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SUBPART A: RULES OF GENERAL APPLICATION

Section 130.100 Business Hours of the Securities Department

a) The principal office of the Securities Department at Lincoln Tower, Suite 200, 520 South Second Street, Springfield, Illinois  62701, is open each day, except Saturdays, Sundays and holidays, from 8:00 a.m. to 4:30 p.m. Central Standard Time or Central Daylight Savings Time, whichever is currently in effect in Springfield.

b) An office of the Securities Department at 17 North State Street, Suite 1100, Chicago, Illinois 60602-2903, is open each day, except Saturdays, Sundays and holidays, from 8:30 a.m. to 5:00 p.m. Central Standard Time or Central Daylight Savings Time, whichever is currently in effect in Chicago.

Section 130.101 Computation of Time

The time within which an act under The Illinois Securities Law of 1953, (Ill. Rev. Stat. 1985, ch. 121 1/2, par. 137.1 et seq.) (the "Act") shall be done shall be computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or holiday as defined or fixed in any statute now or hereafter in force in this state, and then it shall also be excluded. If the day succeeding such Saturday, Sunday or holiday is also a Saturday, Sunday or holiday, then such succeeding day shall also be excluded.

Section 130.110 Payment of Fees

a) Fees under the Act are as follows:

Section 2a (Federal covered transactions or securities)
Issuers of securities pursuant to Regulation D, Rule 506 of the Federal Act $100
Issuers of shelf offerings $500-$6,000**
Series issuers $500-$3,000**
Issuers of face amount certificate contracts $1,000
Issuers of open-end investment fund shares $1,000 plus $100 for each series, class or portfolio

General filing fee for securities not covered above $500-$2,500**

Section 4.D
Filing Fee $100

Section 4.F.2
Application Filing Fee $1,000

Section 4.G
Report of Sale Filing Fee $100
Late filing fee $200 ($100 filing fee plus $100 late fee)

Section 4.P
Offering Sheet Examination Fee $300
Report of Sale Filing Fee $10-$100*
Section 5.A
General Filing or Renewal Fee $500-$2,500**
Filing or Renewal Fee for Shelf Offerings $500-$6,000**
Filing or Renewal Fee for Series Issuers $500-$3,000**

Section 5.B
If registered pursuant to the Federal 1933 Act:
General Examination Fee $300
General Filing Fee $500-$2,500**
Filing or Renewal Fee for Shelf Offerings $500-$6,000**
Filing or Renewal Fee for Series Issuers $500-$3,000**
If not registered pursuant to the Federal 1933 Act:
Examination Fee $150
Filing Fee $250
Amendment Examination Fee $25

Section 5.C
Additional Fee $500

Section 5.E
Additional fee for renewal of securities 9 business days or less but prior to expiration of registration or renewal $200
Additional fee after expiration of registration or renewal (not to exceed one year after the date of expiration of the most recent registration or renewal)

1st-30th day $500
31st-60th day $1,000
61st-90th day $1,500
91st-120th day $2,000
121st-150th day $2,500
151st-180th day $3,000
On or after 181st day $5,000
Section 5.H
Additional fee for the failure to file or file timely any required post-registration document $50
Additional fee for the failure to file or file timely notice of SEC effectiveness for filings made on the third through tenth business day after SEC effectiveness $100
Additional fee for the failure to file or file timely notice of SEC effectiveness for filings made after the tenth day after SEC effectiveness

11th-30th day $200
31st-60th day $400
61st-90th day $600
91st-120th day $800
121st-150th day $1,000
151st-180th day $1,200
On or after the 181st day $2,500

Section 6.A
Filing or Renewal Fee $1,000
Amendment Filing Fee for Additional Series, Types or Classes $100

Section 6.B
Examination Fee $300
Filing or Renewal Fee $1,000
Amendment Examination Fee $50
Amendment Filing Fee for Additional Series, Types or Classes $100
Transaction Charge $10
Annual Fee 1/30th of 1% of average of Quarterly computation of aggregate principal amount of securities on deposit

Section 6.F
Additional fee for renewal
of securities 9 business days or less but prior to expiration of registration or renewal $200
Additional fee after expiration of registration or renewal (not to exceed one year after the date of expiration of the most recent registration or renewal)

1st-30th day $500
31st-60th day $1,000
61st-90th day $1,500
91st-120th day $2,000
121st-150th day $2,500
151st-180th day $3,000
On or after the 181st day $5,000

Section 6.L
Additional fee for the failure to file or file timely any required post-registration document $50
Additional fee for the failure to file or file timely notice of SEC effectiveness for filings made on the third through tenth business day after SEC effectiveness $100
Additional fee for the failure to file or file timely notice of SEC effectiveness for filings made after the tenth day after SEC effectiveness

11th-30th day $200
31st-60th day $400
61st-90th day $600
91st-120th day $800
121st-150th day $1,000
151st-180th day $1,200
On or after the
Section 7.A
Filing or Renewal Fee
$1,000 plus $100 for each series, class or portfolio

Section 7.B
Examination Fee $300
Filing or Renewal Fee $1,000 plus $100 for each series, class or portfolio

Amendment Examination Fee $50

Section 7.D
Amendatory statement $100

Section 7.G
Additional fee for renewal of securities 9 business days or less but prior to expiration of registration or renewal $200

Additional fee after expiration of registration or renewal (not to exceed one year after the date of expiration of the most recent registration or renewal)

1st-30th day $500
31st-60th day $1,000
61st-90th day $1,500
91st-120th day $2,000
121st-150th day $2,500
151st-180th day $3,000
On or after the 181st day $5,000

Section 7.J
Additional fee for the failure to file or file timely any required post-registration document $50

Additional fee for the failure
to file or file timely notice of SEC effectiveness for filings made on the third through tenth business day after SEC effectiveness $100
Additional fee for the failure to file or file timely notice of SEC effectiveness for filings made after the tenth day after SEC effectiveness

11th-30th day $200
31st-60th day $400
61st-90th day $600
91st-120th day $800
121st-150th day $1,000
151st-180th day $1,200
On or after the 181st day $2,500

Section 8
Dealer Filing or Renewal Fee $300*** plus $20 for each branch office in this State

Dealer fee to report a change in its form of organization $300

Investment Adviser Filing or Renewal Fee $200***plus $20 for each branch office in this State
Investment Adviser notification filing fee or renewal fee

Federal Covered Investment Adviser fee and Investment Adviser fee to report a change in its form of organization $200

Salesperson Filing or Renewal Fee $75 ($40 filing or renewal fee and $35 Securities

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Audit and Enforcement Fund fee; all fees may be paid by a single check.

Salesperson Transfer Fee

Federal Covered Investment Adviser Representative and Investment Adviser Representative

Federal Covered Investment Adviser Representative and Investment Adviser Representative transfer fee

Section 8.J
Additional fee for the failure to file or file timely any required statement of financial condition or financial statement

Additional fee for the second and subsequent failure to file or file timely any required statement of financial condition or financial statement

Additional fee for the failure to file or file timely any required post-registration or post-notification document (other than statement of financial condition or financial statement)

Additional fee for the second and subsequent failure to file or file timely any required post-registration or post-notification document (other than statement of financial condition or financial statement)

Section 10
Service of Process (when served upon the Secretary)
Sections 15.B and 15.C
Certificate $10
Certified Copy of Document $10 plus
Each Page Certified $ .50

Section 15a
Non-binding statement $75

Duplication of documents each page duplicated $ .50

Additional fee for payment of fee returned to the Securities Department due to insufficient funds or for a similar reason $50

* 1/10th of 1% of the aggregate dollar amount reported therein, but not less than the specified minimum nor more than the specified maximum.

** 1/20th of 1% of the maximum aggregate price, as defined in Section 130.251 of this Part, but not less than the specified minimum nor more than the specified maximum.

b) All payments of fees, except for payment of administrative fines under Section 11.E of the Act as set forth below, shall be made by check, money order, certified check, bank cashier's check, bank money order or indicia of forms of electronic transfer of funds payable to the "Secretary of State". No third party check or money order endorsed over to the Secretary of State ("Secretary") shall be accepted as payment of any fee. All payments for administrative fines under Section 11.E of the Act in excess of $500, except for a person registered under Section 5, 6, 7 or 8 of the Act, shall be made by money order, certified check or bank cashier's check.

c) Any person whose payment of fees is returned to the Securities Department due to insufficient funds or for a similar reason shall pay to the Secretary the amount of fee owed plus an additional fee as set forth in this Section for each payment returned. This fee shall include the fee required by 5 ILCS 290/10.

d) The Secretary shall require any person to make payment of fees in the form of a United States postal money order, certified check, bank cashier's check or bank money order if any previous payment of fees has been returned to the Securities Department due to insufficient funds or for a similar reason.

e) All payment of fees under the Act for which a calculation of the fee is required shall be deemed to be filed and the fees paid upon receipt by the Securities Department, provided that the fee paid is within $5 of the actual amount due.

Section 130.120  Place of Filing
All applications for registration or exemption from registration and other papers filed with the Securities Department or the Secretary pursuant to Section 4, 5, 6, 7, 8, 9, 13 or 15a of the Act shall be filed at Springfield or Chicago, Illinois. Such material may be filed by delivery to the Securities Department, through the mails or otherwise. In addition, such material may be filed electronically or by facsimile with the Securities Department. All other papers filed with the Securities Department or the Secretary pursuant to the Act may be filed at the office of the Securities Department in Springfield or Chicago, Illinois.

Section 130.130 Date of Filing

a) Except as otherwise specified in Section 4, 5, 6, 7 or 8 of the Act, the date of filing of any document required to be filed with the Securities Department shall be the date of delivery of the document and any required fee to the Securities Department in Springfield or Chicago, Illinois, as specified in Section 130.120 of this Part, or:

1) if transmitted through the United States mail, shall be deemed filed with the Secretary on the date shown by the post office cancellation mark stamped upon the envelope or other wrapper containing the document or fee;

2) if mailed but not received by the Secretary, or if received but without a cancellation mark or with the cancellation mark illegible or erroneous, shall be deemed filed with the Secretary on the date it was mailed, but only if the sender establishes by competent evidence that the document or fee was deposited, properly addressed, in the United States mail on or before the date on which it was required or was due. In cases in which the document or fee was mailed but not received, the sender must also submit, or pay to, the Secretary a duplicate document or fee, or both, as the case may be, within 30 days after written notification of nonreceipt of the document or fee is given by the Secretary to the person claiming to have sent the document or fee;

3) if a document or fee is sent by United States registered mail, certified mail or certificate of mailing, a record authenticated by the United States Postal Service of such registration, certification or certificate shall be considered competent evidence that the document or fee was mailed on the date shown on the record;

4) if transmitted electronically, it shall be deemed filed with the Secretary on the date the information that is inscribed or stored electronically becomes retrievable in perceivable form to the Securities Department.

b) A document may not be deemed to be filed with the Secretary unless all requirements of the Act with respect to such filing have been complied with and the required fee has been paid.

Section 130.135 Registration of Securities under Section 5 or 7 of the Act Utilizing the SRD

For the purpose of this Section and to implement a supplemental registration procedure known as the SRD, a computer based registration system for the registration and renewal of registration of securities, investment fund shares and unit investment trusts registered under the Federal 1933 Act and the Federal 1940 Investment Company Act, the term "with the Secretary of State" as used in Sections 5(A), 5(B), 5(E), 7(A), 7(B) and 7(G) of the Act or this Part shall include a filing made with the SRD.

Section 130.140 Requirements as to Proper Form
Any document filed with the Secretary pursuant to the Act shall be prepared in accordance with the form, if any, prescribed therefor by the Secretary as in effect on the date of filing. Any such document shall be deemed to be filed on the proper form unless objection to the form is made by the Securities Department.

**Section 130.141 Additional Information**

In addition to the information expressly required to be included in a document filed under Section 4, 5, 6, 7 or 8 of the Act, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.

**Section 130.142 Additional Exhibits (Repealed)**

**Section 130.143 Information Unknown or Not Reasonably Available**

Information required need be given only insofar as it is known or reasonably available to the registrant. If any required information is unknown and not reasonably available to the registrant, either because the obtaining thereof would involve unreasonable effort or expense, or because it rests peculiarly within the knowledge of another person not affiliated with the registrant, the information may be omitted, subject to the following conditions:

a) The registrant shall give such information on the subject as it possesses or can acquire without unreasonable effort or expense, together with the sources thereof.

b) The registrant shall include a statement either showing that unreasonable effort or expense would be involved or indicating the absence of any affiliation with the person within whose knowledge the information rests and stating the result of a request made to the person for the information.

**Section 130.144 Requirements as to Paper, Printing, and Language**

a) Application for registration shall be filed on good quality, unglazed, white paper 8 1/2 by 11, inches in size, insofar as practicable. However, tables, charts, maps, and financial statements may be on larger paper, if folded to that size, and the prospectus may be on smaller paper, if the registrant so desires, but not less than 7 1/2 by 9 inches in size.

b) The application for registration and, insofar as practicable, all papers and documents filed as a part thereof, shall be printed, lithographed, mimeographed, or typewritten. However, the application or any portion thereof may be prepared by any similar process which in the opinion of the Secretary of State produces copies suitable for permanent record. Irrespective of the process used, all copies of the material shall be clear, easily readable and suitable for repeated photocopying. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies.

c) The application for registration shall be in the English language. If any exhibit or other paper or document filed with the application for registration is in a foreign language, it shall be accompanied by a translation into the English language.

