



BERMUDA

PARTNERSHIP ACT 1902

1902 : 10

TABLE OF CONTENTS

NATURE OF PARTNERSHIP

1	Definition of partnership
1A	Interpretation
1B	Delivery of electronic records to Registrar
2	Rules for determining existence of partnership
3	Insolvency; postponement of rights
4	Meaning of firm and firm-name
4A	Election to have legal personality
4B	Election of an existing partnership to have legal personality <i>[repealed]</i>
4BA	Election of an existing partnership to have legal personality
4C	Legal personality
4D	Change of partners where partnership has legal personality
4E	Liability where partnership has legal personality
4F	Register, registration and priority of charges
4G	Amendment of register
4H	Correction of register
4I	Registration of series of debentures
4J	Particulars to be registered when commission is paid for debentures
4K	Entry of satisfaction or release; release of property from charge
4L	Regulations
4M	Interpretation of sections 4M to 4ZE <i>[repealed]</i>
4N	Application of sections 4M to 4ZE <i>[repealed]</i>
	<i>Partnership to identify beneficial owners</i>
4O	Meaning of beneficial owner <i>[repealed]</i>
4P	Partnerships to obtain information regarding beneficial owners <i>[repealed]</i>
4Q	Partnership to issue notice to beneficial owners <i>[repealed]</i>

PARTNERSHIP ACT 1902

Beneficial ownership register

- 4R Duty to keep beneficial ownership register *[repealed]*
- 4S Partnership to keep beneficial ownership register up-to-date and current *[repealed]*
- 4T Disputes regarding beneficial ownership *[repealed]*
- 4U Power of Court to rectify beneficial ownership register *[repealed]*

Beneficial ownership information to be filed with Authority; compliance measures

- 4V Filing of beneficial ownership information with the Authority *[repealed]*

Compliance measures

- 4W Notice by partnership imposing restrictions *[repealed]*
- 4X Power to obtain information and reports *[repealed]*
- 4Y Offences *[repealed]*

Miscellaneous

- 4Z Confidentiality *[repealed]*
- 4ZA Privileged information *[repealed]*
- 4ZB Application of Public Access to Information Act 2010 *[repealed]*
- 4ZC Application of Personal Information Protection Act 2016 *[repealed]*
- 4ZD Other provisions concerning beneficial ownership or registers etc. not affected *[repealed]*
- 4ZE Notices *[repealed]*

RELATIONS OF PARTNERS TO PERSONS DEALING WITH THEM

- 5 Power of partner to bind firm
- 6 Partners are bound by acts of firm
- 7 Partner using credit of firm for private purposes
- 8 Effect of notice that firm will not be bound by acts of partners
- 9 Liability of partners
- 10 Liability of firm for wrongful act of partner
- 11 Misapplication of money or property received for or in custody of firm
- 12 Liability for wrongs joint and several
- 13 Improper employment of trust- property for partnership purposes
- 14 Persons liable for holding out as partners
- 15 Admissions and representations of partners
- 16 Notice to acting partners to be notice to the firm
- 17 Liabilities of incoming and outgoing partners
- 18 Revocation of continuing guaranty by change in firm

RELATIONS OF PARTNERS TO ONE ANOTHER

- 19 Variation by consent of terms of partnership
- 20 Partnership property
- 21 Property bought with partnership money
- 23 Procedure against partnership property for a partner's separate judgment debts
- 24 Rules as to interests and duties of partners (subject to special agreement)
- 25 Power to expel partner

PARTNERSHIP ACT 1902

- 25A Powers on default
- 26 Retirement from partnership at will
- 27 Where partnership for term is continued over, continuance on old terms presumed
- 28 Duty of partners to render accounts
- 29 Duty of partners to account for private profits
- 29A Records of account
- 30 Duty of partner not to compete with firm
- 31 Rights of assignee of share in partnership
- 32 Dissolution by expiration of notice
- 33 Dissolution by bankruptcy, death or charge
- 34 Dissolution by illegality of partnership
- 35 Dissolution by Supreme Court
- 36 Rights of persons dealing with firm against apparent members of firm
- 37 Rights of partners to notify dissolution
- 38 Continuing authority of partners for purposes of winding up
- 39 Rights of partners as to application of partnership property on dissolution
- 40 Appropriation of premium where partnership prematurely dissolved
- 41 Right where partnership dissolved for fraud or misrepresentation
- 42 Right of partner's estate or outgoing partner in certain cases to share profits made after dissolution, death or ceasing to be a partner
- 43 Retiring or deceased partner's share to be a debt
- 44 Rules for distribution of assets on final settlement of accounts
- 44A Keeping of records of account and beneficial ownership register after dissolution *[repealed]*

MISCELLANEOUS PROVISIONS

- 45 Definition of "business"
- 46 Saving for rules of equity and common law
- 47 Supreme Court may make rules or orders
- 48 Commencement *[omitted]*

[preamble and words of enactment omitted]

NATURE OF PARTNERSHIP

Definition of partnership

1 (1) Partnership is the relation which subsists between persons carrying on a business in common with a view of profit.

(2) Notwithstanding anything in subsection (1), it is hereby declared that the relation between members of any company or association—

- (a) which is registered under any Act of the Legislature of Bermuda which is hereafter passed for the incorporation and regulation of joint stock companies, or any other Act of the Legislature of Bermuda, or any Act of

PARTNERSHIP ACT 1902

the Parliament of the United Kingdom for the time being in force in Bermuda relating to the registration of joint stock companies; or

- (b) which is formed or incorporated by or in pursuance of any other Act of the Legislature of Bermuda, or of the Parliament of the United Kingdom or letters patent, or Royal Charter,

is not a partnership within the meaning of this Act.

