S.B. No. 1523

AN ACT

relating to registered and protected series of domestic limited liability companies; authorizing fees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Subchapter M, Chapter 101, Business Organizations Code, is amended to read as follows:

SUBCHAPTER M. SERIES LIMITED LIABILITY COMPANY

Sec. 101.601.  SERIES OF MEMBERS, MANAGERS, MEMBERSHIP INTERESTS, OR ASSETS. (a) A company agreement may establish or provide for the establishment of one or more designated series of members, managers, membership interests, or assets that:

(1)  has separate rights, powers, or duties with respect to specified property or obligations of the limited liability company or profits and losses associated with specified property or obligations; or

(2)  has a separate business purpose or investment objective.

(b)  A series established in accordance with Subsection (a) or a protected series or registered series established in accordance with Section 101.602 may carry on any business, purpose, or activity, whether or not for profit, that is not prohibited by Section 2.003.

(c)  Nothing in this subchapter shall be construed to limit the freedom to contract to a series that is not a protected series or a registered series. Except as otherwise provided by Sections 101.627 through 101.636, a series may not merge or convert.

(d)  The provisions of the company agreement that govern a protected series or registered series may be amended by the approval of:

(1)  each member associated with the protected series or registered series;

(2)  the members of each other protected series and registered series if the amendment adversely affects those members; and

(3)  the members of the limited liability company that are not associated with any protected series or registered series if the amendment adversely affects those members.

Sec. 101.602.  ENFORCEABILITY OF OBLIGATIONS AND EXPENSES OF PROTECTED SERIES OR REGISTERED SERIES AGAINST ASSETS. (a) Notwithstanding any other provision of this chapter or any other law, but subject to Subsection (b) and any other provision of this subchapter:

(1)  the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to a particular protected series or registered series shall be enforceable against the assets of that series only, and shall not be enforceable against the assets of the limited liability company generally or any other series; and

(2)  none of the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to the limited liability company generally or any other series shall be enforceable against the assets of a particular protected series or registered series.

(b)  Subsection (a) applies only [~~if~~]:

(1)  to the extent the records maintained for that particular protected series or registered series account for the assets associated with that series separately from the other assets of the company or any other series;

(2)  if the company agreement contains a statement to the effect of the limitations provided in Subsection (a), subject to any exceptions permitted under Subsection (d); and

(3)  if the company's certificate of formation contains a notice of the limitations provided in Subsection (a), subject to any exceptions permitted under Subsection (d).

(c)  A certificate of registered series must be filed with the secretary of state to form a registered series.

(d)  Subsection (a) or any provision contained in a [~~limited liability~~] company agreement, [~~or~~] certificate of formation, or certificate of registered series pursuant to Subsections [~~Subsection~~] (a) and (b) does not restrict:

(1)  a particular protected series or registered series or a limited liability company on behalf of a particular protected series or registered series from expressly agreeing in the company agreement, the certificate of formation, any certificate of registered series, or in another [~~other~~] written agreement that does not violate that agreement or those certificates that any [~~or all~~] of the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to the company generally or any other series of the company shall be enforceable against the assets of that particular protected series or registered series if there are one or more liabilities that are recourse to the company generally or any other series and that cannot be enforced against those assets pursuant to the company agreement, the certificate of formation, any certificate of registered series, or in another written agreement that does not violate that agreement or those certificates; or

(2)  a limited liability company from expressly agreeing in the company agreement or other written agreement that any or all of the debts, liabilities, obligations, and expenses incurred, contracted for, or otherwise existing with respect to a particular protected series or registered series shall be enforceable against the assets of the company generally.

(e)  A company agreement does not need to use the term "protected" or "registered" or refer to this section when referencing a series. A series established by a company agreement without designating whether the series is a protected series or registered series and without filing the certificate of registered series required by Subsection (c) is a protected series if it meets the requirements of Subsections (a) and (b), subject to any exceptions permitted by Subsection (d).

(f)  A series established in accordance with this section, but without filing the certificate of registered series under Subsection (c), is a protected series.

(g)  A series established in accordance with this section, including by filing the certificate of registered series under Subsection (c), is a registered series.

Sec. 101.603.  ASSETS OF PROTECTED SERIES OR REGISTERED SERIES. (a) Assets associated with a protected series or registered series may be held directly or indirectly, including being held in the name of the protected series or registered series, in the name of the limited liability company, through a nominee, or otherwise.

(b)  To the extent [~~If~~] the records of a protected series or registered series are maintained in a manner so that the assets of the protected series or registered series can be reasonably identified by specific listing, category, type, quantity, or computational or allocational formula or procedure, including a percentage or share of any assets, or by any other method in which the identity of the assets can be objectively determined, the records are considered to satisfy the requirements of Section 101.602(b)(1).

(c)  In this subchapter, a reference to:

(1)  "assets of a protected series" or "assets of a registered series" includes assets associated with that series;

(2)  "assets associated with a protected series" or "assets associated with a registered series" includes assets of that series;

(3)  "members or managers of a protected series" or "members or managers of a registered series" includes members or managers associated with that series; and

(4)  "members or managers associated with a protected series" or "members or managers associated with a registered series" includes members or managers of that series.

Sec. 101.604.  NOTICE OF LIMITATION ON LIABILITIES OF PROTECTED SERIES OR REGISTERED SERIES. (a) Notice of the limitation on liabilities of a protected series or registered series required by Section 101.602 that is contained in a certificate of formation filed with the secretary of state satisfies the requirements of Section 101.602(b)(3), regardless of whether:

(1)  the limited liability company has established any protected series or registered series under this subchapter when the notice is contained in the certificate of formation; [~~and~~]

(2)  the notice makes a reference to a specific protected series or registered series of the limited liability company; and

(3)  the notice:

(A)  uses the term "protected" or "registered" when referencing the series; or

(B)  includes a reference to Section 101.602.

(b)  The fact that the certificate of formation filed with the secretary of state contains the notice of the limitation on liabilities of a protected series or registered series required by Section 101.602 is notice of that limitation on liabilities of a protected series or registered series.

Sec. 101.605.  GENERAL POWERS OF PROTECTED SERIES OR REGISTERED SERIES.  A protected series or registered series established under this subchapter has the power and capacity, in the [~~series' own~~] name of the protected series or registered series, to:

(1)  sue and be sued;

(2)  contract;

(3)  acquire, sell, and hold title to assets of the protected series or registered series, including real property, personal property, and intangible property;

(4)  grant liens and security interests in assets of the protected series or registered series;

(5)  be a promoter, organizer, partner, owner, member, associate, or manager of an organization; and

(6)  exercise any power or privilege as necessary or appropriate to the conduct, promotion, or attainment of the business, purposes, or activities of the protected series or registered series.

Sec. 101.606.  LIABILITY OF MEMBER OR MANAGER FOR OBLIGATIONS; DUTIES. (a) Except as and to the extent the company agreement specifically provides otherwise, a member or manager associated with a protected series or registered series or a member or manager of the company is not liable for a debt, obligation, or liability of a protected series or registered series, including a debt, obligation, or liability under a judgment, decree, or court order.

(b)  Notwithstanding Subsection (a), a member or manager associated with a protected series or registered series or a member or manager of the company may agree to be obligated personally for any or all of the debts, obligations, and liabilities of one or more protected series or registered series under the company agreement or another agreement.