**Section 130.145 Number of Copies--Signatures**
a) One copy of the completed application for registration, manually signed by the applicant, including exhibits and all other papers and documents filed as a part of the application, shall be filed with the Secretary of State.

b) If any name is signed to the application for registration pursuant to a power of attorney, copies of the power of attorney shall be filed with the application for registration. In addition, if the name of any officer signing on behalf of the applicant, or attesting the applicant's seal, is signed pursuant to a power of attorney, certified copies of a resolution of the applicant's board of directors authorizing the signature shall be filed with the application for registration.

c) Signatures to or within any electronic submission shall be in printed or typed form rather than manual format. A manually signed signature page or other document authenticating, acknowledging or otherwise adopting the signatures that appear in printed or typed form within an electronic filing shall be executed before or at the time the electronic filing is made and shall be retained by the filer for a period of six years from the date of expiration or termination of the registration of the security, salesperson, dealer, investment adviser or investment adviser representative. A signature on a document filed by facsimile is prima facie evidence for all purposes that the document actually was signed by the person whose signature appears on the facsimile.

Section 130.190  Provisions for Granting of Variance from Rules

The Secretary of State or his or her designee may grant variances from this Part in individual cases where he or she determines that:

a) the provision from which the variance is granted is not statutorily mandated;

b) no party will be injured by granting the variance; and

c) the Rule from which the variance is granted would, in the particular case, be unnecessarily burdensome.

SUBPART B: DEFINITIONS

Section 130.200  Definitions of Terms Used in the Act and the Rules

a) As used in the Act and this Part, unless the context otherwise requires, the term:

"Act" means the Illinois Securities Law of 1953, as amended, [815 ILCS 5] and this Part.

"Affiliate" of, or a person "affiliated" with, a specified person means a person who, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

"Amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to shares, and the number of units if relating to any other kind of security.

"Applicant" means the person making application for registration or exemption.
"Certified", when used in regard to financial statements, means examined and reported upon with an opinion expressed by an independent certified public accountant.

"CFTC" means the Federal Commodity Futures Trading Commission.

"Charter" includes articles of incorporation, a declaration of trust, articles of association or partnership, or any similar instrument, as amended, affecting (either with or without filing with any governmental agency) the organization or creation of an incorporated or unincorporated person.

"Correspondent" means the person authorized in the application for registration or exemption to receive notices and communications from the Secretary.

"Controlling Person" as used in Section 4.F of the Act shall not include any sponsor of a unit investment trust after the completion of the initial distribution.

"CRD" means the computer registration system for the registration of dealers and salespersons known as the "Central Registration Depository" operated by the NASD.

"Customer", as used in Section 130.270 of this Part, means any person for whom the futures commission merchant effects or intends to effect transactions in futures, options on futures, or any other instruments subject to CFTC jurisdiction.

"Director" means any director of a corporation or any person performing similar functions with respect to any organization whether incorporated or unincorporated.

"Employee" does not include a director, trustee, or officer.

"Federal 1933 Act" means the Act of Congress of the United States known as the Securities Act of 1933 (15 U.S.C. Secs. 77a-77aa), as in effect on August 1, 1997 (no subsequent amendments or editions).


"Federal 1936 Act" means the Act of Congress of the United States known as the Commodity Exchange Act of 1936 (7 U.S.C. Sec. 1 et seq.), as in effect on August 1, 1997 (no subsequent amendments or editions).

"Federal 1940 Investment Company Act" means the Act of Congress of the United States known as the Investment Company Act of 1940, (15 U.S.C. Secs. 80a-1-80a-52), as in effect on August 1, 1997 (no subsequent amendments or editions).

"Federal 1940 Investment Advisers Act" means the Act of Congress of the United States known as the Investment Advisers Act of 1940 (15 U.S.C. Secs. 80b-1 through 80b-21), as in effect on August 1, 1997 (no subsequent amendments or editions).
"Federal Banking Act of 1933" means the Federal Banking Act of 1933 (12 USC 227), and the Rules and Regulations thereunder, as in effect on August 1, 1997 (no subsequent amendments or editions).

"Federal Covered Investment Adviser Representatives" means any person with a place of business in this State who is an investment adviser representative of a federal covered investment adviser.

"Federal Public Utility Holding Company Act of 1935" means the Federal Public Utility Holding Company Act of 1935 (15 USC subsection 79 through 79z-6), and the Rules and Regulations thereunder, as in effect on August 1, 1997 (no subsequent amendments or editions).

"Fiscal Year" means the annual accounting period or, if no accounting period has been adopted, the calendar year ending on December 31.

"Futures" and "Futures Contracts", as used in Section 130.270 of this Part, mean contracts of sale of a commodity for future delivery traded on or subject to the rules of a contract market designated by the CFTC or traded on or subject to the rules of any board of trade located outside the United States, its territories or possessions.

"Futures Commission Merchants", as used in Section 130.270 of this Part, means individuals, associations, partnerships, corporations and trusts engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market and that, in or in connection with such solicitation or acceptance of orders, accepts any money, securities, or property (or extends credit in lieu thereof) to margin, guarantee or secure any trades or contracts that result or may result therefrom.

"Hearing" means a proceeding conducted by the Securities Department in which the rights, privileges, immunities, duties or obligations of any person or party are required by law to be determined by the Secretary only after opportunity for a hearing.

"Hearing Officer" means the designee of the Secretary or the Securities Director who, pursuant to Section 11 of the Act, is designated in the Notice of Hearing to preside at a hearing conducted pursuant to Section 11 of the Act or any person so designated as a substitute hearing officer.

“IARD” means the computer web-based registration system for the registration of investment advisers and investment adviser representatives known as the Investment Adviser Registration Depository operated by the NASD.

"Identifying Statement" means a written or oral communication or advertisement meeting the requirements of Section 130.210(b)(1) of this Part.

"Insolvency" or “Insolvent" means the inability to pay debts and obligations when due or when current liabilities exceed current assets. Any party regulated by this Part claiming insolvency shall file with the Securities Department a balance sheet prepared as of a current date and executed and verified by the chief financial officer of the issuer.
"Internal Revenue Code" means the Internal Revenue Code of 1986 (26 U.S.C. 1-9602) and the Rules and Regulations thereunder, as in effect on August 1, 1997 (no subsequent amendments or editions).

"Majority-Owned Subsidiary" means a subsidiary more than 50% of whose outstanding securities, which represent the right, other than as affected by events of default, to vote for the election of directors, is owned by the subsidiary's parent and/or one or more of the parent's other majority-owned subsidiaries.

"Material", when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters as to which there is a substantial likelihood that a reasonable investor would consider it important in deciding upon a course of action to be taken, including, but without limitation, purchasing, selling or holding the security or securities involved, or accepting or rejecting an offer or proposal made with regard to any security or securities.

"NASD" means the self-regulatory organization registered under the Federal 1934 Act, as defined in this Section, known as the "National Association of Securities Dealers, Inc."


"Office", unless otherwise clarified, refers to the Office of the Securities Department of the Secretary of State, and not to any particular address or location.

"Officer" means the president; any vice president in charge of a principal business unit, division or function; the secretary; the treasurer; any principal financial officer, comptroller or principal accounting officer; any other officer performing a principal policy-making function and any other person performing similar functions with respect to any organization whether incorporated or unincorporated.

"Options on Futures", as used in Section 130.270 of this Part, means puts or calls on a futures contract traded on or subject to the rules of a contract market designated by the CFTC or traded or subject to the rules of any board of trade located outside the United States, its territories or possessions.

Pacific Coast Stock Exchange, Inc." means the Pacific Stock Exchange, Inc.

"Parent" of a specified person means an affiliate controlling such person directly or indirectly through one or more intermediaries.

"Party" means any person named as a petitioner or a respondent in a hearing conducted by the Securities Department.

"Person" means a natural person, a corporation, a partnership, a limited partnership, a limited liability company, a limited liability limited partnership, an association, a joint stock company, a trust or any unincorporated organization.
except that, as used in this Section, the word "trust" includes only a trust where the interest or the interests of the beneficiary or beneficiaries are a security.

"Place of Business" of a federal covered investment adviser representative means a location at which the federal covered investment adviser representative provides investment advisory services, solicits, meets with, or otherwise communicates with clients, and any other location that is held out to the general public as a location at which the investment adviser representative provides investment advisory services, solicits, meets with, or otherwise communicates with clients.

"Predecessor" means a person, the major portion of the business and assets of which another person acquired in a single succession or in a series of related successions in each of which the acquiring person acquired the major portion of the business and assets of the acquired person.

"Preliminary Prospectus" means a document meeting the requirements of Section 130.210(b)(2) of this Part.

"Principal Underwriter" means an underwriter in privity of contract with the issuer of the securities as to which such person is an underwriter.

"Promoter" means any person who, acting alone or in conjunction with one or more other persons, directly or indirectly takes initiative in founding and organizing the business or enterprise of an issuer; or any person who, in connection with the founding and organizing of the business or enterprise of an issuer, directly or indirectly receives in consideration of services or property, or both, 10% or more of any class of securities of the issuer or 10% or more of the proceeds from the sale of any class of securities of the issuer. However, a person who receives the securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition subsection if the person does not otherwise take part in founding and organizing the enterprise.

"Prospectus" means any prospectus, notice, circular, advertisement, letter or communication, written or by radio, or television or other communications medium, that which offers any security for sale or confirms the sale of any security; except that a communication sent or given after the effective date of the registration of the security (other than a prospectus permitted under Section 10(b) of the Federal 1933 Act, as defined in this Section) shall not be deemed a prospectus if it is proved that, prior to or at the same time as the communication, a written prospectus, meeting the requirements of Section 10(a) of the Federal 1933 Act, as defined in this Section at the time of the communication, was sent or given to the person to whom the communication was made, and a notice, circular, advertisement, letter or communication in respect to a security shall not be deemed to be a prospectus if it states from whom a written prospectus meeting the requirements of Section 5 of the Act may be obtained and, in addition, does no more than identify the security, state the price thereof, state by whom orders will be executed, and contain such other information as the Secretary by this Part deems necessary or appropriate in the public interest and for the protection of investors and, subject to such terms and conditions as may be described therein, may permit.
"Regulated Account" as used in Section 130.270 of this Part means a customer segregation account subject to 17 CFR 1.20 as in effect on August 1, 1997 (no subsequent amendments or editions); provided, however, that, where such regulations do not permit to be maintained in such an account or require to be maintained in a separate regulated account funds or securities in proprietary accounts or funds or securities used as margin for or excess funds related to futures contracts, options on futures or any other instruments subject to CFTC jurisdiction that trade outside the United States, its territories or possessions, the term "regulated account" means such separate regulated account or any other account subject to 17 CFR 1.31 et seq. as in effect on August 1, 1997 (no subsequent amendments or editions).

"Registrant" means the issuer of the securities that which are the subject of the application for registration.

"Rules" refers to all rules adopted by the Secretary pursuant to the Act.

"Share" means a share of stock in a corporation or unit of interest in an unincorporated person.

"SEC" means the United States Securities and Exchange Commission.

"Secretary of State" or "Secretary" means the Secretary of State of Illinois.

"Section" refers to a Section of this Part unless a reference to the Act is specifically made.

"Securities Department" means the Securities Department of the Office of the Secretary of State.


"Segregated Customer Funds", as used in Section 130.270 of this Part, means funds subject to 17 CFR Part 1 Sec. 1.20 as in effect on August 1, 1997 (no subsequent amendments or editions).

"SRD" means the automated computer registration system for the registration and renewal of registration of securities, investment fund shares and unit investment trusts registered under the Federal 1933 Act and Federal 1940 Investment Company Act known as the Securities Registration Depository.

"Significant Subsidiary" means a subsidiary where

the assets of the subsidiary, or the investments in and advances to the subsidiary by its parent and the parent's other subsidiaries, if any, exceed 15% of the assets of the parent and its subsidiaries on a consolidated basis; or

the sales and operating revenues of the subsidiary exceed 15% of the sales and operating revenues of its parent and the parent's subsidiaries on a consolidated basis.
In determining whether a subsidiary is a significant subsidiary, such a subsidiary shall be considered in the aggregate with any subsidiaries of which it is the parent.

"State Bond and Mortgage Company" means the company currently known as SBM Certificate Company or any successor company.

"Subsidiary" of a specified person is an affiliate controlled by such person directly or indirectly through one or more intermediaries. (See also "Majority-Owned Subsidiary", "Significant Subsidiary" and "Totally-Held Subsidiary".)

"Succession" means the direct acquisition of the assets comprising a going business, whether by merger, consolidation, purchase, or other direct transfer. The term does not include the acquisition of control of a business unless followed by the direct acquisition of its assets. The terms "succeed" and "successor" have the same meaning as "succession".

"Totally-Held Subsidiary" means a subsidiary substantially all of whose outstanding securities are owned by its parent and/or the parent's other totally-held subsidiaries, and that which is not indebted to any person other than its parent and/or the parent's other totally-held subsidiaries in an amount that which is material in relation to the particular subsidiary, excepting indebtedness incurred in the ordinary course of business that which is not overdue and that which matures within one year from the date of its creation, whether evidenced by securities or not.

"Unit Investment Trust" means an investment company which:

is organized under a trust indenture, agency or custodianship contract or similar instrument; does not have a board of directors; and

issues only redeemable securities, each of which represents an undivided interest in a unit of specified securities.

The term "unit investment trust" does not include a voting trust.

"Unsolicited Transaction" as used in Section 130.270 of this Part means a transaction that is not effected in a discretionary account or recommended to a customer by the futures commission merchant, an associated person of a futures commission merchant, a business affiliate that is controlled by, controlling, or under common control with the futures commission merchant, or an introducing broker that is guaranteed by the futures commission merchant.

b) A Section in this Part that defines a term without express reference to the Act or to this Part or to a portion thereof or hereof defines such term for all purposes as used both in the Act and in this Part. Terms defined in the Act and not defined in this Part have the meanings given them in the Act.