Interpretation

1A In this Act, unless the context otherwise requires—

“Authority” means the Bermuda Monetary Authority established under section 2 of the Bermuda Monetary Authority Act 1969;

“electronic record” has the meaning given to that expression in section 2(1) of the Electronic Transactions Act 1999;

“Minister” means the Minister of Finance or such other Minister as may be appointed to administer this Act;

“prescribed” means prescribed by regulations under section 4L;

“Registrar” means the Registrar of Companies appointed under section 3 of the Companies Act 1981 or such other person as may be performing his duties under that Act.

[Section 1A inserted by 2015 : 21 s. 2 effective 28 December 2015; Section 1A definition “Authority” inserted by 2018 : 4 s. 2 effective 23 March 2018; Section 1A definition “electronic record” inserted by 2020 : 52 s. 4 effective 31 May 2021]

Delivery of electronic records to Registrar

1B (1) The Minister may, in the regulations, provide that where there is a requirement in the Act or in any statutory instrument made under the Act for a person to file any document or for the Registrar to issue any certificate or other document, such filing or issuing thereof shall be made by means of an electronic record.

(2) For the purposes of subsection (1), “to file” includes to send, forward, give, deliver, provide, deposit, furnish, issue, leave at, serve, submit, circulate, lay, make available or lodge.

(3) The regulations made under subsection (1)—

- (a) may provide for any other matter related to electronic records for purposes of this Act; and

- (b) shall be subject to the negative resolution procedure.

[Section 1B inserted by 2020 : 52 s. 4 effective 31 May 2021]

Rules for determining existence of partnership

2 In determining whether a partnership does or does not exist, regard should be had to the following rules—

PARTNERSHIP ACT 1902

- (a) joint tenancy, tenancy in common, joint property, common property, or part ownership does not of itself create a partnership as to anything so held or owned, whether the tenants or owners do or do not share any profits made by the use thereof;
- (b) the sharing of gross returns does not of itself create a partnership, whether the persons sharing such returns have or have not a joint or common right or interest in any property from which or from the use of which the returns are derived;
- (c) the receipt by a person of a share of the profits of a business is prima facie evidence that he is partner in the business, but the receipt of such a share, or of a payment contingent on or varying with the profits of a business, does not of itself make him a partner in the business; and in particular—
 - (i) the receipt by a person of a debt or other liquidated amount by instalments or otherwise out of the accruing profits of a business does not of itself make him a partner in the business or liable as such;
 - (ii) a contract for the remuneration of a servant or agent of a person engaged in a business by a share of the profits of the business does not of itself make the servant or agent a partner in the business or liable as such;
 - (iii) a person being the widow or child of a deceased partner, and receiving by way of annuity a portion of the profits made in the business in which the deceased person was a partner, is not by reason only of such receipt a partner in the business or liable as such;
 - (iv) the advance of money by way of loan to a person engaged or about to engage in any business on a contract with that person that the lender shall receive a rate of interest varying with the profits, or shall receive a share of the profits arising from carrying on the business, does not of itself make the lender a partner with the person or persons carrying on the business or liable as such:

Provided that the contract is in writing, and signed by or on behalf of all the parties thereto;
- (v) a person receiving by way of annuity or otherwise a portion of the profits of a business in consideration of the sale by him of the goodwill of the business is not by reason only of such receipt a partner in the business or liable as such.

Insolvency; postponement of rights

3 In the event of any person to whom money has been advanced by way of loan upon such a contract as is mentioned in section 2, or of any buyer of a goodwill in consideration of a share of the profits of the business, being adjudged a bankrupt,

PARTNERSHIP ACT 1902

entering into an agreement to pay his creditors less than one hundred cents in the dollar, or dying in insolvent circumstances, then the lender of the loan shall not be entitled to recover anything in respect of his loan, and the seller of the goodwill shall not be entitled to recover anything in respect of the share of profits contracted for, until the claims of the other creditors of the borrower or buyer for valuable consideration in money or money's worth have been satisfied.

Meaning of firm and firm-name

4 Persons who have entered into partnership with one another are for the purposes of this Act called collectively a firm, and the name under which their business is carried on is called the firm-name.

Election to have legal personality

4A (1) A partnership shall have legal personality if the partnership so elects in accordance with the provisions of this section and files a declaration to that effect with the Registrar of Companies.

(2) Subject to subsection (4), where the partnership wishes to elect that a partnership shall have legal personality, it shall file with the Registrar of Companies a declaration signed by the partnership, stating that the partnership shall have legal personality.

(3) Where the partnership which wishes to make an election is a limited partnership or an exempted partnership, the declaration referred to in subsection (2) shall be specified in the certificate of limited partnership issued under the Limited Partnership Act 1883 or the certificate of exempted partnership issued under the Exempted Partnerships Act 1992, provided that if a partnership is both a limited and an exempted partnership, then the declaration is only required to be made in the certificate of exempted partnership.

(3A) Where the partnership which wishes to make an election—

- (a) is an exempted company that has applied under section 132N of the Companies Act 1981 for conversion from an exempted company to a partnership that is exempted and limited;
- (b) is a foreign partnership that has applied under section 13A of the Exempted Partnerships Act 1992 or section 25 of the Limited Partnership Act 1883 to continue into Bermuda from any jurisdiction as a partnership that is exempted and limited;
- (c) is a limited liability company that has applied under section 102 of the Limited Liability Company Act 2016 for conversion from a limited liability company to a partnership that is exempted and limited,

the declaration referred to in subsection (2) is only required to be made in the certificate of exempted partnership.

(4) *[repealed]*

PARTNERSHIP ACT 1902

(5) Where a partnership elects, in accordance with this section, that the partnership shall have legal personality, the partnership shall have legal personality and the Registrar of Companies shall enter that fact in a register to be maintained by him in respect of partnerships making such election and shall issue to the partnership a certificate of registration which shall state that the partnership has legal personality.

(6) An election made under subsection (2), that a partnership shall have legal personality shall be irrevocable.

