

Unincorporated Organizations Act Committee  
Meeting (Zoom) – October 22<sup>1</sup> and 23,<sup>2</sup> 2021  
Proposed Revisions to UPSA (2017)

**SECTION 602. PROTECTED SERIES MAY NOT BE PARTY TO ENTITY**

**TRANSACTION.** Except as provided in Sections 605(2), 606(2), and 607(1), a ~~A~~ protected series may not:

~~(1) be an acquiring, acquired, converting, converted, merging, or surviving entity;~~

~~(2) participate in a domestication; or~~

~~(3) be a party to, or be~~ formed, organized, established, or created in, or result from:

(1) a merger, interest exchange, conversion, or domestication; -or

(2) a transaction substantially like with the same substantive effect as a merger, interest exchange, conversion, or domestication.

**Reporter's Notes**

This issue began as solely and simply technical. The section a total ban, but several other sections contemplate the involvement of a protected series. The Committee could have solved that problem by adding at the beginning of the section: "Except as otherwise provided in Sections 605(2), 606(2), and 607(1),".

However, as soon as discussion began, the Committee's focus expanded substantially. After much ado, the Committee decided to: (i) preserve UPSA's "narrow channel" approach to entity transactions; (ii) state the section's prohibitions directly, thereby eschewing the use of defined terms such as acquired, acquiring, etc.; (iii) substitute "with the same substantive effect" for "substantially like"; and (4) eschew any attempt to delineate the characteristics of transactions having the same substantive effect as mergers, conversions, etc.

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<sup>1</sup> Noon to 4 PM Central

<sup>2</sup> 9 AM to 1 PM Central.

### SECTION 603. RESTRICTION ON ENTITY TRANSACTION INVOLVING

~~PROTECTED-SERIES~~ LIMITED LIABILITY COMPANY. Except as otherwise provided in Section 604, a A series limited liability company may not be: a party to, formed, organized, established, created in, or result from:

(1) a merger, interest exchange, conversion, or domestication; or

(2) a transaction with the same substantive effect as a merger, interest exchange, conversion, or domestication. be:

~~(1) an acquiring, acquired, converting, converted, domesticating, or domesticated entity;~~

~~or~~

~~(2) except as otherwise provided in Section 604, a party to or the surviving company of a merger.~~

#### Reporter's Notes

The Committee directed the Reporter to simplify this Section in accord with the revisions to Section 602. The section heading is revised to more accurately describe the section's scope and purpose.