(c)  The company agreement may expand or restrict any duties, including fiduciary duties, and related liabilities that a member, manager, officer, or other person associated with a protected series or registered series has to:

(1)  the protected series or registered series or the company;

(2)  a member or manager associated with the protected series or registered series; or

(3)  a member or manager of the company.

Sec. 101.607.  CLASS OR GROUP OF MEMBERS OR MANAGERS. (a) The company agreement may:

(1)  establish classes or groups of one or more members or managers associated with a protected series or registered series each of which has certain express relative rights, powers, and duties, including voting rights; and

(2)  provide for the manner of establishing additional classes or groups of one or more members or managers associated with the protected series or registered series each of which has certain express rights, powers, and duties, including providing for voting rights and rights, powers, and duties senior to existing classes and groups of members or managers associated with the protected series or registered series.

(b)  The company agreement may provide for the taking of an action[~~, including the amendment of the company agreement,~~] without the vote or approval of any member or manager or class or group of members or managers, including the amendment of the company agreement or an action to create under the provisions of the company agreement a class or group of the protected series or registered series of membership interests that was not previously outstanding.

(c)  The company agreement may provide that:

(1)  all or certain identified members or managers or a specified class or group of the members or managers associated with a protected series or registered series have the right to vote on any matter separately or with all or any class or group of the members or managers associated with the protected series or registered series;

(2)  any member or class or group of members associated with a protected series or registered series has no voting rights; and

(3)  voting by members or managers associated with a protected series or registered series is on a per capita, number, financial interest, class, group, or any other basis.

Sec. 101.608.  GOVERNING AUTHORITY. (a) Notwithstanding any conflicting provision of the certificate of formation of a limited liability company or the certificate of registered series, the governing authority of a protected series or registered series consists of the managers or members associated with the protected series or registered series as provided in the company agreement.

(b)  If the company agreement does not provide for the governing authority of the protected series or registered series, the governing authority of the protected series or registered series consists of:

(1)  the managers associated with the protected series or registered series, if the company's certificate of formation states that the company has [~~will have~~] one or more managers; or

(2)  the members associated with the protected series or registered series, if the company's certificate of formation does not provide [~~states~~] that the company has [~~will not have~~] managers.

Sec. 101.609.  APPLICABILITY OF OTHER PROVISIONS OF CHAPTER OR TITLE 1; SYNONYMOUS TERMS. (a) To the extent not inconsistent with this subchapter, this chapter applies to a protected series or registered series and its associated members and managers.

(b)  For purposes of the application of any other provision of this chapter to a provision of this subchapter, and as the context requires:

(1)  a reference to "limited liability company" or "company" means the "protected series" or "registered series";

(2)  a reference to "member" means "member associated with the protected series" or "member associated with the registered series"; and

(3)  a reference to "manager" means "manager associated with the protected series[~~.~~]" or "manager associated with the registered series."

(c)  To the extent not inconsistent with this subchapter, a protected series or registered series and the governing persons and officers associated with the protected series or registered series have the powers and rights provided by Subchapters C and D, Chapter 3, and Subchapter F, Chapter 10.  For purposes of those provisions, and as the context requires:

(1)  a reference to "entity," "domestic entity," or "filing entity" includes the "protected series" or "registered series";

(2)  a reference to "governing person" includes  "governing person associated with the protected series" or "governing person associated with the registered series";

(3)  a reference to "governing authority" includes  "governing authority associated with the protected series" or "governing authority associated with the registered series"; and

(4)  a reference to "officer" includes "officer associated with the protected series[~~.~~]" or "officer associated with the registered series."

Sec. 101.610.  EFFECT OF CERTAIN EVENT ON MANAGER OR MEMBER. (a) An event that under this chapter or the company agreement causes a manager to cease to be a manager with respect to a protected series or registered series does not, in and of itself, cause the manager to cease to be a manager of the limited liability company or with respect to any other protected series or registered series of the company.

(b)  An event that under this chapter or the company agreement causes a member to cease to be associated with a protected series or registered series does not, in and of itself, cause the member to cease to be associated with any other protected series or registered series or terminate the continued membership of a member in the limited liability company or require the winding up of the protected series or registered series, regardless of whether the member was the last remaining member associated with the protected series or registered series.

Sec. 101.611.  MEMBER STATUS WITH RESPECT TO DISTRIBUTION. (a) Subject to Sections 101.613, 101.617, 101.618, 101.619, and 101.620, when a member associated with a protected series or registered series established under this subchapter is entitled to receive a distribution with respect to the protected series or registered series, the member, with respect to the distribution, has the same status as a creditor of the protected series or registered series and is entitled to any remedy available to a creditor of the protected series or registered series.

(b)  Section 101.206 does not apply to a distribution with respect to the protected series or registered series.

Sec. 101.612.  RECORD DATE FOR ALLOCATIONS AND DISTRIBUTIONS. A company agreement may establish or provide for the establishment of a record date for allocations and distributions with respect to a protected series or registered series.

Sec. 101.613.  DISTRIBUTIONS. (a) A limited liability company may make a distribution with respect to a protected series or registered series.

(b)  A limited liability company may not make a distribution with respect to a protected series or registered series to a member if, immediately after making the distribution, the total amount of the liabilities of the protected series or registered series, other than liabilities described by Subsection (c), exceeds the fair value of the assets associated with the protected series or registered series.

(c)  For purposes of Subsection (b), the liabilities of a protected series or registered series do not include:

(1)  a liability to a member related to the member's membership interest associated with the protected series or registered series; or

(2)  except as provided by Subsection (e), a liability of the protected series or registered series for which the recourse of creditors is limited to specified property of the protected series or registered series.

(d)  For purposes of Subsection (b), the assets associated with a protected series or registered series include the fair value of property of the protected series or registered series subject to a liability for which recourse of creditors is limited to specified property of the protected series or registered series only if the fair value of that property exceeds the liability.

(e)  A member who receives a distribution from a protected series or registered series in violation of this section is not required to return the distribution to the protected series or registered series unless the member had knowledge of the violation.

(f)  This section may not be construed to affect the obligation of a member to return a distribution to the protected series or registered series under the company agreement, another agreement, or other state or federal law.

(g)  Section 101.206 does not apply to a distribution with respect to a protected series or registered series.

(h)  For purposes of this section, "distribution" does not include an amount constituting reasonable compensation for present or past services or a reasonable payment made in the ordinary course of business under a bona fide retirement plan or other benefits program.

(i)  For purposes of this subchapter, the determination of the amount of the liabilities or the value of the assets of a protected series or registered series may be based on:

(1)  financial statements of the protected series or registered series, which may include the financial statements of subsidiary entities of the protected series or registered series accounted for on a consolidated basis or on the equity method of accounting that:

(A)  present the financial condition of the protected series or registered series, and any subsidiary entity included in those financial statements, in accordance with generally accepted accounting principles or international financial reporting standards; or

(B)  have been prepared using the method of accounting used to file a federal income tax return for the protected series or registered series or using any other accounting practices or principles that are reasonable under the circumstances;

(2)  financial information, including condensed or summary financial statements, that is prepared on the same basis as financial statements described by Subdivision (1);

(3)  projections, forecasts, or other forward-looking information relating to the future economic performance, financial condition, or liquidity of the protected series or registered series that is reasonable under the circumstances;

(4)  a fair valuation or information from any other method that is reasonable under the circumstances; or

(5)  a combination of a statement, valuation, or information authorized by this subsection.

(j)  Subsection (i) does not apply to the computation of any tax imposed on a protected series or registered series under the laws of this state.

