**Section 913.90 Stock Option Plans**

The Director shall be guided in the granting of a permit to issue shares to implement stock option plans by the following:

a) Any stock option or purchase plan which meets the requirements of Sections 422, 423 or 424 of the Internal Revenue Code of 1954, as hereafter may be amended, shall be deemed prima facie reasonable by the Director, provided however, that the number of shares to be granted pursuant to such a plan, together with the number of shares in respect of which unexercised options are outstanding or may be granted under any and all other option plans of the company, shall in no event exceed 10% of the total shares outstanding. The burden shall be upon the applicant to prove that such plan complies with the provisions of said Sections 422, 423 or 424, as amended, and such proof shall be made prior to the issuance of any Permit in connection with the execution of such plan.

b) Any stock option plan which does not comply with the Internal Revenue Code as referred to above, shall be approved by the Director only upon proof that the following conditions have been met:

1) The option price is not less than 100% of the market price of shares on the date the plan becomes effective, or if there is no market price of such shares on the date the plan becomes effective, the last highest public offering price;

2) The total of all shares to be granted pursuant to such plan, together with the number of shares in respect of which unexercised option are outstanding or may be granted under any and all other option plans of the company, shall in no event exceed 10% of the total shares outstanding;

3) In the event an individual at the time the option is granted owns 10% of the stock of the issuer, the option price is not less than 110% of the market price of the shares on the date the plan becomes effective, or if there is no market price of such shares on the date the plan becomes effective, the last highest public offering price;

4) Such options require the optionee to hold the stock for 1 year from the date of the exercise of the option;

5) Such options by their terms are not exercisable after the expiration of 5 years from the dates such options are granted;

6) The options are given only in respect of benefits which will be given to the company by the person receiving the option; and

7) The plan has been submitted to a vote of the shareholders of the company and received the affirmative vote of the holders of not less than ⅔ of the outstanding shares.

c) The Director may waive any requirements for option plans under Section 913.90(b) in those cases in which he finds that valid contractual rights were acquired prior to the effective date of this Part, under plans which had been previously approved by the Director.

(Source: Amended at 7 Ill. Reg. 6946, effective May 18, 1983)