(Source: Amended at 25 Ill. Reg. 8817 , effective July 6, 2001 )

Section 130.201 Definition of the Term "Investment Contract", as Used in Section 2.1 of the Act
The term "investment contract" shall include, but not be limited to:

a) any interest or participation in a contract, transaction, scheme, common enterprise, or profit-seeking venture whereby the investor transfers capital to the promoter or promoters thereof or invests therein and looks to the promoter or promoters for the success of the venture;

b) any interest as a limited partner in a limited partnership;

c) any investment with regard to completion costs of any oil, gas, or other mineral lease, right or royalty; and

d) any enterprise or venture whereby the investor is solicited to transfer initial capital to an enterprise on the promise or inducement that a value or benefit will accrue to the investor from the enterprise where the investor's capital is placed at risk by the enterprise and the investor asserts no managerial or operational control over the enterprise.

Section 130.202 Definition of the Term "Fractional Undivided Interest", as Used in Section 2.1 of the Act with Reference to Oil and/or Gas Leases, Rights or Royalties

The term "fractional undivided interest" as used with reference to oil and/or gas leases, rights or royalties includes landowner's royalty interests, overriding interests, working interests, participating interests, and oil or gas payments, as the terms are hereinafter defined in this Section:

a) The term "landowner's royalty interests" means fractional undivided interests in the royalty reserved by a landowner or fee owner upon the creation of an oil or gas lease.

b) the term "overriding royalty interests" means fractional, undivided interests or rights of participation in the oil or gas, or in the proceeds from the sale of the oil or gas, produced from a specified tract or tracts, which are limited in duration to the terms of an existing lease and which are not subject to any portion of the expense of development, operation or maintenance.

c) The term "working interests" means fractional, undivided interests in an oil or gas leasehold which are subject to any portion of the expense of development, operation or maintenance and the costs of which include leasehold acquisition and drilling costs and any promotional expenses.

d) The term "participating interests" means fractional, undivided interests or rights of participation in the oil or gas, or in the proceeds from the sale of oil or gas, produced from a specified tract(s) or well(s), which are limited in duration to the terms of an existing lease and which are subject to any portion of the expense of development, operation or maintenance.

e) The term "oil or gas payments" means fractional, undivided interests or rights of participation in the oil or gas, or in the proceeds from the sale of oil or gas, produced from a specified tract(s) or well(s) and which are limited to a maximum amount fixed in barrels of oil, cubic feet of gas, or dollars.

Section 130.205 Definition of the Term "Issuer" as Used in Section 2.2 of the Act as Applied to Fractional Interests in Oil, Gas and Other Mineral Leases, Rights or Royalties
The term "issuer" when applied to fractional interests in oil, gas or other mineral leases, rights or royalties means the person who first divides the interest sold into the fractional interests and each fractional interest holder who subsequently divides and conveys the interest.

Section 130.210 Definition of Acts Not Constituting a "Sale" or "Offer" as Used in Section 2.5 or 2.5a of the Act

a) The transmitting, sending or giving to any person or publishing an identifying statement, circular or preliminary prospectus, notice, advertisement, letter or other communication shall not constitute an "offer" or "sale" as used in Section 2.5 or 2.5a of the Act, provided that the identifying statement, circular or preliminary prospectus, notice, advertisement, letter, or other communication is used in connection with a security which is the subject of a pending application for registration which is on file with the Securities Department of the Office of the Secretary of State under Section 5 of the Act and substantially complies with the provisions of subsection (b) of this Section.

b) For the purpose of this Part, the terms:

1) "identifying statement" and "circular" mean a written communication or advertisement or radio or television advertisement meeting the requirements of 17 CFR 230.134 (Rule 134) in effect on January 1, 1996 (no subsequent amendments or editions) under the Federal 1933 Act; and

2) "preliminary prospectus" means a document which contains substantially the information required by the Act to be included in a prospectus meeting the requirements of Section 5 of the Act for the securities being registered, or contains substantially that information except for the omission of information with respect to the offering price, underwriting discounts or commissions, discounts or commissions to dealers, amounts of proceeds, conversion rates, call prices, or other matters dependent upon the offering price.

c) The outside front cover page of the preliminary prospectus shall bear, in red ink, the caption "Preliminary Prospectus", the date of its issuance, the following statement printed in type as large as that generally in the body of the prospectus:

"An application for registration relating to these securities has been filed with the Secretary of State of the State of Illinois, but has not yet become effective. Information contained herein is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the application for registration becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities prior to registration under the Illinois Securities Law of 1953."

Or in the alternative where applicable, the statement required by Regulation S-K, Section 229.501, Item 501(c)(8) in effect on January 1, 1996 under the Federal 1933 Act (no subsequent amendments or editions).

d) This Section shall not apply when the application for registration is the subject of pending proceedings under Section 11 of the Act or of an order of suspension, denial or prohibition entered under such Section.
Section 130.211 Definition of Acts Not Constituting an "Offer" of Securities under Section 5, 6, 7 or 8 of the Act.

a) Notwithstanding any other provision of the Act or this Part, the transmitting or sending of any announcement, offering circular, prospectus or other communication via the nonproprietary, public computer network (commonly known as the "Internet") shall not constitute an offer of securities under Section 5, 6 or 7 of the Act; provided that the communication indicates, directly or indirectly, that the securities are not being offered to the residents of this State, and an offer is not otherwise specifically directed to any person in this State by or on behalf of the issuer of the securities.

b) No sale of securities shall be made in this State until the securities have been registered under Section 5, 6 or 7 of the Act and a prospectus, offering circular or Form U-7 in its most current form has been delivered to each offeree prior to the sale, or the securities are exempt from registration under Section 3 of the Act or sold in transactional exemptions set forth under Section 4 of the Act (except subsection G, H or R of Section 4 of the Act, or subsection M of Section 4 of the Act if any commission or other remuneration is paid or given, directly or indirectly, on account of the sale or sales or issuance of the securities).

c) Notwithstanding any other provision of the Act or this Part, salespersons or dealers who transmit or distribute information on available products and services via the Internet shall not constitute an offer of securities for purposes of Section 8 of the Act provided that:

1) The communication contains a legend clearly stating that the salesperson or dealer may only transact business in those states where he, she or it is registered or otherwise excluded or exempted from State registration;

2) The sender of the communication has taken reasonable measures to insure that any subsequent interaction between prospective customers or clients residing in states where the salesperson or dealer is not registered is limited so as to not otherwise require State salesperson, dealer or securities registration;

3) The communication does not involve the actual effecting of securities transactions or trades for compensation over the Internet but is limited to the dissemination of information on products or services; and

4) In the case of a salesperson, the affiliation with a dealer is prominently disclosed within the communication; the dealer retains the responsibility of reviewing and approving the content of the Internet communication; the dealer has authorized the distribution or dissemination of information on products and services via the Internet communication; and the salesperson is acting within the scope of his or her authority in distributing or disseminating the Internet communication.

Section 130.212 Definition of Acts Not Constituting An "Offer" Under Section 2.5a of the Act (Testing the Waters)

a) The solicitation of indications of interest to purchase a security made by or on behalf of an issuer for the sole purpose of soliciting an indication of interest in receiving a prospectus (or its equivalent) for such security does not constitute an offer under Section 5 of the Act provided that all of the following conditions are satisfied:
1) The issuer is, or will be, a business entity organized under the laws of one of the states or possessions of the United States or one of the provinces or territories of Canada, is engaged in or proposes to engage in a business other than petroleum exploration or production or mining or other extractive industries and is not a blind pool offering or other offering for which the specific business or properties cannot now be described. For purposes of this Section, the term "blind pool" means, without limitation, a development stage company that has generally disclosed its business plan or purpose, but such business plan or purpose has not identified specific properties or products to be purchased, constructed or developed;

2) The solicitor intends to register the security under Section 5 of the Act;

3) At least ten business days prior to the initial solicitation of interest under this Section, the solicitor files with the Securities Department a Solicitation of Interest Form together with any other materials or communications which are to be utilized in the solicitation of interest, including, without limitation, the script of any broadcast to be made, the text of any electronic dissemination through such media as the Internet or other data networks, and any similar documents together with a copy of any notice or materials to be published or circulated;

4) At least five business days prior to its usage, the solicitor files with the Securities Department any amendments or supplements to the foregoing materials or additional materials to be utilized in the solicitation of interest, except for materials provided to a particular solicitee pursuant to a request by that person;

5) No Solicitation of Interest Form, script, advertisement or other material which the solicitor has been notified by the Securities Department not to distribute is utilized to solicit indications of interest;

6) Except for scripted broadcasts and published notices, the solicitor does not communicate with any solicitee about the contemplated offering unless the solicitee is provided with the most current Solicitation of Interest Form at or before the time of the communication but no later than five days from the date of communication;

7) During the solicitation of interest period, the solicitor does not solicit or accept money or a commitment to purchase securities;

8) No sale is made until seven days after delivery to the purchaser of a final prospectus, offering circular or disclosure document as the case may be, or in those instances hereunder in which delivery of a preliminary prospectus is allowed, a preliminary prospectus; and

9) The solicitor does not know, and in the exercise of reasonable care, could not know that the issuer or any of the issuer's officers, directors, ten percent shareholders, partners, members or promoters (or any person performing a similar function):

   A) Has filed a registration statement or an application for registration of securities which is the subject of a currently effective registration stop order entered pursuant to any federal or state securities law within five years prior to the filing of the Solicitation of Interest Form.
B) Has been convicted within five years prior to the filing of the Solicitation of Interest Form of any felony or misdemeanor in connection with the offer, purchase or sale of any security, or any felony involving fraud or deceit, including, without limitation, forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud.

C) Is currently subject to any federal or state administrative enforcement order or judgment entered by any state securities administrator or the Securities and Exchange Commission within five years prior to the filing of the Solicitation of Interest Form or is subject to any federal or state administrative enforcement order or judgment entered within five years prior to the filing of the Solicitation of Interest Form in which fraud or deceit, including, without limitation, making untrue statements of material facts or omitting to state material facts, was found.

D) Is subject to any federal or state administrative enforcement order or judgment which prohibits, denies, or revokes the use of any exemption from registration in connection with the offer, purchase or sale of securities.

E) Is currently subject to any order, judgment, or decree of any court of competent jurisdiction temporarily or preliminarily restraining or enjoining, such party from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or involving the making of any false filing with the state entered within five years prior to the filing of the Solicitation of Interest Form.

The prohibitions listed above in subsections (a)(9)(A) through (E) of this Section shall not apply if the person subject to the disqualification is duly licensed or registered to conduct securities related business in the state in which the administrative order or judgment was entered against such person or if the dealer employing such party is registered in this State and the Form BD filed with this State discloses the order, conviction, judgment or decree relating to such person. No person disqualified under this Section may act in a capacity other than that for which the person is registered. Any disqualification caused by this Section is automatically waived if the agency which created the basis for the disqualification determines upon a showing of good cause that it is not necessary under the circumstances that the exemption be denied.

b) A failure to comply with any condition of subsection (a) of this Section will not result in the offer of a security provided that the solicitor demonstrates that:

1) the failure to comply did not pertain to a condition directly intended to protect that particular individual or entity;

2) the failure to comply was insignificant with respect to the offering as a whole; and

3) a good faith and reasonable attempt was made to comply with all applicable conditions of subsection (a) of this Section.
Where a solicitation of interest is established only through reliance upon this subsection (b) of this Section, the failure to comply shall nonetheless be actionable by the Securities Department as a violation of Section 12 of the Act.

c) The solicitor shall comply with the requirements set forth below:

1) Any published notice, script for broadcast or electronic dissemination through such media as the Internet or other data networks or similar means of communication shall contain at least the identity of the chief executive officer of the issuer, a brief and general description of its business and products, and the following legends:

A) THIS IS A SOLICITATION OF INTEREST ONLY. NO MONEY OR OTHER CONSIDERATION IS BEING SOLICITED AND NONE WILL BE ACCEPTED;

B) NO SALES OF THE SECURITIES WILL BE MADE OR COMMITMENT TO PURCHASE ACCEPTED UNTIL THE DELIVERY OF A FINAL OFFERING STATEMENT THAT INCLUDES COMPLETE INFORMATION ABOUT THE ISSUER AND THE OFFERING;

C) AN INDICATION OF INTEREST MADE BY A PROSPECTIVE INVESTOR INVOLVES NO OBLIGATION OR COMMITMENT OF ANY KIND;

D) THIS SOLICITATION OF INTEREST IS BEING MADE PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE FEDERAL AND STATE SECURITIES LAWS. NO SALE MAY BE MADE UNTIL THE OFFERING STATEMENT IS QUALIFIED BY THE SEC AND IS REGISTERED IN THIS STATE; AND

E) NEITHER THE FEDERAL NOR THE STATE AUTHORITIES HAVE CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT OR ANY OTHER DOCUMENT PRESENTED TO YOU IN CONNECTION WITH THIS SOLICITATION OF INTEREST.

2) All communications with prospective investors made in reliance on this Section must cease after an application for registration of securities is filed in this State, and no sale may be made until at least twenty days after the last communication made in reliance on this Section; and

3) A preliminary prospectus (or its equivalent) may only be used in connection with an offering for which indications of interest have been solicited under this Section provided that the offering is conducted by a registered dealer in this State.

d) The Securities Director, or his or her designee, may waive in writing any provision of this Section, upon written application by the solicitor and due cause having been shown. Neither compliance nor attempted compliance with this Section, nor the absence of any objection or proceeding instituted or Order issued by the Secretary of State under Section 11 of the Act with respect to any solicitation of interest to purchase securities undertaken pursuant to this Section, shall be deemed to be a waiver of any provision of this Section or deemed to be a confirmation by the Securities Department of the availability of this Section.
e) Issuers on whose behalf indications of interest are solicited under this Section may not make offers or sales in reliance upon subsection D, G, H, R or S of Section 4 of the Act until twelve months after the last communication with a solicitee made pursuant to this Section.

