



WHY YOUR STATE SHOULD ADOPT THE UNIFORM PROTECTED SERIES ACT (2017)

The Uniform Protected Series Act (UPSA) is the most comprehensive statute governing series limited liability companies. A series limited liability company offers the traditional vertical liability shield of a LLC, and a new, horizontal liability shield for protected series of the company. Some of the benefits of the UPSA are:

- ***Clarifies a new business entity concept.*** The series LLC is the most significant development in business entity law since the creation of the LLC. The UPSA is the most complete statute on series LLCs, covering everything from formation of a series LLC, to management, to dissolution.
- ***Requires transparency.*** LLCs that wish to establish protected series must file a protected series designation with the Secretary of State. Protected series naming requirements identify a protected series and indicate that it is part of a specific LLC. These requirements ensure the public has easy access to information about the company, including its protected series.
- ***Promotes good recordkeeping.*** The biggest advantage to creating a protected series is the special horizontal liability shield it forms, so judgment creditors of the LLC or another protected series of the LLC cannot access the protected series' assets. The UPSA requires diligent recordkeeping to "associate" a protected series' assets and maintain horizontal liability shields.
- ***Easily integrates into a state's existing limited liability company statute.*** The UPSA is a "module" to be plugged into a state's existing LLC statute. The UPSA is equally suitable for states that have the Uniform Limited Liability Company Act and states with non-uniform LLC statutes.

For further information about the UPSA, please contact ULC Legislative Counsel Kari Bearman at (312) 450-6617 or by email at kbearman@uniformlaws.org.