(k)  An action alleging a distribution is made in violation of this section must be commenced not later than the second anniversary of the date of the distribution.

Sec. 101.614.  AUTHORITY TO WIND UP AND TERMINATE PROTECTED SERIES OR REGISTERED SERIES. Except to the extent otherwise provided in the company agreement and subject to Sections 101.617, 101.618, 101.619, and 101.620, a protected series or registered series and its business and affairs may be wound up and terminated without causing the winding up of the limited liability company.

Sec. 101.615.  TERMINATION OF PROTECTED SERIES OR REGISTERED SERIES. (a) Except as otherwise provided by Sections 101.617, 101.618, 101.619, and 101.620, the protected series terminates on the completion of the winding up of the business and affairs of the protected series in accordance with Sections 101.617, 101.618, 101.619, and 101.620.

(b)  Except as otherwise provided by Sections 101.617, 101.618, 101.619, and 101.620, the registered series terminates on:

(1)  the completion of the winding up of the business and affairs of the registered series in accordance with Sections 101.617, 101.618, 101.619, and 101.620; and

(2)  the effectiveness of the filing with the secretary of state of a certificate of termination for the registered series.

(c)  The limited liability company shall provide notice of the termination of a protected series or registered series in the manner provided in the company agreement for notice of termination, if any.

(d) [~~(c)~~]  The termination of the protected series or registered series does not affect the limitation on liabilities of the protected series or registered series provided by Section 101.602.

Sec. 101.616.  EVENT REQUIRING WINDING UP. Subject to Sections 101.617, 101.618, 101.619, and 101.620, the business and affairs of a protected series or registered series are required to be wound up:

(1)  if the winding up of the limited liability company is required under Section 101.552(a) or Chapter 11; or

(2)  on the earlier of:

(A)  the time specified for winding up the protected series or registered series in the company agreement;

(B)  the occurrence of an event specified with respect to the protected series or registered series in the company agreement;

(C)  the occurrence of a majority vote of all of the members associated with the protected series or registered series approving the winding up of the protected series or registered series or, if there is more than one class or group of members associated with the protected series or registered series, a majority vote of the members of each class or group of members associated with the protected series or registered series approving the winding up of the protected series or registered series;

(D)  if the protected series or registered series has no members, the occurrence of a majority vote of all of the managers associated with the protected series or registered series approving the winding up of the protected series or registered series or, if there is more than one class or group of managers associated with the protected series or registered series, a majority vote of the managers of each class or group of managers associated with the protected series or registered series approving the winding up of the protected series or registered series; or

(E)  a determination by a court in accordance with Section 101.621.

Sec. 101.617.  PROCEDURES FOR WINDING UP AND TERMINATION OF PROTECTED SERIES OR REGISTERED SERIES. (a) The following provisions apply to a protected series or registered series and the associated members and managers of the protected series or registered series:

(1)  Subchapters A, G, H, and I, Chapter 11; and

(2)  Subchapter B, Chapter 11, other than Sections 11.051, 11.056, 11.057, 11.058, and 11.059.

(b)  The following provisions apply to a registered series and the associated members and managers of the registered series:

(1)  Subchapters E and F, Chapter 11; and

(2)  Section 11.102.

(c)  For purposes of the application of Chapter 11 to a protected series or registered series and as the context requires:

(1)  a reference to "domestic entity," "filing entity," "domestic filing entity," or "entity" means the "protected series" or "registered series";

(2)  a reference to an "owner" means a "member associated with the protected series" or "member associated with the registered series";

(3)  a reference to the "governing authority" or a "governing person" means:

(A)  the "governing authority associated with the protected series" or a "governing person associated with the protected series"; or

(B)  the "governing authority associated with the registered series" or a "governing person associated with the registered series"; and

(4)  a reference to "business," "property," "obligations," or "liabilities" means:

(A)  the "business associated with the protected series," "property associated with the protected series," "obligations associated with the protected series," or "liabilities associated with the protected series[~~.~~]"; or

(B)  the "business associated with the registered series," "property associated with the registered series," "obligations associated with the registered series," or "liabilities associated with the registered series."

(d) [~~(c)~~]  After the occurrence of an event requiring winding up of a protected series or registered series under Section 101.616, unless a revocation as provided by Section 101.618 or a cancellation as provided by Section 101.619 occurs, the winding up of the protected series or registered series must be carried out by:

(1)  the governing authority of the protected series or registered series or one or more persons, including a governing person, designated by:

(A)  the governing authority of the protected series or registered series;

(B)  the members associated with the protected series or registered series; or

(C)  the company agreement; or

(2)  a person appointed by the court to carry out the winding up of the protected series or registered series under Section 11.054, 11.405, 11.409, or 11.410.

(e) [~~(d)~~]  An action taken in accordance with this section does not affect the limitation on liability of members and managers provided by Section 101.606.

Sec. 101.618.  REVOCATION OF VOLUNTARY WINDING UP. Before the termination of the protected series or registered series takes effect, a voluntary decision to wind up the protected series or registered series under Section 101.616(2)(C) or (D) may be revoked by:

(1)  a majority vote of all of the members associated with the protected series or registered series approving the revocation or, if there is more than one class or group of members associated with the protected series or registered series, a majority vote of the members of each class or group of members associated with the protected series or registered series approving the revocation; or

(2)  if the protected series or registered series has no members, a majority vote of all the managers associated with the protected series or registered series approving the revocation or, if there is more than one class or group of managers associated with the protected series or registered series, a majority vote of the managers of each class or group of managers associated with the protected series or registered series approving the revocation.

Sec. 101.619.  CANCELLATION OF EVENT REQUIRING WINDING UP. (a) Unless the cancellation is prohibited by the company agreement, an event requiring winding up of the protected series or registered series under Section 101.616(2)(A) or (B) [~~101.616(1) or (2)~~] may be canceled by the consent of all of the members of the protected series or registered series before the termination of the protected series or registered series takes effect.

(b)  In connection with the cancellation, the members must amend the company agreement to:

(1)  eliminate or extend the time specified for the protected series or registered series if the event requiring winding up of the protected series or registered series occurred under Section 101.616(2)(A) [~~101.616(1)~~]; or

(2)  eliminate or revise the event specified with respect to the protected series or registered series if the event requiring winding up of the protected series or registered series occurred under Section 101.616(2)(B) [~~101.616(2)~~].

Sec. 101.620.  CONTINUATION OF BUSINESS. The protected series or registered series may continue its business following the revocation under Section 101.618 or the cancellation under Section 101.619.

Sec. 101.621.  WINDING UP BY COURT ORDER.  A district court in the county in which the registered office or principal place of business in this state of a domestic limited liability company is located, on application by or for a member associated with a protected series or registered [~~the~~] series of the company, has jurisdiction to order the winding up and termination of the protected series or registered [~~a~~] series if the court determines that:

(1)  it is not reasonably practicable to carry on the business of the protected series or registered series in conformity with the company agreement;

(2)  the economic purpose of the protected series or registered series is likely to be unreasonably frustrated; or

(3)  another member associated with the protected series or registered series has engaged in conduct relating to the protected series' or registered series' business that makes it not reasonably practicable to carry on the business with that member.

Sec. 101.622.  PROTECTED SERIES OR REGISTERED SERIES NOT A SEPARATE DOMESTIC ENTITY OR ORGANIZATION.  For purposes of this chapter and Title 1, a protected series or registered series has the rights, powers, and duties provided by this subchapter to the protected series or registered series but is not a separate domestic entity or organization.

