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RESPONSE TO ACRA CONSULTATION ON PROPOSED CHANGES TO THE LIMITED PARTNERSHIPS ACT

Date	**1 Nov 2021**
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To: ACRA_Public_Consultation@acra.gov.sg

General

The Singapore Venture Capital and Private Equity Association ("**SVCA**") is pleased to submit the following feedback to ACRA's public consultation on proposed changes to the Limited Partnerships Act ("**LP Act**") in Singapore. This follows, and builds upon, SVCA's previous responses to MAS Questionnaire on the Singapore Limited Partnership Regime submitted last year.

SVCA would be happy to discuss the feedback below with ACRA at your convenience if ACRA has further questions or clarifications.

Structure of Feedback

SVCA notes that ACRA has set out its proposed amendments in three separate Annexes:

(a) Annex A: List of proposed amendments to the LP Act;

(b) Annex B: List of proposed amendments to the first schedule to the LP Act (safe harbour activities); and

(c) Annex C: List of feedback received during previous consultation and considered but for which no proposals for amendments to the LP Act have been made.

SVCA has structured its feedback into two main sections in this document:

1. Section 1 sets out ACRA's specific consultation questions in Annex A and Annex B, and SVCA's responses to ACRA's specific consultation questions; and

2. Section 2 sets out SVCA's general comments in relation to selected issues raised in all three Annexes.

Section 1: ACRA's Consultation Questions in Annex A and Annex B

Annex A

Item no.	Statutory provision	Current requirement	Proposal	Reason for proposal/ Consultation questions	SVCA Responses
A. New definition of fund LPs					
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 partnership from the date of designation as a fund LP.	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 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. The provisions relating to fund LPs will apply to the limited partnership from the date of designation as a fund LP. **Consultation Question**: (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?	(a) We agree with ACRA's proposal to allow for the designation of an existing limited partnership as a fund LP, as a permanent feature in the Singapore limited partnership regime. Not only will this serve as a useful transition tool for existing funds structured as limited partnerships (having regard to the additional changes applicable to fund LPs which increase clarity), this will also enhance flexibility for new limited partnerships to "opt-in" to become a fund LP from time to time notwithstanding initial registration as a non-fund LP. (b) We propose to make it clear that such designation does not result in a change to the continuity and existence of the limited partnership, and its existing rights and obligations. Additionally, we also take the view that there is little support for retrospective application of such designation (i.e., treating the limited partnership as if it has always been a fund limited partnership from the date of its registration), and further observe that Hong Kong, UK and the Cayman Islands

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				(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?	do not seem to provide for retrospective application. We also seek ACRA's clarification on its powers to approve or to reject a proposed designation as a fund LP. We observe that most regimes tend to require an application for designation as a fund LP to be made to the regulator, and further that the regulator retains some discretion to reject an application if certain formality requirements are not met (e.g., section 80(2) of the Hong Kong Limited Partnership Fund Ordinance (Cap. 637) (link) (the "**HK LPFO**"), section 8(1) of the UK Limited Partnerships Act 1907 (link) and section 9 of the Cayman Islands Exempted Limited Partnership Act (2021 Revision) (link) (the "**Cayman ELP Act**")). At present, we understand that an election to be treated as a "Regulation 12 limited partnership" is not subject to ACRA's approval, and is made by way of an option selected by a filing agent on behalf of the relevant limited partnership. We are of the view that a simple election requirement to be designated as a fund LP is consistent with the existing Regulation 12 limited partnership regime, and will minimize regulatory burden both on ACRA and applicants, thus streamlining the transition to fund LPs.
B. Registration					