[Section 4A inserted by 2006:19 s.2 effective 8 September 2006; subsection (3A) inserted by 2015 : 21 s. 3 effective 28 December 2015; subsections (3A) and (6) amended and subsection (4) repealed by 2016 : 25 s. 4 effective 22 June 2016; subsection (3A) amended by 2016 : 40 s. 258 effective 1 October 2016]

Election of an existing partnership to have legal personality

4B *[Repealed by 2016 : 25 s. 4]*

[Section 4B repealed by 2016 : 25 s. 4 effective 22 June 2016]

Election of an existing partnership to have legal personality

4BA (1) Notwithstanding section 4A, a partnership shall have legal personality, if the partnership so elects, in accordance with this section.

(2) Where a partnership wishes to elect under this section that the partnership shall have legal personality, it shall file with the Registrar of Companies a declaration, signed by the partnership, stating that the partnership shall have legal personality.

(3) Where a partnership elects, in accordance with this section, that it shall have legal personality—

- (a) the partnership shall have legal personality;
- (b) the Registrar of Companies shall enter that fact in the register referred to under section 4A(5); and
- (c) a certificate of registration shall be issued to the partnership by the Registrar of Companies stating that the partnership has legal personality.

(4) An election made under this section that a partnership shall have legal personality shall be irrevocable.

[Section 4BA inserted by 2016 : 25 s. 4 effective 22 June 2016]

Legal personality

4C A partnership that elects to have legal personality under section 4A or 4BA—

- (a) shall be a legal person separate from its partners and shall have the power to own and deal with its separate property in accordance with the agreement of its partners; and

PARTNERSHIP ACT 1902

(b) shall have unlimited capacity.

[Section 4C inserted by 2006:19 s.2 effective 8 September 2006; Section 4C amended by 2018 : 6 s. 6 effective 1 April 2018]

Change of partners where partnership has legal personality

4D Notwithstanding section 4, and subject to any agreement between the partners, a partnership that has legal personality is not dissolved by a change in the constitution of the partnership.

[Section 4D inserted by 2006:19 s.2 effective 8 September 2006]

Liability where partnership has legal personality

4E A judgment against a partnership that has legal personality may be enforced against any general partner, and on payment of the judgment debt, the partner is entitled to relief, *pro rata*, from the partnership and its other general partners.

[Section 4E inserted by 2006:19 s.2 effective 8 September 2006; amended by 2009:42 s.2 effective 19 July 2009; amended by 2015 : 21 s. 4 effective 28 December 2015]

Register, registration and priority of charges

4F (1) The Registrar shall keep with respect to each partnership that has legal personality a register of charges on the assets of the partnership.

(2) Any person, including the partnership, interested in a charge on the assets of the partnership may apply to have that charge registered, and the Registrar shall register the charge in such form as may be prescribed.

(3) Any charge registered on or after the coming into operation of the Partnership Amendment Act 2015 shall have priority based on the date that it is registered and not on the date of its creation and shall have such priority over any unregistered charge.

(4) Charges created prior to the coming into operation of the Partnership Amendment Act 2015—

(a) are not subject to the provisions of subsection (3), but shall continue to have the priority they had prior to the coming into operation of that Act; and

(b) may be registered by any person interested in such a charge, in which case the charge shall continue to have the priority it had prior to registration.

(5) Where a charge is created by a partnership that has legal personality but is a charge on assets outside Bermuda, the instrument creating or purporting to create the charge may be registered under this section notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situate.

(6) Notwithstanding anything in this section, a charge on—

PARTNERSHIP ACT 1902

- (a) land in Bermuda shall be registered under the Mortgage Registration Act 1786, and not under this Act, and the priority of such charge shall be determined in accordance with the Mortgage Registration Act 1786;
- (b) any ship registered in Bermuda or any interest therein registrable under the Merchant Shipping Act 2002 shall be registered thereunder, and not under this Act, and the priority of such charge shall be determined in accordance with the Merchant Shipping Act 2002;
- (c) any aircraft registered in Bermuda or any interest therein or in any aircraft engine registrable under the Mortgaging of Aircraft and Aircraft Engines Act 1999 shall be registered thereunder, and not under this Act, and the priority of such charge shall be determined in accordance with the Mortgaging of Aircraft and Aircraft Engines Act 1999; and
- (d) any assignment of a contract of life insurance to which the Life Insurance Act 1978 applies, shall be subject to the procedures set out in the Life Insurance Act 1978 and not under this Act, and the priority of such a charge shall be determined in accordance with the Life Insurance Act 1978 and not under this Act, irrespective of whether any such charge may have been registered under this Act prior to the coming into operation of this paragraph.

(7) The register of charges shall be available for inspection by members of the public during normal working hours.

(8) For the purposes of sections 4F to 4L—

“charge” has the meaning given in section 55(8) of the Companies Act 1981;

“debenture” has the meaning given in section 2(1) of the Companies Act 1981.

[Section 4F inserted by 2015 : 21 s. 5 effective 28 December 2015; subsection (6) amended by 2016 : 25 s. 4 effective 22 June 2016]

Amendment of register

4G (1) Where a charge registered under section 4F is amended by adding or removing one or more persons entitled to the charge or where the interest of one or more persons entitled to the charge is assigned or transferred, any person, including the partnership, interested in the charge may apply to have such amendment, assignment or transfer registered, and the Registrar shall register the amendment, assignment or transfer in such form as may be prescribed.

(2) The registration of an amendment or an assignment or transfer of an interest in a registered charge under subsection (1) shall not affect the priority of the charge, and the charge shall continue to have priority based on the date that it was registered and not the date that any document effecting the amendment, assignment or transfer was executed or that the amendment, assignment or transfer was registered.

[Section 4G inserted by 2015 : 21 s. 5 effective 28 December 2015]

PARTNERSHIP ACT 1902

Correction of register

4H (1) The Registrar, on being satisfied that an omission or misstatement of any particulars with respect to any charge registered under section 4F on the assets of a partnership was accidental, or due to inadvertence or to some other sufficient cause, and is not of a nature to prejudice the position of creditors or partners of the partnership, may, on the application of the partnership or any person interested, rectify the register; and any such rectification shall have effect from the date of the first entry of the charge in the register.

