

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 Worker 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 "Candidate" means a worker who is being considered for  
25 membership in a worker cooperative, as defined in the

1 cooperative association's articles or bylaws.

2 "Collective worker cooperative" means a limited  
3 cooperative association that only has one class of members  
4 consisting of worker-members who manage all of the affairs of  
5 the limited cooperative association.

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

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

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

18 "Multi-stakeholder cooperative" means a cooperative  
19 organized under this Act that has different classes of members  
20 whose rights and proprietary interests shall be determined by  
21 the articles or bylaws. At least 51% of the members shall be  
22 worker-members or candidates. A multi-stakeholder cooperative  
23 is a worker cooperative for purposes of this Act.

24 "Worker cooperative" means a limited cooperative  
25 association formed under this Act that includes a class of  
26 worker-members who are natural persons whose patronage

1 consists of labor contributed to or other work performed for  
2 the limited cooperative association. Election to be organized  
3 as a worker cooperative does not create a presumption that  
4 workers are employees of the corporation for any purposes. A  
5 worker cooperative formed under this Act may include additional  
6 classes of members whose rights and proprietary interests shall  
7 be determined by the articles or bylaws. At least 51% of the  
8 workers shall be worker-members or candidates.

9 "Worker" means a natural person contributing labor or  
10 services to a worker cooperative.

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

13 Section 15. Purpose of limited cooperative association.

14 (a) A limited cooperative association is an entity distinct  
15 from its members.

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

18 (c) An association organized under this Act elects to be a  
19 worker cooperative with the State of Illinois. Election to be  
20 organized as a worker cooperative does not create a presumption  
21 that workers are employees of the corporation for any purposes.

22 Section 20. Formation of limited cooperative association.

23 (a) A limited cooperative association must be organized by  
24 one or more organizers. Organizers need not be members or

1 worker-members of the worker cooperative.

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

5 Section 25. Articles of organization.

6 (a) The articles of organization of a limited cooperative  
7 association shall state:

8 (1) the domestic entity name of the limited cooperative  
9 association;

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

12 (3) the registered agent name and registered agent  
13 address of the association's initial registered agent;

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

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

18 (6) any other provision, not inconsistent with law,  
19 that the worker-members, members, or organizers elect to  
20 set out in the articles for the regulation of the internal  
21 affairs of the worker cooperative, including any  
22 provisions that, under this Act, are required or permitted  
23 to be set out in the bylaws of the worker cooperative.

24 Section 30. Organization of limited cooperative

1 association.

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

3 (1) if initial directors are named in the articles, the  
4 initial directors shall hold an organizational meeting to  
5 adopt initial bylaws and carry on any other business  
6 necessary or proper to complete the organization of the  
7 association; or

8 (2) if initial directors are not named in the articles,  
9 the organizers shall designate the initial directors and  
10 call a meeting of the initial directors to adopt initial  
11 bylaws and carry on any other business necessary or proper  
12 to complete the organization of the association.

13 (b) Unless the articles otherwise provide, the initial  
14 directors may cause the limited cooperative association to  
15 accept members, including those necessary for the association  
16 to begin business.

17 (c) Initial directors need not be members.

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

21 Section 35. Bylaws.

22 (a) Bylaws shall include:

23 (1) a statement of the capital structure of the limited  
24 cooperative association;

25 (2) the classes or other types of members' interests

1 and relative rights, preferences, and restrictions granted  
2 to or imposed upon each class or other type of member's  
3 interest, including:

4 (A) a statement concerning the manner in which  
5 profits and losses are allocated and distributions are  
6 made among members and, if community investors are  
7 authorized, the manner in which profits and losses are  
8 allocated and how distributions are made among  
9 investor members and between members and community  
10 investors;

11 (B) a statement designating voting and other  
12 governance rights of each class or other type of  
13 members' interests and, if relevant, community  
14 investors, including which members have voting power  
15 and any restriction on voting power;

16 (3) a statement of the method for admission of members;

17 (4) a statement that a member's interest is  
18 transferable, if it is to be transferable, and a statement  
19 of the conditions upon which it may be transferred;

20 (5) a statement concerning:

21 (A) whether persons that are not members but  
22 conduct business with the association may be permitted  
23 to share in allocations of profits and losses and  
24 receive distributions; and

25 (B) the manner in which profits and losses are  
26 allocated and distributions are made with respect to

1           those persons; and

2           (6) a statement of the number and terms of directors or  
3           the method by which the number and terms are determined;  
4           and

5           (7) a statement addressing members' contributions.

