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Florida's New Protected Series LLC Law To Take Effect This Summer

Authors: Perry F. Sofferman

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Florida will join the relatively short list of states, including Delaware and Nevada, that have enacted comprehensive series limited liability company (LLC) legislation on July 1, 2026. While Florida has permitted protected series formed in other jurisdictions to conduct business in the state after properly qualifying as a foreign business, Florida will now provide for the formation and maintenance of its own Florida series LLCs as well. The Uniform Protected Series Provisions are incorporated into Florida's Revised Limited Liability Company Act through Bills CS/HB 403 and CS/SB 316.

Users of Florida's protected series law must recognize the importance of strict compliance in this area and be prepared to maintain such compliance. The decision on whether to use Florida's new protected series law should be made carefully to determine whether one's business or lines of business are conducive to this still evolving, but still potentially beneficial, type of entity.

What is a series LLC?

A series LLC is a limited liability company that allows for the creation of multiple, protected internal units – often referred to as protected series, units, or cells – whereby each protected series is treated as if it is a distinct legal person for the purpose of operations, assets, liabilities, and even for the designation of members or managers. The "series LLC" is effectively the parent LLC that establishes the various protected series or units.

What are the benefits of a series LLC?

The benefits of a series LLC include:

- (i) the ability to segregate the liabilities of each protected series from each other protected series that falls under the parent series LLC (referred to as a "horizontal shield");
- (ii) to segregate each protected series' liabilities from the parent series LLC and the liabilities of the parent series LLC from each of the protected series LLCs;
- (iii) the ability to form a single LLC rather than having to form multiple LLCs with separate filings, associated costs, and other administrative burdens;
- (iv) the ability to designate specific members and/or managers for each protected series and the series LLC itself; and
- (v) the ability to sue or be sued in its own name.

These benefits might be especially useful to real estate investors, organizations that maintain multiple lines of business, and general investment firms and family offices.

How is a protected series LLC formed in Florida?

A Florida LLC may create one or more protected "series" by filing a designation of such with the Florida Department of State. The Florida legislation defines a "series LLC" as a domestic LLC with at least one protected series established in accordance with the new law. With the affirmative vote or consent of all members unless otherwise modified in the series LLC's operating agreement, the LLC may establish a protected series.

After such vote or consent, the LLC is required to deliver to the Department of State for filing the protected series designation signed by the LLC, the names of the LLC, and of the protected series to be established, for which the new law includes certain naming requirements, and any other information required by the Florida Department of State for filing. The bill further provides that a series LLC operating agreement governs the series LLC, the protected series, and relations between a protected series and specified parties.

How is the segregated liability of each protected series maintained?

The bill specifies that the assets and liabilities of a protected series must be clearly identified as being associated with that specific protected series. Proper records must evidence the connection between the assets and the series. The law states that an asset of a protected series of a series LLC is an associated asset of the protected series only if the protected series "creates and maintains records that state the name of the protected series and describe the asset with sufficient specificity to permit a disinterested, reasonable individual to:

1. Identify the asset and distinguish it from any other asset of the protected series, any asset of the series limited liability company, and any asset of any other protected series of the company;
2. Determine when and from which person the protected series acquired the asset or how the asset otherwise became an asset of the protected series; and
3. If the protected series acquired the asset from the series LLC or another protected series of the company, determine any consideration paid, the payor, and the payee."

Therefore, it is especially important that a protected series prioritizes the keeping of appropriate records in connection with a protected series' assets and liabilities or risk exposing other protected series and the series LLC to both horizontal and vertical liability.

Who may be a member or manager of a protected series?

Only a member of the series LLC may be a member of a protected series (referred to as an "associated member"). Section 605.2302 of the Uniform Protected Series Provisions states, "(1) Only a member of a series limited liability company may be an associated member of a protected series of the company. (2) A member of a series limited liability company becomes an associated member of a protected series of the company if the operating agreement or a procedure established by the operating agreement states all of the following:

- (a) That the member is an associated member of the protected series.
 - (b) The date on which the member became an associated member of the protected series.
 - (c) Any protected-series transferable interest the associated member has in connection with becoming or being an associated member of the protected series.
- (3) If a person that is an associated member of a protected series of a series limited liability company is dissociated from the company, the person ceases to be an associated member of the protected series."

A manager of a manager-managed protected series is not required to be a member of the series LLC. The manager may be any legal person or persons, as broadly defined in Section 605.0102 of the Florida Revised Limited Liability Company Act. If the protected series has no associated member(s), the series LLC itself is deemed the manager of the protected series. Another protected series under the series LLC may also be appointed manager of a protected series. Designations must be specified in the series LLC operating agreement.

How may a protected series be dissolved?

A protected series may be dissolved:

- (i) by the dissolution of the series LLC;
- (ii) based on the occurrence of an event or a circumstance as specified in the operating agreement;
- (iii) by the affirmative vote or consent of all associated members of the protected series;
- (iv) by entry of a court order based on application by an associated member or a protected series manager in accordance with Section 605.2501(4);
- (v) by entry of a court order based on application by the series LLC or a member or manager of the series LLC in accordance with Section 605.2501(5);
- (vi) by automatic or involuntary dissolution of the series LLC that established the protected series; or
- (vii) by the filing of a statement of administrative dissolution of the series LLC or a protected series of the company pursuant to Section 605.0714.

What are the possible drawbacks of a Florida protected series LLC?

Even though series LLC laws have been in existence for a while, Delaware's, for example, having been enacted thirty years ago, the case law governing series LLCs is still limited resulting in a lack of predictability on important issues, such as those related to rights, duties, liability, maintenance, and the degree to which a protected series formed in one jurisdiction will be recognized in another. This is especially true in Florida as Florida's protected series law does not go into effect until July 1, 2026. Consequently, there may be no substantive guidance from the courts for some time. Further, Florida's protected series law requires especially careful recordkeeping to maintain the shields protecting each series from another, as well as protecting a protected series from the series LLC and the series LLC from its protected series.

For any questions regarding Florida's new protected series LLC law, please contact [Perry F. Sofferman](#).