

Substantive Changes Made to Delaware's LLC Act

Article

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On August 1, 2021, amendments to the Delaware Limited Liability Company Act (the "Act") became effective that include a number of significant substantive changes.

In order to provide a rule different from the rule applied in *Composecure L.L.C. v. Cardux LLC*, 206 A.3d 807 (Del. 2018), and *Absalom Absalom Trust v. Saint Gervais LLC*, 2019 WL 2655787 (Del. Ch. June 27, 2019), Section 18-106 of the Act was amended to add a new subsection (e) that provides a safe harbor procedure for ratifying acts or transactions that are void or voidable.

New Section 18-106(e) of the Act provides that an act or transaction that would otherwise be void or voidable can be ratified by the persons whose approval would be required under the limited liability company agreement (i) for such act or transaction to be validly taken or (ii) to amend the limited liability company agreement in a manner that would permit such act or transaction to be validly taken.

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Tarik J. Haskins, "Substantive Changes Made to Delaware's LLC Act," Month-In-Brief: Corporations, LLCs & Partnerships, *ABA Business Law Today* (August 2021).

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