Sec. 101.623.  FILING OF CERTIFICATE OF REGISTERED SERIES. (a) To establish a registered series of a limited liability company in accordance with Section 101.602, a certificate of registered series for the registered series must be filed in accordance with this section.

(b)  A certificate of registered series must state:

(1)  the name of the limited liability company;

(2)  the name of the registered series being formed, which must conform with the requirements of Section 5.056(c); and

(3)  if the registered series is formed under a plan of conversion or merger, a statement to that effect.

(c)  A certificate of registered series may include any other provisions not inconsistent with law relating to the organization, ownership, governance, business, or affairs of the registered series.

(d)  A certificate of registered series shall be executed by the limited liability company in accordance with Section 101.0515 and filed with the secretary of state in accordance with and take effect as a filing instrument as specified by Chapter 4.

(e)  A certificate of registered series is not an amendment to the certificate of formation of the limited liability company.

(f)  If a new registered series is established under a plan of conversion or plan of merger, the certificate of registered series of the registered series must be filed simultaneously with the certificate of conversion or certificate of merger under Section 101.627(b) or 101.634(e). The certificate of registered series is not required to be filed separately under Subsection (a). The formation and existence of a registered series that results from a conversion or merger takes effect and commences on the effectiveness of the conversion or merger.

Sec. 101.624.  AMENDING CERTIFICATE OF REGISTERED SERIES. (a) A certificate of registered series is amended by filing a certificate of amendment in accordance with this section.

(b)  If the company agreement of the limited liability company specifies the manner of adopting an amendment to the certificate of registered series, the amendment must be adopted as specified by the company agreement. If the company agreement does not specify the manner of adopting an amendment to the certificate of registered series but specifies the manner of adopting an amendment to the provisions of the company agreement governing the registered series, the amendment must be adopted as specified in the company agreement for the adoption of an amendment to the provisions of the company agreement governing the registered series. If the company agreement does not specify the manner of adopting an amendment to the certificate of registered series or to the provisions of the company agreement governing the registered series, the amendment must be approved:

(1)  by all of the members of the registered series;

(2)  if the registered series does not yet have any members but has managers, by all of the managers of the registered series; or

(3)  if the registered series does not have members or managers, in the manner specified by the company agreement for authorization of the establishment of a new registered series of the limited liability company.

(c)  The certificate of amendment must state:

(1)  the name of the limited liability company;

(2)  the name of the registered series;

(3)  for each provision of the certificate of registered series that is added, altered, or deleted, an identification by reference or description of the added, altered, or deleted provision and, if the provision is added or altered, a statement of the text of the altered or added provision; and

(4)  that the amendment has been approved in the manner required by this subchapter and by the governing documents of the registered series.

(d)  A manager associated with a registered series or, if there is no manager, any member associated with the registered series who becomes aware that any statement in a certificate of registered series filed with respect to the registered series was false when made, or that any provision in the certificate of registered series has changed making the certificate of registered series false in any material respect, shall promptly amend the certificate of registered series.

(e)  The certificate of amendment must be executed by the registered series in accordance with Section 101.0515 and shall be filed with the secretary of state in accordance with and take effect as a filing instrument as specified by Chapter 4.

Sec. 101.625.  CERTIFICATE OF TERMINATION FOR REGISTERED SERIES. (a) On completion of the winding up of a registered series, a certificate of termination shall be filed in accordance with this section.

(b)  The certificate of termination must contain:

(1)  the name of the limited liability company;

(2)  the name of the registered series;

(3)  the registered series' filing number assigned by the secretary of state;

(4)  the nature of the event requiring winding up the registered series;

(5)  a statement that the registered series has complied with the provisions of this code governing the series' winding up; and

(6)  any other information the person filing the certificate of termination determines.

(c)  The certificate of termination must be executed by the registered series in accordance with Section 101.0515 and shall be filed with the secretary of state in accordance with and take effect as a filing instrument as specified by Chapter 4.

(d)  The secretary of state may not issue a certificate of fact confirming the existence of a registered series if the limited liability company has ceased to be in existence.

Sec. 101.626.  NAME OF REGISTERED SERIES. The name of each registered series included in a series' certificate of registered series must:

(1)  comply with the requirements of Chapter 5; and

(2)  contain the name of the limited liability company and the phrase or abbreviation required by Section 5.0561.

Sec. 101.627.  CONVERSION OF A REGISTERED SERIES TO A PROTECTED SERIES. (a) Upon compliance with Section 101.628, a registered series of a domestic limited liability company may convert to a protected series of the domestic limited liability company by filing a certificate of conversion that complies with Section 101.631 with the secretary of state in accordance with, and taking effect as a filing instrument as specified, by Chapter 4.

(b)  Upon compliance with Section 101.628, a protected series of a domestic limited liability company may convert to a registered series of the domestic limited liability company by filing simultaneously with the secretary of state in accordance with, and taking effect as a filing instrument as specified by, Chapter 4:

(1)  a certificate of conversion that complies with Section 101.631; and

(2)  a certificate of registered series as provided by Section 101.623.

(c)  An existing registered series may not become a protected series except as provided by Subsection (a) and Sections 101.628 through 101.632.

(d)  For purposes of this section and Sections 101.628 through 101.632:

(1)  "Conversion" means the continuation of:

(A)  a registered series as a protected series; or

(B)  a protected series as a registered series.

(2)  "Converted series" means a registered series or protected series resulting from a conversion of, respectively, a protected series or registered series, of a domestic limited liability company.

(3)  "Converting series" means a registered series or protected series before a conversion of that series.

(4)  "Plan of conversion" means a document that conforms with the requirements of Section 101.628.

Sec. 101.628.  AUTHORIZATION OF CONVERSION. (a) A converting series of a domestic limited liability company may convert to a converted series of the company by adopting a plan of conversion of the converting series to a converted series of the company.

(b)  If the company agreement of the limited liability company specifies the manner of adopting a plan of conversion of a converting series to a converted series of that company, the plan of conversion must be adopted as specified by the company agreement. If the company agreement does not specify the manner of adopting a plan of conversion of a converting series of the company to a converted series of that company and does not prohibit a conversion of a converting series to a converted series, the plan of conversion must be authorized by members of the converting series who own more than 50 percent of the then-current percentage or other interest in the profits of the converting series owned by all of the members of the converting series. If the plan of conversion provides for any amendment to the company agreement, the plan of conversion must also be approved in the manner required by this subchapter for the approval of that amendment.

(c)  A converting series may not convert if a member associated with the converting series, as a result of the conversion, would become subject to liability under the company agreement as a member, without that member's consent, for a liability or other obligation of the converted series for which the member is not liable under the company agreement as a member of the converting series before the conversion.

(d)  At the time a conversion takes effect, each member of the converting series has, unless otherwise agreed to by that member, a membership interest in and is the member of the converted series.

(e)  A plan of conversion must be in writing and must include:

(1)  the name of the converting series;

(2)  the name of the converted series;

(3)  a statement that the converting protected series or registered series, as applicable, is continuing its existence in the form of the converted protected series or registered series, as applicable;

(4)  the manner and basis, including use of a formula, of converting the membership interests of the converting series into membership interests of the converted series;

(5)  any amendment to the company agreement that may be necessary to reflect the conversion of the converting series and the establishment of the converted series; and

(6)  the certificate of registered series required to be filed under this subchapter if the converted series is a registered series.

(f)  An amendment or certificate of registered series described by Subsection (e)(5) or (6) may be included in the plan of conversion by an attachment or exhibit to the plan.

