

11-14-16 Revision
When Domestic Law Applicable to Foreign Series LLCs and Foreign Protected Series
Sections 401, 601 and 603
new provisions and provisions otherwise noteworthy are in italics

SECTION 401. LIMITATIONS ON LIABILITY.

¹(a) A person is not liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of:

(A) a protected series solely by reason of being or acting as an associated member of the protected series, a series manager of the protected series, a member of the series limited liability company that established the protected series, or a person managing the company or by having a series transferable interest in the protected series; or

(B) a series limited liability company solely by reason of being or acting as an associated member or protected series manager of a protected series of the company.

(b) Subject to subsection (c) and Section 402:

²(1) a debt, obligation, or other liability of a series limited liability company is solely the debt, obligation, or other liability of the company;

(2) a debt, obligation, or other liability of a protected series is solely the debt, obligation, or other liability of the protected series;

(3) a series limited liability company is not liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of a protected series of the company solely by reason of the company:

(A) having established the protected series;

¹ Vertical shields.

² Horizontal shields.

(B) being or acting as a protected series manager of the protected series;

(C) having the protected series manage the company; or

(D) owning a protected series transferable interest in the protected series;

and

(4) a protected series is not liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the series limited liability company that established the protected series or another protected series of the company solely by reason of:

(A) being a protected series of the company;

(B) being or acting as a person managing the company or a protected

(c) A claim to disregard a limitation stated in subsection (b) is governed by the principles of law and equity, including principles providing rights to creditors or holding a person liable for a debt, obligation, or other liability of another person, which would apply if each protected series of the series limited liability company were a limited liability company, organized separately from the company that established the protected series and distinct from the company and any other protected series of the company.

(d) In a civil action in this state, subsection (c) applies to a claim to disregard a limitation of liability applicable to a foreign series limited liability company or foreign protected series which is comparable to a limitation stated in subsection (b), if:

(1) the claimant is a resident of this state or doing business or registered to do business in this state; and

(2) the claim is to enforce a liability governed by the law of this state or arising from an act or omission in this state.

SECTION 601. GOVERNING LAW. The law of the jurisdiction of formation of a foreign series limited liability company governs:

- (1) the internal affairs of a foreign protected series of the company;
- (2) relations between the protected series and:
 - (A) the company;
 - (B) another protected series of the company;
 - (C) a member of the company which is not an associated member of the protected series;
 - (D) a protected series transferee of another protected series of the company;
 - (E) a transferee of a transferable interest of the company; and
- (3) the liability of a person for a debt, obligation, or other liability of a foreign protected series of a foreign series limited liability company if the debt, obligation, or other liability is asserted solely by reason of the person being or acting as:
 - (A) an associated member, series transferee, or protected series manager of the protected series;
 - (B) a member of the company not an associated member of the protected series;
 - (C) a series transferee of another protected series of the company;
 - (D) a protected series manager of another protected series of the company;
 - (E) a person managing the company; or
 - (F) a transferee of a transferable interest of the company;
- (4) subject to sections 401(d) and 603:

(A) the liability of the company for a debt, obligation, or other liability of a protected series if the debt, obligation, or other liability is asserted solely by reason of the company:

- (i) having established the protected series;
- (ii) being or acting as a protected series manager of the protected series;
- (iii) having the protected series manage the company; or
- (iv) owning a protected series transferable interest in the protected series;

and

(B) the liability of a foreign protected series for a debt, obligation, or other liability of the company or another protected series of the company if the debt, obligation, or other liability is asserted solely by reason of the protected series:

(i) being a protected series of the company or having the company or another protected series of the company be or act as protected series manager of the protected series; or

(ii) managing the company or being or acting as a series manager of another protected series of the company.

SECTION 603. APPLICATION OF SECTION 402 TO FOREIGN SERIES

LIMITED LIABILITY COMPANY AND FOREIGN PROTECTED SERIES. *Section 402*

applies to an asset of a foreign series limited liability company or foreign protected series if:

(1) the asset is real or tangible property located in this state;

(2) the foreign company or foreign protected series is subject to the personal jurisdiction of the courts of this state;

(3) the claimant is a resident of this State or doing business or registered to do business in this state and the claim under Section 402 is to enforce a judgment arising from a liability established under the law of this state or an act or omission in this state; and

(4) the asset is not identified in the records of the foreign company or foreign protected series in a manner comparable to manner required by section 301 {{and the lack of such an association has caused and will cause a material and inequitable prejudice to the judgment creditor.}}.