Section 130.215 Definition of "Commission From an Underwriter or Dealer Not in Excess of the Usual and Customary Distributors' or Sellers' Commissions", as Used in Section 2.6 of the Act for Certain Transactions

a) The term "commission" in Section 2.6 of the Act includes such remuneration, commonly known as a "spread", as may be received by a distributor or dealer as a consequence of reselling securities bought from an underwriter or dealer at a price below the offering price of such securities where such resales afford the distributor or dealer a margin of profit not in excess of what is usual and customary in such transactions.

b) The term "commission from an underwriter or dealer" in Section 2.6 of the Act includes commissions paid by an underwriter or dealer directly or indirectly controlling or controlled by or under direct or indirect common control with the issuer.

c) The term "usual and customary distributors' or sellers' commission" in Section 2.6 of the Act means a commission or remuneration, commonly known as a "spread", paid to or received by any person selling securities, either for his own account or for the account of others, which is not in excess of the amount usual and customary in the distribution of the particular issue but such term does not include amounts paid to any person whose function is the management of the distribution of all or a substantial part of the particular issue or who performs the functions normally performed by an underwriter or underwriting syndicate.

Section 130.216 Definition of "Participates" and "Participation", as Used in Section 2.6 of the Act in Relation to Certain Transactions

a) The terms "participates" and "participation" in Section 2.6 of the Act shall not include the interest of a person

1) who is not in privity of contract with the issuer nor directly or indirectly controlling, controlled by or under common control with, the issuer, and

2) who has no association with any principal underwriter of the securities being distributed, and

3) whose function in the distribution is confined to an undertaking to purchase all or some specified portion of the securities remaining unsold after the lapse of some specified period of time, and

4) who purchases the securities for investment and not with a view to distribution.

b) As used in this Part the term "association" shall include a relationship between two persons under which one:

1) is an affiliate of the other, or
2) has, in common with the other, one or more partners, officers, directors, trustees, branch managers, or other persons occupying a similar status or performing similar functions, or

3) has a substantial participation, direct or indirect, in the profits of the other, or has a substantial financial interest, by debtor-creditor relationship, stock ownership, contract or otherwise, in the income or business of the other.

Section 130.220 Definition of "Regularly Engaged in Securities Sales Activities", as Used in Section 2.9 of the Act

The term "regularly engaged in securities sales activities" in Section 2.9 of the Act means making more than 10 sales, as defined in Section 2.5 of the Act, within a consecutive 12 month period, or without numerical limitation if no commission, discount or remuneration is paid or given, directly or indirectly, on account of any sale of the securities. For purposes of computing the number of sales, transactions enumerated in Section 4, other than subsection F, of the Act shall be excluded.

Section 130.221 Exclusion of Certain Persons from the Definition of Investment Adviser in Section 2.11 of the Act

Any person whose investment advice is limited to providing such advice to his or her employer as part of the employee's regular assigned duties, who receives no special compensation on account of such advice (other than salary and other compensation alternatives generally available to persons at a similar level of responsibility within the employer) and who is not held out to the public as an investment adviser by the employer is hereby designated as a person not within the intent of Section 2.11 of the Act pursuant to Section 2.11(6) thereof.

Section 130.225 Definition of "Investment Fund Shares", as Used in Section 2.15 of the Act in Relation to Certain Issuers

a) The term "investment fund shares" in Section 2.15 of the Act shall include securities issued by any issuer which:

1) is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, holding or trading in securities;

2) is or will be registered under the Federal Investment Company Act of 1940, except that such term shall not include securities issued by such an issuer which are designated in the Act as "Face Amount Certificate Contracts" or securities issued by such an issuer which is a unit investment trust;

3) is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of Government securities or cash items) on an unconsolidated basis. As used in this paragraph, "investment securities" includes all securities except Government securities, securities issued by employees' securities companies, and securities issued by majority-owned subsidiaries of the owner which are not investment companies.

b) Notwithstanding paragraph (a)(3) of this Section, none of the following persons is an issuer of investment fund shares within the meaning of that term as used in Section 2.15 of the Act:
1) any issuer primarily engaged directly or through a wholly-owned subsidiary or subsidiaries, in a business or businesses other than that of investing, reinvesting, owning, holding or trading in securities;

2) any issuer, all the outstanding securities of which (other than short-term paper or director's qualifying shares) are directly or indirectly owned by a company described in paragraph (b)(1) of this Section;

3) any issuer whose outstanding securities (other than short-term paper) are beneficially owned by not more than 100 persons. For the purpose of this paragraph, beneficial ownership by a company shall be deemed to be beneficial ownership by one person; except that, if the company owns 10% or more of the outstanding voting securities of the issuer, the beneficial ownership shall be deemed to be that of the holders of the company’s outstanding securities (other than short-term paper);

4) any person primarily engaged in the business of underwriting and distributing securities issued by other persons, selling securities to customers, and acting as a dealer, or any one or more of such activities whose gross income normally is derived principally from such business and related activities;

5) any bank or insurance company; any savings and loan association, building and loan association, cooperative bank, homestead association or similar institution; any receiver, conservator, liquidator, liquidating agent or similar official or person thereof or therefor; or any common trust fund or similar fund maintained by a bank under the Common Trust Fund Act (Ill. Rev. Stat. 1983, ch. 16 1/2, pars. 57 et seq.) exclusively for the collective investment and reinvestment of moneys contributed thereto by the bank in its capacity as a trustee, executor, administrator, conservator or guardian;

6) any holding company affiliate, as defined in the Federal Banking Act of 1933, which is under the supervision of the Board of Governors of the Federal Reserve System by reason of the fact that the holding company affiliate holds a general voting permit issued to it by such Board prior to January 1, 1940; and any holding company affiliate which is under the supervision of such Board by reason of the fact that it holds a general voting permit thereafter issued to it by the Board of Governors and which is determined by the Board to be primarily engaged, directly or indirectly, in the business of holding the stock of, and managing or controlling, banks, banking associations, savings banks or trust companies;

7) any person, substantially all of whose business is confined to making small loans, industrial banking or similar businesses;

8) any person who is not engaged in the business of issuing face amount certificate contracts, and who is primarily engaged in one or more of the following businesses:

A) purchasing or otherwise acquiring notes, drafts, acceptances, open accounts receivable or other obligations representing part or all of the sales prices of merchandise, insurance or services;
B) making loans to manufacturers, wholesalers or retailers of, or to prospective purchasers of, specified merchandise, insurance or services; or

C) purchasing or otherwise acquiring mortgages or other liens on or interests in real estate;

9) any company primarily engaged, directly or through majority-owned subsidiaries, in one or more of the businesses described in paragraphs (b)(5), (7) and (8) of this Section or in one or more of such businesses (from which not less than 25% of such company's gross income during its last fiscal year was derived) together with an additional business or businesses other than investing, reinvesting, owning, holding or trading in securities;

10) any company 90% or more of the value of whose investment securities are represented by securities of a single issuer included within a class of persons enumerated in paragraph (b)(7), (8) or (9) of this Section;

11) any company subject to regulation under the Illinois Commerce Commission or any company whose entire outstanding capital stock is owned or controlled by such a company; provided that the assets of the controlled company consist substantially of securities issued by companies which are subject to regulation by the Illinois Commerce Commission;

12) any company with a registration in effect as a holding company under the Federal Public Utility Holding Company Act of 1935;

13) any person, substantially all of whose business consists of owning or holding oil, gas or other mineral royalties or leases, or fractional interests therein, or certificates of interest or participation in or investment contracts relative to the royalties, leases or fractional interests;

14) any company organized and operated exclusively for religious, educational, benevolent, fraternal, charitable or reformatory purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

15) any employees' stock bonus, pension or profit-sharing trust which meets the conditions of Section 401 of the Internal Revenue Code;

16) any voting trust, the assets of which consist exclusively of securities of a single issuer which is not an investment company;

17) any security holders' protective committee or similar issuer having outstanding, and issuing no securities other than, certificates of deposit and short-term paper.

c) As used in this Section, the term "employees' securities company" means any investment company or similar issuer, all of the outstanding securities of which (other than short-term paper) are beneficially owned

1) by the employees or persons on retainer of a single employer or of two or more employers each of which is an affiliated company of the other;

2) by former employees of the employer or employers,
3) by members of the immediate family of the employees, persons on retainer or former employees,
4) by any two or more of the foregoing classes of persons, or
5) by the employer or employers together with any one or more of the foregoing classes of persons.

Section 130.233 Definition of the Phrase "Promissory Note or Draft, Bill of Exchange or Bankers' Acceptance" as Used in Section 3(L) of the Act

The phrase "promissory note or draft, bill of exchange or bankers' acceptance" as used in Section 3(L) of the Act shall mean a negotiable security which is eligible for discounting, pursuant to 12 U.S.C., Sections 24(7) and 85, by banks which are members of the Federal Reserve System, pursuant to 12 U.S.C. Sections 222, 282, 321 and 333.

Section 130.234 Definition, For Certain Purposes, of the Terms "Employee Security-Purchase Plan", "Employee Profit-Sharing Trust or Plan", "Employee Pension Trust or Plan", as Used in Section 3.N and Section 3.O of the Act (Repealed)

Section 130.235 Definition, For Certain Purposes, of the Terms "Employee Profit-Sharing Trust or Plan", "Employee Pension Trust or Plan", as Used in Section 3.O of the Act (Repealed)

Section 130.241 Definition of the Term "Institutional Investor" under Sections 4C and 4D of the Act

The term institutional investor shall include, but not be limited to:

- investment companies, universities, and other organizations whose primary purpose is to invest its own assets or those held in trust by it for others;
- trust-accounts and individual or group retirement accounts in which a bank, trust company, insurance company or savings and loan institution acts in a fiduciary capacity; and
- foundations and endowment funds exempt from taxation under the Internal Revenue Code, a principal business function of which is to invest funds to produce income in order to carry out the purpose of the foundation or fund.

Section 130.242 Definition of the Term "Financial Institution" under Section 4.C of the Act

The term "financial institution" shall include, but not be limited to, a manager of investment accounts on behalf of other than natural persons, who, with affiliates, exercises sole investment discretion with respect to such accounts, and provided such accounts exceed 10 in number and have a fair market value of not less than $10,000,000 at the end of the calendar month preceding the month during which the transaction occurred for which the exemption is utilized.
Section 130.244 Definition of "Issuer Required to File Reports Pursuant to the Provisions of Section 13 or Section 15(d) of the Federal 1934 Act" with Respect to Certain Foreign Private Issuers and "Reports Required to be Filed at Regular Intervals Pursuant to the Provisions of Section 13 or Section 15(d)" as Used in Section 4(F)(1) of the Act

a) "Issuer required to file reports pursuant to the provisions of Section 13 or Section 15(d) of the Federal 1934 Act", as defined in Section 130.200 of this Part, as used in Section 4(F)(1) of the Act shall be deemed to include any foreign private issuer with respect to which there is furnished to the United States Securities and Exchange Commission the information specified in 17 CFR 12g 3-2(b) as in effect on July 1, 1989 (no subsequent amendments or editions), and "reports required to be filed at regular intervals pursuant to the provisions of Section 13 or Section 15(d)" shall be deemed to include the information furnished by such an issuer to the United States Securities and Exchange Commission pursuant to 17 CFR 12g 3-2(b). For purposes of this Section, the term "foreign private issuer" shall have the meaning ascribed thereto in 17 CFR 240.3b-4(c), as in effect on July 1, 1989 (no subsequent amendments or editions).

b) The term "reports required to be filed at regular intervals pursuant to the provisions of Section 13 or Section 15(d)" as used in Section 4(F)(1)(c) of the Act shall not include any current report on Form 8-K required to be filed with the SEC; provided, however, that such term as used in Section 4(F)(1)(d) of the Act shall include any current report on Form 8-K which, to the actual knowledge of the dealer, has been filed under the Federal 1934 Act, as defined in Section 130.200 of this Part.

Section 130.245 Definition of the Terms "Balance Sheet" and "Income Statement", as Used in Section 4.F of the Act

a) The term "balance sheet" as it appears in Section 4.F of the Act and as it relates to unit investment trusts shall include a "statement of condition" or a "statement of securities owned" or a "statement of net assets" or a "statement of a bond portfolio".

b) The term "income statement" as it appears in Section 4.F of the Act and as it relates to unit investment trusts shall include a "statement of interest account earnings" or "statement of income account earnings".


a) The term "sales made in reliance upon the exemption" as used in Section 4.G.(4) of the Act with respect to the Report of Sale required to be filed under that Section shall include only those sales made to residents of this State in reliance on the exemption.

b) The term "residents of this State" shall mean persons having their principal place of residence or domicile in this State.

c) The term "aggregate sales price" shall mean the sum of all cash, services, property, notes, cancellation of debt, or other consideration received by an issuer for issuance of its securities. Where securities are being offered for both cash and non-cash consideration, the aggregate sales price shall be based on the price at which the securities are offered for cash. If securities are not offered for cash, the aggregate offering price shall be based on the value of the consideration as established by bona fide sales of that consideration made
within a reasonable time, or in the absence of sales, on the fair value as determined by an accepted standard.

d) The terms "general advertising" or "general solicitation" shall include but not be limited to:

1) any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio or any seminar or meeting where attendees have been invited by any of the foregoing;

2) any indiscriminate contact by mail, telephone, or similar communicative process, unless otherwise shown by the particular facts.

e) For purposes of Section 4.H and 4.R of the Act, the terms "general advertising" or "general solicitation" shall not include the transmitting or sending of any announcement, offering circular, prospectus or other communication that is delivered through an electronic database that is restricted to persons to whom an offer, sale or issuance of a security would be exempt pursuant to Section 4.H or 4.R of the Act.