6           (b) Bylaws may contain any other provision for managing and  
7           regulating the affairs of the association.

8           Section 40. Members.

9           (a) To begin business, a limited cooperative association  
10          must have at least 3 members unless the sole member is a  
11          cooperative.

12          (b) A person becomes a member:

13                 (1) as provided in the articles or bylaws;

14                 (2) as the result of a merger or conversion under  
15          Section 65; or

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

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

19          (d) Unless the articles provide otherwise, a debt,  
20          obligation, or other liability of a limited cooperative  
21          association is solely that of the association and is not the  
22          debt, obligation, or liability of a member solely by reason of  
23          being a member.

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



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

4           (g) Failure to hold an annual assembly meeting does not  
5 affect the validity of any action by the limited cooperative  
6 association.

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

13           Section 45. Voting.

14           (a) The articles or bylaws may allocate voting power among  
15 members on the basis of one or a combination of the following:

16                 (1) one member, one vote;

17                 (2) if a member is a cooperative, the number of its  
18 members; or

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

21           (b) If the articles or bylaws allocate voting power on the  
22 basis of use or patronage and a member would be denied a vote  
23 because the member did not use the limited cooperative  
24 association or conduct patronage with it during the period on  
25 which the allocation of voting power is determined, the

1 articles or bylaws must provide that the member shall  
2 nevertheless be allocated a vote equal to at least the minimum  
3 voting power allocated to members who used the association or  
4 conducted patronage with it during the period.

5 (c) The articles or bylaws may provide for the allocation  
6 of member voting power by districts or class or any combination  
7 thereof.

8 (d) Community investors are not entitled to vote unless the  
9 articles or bylaws provide otherwise.

10 (e) At no time shall the members have less than a majority  
11 of the voting power of the limited cooperative association.

12 Section 50. Board of directors.

13 (a) A limited cooperative association must have a board of  
14 directors of at least 3 individuals, unless the limited  
15 cooperative association is a collective worker cooperative.  
16 Subsections (b) through (e) do not apply to collective worker  
17 cooperatives.

18 (b) The affairs of a limited cooperative association must  
19 be managed by, or under the direction of, the board of  
20 directors unless the board delegates those duties to the  
21 assembly of the limited cooperative association. The board may  
22 adopt policies and procedures that do not conflict with the  
23 articles, bylaws, or this Act.

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

1           (d) A debt, obligation, or other liability of a limited  
2 cooperative association is solely that of the association and  
3 is not a debt, obligation, or liability of a director solely by  
4 reason of being a director. An individual is not personally  
5 liable, directly or indirectly, for an obligation of an  
6 association solely by reason of being a director.

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

9           Section 55. Assembly.

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

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

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

21           Section 60. Dissolution. A limited cooperative association  
22 may be dissolved only by either (1) a two-thirds vote of the  
23 assembly, or (2) a vote of the assembly of a supermajority  
24 threshold stated in the bylaws that is more than two-thirds.

1 The vote shall be in accordance with Section 55, and upon  
2 dissolution its business and activities must be wound up in the  
3 manner provided under the Limited Liability Company Act for a  
4 limited liability company.

5 Section 65. Conversion. A limited cooperative association  
6 may convert into any form of entity permitted if the board of  
7 directors of the limited cooperative association adopts a plan  
8 of conversion and the assembly adopts such a plan by a  
9 two-thirds majority vote.

