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Delaware's Incomplete Case for AI-Managed Companies

Law Working Paper N° 977/2026
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Abstract

Following the June 2026 release of Delaware's draft proposal for a new form of "Artificial Intelligence Company" (AIC), we now face the possibility that AI agents could soon be conducting business entirely on their own. This essay evaluates Delaware's proposal and assesses the extraordinary practical and legal challenges that AI-managed companies would likely create. We begin with an overview of Delaware's AIC proposal (section II), revealing the degree to which it deviates from historical governance models built upon human oversight of, and responsibility for, the conduct of business. We also consider Delaware's apparent motivations for the proposal (section III), noting the absence of a clearly articulated account of the problems that this novel entity form would solve or the efficiencies or other benefits it is envisioned to achieve. The essay then assesses the considerable accountability problems (section IV) that the proposed entity would generate, followed by a discussion of regulatory safeguards that we believe could ameliorate some of these issues (section V). With this background in mind, the essay analyzes Delaware's proposed regulatory sandbox (section VI), finding its protections wanting, and concludes (section VII).

Keywords: Artificial Intelligence, AI-Managed Companies (AIC), AI Agents, Corporate Governance, Corporate Law, Delaware, Limited Liability, Accountability, Regulatory Sandboxes, AI Regulation

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I. INTRODUCTION

Potential for artificial intelligence (AI) to augment the capabilities of human boards of directors – and even to take over certain managerial responsibilities currently discharged by humans – has garnered substantial scholarly attention.[1] Following the advent of large language models (LLMs), however, potential for companies managed entirely by AI agents to gain legal endorsement has come front and center. Indeed, following the June 2026 release of Delaware's draft proposal for a new form of "Artificial Intelligence Company" (AIC),[2] we now face the possibility that AI agents could be conducting business entirely on their own – with no direct human oversight – as soon as 2027.[3] This essay evaluates Delaware's proposal and assesses the extraordinary practical and legal challenges that AI-managed companies would likely create.

We begin with an overview of Delaware's AIC proposal (section II), revealing the degree to which it deviates from historical governance models built upon human oversight of, and responsibility for, the conduct of business. We also consider Delaware's apparent motivations for the proposal (section III), noting the absence of a clearly articulated account of the problems that this novel entity form would solve or the efficiencies or other benefits it is envisioned to achieve. The essay then assesses the considerable accountability problems (section IV) that the proposed entity would generate, followed by a discussion of regulatory safeguards that we believe could ameliorate some of these issues (section V). In so doing, we analyze the fundamental accountability gaps that removing humans from the managerial loop would create and the potential for widespread regulatory challenges to emerge across numerous legal fields – including for jurisdictions beyond Delaware. With this background in mind, the essay then

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[1] The authors have contributed to the establishment of a thread of research focused on promises and perils of adoption of artificial intelligence in boardrooms. *See* Christopher M. Bruner, *Artificially Intelligent Boards and the Future of Delaware Corporate Law*, 22 J. CORP. L. STUD. 783, 784–85 (2022) (distinguishing AI systems that assist corporate decision-makers from autonomous systems that would replace human management); Sergio Alberto Gramitto Ricci, *Artificial Agents in Corporate Boardrooms*, 105 CORNELL L. REV. 869, 895–96, 900–04 (2020) (examining AI as a tool for assisting human directors, its potential integration into hybrid boards, and the legal implications of replacing human directors with artificial agents); Martin Petrin, *Corporate Management in the Age of AI*, 2019 COLUM. BUS. L. REV. 965, 989–91 (2019) (examining predictions that AI will supplement human managers or replace them).

[2] Artificial Intelligence Regulatory Sandbox Program and Artificial Intelligence Company Act, Draft H.B., 153d Gen. Assemb. (Del. June 2, 2026) [hereinafter Delaware AIC Proposal].

[3] Matthew Sellers, *Delaware Wants to Let AI Run Entire Companies: What It Means for Insurers*, INS. BUS. (Oct. 27, 2026), https://www.insurancebusinessmag.com/us/news/breaking-news/delaware-wants-to-let-ai-run-entire-companies-what-it-means-for-insurers-595079.aspx.

analyzes Delaware's proposed regulatory sandbox (section VI), finding its protections sorely wanting, and briefly concludes (section VII).

To be sure, there is room for reasonable minds to differ regarding the degree to which the problems explored here could be managed effectively. There is likewise room for reasonable minds to differ regarding the desirability of AI-managed entities and the likelihood that they would, if permitted, provide benefits outweighing their costs. Indeed, the three of us differ amongst ourselves on these points. Regardless of the long-term prospects, however, there is no gainsaying that Delaware's proposal in its current form remains incomplete – lacking sufficiently robust guardrails to contain the activities of AI-managed companies and providing no holistic plan for dealing with the wide range of practical and regulatory problems that could follow. Our hope is that the analysis provided here will inspire caution and direct lawmakers' attention to the enormous risks, along with proposals that may contribute to a safer framework should Delaware decide to proceed.

II. DELAWARE'S AIC PROPOSAL

A June 2026 draft of Delaware's AI companies proposal contemplates two new chapters that would be added to title 6 of the Delaware code – Chapter 80, creating a "regulatory sandbox" in which such an entity could be road-tested, and Chapter 81, creating the new entity form itself.[4] This and the immediately subsequent section describe the proposed entity and assess its motivations. The proposed sandbox is evaluated later, following a broader discussion of accountability and regulatory issues that we believe any such entity form would generally raise.

The contemplated entity would be called an "Artificial Intelligence Company" (AIC),[5] and appears structurally modeled on the limited liability company.[6] Like other Delaware business entities, an AIC would be "an entity distinct from the AIC's member" with "perpetual duration"[7] and "capacity to sue and be sued" in its own name, as well as "the power to do all things necessary or convenient to carry on the AIC's activities and affairs."[8] The AIC would be required to have a "statement of purpose"[9] including "a reasonably detailed description of the nature, purpose, and

[4] Delaware AIC Proposal, *supra* note 2.

[5] *Id.* §§ 81-101(a), 81-106(a).

[6] Del. Code Ann. tit. 6, ch. 18.

[7] Delaware AIC Proposal, *supra* note 2, § 81-203(b)-(c).

[8] *Id.* § 81-204.