Section 130.247 Definition of the Term "Public" as Used in Section 4(G)(4) of the Act

The term "public" as used in Section 4(G)(4) of the Act shall not include:

a) A purchaser of the securities named in the Report of Sale, so long as the information disclosed is limited to the information in such Report, if any, concerning the sale of securities to the person requesting the information;

b) The issuer, controlling person or dealer who filed the Report of Sale with respect to which information is disclosed, or on whose behalf such Report of Sale was filed with the Secretary;

c) The agent, representative or attorney of a person referred to in subsection (a) or (b) of this Section, provided that such agent, representative or attorney submits written authorization from such person authorizing the release of such information with respect to such person;

d) Any state, federal or other governmental agency, or any self-regulatory organization registered under the Federal 1934 Act, as defined in Section 130.200 of this Part, or Federal 1936 Act, as defined in Section 130.200 of this Part, provided the following conditions are satisfied:

1) The party seeking the information submits a written request therefor to the Securities Department;

2) The written request contains a representation that the information has been requested for purposes of gathering information in connection with an investigation being conducted by the respective governmental or self-regulatory authority; and

3) The written request contains an undertaking on behalf of the respective governmental authority or self-regulatory organization which provides that any
information or documents tendered in response to the request shall not be disclosed to any person employed outside of the government or self-regulating organization conducting the investigation without prior written approval of the Securities Director, or his or her designee unless so ordered by a court of competent jurisdiction.

Section 130.248 Definition of the Terms "Offers for Sale" and "Solicitations of Offers to Buy", as Used in Section 4.L of the Act

a) Sending or giving to any person, before an application for registration becomes effective, a copy of the preliminary prospectus filed as a part of the application for registration is construed an "offer for sale" or a "solicitation of an offer to buy" as used in Section 4.L of the Act provided:

1) the preliminary prospectus contains substantially the information required by the Federal 1933 Act and the Act to be included in a prospectus for registered securities, or contains substantially that information except for the omission of information with respect to the offering price, underwriting discounts or commissions, discounts or commissions to dealers, amount of proceeds, conversion rates, call prices, or other matters dependent upon the offering price, and

2) the outside front cover page of every copy of the preliminary prospectus bears the caption "Preliminary Prospectus", the date of its issuance and the statement required by paragraph (c)(8) of Item 501 of Regulations S-K, 17 C.F.R. Section 229.501, as in effect on July 1, 1984 under the Federal 1933 Act (no incorporation by reference in this Part subject to Section 6.02 of the Illinois Administrative Procedure Act, Ill. Rev. Stat. 1983, ch. 127, par. 1006.02 to include any later amendments or editions) printed in red ink in type as large as that used generally in the body thereof.

b) This Section shall not apply to the sending or giving of any preliminary prospectus if, at the time the preliminary prospectus is sent or given to any person, the application for registration is the subject of pending proceedings under Section 11.E of the Act or of an order of suspension, denial or prohibition entered under such Section.

Section 130.250 Definition, For Certain Purposes, of the Terms "Commissions, Remuneration or Discounts", as Used in Section 4 and Section 5 of the Act

a) The terms "commissions, remuneration or discounts" as used in Section 4 and Section 5 of the Act shall include:

1) all commissions or discounts paid or to be paid, directly or indirectly, by the issuer or an affiliate of the issuer to any person including but not limited to underwriters or dealers (acting either as agent or principal), in respect of the sale of the security to be offered, and

2) all cash, securities, contracts, or anything else of value paid, to be set aside, disposed of, or understandings with or for the benefit of any such underwriter or dealer, made in connection with the sale of such security.

b) Whenever the issuer, the parent of the issuer, or a controlling person in respect of the issuer has, at or about the date or proposed date of an offering or proposed offering of
securities of such issuer, issued, sold, transferred, or assigned to an underwriter or underwriters of the securities, securities of the same class as those offered or proposed to be offered at a price which is less than the public offering price or proposed public offering price of the securities, the difference between the aggregate price at which the securities were acquired by the underwriters and the aggregate value of the securities at the public offering price or proposed public offering price shall be presumed to be commissions, remuneration or discounts paid in connection with the underwriting of the securities offered or proposed to be offered.

c) Whenever securities are sold to or acquired by an underwriter at a fixed or determinable price under an agreement whereby an offering of the securities is authorized to be made first through options, warrants or similar transferable rights to existing security holders of the issuer and whereby the underwriter agrees to distribute any portion of the offering not subscribed by said existing security holders, at a price or prices to be determined by the underwriter or in accordance with a formula, the difference between the aggregate proceeds of sale of the securities by the underwriter and the aggregate cost of the securities to the underwriter, constitutes commissions, remuneration or discounts paid in connection with the underwriting of the securities offered or proposed to be offered.

d) As used in this Section, the term "aggregate proceeds of sale of such securities" includes:

1) The gross proceeds of sale of securities remaining unsold at the end of a period during which the securities were initially offered to security holders, whether by warrants, options or similar transferable rights, acquired by the underwriter at the end of the period and sold by the underwriter during the term of existence of the underwriting and sales agreements pertaining to the securities;

2) The gross proceeds of sale of securities acquired by the underwriter by the purchase and exercise of any warrants or rights pertaining to the securities and sold by the underwriter either prior to or after the expiration date of the warrants or rights, or during the term of existence of the underwriting and sales agreements pertaining to the securities.

e) As used in this Section, the term "aggregate cost of the securities to the underwriter" includes any sums paid by the underwriter to the issuer as the purchase price or other cost of securities acquired pursuant to the exercise of any rights, but does not include transfer taxes, legal fees, registration fees, accountants' fees, printing expenses, overhead or any expenses incurred in connection with the acquisition and distribution of the securities offered or proposed to be offered.

Section 130.251 Definition of the Term "Maximum Aggregate Price", as Used in Section 5 of the Act

Except as otherwise provided in Section 5.C.(2) of the Act, the term "maximum aggregate price" as used in Section 5 of the Act means the applicant's bona fide estimate thereof, which shall be calculated in the manner provided in Rule 457 under the Federal 1933 Act, 17 C.F.R. Section 230.457. Such calculation shall be made as of the time specified in Section 5.C.(1), 5.C.(2) or 5.E of the Act, as applicable.

Section 130.270 Definition of Certain Persons Not Considered to Be Dealers Under Section 2.7 of the Act

a) A futures commission merchant registered with the CFTC is not a dealer solely because such futures commission merchant effects transactions in government securities that are
defined in subsection (b) of this Section as incidental to such person's futures-related business.

b) Provided that the futures commission merchant:

1) maintains in a regulated account as set forth in 17 CFR Part I Sec. 1.20 as in effect on July 1, 1989 (no subsequent amendments or editions) all funds and securities associated with such government securities transactions (except funds and securities associated with transactions under subsection (b)(2)(A)(i) of this Section); and

2) does not advertise that it is in the business of effecting transactions in government securities otherwise than in connection with futures or options on futures trading or the investment of margin or excess funds related to such trading or the trading of any other instrument subject to CFTC jurisdiction.

3) The following transactions in government securities are incidental to the futures-related business of such a futures commission merchant:

A) Transactions as agent for a customer:

   i) to effect delivery pursuant to a futures contract; or

   ii) for risk reduction or arbitrage of existing or contemporaneously created positions in futures or options on futures.

B) Transactions as agent for a customer for investment of margin and excess funds related to futures or options on futures trading or the trading of other instruments subject to CFTC jurisdiction, provided further that:

   i) such transactions involve Treasury securities with a maturity of less than 93 days at the time of the transaction;

   ii) such transaction generate no monetary profit for the futures commission merchant in excess of the costs of executing such transactions; or

   iii) such transactions are unsolicited, and commissions and other income generated on transactions pursuant to this subsection (iii) (including transactional fees paid by the futures commission merchant and charged to its customer) do not exceed 2% of such futures commission merchant's total commission revenues.
C) Exchange of futures for physicals transactions as agent for or as principal with a customer; and

D) Any transaction or transactions that the SEC exempts, either unconditionally or on specified terms and conditions, as incidental to the futures-related business of a specified futures commission merchant, a specified category of futures commission merchants, or futures commission merchants generally.

c) A person registered with the CFTC, a contract market designated by the CFTC under Section 5 of the Federal 1936 Act, as defined in Section 130.200 of this Part, such a contract market's affiliated clearing organization, or any floor trader on such a contract market (hereinafter referred to collectively as a "CFTC-regulated person") is not a dealer solely because such person effects transactions for its own account in government securities that are defined in subsection (d) of this Section as incidental to such person's futures-related business.

d) Provided that a CFTC-regulated person does not advertise or otherwise hold itself out as a dealer except as permitted by 17 CFR 230.3a43-1 as in effect on July 1, 1989 (no subsequent amendments or editions) the following transactions in government securities for its own account are incidental to the futures-related business of such a CFTC-regulated person:

1) Transactions to effect delivery of a government security pursuant to a futures contract;

2) Exchange of futures for physicals transactions with:

   A) a dealer that has registered with the SEC or filed notice pursuant to Section 15C(a) of the Federal 1934 Act, as defined in Section 130.200 of this Part; or

   B) a CFTC-regulated person.

3) Transactions (including repurchase agreements and reverse repurchase agreements) involving segregated customer funds and securities or funds and securities held by a clearing organization with:

   A) a dealer that has registered with the SEC or filed notice pursuant to Section 15C(a) of the Federal 1934 Act, as defined in Section 130.200 of this Part; or

   B) a bank.

4) Transactions for risk reduction or arbitrage of existing or contemporaneously created positions in futures or options on futures with:

   A) a dealer that has registered with the SEC or filed notice pursuant to Section 15C(a) of the Federal 1934 Act, as defined in Section 130.200 of this Part; or

   B) a CFTC-regulated person.
5) Repurchase and reverse repurchase agreement transactions between a futures commission merchant acting in a proprietary capacity and another CFTC-regulated person acting in a proprietary capacity and contemporaneous offsetting transactions between such a futures commission merchant with:

A) a dealer that has registered with the SEC or filed notice pursuant to Section 15C(a) of the Federal 1934 Act, as defined in Section 130.200 of this Part;

B) a bank; or

C) a CFTC-regulated person.

6) Any transaction or transactions that the SEC exempts, either unconditionally or on specified terms and conditions, as incidental to the futures related business of a specified CFTC-regulated person, a specified category of CFTC-regulated persons, or CFTC-regulated persons generally.

Section 130.280 Definition of the Term "Branch Office" of a Registered Dealer, as Used in Section 8 of the Act

a) "Branch office" as used in Section 8 of the Act shall mean any office, residence or other place or location in this State where the business of a registered dealer is being conducted and which is owned or controlled by, or operated directly or indirectly for the benefit of, the registered dealer, and where the business of a dealer is conducted by a principal, salesperson or salespersons for such registered dealer.

b) The principal office located in this State of the registered dealer, if any, shall not be considered a branch office.

Section 130.281 Definition of the Term "Branch Office" of a Registered Investment Adviser or a Federal Covered Investment Adviser, as Used in Section 8 of the Act

a) "Branch office" as used in Section 8 of the Act shall mean any office, residence or other place or location in this State where the registered investment adviser or the federal covered investment adviser or its investment adviser representatives provide investment advisory services, solicit, meet with, or otherwise communicate with clients, or any other location that is held out to the general public as a location at which the registered investment adviser or the federal covered investment adviser or its investment adviser representatives provide investment advisory services, solicit, meet with, or otherwise communicate with clients.

b) The principal office located in this State of the registered investment adviser or the federal covered investment adviser, if any, shall not be considered a branch office.

Source: Amended at 25 Ill. Reg. 8817, effective July 6, 2001

Section 130.282 Definition, For Certain Purposes, of the Term "Officers", as Used in Section 2.9 and Section 8.B.(6) of the Act
The term "officers" as used in Section 2.9 of the Act means the president, any vice president in charge of a principal business unit, division or function, the secretary, and the treasurer or principal financial officer, comptroller or principal accounting officer. The term "officers" as used in Section 8.B.(6) of the Act means the president, any vice president in charge of a principal business unit, division or function, the secretary, the treasurer, any principal financial officer, comptroller or principal accounting officer, and any other officer who performs a principal policy making function.

Section 130.285 Definition, For Certain Purposes, of the Terms "Inequitable", "Tend to Work a Fraud or Deceit", "Inequitable Practice in the Sale of Securities", and "Fraudulent Business Practices", as Used in Section 8 and Section 11 of the Act

a) The failure of any dealer or salesperson to comply with Sections 130.810, 130.821, 130.824, 130.825, 130.826, 130.827, 130.850, and 130.851 of this Part shall constitute an inequitable practice in the sale of securities and a fraudulent business practice.

b) The failure of any investment adviser to comply with Sections 130.840, 130.841, 130.844, 130.845, 130.852, 130.853, and 130.854 of this Part shall constitute an inequitable practice in the sale of securities and a fraudulent business practice.