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

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

1 (805 ILCS 310/22) (from Ch. 32, par. 326)

2 Sec. 22. No corporation or association hereafter organized  
3 or doing business for profit in this State shall be entitled to  
4 use the term "Co-operative" as a part of its corporate or other  
5 business name or title unless it has complied with the  
6 provisions of this Act, except (1) a corporation organized  
7 under the Business Corporation Act of 1983 for the purpose of  
8 ownership or administration of residential property on a  
9 cooperative basis, ~~or~~ (2) a cooperative corporation organized  
10 under the General Not For Profit Corporation Act of 1986 or its  
11 predecessor or successor statutes, or (3) a limited worker  
12 cooperative association organized under the Limited Worker  
13 Cooperative Association Act. Any corporation or association  
14 violating the provision of this Section may be enjoined from  
15 doing business under such name at the instance of any  
16 shareholder of any association or corporation organized under  
17 this Act.

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

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

21 (815 ILCS 5/3) (from Ch. 121 1/2, par. 137.3)

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

1           A. Any security (including a revenue obligation) issued or  
2 guaranteed by the United States, any state, any political  
3 subdivision of a state, or any agency or corporation or other  
4 instrumentality of any one or more of the foregoing, or any  
5 certificate of deposit for any such security.

6           B. Any security issued or guaranteed by Canada, any  
7 Canadian province, any political subdivision of any such  
8 province, any agency or corporation or other instrumentality of  
9 one or more of the foregoing, or any other foreign government  
10 with which the United States then maintains diplomatic  
11 relations, if the security is recognized as a valid obligation  
12 by the issuer or guarantor.

13           C. (1) Any security issued by and representing an interest  
14 in or a debt of, or guaranteed by, any bank or savings bank,  
15 bank holding company, or credit union organized under the laws  
16 of the United States, or any bank, savings bank, savings  
17 institution or trust company organized and supervised under the  
18 laws of any state, or any interest or participation in any  
19 common trust fund or similar fund maintained by any such bank,  
20 savings bank, savings institution or trust company exclusively  
21 for the collective investment and reinvestment of assets  
22 contributed thereto by such bank, savings bank, savings  
23 institution or trust company or any affiliate thereof, in its  
24 capacity as fiduciary, trustee, executor, administrator or  
25 guardian.

26           (2) Any security issued or guaranteed to both principal and

1 interest by an international bank of which the United States is  
2 a member.

3 D. (1) Any security issued by and representing an interest  
4 in or a debt of, or guaranteed by, any federal savings and loan  
5 association, or any savings and loan association or building  
6 and loan association organized and supervised under the laws of  
7 any state.

8 (2) Any security issued or guaranteed by any federal credit  
9 union or any credit union, industrial loan association, or  
10 similar organization organized and supervised under the laws of  
11 any state.

12 E. Any security issued or guaranteed by any railroad, other  
13 common carrier, public utility or holding company where such  
14 issuer or guarantor is subject to the jurisdiction of the  
15 Interstate Commerce Commission or successor entity, or is a  
16 registered holding company under the Public Utility Holding  
17 Company Act of 1935 or a subsidiary of such a company within  
18 the meaning of that Act, or is regulated in respect of its  
19 rates and charges by a governmental authority of the United  
20 States or any state, or is regulated in respect of the issuance  
21 or guarantee of the security by a governmental authority of the  
22 United States, any state, Canada, or any Canadian province.

23 F. Equipment trust certificates in respect of equipment  
24 leased or conditionally sold to a person, if securities issued  
25 by such person would be exempt under subsection E of this  
26 Section.

1           G. Any security which at the time of sale is listed or  
2 approved for listing upon notice of issuance on the New York  
3 Stock Exchange, Inc., the American Stock Exchange, Inc., the  
4 Pacific Stock Exchange, Inc., the Chicago Stock Exchange, Inc.,  
5 the Chicago Board of Trade, the Philadelphia Stock Exchange,  
6 Inc., the Chicago Board Options Exchange, Incorporated, the  
7 National Market System of the Nasdaq Stock Market, or any other  
8 exchange, automated quotation system or board of trade which  
9 the Secretary of State, by rule or regulation, deems to have  
10 substantially equivalent standards for listing or designation  
11 as required by any such exchange, automated quotation system or  
12 board of trade; and securities senior or of substantially equal  
13 rank, both as to dividends or interest and upon liquidation, to  
14 securities so listed or designated; and warrants and rights to  
15 purchase any of the foregoing; provided, however, that this  
16 subsection G shall not apply to investment fund shares or  
17 securities of like character, which are being continually  
18 offered at a price or prices determined in accordance with a  
19 prescribed formula.