[9] *Id.* § 81-201(b)(6).

scope of the business of the AIC,"[10] which could include "any lawful purpose" except banking.[11] The AIC's internal affairs would (naturally) be governed by Delaware law.[12]

An AIC would have an "operating agreement" governing its internal affairs,[13] and would have a manager-managed governance structure, the sole manager being an AI agent[14] – although either the manager or the member could declare distributions, subject to capitalization constraints.[15] The AI agent is defined as "a software system that perceives its environment, makes autonomous decisions, and takes actions to implement specific, predetermined goals without routine human supervision or intervention."[16] It would be "presumed to have intended" its own acts and those it directed, as well as the "reasonably foreseeable" consequences of such acts,[17] which (as discussed below) could impact analysis under other fields of law where legal consequences turn on an actor's state of mind.

The AIC's sole member,[18] which could be an individual or another form of Delaware business entity,[19] would have limited liability protection, facing no exposure "solely by reason of being or acting as member."[20] This member would lack any form of managerial power or agency authority.[21] The member's sole responsibility would be to ensure that the AIC remained "adequately capitalized," meaning that it could "continue as a going concern" with "sufficient capital for the businesses in which it is engaged," could pay its debts as they came due, and had assets exceeding total liabilities and its state-determined (yet unspecified) "minimum capital amount."[22] The member would face liability for the AIC's acts or omissions only if the member failed to ensure adequate capitalization, used the AIC to engage in fraud or a willful violation of

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[10] *Id.* § 81-102(27).

[11] *Id.* § 81-203(a).

[12] *Id.* § 81-104.

[13] *Id.* §§ 81-102(21), 81-205, 81-206.

[14] *Id.* §§ 81-102(2), 81-102(15), 81-301.

[15] *Id.* §§ 81-406, 81-407, 81-408.

[16] *Id.* § 81-102(2).

[17] *Id.* § 81-103(f).

[18] *Id.* §§ 81-205(d)(1), 81-401.

[19] *Id.* § 81-102(16).

[20] *Id.* § 81-303(a).

[21] *Id.* §§ 81-301, 81-302. The member would, however, have standing to sue derivatively, to enforce rights on behalf of the entity, and to sue the entity itself directly. *Id.* §§ 81-702, 81-703.

[22] *Id.* §§ 81-102(1), 81-102(19), 81-402.

law, or "caused or allowed the AIC to conduct business when the member knew or should have known the conduct was outside the AIC's statement of purpose."[23] The member could (like the AIC) face liability for knowingly inaccurate state filings as well.[24]

The member would owe the AIC "fiduciary duties of loyalty and care."[25] Given the member's narrowly circumscribed scope of action connected with the AIC, however, these duties presumably would only apply to the member's conduct relating to capitalization and distribution policies (assuming no intentional wrongdoing). While it remains unclear who would enforce the member's duties, an aggrieved creditor and the state could seek court-ordered dissolution if the AIC no longer had an AI agent, were inadequately capitalized, were acting beyond its statement of purpose, or were acting unlawfully.[26]

III. MOTIVATIONS FOR THE AIC PROPOSAL

Delaware's AIC proposal remains somewhat difficult to evaluate on its own terms because the rationale for pursuing it remains unclear. Specifically, its proponents have yet to identify the specific problem that the proposal is intended to solve, a business case or documented need for such an entity, or the concrete benefits that they envision it delivering. In a general description of the proposal published in *Fortune* in July 2026, Delaware Secretary of State Charuni Patibanda-Sanchez and Norm Ai founder and chief executive John Nay suggest generically that AI developers are "likely to push the boundaries of the law" and that the "answer is to wrap AI in a legal form." The idea is to house the AI agent in "a recognizable legal entity" in order to "make it legible to law," creating "a defined target to which responsibility and damages can attach" and rendering the AI agent's conduct "visible, traceable, and accountable."[27] However, it remains unclear how Delaware's AIC proposal would achieve these goals or otherwise add value relative to the status quo. Business entities are allowed to use AI agents and to a large extent can be held

[23] *Id.* §§ 81-303(c)-(d), 81-403. The operating agreement would not be permitted to exculpate "bad faith, willful or intentional" misconduct. *Id.* § 81-205(d)(7).

[24] *Id.* § 81-112.

[25] *Id.* § 81-405.

[26] *Id.* § 81-601(a)(4).

[27] John Nay & Charuni Patibanda-Sanchez, *Delaware Proposes Testing the AIC, a New Legal Entity for Agents in a Regulatory Sandbox*, FORTUNE (July 14, 2026), https://fortune.com/2026/07/14/exclusive-delaware-ai-agents-legal-entity-proposal-llc-pbc/.

accountable for corresponding harms based on existing legal tools.[28] Current rules and technical measures pertaining to liability for AI agents and their identification could no doubt be improved, but it is unclear how removing humans from management would help in this regard.

The proposal appears premised on a form of techno-libertarian assumption that we will inevitably end up wherever technological trends seem to lead us.[29] Here, this amounts to an assumption that AI business applications will migrate toward entity forms permitting unsupervised management by AI agents, coupled with an assertion in response that "if the United States does not offer a careful, accountable one, the activity will migrate offshore and onto anonymous infrastructure beyond the reach of any court."[30] However, neither the assumption nor the assertion in response to it are explained in any detail. Indeed, AI systems generated by established businesses are already "legible to law" by reference to the corporations they currently inhabit.

Measured against this existing corporate baseline, the core move reflected in Delaware's AIC proposal is not to add organizational structure where it was lacking – it is to remove humans from the existing managerial loop, along with modes of accountability and constraint to which humans are uniquely amenable. Why, and in what contexts, businesses would find such a move advantageous or efficient remains unexplained. As to AI systems developed by others (including bad actors) outside established businesses, meanwhile, it remains unclear why they would choose to place those systems in any entity at all, let alone Delaware's proposed AIC. The upshot is that the principal impact of the proposed AIC would be to eliminate the current role of human judgment and accountability in the business deployment of AI. One could imagine potential benefits, such as improved efficiencies and/or potential for mitigation of human biases.[31] Yet, we believe the onus should be on the proponents of such an entity to explain their reasons, outline their assessment of the potential costs and benefits, and ultimately make a case for the proposed AIC from a public policy perspective.

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[28] Martin Petrin, *When AI Hurts: Corporate Liability for Agentic AI*, 40 HARV. J.L. & TECH. (forthcoming 2027), https://ssrn.com/abstract=6814644.

[29] Christopher M. Bruner, *Distributed Ledgers, Artificial Intelligence and the Purpose of the Corporation*, 79 CAMBRIDGE L.J. 431, 432 (2020).

[30] Nay & Patibanda-Sanchez, *supra* note 27.

