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HOUSE OF REPRESENTATIVES
147th GENERAL ASSEMBLY

HOUSE BILL NO. 327

AN ACT TO AMEND CHAPTER 18, TITLE 6 OF THE DELAWARE CODE RELATING TO THE CREATION, REGULATION, OPERATION AND DISSOLUTION OF DOMESTIC LIMITED LIABILITY COMPANIES AND THE REGISTRATION AND REGULATION OF FOREIGN LIMITED LIABILITY COMPANIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend § 18-104(g), Chapter 18, Title 6 of the Delaware Code by making deletions as shown by strike
2 through and insertions as shown by underline as follows:

3 (g) Every limited liability company formed under the laws of the State of Delaware or qualified to do business in
4 the State of Delaware shall provide to its registered agent and update from time to time as necessary the name, business
5 address and business telephone number of a natural person who is a member, manager, officer, employee or designated
6 agent of the limited liability company, who is then authorized to receive communications from the registered agent. Such
7 person shall be deemed the communications contact for the limited liability company. A limited liability company, upon
8 receipt of a request by the communications contact delivered in writing or by electronic transmission, shall provide the
9 communications contact with the name, business address and business telephone number of a natural person who has access
10 to the record required to be maintained pursuant to § 18-305(h) of this title. Every registered agent shall retain (in paper or
11 electronic form) the above information concerning the current communications contact for each limited liability company
12 and each foreign limited liability company for which that registered agent serves as registered agent. If the limited liability
13 company fails to provide the registered agent with a current communications contact, the registered agent may resign as the
14 registered agent for such limited liability company pursuant to this section. For purposes of this subsection, the term
15 "electronic transmission" means any form of communication not directly involving the physical transmission of paper that
16 creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in
17 paper form by such a recipient through an automated process.

18 Section 2. Amend § 18-302(d), Chapter 18, Title 6 of the Delaware Code by making deletions as shown by strike
19 through and insertions as shown by underline as follows:

20 (d) Unless otherwise provided in a limited liability company agreement, meetings of members may be held by
21 means of conference telephone or other communications equipment by means of which all persons participating in the
22 meeting can hear each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at
23 the meeting. Unless otherwise provided in a limited liability company agreement, on any matter that is to be voted on,
24 consented to or approved by members, the members may take such action without a meeting, without prior notice and
25 without a vote if consented to, in writing or by electronic transmission, by members having not less than the minimum
26 number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote
27 thereon were present and voted. Unless otherwise provided in a limited liability company agreement, if a person (whether
28 or not then a member) consenting as a member to any matter provides that such consent will be effective at a future time
29 (including a time determined upon the happening of an event), then such person shall be deemed to have consented as a
30 member at such future time so long as such person is then a member. Unless otherwise provided in a limited liability
31 company agreement, on any matter that is to be voted on by members, the members may vote in person or by proxy, and
32 such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law.
33 Unless otherwise provided in a limited liability company agreement, a consent transmitted by electronic transmission by a
34 member or by a person or persons authorized to act for a member shall be deemed to be written and signed for purposes of
35 this subsection. For purposes of this subsection, the term "electronic transmission" means any form of communication not
36 directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a
37 recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

38 Section 3. Amend § 18-305, Chapter 18, Title 6 of the Delaware Code by making deletions as shown by strike
39 through and insertions as shown by underline as follows:

40 (a) Each member of a limited liability company, in person or by attorney or other agent, has the right, subject to
41 such reasonable standards (including standards governing what information and documents are to be furnished at what time
42 and location and at whose expense) as may be set forth in a limited liability company agreement or otherwise established by
43 the manager or, if there is no manager, then by the members, to obtain from the limited liability company from time to time
44 upon reasonable demand for any purpose reasonably related to the member's interest as a member of the limited liability
45 company:

- 46 (1) True and full information regarding the status of the business and financial condition of the limited
47 liability company;
- 48 (2) Promptly after becoming available, a copy of the limited liability company's federal, state and local
49 income tax returns for each year;

- 50 (3) A current list of the name and last known business, residence or mailing address of each member and
51 manager;
- 52 (4) A copy of any written limited liability company agreement and certificate of formation and all
53 amendments thereto, together with executed copies of any written powers of attorney pursuant to which
54 the limited liability company agreement and any certificate and all amendments thereto have been
55 executed;
- 56 (5) True and full information regarding the amount of cash and a description and statement of the agreed
57 value of any other property or services contributed by each member and which each member has agreed
58 to contribute in the future, and the date on which each became a member; and
- 59 (6) Other information regarding the affairs of the limited liability company as is just and reasonable.

60 (b) Each manager shall have the right to examine all of the information described in subsection (a) of this section
61 for a purpose reasonably related to the position of manager.