20           The Secretary of State may, after notice and opportunity  
21 for hearing, revoke the exemption afforded by this subparagraph  
22 with respect to any securities by issuing an order if the  
23 Secretary of State finds that the further sale of the  
24 securities in this State would work or tend to work a fraud on  
25 purchasers of the securities.

26           H. Any security issued by a person organized and operated



1 not for pecuniary profit and exclusively for religious,  
2 educational, benevolent, fraternal, agricultural, charitable,  
3 athletic, professional, trade, social or reformatory purposes,  
4 or as a chamber of commerce or local industrial development  
5 corporation, or for more than one of said purposes and no part  
6 of the net earnings of which inures to the benefit of any  
7 private stockholder or member.

8 I. Instruments evidencing indebtedness under an agreement  
9 for the acquisition of property under contract of conditional  
10 sale.

11 J. A note secured by a first mortgage upon tangible  
12 personal or real property when such mortgage is made, assigned,  
13 sold, transferred and delivered with such note or other written  
14 obligation secured by such mortgage, either to or for the  
15 benefit of the purchaser or lender; or bonds or notes not more  
16 than 10 in number secured by a first mortgage upon the title in  
17 fee simple to real property if the aggregate principal amount  
18 secured by such mortgage does not exceed \$500,000 and also does  
19 not exceed 75% of the fair market value of such real property.

20 K. A note or notes not more than 10 in number secured by a  
21 junior mortgage lien if the aggregate principal amount of the  
22 indebtedness represented thereby does not exceed 50% of the  
23 amount of the then outstanding prior lien indebtedness and  
24 provided that the total amount of the indebtedness (including  
25 the indebtedness represented by the subject junior mortgage  
26 note or notes) shall not exceed 90% of the fair market value of

1 the property securing such indebtedness; and provided further  
2 that each such note or notes shall bear across the face thereof  
3 the following legend in letters at least as large as 12 point  
4 type: "THIS NOTE IS SECURED BY A JUNIOR MORTGAGE".

5 L. Any negotiable promissory note or draft, bill of  
6 exchange or bankers' acceptance which arises out of a current  
7 transaction or the proceeds of which have been or are to be  
8 used for current transactions, and which evidences an  
9 obligation to pay cash within 9 months of the date of issuance  
10 exclusive of days of grace, or any renewal of such note, draft,  
11 bill or acceptance which is likewise limited, or any guarantee  
12 of such note, draft, bill or acceptance or of any such renewal,  
13 provided that the note, draft, bill, or acceptance is a  
14 negotiable security eligible for discounting by banks that are  
15 members of the Federal Reserve System. Any instrument exempted  
16 under this subsection from the requirement of Sections 5, 6,  
17 and 7 of this Act shall bear across the face thereof the  
18 following legend in letters at least as large as 12 point type:  
19 "THIS INSTRUMENT IS NEITHER GUARANTEED, NOR IS THE ISSUANCE  
20 THEREOF REGULATED BY ANY AGENCY OR DEPARTMENT OF THE STATE OF  
21 ILLINOIS OR THE UNITED STATES.". However, the foregoing legend  
22 shall not be required with respect to any such instrument:

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

25 (ii) sold to a "Qualified Institutional Buyer" as that  
26 term is defined in Rule 144a adopted under the Securities

1 Act of 1933;

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

4 (iv) issued by an issuer that has any class of  
5 securities registered under Section 12 of the Securities  
6 Exchange Act of 1934 or has any outstanding class of  
7 indebtedness rated in one of the 3 highest categories by a  
8 rating agency designated by the Department;

9 M. Any security issued by and representing an interest in  
10 or a debt of, or guaranteed by, any insurance company organized  
11 under the laws of any state.