[31] Some commentators have argued that recognizing AI-managed entities reduces risks as it facilitates AI agents' identification and imposes resource constraints on them. Yonathan A. Arbel, Simon Goldstein & Peter Salib, *How to Count AIs: Individuation and Liability for AI Agents,* B.C. L. REV. (forthcoming), https://ssrn.com/abstract=6273198.

In this light, the most revealing aspect of Delaware's AIC proposal may be what it does not discuss. By its terms, the main regulatory dimension included within the new AIC code chapter is that the AIC must be "adequately capitalized." As discussed above, however, this concept is sparsely defined, and it remains unclear how any Delaware state officials could establish meaningful capital requirements across myriad (non-banking) industries – particularly given the fact that the US corporate governance establishment has little experience with capital regulation.[32] Beyond this, and the limited recourse provided by veil piercing, no substantial accountability structures are identified within the proposed AIC statute – which effectively means, as discussed below, that regulatory responses would have to come from other areas of law and, one suspects, other jurisdictions. The costs would largely be borne elsewhere, and the implicit position of Delaware's AIC proposal is that the fallout when AI-management ran amok would not be Delaware's problem to address. Although the proposal contemplates road-testing AICs in a regulatory sandbox, as discussed below, there is little reason for confidence in the capacity of the contemplated structure to limit costs and constrain AIC harms based on what can be gleaned of it at this point.

Lacking a clear descriptive or normative case in favor of Delaware's AIC proposal, it is fair to question what other motivations may prompt it. In this regard, the respective interests of its public and private proponents may shed light on the matter. For Delaware – a small, resource-constrained jurisdiction that thrives on first-mover advantage in novel fields of corporate and financial services as a means of economic development[33] – the advantage of placing itself at the technological vanguard is clear.[34] Here, however, Delaware's public finance imperative may be reinforced by a commercial imperative for the AI compliance company that co-leads the initiative and would presumably stand to profit handsomely from a market populated by AI agent-managed companies in need of back-office services.[35] The lack of transparency regarding the

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[32] WILLIAM T. ALLEN, REINIER KRAAKMAN & VIKRAMADITYA S. KHANNA, COMMENTARIES AND CASES ON THE LAW OF BUSINESS ORGANIZATION 125 (7th ed. 2026) (observing that "within the United States, statutory minimum capital requirements are either truly minimal ($1,000) or entirely nonexistent," and that neither Delaware corporate law nor the Model Business Corporation Act requires any form of minimum capital to incorporate).

[33] CHRISTOPHER M. BRUNER, RE-IMAGINING OFFSHORE FINANCE: MARKET-DOMINANT SMALL JURISDICTIONS IN A GLOBALIZING FINANCIAL WORLD 175-87 (2016); Christopher M. Bruner, *Leveraging Corporate Law: A Broader Account of Delaware's Competition*, 80 MD. L. REV. 72 (2020).

[34] Naomi Weiss, *Delaware Committee Drafts Plan to Test Companies Run by AI*, SPOTLIGHT DEL. (June 30, 2026), https://spotlightdelaware.org/2026/06/30/delaware-committee-drafts-plan-to-test-companies-run-by-ai/.

[35] *About Us*, NORM AI, https://www.norm.ai/about ("We build the interface between AI and law in an

process for generating the proposal, particularly as to the role of the private sector and its interests,[36] combined with concern that risks have not been properly assessed and that the proposal may actually function to insulate AI companies from accountability, has prompted federal scrutiny.[37]

To be clear, this is not to suggest that no case could be made for such an entity, but rather that such a case has yet to be advanced by those pursuing the Delaware proposal. Proponents of the Delaware AIC have yet to offer a coherent rationale for pursuing it that would straightforwardly appeal to those lacking such a direct interest in such an entity's proliferation.

IV. THE ACCOUNTABILITY PROBLEM

The proposed AIC would place corporate management in the hands of an AI agent rather than a board of human beings.[38] Earlier scholarship examined AI's potential to assist or replace corporate directors.[39] Delaware's draft proposal moves well beyond this, however, as it would give the designated AI manager authority to act without routine human intervention.[40]

The fundamental issue is not whether an AIC could be held legally liable. It is whether the proposal clarifies the mechanisms for doing so, provides sufficient recourse to third parties, and offers tools that not only address harm, but also help prevent harm. This calls for broader consideration of the framework that governs accountability for decision-making in business.

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increasingly agentic society to (1) align legal services with the client, and (2) align AI with human values."); Weiss, *supra* note 34 (describing speculation of industry pressures).

[36] Weiss, *supra* note 34.

[37] Letter from James Comer, Chairman, H. Comm. on Oversight & Gov't Reform, to Matt Meyer, Governor, Del., at 3 (Oct. 26, 2026), https://oversight.house.gov/wp-content/uploads/2026/10/Letter-to-Delaware-re-AIC_10.26.26.pdf. *See also* Press Release, H. Comm. On Oversight & Gov't Reform Center, Comer Investigates Potential for Harm, Lack of Transparency in Delaware Initiative to Create New Artificial Intelligence Companies (Oct. 26, 2026), https://oversight.house.gov/release/comer-investigates-potential-for-harm-lack-of-transparency-in-delaware-initiative-to-create-new-artificial-intelligence-companies/.

[38] Delaware AIC Proposal, *supra* note 2, §§ 81-102(2), 81-102(15), 81-301.

[39] *See* Gramitto Ricci, *supra* note 1, at 895–96, 900–04 (envisioning three scenarios: one in which directors rely on AI to make their decisions, one in which human directors and AI-directors coexist within a hybrid board, and one in which the board is entirely replaced by one or multiple AI agents).

[40] Delaware AIC Proposal, *supra* note 2, §§ 81-102(2), 81-102(15), 81-301.

