

Bill Summary
1st Session of the 59th Legislature

Bill No.:	SB 649
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Author:	Sen. Montgomery
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Bill Analysis

SB 649 enables LLCs to establish “registered series”, which shall constitute “registered organizations.” The measure allows a registered series to grant a security interest in its interests and assets, which can be perfected by filing a UCC financing statement. Protected series shall not qualify as registered organizations and security interests cannot be perfected in their assets. The measure provides that in order to qualify as registered organizations, a registered series must file each series with the Secretary of State and comply with other requirements for shielding as set forth in the OLLCA. An LLC registered series can be dissolved independently, can merge with another registered series of the same entity, can be revived if it loses good standing, and can convert into a protected series of the same entity. A protected series can also convert to a registered series. The measure establishes an annual fee of \$25 for each registered series.

The measure also enables an LLC to “divide” into multiple LLCs and to allocate its assets and liabilities among those LLCs without effecting a transfer for purposes of Delaware law. The LLC undertaking the division may survive the division. If it does not survive, the dividing company is not deemed by default to have dissolved because of the division, but instead simply ceases to exist as a separate entity. The terms of the division must be set forth in a “plan of division”, which includes any terms under which interests in the dividing company will be canceled or converted into interests in another entity or the right to receive cash, and how the assets and liabilities of the dividing company will be allocated in the division. A division is effectuated by the dividing company’s filing of a certificate of division with the Secretary of State and the simultaneous filing articles of organization for each LLC formed in the division.

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