Section 130.291 Definition of the Terms "Fraudulent" and "Work or Tend to Work a Fraud or Deceit" as Used in Sections 11.E and 12.F of the Act for Purposes of the Payment of Completion Costs in Connection with the Offer or Sale of Securities involving an Oil, Gas or Other Mineral Lease, Right or Royalty

a) In connection with an offer or sale of a security involving an oil, gas or other mineral lease, right or royalty, the terms "fraudulent" and "work or tend to work a fraud or deceit" shall include activities such as the failure to disclose to the offeree, prior to payment of any completion costs, all material geological and other material information regarding the oil, gas or other mineral lease, right or royalty, including, without limitation, any of the following:

1) whether an issuer (or any controlling person of or dealer for an issuer, if such person or dealer has any share in such lease, right or royalty) has paid, and if not, whether such issuer (or such controlling person or dealer) is under an obligation to pay, a proportionate share of the completion costs, when completion costs have been or are to be included in the cost to the purchaser;

2) whether any parts or equipment to be used for completion are being sold or otherwise furnished by or for the benefit of an issuer (or any affiliate or controlling person of or dealer for an issuer) and, if so, whether and the extent to which the sales price or other charge to the purchaser for those parts or equipment exceeds actual costs and the amount which would have been charged by unaffiliated parties selling or furnishing parts or equipment in arms-length transactions under comparable circumstances;

3) whether upon resale of parts and equipment, the purchaser will receive his or her proportionate share of the proceeds of resale; and
4) whether the purchaser will be charged an amount for completion costs that exceeds his or her proportionate share of the actual cost of completion incurred by the issuer.

b) For purposes of this Section, completion costs shall include, but not be limited to, the cost of all parts, equipment, labor and service to place an oil, gas or other mineral lease, right or royalty into production after drilling or other operation to reach the mineral deposit has been terminated.

c) Disclosure of the information required by paragraph (a) above shall not affect the applicability of any limitation contained in the Act or this Part, including but not limited to Section 4.G.(1)(c) of the Act, upon the amount of commission, discount or other remuneration which may be paid or given directly or indirectly, for or on account of the sale of securities.

SUBPART C: FEDERAL COVERED SECURITIES AND TRANSACTIONS

Section 130.293 Issuers of Covered Securities Required to File Notifications and Pay Fees and the Refusal to File Notifications or Pay Fees

a) Except as otherwise provided herein, each issuer of covered securities shall annually file with the Secretary of State a notification and fee as follows:

1) Issuers of securities being offered pursuant to Regulation D, Section 506 of the Federal 1933 Act, shall file Form D together with a $100 fee;

2) Issuers of shelf offerings shall file page one of Form U-1 together with a fee of 1/20th of 1% of the maximum aggregate offering price, but in no event shall such fee be less than $500 nor more than $6,000.

3) A series issuer of securities shall file page one of Form U-1 together with a fee of 1/20th of 1% of the maximum aggregate offering price, but in no event shall such fee be less than $500 nor more than $3,000.

4) Issuers of face amount certificate contracts shall file page one of Form U-1 together with a fee of $1,000.

5) Issuers of open-end investment fund shares shall file page one of Form U-1 or Form 7G together with a fee of $1,000 plus $100 for each series, class or portfolio.

6) All other issuers of covered securities that are required to file a notification and pay fees to the Secretary of State shall file page one of Form U-1 together with a fee of 1/20th of 1% of the maximum aggregate offering price, but in no event shall such fee be less than $500 nor more than $2,500.

b) In lieu of page one of Form U-1 or Form 7G, the Secretary of State may permit the use of any other uniform form which he or she has adopted by order or this Section.

c) In the event the notification or the full amount of fees required by this Section are not filed with or paid to the Secretary of State, the Secretary of State shall notify the issuer of such deficiency in writing, or by facsimile or electronic transmission (provided that the Securities Department can demonstrate in the normal course of its business that the notice
was delivered or transmitted to and received by the issuer or his, her or its designee). In
the event the issuer fails to remedy the deficiency within ten business days of receiving
notice of such deficiency from the Secretary of State, the Secretary of State may deem
such as a refusal and may, until October 11, 1999, require the issuer to register its
securities pursuant to subsection A or B of Section 5, 6, or 7 of the Act, as the case may
be.

d) The provisions of this Section shall not apply to any security listed or authorized for
listing on the New York Stock Exchange, the American Stock Exchange, or that is listed
on the National Market System of the Nasdaq Stock Market, or any successor to such
entities, or listed or authorized for listing on a national securities exchange, or tier or
segment thereof, that has listing standards that the federal SEC by rule, on its own
initiative or on the basis of petition, determines are substantially similar to the listing
standards applicable to securities described herein, or is a security of the same issuer that
is equal in seniority or that is a senior security.

SUBPART D: EXEMPT TRANSACTIONS

Section 130.420 Uniform Limited Offering Exemption Pursuant to Section 4.D of the Act

a) Any offer or sale of securities offered or sold in compliance with the Federal 1933 Act,
230.505) and which satisfies the following further conditions and limitations:

1) No exemption under this Section shall be available for the securities of any issuer
if any of the parties described in the Federal 1933 Act, Regulation A, Rule
230.262 Sections (a), (b) and (c) (17 CFR 230.262(a), (b) and (c)) as in effect on
August 1, 1997 (no subsequent amendments or editions):

A) has filed a registration statement which is subject to a currently effective
registration stop order entered pursuant to any state's securities law or the
SEC within five years prior to the filing of the notice required under this
exemption;

B) has been convicted within five years prior to the filing of the notice
required under this exemption of any felony or misdemeanor in
connection with the offer, purchase or sale of any security or any felony
involving fraud or deceit, including but not limited to forgery,
embezzlement, obtaining money under false pretenses, larceny or
conspiracy to defraud;

C) is currently subject to SEC or any state administrative enforcement order
or judgment entered by that state's securities administrator or the SEC
within five years prior to the filing of the notice required under this
exemption or is subject to SEC or any state's administrative enforcement
order or judgment in which fraud or deceit, including but not limited to
making untrue statements of material facts and omitting to state material
facts, was found and the order or judgment was entered within five years
prior to the filing of the notice required under this exemption;

D) is subject to any SEC or state's administrative enforcement order or
judgment which prohibits, denies or revokes the use of any exemption
from registration in connection with the offer, purchase or sale of securities;

E) is currently subject to any order, judgment, or decree of any court of competent jurisdiction temporarily or preliminarily restraining or enjoining, or is subject to any order, judgment or decree of any court of competent jurisdiction permanently restraining or enjoining, such party from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or involving the making of any false filing with the state entered within five years prior to the filing of the notice required under this exemption;

2) the prohibitions of subsections (a)(1)(A)(C) and (E) of this Section shall not apply if the person subject to the disqualification is duly licensed or registered to conduct securities related business in the state in which the administrative order or judgment was entered against such person or if the dealer employing such party is licensed or registered in this State and the Form BD filed with the Securities Department discloses the order, conviction, judgment or decree relating to such person; no person disqualified under this subsection (a)(2) may act in a capacity other than that for which the person is licensed or registered; and

3) any disqualification caused by this Section is automatically waived if the SEC or state securities administrator or agency of the state which created the basis for disqualification determines upon a showing of good cause that it is not necessary under the circumstances that the exemption be denied. It is a defense to a violation of this subsection (a) if the issuer sustains the burden of proof to establish that such person did not know and in the exercise of reasonable care could not have known that a disqualification under this subsection (a) existed.

b) The issuer shall file with the Securities Department a notice on Form D (17 CFR 239.500):

1) the notice shall be filed no later than 15 days after the receipt of consideration or the delivery of a subscription agreement by an investor in this State which results from an offer being made in reliance upon this exemption and at such other times and in the form required under Regulation D, Rule 230.503 to be filed with the SEC;

2) the notice shall contain an undertaking by the issuer to furnish to the Securities Department, upon written request, the information furnished by the issuer to offerees who are offered or sold a security which is not exempt under any provision of Section 3 of the Act or who are offered or sold a security in a transaction which is not exempt under any provision of Section 4 of the Act;

3) every person filing the initial notice provided for in subsection (b)(1) of this Section shall pay the filing fee pursuant to Section 130.110 of this Part.

c) In all sales to nonaccredited investors in this State, the issuer and any person acting on its behalf shall have reasonable grounds to believe, and after making reasonable inquiry shall believe that one of the following conditions is satisfied:
1) the investment is suitable for the purchaser upon the basis of the facts, if any, disclosed by the purchaser as to his or her other security holdings and as to his or her financial situation and needs; for the purpose of this condition only, it may be presumed that if the investment does not exceed 10% of the investor's net worth, it is suitable; and

2) the purchaser, either alone or with his or her purchaser representative(s), has such knowledge and experience in financial and business matters that he or she is, or they are, capable of evaluating the merits and risk of the prospective investment.

A failure to comply with a term, condition or requirement of this exemption will not result in loss of the exemption from the requirements of Section 4.D of the Act for any offer or sale to a particular individual or entity, if the person relying on the exemption shows:

1) the failure to comply did not pertain to a term, condition or requirement directly intended to protect that particular individual or entity; or

2) the failure to comply was insignificant with respect to the offering as a whole; or

3) a good faith and reasonable attempt was made to comply with all applicable terms, conditions and requirements of the exemption.

The exemption authorized by this Section shall be known and may be cited as the "Uniform Limited Offering Exemption."

Section 130.436 Procedures for Applying for Trading Authorization Pursuant to Section 4(F)(2) of the Act

a) Any registered dealer who wishes to apply for trading authorization pursuant to Section 4(F)(2) of the Act shall apply on a form and in the manner prescribed by the Secretary.

b) The application shall consist of the following:

1) Illinois Form 4(F)(2), Application for Secondary Trading Authorization;

2) The required non-refundable filing fee as required by Section 130.110 of this Part;

3) Audited financial statements of the issuer covering its last three (3) fiscal years or such lesser period, but not less than one year, during which the issuer was incorporated or otherwise organized;

4) Illinois Form 4F2-K (otherwise known as the annual report); and

5) Any other information or documents which the applicant may file as a part of the application for secondary trading authorization.

c) The application form shall contain the following information:

1) The name, address and telephone number of the issuer's principal office;
2) The name, address and telephone number of the correspondent to whom notices and communications regarding the application should be sent;

3) The name and address of the registered dealer applicant;

4) A description of the securities for which secondary trading authorization is sought including the current price and number of units or shares outstanding;

5) The year the business was organized, the form of the organization, the state or other jurisdiction where it was organized and affiliation with other business entities;

6) A general description of the issuer's business including the nature and general competitive conditions in the industry;

7) A description of the issuer's property, including the location and general character of the important physical properties or assets of the issuer as referenced in 17 CFR 229.102 as in effect on July 1, 1989 (no subsequent amendments or editions);

8) A description of any pending or contemplated legal proceedings, other than routine litigation incidental to business, to which the issuer or any of its subsidiaries are a party or of which any property is the subject as referenced in 17 CFR 229.103 as in effect on July 1, 1989 (no subsequent amendments or editions);

9) A list of the names, addresses and ages of all directors and officers of the issuer including the position held and their business experience and background;

10) The total gross remuneration of all directors and officers of the issuer;

11) A list of the title of class, the name of the beneficial owner, the amount and nature of beneficial ownership and the percent of class for all directors and officers and any person owning more than five (5) percent of any class of the issuer's securities;

12) A description of any transaction or proposed transaction since the issuer's last fiscal year, in which the issuer and any director, officer or beneficial owner of five (5) percent or more of any class of the issuer's securities involves an amount exceeding $60,000;

13) A brief description of the securities to be authorized for secondary trading highlighting materially important provisions with respect to the securities and a description of all other securities issued and outstanding by the issuer including the rights and incidents thereof as referenced in 17 CFR 229.202 as in effect on July 1, 1989 (no subsequent amendments or editions);

14) The total number of shares or units issued and outstanding, as of the current date, to be authorized for secondary trading;

15) The total number of shareholders and the number of shareholders in Illinois as well as the number of securities held as of the current date;
16) The most recent bid and asked price of the securities to be authorized for secondary trading, if any, and the date of the bid and asked price;

17) A copy of the Registration Statement or the offering circular, if any, filed under Section 3, 4 or 6 of the Federal 1933 Act, as defined in Section 130.200 of this Part, along with the effective date of the Registration Statement or the date on which the offering commenced under an exemption together with the offering price, if any;

18) A description of how the securities were originally sold or issued including the name of the underwriter;

19) A list of the states or other jurisdictions in which the securities were sold indicating whether the securities were registered or sold pursuant to an exemption in each state or jurisdiction;

20) A list of any other states or jurisdictions that have refused after notice and opportunity for hearing, by order or otherwise, to authorize the sale of securities or have suspended or revoked the right to sell securities, or any stop order, denial, order to show cause, suspension or revocation order, injunction or restraining order, or similar order entered or issued by any state or other regulatory authority or by any court, concerning the securities covered by the application including a copy of any orders, as referenced in 17 CFR 220.103 as in effect on July 1, 1989 (no subsequent amendments or editions);

21) A list of any states or other jurisdictions in which the securities are pending approval for secondary trading; and

22) A list of any states or other jurisdictions in which the securities are currently eligible for secondary trading.

d) The application shall be signed and notarized. By signing the application, the applicant undertakes to file any information, documents and reports required by the Secretary and also represents that the application is made in good faith.

e) A written request for a waiver of any requirement of the form may be submitted to the Secretary as an exhibit to the application. The request shall state, in detail, the reason or reasons why the requirement should be waived.

f) Applications failing to meet the requirements of this Section shall be denied. The Department shall contact the applicant or correspondent in cases in which an application is deficient and afford such party an opportunity to remedy such deficiency.