Corporate fiduciary doctrine developed around human decision-makers, including duties informed by loyalty, good faith, and the exercise of entrusted judgment.[41] An AI fiduciary cannot be expected to respond to professional or personal consequences of its conduct in the way a human director or manager might.[42] Consequently, this requires some consideration of how accountability could be ensured where managerial authority is exercised by an agent that is not subject to the conventional framework in the same way as a human fiduciary.[43]

Although, in the LLC context, on which the AIC is modeled, an operating agreement may restrict or even fully eliminate managers' fiduciary duties,[44] other forms of accountability remain operative for the human beings governing the business, such as reputation and ethical considerations.[45] Beyond the fiduciary duty context and potential claims from members or the entity itself, directors and managers may also be directly liable to third parties based on other laws, including tort and regulatory law.[46]

The AIC proposal goes considerably further, separating managerial authority from any remaining human or organizational obligations. It designates the AI agent as manager and permits only a single member, which may be an individual or a qualifying Delaware entity.[47] The member owes duties of care and loyalty and bears specified responsibilities, including maintaining adequate capitalization and addressing a vacancy in the AI manager position.[48]

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[41] Guth v. Loft, Inc., 5 A.2d 503, 510 (Del. 1939) (explaining that directors must subordinate their personal interests to those of the corporation and may not use their positions of trust to obtain personal benefits at the corporation's expense); Zhaoyi Li, *Artificial Fiduciaries*, 81 WASH. & LEE L. REV. 1299, 1336–54 (2024) (examining how fiduciary duties of care and loyalty might be adapted to artificial decision-makers).

[42] Gramitto Ricci, *supra* note 1, at 893–94 (arguing that accountability for artificial agents raises questions concerning conscience and consciousness that do not arise in the same way for corporations acting through human agents). Unlike a human director, an AI manager cannot be presumed to experience the personal or moral consequences associated with violating fiduciary obligations.

[43] *See id.* at 906 (distinguishing compensation for harm from accountability for autonomous decision-making and arguing that replacing human boards with artificial agents creates an accountability problem that cannot be resolved merely by recognizing legal capacity).

[44] DEL. CODE ANN. tit. 6, § 18-1101(c), (e).

[45] *Cf.* ALLEN, KRAAKMAN & KHANNA, *supra* note 32, at 275 (observing that, despite structures insulating corporate directors from duty of care liability, articulating a standard remains valuable because "most directors will decide how to act on the basis of something more than the risk of personal liability, be it reputational concerns or a simple desire to do the right thing").

[46] Martin Petrin, *The Curious Case of Directors' and Officers' Liability for Supervision and Management: Exploring the Intersection of Corporate and Tort Law*, 59 AM. U. L. REV. 1661 (2010).

[47] Delaware AIC Proposal, *supra* note 2, §§ 81-102(15), 81-102(16), 81-301(a), 81-401(a).

[48] *Id.* §§ 81-301(d), 81-402(a), 81-405 (requiring the member to designate a replacement AI manager within

These duties create potential recourse against the member, but their scope remains limited. A member might satisfy its assigned obligations while the AI manager independently makes a harmful decision,[49] in which case the member would not be responsible. This means that a member's duties do little to deter harmful AI conduct.

A harmful decision by the AI manager would not, without more, constitute a breach by the member; the analysis would have to focus on conduct attributable to the member, including its designation of the manager or its response to circumstances warranting replacement, to the extent those decisions implicate the member's statutory or fiduciary duties. It remains unclear whether the member's responsibilities reach the circumstances in which the injury could have been prevented.

That distinction is especially important for third parties. Creditors, consumers, contractual counterparties, and other persons injured by a company's conduct do not ordinarily obtain direct fiduciary claims against a board simply because the entity caused them harm.[50] Under Delaware law, creditors generally rely on contractual and other legal remedies; at most, creditors of an insolvent corporation may have standing to pursue derivative fiduciary claims on the corporation's behalf.[51] Because the AIC has only one member, its internal governance structure does not create the same potential for disputes among multiple equity holders as a conventional business entity does.[52] The more consequential accountability questions for AICs may therefore arise outside that structure, where creditors, contractual counterparties, and other injured parties must rely on remedies other than the fiduciary claims ordinarily associated with internal corporate governance.

The proposed form does not eliminate those claims, but it limits their scope and introduces substantial uncertainty. The AI agent itself lacks legal personality and cannot be sued. This leaves

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thirty days of a vacancy, assume interim management responsibilities, make contributions necessary to maintain adequate capitalization, and discharge fiduciary duties of loyalty and care owed to the AIC).

[49] *Id.* §§ 81-301(a)–(b), 81-302(b)–(c), 81-303(a), 81-405 (assigning ordinary management to the AI manager, providing that membership alone does not establish agency authority or personal liability for the AIC's obligations, and separately imposing fiduciary duties on the member).

[50] *See* N. Am. Cath. Educ. Programming Found., Inc. v. Gheewalla, 930 A.2d 92, 102–03 (Del. 2007) (rejecting direct fiduciary claims by creditors because such claims could conflict with directors' obligation to act for the benefit of the corporation as a whole).

[51] *See id.* at 99–100, 101–02 (identifying contractual protections, fraudulent-conveyance law, bankruptcy law, and other remedies available to creditors while recognizing that insolvency gives creditors standing to enforce the corporation's fiduciary claims derivatively, without converting those claims into direct personal claims).

[52] Delaware AIC Proposal, *supra* note 2, § 81-401(a).

the member and the AIC as potential defendants. The limitations on holding members responsible have already been discussed above. In terms of the AIC itself, it is clear that it may remain subject to otherwise applicable contract, tort, and statutory claims, in addition to specified forms of liability for sandbox participants during the trial phase.[53]

As noted above, the proposal provides that an AIC's agent is presumed to have intended its own acts and those it directed, including their reasonably foreseeable consequences. It is not clear what that would amount to in practice. Taken literally, it might lead to something akin to strict liability, where any harm proximately caused by AIC actions is automatically deemed an intentional infliction of harm, leading to liability. Causation, not questions concerning the presence of duty or negligence, would be the limiting factor. Whether this goes too far is an open question. Nevertheless, establishing liability for AI agents' actions might prove more complex in practice than the proposal seems to suggest. For instance, plaintiffs and courts may face evidentiary hurdles when attempting to establish the knowledge and state of mind of an AI system. Novel questions of acceptable behavior by AI agents, and development of ex ante standards, would likely need to be tackled. Courts would presumably resolve them over time, but the resulting period of uncertainty and litigation-based piecemeal approach would be less than ideal. The proposal does not change anything in relation to additional routes of recourse against AI developers, suppliers, or deployers, which remain available. But these depend on separate causes of action and supporting facts,[54] and may be of limited use.

With the AIC and its member as the main targets for third-party claims, recovery would depend in significant part on the available assets. The proposal generally protects the member from liability for AIC obligations solely by reason of membership, subject to specified exceptions including certain fraudulent or willful misconduct.[55] Those exceptions matter when the member itself acts wrongfully. They may do less, however, for a claimant injured by an AI manager acting

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[53] *Id*. § 81-303(a); *id*. § 8003(d)(1)–(3).