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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. This amendment is proposed to apply to all limited partnerships.	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". 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. **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?	One reason why corporate general partners should not act in the capacity of a trustee or representative capacity is the potential conflict of interests. A trustee, an agent, or a person acting under a power of attorney typically owes fiduciary duties to their beneficiaries, principals, etc. Such a position is likely to conflict with the role of a general partner, who has management powers to act on behalf of the limited partnership and is legally liable for all debts and obligations of the limited partnership incurred in the exercise of its management powers. That said, we are of the view that any restriction on corporate general partners acting in the capacity of a trustee or a representative should not be legislated as a fixed rule. This is more appropriately left to parties as a contractual matter (i.e., a negotiated conflict management framework in the limited partnership agreement) in line with private funds market practice.
C. Assignment and transfer of interests					
7.	New provision	-	To add new legislative provisions for the following: a) Subject to the partnership agreement, assignment of a	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	We do not think it is necessary to draw a distinction in the regulatory position between a transfer of the limited partner's and the general partner's interest. Both the limited partner's and the general partner's interest should be transferrable in accordance with the limited partnership

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			right, debt or other chose in action by a limited partner requires the general partner's consent. b) A partnership interest is transferable in whole or in part in accordance with the limited partnership agreement. This amendment is proposed to apply to all limited partnerships.	be validly made in a limited partnership. Position (a) is consistent with the position in the Cayman Islands and Luxembourg. Position (b) is consistent with the Cayman Islands. As the objective of the proposal is to provide certainty, the proposal is proposed for all limited partnerships. **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)?	agreement. This is in line with private funds market practice, whereby a limited partnership agreement commonly provides for various general partner removal and withdrawal events and the consequential appointment of a successor general partner, therefore necessitating a transfer of the general partner's interest. This also provides contractual flexibility for parties to agree on the terms of a transfer of the general partner's interest in the limited partnership agreement. In addition, we take the view that it is helpful to clarify that the general partner's interest is transferrable, since it is not uncommon for general partners to create security over its interest in financing transactions for private funds.
8.	New provision	-	To add new legislative provisions for the following: a) Subject to the partnership agreement, the 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.	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 position in the UK, the Cayman Islands and Luxembourg. **Consultation Question**: (a) Is the industry practice outside of the funds industry that the transfer of a limited partner's	We agree that the proposed legislative provisions are useful in enhancing clarity, and they should apply at a minimum to fund LPs.

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			b) The admission of a replacement limited partner does not result in a technical dissolution of the limited partnership. This amendment is proposed to apply to fund LPs only.	interest results in a technical dissolution of the limited partnership? (b) Should the proposal apply to all limited partnerships or only fund LPs?	
D. Fiduciary duties of partners					
9.	New provision	-	To add new legislative provisions for the following: 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 partner not to compete with the partnership, respectively. This amendment is proposed to apply to fund LPs only.	The Partnership Act ("PA") sets out the following duties: 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. Under the LP Act, limited partners cannot take part in the management of the limited partnership and 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	We agree with the proposed legislative provisions which are consistent with the approach of allowing parties to agree on the scope/extent of their obligations as set out in the limited partnership agreement. We are also of the view that the proposed provisions should apply to limited partners in all limited partnerships, since limited partners are not involved in the management of a limited partnership, unless there is an appropriate reason to differentiate between fund LPs and non-fund LPs. These should at a minimum apply to all fund LPs. We further propose to clarify that these amendments will apply to all existing "Regulation 12 limited partnerships". In respect of the specific duty in s29 PA, we agree that it is prudent and fair (at least vis-à-vis other limited partners) for a limited partner to be, as a default, restricted from making private

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				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. 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). Similar to the approach in the UK and Hong Kong, ACRA does not propose that the amendments apply to non-fund LPs. **Consultation Question**: Should the proposal apply to all limited partnerships or only fund LPs?	profits from any transaction concerning the partnership, or from any use by such limited partner of the partnership property, name or business connection. We are also of the view that s19 PA is sufficient to allow parties to contract out of the s29 PA duty under the limited partnership agreement, and we further note the consistency of this approach with the UK position.
10.	New provision	-	To legislate that limited partners of fund LPs do not owe fiduciary duties	There appears to be a lack of clarity in the industry as to whether limited partners owe fiduciary duties to the limited	We agree with the proposed legislative amendment which is consistent with the approach of allowing parties to agree on the

