall be accompanied by the payment of filing fees for the new partner as may be prescribed by the State Commissioner by Regulations.

Liability 72.
to pay
tax.
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The income of partners of a Limited Liability Partnership shall be liable to tax under the Personal Income Tax Act, where applicable.

Regulatory 73.
Functions

The State Commissioner shall have the following regulatory powers with respect to Limited Liability Partnerships:

- (a) ensure that the administration of the provisions of the Law on Limited Liability Partnership is done in a manner that facilitates easy completion of registration and other processes under the Law and
- (b) facilitate and procure the establishment, management and functioning of an Online Public Registry.

Power to 74,
make
Regulations

The State Commissioner in consultation with the Registrar may make such rules concerning any of the following matters –

- (a) the fees to be paid to the Registrar under this Law;
- (b) the forms to be used for the purposes of this Law; and

- (c) generally the conduct and regulation of registration under this Law and any incidental matter.

Management of the Partnership Business. 75. Any partner in a Limited Liability Partnership may subject to agreement between the partners take part in the management of the partnership business and shall be liable for negligent or incorrect statements made in the ordinary course of business on behalf of the partnership.

Liability of Partners. 76. (1) The amount subscribed by a partner of a Limited Liability Partnership is the amount which he has contributed to the partnership as capital less so much of that amount (if any) as—

- (a) he has previously, directly or indirectly drawn out of the said capital or received upon notification to the Registrar in the prescribed form;
- (b) he draws out or receives during the period of five (5) years beginning with the relevant time;
- (c) he is or may be entitled to draw out or receive back at any time when he is a partner of the Limited Liability Partnership; and
- (d) he is or may be entitled to have another person to reimburse him.

(2) The amount of liability of a limited liability partner on the dissolution of a Limited Liability Partnership is the amount which—

- (a) he has subscribed to under the terms of the registration document or the Limited Liability Partnership Agreement submitted to the Registrar and as stated in the registration document described in Section 60, being the amount such partner is liable to contribute to the assets of the Limited Liability Partnership in the event of its dissolution or ceasing to carry on the business and
- (b) he remains liable to contribute to the terms of the registration document, for the period of at least five years beginning with the relevant time (or until it is dissolved, if that happens before the end of that period).

(3) A limited liability partner shall not be liable for the -

- (a) debts or action or inaction of the partnership or Limited Liability Partnership beyond the amount subscribed by such limited liability partner;

- (b) subscribed amount that has been fully paid to the limited liability partnership, the limited liability partner shall not have any further liability beyond the sums paid; and
- (c) subscribed amount that is partially paid to the Limited Liability Partnership, the Limited Liability Partner shall have no liability beyond the balance left to be paid on the subscribed amount.

(4) “Relevant time” for the purpose of this Section means the period from which the liability of a partner to contribute to the liability of a Limited Liability Partnership begins either upon its resignation, dissolution of the partnership or from the time a judgment is obtained against the Limited Liability Partnership.

Insurance 77.

(1) Every Limited Liability Partnership shall provide and maintain a bond which shall be issued by a registered insurance company acceptable to the Registrar against stealing, fraud or dishonesty, covering each partner of the partnership. The amount of the bond shall be with due consideration to all relevant factors including but not restricted to the value of the aggregate assets of the Limited Liability Partnership provided that the minimum amount of the bond shall be prescribed by the State Commissioner from time to time

(2) Notwithstanding any provision to the contrary in this law, a Limited Liability Partnership (through its partners) shall also maintain a professional or business liability insurance policy with a registered insurance firm as a precondition to the registration of the partnership at the Limited Liability Partnership Registry.

Annual Returns 78.

(1) Every Limited Liability Partnership, shall once in a year, make and deliver to the Registrar an annual return in the prescribed form, and containing the matters specified in sub-section (2) of this Section.

(2) The Annual Returns shall contain the following information:-

- (a) The name and registered address of the Limited Liability Partnership;
- (b) particulars of the total assets of the partnership as at the end of the preceding calendar year, comprising current and non-current assets as defined by the Nigerian Accounting Standards Board (NASB);

- (c) particulars of the total indebtedness of the partnership as at the end of the preceding calendar year, comprising current and non-current liabilities as defined by the NASB; and
- (d) particulars of the partners, designated partners and the capital subscription (paid and unpaid) of each limited liability partner as at the end of the preceding calendar year and any changes during the year,

PROVIDED, always, that the total capital (in this context, connotes undistributable capital) subscribed and notified to the Registrar by the Limited Liability Partners shall not be less than 10% of the net assets of the Limited Liability Partnership from time to time.

(3) The annual return of the Limited Liability Partnership shall be certified by the designated partners and shall be filed within six (6) months at the end of every calendar year after the limited partnership is registered.

(4) The fees to be paid on the filing of the annual return of a Limited Liability Partnership and on the filing of the next and subsequent Annual Returns shall be as may be prescribed in the Schedule and as may be amended by the State Commissioner from time to time.

Registration of Mortgages and Charges 79. (1) Every mortgage or charge created by a Limited Liability Partnership shall be void against any creditor of the partnership, unless the instrument creating the charge is registered at the Registry within sixty (60) days after the day of the creation of the charge.

(2) When a charge becomes void by reason of its non registration with the Registry, the money thereby secured shall immediately become payable.

Notice of Dissolution 80. Upon the dissolution of the partnership, the designated members, on behalf of the Limited Liability Partnership, shall notify the Registrar within fourteen (14) days of the dissolution in the prescribed form.

Offences and Penalties 81. (1) A person guilty of an offence under this law or any rules or regulations made there under shall be liable to a fine of One Hundred Thousand Naira (₦ 100,000.00) or six (6) months imprisonment or both.

(2) When a person is convicted of failure to furnish a return, statement or to keep records required under this law, or Regulations made thereunder, a further sum of ₦1,000 for every day in which the default continues shall be payable to the Registry.

Business Names 82.

Nothing in this Law shall be construed as precluding the registration of a registered Limited Liability Partnership as a business name under any existing law.

Jurisdiction of the High Court of Lagos State 83.

The High Court of Lagos State shall exercise jurisdiction with respect to the interpretation and application of the provisions of this Law relating to registered Limited Liability Partnerships and all matters arising from this Law.

Citation and Commencement 84.

This law maybe cited as the Partnership (Amendment) law 2009 and shall come into force on the day of 2009

SCHEDULE

FILINGS

Registration of Limited Liability Partnership

FEES

Filing fee of N25,000 and additional 1.5% per million of the total capital subscribed by the limited liability partners

Particulars of Partners	N5,000
Change of Partnership Name	N5,000
Notice of Merger of Partnership	N10,000
Other Partnership Changes Notice	N5,000
Notice of Bond/Indemnity	N5,000

Annual Returns:

1. First Year:0.005% of the total assets of the Limited Liability Partnership;
2. Second and Subsequent years:.....0.005% of the increase in total assets over the preceding year.

Notice of Dissolution	N5,000
Notice of Mortgages and/or Charges	N10,000

SERVICES

Searches	N10,000
Certifications & Authentication	N5,000
Name reservation and Acquisition	N5,000
Reports and Data Requests	N5,000

FORMS

Registration Forms	N5,000
Notices	N5,000