(g)  Any of the terms of the plan of conversion may be made dependent on a fact ascertainable outside of the plan if the manner in which those facts will operate on the terms of the conversion is clearly and expressly stated in the plan. In this subsection, "facts" includes the occurrence of any event, including a determination or action by any person.

Sec. 101.629.  CONVERSION NOT WINDING UP EVENT. Unless otherwise agreed, the conversion of a converting series under Sections 101.627 through 101.631 does not:

(1)  require the limited liability company or the converting series to wind up the series' affairs under Section 11.051, 11.056, 101.552 or 101.616 or to pay the series' liabilities and distribute its assets under Sections 11.053 and 101.617; or

(2)  constitute an event requiring winding up of the company or the converting series.

Sec. 101.630.  EFFECT OF CONVERSION. When a conversion takes effect:

(1)  the converting series continues to exist without interruption in the form of the converted series rather than in the form of the converting series;

(2)  all rights, title, and interests to all property owned by the converting series continues to be owned, subject to any existing liens or other encumbrances on the property, by the converted series in the new form without:

(A)  reversion or impairment;

(B)  further act or deed; or

(C)  any transfer or assignment having occurred;

(3)  all liabilities and obligations of the converting series continue to be liabilities and obligations of the converted series in the new form without impairment or diminution because of the conversion;

(4)  the rights of creditors or other parties with respect to or against the previous members associated with the converting series in their capacities as members in existence when the conversion takes effect continue to exist as to those liabilities and obligations and may be enforced by the creditors and obligees as if a conversion had not occurred;

(5)  a proceeding pending by or against the converting series or by or against any of the converting series' members in their capacities as members may be continued by or against the converted series in the new form and by or against the previous members without a need for substituting a party;

(6)  the membership interests of the converting series that are to be converted into membership interests of the converted series as provided by the plan of conversion are converted as provided by the plan, and the former members of the converting series are entitled only to the rights provided by the plan of conversion;

(7)  the amendment to the company agreement under the plan of conversion becomes effective; and

(8)  if, after the conversion takes effect, a member of the converted series as a member is liable for the liabilities or obligations of the converted series, the member is liable for the liabilities and obligations of the converting series that existed before the conversion took effect only to the extent that the member:

(A)  agrees in writing to be liable for the liabilities or obligations;

(B)  was liable, before the conversion took effect, for the liabilities or obligations; or

(C)  by becoming a member of the converted series, becomes liable under other applicable law for the existing liabilities and obligations of the converted series.

Sec. 101.631.  FILING OF CERTIFICATE OF CONVERSION. (a) After adoption of a plan of conversion as provided by Section 101.628, a certificate of conversion must be signed by the converting series and must include a statement certifying the following:

(1)  the name of the limited liability company and, if it has been changed, the name under which the company's certificate of formation was originally filed;

(2)  the filing number of the limited liability company assigned by the secretary of state;

(3)  the name of the converting series and, if it is a registered series and its name has been changed, the name under which its certificate of registered series was originally filed;

(4)  if the converting series is a registered series, the filing number of the registered series assigned by the secretary of state;

(5)  that a plan of conversion is on file at the principal place of business of the converting series, and the address of the principal place of business;

(6)  that a plan of conversion will be on file after the conversion at the principal place of business of the converted series, and the address of the principal place of business;

(7)  that a copy of the plan of conversion will be on written request furnished without cost by the converting series before the conversion or by the converted series after the conversion to any owner or member of the converting series or the converted series; and

(8)  that the plan of conversion has been adopted as required by the company agreement of the limited liability company and Section 101.628.

(b)  The certificate of conversion must be filed with the secretary of state in accordance with Section 101.627.

Sec. 101.632.  PROHIBITION ON CONVERSION PERMITTED. A company agreement may prohibit the conversion of a registered series or protected series of the company under Sections 101.627 through 101.631.

Sec. 101.633.  MERGER AMONG MERGING SERIES OF SAME LIMITED LIABILITY COMPANY. (a) For purposes of the section and Sections 101.634 through 101.636:

(1)  "Merger" means:

(A)  the division of a merging series into two or more new protected series and registered series; or

(B)  the combination of one or more merging series with one or more merging series resulting in:

(i)  one or more surviving merging series;

(ii)  the creation of one or more new protected series or registered series; or

(iii)  one or more surviving merging series and the creation of one or more new protected series or registered series.

(2)  "Merging series" means each and all protected series and registered series that are parties to a merger.

(3)  "Party to a merger" means a protected series or registered series that under a plan of merger is divided or combined by a merger.

(4)  "Plan of merger" means a document that conforms to the requirements of this section.

(b)  One or more merging series of the same limited liability company may affect a merger as provided by a plan of merger that is approved in accordance with this section and that complies with Sections 101.634 through 101.636. The plan of merger shall provide for one or more surviving or new protected series or registered series.

(c)  Unless otherwise provided by the company agreement, the plan of merger shall be approved by each protected series or registered series that is a party to the merger. If the company agreement specifies the manner of adopting a plan of merger for the merging series, the amendment must be adopted as specified in the company agreement. If the company agreement does not specify the manner of adopting a plan of merger for the merging series but specifies the manner of adopting an amendment to the provisions of the company agreement governing the merging series, the plan of merger must be adopted as specified in the company agreement for the adoption of an amendment to the provisions of the company agreement governing the merging series. If the company agreement does not specify the manner of adopting a plan of merger for the merging series or an amendment to the provisions of the company agreement governing the merging series, the amendment must be approved by members of that merging series who own more than 50 percent of the then-current percentage or other interest in the profits of that merging series owned by all of the members of that merging series. If the plan of merger provides for any amendment to the company agreement, the plan of merger must also be approved in the manner required by this subchapter for the approval of that amendment.

(d)  A plan of merger must be in writing and must include:

(1)  the name of each merging series that is a party to the merger;

(2)  the name of each merging series that will survive the merger;

(3)  the name of each new protected series or registered series that is to be created by the plan of merger;

(4)  the manner and basis, including use of a formula, of converting or exchanging any of the membership interests of each merging series that is a party to the merger into:

(A)  membership interests, obligations, rights to purchase securities, or other securities of one or more of the surviving merging series or new protected series or registered series;

(B)  cash;

(C)  other property, including membership interests, obligations, rights to purchase securities, or other securities of any other person or entity; or

(D)  any combination of the items described by Paragraphs (A)-(C);

(5)  the identification of any of the membership interests of a merging series that is a party to the merger that are:

(A)  to be canceled rather than converted or exchanged; or

(B)  to remain outstanding rather than converted or exchanged if the protected series or registered series survives the merger;

(6)  any amendment to the company agreement that may be necessary to reflect the merger of the merging series and the establishment of any new protected series or registered series that is to be created by the merger;

(7)  any amendment to the certificate of registered series of any registered series that is a surviving registered series, including a change in the name of the surviving registered series, that will be effected by the merger; and

(8)  the certificate of registered series of each new registered series to be created by the plan of merger.

(e)  An item required by Subsections (d)(6) and (8) may be included in the plan of merger by an attachment or exhibit to the plan.

(f)  If the plan of merger provides for a manner and basis of converting or exchanging a membership interest that may be converted or exchanged in a manner or basis different than any other membership interest of the same class of the membership interest, the manner and basis of conversion or exchange must be included in the plan of merger in the same manner as provided by Subsection (d)(4). A plan of merger may provide for cancellation of a membership interest while providing for the conversion or exchange of other membership interests of the same class as the membership interest to be canceled.