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			to the limited partnership/ other partners, unless otherwise provided in the limited partnership agreement. This amendment is proposed to apply to fund LPs only.	partnership/ other partners. The proposal will increase certainty in the industry. 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. **Consultation Question**: Should the proposal apply to all limited partnerships or only fund LPs?	scope/extent of their obligations as set out in the limited partnership agreement. This is a helpful and practical clarification, since limited partners in a fund LP are passive investors. We are also of the view that the proposed amendment should apply to limited partners in all limited partnerships, since limited partners are not involved in the management of a limited partnership, unless there is an appropriate reason to differentiate between fund LPs and non-fund LPs. In any case, this should at a minimum apply to all fund LPs. We further propose to clarify that the amendment will apply to all existing "Regulation 12 limited partnerships".
E. Re-domiciliation					
11.	New provision	There is no re-domiciliation regime for limited partnerships. There is an inward re-domiciliation regime for compani	We seek views on whether to introduce a new re-domiciliation framework for fund LPs. If proceeded with, the proposed criteria to be met for re-domiciliation is as follows: a) the fund management company of	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. **Consultation Questions:** (a) Is there a demand for limited partnership re-domiciliation? (b) Are the proposed	(a) We agree that current demand for Singapore limited partnerships by Singapore-based PE fund managers remains muted (due to path dependency, familiarity of use of Cayman exempted limited partnerships and their tax neutral position), and by extension, limited partnership re-domiciliation is unlikely to be attractive for now given the costs involved, especially to closed-end funds with terms "cast in stone". Nonetheless, we take the view that introducing a re-domiciliation regime for limited partnerships gives fund managers additional

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		es and variable capital companies (VCCs).	the fund is either a (i) Singapore-based fund manager or (ii) global fund-manager with a presence in Singapore; and b) the fund must meet minimum requirements similar to that imposed for re-domiciliation of a VCC. For reference, these are set out below: 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	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?	flexibility in structuring their funds during the life of a fund. There may be persuasive commercial reasons in future arising from legal, tax or regulatory developments in foreign jurisdictions which incentivize fund managers to re-domicile their foreign limited partnership funds to Singapore (for example, if there is a change in foreign tax rules, the imposition of additional compliance requirements by foreign regulators (e.g. Cayman Islands Private Funds Law), or other reasons (e.g. certain investors may be averse to investing in Cayman-domiciled vehicles (especially in light of the Cayman Islands' inclusion in the EU tax blacklist for a period of time in 2020))). Across Asia, we have observed a trend of "onshoring" of funds, and this revamp of the Limited Partnerships Act (and the clarification on the stamp duty treatment of limited partnerships under the Stamp Duties Act) could potentially boost demand for re-domiciliation. Additionally, we believe there could be a pool of open-ended funds structured as foreign limited partnerships with perpetual existence, which may be open to re-domiciliation. (b) We agree that it makes practical sense to ensure a consistent inward re-domiciliation regime across different fund structures.

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			application date, it is able to pay its debt within 12 months after commencement of winding up. 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. v. The FCE is authorised to re-domicile under the law of its place of incorporation. vi. The FCE has complied with the requirements of the law of its place of incorporation in relation to the re-domiciliation. vii. The re-domiciliation application is not intended		Additionally, we seek ACRA's clarification on the criteria for the "fund management company" to be "either a (i) Singapore-based fund manager or (ii) global fund-manager with a presence in Singapore". In this regard, we separately note the proposal for fund LPs to fit the existing definition of "relevant limited partnership" (which requires a licensed or exempt person to carry on business in the regulated activity of fund management under the Securities and Futures Act (Cap. 289) of Singapore). We would like ACRA to re-consider whether the former criteria is necessary in light of the latter requirement. (c) We are of the view that it is not necessary to impose additional minimum requirements for inward re-domiciliation, with a view to achieving consistency across different Singapore fund structures. This approach also increases the ease of inward re-domiciliation, enhancing the attractiveness of such an option to fund managers and their investors, keeping in mind that the fund will also have to satisfy certain outward re-domiciliation requirements imposed by the foreign jurisdiction.