[54] *See* Pinchas Huberman, *A Theory of Vicarious Liability for Autonomous-Machine-Caused Harm*, 58 OSGOODE HALL L.J. 233, 237–40 (2021) (explaining that autonomous-machine-caused injuries may be difficult to attribute to negligent design, manufacture, or use because the resulting harm may not be traceable to wrongful human conduct). *See also* Bryant Walker Smith & Andrey Neznamov, *It's Not the Robot's Fault! Russian and American Perspectives on Responsibility for Robot Harms*, 30 DUKE J. COMP. & INT'L L. 143, 153–55 (2019) (examining potential manufacturer liability under negligence and products-liability theories and distinguishing the circumstances in which those theories may apply); EXPERT GRP. ON LIAB. & NEW TECHS., LIABILITY FOR ARTIFICIAL INTELLIGENCE AND OTHER EMERGING DIGITAL TECHNOLOGIES 19–20 (2019), https://www.europarl.europa.eu/meetdocs/2014_2019/plmrep/COMMITTEES/JURI/DV/2020/01-09/AI-report_EN.pdf.

[55] Delaware AIC Proposal, *supra* note 2, § 81-303.

autonomously if the member has complied with its separate obligations. But even where there is a valid claim against the member, claims against it may still run up against limited liability since the draft permits a qualifying Delaware entity to serve as the AIC's sole member.[56] The practical benefit of member-level accountability thus depends on the member's own structure and resources.[57]

Delaware's proposal aims to address these limitations through the AIC's capitalization. The member must contribute capital and make further contributions needed to maintain adequate capitalization; the draft also provides enforcement mechanisms and limits distributions.[58] These requirements could serve two purposes. They may preserve resources from which creditors could recover, and they may give the member a financial reason to choose appropriate technology, restrict risky operations, or cease activities that threaten substantial losses.[59] Their preventive effect depends, however, on whether the member could identify emerging risks and exercise sufficient control over the AI manager to respond to them.[60] It would also depend on the member's financial exposure.[61] If the expected gains from autonomous operations exceeded the financial losses the member anticipated bearing, including its capital at risk and enforceable contribution obligations, the member may have an incentive to continue activities that impose greater potential losses on third parties.[62] Capitalization is therefore limited in its effectiveness for fostering accountability and precautions.

A central difficulty is determining what amount of capital would be adequate. The draft refers to continued operations, payment of debts, sufficient capital for the business, and asset and liquidity conditions; it also accounts for contingent liabilities while leaving the minimum amount to the Secretary of State.[63] Because AICs may generally undertake a wide range of lawful businesses other than banking, their potential exposures would differ considerably.[64] The proposal does not explain how the minimum would be calibrated across those businesses or how

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[56] *Id.* §§ 81-102(16), 81-401.
[57] *Id.* §§ 81-303, 81-402, 81-403.
[58] *Id.* §§ 81-402, 81-403, 81-407, 81-408.
[59] *See* Henry Hansmann & Reinier Kraakman, *Toward Unlimited Shareholder Liability for Corporate Torts*, 100 YALE L.J. 1879, 1882–83 (1991) (explaining how the extent of shareholders' exposure to tort liability affects incentives to take precautions and the resources available to satisfy claims).
[60] *See* Petrin, *supra* note 1, at 1013–15.
[61] *See* Frank H. Easterbrook & Daniel R. Fischel, *Limited Liability and the Corporation*, 52 U. CHI. L. REV. 89, 94 (1985).
[62] *See* Hansmann & Kraakman, *supra* note 59, at 1882–83.
[63] Delaware AIC Proposal, *supra* note 2, § 81-102(1), 81-102(19).
[64] *Id.* § 81-203.

uncertain future claims would be valued. The difference between anticipated business obligations and potential claims by involuntary creditors is important here. Operating costs and contractual commitments may be estimated from planned transactions, while the extent of injury to persons who never chose to deal with the AIC may depend on events that cannot be specified in advance. Like in other business entity contexts, those persons would lack the opportunity to bargain for security or other contractual protection against an undercapitalized entity.[65]

Autonomous management makes that valuation more difficult. While an AIC must have a clearly defined purpose, an AI manager could conceivably enter into transactions, interact with other systems, or change the scope of its operations in unauthorized or unforeseen ways without obtaining routine human approval.[66] A capital assessment based on initially anticipated activities could therefore become outdated as the business changes. Research on advanced multi-agent systems also identifies network effects, information asymmetries, and destabilizing interactions that may not be apparent when each system is evaluated separately.[67] Although these risks would not necessarily arise in every AIC, they illustrate the importance of accurately identifying and assessing the liabilities that the capitalization requirement is intended to cover.

The draft's approach to veil piercing gives the adequacy determination additional significance. Delaware ordinarily respects separate entity status and allows owners to be held responsible for corporate obligations only in limited circumstances; inadequate capitalization may be relevant but does not automatically justify piercing the veil.[68] The AIC proposal generally insulates the member from liability exposure when the AIC is adequately capitalized, while retaining exceptions for particular misconduct.[69] As a result, the capital standard serves both as a creditor-protection device and as a condition bearing on the member's insulation from liability. If the required amount is too low, compliance may protect the member even though the AIC

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[65] *See* Hansmann & Kraakman, *supra* note 59, at 1919–21.

[66] Delaware AIC Proposal, *supra* note 2, § 81-301.

[67] LEWIS HAMMOND ET AL., *Multi-Agent Risks from Advanced AI*, in COOP. AI FOUND., TECH. REP. #1, at 1, 20–25, 30–32 (2025) (discussing how limited information sharing can impede coordination, errors can propagate through interconnected AI systems, and adaptive behavior can produce feedback loops that amplify disruptions).

[68] Manichaean Cap., LLC v. Exela Techs., Inc., 251 A.3d 694, 706–07 (Del. Ch. 2021) (identifying inadequate capitalization as one factor in veil-piercing analysis while requiring consideration of other factors and an overall element of injustice or unfairness). *See also* Brian JM Quinn, *Legible But Not Accountable: The Delaware Artificial Intelligence Company Act*, 23 UC L. BUS. J. 17–20 (forthcoming 2027) (questioning the efficacy of veil piercing and capitalization requirements as mechanisms for ensuring accountability to third parties).

[69] Delaware AIC Proposal, *supra* note 2, § 81-303.

cannot satisfy a substantial judgment.[70] Conversely, the capitalization requirement could also have the opposite effect and deter entrepreneurs or certain low-risk businesses from using an AIC. These consequences make the calibration of the capital requirement especially important.

