

Macau Investment Funds Law Series: Limited Partnership Fund under Law No. 11/2025

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Macau's new **Investment Funds Law (Law No. 11/2025)**, effective **1 January 2026**, introduces for the first time a comprehensive statutory framework for the **limited partnership fund**, a vehicle long familiar in major fund jurisdictions but previously without dedicated regulation in Macau. The limited partnership fund is available **exclusively for private funds** and is designed to offer the flexibility and governance structures that private equity, venture capital, and alternative investment managers expect.

In this Macau Investment Funds Law Series, our companion articles include:

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Key takeaways

- **Private fund only:** Limited partnership funds may only be established as private funds; public funds must use the contractual or corporate form.[1]
- **GP/LP structure:** A limited partnership fund must comprise at least one **general partner** (GP), who bears personal, joint and unlimited liability for fund debts, and at least one **limited partner** (LP), whose liability is limited to their committed capital contribution.[2]

- **Broad GP eligibility:** GPs may be natural persons with full legal capacity, legal persons whose constitutive documents do not prohibit fund participation, or entities authorised to manage funds under the Law.[3]
- **Qualified investors only:** Only investors meeting standards prescribed by the AMCM may become LPs.[3]
- **Filing regime:** Establishment requires filing with the AMCM before fundraising, followed by commercial registration.[4]
- **Comprehensive LP agreement:** The limited partnership agreement may regulate a broad range of matters — from co-investment and parallel fund arrangements to carried interest, management fees, and conflict-of-interest mechanisms.[5]
- **GP management and duty of care:** The GP is responsible for the fund's management and operations, acting with the care of a prudent administrator, and may appoint external management entities, custodians, and fund agents.[6]
- **LP safe harbour:** LPs are prohibited from performing management acts binding on third parties (on pain of unlimited liability), but the Law enumerates a broad list of safe harbour activities that do not constitute management acts.[7]
- **Separate voting:** GPs and LPs vote separately at partners' meetings, with supermajority thresholds for major decisions.[8]

I. Introduction

Under the previous regime, Macau lacked a dedicated limited partnership fund vehicle. Private funds were structured through contractual or corporate forms, which often did not provide the governance flexibility demanded by international fund managers and investors. Law No. 11/2025 addresses this gap by introducing a full statutory regime for limited partnership funds, drawing on features commonly seen in major fund jurisdictions such as the Cayman Islands, Luxembourg, and Hong Kong.

The limited partnership fund is established as an **independent patrimony without legal personality**, with at least one GP bearing unlimited liability and at least one LP whose exposure is capped at their committed capital. This article examines the composition and eligibility requirements, establishment procedures, the LP agreement framework, GP and LP rights and obligations, management and governance, and dissolution and liquidation.

II. Key Provisions and Analysis

1. Composition and Eligibility

A limited partnership fund must be established by **two or more partners**, comprising at least one GP and at least one LP.[2] The GP bears **personal, joint and unlimited liability** for the fund's debts, while each LP is liable only to the extent of their **committed capital contribution**.

The following entities may serve as **general partners**:

1. **Natural persons** with full legal capacity.

2. **Legal persons** whose constitutive documents or organisational rules do not prohibit fund participation.
3. **Entities authorised to manage funds** under the Law — namely investment fund management companies, credit institutions, financial companies, and other authorised entities.

Only investors meeting the standards prescribed by the **AMCM by circular** may become limited partners.[3]

2. Establishment and Filing

The establishment of a limited partnership fund follows a **filing regime** — not a licensing regime — consistent with the general private fund framework:

Filing documents must include a fund establishment and operation plan, a draft LP agreement and its summary, identification details and qualifications of the GP and any external management entity or custodian, the anticipated fundraising period, and other documents required by the AMCM. The LP agreement must be **in writing** and signed by at least one GP and one LP; following signature, the GP or management entity must **promptly apply for commercial registration**. From the date of registration, assets intended for the fund become **independent patrimony**, separate from the assets of the GP, LPs, and other entities. [4]

3. The Limited Partnership Agreement

The LP agreement is the central constitutive document. In addition to the standard content required for all fund constitutive documents, the LP agreement may regulate a broad range of matters, including: the GP's right of **prior discussion** (requiring creditors to exhaust fund assets before pursuing the GP personally); **allocation of functions** among multiple GPs; **co-investment, follow-on investment, and parallel fund** arrangements; **distribution waterfall** and **carried interest** mechanisms; **management fee** structures; **conflict-of-interest** prevention mechanisms; **decision-making procedures** for material matters; **investment restrictions** and diversification principles; **LP withdrawal** procedures; and **dissolution, liquidation, and residual asset treatment**.