(2) Any creditor or partner of the partnership aggrieved by a decision of the Registrar either to rectify or not rectify the register under subsection (1) may within six months of the decision of the Registrar appeal to the Supreme Court which shall have the same powers as the Registrar. No appeal shall lie from a decision of the Supreme Court.

[Section 4H inserted by 2015 : 21 s. 5 effective 28 December 2015]

Registration of series of debentures

4I (1) Where a series of debentures containing, or giving by reference to any other instrument, any charge to the benefit which the debenture holders of that series are entitled *pari passu* is created by a partnership, it shall, for the purposes of the registration of the series under section 4F, be sufficient if the following particulars are registered with the Registrar—

- (a) the total amount secured by the whole series;
- (b) the dates of authorization of the issue of the series, and the date of the covering deed, if any, by which the security is created or defined;
- (c) a general description of the property charged; and
- (d) the names of the trustees, if any, for the debenture holders,

together with a copy of the deed containing the charge, or, if there is no such deed, a copy of one of the debentures of the series.

(2) For purposes of subsection (1), where more than one issue is made of debentures in the series, there shall be sent to the Registrar for entry in the register particulars of the date and amount of each issue, but an omission to do this shall not affect the validity of the debentures issued.

[Section 4I inserted by 2015 : 21 s. 5 effective 28 December 2015]

Particulars to be registered when commission is paid for debentures

4J Where any commission, allowance or discount has been paid or made either directly or indirectly by a partnership that has legal personality to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any debentures of the partnership, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any such debentures, the particulars sent for registration shall include particulars as to the amount or rate per cent of the

PARTNERSHIP ACT 1902

commission, discount or allowance so paid or made, but omission to do this shall not affect the validity of the debentures issued.

[Section 4J inserted by 2015 : 21 s. 5 effective 28 December 2015]

Entry of satisfaction or release; release of property from charge

4K The Registrar, on evidence being given to his satisfaction with respect to any charge registered under section 4F—

- (a) that the debt for which the charge was given has been paid or satisfied in whole or in part; or
- (b) that part of the property or undertaking charged has been released from the charge or has ceased to form part of the partnership's property or undertaking,

shall enter on the register a memorandum of satisfaction in whole or in part, or of the fact that part of the property or undertaking has been released from the charge or has ceased to form part of the partnership's property or undertaking, as the case may be, and where he enters a memorandum of satisfaction in whole he shall, if required, furnish the partnership with a copy thereof.

[Section 4K inserted by 2015 : 21 s. 5 effective 28 December 2015]

Regulations

4L (1) The Minister may make regulations—

- (a) prescribing the manner and form in which any application or declaration under sections 4A to 4K may be made;
- (b) prescribing fees.

(2) Regulations, other than those that prescribe fees, shall be subject to the negative resolution procedure.

(3) Regulations prescribing fees shall be subject to the affirmative resolution procedure.

[Section 4L inserted by 2015 : 21 s. 5 effective 28 December 2015]

Interpretation of sections 4M to 4ZE

4M *[Repealed by BR 100 / 2025 para. 12]*

[Section 4M repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Application of sections 4M to 4ZE

4N *[Repealed by BR 100 / 2025 para. 12]*

[Section 4N repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

PARTNERSHIP ACT 1902

Partnership to identify beneficial owners

Meaning of beneficial owner

4O [Repealed by BR 100 / 2025 para. 12]

[Section 4O repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Partnerships to obtain information regarding beneficial owners

4P [Repealed by BR 100 / 2025 para. 12]

[Section 4P repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Partnership to issue notice to beneficial owners

4Q [Repealed by BR 100 / 2025 para. 12]

[Section 4Q repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Beneficial ownership register

Duty to keep beneficial ownership register

4R [Repealed by BR 100 / 2025 para. 12]

[Section 4R repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Partnership to keep beneficial ownership register up-to-date and current

4S [Repealed by BR 100 / 2025 para. 12]

[Section 4S repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Disputes regarding beneficial ownership

4T [Repealed by BR 100 / 2025 para. 12]

[Section 4T repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Power of Court to rectify beneficial ownership register

4U [Repealed by BR 100 / 2025 para. 12]

[Section 4U repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Beneficial ownership information to be filed with Authority; compliance measures

Filing of beneficial ownership information with the Authority

4V [Repealed by BR 100 / 2025 para. 12]

[Section 4V repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

PARTNERSHIP ACT 1902

Compliance measures

Notice by partnership imposing restrictions

4W *[Repealed by BR 100 / 2025 para. 12]*

[Section 4W repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Power to obtain information and reports

4X *[Repealed by BR 100 / 2025 para. 12]*

[Section 4X repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Offences

4Y *[Repealed by BR 100 / 2025 para. 12]*

[Section 4Y repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Miscellaneous

Confidentiality

4Z *[Repealed by BR 100 / 2025 para. 12]*

[Section 4Z repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Privileged information

4ZA *[Repealed by BR 100 / 2025 para. 12]*

[Section 4ZA repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Application of Public Access to Information Act 2010

4ZB *[Repealed by BR 100 / 2025 para. 12]*

[Section 4ZB repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Application of Personal Information Protection Act 2016

4ZC *[Repealed by BR 100 / 2025 para. 12]*

[Section 4ZC repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Other provisions concerning beneficial ownership or registers etc. not affected

4ZD *[Repealed by BR 100 / 2025 para. 12]*

[Section 4ZD repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

Notices

4ZE *[Repealed by BR 100 / 2025 para. 12]*

[Section 4ZE repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

PARTNERSHIP ACT 1902

RELATIONS OF PARTNERS TO PERSONS DEALING WITH THEM

Power of partner to bind firm

5 Every partner is an agent of the firm and of his other partners for the purpose of the business of the partnership; and the acts of every partner who does any act for carrying on in the usual way business of the kind carried on by the firm for which he is a member bind the firm and his partners, unless the partner so acting has in fact no authority to act for the firm in the particular matter, and the person with whom he is dealing either knows that he has no authority, or does not know or believe him to be a partner.