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

26 O. Any option, put, call, spread or straddle issued by a

1 clearing agency registered as such under the Federal 1934 Act,  
2 if the security, currency, commodity, or other interest  
3 underlying the option, put, call, spread or straddle is not  
4 required to be registered under Section 5.

5 P. Any security which meets all of the following  
6 conditions:

7 (1) If the issuer is not organized under the laws of  
8 the United States or a state, it has appointed a duly  
9 authorized agent in the United States for service of  
10 process and has set forth the name and address of the agent  
11 in its prospectus.

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

16 (3) Neither the issuer nor a significant subsidiary has  
17 had a material default during the last seven years, or for  
18 the period of the issuer's existence if less than seven  
19 years, in the payment of (i) principal, interest, dividend,  
20 or sinking fund installment on preferred stock or  
21 indebtedness for borrowed money, or (ii) rentals under  
22 leases with terms of three years or more.

23 (4) The issuer has had consolidated net income, before  
24 extraordinary items and the cumulative effect of  
25 accounting changes, of at least \$1,000,000 in four of its  
26 last five fiscal years including its last fiscal year; and

1 if the offering is of interest bearing securities, has had  
2 for its last fiscal year, net income, before deduction for  
3 income taxes and depreciation, of at least 1-1/2 times the  
4 issuer's annual interest expense, giving effect to the  
5 proposed offering and the intended use of the proceeds. For  
6 the purposes of this clause "last fiscal year" means the  
7 most recent year for which audited financial statements are  
8 available, provided that such statements cover a fiscal  
9 period ended not more than 15 months from the commencement  
10 of the offering.

11 (5) If the offering is of stock or shares other than  
12 preferred stock or shares, the securities have voting  
13 rights and the rights include (i) the right to have at  
14 least as many votes per share, and (ii) the right to vote  
15 on at least as many general corporate decisions, as each of  
16 the issuer's outstanding classes of stock or shares, except  
17 as otherwise required by law.

18 (6) If the offering is of stock or shares, other than  
19 preferred stock or shares, the securities are owned  
20 beneficially or of record, on any date within six months  
21 prior to the commencement of the offering, by at least  
22 1,200 persons, and on that date there are at least 750,000  
23 such shares outstanding with an aggregate market value,  
24 based on the average bid price for that day, of at least  
25 \$3,750,000. In connection with the determination of the  
26 number of persons who are beneficial owners of the stock or

1 shares of an issuer, the issuer or dealer may rely in good  
2 faith for the purposes of this clause upon written  
3 information furnished by the record owners.

4 (7) The issuer meets the conditions specified in  
5 paragraphs (2), (3) and (4) of this subsection P if either  
6 the issuer or the issuer and the issuer's predecessor,  
7 taken together, meet such conditions and if: (a) the  
8 succession was primarily for the purpose of changing the  
9 state of incorporation of the predecessor or forming a  
10 holding company and the assets and liabilities of the  
11 successor at the time of the succession were substantially  
12 the same as those of the predecessor; or (b) all  
13 predecessors met such conditions at the time of succession  
14 and the issuer has continued to do so since the succession.

15 Q. Any security appearing on the List of OTC Margin Stocks  
16 published by the Board of Governors of the Federal Reserve  
17 System or any security incorporated by reference to the List of  
18 OTC Margin Stocks by the Board of Governors of the Federal  
19 Reserve System; any other securities of the same issuer which  
20 are of senior or substantially equal rank; any securities  
21 called for by subscription rights or warrants so listed or  
22 approved; or any warrants or rights to purchase or subscribe to  
23 any of the foregoing.

24 R. Any security issued by a bona fide limited worker  
25 cooperative association or by a bona fide agricultural  
26 cooperative operating in this State that is organized under the

1 laws of this State or as a foreign cooperative association  
2 organized under the law of another state that has been duly  
3 qualified to transact business in this State.

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

5 Section 99. Effective date. This Act takes effect January  
6 1, 2020.