

Proposals for extension of Companies Act to US LLPs dropped amid lack of support

# Relief for US LLPs as Government rejects accounts disclosure plan

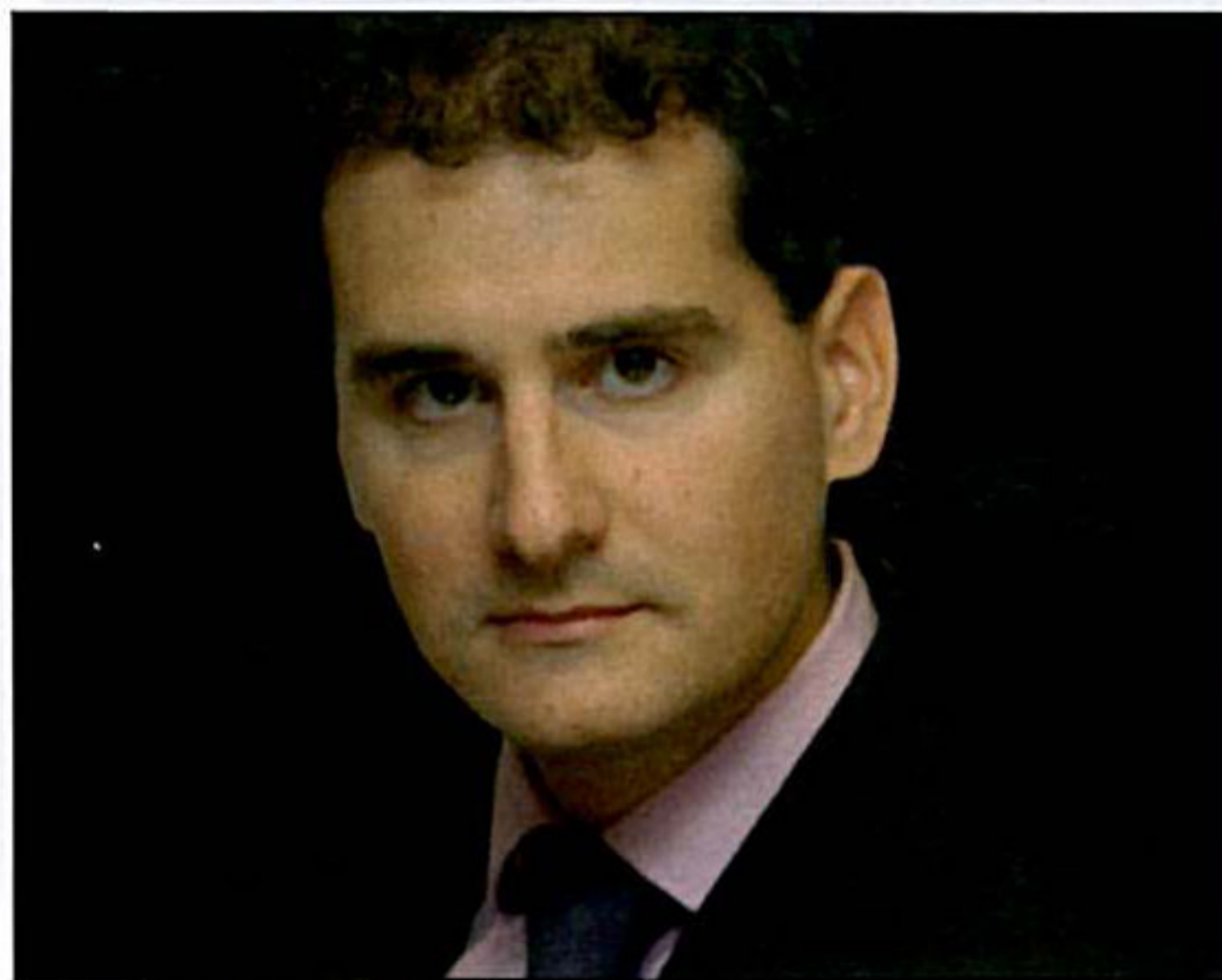
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US law firms in London have narrowly escaped having to disclose their financial results after the UK Government backed out of proposals to push overseas limited liability partnerships (LLPs) operating in the City for greater openness.

Results of a consultation by the Department for Business Enterprise & Regulatory Reform (BERR) looking into the application of the Companies Act for LLPs reveal that the Government is no longer planning to extend the Act to overseas LLPs.

BERR's response to the consultation, released late last month, said that it had opted not to extend the Act to overseas LLPs due to a "lack of clear support" and consensus.

Firms including Clifford Chance, DLA Piper, Berwin Leighton Paisner as well as the Law Society all took part in the consultation, which kicked off last October.



**Black: 'US LLPs are set up very differently'**

Forcing US firms to disclose their results in London would have been a significant and unpopular shift for many US firms, as those operating as US LLPs do not even have to disclose their accounts in the US.

Jeremy Black, an associate partner at Deloitte, said: "The problem is that it is all very well in theory to apply the changes but difficulties will arise when you try and apply them in

practice, as US LLPs are set up very differently to the UK version. If they do consider making the changes in the future then they would have to look at the implications very closely."

Addleshaw Goddard partnership specialist Richard Linsell added: "It is a difficult issue but my view is that English law should respect the status of US LLPs, which are under their laws partnerships and not body corporates like the UK LLPs and, therefore, should not have to file their financials."

However, the decision not to bring the London offices of US firms in line with UK colleagues has frustrated some.

Fox Law name partner Ronnie Fox said: "It seems to me that there should be a level playing field. My conclusion is not to require US law firms to disclose their results but not to make UK firms publish their results."

BERR said it would continue to keep the situation under review.