Partners are bound by acts of firm

6 An act or instrument relating to the business of the firm and done or executed in the firm-name or in any other manner showing an intention to bind the firm, by any person thereto authorized, whether a partner or not, is binding on the firm and all the partners:

Provided that this section shall not affect any general rule of law relating to the execution of deeds or negotiable instruments.

Partner using credit of firm for private purposes

7 Where one partner pledges the credit of the firm for a purpose apparently not connected with the firm's ordinary course of business, the firm is not bound unless he is in fact specially authorized by the other partners:

Provided that this section shall not affect any personal liability incurred by an individual partner.

Effect of notice that firm will not be bound by acts of partners

8 If it has been agreed between the partners that any restriction shall be placed on the power of any one or more of them to bind the firm, no act done in contravention of the agreement is binding on the firm with respect to persons having notice of the agreement.

Liability of partners

9 Every partner in a firm is liable jointly with the other partners for all debts and obligations of the firm incurred while he is a partner; and after his death his estate is also severally liable in a due course of administration for such debts and obligations, so far as they remain unsatisfied, but subject to the prior payment of his separate debts.

Liability of firm for wrongful act of partner

10 Where, by any wrongful act or omission of any partner acting in the ordinary course of the business of the firm, or with the authority of his co-partners, loss or injury is caused to any person not being a partner in the firm, or any penalty is incurred, the firm is liable therefor to the same extent as the partner so acting or omitting to act.

PARTNERSHIP ACT 1902

Misapplication of money or property received for or in custody of firm

11 In the following cases—

- (a) where one partner acting within the scope of his apparent authority receives the money or property of a third person and misapplies it; and
- (b) where a firm in the course of its business receives money or property of a third person, and the money or property so received is misapplied by one or more of the partners while it is in the custody of the firm;

the firm is liable to make good the loss.

Liability for wrongs joint and several

12 Every partner is liable jointly with his co-partners and also severally for everything for which the firm while he is a partner therein becomes liable under either of sections 10 or 11.

Improper employment of trust- property for partnership purposes

13 If a partner, being a trustee, improperly employs trust property in the business or on the account of the partnership, no other partner is liable for the trust-property to the persons beneficially interested therein:

Provided that—

- (a) this section shall not affect any liability incurred by any partner by reason of his having notice of a breach of trust; and
- (b) nothing in this section shall prevent trust-money from being followed and recovered from the firm if still in its possession or under its control.

Persons liable for holding out as partners

14 Every one who by words spoken or written or by conduct represents himself, or who knowingly suffers himself to be represented, as a partner in a particular firm, is liable as a partner to any one who has on the faith of any such representation given credit to the firm, whether the representation has or has not been made or communicated to the person so giving credit by or with the knowledge of the apparent partner making the representation or suffering it to be made:

Provided that where after a partner's death the partnership business is continued in the same firm-name, the continued use of that name or of the deceased partner's name as part thereof shall not of itself make his executor's or administrator's estate or effects liable for partnership debts contracted after his death.

[Section 14 proviso amended by 2006:19 s.3 effective 8 September 2006]

Admissions and representations of partners

15 An admission or representation made by any partner concerning the partnership affairs, and in the ordinary course of its business, is evidence against the firm.

PARTNERSHIP ACT 1902

Notice to acting partners to be notice to the firm

16 Notice to any partner who habitually acts in the partnership business of any matter relating to partnership affairs operates as notice to the firm, except in the case of a fraud on the firm committed by or with the consent of that partner.

Liabilities of incoming and outgoing partners

17 (1) A person who is admitted as a partner into an existing firm does not thereby become liable to the creditors of the firm for anything done before he became a partner.

(2) A partner who retires from a firm does not thereby cease to be liable for partnership debts or obligations incurred before his retirement.

(3) A retiring partner may be discharged from any existing liabilities by an agreement to that effect between himself and the continuing partners in the firm and the creditors, and this agreement may be either express or inferred as a fact from the course of dealing between the creditors and the firm as constituted by the continuing partners.

[Section 17 subsection (3) amended by 2006:19 s.4 effective 8 September 2006]

Revocation of continuing guaranty by change in firm

18 (1) A continuing guaranty or cautionary obligation given either to a firm or to a third person in respect of the transactions of a firm is, in the absence of agreement to the contrary, revoked as to future transactions by any change in the constitution of the firm to which, or of the firm in respect of the transactions of which, the guaranty or obligation was given.

(2) Subsection (1) does not apply to a partnership that has legal personality except in respect of any continuing guarantee or cautionary obligation given under subsection (1) before the election by the partnership that the partnership shall have legal personality was entered in the register.

[Section 18 subsection (2) inserted by 2006:19 s.5 effective 8 September 2006]

RELATIONS OF PARTNERS TO ONE ANOTHER

Variation by consent of terms of partnership

19 The mutual rights and duties of partners, whether ascertained by agreement or defined by this Act, may be varied by the consent of all the partners, and such consent may be either express or inferred from a course of dealing.

Partnership property

20 (1) All property and rights and interests in property originally brought into the partnership stock or acquired, whether by purchase or otherwise, on account of the firm, or for the purposes and in the course of the partnership business, are called in this Act partnership property, and must be held and applied by the partners exclusively for the purposes of the partnership and in accordance with the partnership agreement:

Provided that the legal estate or interest in any land which belongs to the partnership shall devolve according to the nature and tenure thereof, and the general

PARTNERSHIP ACT 1902

rules of law thereto applicable, but in trust, so far as necessary, for the persons beneficially interested in the land under this section.