62 (c) The manager of a limited liability company shall have the right to keep confidential from the members, for
63 such period of time as the manager deems reasonable, any information which the manager reasonably believes to be in the
64 nature of trade secrets or other information the disclosure of which the manager in good faith believes is not in the best
65 interest of the limited liability company or could damage the limited liability company or its business or which the limited
66 liability company is required by law or by agreement with a third party to keep confidential.

67 (d) A limited liability company may maintain its records in other than a written form if such form is capable of
68 conversion into written form within a reasonable time.

69 (e) Any demand ~~by a member~~ under this section shall be in writing and shall state the purpose of such demand. In
70 every instance where an attorney or other agent shall be the person who seeks the right to obtain the information described
71 in subsection (a) of this section, the demand shall be accompanied by a power of attorney or such other writing which
72 authorizes the attorney or other agent to so act on behalf of the member.

73 (f) Any action to enforce any right arising under this section shall be brought in the Court of Chancery. If the
74 limited liability company refuses to permit a member, ~~or attorney or other agent acting for the member,~~ to obtain or a
75 manager to examine the information described in subsection (a) of this section or does not reply to the demand that has
76 been made within 5 business days (or such shorter or longer period of time as is provided for in a limited liability company
77 agreement but not longer than 30 business days) after the demand has been made, the demanding member or manager may
78 apply to the Court of Chancery for an order to compel such disclosure. The Court of Chancery is hereby vested with
79 exclusive jurisdiction to determine whether or not the person seeking such information is entitled to the information sought.

80 The Court of Chancery may summarily order the limited liability company to permit the demanding member to obtain or
81 manager to examine the information described in subsection (a) of this section and to make copies or abstracts therefrom, or
82 the Court of Chancery may summarily order the limited liability company to furnish to the demanding member or manager
83 the information described in subsection (a) of this section on the condition that the demanding member or manager first pay
84 to the limited liability company the reasonable cost of obtaining and furnishing such information and on such other
85 conditions as the Court of Chancery deems appropriate. When a demanding member seeks to obtain or a manager seeks to
86 examine the information described in subsection (a) of this section, the demanding member or manager shall first establish:

- 87 (1) That the demanding member or manager has complied with the provisions of this section respecting
88 the form and manner of making demand for obtaining or examining of such information, and
89 (2) That the information the demanding member or manager seeks is reasonably related to the member's
90 interest as a member or the manager's position as a manager, as the case may be.

91 The Court of Chancery may, in its discretion, prescribe any limitations or conditions with reference to the obtaining or
92 examining of information, or award such other or further relief as the Court of Chancery may deem just and proper. The
93 Court of Chancery may order books, documents and records, pertinent extracts therefrom, or duly authenticated copies
94 thereof, to be brought within the State of Delaware and kept in the State of Delaware upon such terms and conditions as the
95 order may prescribe.

96 (g) The rights of a member or manager to obtain information as provided in this section may be restricted in an
97 original limited liability company agreement or in any subsequent amendment approved or adopted by all of the members
98 or in compliance with any applicable requirements of the limited liability company agreement. The provisions of this
99 subsection shall not be construed to limit the ability to impose restrictions on the rights of a member or manager to obtain
100 information by any other means permitted under this chapter.

101 (h) A limited liability company shall maintain a current record that identifies the name and last known business,
102 residence or mailing address of each member and manager.

103 Section 4. Amend § 18-404(d), Chapter 18, Title 6 of the Delaware Code by making deletions as shown by strike
104 through and insertions as shown by underline as follows:

105 (d) Unless otherwise provided in a limited liability company agreement, meetings of managers may be held by
106 means of conference telephone or other communications equipment by means of which all persons participating in the
107 meeting can hear each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at
108 the meeting. Unless otherwise provided in a limited liability company agreement, on any matter that is to be voted on,
109 consented to or approved by managers, the managers may take such action without a meeting, without prior notice and

110 without a vote if consented to, in writing or by electronic transmission, by managers having not less than the minimum
111 number of votes that would be necessary to authorize or take such action at a meeting at which all managers entitled to vote
112 thereon were present and voted. Unless otherwise provided in a limited liability company agreement, if a person (whether
113 or not then a manager) consenting as a manager to any matter provides that such consent will be effective at a future time
114 (including a time determined upon the happening of an event), then such person shall be deemed to have consented as a
115 manager at such future time so long as such person is then a manager. Unless otherwise provided in a limited liability
116 company agreement, on any matter that is to be voted on by managers, the managers may vote in person or by proxy, and
117 such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law.
118 Unless otherwise provided in a limited liability company agreement, a consent transmitted by electronic transmission by a
119 manager or by a person or persons authorized to act for a manager shall be deemed to be written and signed for purposes of
120 this subsection. For purposes of this subsection, the term "electronic transmission" means any form of communication not
121 directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a
122 recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