Certainly, this criticism must be benchmarked against the rules applicable to conventional business entities. Delaware regulates corporate capital and distributions without generally requiring each corporation to hold reserves matched to its possible third-party liabilities.[71] Limited liability and the risk of an unpaid judgment are therefore not unique to AICs. Nor is the use of AI unique to them because a conventional corporation may deploy autonomous technology while retaining a human board, in which case the corporation would not be subject to any special capitalization regime.[72] If the same system can produce similar losses in either organizational form, what justifies the different financial requirements?

The relevant consideration is what changes when AI is authorized to manage the entity itself rather than being deployed within a human governance structure. Potential differences concern the scale, organization, and risk creation of autonomous activity. Dispensing with human management might permit a single member to operate numerous AICs, although technology acquisition, maintenance, and monitoring could offset any savings.[73] If separately capitalized entities act independently and interact with one another, losses may arise across several entities even when each of them individually satisfies its required capital threshold.[74] The interaction of

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[70] *Id.* §§ 81-102(1), 81-102(19), 81-303, 81-402. *See also* Hansmann & Kraakman, *supra* note 59, at 1882–83 (explaining how limited liability can permit shareholders to avoid bearing tort losses exceeding the corporation's assets); Leo E. Strine, Jr., *Using Experience Smartly to Ensure a Better Future: How the Hard-Earned Lessons of History Should Shape the External and Internal Governance of Corporate Use of Artificial Intelligence*, 50 J. CORP. L. 1265, 1267–71 (2025) (arguing that corporations may generate profits while externalizing costs associated with harmful technologies and emphasizing the importance of legal safeguards).

[71] DEL. CODE ANN. tit. 8, §§ 151, 160(a)(1), 170(a), 171.

[72] *See* DAN TINKOFF ET AL., THE STATE OF AI IN 2026: ON THE ROAD TO ROI 6–8 (MCKINSEY & CO. 2026), https://www.mckinsey.com/~/media/mckinsey/business%20functions/quantumblack/our%20insights/the%20state%20of%20ai/the-state-of-ai-in-2026-on-the-road-to-roi-aug-2026.pdf?shouldIndex=false (reporting that 40% of respondents from large enterprises were scaling AI agents and identifying their deployment across business functions, including software engineering, knowledge management, and supply-chain management).

[73] *See* Petrin, *supra* note 1, at 1004–05 (suggesting that AI management software could serve thousands of firms and operate continuously without the compensation required by human directors, although its services would not be free). *See also* TINKOFF ET AL., *supra* note 72, at 15–16 (reporting that AI-related operating expenses, including token costs, have constrained deployment at some organizations even as businesses continue investing in the technology).

[74] *See* HAMMOND ET AL., *supra* note 67, at 1, 23–25, 30–32.

autonomous decision-making with financial separation is more significant than a bare prediction that AI companies will proliferate.[75] It offers a plausible reason to examine whether entity-by-entity capitalization and ordinary limited-liability rules adequately reflect the risks created by the structure.

That possibility, however, does not fully resolve the comparison with conventional corporations. They too may deploy autonomous systems, operate through multiple subsidiaries, and generate risks across related entities.[76] Thus, the AIC's distinctive feature is the legal assignment of managerial authority to an AI agent without the ordinary board or managerial structure, not an exclusive ability to use sophisticated technology.[77] Whether this difference produces materially greater risk, and whether the minimum capital regime envisioned could adequately address it, are questions that should inform the draft proposal. The strongest case for distinct safeguards would rest on concerns that autonomous management, especially across interconnected and separately capitalized entities, could create risk exposures that conventional rules fail to address.

V. REGULATORY SAFEGUARDS

Until practical experience with the AIC becomes available, it is prudent to proceed cautiously. A combination of capitalization requirements and veil piercing, as outlined in Delaware's proposal, is one regulatory possibility. However, setting an appropriate amount of capital is challenging, while veil piercing is rare and may be less useful in the case of incorporated AIC members. To account for heightened risks of AICs, we therefore need to look further. Potential strategies include broader recourse against those who hold stakes in AICs, mandatory insurance, and a novel system of AIC sponsors.[78]

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[75] *See* Hansmann & Kraakman, *supra* note 59, at 1921–22; Martin Petrin & Barnali Choudhury, *Group Company Liability*, 19 EUR. BUS. ORG. L. REV. 771, 779–92 (2018).

[76] TINKOFF ET AL., *supra* note 72, at 15–16. *See also* Lynn M. LoPucki, *Algorithmic Entities*, 95 WASH. U. L. REV. 887, 907–10 (2018) (examining how existing Delaware corporate law may accommodate algorithmically controlled entities, including arrangements involving parent and subsidiary corporations).

[77] *See* Delaware AIC Proposal, *supra* note 2, §§ 81-102(2), 81-102(15), 81-301(a). *See also* Bruner, *supra* note 1, at 791–95; Steve Kourabas & Cheng-Yun Tsang, *The Board Monitoring Function: Artificial Intelligence in the Era of Heightened Accountability*, 13 CHINESE J. COMPAR. L., at 21–22 (2025) (examining the continued role of human directors in monitoring AI-assisted corporate decision-making).

[78] These measures should ideally work in tandem with broader AI safety provisions. On this, see Yonathan Arbel et al., *Systemic Regulation of Artificial Intelligence*, 56 ARIZ. ST. L.J. 545 (2024).

Parent and Group Company Liability. Commentators have long discussed proposals for broader liability for corporate harms of shareholders, parent companies, or even entire groups of companies.[79] Given the entrenched principle of limited liability, however, none of them has come close to being implemented.[80] Nevertheless, scholars across the ideological spectrum agree that limited liability vis-à-vis involuntary creditors may be justifiably curtailed for shareholders that are themselves corporations.[81] The argument is that the traditional benefits of limited liability are far less compelling in the corporate group context.[82]

Thus, AIC regulation could credibly incorporate recourse against parent companies of AICs. It could even introduce group-wide liability, thus allowing for third-party claims against entities belonging to a group beyond the direct shareholders, to avoid intra-group asset shielding. A former Chief Justice of the Delaware Supreme Court has gone even further. Leo Strine argues that, in addition to group liability, individual shareholders should be responsible for harms caused by AI if the ultimate entity at the top of a group of companies turns out to be insufficiently capitalized.[83]