(2) Where co-owners of an estate or interest in any land, not being itself partnership property, are partners as to profits made by the use of that land or estate, and purchase other land or estate out of the profits to be used in like manner, the land or estate so purchased belongs to them, in the absence of an agreement to the contrary, not as partners but as co-owners for the same respective estates and interests as are held by them in the land or estate first mentioned at the date of the purchase.

Property bought with partnership money

21 Unless the contrary intention appears, property bought with money belonging to the firm is deemed to have been bought on account of the firm. Conversion into personal estate of land held as partnership property

22 Where land has become partnership property, it shall, unless the contrary intention appears, be treated as between the partners (including the representatives of a deceased partner), and also as between the heirs of a deceased partner and his executors or administrators, as personal and not real estate.

Procedure against partnership property for a partner's separate judgment debts

23 (1) A writ of execution shall not issue against any partnership property except on a judgment against the firm.

(2) The Supreme Court may, on the application by petition of any judgment creditor of a partner, make an order charging that partner's interest in the partnership property and profits with payment of the amount of the judgment debt and interest thereon, and may by the same or a subsequent order appoint a receiver of that partner's share of profits (whether already declared or accruing), and of any other money which may be coming to him in respect of the partnership, and direct all accounts and inquiries, and give all other orders and directions which might have been directed or given if the charge had been made in favour of the judgment creditor by the partner, or which the circumstances of the case may require.

(3) The other partner or partners shall be at liberty at any time to redeem the interest charged, or, in case of a sale being directed, to purchase the same.

Rules as to interests and duties of partners (subject to special agreement)

24 The interest of partners in the partnership property and their rights and duties in relation to the partnership shall be determined, subject to any agreement express or implied between the partners, by the following rules—

- (a) all the partners are entitled to share equally in the capital and profits of the business, and must contribute equally towards the losses whether of capital or otherwise sustained by the firm;
- (b) the firm must indemnify every partner in respect of payments made and personal liabilities incurred by him—

PARTNERSHIP ACT 1902

- (i) in the ordinary and proper conduct of the business of the firm; or
- (ii) in or about anything necessarily done for the preservation of the business or property of the firm;
- (c) a partner making, for the purpose of the partnership, any actual payment or advance beyond the amount of capital which he has agreed to subscribe, is entitled to interest at the rate of five per cent. per annum from the date of the payment or advance;
- (d) a partner is not entitled, before the ascertainment of profits, to interest on the capital subscribed by him;
- (e) every partner may take part in the management of the partnership business;
- (f) no partner shall be entitled to remuneration for acting in the partnership business;
- (g) no person may be introduced as a partner without the consent of all existing partners;
- (h) any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the partners, but no change may be made in the nature of the partnership business without the consent of all existing partners;
- (i) the partnership books shall be kept at the place of business of the partnership (or the principal place, if there is more than one), and every partner may, when he thinks fit, have access to and inspect and copy any of them.

Power to expel partner

25 No majority of the partners can expel any partner unless a power to do so has been conferred by express agreement between the partners.

Powers on default

25A (1) A partnership agreement may provide that where a partner fails to perform any of its obligations under, or otherwise breaches the provisions of, the partnership agreement that partner may be subject to or suffer remedies for, or consequences of, the failure or breach specified in the partnership agreement or otherwise applicable under any law.

(2) If a partnership agreement so provides, the remedies or consequences under subsection (1) may include, but are not limited to, any one or more of the following—

- (a) reducing, eliminating or forfeiting the defaulting partner's partnership interest in the partnership or any rights of the defaulting partner under the partnership agreement;
- (b) subordinating the defaulting partner's partnership interest to the interests of non-defaulting partners;

PARTNERSHIP ACT 1902

- (c) effecting a forced sale or forfeiture of the defaulting partner's partnership interest;
- (d) arranging for the lending by other partners or other persons to the defaulting partner of the amount necessary to meet the defaulting partner's commitment;
- (e) providing for the fixing of the value of the defaulting partner's partnership interest by appraisal or by formula and the redemption or sale of the defaulting partner's partnership interest at that value; or
- (f) exercising any other remedy or consequence specified in the partnership agreement or available under any applicable laws.

(3) No such remedies or consequences may be imposed on any partner unless they are conferred by express agreement between the partners.

(4) The remedies or consequences referred to in this section shall not be unenforceable solely on the basis that they are penal in nature.

(5) Subject to section 8C(8) of the Limited Partnership Act 1883 and the partnership agreement, a general partner shall not be liable for its decision to impose or for imposing any remedies or consequences upon any partner, or for its decision not to do so.

(6) References in this section to a partnership interest shall for the avoidance of doubt also be construed as including any part thereof.

[Section 25A inserted by 2016 : 25 s. 4 effective 22 June 2016]

Retirement from partnership at will

26 (1) Where no fixed term has been agreed upon for the duration of the partnership, any partner may determine the partnership at any time on giving notice of his intention so to do to all the other partners.

(2) Where the partnership has originally been constituted by deed, a notice in writing, signed by the partner giving it, shall be sufficient for this purpose.

Where partnership for term is continued over, continuance on old terms presumed

27 (1) Where a partnership entered into for a fixed term is continued after the term has expired, and without any express new agreement, the rights and duties of the partners remain the same as they were at the expiration of the term, so far as is consistent with the incidents of a partnership at will.

(2) A continuance of the business by the partners or such of them as habitually acted therein during the term, without any settlement or liquidation of the partnership affairs, is presumed to be a continuance of the partnership.

Duty of partners to render accounts

28 Partners are bound to render true accounts and full information of all things affecting the partnership to any partner or his legal representatives,

PARTNERSHIP ACT 1902

Duty of partners to account for private profits

29 (1) Every partner must account to the firm for any benefit derived by him without the consent of the other partners, from any transaction concerning the partnership, or from any use by him of the partnership property, name or business connection.

(2) The foregoing provisions of this section apply in relation to transactions undertaken after a partnership has been dissolved by the death of a partner, and before the affairs thereof have been completely wound up, either by any surviving partner or by the representatives of the deceased partner.

