



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3663

by Rep. Carol Ammons

SYNOPSIS AS INTRODUCED:

New Act

805 ILCS 310/22

815 ILCS 5/3

from Ch. 32, par. 326

from Ch. 121 1/2, par. 137.3

Creates the Limited Cooperative Association Act. Authorizes the organization of a limited cooperative association, as an entity distinct from its members, for any lawful purpose, whether or not for profit. Provides that a limited cooperative association may be a collective worker cooperative in which there is only one class of members consisting of worker-members who manage all of the affairs of the limited cooperative association or a worker cooperative or employment cooperative that includes a class of worker-members who are natural persons whose patronage consists of labor contributed to or other work performed for the limited cooperative association. Contains provisions regarding: findings; formation; articles of organization; organization; bylaws; members; community investors; voting; a board of directors; an assembly; dissolution; conversion; and applicability of securities laws. Amends the Co-operative Act and the Illinois Securities Law of 1953 to make conforming changes. Effective immediately.

LRB101 09719 JLS 54819 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Limited Cooperative Association Act.

6 Section 5. Findings. The General Assembly finds and
7 declares all of the following:

8 (1) the cooperative form of doing business provides an
9 efficient and effective method for persons to transact
10 business, offer, and obtain goods and services, and it is
11 in the best interests of the people of the State of
12 Illinois to promote, foster, and encourage the utilization
13 of cooperatives in appropriate instances;

14 (2) the Co-operative Act and Agricultural Co-Operative
15 Act have provided for the promotion, fostering, and
16 encouragement of consumer and producer cooperatives; have
17 made distribution of agricultural products between
18 producer and consumer more efficient; have stabilized the
19 marketing of agricultural products; and have provided for
20 the organization and incorporation of cooperative
21 corporations, all as contemplated at the time of the
22 original adoption;

23 (3) it is in the best interests of the people of the

1 State of Illinois to preserve the provisions of the
2 Co-operative Act as it has been in force and interpreted in
3 the State and to continue the provisions thereof for
4 agriculture, but also to expand the provisions of Illinois
5 cooperative law to provide greater direction and
6 flexibility in its provisions and to enable all types of
7 industries and enterprises to avail themselves of the
8 benefits of the cooperative form of doing business in
9 accordance with the provisions of this Act;

10 (4) a worker cooperative has the purpose of creating
11 and maintaining sustainable jobs and generating wealth in
12 order to improve the quality of life of its worker-members,
13 dignify human work, allow workers' democratic
14 self-management, and promote community and local
15 development in this State;

16 (5) the purpose of this Act is to create a new business
17 entity better suited for worker cooperatives and
18 multi-stakeholder cooperatives, and to create more
19 visibility and financing options for cooperatives. This
20 Act is intended to provide a definition of worker
21 cooperative for purposes of this Act, and not for purposes
22 of other laws.

23 Section 10. Definitions. In this Act:

24 "Collective worker cooperative" means a limited
25 cooperative association that elects to be a worker cooperative

1 in which there is only one class of members consisting of
2 worker-members who manage all of the affairs of the limited
3 cooperative association.

4 "Community investor" means a person who is not a patron
5 member and who holds a share or other proprietary interest in a
6 limited cooperative association.

7 "Distribution" means a transfer of money or other property
8 from a limited cooperative association to a member because of
9 the member's financial rights or to a transferee of a member's
10 financial rights.

11 "Member" means any person who, pursuant to a specific
12 provision of a limited cooperative association's articles or
13 bylaws, has the right to vote for the election of a director or
14 directors, or possesses proprietary interests in the limited
15 cooperative association.

16 "Worker cooperative" or "employment cooperative" means a
17 limited cooperative association formed under this Act that
18 includes a class of worker-members who are natural persons
19 whose patronage consists of labor contributed to or other work
20 performed for the limited cooperative association. Election to
21 be organized as a worker cooperative or an employment
22 cooperative does not create a presumption that workers are
23 employees of the corporation for any purposes. At least 51
24 percent of the workers shall be worker-members or candidates.

25 "Worker-member" means a member of a worker cooperative who
26 is a natural person and also a patron of a worker cooperative.

1 Section 15. Purpose of limited cooperative association.

2 (a) A limited cooperative association is an entity distinct
3 from its members.

4 (b) A limited cooperative association may be organized for
5 any lawful purpose, whether or not for profit.