Section 130.440 Procedures for Filing Reports of Sale under Section 4.G of the Act

a) The issuer, controlling person, or dealer shall file with the Springfield or Chicago office of the Securities Department one copy of the Report of Sale on Illinois Form 4G or Form D executed by a person duly designated by the filing party, accompanied by the filing fee referred to below on or after the date of the first sale made to an Illinois resident in reliance upon Section 4.G of the Act, but no later than twelve months after the date of the first such sale.
b) The filing fee for each Report of Sale required under Section 4.G of the Act shall be in the amount specified in Section 130.110 of this Part. The Report of Sale shall not be deemed to be filed until the proper filing fee is delivered to the Securities Department.

c) The Securities Department will review a Report of Sale submitted under Section 4.G of the Act and notify the filing party of any deficiencies. A Report of Sale shall not be deemed to be filed unless the information required by Section 130.442 of this Part is included therein without any material deficiency.

d) By filing a Report of Sale, the filing party attests that the sales covered by the Report of Sale have not and will not be made by means of general advertising or general solicitation in this State; the sales of such securities have not and will not be made, commissions, discounts or other remuneration have not and will not be paid, and prospectuses have not and will not be delivered, in each case in excess of those permitted by Section 4.G of the Act; and the filing party will provide a copy of the prospectus, offering circular or other disclosure document, as the case may be, or the name and address of each Illinois purchaser to the Securities Department within 72 hours after written request (which may be made by electronic, facsimile or other similar transmission or delivery).

e) The penalty for the failure to file timely shall be in the amount specified in Section 130.110 of this Part.

Section 130.441 Calculation of Number of Persons Under Section 4.G or 4.M of the Act

a) For purposes of Section 4.G and 4.M of the Act, any sale or issuance of securities to, or subscription by, two or more persons as joint tenants with right of survivorship shall be deemed to be a sale or issuance to one purchaser or subscriber, as the case may be.

b) The sale of securities under Section 4.G or subscription to purchase securities or issuance of securities under Section 4.M of the Act to any relative, spouse or relative of the spouse of a purchaser or subscriber who has the same principal residence or domicile as the purchaser or subscriber shall not be deemed to be a sale to an additional purchaser or subscriber.

c) Each person shall be counted as one purchaser or subscriber. If, however, a person has been organized for the specific purpose of acquiring the securities offered, then each beneficial owner of equity securities or equity interests in the person (other than a person as to whom the offer and sale of the securities would have been an exempt transaction under another subsection of Section 4 of the Act, had such securities been offered and sold to such person directly) shall be counted as a separate purchaser or subscriber for the purposes of Section 4(G) or 4(M) of the Act except to the extent provided in subsection (a) and (b) of this Section.

Section 130.442 Report of Sale of Securities pursuant to Section 4.G of the Act

The Report of Sale of securities sold in this State in reliance upon Section 4.G of the Act shall contain, without limitation, the following:

a) the name, business address and telephone number of the issuer, and as applicable, of the controlling person and dealer;

b) a description of the securities sold to residents of this State; and
c) the date of the initial sale of securities to residents of this State for this reporting period;

Section 130.490 Procedures for Filing Reports of Sale under Section 4.P of the Act

a) 1) The issuer shall file with the Springfield office of the Securities Department one copy of the Report on Form 4P manually signed by a person duly designated by the filing party:

A) no later than 6 months after the first sale of securities made to an Illinois resident in reliance upon Section 4.P of the Act, or

B) every 6 months after the first sale of securities made to an Illinois resident in reliance upon Section 4.P of the Act until all such sales have been concluded; and

C) no later than 30 days after the date on which the issuer, controlling person or dealer, as the case may be, determines that no further sales of securities will be made to Illinois residents in reliance upon Section 4.P of the Act; provided that such date shall be no later than the date of the last sale of securities pursuant to that offering of which the securities being offered in reliance upon Section 4.P of the Act are a part.

2) Notwithstanding the foregoing, if the sales have been concluded within any 6 month period described in subparagraph (A) or (B) of paragraph (1) and if the Report of Sale is filed no later than the end of that period but within the thirty day period described in subparagraph (c) of paragraph (1), then only one Report of Sale need be filed for that period.

b) The filing fee for each Report of Sale required under Section 4.P of the Act shall be 1/10th of 1% of the aggregate dollar amount reported therein, but not less than the minimum nor more than the maximum fee specified in Section 130.110 of this Part. The Report of Sale shall not be deemed to be filed until the proper filing fee therefor is submitted to the Springfield office of the Securities Department.

c) The Secretary of State will review a Report of Sale submitted under Section 4.P of the Act and notify the filing party of any deficiencies. A Report of Sale shall not be deemed to be filed unless the information required by Section 4.P of the Act is included therein without any material deficiency.

d) The Secretary of State may impose, in such cases where appropriate, a penalty for failure to file any Report required under Section 4.P of the Act in a timely manner. The penalty for the first failure to file timely shall be an amount equal to the filing fee for that Report of Sale. The penalty for any subsequent failure to file timely shall be $500.00.

Section 130.491 Report of Sale of Securities Pursuant to Section 4(P) of the Act

The Report of Sale of securities sold in reliance upon Section 4(P) of the Act shall contain, but not be limited to:
a) the name, address and telephone number of the issuer, and as applicable, of the controlling person and dealer;

b) a description of the securities sold to residents of this State;

c) the total amount of the securities sold to residents of this State in reliance upon Section 4(P) of the Act for the period covered by the Report of Sale and to the date of the Report of Sale;

d) for the sales covered by the Report of Sale, the names and addresses of the purchasers who report to the issuer that they are residents of this State and the dates on which the sales were made;

e) a representation that no commission, discount or other remuneration was paid or given, directly or indirectly, for or on account of the sales covered by the Report of Sale;

f) a representation that as of the date of the Report of Sale:

1) no person owned of record or beneficially securities of the issuer having a value in excess of the lesser of $5,000 or 4% of the equity capitalization of the issuer;

2) the population of the municipality within which the area that is to be redeveloped is located did not exceed 50,000 as of the last United States Census;

3) all officers and directors of the issuer had been residents of such municipality for not less than 3 years immediately preceding the effectiveness of the offering sheet (i.e. disclosure document) descriptive of the securities covered by the Report of Sale; and

4) no event had occurred which rendered the offering sheet then on file with the Securities Department, including any amendments thereto, misleading, or as the result of which such offering sheet, as amended, omitted to state a material fact necessary to make the statements in the offering sheet, in light of the circumstances, not misleading. Misleading statements would include, but not be limited to, material changes in financial condition, litigation having been filed against issuer claiming more than 10% of the assets of the issuer, changes in management, and changes in the number of shares outstanding.

**SUBPART E: REGISTRATION OF SECURITIES**

**Section 130.501 Title of Securities**

Wherever the title of securities is required to be stated there shall be given such information as will indicate the type and general character of the securities, including the following:

a) In the case of shares, the par or stated value, if any; the rate of dividends, if fixed, and whether cumulative or noncumulative; a brief indication of the preference, if any; and if convertible, a statement to that effect.

b) In the case of funded debt, the rate of interest; the date of maturity, or if the issue matures serially, a brief indication of the serial maturities, such as "maturing serially from 1980 to 1990"; if the payment of principal or interest is contingent, an appropriate indication of
such contingency, a brief indication of the priority of the issue; and if convertible, a statement to that effect.

c) In the case of any other kind of security, appropriate information of comparable character.

Section 130.502 Financial Statement Requirements

For the purpose of this Part and to insure uniform interpretation, the form and content of financial statements, which are to be filed in connection with any filing under the Act, shall conform to 17 CFR 210.1-01 through 17 CFR 210.12-29 (Regulation S-X) in effect on January 1, 1984 and Accounting Series Releases as they relate to the Federal 1933 Act and the Federal 1934 Act.

Section 130.503 Disclaimer of Control

If the existence of control is open to reasonable doubt in any instance, the registrant may disclaim the existence of control and any admission thereof; in such case, however, the registrant shall state the material facts pertinent to the possible existence of control.

Section 130.505 Formal Requirements as to Consents

a) If the name of any accountant, engineer, or appraiser, or any person whose profession gives authority to a statement made by him, has been made any part of the application for registration, or if the person is named as having prepared or certified a report, the written consent of such person shall be filed with the application for registration.

b) All written consents of experts filed with an application for registration pursuant to these rules shall be dated and signed manually. A list of the consents shall be filed with the application for registration. Where the consent of an expert is contained in his report, a reference shall be made in the list to the report containing the consent.

Section 130.506 Consents Required in Special Cases

a) If any portion of a report of an expert is quoted or summarized as such in the application for registration or in a prospectus, the written consent of the expert shall expressly state that the expert consents to such quotation or summarization.

b) If it is stated that any information contained in the application for registration has been reviewed or passed upon by any persons and that the information is set forth in the application for registration upon the authority of or in reliance upon such persons as experts, the written consents of the persons shall be filed with the application for registration.

Section 130.507 Application to Dispense with Consent

An application to the Secretary of State to dispense with any written consent of an expert shall be made by the registrant and shall be supported by an affidavit or affidavits establishing that the obtaining of the consent is impracticable or involves undue hardships on the registrant. The application shall be filed and the consent of the Secretary of State shall be obtained prior to the date of registration.

Section 130.508 Consent to Use of Material Incorporated by Reference
If the Act requires the filing of a written consent to the use of any material in connection with the application for registration, the consent shall be filed with the application for registration even though the material is incorporated therein by reference.

Section 130.510 Procedures for Registration of Securities by Coordination under Section 5.A of the Act

a) Filing requirements.

1) Application for registration of securities pursuant to Section 5.A of the Act shall be made by filing the following documents with the Securities Department in Springfield in the form required by Section 5.A(2) of the Act:

A) One copy of the registration statement (without exhibits) which sets forth the title of the securities, price or proposed offering price, and the aggregate number of units to be offered by the registration statement on file with the SEC in its most recent form as of the date of the initial filing under Section 5.A of the Act;

B) A completed Application to Register Securities on Form U-1 as provided in Appendix B, executed by the applicant, if a natural person; or by a general partner, if the applicant is a partnership; or by an officer of the applicant, if a corporation; or in other cases by a credible person having knowledge of the facts, setting forth the title of the securities to be registered, the total offering of securities in number and dollar amount, the offering of securities in number and dollar amount to be offered in this State, the offering price or proposed offering price and the proposed maximum aggregate price in this State therefor as defined in Section 130.251 of this Part and, if the applicant is electing the date of effectiveness of a post-effective amendment filed or to be filed with the SEC as its "effective date" as defined in Section 2.13 of the Act, specifying such date as the "effective date" for purposes of paragraph 6 of the Application;

C) If the applicant is not a registered dealer, the name of at least one registered dealer for the securities being registered (except that, in the case of securities being offered and sold on a delayed or continuous basis pursuant to 17 CFR 230.415 as in effect on January 1, 1996 (no subsequent amendments or editions), the name of the registered dealer may be furnished no later than the close of business on the second business day following the commencement of sales of the registered securities), or if no registered dealer is participating in the offering, a description of the method by which the securities being registered will be offered and sold in Illinois in compliance with Section 8 of the Act; and

D) The filing fee required by Section 5.C(1) of the Act in the form and amount required by Section 130.110 of this Part.

2) The completed Application to Register Securities on Form U-1 shall constitute the application and the undertaking called for Sections 5.A(2)(c) and 5.A(2)(d), respectively, of the Act, except that
A) The time period for filing documents described in the undertaking set forth in paragraph 9(b) of the Application shall be deemed to be the seven calendar days after the forwarding thereof to the SEC;

B) Only amendments to the federal registration statement which amend or supplement the registration statement need be filed pursuant to paragraph 9(b)(i) of the Application; and

C) The applicant otherwise shall be required to comply with the undertakings set forth in paragraph 9 of the Application only to the extent required by the Act and this Part.

b) If, prior to the effective date, there shall have been filed with the Securities Department all of the documents and fees specified in subsection (a) of this Section, registration of securities under Section 5.A of the Act shall become effective automatically on the effective date, provided that:

1) The application for registration is not then the subject of pending proceedings under Section 11.F of the Act or of an order of suspension, denial or prohibition under Section 11 of the Act; and

2) At least one of the following events shall have occurred on or before the effective date:

   A) The Securities Department shall have notified the applicant, in writing (which may be by telegraphic, electronic or facsimile transmission), that such documents and fees conform to the requirements of the Act and this Part; or

   B) At least ten business days shall have expired from and including the date on which all of the documents and fees specified in subsection (a) of this Section have been filed with or paid to the Securities Department.

c) If, prior to the effective date, all of the documents specified in subsection (a) of this Section shall not have been filed with the Securities Department, the registration under Section 5.A of the Act shall take effect on the date that all of the following conditions are satisfied:

1) All of the documents and fees specified in subsection (a) of this Section shall have been filed with or paid to the Securities Department;

2) The application for registration is not then the subject of pending proceedings under Section 11.F of the Act or of an order of suspension, denial or prohibition under Section 11 of the Act; and

3) There shall have been filed with the Securities Department a statement from the applicant, in writing (which may be by telegraphic, electronic or facsimile transmission), which either:

   A) states that no securities which are part of the offering being registered have been sold in this State; or
B) if securities which are part of the offering being registered have been sold in this State, that sets forth the name and address of each purchaser of such securities, the dollar amount sold, and the exemption or exemptions from registration under Section 3 or 4 of the Act relied upon in making each such sale.