(g)  Any of the terms of the plan of merger may be made dependent on facts ascertainable outside of the plan if the manner in which those facts will operate on the terms of the merger is clearly and expressly stated in the plan. In this subsection, "facts" includes the occurrence of any event, including a determination or action by any person.

(h)  If more than one series is to survive or to be created by the plan of merger, the plan of merger must include:

(1)  the manner and basis of allocating and vesting the property of each merging series that is a party to the merger among one or more of the surviving or new series; and

(2)  the manner and basis of allocating each liability and obligation of each merging series that is a party to the merger, or adequate provisions for the payment and discharge of each liability and obligation, among one or more of the surviving or new series.

(i)  A plan of merger may include:

(1)  amendments to provisions of the company agreement relating to any surviving merging series or any new protected series or registered series to be created by the merger; and

(2)  any other provisions relating to the merger that are not required by this subchapter.

(j)  Notwithstanding prior approval, a plan of merger may be terminated or amended under a provision for that termination or amendment contained in the plan of merger.

(k)  A merging series may not merge under this section if a member of that merging series that is a party to the merger will, as a result of the merger, become subject to liability under the company agreement as a member, without that member's consent, for a liability or other obligation of any other person for which the member is not liable under the company agreement as a member of that merging series before the merger.

Sec. 101.634.  CERTIFICATE OF MERGER. (a) After approval of a plan of merger as provided by Section 101.633, if a registered series is a party to the merger or if a new registered series is to be created by the merger, a certificate of merger must be signed by each merging series that is a party to the merger and must include a statement certifying the following:

(1)  the name of each merging series that is a party to the merger and the name of the limited liability company that formed that merging series;

(2)  that a plan of merger has been approved and executed by or on behalf of each merging series that is to merge;

(3)  the name of each merging series that survives the merger and each new registered series or protected series that is created by the merger;

(4)  any amendment to the certificate of registered series of any registered series that is a surviving merging series, including a change in the name of the surviving registered series, to be effected by the merger or a statement that amendments are being made to the certificate of registered series of any registered series that is a surviving merging series under a certificate of amendment attached to the certificate of merger under Subsection (d);

(5)  the certificate of registered series for each new registered series that is to be created by the merger is being filed with the certificate of merger;

(6)  that the plan of merger is on file at a place of business of each surviving or new registered series or the limited liability company that formed the registered series, and the address of that place of business;

(7)  that a copy of the plan of merger will be on written request furnished without cost by each surviving merging series or new registered series or protected series to any member of any merging series that is a party to the merger or any registered series or protected series created by the plan of merger and, for a merger with multiple surviving or new series, to any creditor or obligee of the parties to the merger at the time of the merger if a liability or obligation is then outstanding;

(8)  if approval of the members of any merging series that was a party to the plan of merger is not required by this code or the company agreement, a statement to that effect; and

(9)  a statement that the plan of merger has been approved as required by this code and by the company agreement.

(b)  As provided by Subsection (a)(4), a certificate of merger filed under this section may include as an attachment a certificate of amendment containing amendments to the certificate of registered series for any registered series that is a surviving registered series of the merger.

(c)  A certificate of merger that contains any amendment or certificate of amendment to the certificate of registered series of a registered series that is a surviving registered series in accordance with Subsection (a)(4) and, if applicable, Subsection (b) is considered to be an amendment to the certificate of registered series of that surviving registered series. No further action is required to amend the certificate of registered series of the surviving registered series under Section 101.624 with respect to the amendment.

(d)  The certificate of merger must be filed with the secretary of state in accordance with, and take effect as a filing instrument as specified by Chapter 4. If a new registered series is to be created by the merger, a certificate of registered series for the new registered series that complies with Section 101.623 must be simultaneously filed with the certificate of merger in accordance with Chapter 4 as a filing instrument and must take effect simultaneously with the effectiveness of the certificate of merger.

(e)  Whenever this section requires the filing of a certificate of merger, that requirement is satisfied by the filing of the plan of merger containing the information required to be included in the certificate of merger as provided by this section.

Sec. 101.635.  EFFECTS OF MERGER OF MERGING SERIES. (a) When a merger of merging series takes effect:

(1)  the separate existence of each merging series that is a party to the merger, other than a surviving merging series or a new protected series or registered series, ceases;

(2)  all rights, title, and interests to all real estate and other property owned by each merging series that is a party to the merger is allocated to and vested, subject to any existing liens or other encumbrances on the property, in one or more of the series as provided by the plan of merger without:

(A)  reversion or impairment;

(B)  any further act or deed; or

(C)  any transfer or assignment having occurred;

(3)  all liabilities and obligations of each merging series that is a party to the merger are allocated to one or more of the surviving or new series provided by the plan of merger;

(4)  each surviving or new series to which a liability or obligation is allocated under the plan of merger is the primary obligor for the liability or obligation, and, except as otherwise provided by the plan of merger or by law or contract, no other party to the merger, other than a surviving merging series liable or otherwise obligated at the time of the merger, and no other new registered series or protected series created under the plan of merger is liable for the debt or other obligation;

(5)  any proceeding pending by or against any merging series that is a party to the merger may be continued as if the merger did not occur, or the surviving or new series to which the liability, obligation, asset, or right associated with that proceeding is allocated to and vested in under the plan of merger may be substituted in the proceeding;

(6)  any amendment to the company agreement provided by the plan of merger becomes effective;

(7)  any amendment to the certificate of registered series of a surviving registered series that is contained in the certificate of merger, and any certificate of amendment attached to the certificate of merger that contains amendments to the certificate of registered series of a surviving registered series, becomes effective;

(8)  each new registered series whose certificate of registered series is included in the plan of merger and filed with the certificate of merger, on meeting any additional requirements, if any, of this subchapter for the series' formation, is formed as a registered series under this subchapter as provided by the plan of merger; and

(9)  the membership interests of each merging series that is a party to the merger and that are to be converted or exchanged, wholly or partly, into membership interests, obligations, rights to purchase securities, or other securities of one or more of the surviving or new series, into cash or other property, including membership interests, obligations, rights to purchase securities, or other securities of any organization, or into any combination of these, or that are to be canceled or remain outstanding, are converted, exchanged, canceled, or remain outstanding as provided in the plan of merger, and the former members who held membership interests of each merging series that is a party to the merger are entitled only to the rights provided by the plan of merger.

(b)  If the plan of merger does not provide for the allocation and vesting of the right, title, and interest in any particular real estate or other property or for the allocation of any liability or obligation of any party to the merger, the unallocated property is owned in undivided interest by, or the liability or obligation is the joint and several liability and obligation of, each of the surviving and new series, pro rata to the total number of surviving and new series resulting from the merger.

(c)  Unless otherwise agreed, a merger of a merging series of a limited liability company, including a merging series which is not a surviving or new series resulting from the merger:

(1)  does not require such merging series to wind up its affairs under Section 101.616 or pay its liabilities and distribute its assets under Sections 11.053 and 101.617; and

(2)  does not constitute an event requiring winding up of the merging series.

Sec. 101.636.  PROHIBITION ON MERGER PERMITTED. A company agreement may provide that a protected series or registered series company does not have the power to merge under Section 101.633.

SECTION 2.  Section 1.201(b)(27), Business & Commerce Code, is amended to read as follows:

(27)  "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, public corporation, any other legal or commercial entity, or a protected series or registered [~~particular~~] series of a for-profit entity.