6 (c) An association organized under this Act may elect to be
7 a worker cooperative with the State of Illinois. Election to be
8 organized as a worker cooperative or an employment cooperative
9 does not create a presumption that workers are employees of the
10 corporation for any purposes.

11 Section 20. Formation of limited cooperative association.

12 (a) A limited cooperative association must be organized by
13 one or more organizers.

14 (b) To form a limited cooperative association, one or more
15 organizers of the association shall deliver or cause to be
16 delivered articles to the Secretary of State for filing.

17 Section 25. Articles of organization.

18 (a) The articles of organization of a limited cooperative
19 association shall state:

20 (1) the domestic entity name of the limited cooperative
21 association;

22 (2) the purposes for which the limited cooperative
23 association is formed, which may be for any lawful purpose;

1 (3) the registered agent name and registered agent
2 address of the association's initial registered agent;

3 (4) the street address and, if different, mailing
4 address of the association's initial principal office;

5 (5) the true name and street address and, if different,
6 mailing address of each organizer; and

7 (6) if relevant, an election to be classified as a
8 worker cooperative primarily managed by worker-owner
9 members.

10 Section 30. Organization of limited cooperative
11 association.

12 (a) After a limited cooperative association is formed:

13 (1) if initial directors are named in the articles, the
14 initial directors shall hold an organizational meeting to
15 adopt initial bylaws and carry on any other business
16 necessary or proper to complete the organization of the
17 association; or

18 (2) if initial directors are not named in the articles,
19 the organizers shall designate the initial directors and
20 call a meeting of the initial directors to adopt initial
21 bylaws and carry on any other business necessary or proper
22 to complete the organization of the association.

23 (b) Unless the articles otherwise provide, the initial
24 directors may cause the limited cooperative association to
25 accept members, including those necessary for the association

1 to begin business.

2 (c) Initial directors need not be members.

3 (d) An initial director serves until a successor is elected
4 and qualified at a members' meeting or the director is removed,
5 resigns, is adjudged incompetent, or dies.

6 Section 35. Bylaws.

7 (a) Bylaws shall include:

8 (1) a statement of the capital structure of the limited
9 cooperative association;

10 (2) the classes or other types of members' interests
11 and relative rights, preferences, and restrictions granted
12 to or imposed upon each class or other type of member's
13 interest, including:

14 (A) a statement concerning the manner in which
15 profits and losses are allocated and distributions are
16 made among patron members and, if community investors
17 are authorized, the manner in which profits and losses
18 are allocated and how distributions are made among
19 investor members and between patron members and
20 community investors;

21 (B) a statement designating voting and other
22 governance rights of each class or other type of
23 members' interests and, if relevant, community
24 investors, including which members have voting power
25 and any restriction on voting power;

- 1 (3) a statement of the method for admission of members;
- 2 (4) a statement that a member's interest is
3 transferable, if it is to be transferable, and a statement
4 of the conditions upon which it may be transferred;
- 5 (5) a statement concerning:
- 6 (A) whether persons that are not members but
7 conduct business with the association may be permitted
8 to share in allocations of profits and losses and
9 receive distributions; and
- 10 (B) the manner in which profits and losses are
11 allocated and distributions are made with respect to
12 those persons; and
- 13 (6) a statement of the number and terms of directors or
14 the method by which the number and terms are determined;
15 and
- 16 (7) a statement addressing members' contributions.
- 17 (b) Bylaws may contain any other provision for managing and
18 regulating the affairs of the association.

19 Section 40. Members.

20 (a) To begin business, a limited cooperative association
21 must have at least 3 patron members unless the sole member is a
22 cooperative.

23 (b) A person becomes a member:

- 24 (1) as provided in the articles or bylaws;
- 25 (2) as the result of a merger or conversion under

1 Section 65; or

2 (3) with the consent of all the members.

3 (c) A member, solely by reason of being a member, may not
4 act for or bind the limited cooperative association.

5 (d) Unless the articles provide otherwise, a debt,
6 obligation, or other liability of a limited cooperative
7 association is solely that of the association and is not the
8 debt, obligation, or liability of a member solely by reason of
9 being a member.

10 (e) The total voting membership body shall constitute the
11 assembly of the limited cooperative association.

12 (f) The assembly shall meet annually at a time provided in
13 the articles or bylaws or set by the board of directors not
14 inconsistent with the articles and bylaws.

15 (g) Failure to hold an annual assembly meeting does not
16 affect the validity of any action by the limited cooperative
17 association.