Records of account

29A (1) A partnership shall keep proper records of account with respect to its business including, without limiting the generality of the foregoing, records of account with respect to its—

- (a) assets;
- (b) liabilities and capital;
- (c) cash receipts and disbursements;
- (d) purchases and sales; and
- (e) income costs and expenses.

(2) Subject to subsection (3), the records of account shall be kept at the principal place of business of the partnership or at such other place as the partners think fit, and shall at all times be open to inspection by the partners.

(3) If the records of account are kept at a place outside Bermuda, there shall be kept at the principal place of business of the partnership such records of account as will enable the financial position of the partnership, at the end of each three month period, to be ascertained with reasonable accuracy.

(4) Every partnership shall keep, for a period of five years from the date on which they were prepared, records of account referred to in subsection (1) and, if applicable, subsection (3).

(5) Any partner who knowingly contravenes, permits or authorizes the contravention of the—

- (a) provisions of subsection (1), (2) or (3), shall be guilty of an offence and liable on conviction by a court of summary jurisdiction to a fine not exceeding five hundred dollars; or
- (b) provisions of subsection (4) shall be guilty of an offence and liable on conviction by a court of summary jurisdiction to a fine not exceeding seven thousand five hundred dollars.

PARTNERSHIP ACT 1902

(6) If any partner refuses to make available the records of account for inspection by another partner the Court may, on application by the second mentioned partner, order the partner so refusing to make the records of account available.

[Section 29A inserted by 2011 : 20 s. 3 effective 28 June 2011]

Duty of partner not to compete with firm

30 If a partner, without the consent of the other partners, carries on any business of the same nature as and competing with that of the firm, he must account for and pay over to the firm all profits made by him in that business.

Rights of assignee of share in partnership

31 (1) An assignment by any partner of his share in the partnership, either absolute or by way of mortgage or redeemable charge, does not, as against the other partners, entitle the assignee, during the continuance of the partnership, to interfere in the management or administration of the partnership business or affairs, or to require any accounts of the partnership transactions, or to inspect the partnership books, but entitles the assignee only to receive the share of profits to which the assigning partner would otherwise be entitled, and the assignee must accept the account of profits agreed to by the partners.

(2) In case of a dissolution of the partnership, whether as respects all the partners or as respects the assigning partner, the assignee is entitled to receive the share of the partnership assets to which the assigning partner is entitled as between himself and the other partners, and, for the purpose of ascertaining that share, to an account as from the date of the dissolution.

Dissolution by expiration of notice

32 Subject to an agreement between the partners, a partnership is dissolved—

- (a) if entered into for a fixed term, by the expiration of that term;
- (b) if entered into for a single adventure or undertaking, by the termination of that adventure or undertaking;
- (c) if entered into for an undefined time, by any partner giving notice to the other or others of his intention to dissolve the partnership.

In the last-mentioned case the partnership is dissolved as from the date mentioned in the notice as the date of dissolution or, if no date is so mentioned, as from the date of the communication of the notice.

Dissolution by bankruptcy, death or charge

33 (1) Subject to any agreement between the partners, every partnership is dissolved as regards all the partners by the death or bankruptcy of any partner.

(1A) Notwithstanding subsection (1), where a partnership has legal personality and a partner dies, section 4D applies instead of subsection (1).

PARTNERSHIP ACT 1902

(2) A partnership may, at the option of the other partners, be dissolved if any partner suffers his share of the partnership property to be charged under this Act for his separate debt.

[Section 33 subsection (1A) inserted by 2006:19 s.6 effective 8 September 2006]

Dissolution by illegality of partnership

34 A partnership is in every case dissolved by the happening of any event which makes it unlawful for the business of the firm to be carried on or for the members of the firm to carry it on in partnership.

Dissolution by Supreme Court

35 On application by a partner the Supreme Court may decree a dissolution of the partnership in any of the following cases—

- (a) when a partner is found by the Supreme Court to be an insane person, or is shown to the satisfaction of the Supreme Court to be permanently of unsound mind, in either of which cases the application may be made as well on behalf of that partner by his committee or next friend or person having tide to intervene as by any other partner;
- (b) when a partner, other than the partner suing, becomes in any other way permanently incapable of performing his part of the partnership contract;
- (c) when a partner, other than the partner suing, has been guilty of such conduct as, in the opinion of the Supreme Court, regard being had to the nature of the business, is calculated prejudicially to affect the carrying on of the business;
- (d) when a partner, other than the partner suing, wilfully or persistently commits a breach of the partnership agreement, or otherwise so conducts himself in matters relating to the partnership business that it is not reasonably practicable for the other partner or partners to carry on the business in partnership with him;
- (e) when the business of the partnership can only be carried on at a loss;
- (f) whenever in any case circumstances have arisen which, in the opinion of the Supreme Court, render it just and equitable that the partnership should be dissolved.

Rights of persons dealing with firm against apparent members of firm

36 (1) Where a person deals with a firm after a change in its constitution he is entitled to treat all apparent members of the the firm as it was constituted before the change as still being members of the firm until he has notice of the change.

(2) An advertisement in the Gazette shall be notice as to persons who had not dealings with the firm before the date of the dissolution or change so advertised.

PARTNERSHIP ACT 1902

(3) The estate of a partner who dies, or who becomes bankrupt, or of a partner who, not having been known to the person dealing with the firm to be a partner, retires from the firm, is not liable for partnership debts contracted after the date of the death, bankruptcy, or retirement respectively.

[Section 36 subsection (1) amended by 2006:19 s.7 effective 8 September 2006]

Rights of partners to notify dissolution

37 On the dissolution of a partnership or retirement of a partner any partner may publicly notify the same, and may require the other partner or partners to concur for that purpose in all necessary or proper acts, if any, which cannot be done without his or their concurrence.