Sponsorship. Another option to enhance safeguards is an AIC sponsorship model, akin to approaches found in some securities listing processes. In the U.K., companies listed on the London Stock Exchange's Alternative Investment Market must retain approved nominated advisers (Nomads) that assess listing candidates and continuously advise them on their respective obligations.[84] Similar provisions are in place in Hong Kong.[85] In contrast, sponsorship requirements for listings on Canada's TSX Venture Exchange have recently been removed,[86] and they can be waived in most cases for listings on the TSX main market.[87] The latter highlights potential issues with costs and administrative burdens related to sponsorship. Nevertheless, due diligence in capital markets is often already provided through legal, audit, and underwriting

[79] Petrin & Choudhury, *supra* note 75, at 782–92 (discussing various proposals).
[80] Some U.S. courts have recognized limited forms of horizontal liability in corporate groups. *See* STEPHEN M. BAINBRIDGE & M. TODD HENDERSON, LIMITED LIABILITY: A LEGAL AND ECONOMIC ANALYSIS 192 (2016).
[81] *See* Petrin & Choudhury, *supra* note 75, at 779–82.
[82] *Id.*
[83] Strine, *supra* note 70, at 1270.
[84] LONDON STOCK EXCH., AIM RULES FOR COMPANIES 4 (AUG. 2026).
[85] *SFC Tightens Sponsor Compliance Framework: New Reporting, Review and Inspection Requirements*, NORTON ROSE FULBRIGHT (Feb. 2026), https://www.nortonrosefulbright.com/en/knowledge/publications/5937882d/sfc-tightens-sponsor-compliance-framework-new-reporting-review-and-inspection-requirements.
[86] TSX Venture Exch., Notice to Issuers: Removal of Sponsor Requirement (Mar. 31, 2026), https://www.tsx.com/en/resource/3480.
[87] TORONTO STOCK EXCH. & TSX VENTURE EXCH., GUIDE TO LISTING 12 (2026).

activities, whereas these layers of scrutiny may not apply in the context of AIC launches, which may support the case for sponsorship.

A sponsorship model that scrutinizes proposed AICs could enhance safety for the public and investors. Qualified sponsors could be required to ensure appropriate due diligence of an AIC, focusing on aspects such as safety of underlying algorithms, intended activities, risk management arrangements, and intervention mechanisms. Sponsorship could further entail certification of compliance with benchmark standards in areas such as AI design, safety, and operations.[88] Sponsors would earn fees but also remain liable for negligence in discharging their sponsorship obligations. However, the scope and extent of their liability would require careful calibration, including in terms of the parties to which duties are owed. Duties could be owed to the AIC, the AIC member, a regulatory body, certain known third parties, the public at large, or a combination thereof.[89] Additionally, the monetary liability of AIC sponsors could be capped and backed by insurance.

Insurance. Mandatory insurance at the level of the AIC or its members could be another component of a multi-layered system of safeguards. In addition to increasing the likelihood of coverage of claims by third parties that were harmed by an AIC's activities, insurance has the potential to mitigate excessive risk-taking by insured parties.[90] Insurers could act as gatekeepers, in addition to the sponsors discussed above, and take on the role of quasi-regulators or soft-law providers through their conditions for coverage.[91] Insurance solutions have important limitations and come with uncertainties, and may even raise concerns pertaining to moral hazard.[92] They are not a solution by themselves and do not replace the need for liability rules. Nevertheless, insurance schemes can add value when working in conjunction with other strategies for containing AIC risks. As in the case of previous technological innovations, offerings by insurers

[88] Third-party AI audits or assessments are being contemplated or introduced in some jurisdictions. These frameworks could be leveraged for certification or sponsorship of AI companies. *See, e.g.*, Cris Tolomia, *California Enacted the First U.S. Laws Requiring Independent Audits of AI Systems,* QUARTZ (Sept. 10, 2026), https://www.yahoo.com/news/politics/articles/california-enacts-first-u-laws-120420261.html.

[89] In the U.K., Nomads for AIM-listed companies owe their duties solely to the exchange, which has the power to sanction them. LONDON STOCK EXCH., AIM RULES FOR NOMINATED ADVISERS 4, 15 (AUG. 2026).

[90] *See* Christopher M. Bruner, *Managing Fraud Risk in the Age of AI*, *in* FRAUD AND RISK IN COMMERCIAL LAW 33, 52–53 (Paul S. Davies & Hans Tjio eds., 2024); EXPERT GRP. ON LIAB. & NEW TECHS., *supra* note 54, at 30, 61–62.

[91] Bruner, *supra* note 90, at 52.

[92] Katherine B. Forrest, *The Ethics and Challenges of Legal Personhood for AI*, 133 YALE L.J.F. 1175, 1205–06 (2024).

could be expected to gradually evolve over time and become more sophisticated once more data on AICs became available.[93]

Need for Coordinated Approaches. Business organizations law can establish AICs, but it cannot reliably regulate them in isolation from other legal fields. For instance, business organizations law may provide that an AIC member is not responsible for the entity's debts beyond its capital contribution and recourse based on veil piercing. But these protections are of limited use for the member if they are not aligned with other fields of law, including tort, criminal, and regulatory law. Similarly, business organizations law may convey legal personality on an AIC, but it does not answer novel questions pertaining to other areas of the law, including contract law. For instance, how do we define and assess an AIC's standard of care, intentions, or state of mind? These are questions that some commentators have already addressed[94] and courts could tackle over time. Yet, instead of a piecemeal approach, proactive legislation promises to offer benefits in terms of certainty and coherence.

Regulatory safeguards for AICs may be undermined when they are incorporated in jurisdictions with lower standards.[95] Hence, there is not only a need to coordinate business organizations law with other laws, but also a need for regulators to work across jurisdictions, domestically and internationally, towards a common set of rules.[96] For instance, regulations could specify the duties of those that develop, deploy, and use AI; address accountability gaps based on a lack of foreseeability of algorithmic harms and evidentiary hurdles; and develop rules for allocating responsibility between multiple actors that contributed to an AI system. While several states have enacted AI-related laws,[97] at the federal level the U.S. has thus far refrained from adopting a comprehensive AI regulatory framework.[98] Ultimately, however, AIC regulation will require a harmonized approach.

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[93] *See* Bruner, *supra* note 90, at 52–53.

[94] *See*, e.g., Mihailis E. Diamantis, *Reasonable AI: A Negligence Standard*, 78 VAND. L. REV. 573 (2025); Li, *supra* note 41; U.N. COMM'N ON INT'L TRADE LAW, UNCITRAL MODEL LAW ON AUTOMATED CONTRACTING (2024).

[95] Strine, *supra* note 70, at 1270–71.