18 (h) A limited cooperative association shall notify each
19 member of the time, date, and place of a members' meeting at
20 least 10 and not more than 60 days before the meeting; except
21 that, if the notice is of a meeting of the members in one or
22 more districts or classes of members, the notice shall be given
23 only to members in those districts or classes.

24 Section 45. Voting.

25 (a) The articles or bylaws may allocate voting power among

1 patron members on the basis of one or a combination of the
2 following:

3 (1) one member, one vote;

4 (2) if a patron member is a cooperative, the number of
5 its patron members; or

6 (3) on the basis of use or patronage unless the
7 cooperative has elected to be a worker cooperative.

8 (b) If the articles or bylaws allocate voting power on the
9 basis of use or patronage and a member would be denied a vote
10 because the member did not use the limited cooperative
11 association or conduct patronage with it during the period on
12 which the allocation of voting power is determined, the
13 articles or bylaws must provide that the member shall
14 nevertheless be allocated a vote equal to at least the minimum
15 voting power allocated to members who used the association or
16 conducted patronage with it during the period.

17 (c) The articles or bylaws may provide for the allocation
18 of patron member voting power by districts or class or any
19 combination thereof.

20 (d) If the articles or bylaws provide for community
21 investors, those members are not entitled to vote unless the
22 articles or bylaws provide otherwise. The articles or bylaws
23 may provide for the allocation of investor member voting power
24 by class, classes, or any combination of classes.

25 (e) At no time shall the patron members have less than a
26 majority of the voting power of the limited cooperative

1 association.

2 Section 50. Board of directors.

3 (a) A limited cooperative association must have a board of
4 directors of at least 3 individuals, unless the limited
5 cooperative association is a collective worker cooperative.
6 Subsections (b) through (e) do not apply to collective worker
7 cooperatives.

8 (b) The affairs of a limited cooperative association must
9 be managed by, or under the direction of, the board of
10 directors unless the board delegates those duties to the
11 assembly of the limited cooperative association. The board may
12 adopt policies and procedures that do not conflict with the
13 articles, bylaws, or this Act.

14 (c) An individual is not an agent for a limited cooperative
15 association solely by being a director.

16 (d) A debt, obligation, or other liability of a limited
17 cooperative association is solely that of the association and
18 is not a debt, obligation, or liability of a director solely by
19 reason of being a director. An individual is not personally
20 liable, directly or indirectly, for an obligation of an
21 association solely by reason of being a director.

22 (e) Directors shall be elected for terms determined by the
23 bylaws by a majority vote of the assembly.

24 Section 55. Assembly.

1 (a) A limited cooperative association must have an assembly
2 as constituted by the body of voting members.

3 (b) An individual is not an agent for a limited cooperative
4 association solely by being a member of the assembly.

5 (c) A debt, obligation, or other liability of a limited
6 cooperative association is solely that of the association and
7 is not a debt, obligation, or liability of a member of the
8 assembly solely by reason of being a voting member. An
9 individual is not personally liable, directly or indirectly,
10 for an obligation of an association solely by reason of being a
11 voting member.

12 Section 60. Dissolution. A limited cooperative association
13 may be dissolved only by either (1) a two-thirds vote of the
14 assembly, or (2) a vote of the assembly of a supermajority
15 threshold stated in the bylaws that is more than two-thirds.
16 The vote shall be in accordance with Section 55, and upon
17 dissolution its business and activities must be wound up in the
18 manner provided under the Limited Liability Company Act for a
19 limited liability company.

20 Section 65. Conversion. A limited cooperative association
21 may convert into any form of entity permitted if the board of
22 directors of the limited cooperative association adopts a plan
23 of conversion and the assembly adopts such a plan by a
24 two-thirds majority vote.

1 Section 70. Exemption from securities laws. Any security,
2 patronage refund, per unit retain certificate, or evidence of
3 membership issued or sold by a cooperative association as an
4 investment in its stock or capital to the members of a
5 cooperative association formed under this Act or a similar law
6 of any other state and authorized to transact business or
7 conduct activities in this State is exempt from the
8 requirements of the Illinois Securities Law of 1953. Such
9 securities, patronage refunds, per unit retain certificates,
10 or evidence of membership may be sold lawfully by the issuer or
11 its members or salaried employees without the necessity of
12 being registered as a broker or dealer under the Illinois
13 Securities Law of 1953.