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			to defraud existing creditors and is made in good faith. viii. No receiver is in possession of any property of the FCE and there is no such ongoing or pending proceeding. ix. The FCE is not under judicial management and there is no such ongoing or pending proceeding. x. The FCE has not made any compromise or arrangement with any person and there is no such ongoing or pending proceeding. xi. The FCE is not in liquidation or being wound up and there is no such ongoing or pending proceeding. Some criteria (for e.g. ix and x) applicable to VCCs will not be applicable to limited partnerships		

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			and some may require modification (for e.g. i and viii) for application to FCEs that are limited partnerships.		
F. Dissolution					
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 withdrawing partner has a right to have the	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. This amendment is proposed to apply to all limited partnerships.	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. There is ambiguity as to the effect of withdrawal of a limited partner for limited partnerships. We 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	We agree with the proposed legislative provision. Clarity that the effect of the withdrawal of a limited partner is governed by the limited partnership agreement would be beneficial. We are also of the view that the proposed provision should apply to all limited partnerships, since limited partners are not involved in the management of a limited partnership, unless there is an appropriate reason to differentiate between fund LPs and non-fund LPs. In any case, this should at a minimum apply to all fund LPs.

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		value of his share ascertained and paid out by the remaining partners.		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. 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. **Consultation Question**: Should the proposal apply to all limited partnerships or only fund LPs?	
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	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	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. 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.:	(a) We are of the view that allowing a grace period for a replacement general partner to be appointed better reflects commercial practicalities in the private funds industry, whereby limited partnership agreements commonly provide for a replacement of the general partner upon the occurrence of general partner removal events. In this regard, we propose to clarify that: (i) a limited partner of

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		(subject to agreement between the partners).	bankruptcy or death of a general partner.	(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): i. lodging changes in particulars (s18); ii. ensuring that the invoices and official correspondence of the limited partnership bear the name and registration number of the limited partnership	a fund LP shall not cease to have the benefit of limited liability by reason only of the fund LP ceasing to have a general partner during the grace period; and (ii) if the limited partners elect a replacement general partner within the statutorily prescribed grace period (or such other period specified in the limited partnership agreement), the fund LP shall not be required to be dissolved and the business of the fund LP may be resumed and continued as provided for in the limited partnership agreement or subsequent agreement. This follows the approach in Cayman Islands. Additionally, we are of the view that there is a benefit in providing for a statutory novation of assets and liabilities on substitution of a general partner such that all rights and property held by the exiting general partner (on behalf of the fund LP) will vest without further formalities in the incoming general partner (and any continuing existing general partners). This will facilitate a change in the general partner administratively, and is consistent with the approach in Cayman Islands. We recognise the potential concerns raised by ACRA during the grace period when there is no general partner (set out in column opposite), and make the following observations: 1. In relation to issue (a) and (b), the possibility of a

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				(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) 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. **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	general partner's death may not be relevant in the fund LP context, since general partners are usually corporates (at least in the fund LP context) who cannot 'die'. In any case, one partial solution may be to legislatively postpone the effective date of removal of the general partner until at least one replacement general partner is appointed within the grace period (and subject to the limited partnership agreement), and for the existing general partner to (i) immediately cease to transact new business for the limited partnership or assume new liability, and (ii) to only undertake such acts that are necessary to maintain the limited partnership or acts which have been approved by a threshold of limited partner approval. To clarify on this partial solution, management decisions during the grace period would still be undertaken by the general partner to maintain the limited liability status of limited partners, but such decisions would be effected through a threshold of limited partner approval (e.g. 75%). Nonetheless, such an approach will be a

