

TESTIMONY IN SUPPORT OF HOUSE BILL 2207
Senate Judiciary Committee

March 2, 2012

Dear Chairman Owens and Senate Judiciary Committee Members:

I am writing in support of HB 2207, which provides for the establishment of Series Limited Liability Companies.

The idea of series companies is currently being utilized by the mutual fund industry and has been for quite some time. Segregated portfolio companies and protected cell companies have been widely used internationally by foreign investment companies. In the United States, the concept of a Series LLC was first introduced in Delaware in 1996, as an extension of the series fund concept.

One such company organized in Delaware utilizing the Series LLC statute is BlackRock Investment Management, LLC ("BlackRock"), which manages among other things, a series of mutual funds. BlackRock had \$3.513 trillion in assets under management as of December 31, 2011. BlackRock uses a Series LLC structure for its investment funds. Quantitative Master Series, LLC (the "Master LLC") is the Master LLC and mutual funds such as its International Index Series and S&P 500 Index Series are set up as Series of the Master LLC so as to isolate the diversified investment risks of the different funds without the need to form separate companies.

In addition to the risk protection that can be achieved through segregating assets in separate series, as demonstrated above, the Series LLC also serves as a flexible and efficient business vehicle. With the Series LLC, business objectives that previously required the creation of multiple documents and multiple LLCs can be achieved with the creation of only one document.

HB 2207 will have a positive economic effect on the State of Kansas by making it a more attractive state in which to form and conduct these types of businesses. Under current law, Kansas cannot compete to be the home for companies such as BlackRock, which wish to use the Series LLC as their corporate structure. In a time when states are aggressively competing for business opportunities, Kansas needs to lead in the area of corporate and securities law. A Series LLC is a significant step in the right direction to make Kansas competitive.

Respectfully,

Aaron Jack, J.D., M.B.A.