14 Section 90. The Co-operative Act is amended by changing
15 Section 22 as follows:

16 (805 ILCS 310/22) (from Ch. 32, par. 326)

17 Sec. 22. No corporation or association hereafter organized
18 or doing business for profit in this State shall be entitled to
19 use the term "Co-operative" as a part of its corporate or other
20 business name or title unless it has complied with the
21 provisions of this Act, except (1) a corporation organized
22 under the Business Corporation Act of 1983 for the purpose of
23 ownership or administration of residential property on a

1 cooperative basis, ~~or~~ (2) a cooperative corporation organized
2 under the General Not For Profit Corporation Act of 1986 or its
3 predecessor or successor statutes, or (3) a limited cooperative
4 association organized under the Limited Cooperative
5 Association Act. Any corporation or association violating the
6 provision of this Section may be enjoined from doing business
7 under such name at the instance of any shareholder of any
8 association or corporation organized under this Act.

9 (Source: P.A. 95-368, eff. 8-23-07.)

10 Section 95. The Illinois Securities Law of 1953 is amended
11 by changing Section 3 as follows:

12 (815 ILCS 5/3) (from Ch. 121 1/2, par. 137.3)

13 Sec. 3. The provisions of Sections 2a, 5, 6 and 7 of this
14 Act shall not apply to any of the following securities:

15 A. Any security (including a revenue obligation) issued or
16 guaranteed by the United States, any state, any political
17 subdivision of a state, or any agency or corporation or other
18 instrumentality of any one or more of the foregoing, or any
19 certificate of deposit for any such security.

20 B. Any security issued or guaranteed by Canada, any
21 Canadian province, any political subdivision of any such
22 province, any agency or corporation or other instrumentality of
23 one or more of the foregoing, or any other foreign government
24 with which the United States then maintains diplomatic

1 relations, if the security is recognized as a valid obligation
2 by the issuer or guarantor.

3 C. (1) Any security issued by and representing an interest
4 in or a debt of, or guaranteed by, any bank or savings bank,
5 bank holding company, or credit union organized under the laws
6 of the United States, or any bank, savings bank, savings
7 institution or trust company organized and supervised under the
8 laws of any state, or any interest or participation in any
9 common trust fund or similar fund maintained by any such bank,
10 savings bank, savings institution or trust company exclusively
11 for the collective investment and reinvestment of assets
12 contributed thereto by such bank, savings bank, savings
13 institution or trust company or any affiliate thereof, in its
14 capacity as fiduciary, trustee, executor, administrator or
15 guardian.

16 (2) Any security issued or guaranteed to both principal and
17 interest by an international bank of which the United States is
18 a member.

19 D. (1) Any security issued by and representing an interest
20 in or a debt of, or guaranteed by, any federal savings and loan
21 association, or any savings and loan association or building
22 and loan association organized and supervised under the laws of
23 any state.

24 (2) Any security issued or guaranteed by any federal credit
25 union or any credit union, industrial loan association, or
26 similar organization organized and supervised under the laws of

1 any state.

2 E. Any security issued or guaranteed by any railroad, other
3 common carrier, public utility or holding company where such
4 issuer or guarantor is subject to the jurisdiction of the
5 Interstate Commerce Commission or successor entity, or is a
6 registered holding company under the Public Utility Holding
7 Company Act of 1935 or a subsidiary of such a company within
8 the meaning of that Act, or is regulated in respect of its
9 rates and charges by a governmental authority of the United
10 States or any state, or is regulated in respect of the issuance
11 or guarantee of the security by a governmental authority of the
12 United States, any state, Canada, or any Canadian province.

13 F. Equipment trust certificates in respect of equipment
14 leased or conditionally sold to a person, if securities issued
15 by such person would be exempt under subsection E of this
16 Section.

17 G. Any security which at the time of sale is listed or
18 approved for listing upon notice of issuance on the New York
19 Stock Exchange, Inc., the American Stock Exchange, Inc., the
20 Pacific Stock Exchange, Inc., the Chicago Stock Exchange, Inc.,
21 the Chicago Board of Trade, the Philadelphia Stock Exchange,
22 Inc., the Chicago Board Options Exchange, Incorporated, the
23 National Market System of the Nasdaq Stock Market, or any other
24 exchange, automated quotation system or board of trade which
25 the Secretary of State, by rule or regulation, deems to have
26 substantially equivalent standards for listing or designation

1 as required by any such exchange, automated quotation system or
2 board of trade; and securities senior or of substantially equal
3 rank, both as to dividends or interest and upon liquidation, to
4 securities so listed or designated; and warrants and rights to
5 purchase any of the foregoing; provided, however, that this
6 subsection G shall not apply to investment fund shares or
7 securities of like character, which are being continually
8 offered at a price or prices determined in accordance with a
9 prescribed formula.