SECTION 3.  Section 9.102(a)(71), Business & Commerce Code, is amended to read as follows:

(71)  "Registered organization" means an organization formed or organized solely under the law of a single state or the United States by the filing of a public organic record with, the issuance of a public organic record by, or the enactment of legislation by the state or the United States.  The term includes a business trust that is formed or organized under the law of a single state if a statute of the state governing business trusts requires that the business trust's organic record be filed with the state. The term includes a series of a registered organization if the series is formed or organized under the laws of a single state and the statute of the state governing the series requires that the public organic record of the series be filed with the state.

SECTION 4.  Sections 71.002(2), (4), and (9), Business & Commerce Code, are amended to read as follows:

(2)  "Assumed name" means:

(A)  for an individual, a name that does not include the surname of the individual;

(B)  for a partnership, a name that does not include the surname or other legal name of each joint venturer or general partner;

(C)  for an individual or a partnership, a name, including a surname, that suggests the existence of additional owners by including words such as "Company," "& Company," "& Son," "& Sons," "& Associates," "Brothers," and similar words, but not words that merely describe the business being conducted or the professional service being rendered;

(D)  for a limited partnership, a name other than the name stated in its certificate of formation;

(E)  for a company, a name used by the company;

(F)  for a corporation, a name other than the name stated in its certificate of formation or a comparable document;

(G)  for a limited liability partnership, a name other than the name stated in its application filed with the office of the secretary of state or a comparable document; [~~and~~]

(H)  for a limited liability company, a name other than the name stated in its certificate of formation or a comparable document, including the name of any protected series of the limited liability company established by its company agreement; and

(I)  for a registered series of a domestic limited liability company, a name other than the name stated in its certificate of registered series.

(4)  "Company" means a real estate investment trust, a joint-stock company, or any other business, professional, or other association or legal entity that is not incorporated, other than a partnership, limited partnership, limited liability company, registered series of a limited liability company, limited liability partnership, or foreign filing entity.

(9)  "Person" includes an individual, partnership, limited partnership, limited liability company, registered series of a limited liability company, limited liability partnership, company, corporation, or foreign filing entity.

SECTION 5.  Section 71.003, Business & Commerce Code, is amended by adding Subsection (b-1) to read as follows:

(b-1)  This chapter does not require a registered series of a limited liability company or its members to file a certificate to conduct business or render a professional service in this state under the name of the registered series as stated in the series' certificate of registered series.

SECTION 6.  Section 71.051, Business & Commerce Code, is amended to read as follows:

Sec. 71.051.  CERTIFICATE FOR CERTAIN UNINCORPORATED PERSONS. A person must file a certificate under this subchapter if the person regularly conducts business or renders a professional service in this state under an assumed name other than as a corporation, limited partnership, limited liability partnership, limited liability company, protected series or registered series of a limited liability company, or foreign filing entity.

SECTION 7.  Section 71.101, Business & Commerce Code, is amended to read as follows:

Sec. 71.101.  CERTIFICATE FOR INCORPORATED BUSINESS OR PROFESSION, LIMITED PARTNERSHIP, LIMITED LIABILITY PARTNERSHIP, LIMITED LIABILITY COMPANY, REGISTERED SERIES, OR FOREIGN FILING ENTITY. A corporation, limited partnership, limited liability partnership, limited liability company, registered series of a limited liability company, or foreign filing entity must file a certificate under this subchapter if the registered series or entity:

(1)  regularly conducts business or renders professional services in this state under an assumed name; or

(2)  is required by law to use an assumed name in this state to conduct business or render professional services.

SECTION 8.  Section 71.102, Business & Commerce Code, is amended to read as follows:

Sec. 71.102.  CONTENTS OF CERTIFICATE.  The certificate must state:

(1)  the assumed name under which the business is or is to be conducted or the professional service is or is to be rendered;

(2)  the registrant's name as stated in the registrant's certificate of formation or application filed with the office of the secretary of state or other comparable document, except that:

(A)  if the registrant is a limited liability company that is filing under an assumed name used by a protected series of the limited liability company, the certificate must state the name of that protected series as stated in the company agreement of the limited liability company and the name of the limited liability company as stated in the company's certificate of formation; or

(B)  if the registrant is a registered series of a limited liability company, the certificate must state the registrant's name as stated in its certificate of registered series and the name of the limited liability company as stated in the company's certificate of formation;

(3)  the state, country, or other jurisdiction under the laws of which the registrant was formed, incorporated, or organized;

(4)  the period, not to exceed 10 years, during which the registrant will use the assumed name;

(5)  a statement specifying that the registrant is:

(A)  a for-profit corporation, nonprofit corporation, professional corporation, professional association, or other type of corporation;

(B)  a limited partnership, limited liability partnership, [~~or~~] limited liability company, or registered series of a limited liability company; or

(C)  another type of incorporated business, professional or other association, or legal entity, foreign or domestic;

(6)  the street or mailing address of the registrant's principal office in this state or outside this state, as applicable; and

(7)  the county or counties in this state where the registrant is or will be conducting business or rendering professional services under the assumed name.

SECTION 9.  Section 71.103(a), Business & Commerce Code, is amended to read as follows:

(a)  A corporation, limited partnership, limited liability partnership, limited liability company, registered series of a limited liability company, or foreign filing entity required to file a certificate under Section 71.101 shall file the certificate in the office of the secretary of state.

SECTION 10.  Section 1.002, Business Organizations Code, is amended by amending Subdivision (69-b) and adding Subdivisions (77-a), (78-a), and (79-a) to read as follows:

(69-b)  "Person" means an individual or a corporation, partnership, limited liability company, business trust, trust, association, or other organization, estate, government or governmental subdivision or agency, or other legal entity, or a protected series or registered series of a domestic limited liability company or foreign entity.

(77-a)  "Protected series" means a series of a domestic limited liability company that is established as a protected series in accordance with Section 101.602.

(78-a)  "Registered series" means a series of a domestic limited liability company that is formed as a registered series in accordance with Section 101.602.

(79-a)  "Series," with respect to a limited liability company, means a designated series of members, managers, membership interests, or assets that is a protected series or a registered series, or that is neither a protected series nor a registered series.

SECTION 11.  Subchapter D, Chapter 4, Business Organizations Code, is amended by adding Section 4.162 to read as follows:

Sec. 4.162.  FILING FEES: REGISTERED SERIES OF LIMITED LIABILITY COMPANY. (a) For a filing by or for a registered series of a domestic limited liability company, the secretary of state shall impose the following fees:

(1)  for filing a certificate of registered series, $300;

(2)  for filing a certificate of amendment, $150; and

(3)  for filing a certificate of termination, $40.

(b)  For a filing by or for a registered series of a domestic limited liability company when no other fee has been provided, the secretary of state shall impose the same fee as the filing fee for a similar instrument under Section 4.151.

SECTION 12.  Section 5.001, Business Organizations Code, is amended to read as follows:

Sec. 5.001.  EFFECT ON RIGHTS UNDER OTHER LAW. (a) The filing of a certificate of formation by a filing entity under this code, an application for registration by a foreign filing entity under this code, a certificate of registered series, or an application for reservation or registration of a name under this chapter does not authorize the use of a name in this state in violation of a right of another under:

(1)  the Trademark Act of 1946, as amended (15 U.S.C. Section 1051 et seq.);

(2)  Chapter 16 or 71, Business & Commerce Code; or

(3)  common law.