The LP agreement must be accompanied by a **summary**, signed by a Macau-registered lawyer or the custodian (if any), containing the agreement date, fund name, investment description, Macau domicile, GP identification details, fund duration, and declarations confirming consistency with the filed version and the GP's eligibility.[5]

4. General Partner: Duties and Powers

GP contributions may not be incorporated into tradable securities. Any *inter vivos* transfer of or encumbrance on a GP's contribution requires the **unanimous consent** of all partners (unless the LP agreement provides otherwise).

The GP's duties and powers are broad: it must act with the **care of a prudent administrator**, managing risk and safeguarding the interests of all partners; execute investment and management acts per the fund's investment policy; appoint external management entities, custodians, fund agents, and advisors; open and operate bank accounts in the fund's name; enter into and manage contracts relating to the fund; and represent all partners in disputes. If the GP does not itself qualify as a management entity, it must appoint an **external management entity** by written contract.

Where a GP becomes unable to perform its duties (due to death, incapacity, dissolution, bankruptcy, or similar circumstances) and it is the sole GP, the LP agreement governs the replacement procedure. If the LP agreement is silent, any partner, the management entity, or the custodian may apply to the court for the appointment of a **temporary administrator**.^[6]

5. Limited Partner: Rights and the Safe Harbour

LP rights, obligations, and liabilities are determined by reference to their **fund units**. The LP agreement may regulate different classes of fund units, transfer restrictions, default remedies, encumbrances, contribution modalities (cash, in-kind, or services), and other arrangements.^[9]

The Law imposes a critical constraint: **LPs may not exercise management powers** over fund assets or perform management acts binding on third parties. An LP who breaches this prohibition assumes **personal, joint and unlimited liability** for the debts arising from such acts.^[7]

To provide clarity, the Law enumerates a **broad safe harbour** of activities that do **not** constitute management acts, including: exercising LP rights under the LP agreement; attending and voting at partners' meetings; inspecting fund accounts and providing opinions; providing loans, guarantees, or other financial support to the fund; serving on **advisory or investment committees** (provided such bodies do not have final decision-making authority); serving as an officer or employee of the management entity or portfolio companies; and representing the fund in judicial or arbitral proceedings when the GP has refused to act without justification. This safe harbour is significant for institutional LPs who wish to exercise governance oversight without triggering unlimited liability. [7]

6. Partners' Meetings

The Law provides default rules for partners' meetings, subject to override by the LP agreement.^[8] Meetings may be convened by any GP, or by LPs representing **25% or more** of fund units, and may be held in person, by videoconference, or by written resolution with at least **fifteen days'** notice. GPs and LPs **vote separately**: each GP has one vote, while LPs vote in proportion to their fund units. **Major decisions** (material change to business scope or early voluntary dissolution) require consent of a majority of GPs **and** LPs representing **75% or more** of fund units; other matters require a **50%** LP threshold. Partners with a conflict of interest must refrain from voting.

7. Invalidity, Commercial Registration, and Dissolution

Invalidity:^[10] The LP agreement is null if signed **before filing with the AMCM** or by a partner who does not meet eligibility requirements. If the fund has already commenced operations, nullity leads to liquidation but may not be raised against good-faith third parties.

Commercial registration is effected by depositing the **LP agreement summary** and the AMCM's filing completion certificate. The LP agreement does not take effect vis-à-vis third parties until registration is completed. Importantly, only the summary — not the complete LP agreement text — is required for registration purposes.

Dissolution and liquidation follow the general private fund dissolution rules, unless the LP agreement provides otherwise.^[11] The liquidator is the GP or a third party it designates; partners decide the asset distribution method through a partners' meeting or written resolution. Upon completion, the AMCM issues a **certificate of extinction**.

III. Implications and Next Steps

The limited partnership fund is a landmark addition to Macau's fund toolkit, aligning the territory with international market practice for private equity, venture capital, and alternative strategies. **GPs** should carefully consider whether to act in their capacity as a management entity or to appoint an external management entity — a decision affecting both regulatory obligations and operational flexibility. **LPs** benefit from clear governance protections — separate voting, supermajority thresholds, and the ability to serve on advisory committees without triggering management liability — though any act falling outside the enumerated safe harbour categories may expose an LP to unlimited liability.

Footnotes and References

[1]: Article 4(2) (Limited partnership funds available for private funds only)

[2]: Article 106(1) (Composition — at least one GP and one LP)

[3]: Article 106(2) and (3) (GP eligibility and LP investor qualification standards)

[4]: Article 107 (Establishment, filing, and commercial registration procedures)

[5]: Article 108 (LP agreement content and summary requirements)

[6]: Articles 113–114 (General management rules and GP duties and powers)

[7]: Article 116 (Prohibited management acts for LPs and safe harbour)

[8]: Article 117 (Partners' meetings — convening, voting, and decision thresholds)

[9]: Article 110 (LP contributions and fund unit arrangements)

[10]: Article 111 (Invalidity of the LP agreement)

[11]: Article 118 (Dissolution and liquidation of limited partnership funds)