10 The Secretary of State may, after notice and opportunity
11 for hearing, revoke the exemption afforded by this subparagraph
12 with respect to any securities by issuing an order if the
13 Secretary of State finds that the further sale of the
14 securities in this State would work or tend to work a fraud on
15 purchasers of the securities.

16 H. Any security issued by a person organized and operated
17 not for pecuniary profit and exclusively for religious,
18 educational, benevolent, fraternal, agricultural, charitable,
19 athletic, professional, trade, social or reformatory purposes,
20 or as a chamber of commerce or local industrial development
21 corporation, or for more than one of said purposes and no part
22 of the net earnings of which inures to the benefit of any
23 private stockholder or member.

24 I. Instruments evidencing indebtedness under an agreement
25 for the acquisition of property under contract of conditional
26 sale.

1 J. A note secured by a first mortgage upon tangible
2 personal or real property when such mortgage is made, assigned,
3 sold, transferred and delivered with such note or other written
4 obligation secured by such mortgage, either to or for the
5 benefit of the purchaser or lender; or bonds or notes not more
6 than 10 in number secured by a first mortgage upon the title in
7 fee simple to real property if the aggregate principal amount
8 secured by such mortgage does not exceed \$500,000 and also does
9 not exceed 75% of the fair market value of such real property.

10 K. A note or notes not more than 10 in number secured by a
11 junior mortgage lien if the aggregate principal amount of the
12 indebtedness represented thereby does not exceed 50% of the
13 amount of the then outstanding prior lien indebtedness and
14 provided that the total amount of the indebtedness (including
15 the indebtedness represented by the subject junior mortgage
16 note or notes) shall not exceed 90% of the fair market value of
17 the property securing such indebtedness; and provided further
18 that each such note or notes shall bear across the face thereof
19 the following legend in letters at least as large as 12 point
20 type: "THIS NOTE IS SECURED BY A JUNIOR MORTGAGE".

21 L. Any negotiable promissory note or draft, bill of
22 exchange or bankers' acceptance which arises out of a current
23 transaction or the proceeds of which have been or are to be
24 used for current transactions, and which evidences an
25 obligation to pay cash within 9 months of the date of issuance
26 exclusive of days of grace, or any renewal of such note, draft,

1 bill or acceptance which is likewise limited, or any guarantee
2 of such note, draft, bill or acceptance or of any such renewal,
3 provided that the note, draft, bill, or acceptance is a
4 negotiable security eligible for discounting by banks that are
5 members of the Federal Reserve System. Any instrument exempted
6 under this subsection from the requirement of Sections 5, 6,
7 and 7 of this Act shall bear across the face thereof the
8 following legend in letters at least as large as 12 point type:
9 "THIS INSTRUMENT IS NEITHER GUARANTEED, NOR IS THE ISSUANCE
10 THEREOF REGULATED BY ANY AGENCY OR DEPARTMENT OF THE STATE OF
11 ILLINOIS OR THE UNITED STATES.". However, the foregoing legend
12 shall not be required with respect to any such instrument:

13 (i) sold to a person described in subsection C or H of
14 Section 4 of this Act;

15 (ii) sold to a "Qualified Institutional Buyer" as that
16 term is defined in Rule 144a adopted under the Securities
17 Act of 1933;

18 (iii) where the minimum initial subscription for the
19 purchase of such instrument is \$100,000 or more; or

20 (iv) issued by an issuer that has any class of
21 securities registered under Section 12 of the Securities
22 Exchange Act of 1934 or has any outstanding class of
23 indebtedness rated in one of the 3 highest categories by a
24 rating agency designated by the Department;

25 M. Any security issued by and representing an interest in
26 or a debt of, or guaranteed by, any insurance company organized

1 under the laws of any state.