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				sufficient, in view of factors such as the disruption of business activities and the current market practice? If not, what would be a more appropriate duration for the grace period?	novel one, and we observe that the HK LPFO and the Cayman ELP Act seem to be silent on the issue of who makes management decisions and who is liable for all debts and obligations of the limited partnership during the grace period. 2. In relation to issue (c), we are of the view that the concern can be mitigated by clarifying that the replacement general partner is required to fulfill the relevant statutory obligations within a certain period of time after its appointment as if it had been the general partner during the grace period. Alternatively, issue (c) may fall away if the solution we had proposed in the preceding paragraph is adopted. (b) We agree with the proposed legislative amendment which should apply at a minimum to fund LPs. (c) We are of the view that a grace period of 30 days is quite short, but would be an appropriate default time period, as long as the parties have the contractual flexibility to agree on a longer grace period in the limited partnership agreement.

Annex B

Item no.	Current paragraph no. in First Schedule	Current provision	Proposal	Reason for proposal/ Consultation questions	SVCA Responses
3.	Paragraph 3	Acting as an agent or employee of a general partner of the limited partnership or as a trustee or other fiduciary or beneficiary of an estate or trust which is a general partner of the limited partnership, or as a trustee, advisor, shareholder or beneficiary of a business trust or a statutory trust which is a general partner of the limited partnership, or as a director, officer or shareholder of a corporate general partner of	Proposal 3(a): To broaden para 3 of the First Schedule to include the additional role of acting as a contractor of the limited partnership's general partner. Proposal 3(b): To broaden para 3 of the First Schedule to include authorising a person to act in the roles mentioned under current para 3 (as well as any additional role under amended law): i. Agent/employee of a general partner ii. Trustee/ fiduciary/beneficiary of an estate/trust which is a general partner iii. Trustee/ advisor/ shareholder/ beneficiary of a business trust/ statutory trust which is a general partner iv. Director/ officer/ shareholder of a corporate general partner. Proposal 3(c): To broaden para 3 of the First Schedule to include "acting as a director, member, employee, officer or agent	Proposal 3(a) is consistent with the position in Hong Kong and the Cayman Islands. Proposal 3(b) is consistent with the position in the UK and Hong Kong. ACRA understands from the feedback given that the activity in proposal (b) is a typical right/ common activity for limited partners. On proposal 3(c), ACRA understands from the feedback given that the activity in proposal(c) is a common activity for limited partners. On proposal 3(d), ACRA understands that a general partner that is structured as a limited partnership (GP1) may have management team members (of the fund) as limited partners of GP1. These management team members may also invest into the fund limited partnership and be limited partners of the fund limited partnership (to increase alignment of interest). ACRA notes that only the UK's safe harbour list has provided for acting as a partner of the limited partnership's general	We are of the view that para 3 of the First Schedule should be broadened to include being a partner of the limited partnership's general partner. Acting as a partner of a limited partnership's general partner is analogous to acting as a "director, officer or shareholder of a corporate general partner" (which is an existing carve-out in the First Schedule). Inclusion of the former is commercially consistent and a useful clarification of the existing language to accommodate situations where the general partner itself is a limited partnership .

		the limited partnership.	of, or a shareholder or partner in any person appointed to manage or advise the limited partnership in relation to the affairs of the limited partnership". Proposal 3(d): To seek views whether para 3 of the First Schedule should be broadened to include being a partner of the limited partnership's general partner. (Note: This will be relevant only if the proposed reform to allow limited partnerships to be general partner is proceeded with.)	partner as not counting towards management of the limited partnership. ACRA seeks views whether this activity should be included in the Safe Harbour List. **Consultation question:** Do you take the view that para 3 of the First Schedule should be broadened to include being a partner of the limited partnership's general partner?	