(b)  The secretary of state shall deliver a notice that contains the substance of Subsection (a) to each of the following:

(1)  a filing entity that files a certificate of formation under this code;

(2)  a foreign filing entity that registers under this code;

(3)  a person that reserves a name under Subchapter C; [~~and~~]

(4)  a person that registers a name under Subchapter D; and

(5)  a registered series of a domestic limited liability company that files a certificate of registered series.

SECTION 13.  Section 5.051, Business Organizations Code, is amended to read as follows:

Sec. 5.051.  ASSUMED NAME. A domestic entity, a protected series or registered series of a domestic limited liability company, or a foreign entity having authority to transact business in this state may transact business under an assumed name by filing an assumed name certificate in accordance with Chapter 71, Business & Commerce Code.  The requirements of this subchapter do not apply to an assumed name set forth in an assumed name certificate filed under that chapter.

SECTION 14.  Section 5.052, Business Organizations Code, is amended to read as follows:

Sec. 5.052.  UNAUTHORIZED PURPOSE IN NAME PROHIBITED. (a) A filing entity or a foreign filing entity may not have a name that contains any word or phrase that indicates or implies that the entity is engaged in a business that the entity is not authorized by law to pursue.

(b)  A registered series may not have a name that contains any word or phrase that indicates or implies that the registered series is engaged in a business that the registered series is not authorized by law to pursue.

SECTION 15.  Section 5.053(a), Business Organizations Code, is amended to read as follows:

(a)  The name of a filing entity or registered series of a domestic limited liability company or the name under which a foreign filing entity registers to transact business in this state must be distinguishable in the records of the secretary of state from:

(1)  the name of another existing filing entity;

(2)  the name of a foreign filing entity that is registered under Chapter 9;

(3)  the fictitious name under which a foreign filing entity is registered to transact business in this state;

(4)  a name that is reserved under Subchapter C; [~~or~~]

(5)  a name that is registered under Subchapter D; or

(6)  the name of another existing registered series of a domestic limited liability company.

SECTION 16.  Subchapter B, Chapter 5, Business Organizations Code, is amended by adding Section 5.0561 to read as follows:

Sec. 5.0561.  NAME OF REGISTERED SERIES OF LIMITED LIABILITY COMPANY. The name of a registered series of a limited liability company must contain:

(1)  the phrase "registered series"; or

(2)  the abbreviation "RS" or "R.S." of that phrase.

SECTION 17.  Section 5.061, Business Organizations Code, is amended to read as follows:

Sec. 5.061.  NAME CONTAINING "LOTTO" OR "LOTTERY" PROHIBITED. A filing entity, [~~or~~] a foreign filing entity, or a registered series of a domestic limited liability company may not have a name that contains the word "lotto" or "lottery."

SECTION 18.  Section 5.062(a), Business Organizations Code, is amended to read as follows:

(a)  Subject to Subsection (b), a filing entity or a registered series of a domestic limited liability company may not have a name that:

(1)  reasonably implies that the entity or registered series is created by or for the benefit of war veterans or their families; and

(2)  contains the word or phrase, or any variation or abbreviation of:

(A)  "veteran";

(B)  "legion";

(C)  "foreign";

(D)  "Spanish";

(E)  "disabled";

(F)  "war"; or

(G)  "world war."

SECTION 19.  Section 5.102(a), Business Organizations Code, is amended to read as follows:

(a)  The secretary of state may reserve a name under this subchapter only if the name is distinguishable in the records of the secretary of state from:

(1)  the name of an existing filing entity;

(2)  the name of a foreign filing entity that is registered under Chapter 9;

(3)  the fictitious name under which a foreign filing entity is registered to transact business in this state;

(4)  a name that is reserved under this subchapter; [~~or~~]

(5)  a name that is registered under Subchapter D; or

(6)  the name of an existing registered series of a domestic limited liability company.

SECTION 20.  Section 5.153(a), Business Organizations Code, is amended to read as follows:

(a)  The secretary of state may register a name under this subchapter only if the name is distinguishable in the records of the secretary of state from:

(1)  the name of an existing filing entity;

(2)  the name of a foreign filing entity that is registered under Chapter 9;

(3)  the fictitious name under which a foreign filing entity is registered to transact business in this state;

(4)  a name that is reserved under Subchapter C; [~~or~~]

(5)  a name that is registered under this subchapter; or

(6)  the name of an existing registered series of a domestic limited liability company.

SECTION 21.  Section 5.301, Business Organizations Code, is amended to read as follows:

Sec. 5.301.  APPLICABILITY OF SUBCHAPTER.  (a) This subchapter applies to service of process, notice, or demand on a series of a domestic limited liability company or a series of a foreign entity.

(b)  For purposes of this subchapter, a reference to a "series" is intended to be a reference to a protected series or registered series of a domestic limited liability company or to a series of a foreign entity that has the power to sue or be sued as a separate series under the laws of the jurisdiction of formation of the foreign entity.

SECTION 22.  Section 11.206, Business Organizations Code, is amended to read as follows:

Sec. 11.206.  EFFECT OF REINSTATEMENT. (a) When the reinstatement of a terminated entity takes effect:

(1)  the existence of the terminated entity is considered to have continued without interruption from the date of termination; and

(2)  the terminated entity may carry on its business as if the termination of its existence had not occurred.

(b)  The reinstatement of a terminated limited liability company automatically reinstates any protected series or registered series that terminated because of the termination of the company.

SECTION 23.  Section 101.0515, Business Organizations Code, is amended to read as follows:

Sec. 101.0515.  EXECUTION OF FILINGS. (a) Unless otherwise provided by this title, a filing instrument of a limited liability company must be signed by an authorized officer, manager, or member of the limited liability company.

(b)  Unless otherwise provided by this title, a filing instrument of a registered series of a domestic limited liability company must be signed by an authorized officer, manager, or member of the registered series.

SECTION 24.  Section 101.054(a), Business Organizations Code, is amended to read as follows:

(a)  Except as provided by this section, the following provisions may not be waived or modified in the company agreement of a limited liability company:

(1)  this section;

(2)  Section 101.101, 101.151, 101.206, 101.501, or Subchapter M of Chapter 101, except that Sections 101.601(d), 101.610, 101.611, 101.613(a), 101.616(2)(A) through (D), 101.618, or 101.619(b) may be waived or modified in the company agreement [~~101.602(b), or 101.613~~];

(3)  Chapter 1, if the provision is used to interpret a provision or define a word or phrase contained in a section listed in this subsection;

(4)  Chapter 2, except that Section 2.104(c)(2), 2.104(c)(3), or 2.113 may be waived or modified in the company agreement;

(5)  Chapter 3, except that Subchapters C and E may be waived or modified in the company agreement; or

(6)  Chapter 4, 5, 10, 11, or 12, other than Section 11.056.

SECTION 25.  Sections 101.611, 101.612, and 101.613, Business Organizations Code, as amended by this Act, apply only to a distribution made on or after the effective date of this Act. A distribution made before the effective date of this Act is governed by the law in effect on the date the distribution was made, and the former law is continued in effect for that purpose.

SECTION 26.  This Act takes effect June 1, 2022.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_President of the Senate             Speaker of the House

I hereby certify that S.B. No. 1523 passed the Senate on April 9, 2021, by the following vote:  Yeas 31, Nays 0.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    Secretary of the Senate

I hereby certify that S.B. No. 1523 passed the House on April 30, 2021, by the following vote:  Yeas 139, Nays 2, two present not voting.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    Chief Clerk of the House

Approved:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_             Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_           Governor