2 N. Any security issued pursuant to (i) a written
3 compensatory benefit plan (including without limitation, any
4 purchase, savings, option, bonus, stock appreciation, profit
5 sharing, thrift, incentive, pension, or similar plan) and
6 interests in such plans established by one or more of the
7 issuers thereof or its parents or majority-owned subsidiaries
8 for the participation of their employees, directors, general
9 partners, trustees (where the issuer is a business trust),
10 officers, or consultants or advisers of such issuers or its
11 parents or majority-owned subsidiaries, provided that bona
12 fide services are rendered by consultants or advisers and those
13 services are not in connection with the offer and sale of
14 securities in a capital-raising transaction or (ii) a written
15 contract relating to the compensation of any such person.

16 O. Any option, put, call, spread or straddle issued by a
17 clearing agency registered as such under the Federal 1934 Act,
18 if the security, currency, commodity, or other interest
19 underlying the option, put, call, spread or straddle is not
20 required to be registered under Section 5.

21 P. Any security which meets all of the following
22 conditions:

23 (1) If the issuer is not organized under the laws of
24 the United States or a state, it has appointed a duly
25 authorized agent in the United States for service of
26 process and has set forth the name and address of the agent

1 in its prospectus.

2 (2) A class of the issuer's securities is required to
3 be and is registered under Section 12 of the Federal 1934
4 Act, and has been so registered for the three years
5 immediately preceding the offering date.

6 (3) Neither the issuer nor a significant subsidiary has
7 had a material default during the last seven years, or for
8 the period of the issuer's existence if less than seven
9 years, in the payment of (i) principal, interest, dividend,
10 or sinking fund installment on preferred stock or
11 indebtedness for borrowed money, or (ii) rentals under
12 leases with terms of three years or more.

13 (4) The issuer has had consolidated net income, before
14 extraordinary items and the cumulative effect of
15 accounting changes, of at least \$1,000,000 in four of its
16 last five fiscal years including its last fiscal year; and
17 if the offering is of interest bearing securities, has had
18 for its last fiscal year, net income, before deduction for
19 income taxes and depreciation, of at least 1-1/2 times the
20 issuer's annual interest expense, giving effect to the
21 proposed offering and the intended use of the proceeds. For
22 the purposes of this clause "last fiscal year" means the
23 most recent year for which audited financial statements are
24 available, provided that such statements cover a fiscal
25 period ended not more than 15 months from the commencement
26 of the offering.

1 (5) If the offering is of stock or shares other than
2 preferred stock or shares, the securities have voting
3 rights and the rights include (i) the right to have at
4 least as many votes per share, and (ii) the right to vote
5 on at least as many general corporate decisions, as each of
6 the issuer's outstanding classes of stock or shares, except
7 as otherwise required by law.

8 (6) If the offering is of stock or shares, other than
9 preferred stock or shares, the securities are owned
10 beneficially or of record, on any date within six months
11 prior to the commencement of the offering, by at least
12 1,200 persons, and on that date there are at least 750,000
13 such shares outstanding with an aggregate market value,
14 based on the average bid price for that day, of at least
15 \$3,750,000. In connection with the determination of the
16 number of persons who are beneficial owners of the stock or
17 shares of an issuer, the issuer or dealer may rely in good
18 faith for the purposes of this clause upon written
19 information furnished by the record owners.

20 (7) The issuer meets the conditions specified in
21 paragraphs (2), (3) and (4) of this subsection P if either
22 the issuer or the issuer and the issuer's predecessor,
23 taken together, meet such conditions and if: (a) the
24 succession was primarily for the purpose of changing the
25 state of incorporation of the predecessor or forming a
26 holding company and the assets and liabilities of the

1 successor at the time of the succession were substantially
2 the same as those of the predecessor; or (b) all
3 predecessors met such conditions at the time of succession
4 and the issuer has continued to do so since the succession.

5 Q. Any security appearing on the List of OTC Margin Stocks
6 published by the Board of Governors of the Federal Reserve
7 System or any security incorporated by reference to the List of
8 OTC Margin Stocks by the Board of Governors of the Federal
9 Reserve System; any other securities of the same issuer which
10 are of senior or substantially equal rank; any securities
11 called for by subscription rights or warrants so listed or
12 approved; or any warrants or rights to purchase or subscribe to
13 any of the foregoing.

14 R. Any security issued by a bona fide limited cooperative
15 association or by a bona fide agricultural cooperative
16 operating in this State that is organized under the laws of
17 this State or as a foreign cooperative association organized
18 under the law of another state that has been duly qualified to
19 transact business in this State.

20 (Source: P.A. 90-70, eff. 7-8-97; 91-809, eff. 1-1-01.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.