Section 2: General comments in relation to selected issues raised in ACRA's Annexes

S/N	Relevant ACRA's Annex	ACRA's proposal	ACRA's reason for proposal	SVCA Comments
1.	Annex A, Item 1	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.	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.	We agree with ACRA's proposal to use the existing definition of "relevant limited partnership" for the definition of fund LP. We also considered that there is likely to be little interest in expanding the definition to foreign fund managers for two reasons: (1) the Singapore fund tax exemption schemes are tied to the requirement for a Singapore-licensed/exempt fund manager; and (2) global fund managers would typically set up a Singapore office or rely on one of the licensing exemptions (which is already encompassed by the existing definition of "relevant limited partnership").
2.	Annex B, Items 8 and 9	To include the following additional activities to the Safe Harbour list: Proposal 8: Serving on a board/ committee of a corporation - (a) in which the limited partnership has an interest; or (b) which provides management, consultation, custody or other services to the limited partnership, or having a business relationship with the limited partnership. Proposal 9: (i) Appointing a person to serve on a board/ committee of a corporation: (a) in which the limited partnership has an interest; or (b) which provides management, consultation, custody or other services to the limited partnership, or	Proposal 8(a) allows limited partners to sit on the board/ committees of corporations in which the limited partnership invests in. Feedback shows strong support for proposal 8(a), with respondents indicating that the activity in proposal 8(a) is a typical activity. Proposal 8(a) is consistent with the position in Hong Kong and the Cayman Islands. Proposal 8(b) is consistent with the position in Hong Kong and the Cayman Islands. Proposal 9 is an extension of the preceding item. Limited	We agree with ACRA's proposal to include the additional activities (set out in the column opposite) to the Safe Harbour list, which are helpful clarifications. We further propose to clarify the proposed language as follows (suggested amendments in blue): "Proposal 8: Serving on a board/ committee of ~~a corporation~~ an entity - (a) in which the limited partnership has a direct or indirect interest; or … Proposal 9: (i) Appointing a person to serve on a board/ committee of ~~a corporation~~ an entity: (a) in which the limited partnership has a direct or indirect interest; ..." Our proposed clarification is intended to permit appointments by a limited partner of a fund LP, where such fund LP is a fund-of-funds which may be

		having a business relationship with the limited partnership. (ii) Revoking such appointment.	partners (as investors to the fund) may hold multiple investments and may not have the time to sit on the boards/ committees or may prefer to appoint a professional to sit on the boards/ committees. The proposal is consistent with the position in Hong Kong.	granted a right to appoint a person to serve on a committee of a portfolio fund (regardless of its legal form) or on the board of a portfolio company of a portfolio fund.
3.	Annex C, Item 6	We note that ACRA has considered a request to: "provide expressly in the LP Act that a limited partnership can have a foreign corporation (not registered in Singapore) as its sole general partner", and proposes not to make any amendments to the LP Act.	-	One of our members has queried the need for the requirement to appoint a local manager where the general partners are residing outside Singapore. We would like ACRA to re-consider this.
4.	Annex C, Item 13	We note that ACRA has considered a request to: "provide in the LP Act whether security can be granted over an interest in a limited partnership", and proposes not to make any amendments to the LP Act.	-	We agree with ACRA's approach, and do not typically encounter any difficulty or concern with the existing position in private funds practice.
5.	Annex C, Item 16	We note that ACRA has considered a request to: "provide in the LP Act that a general partner must act at all times in good faith and, subject to the partnership agreement, in the interests of the limited partnership", and proposes not to make any amendments to the LP Act.	-	We agree with ACRA's approach, and are of the view that parties have the contractual freedom to determine the exact scope of duties within the limited partnership agreement (as is commonly the case).
6.	Annex C, Items 18 and 19	We note that ACRA has considered a request to: "remove the applicability of constructive knowledge in s7(2) and s7(3) LP Act (relating to clawback of distributions to limited partners)" and "shorten the "clawback" time period in	-	We agree with ACRA's approach, and do not typically encounter any difficulty or concern raised by investors on the existing position in private funds practice.

		s7(2) and (3) LP Act (relating to clawback of distributions to limited partners) from 1 year to 6 months", and proposes not to make any amendments to the LP Act.		