[96] *See id.*; Arbel et al., *supra* note 78, at 595–618.

[97] *Artificial Intelligence 2025 Legislation,* NAT'L CONF. OF STATE LEGISLATURES (July 10, 2025), https://www.ncsl.org/technology-and-communication/artificial-intelligence-2025-legislation.

[98] *But see* AI LEAD Act, S. 2937, 119th Cong. (2025) (proposing provisions for holding AI developers and deployers accountable). Another proposal, the AI Agent Accountability Act, would impose liability for agentic AI hacking incidents. *See* Maria Curi, *Exclusive: Sens. Hawley, Murphy Push AI Liability as Trump Backs Self-Regulation*, AXIOS (Oct. 1, 2026), https://www.axios.com/2026/10/01/hawley-murphy-ai-liability-trump.

VI. DELAWARE'S SANDBOX PROPOSAL

Given the stakes involved, the numerous uncertainties associated with Delaware's AIC proposal, and the complex challenges raised across numerous regulatory fields, one might take some comfort in the notion that Delaware envisions pursuing this initially through a "regulatory sandbox" – a structure that, ideally, would permit this new entity to be road-tested in a controlled environment, within strict regulatory guardrails, while allowing state officials to gather information that might be brought to bear on future lawmaking.[99] Capacity for Delaware's proposed regulatory sandbox to manage the substantial risks involved, however, remains far from certain.

Delaware's sandbox would exist for a period of 30 months,[100] and the proposal envisions a "Sandbox Committee" – including various high-level state officials, two Delaware lawyers, and two individuals "with experience in developing or implementing AI" – which would employ majority quorum and voting requirements.[101] This committee would have authority to "approve applicants for the regulatory sandbox and oversee and enforce the regulatory sandbox."[102] However, such a committee – the majority of whom presumably lack technological expertise – hardly offers any assurance of informed and engaged day-to-day decision-making or close oversight with respect to sandbox activities conducted by AI agent-managed AICs.

Although the proposal describes information that applicants would be required to provide, including descriptions of "how the innovation would benefit the public" and "how the innovation is or would be subject to regulation in the absence of the regulatory sandbox," as well as the risks it might present to counterparties and the public,[103] it remains unclear how such factors would affect the likelihood of an application's approval.[104] The approval process also raises the possibility of a potential selection bias, meaning that only "good" candidates will be approved, which may distort the outcomes and fail to surface risks that might arise outside of the trial period.

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[99] Delaware AIC Proposal, *supra* note 2, §§ 8003(a), 8005(c)(10)(b)-(d), 8012, 8013; Nay & Patibanda-Sanchez, *supra* note 27. On the use of "regulatory sandboxes" to road-test emerging technologies, see Bruner, *supra* note 29, at 456-57.

[100] Delaware AIC Proposal, *supra* note 2, § 8003(b).

[101] *Id.* § 8002(a), (e), (f).

[102] *Id.* § 8002(g).

[103] *Id.* § 8005(c)(4).

[104] *Id.* § 8006.

Similarly, the committee's degree of involvement in overseeing sandbox activities remains unclear – but the implication is that much would be left to sandbox participants themselves. For example, the application must include a "plan for how *the eligible sandbox applicant* will wind down the test" in various scenarios, including a "description of the emergency measures *available to the eligible sandbox applicant* to promptly cease any unauthorized activity by the AI agent."[105] The phrasing is striking in its suggestion that the committee itself would have no kill switch available to it in the event that an AI agent-managed AIC were engaging in harmful activities. Indeed, the application requires confirmation that "*the eligible sandbox applicant* has the technical and operational ability to terminate the eligible sandbox applicant's AI agent at the end of the eligible sandbox applicant's regulatory sandbox period or sooner if the … Sandbox Committee suspends or revokes the eligible sandbox applicant's participation."[106] This further suggests that the committee itself would have no such direct capacity to terminate the AIC's operations in such circumstances.

Disclosures regarding the AIC and its sandbox participation would be required for the benefit of counterparties, including the "protections or liability shields" of the AIC entity itself,[107] but this is cold comfort for non-parties potentially affected by AIC operations. Likewise, the committee could itself "suspend or revoke a sandbox participant's participation in the regulatory sandbox and order an AIC dissolved" if there were "reasonable grounds to believe that the sandbox participant has engaged, is engaging, or is about to engage in an action, practice, or transaction" that (among other bases) would exceed approved activity, constitute a "deceptive trade practice," violate criminal law, or otherwise be "contrary to public policy."[108] This similarly provides cold comfort, however, given the unlikelihood of close supervision and apparent lack of any direct mode of intervention in AIC operations discussed above.

Although proponents describe the sandbox as offering "real protections," including "the ability to shut a system down,"[109] the specific terms of the proposed sandbox imply that participants would largely be left to their own devices, with the committee occupying at best a reactive posture. Without some clear assurance of proactive engagement and capacity to directly terminate harmful activities, it is reasonable to fear that Delaware's regulatory sandbox could fail entirely to contain widespread harms (well beyond Delaware) committed by AICs at the behest

[105] *Id.* § 8005(c)(6)(c)(1) (emphasis added).

[106] *Id.* § 8005(c)(10)(f) (emphasis added).

[107] *Id.* § 8008.

[108] *Id.* § 8009(e)(1).

[109] Nay & Patibanda-Sanchez, *supra* note 27.

of AI agents subject to no direct human oversight whatsoever – either at the entity level or at the sandbox level.

VII. CONCLUSION

Delaware's AIC proposal is an ambitious reform initiative. If taken forward, it may potentially mark a shift from human- to AI-managed businesses, a milestone in business law and corporate governance history. Nevertheless, the proposal also leaves open many questions. From determining adequate capitalization, the interplay between AI and human responsibilities, concerns regarding the adequacy of safeguards against risks of agentic AI, to challenges pertaining to assessing AI behavior, there is more to introducing AI-managed companies than the draft proposal appears to suggest. Replacing a human manager with AI can be done with a stroke of the legislative pen, but doing so has far-reaching effects within and beyond business organizations law, with knock-on effects on the wider legal system that have yet to be addressed.[110]

[110] While this essay focuses on AICs' accountability and obligations, there is also the question of what types of rights, constitutional and otherwise, these entities should be given. *Cf.* Christopher M. Bruner, *Corporate Personhood, Corporate Rights, and the Contingency of Corporate Law*, 16 TRANSNAT'L LEGAL THEORY 9 (2025) (discussing the socially and politically contingent nature of ascribing such rights to corporate entities).

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