

Bill on limited liability partnership to be gazetted tomorrow

The Legal Practitioners (Amendment) Bill 2010 introducing the limited liability partnership (LLP) for solicitors firms will be gazetted tomorrow (June 18).

This aims to protect a partner of an LLP against personal liability for the default of other members of the firm in the case where the partner is not personally at fault himself.

The bill proposes that a person will not, solely by reason of being a partner, become jointly or severally liable for any partnership obligation if the firm is an LLP and the partnership obligation arises from the default of another partner, or of an employee, agent or representative of the firm.

The proposal changes the existing law under which every partner in a solicitors firm is liable jointly and severally with other partners for all partnership obligations, including those arising from any wrongful act of other members of the firm.

A spokesman for the Department of Justice said, "the bill is not intended to change the common law position with respect to the general principles of negligence.

"A partner in an LLP may still be held responsible under the common law for vicarious liability arising from a default of an employee who is under the supervision of the partner.

"Besides, a failure to establish a proper system of staff supervision can be the basis for a claim that all partners of an LLP are collectively liable for negligence," the spokesman added.

The bill also proposes that the name of an LLP must contain the words "有限責任合夥" if it is in Chinese, and the words "Limited Liability Partnership" or its abbreviation if it is in English. The name must be displayed at every place of the partnership business. The name should also be stated in the firm's correspondence and other publications.

It also requires an existing law firm to notify all its existing clients within 30 days after it becomes an LLP. A foreign firm only needs to notify its clients in

Hong Kong if it has already been practising law as a partnership with limited liabilities in another jurisdiction.

A list of LLPs is required to be kept by the Council of the Law Society for public inspection.

Other issues covered in the bill include regulation on the distribution of an LLP's property in certain circumstances for the purposes of preserving the partnership assets for meeting claims from creditors and the scope of power of the Council of the Law Society with respect to the proposals.

The bill will be introduced into the Legislative Council on June 30.

Ends/Thursday, June 17, 2010