**Section 1075.600 Requirements**

a) No savings bank shall invest in or lend to a service corporation, as defined in Section 1007.105 of the Act, unless the service corporation has been approved by the Director.

b) Subpart F of this Part shall not apply to investments in single purpose corporations authorized under Sections 1008(9) and 6009 of the Act.

c) Savings banks may designate a service corporation or other subsidiary as an operating subsidiary as follows:

1) Upon approval of the Director, a subsidiary of a savings bank that is majority owned and controlled by the savings bank may be designated as an operating subsidiary provided that the subsidiary engages solely in activities that are permitted for a depository institution or an operating subsidiary of a depository association.

2) An operating subsidiary shall be subject to the provisions of this Subpart except that a savings bank's total investment, including equity and debt securities and loans, in its first-tier operating subsidiary is not limited by this Subpart. Loans made by the savings bank to its operating subsidiary shall not be subject to Section 6013 of the Act.

3) Upon approval of the Director, a subsidiary of a first-tier operating subsidiary may be designated as an operating subsidiary; provided that the lower tier subsidiary is wholly-owned and controlled by the first-tier operating subsidiary and engages solely in activities that are permitted for a depository institution or an operating subsidiary of a depository association. The total investment, including equity and debt securities and loans, by the savings bank or its first-tier operating subsidiary in the wholly-owned and controlled lower-tier operating subsidiary is not limited by this Subpart or Section 6013 of the Act.

4) The total investment, including equity and debt securities and loans, by the savings bank and its first-tier operating subsidiary in a service corporation or an operating subsidiary that is not wholly-owned and controlled by the savings bank's first-tier operating subsidiary is subject to the same limitations under this Subpart that apply to the savings bank's investment in a service corporation that is not an operating subsidiary.

5) As used in this subsection (c):

"Subsidiary" means a corporation, limited liability company, partnership, business trust, joint venture, pool, syndicate or other similar business organization.

"Majority-owned" means the savings bank owns more than 50% of the voting interest or equivalent ownership interest of the subsidiary.

"Control" means effective operating control.

(Source: Amended at 30 Ill. Reg. 19068, effective December 1, 2006)