123 Section 5. Amend § 18-806, Chapter 18, Title 6 of the Delaware Code by making deletions as shown by strike
124 through and insertions as shown by underline as follows:

125 ~~Notwithstanding~~ If a limited liability company agreement provides the manner in which a dissolution may be
126 revoked, it may be revoked in that manner and, unless a limited liability company agreement prohibits revocation of
127 dissolution, then notwithstanding the occurrence of an event set forth in § 18-801(a)(1), (2), (3) or (4) of this title, the
128 limited liability company shall not be dissolved and its affairs shall not be wound up if, prior to the filing of a certificate of
129 cancellation in the office of the Secretary of State, the limited liability company is continued, effective as of the occurrence
130 of such event, ~~pursuant to the affirmative vote or written consent of all remaining members of the limited liability company~~
131 ~~or the personal representative of the last remaining member of the limited liability company if there is no remaining~~
132 ~~member (and any other person whose approval is required under the limited liability company agreement to revoke a~~
133 ~~dissolution pursuant to this section); provided, however, if the dissolution was caused by a vote or written consent, the~~
134 ~~dissolution shall not be revoked unless each member and other person (or their respective personal representatives) who~~
135 ~~voted in favor of, or consented to, the dissolution has voted or consented in writing to continue the limited liability~~
136 ~~company~~ (i) in the case of dissolution effected by the affirmative vote or written consent of the members or other persons,
137 pursuant to such affirmative vote or written consent (and the approval of any members or other persons whose approval is
138 required under the limited liability company agreement to revoke a dissolution contemplated by this clause), (ii) in the case
139 of dissolution under § 18-801(a)(1) or (2) (other than a dissolution effected by the affirmative vote or written consent of the

140 members or other persons or the occurrence of an event that causes the last remaining member to cease to be a member),
141 pursuant to such affirmative vote or written consent that, pursuant to the terms of the limited liability company agreement,
142 is required to amend the provision of the limited liability company agreement effecting such dissolution (and the approval
143 of any members or other persons whose approval is required under the limited liability company agreement to revoke a
144 dissolution contemplated by this clause), and (iii) in the case of dissolution effected by the occurrence of an event that
145 causes the last remaining member to cease to be a member, pursuant to the affirmative vote or written consent of the
146 personal representative of the last remaining member of the limited liability company or the assignee of all of the limited
147 liability company interests in the limited liability company (and the approval of any other persons whose approval is
148 required under the limited liability company agreement to revoke a dissolution contemplated by this clause). If there is no
149 remaining member of the limited liability company and the personal representative of the last remaining member or the
150 assignee of all of the limited liability company interests in the limited liability company votes in favor of or consents to the
151 continuation of the limited liability company, such personal representative or such assignee, as applicable, shall be required
152 to agree in writing to the admission of ~~the personal representative of such member or its~~ a nominee or designee ~~to the~~
153 ~~limited liability company~~ as a member, effective as of the occurrence of the event that terminated the continued
154 membership of the last remaining member. The provisions of this section shall not be construed to limit the
155 accomplishment of a revocation of dissolution by other means permitted by law.

156 Section 6. This Act shall become effective August 1, 2014.

SYNOPSIS

This bill continues the practice of amending periodically the Delaware Limited Liability Company Act (the "Act") to keep it current and to maintain its national preeminence. The following is a section-by-section review of the proposed amendments of the Act.

Section 1. Section 1 amends § 18-104(g) of the Act to require a limited liability company, upon the written request of the limited liability company's communications contact, to provide to such communications contact the name, business address and business telephone number of a natural person who has access to the record that contains the name and address of each member and manager of the limited liability company.

Section 2. Section 2 amends § 18-302(d) of the Act to confirm and clarify that unless otherwise provided in a limited liability company agreement, a person who is not then a member may consent to any matter as a member provided that such consent will only be effective at a time when such person is a member of the limited liability company.

Section 3. Section 3 amends § 18-305 of the Act to confirm that a member of a limited liability company may make a books and records request to the limited liability company in person or by an attorney or other agent. Section 3 also amends § 18-305 of the Act by adding a new subsection 18-305(h) which provides that a limited liability company is required to maintain a current record of the name and last known address of each member and manager of the limited liability company.

Section 4. Section 4 amends § 18-404(d) of the Act to confirm and clarify that, unless otherwise provided in a limited liability company agreement, a person who is not then a manager may consent to any matter as a manager provided that such consent will only be effective at a time when such person is a manager of the limited liability company.

Section 5. Section 5 amends § 18-806 of the Act to modify and provide additional means by which a dissolution of a limited liability company may be revoked.

Section 6. This section provides that the proposed amendments of the Act shall become effective August 1, 2014.