Continuing authority of partners for purposes of winding up

38 After the dissolution of a partnership the authority of each partner to bind the firm, and the other rights and obligations of the partners, continue notwithstanding the dissolution so far as may be necessary to wind up the affairs of the partnership, and to complete transactions begun but unfinished at the time of the dissolution, but not otherwise:

Provided that the firm is in no case bound by the acts of a partner who has become bankrupt, but this proviso does not affect the liability of any person who has after the bankruptcy represented himself or knowingly suffered himself to be represented as a partner of the bankrupt.

Rights of partners as to application of partnership property on dissolution

39 On the dissolution of a partnership every partner is entitled, as against the other partners in the firm, and all persons claiming through them in respect of their interests as partners, to have the property of the partnership applied in payment of the debts and liabilities of the firm, and to have the surplus assets after such payment applied in payment of what may be due to the partners respectively after deducting what may be due from them as partners to the firm; and for that purpose any partner or his representatives may on the termination of the partnership apply to the Supreme Court to wind up the business and affairs of the firm.

Appropriation of premium where partnership prematurely dissolved

40 Where one partner has paid a premium to another on entering into a partnership for a fixed term, and the partnership is dissolved before the expiration of that term otherwise than by the death of a partner, the Supreme Court may order the repayment of the premium, or of such part thereof as it thinks just, having regard to the terms of the partnership contract and to the length of time during which the partnership has continued, unless—

- (a) the dissolution is, in the judgment of the Supreme Court, wholly or chiefly due to the misconduct of the partner who paid the premium; or
- (b) the partnership has been dissolved by an agreement containing no provision for a return of any part of the premium.

PARTNERSHIP ACT 1902

Right where partnership dissolved for fraud or misrepresentation

41 Where a partnership contract is rescinded on the ground of the fraud, or misrepresentation of one of the parties thereto, the party entitled to rescind is, without prejudice to any other right,—

- (a) entitled to a lien on, or right of retention of, the surplus of the partnership assets, after satisfying the partnership liabilities, for any sum of money paid by him for the purchase of a share in the partnership and for any capital contributed by him; and
- (b) entitled to stand in the place of the creditors of the firm for any payments made by him in respect of the partnership liabilities; and
- (c) entitled to be indemnified by the person guilty of the fraud or making the representation against all the debts and liabilities of the firm.

Right of partner's estate or outgoing partner in certain cases to share profits made after dissolution, death or ceasing to be a partner

42 Where any member of a firm has died or otherwise ceased to be a partner, and the surviving or continuing partners carry on the business of the firm with its capital or assets without any final settlement of accounts as between the firm and the outgoing partner or his estate, then, in the absence of any agreement to the contrary, the outgoing partner or his estate is entitled at the option of himself or his representative to such share of the profits made since the dissolution or, where the firm is a partnership that has legal personality, the date on which the partner died or otherwise ceased to be a partner, as the Supreme Court may find to be attributable to the use of his share of the partnership assets, or to interest at the rate of five per cent. per annum on the amount of his share of the partnership assets:

Provided that where by the partnership contract an option is given to surviving or continuing partners to purchase the interest of a deceased or outgoing partner, and that option is duly exercised, the estate of the deceased partner, or the outgoing partner or his estate as the case may be, is not entitled to any future or other share of profits; but if any partner assuming to act in exercise of the option does not in all material respects comply with the terms thereof, he is liable to account under the foregoing provisions of this section.

[Section 42 amended by 2006:19 s.8 effective 8 September 2006]

Retiring or deceased partner's share to be a debt

43 Subject to any agreement between the partners, the amount due from surviving or continuing partners to an outgoing partner or the representatives of a deceased partner in respect of the outgoing or deceased partner's share is a debt accruing at the date of the dissolution or death or, where the firm is a partnership that has legal personality, the date on which the deceased partner died or the outgoing partner ceased to be a partner.

[Section 43 amended by 2006:19 s.9 effective 8 September 2006]

PARTNERSHIP ACT 1902

Rules for distribution of assets on final settlement of accounts

44 In settling accounts between the partners after a dissolution of partnership, the following rules shall, subject to any agreement, be observed—

- (a) losses, including losses and deficiencies of capital, shall be paid first out of profits, next out of capital, and lastly, if necessary, by the partners individually in the proportion in which they were entitled to share profits;
- (b) the assets of the firm, including the sums, if any, contributed by the partners to make up losses or deficiencies of capital, shall be applied in the following manner and order—
 - (i) in paying the debts and liabilities of the firm to persons who are not partners therein;
 - (ii) in paying to each partner rateably what is due from the firm to him for advances as distinguished from capital;
 - (iii) in paying to each partner rateably what is due from the firm to him in respect of capital; and
 - (iv) the ultimate residue, if any, shall be divided among the partners in the proportion in which profits are divisible.

Keeping of records of account and beneficial ownership register after dissolution

44A *[Repealed by BR 100 / 2025 para. 12]*

[Section 44A repealed by BR 100 / 2025 para. 12 effective 3 November 2025]

MISCELLANEOUS PROVISIONS

Definition of “business”

45 In this Act, unless the contrary intention appears, “business” includes every trade, occupation, or profession.

Saving for rules of equity and common law

46 The rules of equity and of common law applicable to partnership shall continue in force except so far as they are inconsistent with the express provisions of this Act.

Supreme Court may make rules or orders

47 (1) The Supreme Court shall have power to make such rules or orders as it may deem necessary for carrying into effect the provisions of this Act so far as they relate to the jurisdiction of the Supreme Court.

(2) Section 6 of the Statutory Instruments Act 1977 *[title 1 item 3]* shall not apply to rules made under this section.

Commencement

48 *[omitted]*

PARTNERSHIP ACT 1902

[Assent Date: 24 June 1902]

[this Act came into operation on 1 October 1902]

[Amended by:

1952 : 11

1977 : 35

2006 : 19

2009 : 42

2011 : 20

2015 : 21

2016 : 25

2016 : 40

2018 : 4

2018 : 6

2020 : 52

BR 100 / 2025]