4) At least one of the following events shall have occurred:

A) The Securities Department shall have notified the applicant, in writing (which may be by telegraphic, electronic or facsimile transmission), that such documents and fees conform to the requirements of the Act and this Part; or

B) At least ten business days shall have expired from and including the date on which all of the documents and fees specified in subsection (a) of this Section have been filed with or paid to the Securities Department; and

5) There shall have been filed with the Securities Department a statement from the applicant, in writing (which may be by telegraphic, electronic or facsimile transmission), dated no earlier than the first business day preceding the date on which the registration under Section 5.A of the Act is to take effect, stating that:

A) The registration statement filed under the Federal 1933 Act, as defined in Section 130.200 of this Part, is then in effect; and

B) The registration statement, including any amendments or supplements thereto, then on file with the Securities Department satisfies the requirements of Section 10(a)(3) of the Federal 1933 Act, as defined in Section 130.200 of this Part.

d) The applicant shall file with the Securities Department, a notice in writing (which may be by telegraphic, electronic or facsimile transmission), no later than the close of business on the second business day following the later of the effective date or the date on which the registration under Section 5.A of the Act shall take effect, of:

1) The offering price(s) (provided, that if the offering is to be made on a delayed or continuous basis pursuant to Rule 415 under the Federal 1933 Act, 17 CFR 230.415, as defined in Section 130.200 of this Part, the offering price(s) need only be furnished if known to applicant, and if not indicated in documents already on file with the Securities Department); and

2) The date that the registration statement or, if the applicant is electing the date of effectiveness of a post-effective amendment, that the post-effective amendment, became effective under the Federal 1933 Act, as defined in Section 130.200 of this Part.

e) No offering of securities shall be registered under Section 5.A of the Act if, prior to the effective date, all of the securities which are part of the offering being registered have been sold. The Secretary shall require, in any case where it appears that this subsection (e) may be violated, an affidavit to the effect that securities which are part of the offering remain available for sale.
f) The issuer, controlling person or registered dealer, who filed the application may petition the Securities Department, in writing, prior to effectiveness of the registration of the securities under the Federal 1933 Act, as defined in Section 130.200 of this Part, for a waiver of automatic effectiveness of the registration of securities under the Act if such effectiveness would cause the issuer, controlling person or registered dealer to violate any provision of the Act or this Section. The Securities Department shall notify the issuer, controlling person or registered dealer in writing of the Secretary's decision to grant or deny any request for waiver of automatic effectiveness. If the waiver is granted, the registration of securities shall become effective automatically on such date as shall be designated in writing by the issuer, controlling person or registered dealer who filed the application provided that such person has satisfied all of the requirements of the Act and this Section.

Section 130.520 Procedures for Registration of Securities by Qualification under Section 5.B of the Act

a) Application for registration of securities pursuant to Section 5.B of the Act shall be made

1) by filing the following documents with the Securities Department in Springfield or Chicago, Illinois in the form required by Section 5.B of the Act:

A) A completed Application to Register Securities on Form U-1, executed by the applicant, if a natural person; or by a general partner, if the applicant be a partnership only; or by an officer of the applicant, if a corporation; or in other cases by a credible person having knowledge of the facts, setting forth the name and address of the issuer, the title and total amount of the securities to be offered, the amount of the securities to be registered in this State pursuant to the Application, the proposed maximum aggregate price for the securities being registered as defined in Section 130.251 of this Part, and the aggregate underwriting commissions, remuneration or discount;

B) A copy of the prospectus for the securities being registered conforming to the requirements of Section 5.B(3) or 5.B(4) of the Act, as applicable;

C) A copy of the indenture or other instrument, if any, under which the securities are to be or have been issued, as amended through the date of filing;

D) A specimen copy of the securities or a copy of the form of the instrument, if any, to evidence the securities;

E) An opinion of counsel as to the legality of the securities;

F) A copy of the underwriting and selling agreements, if any;

G) An undertaking to file promptly with the Secretary of State any and all amendments of and supplements to the prospectus as theretofore filed under Section 5.B of the Act, accompanied by the examination fee specified in Section 130.110; and
H) The name of at least one registered dealer for the securities being registered under Section 5.B of the Act, or if no registered dealer is participating in the offering, a description of the method by which the securities being registered will be offered and sold in Illinois in compliance with Section 8 of the Act; and

2) by paying to the Securities Department in Springfield or Chicago, Illinois the examination fee and filing fee required by Sections 5.B.(2)(g) and 5.C.(1), respectively, of the Act in the form and amount required by Section 130.110.

b) The completed Application to Register Securities on Form U-1 shall constitute the application called for in Section 5.B(1) of the Act.

c) The Secretary of State shall within a reasonable time examine the application and documents filed with him or her, and unless:

1) the Secretary of State makes a determination that the application and documents so filed do not conform to the requirements of this Section 5.B of the Act, or

2) the application for registration is then the subject of pending proceedings under Section 11.F of the Act or of an order of suspension, denial or prohibition under Section 11 of the Act, he or she shall register the securities for offer and sale in this State under Section 5.B of the Act.

d) The applicant shall notify the Securities Department in Springfield, in writing (which may be by telegraphic, electronic or facsimile transmission), prior to the time at which the registration under Section 5.B of the Act shall take effect, of the actual offering price(s) for the securities being registered and, if the offering is filed under Regulation A of the Federal 1933 Act, a copy of the notification of SEC clearance within two business days after the date of the issuance of such clearance.

Section 130.525 Procedures for Registration of Securities by Qualification under Section 5.B(7) of the Act, Small Company Offering Registration ("SCOR") on Form U-7

a) To be eligible to use Form U-7, an issuer must comply with each of the following requirements:

1) The issuer must be a corporation or a limited liability company organized under the laws of one of the states or possessions of the United States which engages in or proposes to engage in a business other than petroleum exploration or production or mining or other extractive industries. "Blind pool" offerings and other offerings for which the specific business or properties cannot now be described are ineligible to use Form U-7;

2) The securities may be offered and sold only on behalf of the issuer, and Form U-7 may not be used by any selling security-holder (including underwriters in a firm commitment underwriting) to register the securities for resale;

3) The offering price for common stock (and the exercise price, if the securities are options, warrants or rights for, and the conversion price if the securities are convertible into, common stock) must be equal to or greater than $1.00 per share;
4) The issuer may engage salespersons to sell the securities. Commissions, fees, or other remuneration for soliciting any prospective purchaser in this State in connection with the offering may only be paid to persons who are registered as salespersons.

5) Form U-7 shall not be available for the securities of any issuer if the issuer or any of its officers, directors, 10% stockholders, promoters or any salesperson of the securities to be offered, or any officer, director or partner of such issuer:

A) has filed a registration statement which is the subject of a currently effective registration stop order entered pursuant to any state's securities law within five years prior to the filing of the application for registration hereunder;

B) has been convicted within five years prior to the filing of the application for registration hereunder of any felony or misdemeanor in connection with the offer, purchase or sale of any security or any felony involving fraud or deceit, including, but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny or conspiracy to defraud;

C) is currently subject to any state administrative enforcement order or judgment entered by that state's securities administrator within five years prior to the filing of the application for registration hereunder or is subject to any state's administrative enforcement order or judgment in which fraud or deceit, including but not limited to making untrue statements of material facts and omitting to state material facts, was found and the order or judgment was entered within five years prior to the filing of the application for registration hereunder;

D) is subject to any state's administrative enforcement order or judgment which prohibits, denies or revokes the use of any exemption from registration in connection with the subject offer, purchase or sale of securities included in the application for registration hereunder; or

E) is currently subject to any order, judgment or decree of any court of competent jurisdiction temporarily or preliminarily restricting, enjoining, or subject to any order, judgment or decree of any court of competent jurisdiction, permanently restraining or enjoining, from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or involving the making of any false filing with the state entered within five years prior to the filing of the application for registration hereunder.

6) The prohibitions of subsections (a)(5)(A), (B), (C) and (E) of this Section shall not apply if the person subject to the disqualification is duly licensed or registered to conduct securities related business in the state in which the administrative order or judgment was entered against such person or if the dealer employing such party is licensed or registered in this State and the Form BD filed with this State discloses the order, conviction, judgment or decree relating to such person. If any of the circumstances in subsection (a)(5)(B), (C) or (E) of this Section has occurred more than five years from the date of the application for registration hereunder, these circumstances should be described in response to Question 45 of Form U-7 as a Miscellaneous Factor.
7) Use of Form U-7 is available to any offering of securities by an issuer, the aggregate offering price of which within or outside this State shall not exceed $1,000,000, less the aggregate offering price for all securities sold within the twelve months before the sale of, and during the offering of, the securities under SEC Rule 504 in reliance on any exemption under section 3(b) of the Federal 1933 Act not in violation of section 5(a) of that Act. Form U-7 is not available to a company that is an investment company (including mutual funds) or is subject to the reporting requirements of Section 13 or 15(d) of the Federal 1934 Act.

8) The issuer shall file with the SEC a Form D pursuant to Regulation D under the Federal 1933 Act claiming exemption of the offering from registration under the Federal 1933 Act pursuant to Rule 504 thereunder. A copy of the Form D with Illinois signature pages shall be filed with the Securities Department at the same time it is filed with the SEC.

b) Application for registration of securities pursuant to Section 5.B(7) of the Act shall be made by:

1) filing the following documents with the Securities Department in the form required by Section 5.B of the Act:

A) A completed Application to Register Securities on Form U-1, executed by the applicant, if a natural person; or by an officer of the applicant, if a corporation; or in other cases by a credible person having knowledge of the facts, setting forth the name and address of the issuer, the title and total amount of the securities to be offered, the amount of the securities to be registered in this State pursuant to the Application, and the proposed maximum aggregate price for the securities being registered as defined in Section 130.251 of this Part;

B) A copy of the Form U-7, Disclosure Document, with a response to each question in each paragraph of the Form U-7; if a question is not applicable, the response should so indicate; each response should be clearly and concisely stated and should not include nominal, immaterial or insignificant information;

C) Form of Selling Agency Agreement, if any;

D) Issuer's articles of incorporation or other charter documents and all amendments thereto;

E) Issuer's by-laws, as amended to date;

F) Copy of any resolutions by directors setting forth terms and provisions of capital stock to be issued;

G) Any indenture, form of note or other contractual provision containing terms of notes or other debt, or of options, warrants or rights to be offered, if any;

H) Specimen of security to be offered (including any legend restricting resale);
I) Copy of all advertising or other materials including electronic media and correspondence directed to or to be furnished investors in the offering;

J) Form of escrow agreement for escrow of proceeds, if any;

K) Form of any subscription agreement for the purchase of securities in the offering;

L) Opinion of counsel as to the legality of the securities to be issued;

M) Consent to inclusion in the disclosure document of tax advisor's opinion or description of tax consequences, if any;

N) Consent to inclusion in the disclosure document of any evaluation of litigation or administrative action by counsel, if any;

O) Schedule setting forth the name and residential street address of each officer, director and principal stockholder;

P) Work sheets showing computations of responses to questions 6, 7(a), 8(a), 8(b) and 17(b) of Form U-7;

Q) Undertaking to file promptly with the Securities Department any and all amendments of and supplements to the disclosure document as theretofore filed under Section 5.B of the Act, accompanied by the examination fee specified in Section 130.110 of this Part; and

R) Name of the registered dealer who will be selling the securities, if any; or Form U-4s for each individual who will be selling the securities together with the filing fee required by Section 8.C(7) of the Act in the form and amount required by Section 130.110 of this Part or a description of the method by which the securities being registered will be offered and sold in Illinois in compliance with Section 8 of the Act.

2) Paying to the Securities Department the examination fee and filing fee required by Section 5.B(2)(g) and 5.C(1), respectively, of the Act in the form and amount required by Section 130.110 of this Part.

c) The Securities Department shall within a reasonable time examine the application and documents filed, and unless:

1) the Securities Department makes a determination that the application and documents so filed do not conform to the requirements of Section 5.B(7) of the Act and this Section; or

2) the application for registration is then the subject of pending proceedings under Section 11.F of the Act or of an order of suspension, denial or prohibition under Section 11 of the Act, the Department shall declare the Form U-7 effective and register the securities for offer and sale in this State under Section 5.B of the Act.

d) Issuer notification requirements to the Securities Department after the securities are registered:
1) Notification within two business days after the occurrence of any event which requires a material change in Form U-7 and submission of the following:

A) a complete Form U-7 as revised, amended or supplemented, marked to show changes from the previously filed version; and

B) the amendment filing fee as required by Section 5.B(2)(g) of the Act and in the form and amount required by Section 130.110 of this Part;

2) Monthly sales report disclosing the total dollar amount of securities sold in this State, to be filed not later than 10 business days following the end of each month;

3) Final sales report disclosing the total dollar amount of securities sold in this State, to be filed not later than 10 business days following the completion or termination of the offering; and

4) Affidavit of termination as required pursuant to Section 5.D of the Act, to be filed not later than 30 days following completion or termination of the offering.

Section 130.530 Renewal of Registration of Securities Under Section 5.E of the Act

a) An issuer, controlling person or registered dealer shall file an application for renewal of registration of part or all of the securities which remain unsold by filing with the Securities Department, no later than ten business days prior to the date upon which the registration under Section 5.A of the Act or renewal under Section 5.E of the Act would expire, on Form U-1 executed by an officer of the issuer, controlling person or registered dealer and paying the fee set forth in Section 130.110 of this Part. Such application shall be accompanied by a copy of the prospectus in its most current form.

b) Any application for renewal of registration of securities filed with or fee paid to the Securities Department within nine business days or less prior to the date upon which the registration or renewal would expire shall pay an additional fee set forth in Section 130.110 of this Part.

c) Any application for renewal of registration of securities filed with or fee paid to the Securities Department on or after the date upon which the registration has expired shall pay an additional fee set forth in Section 130.110 of this Part until the application is filed and the renewal fee and all such additional fees are paid.

d) The renewal of the registration under subsection (a), (b) or (c) of this Section shall take effect as of the date that the prior registration or renewal expired.

e) No application for renewal of registration of securities shall be deemed to be filed or take effect if the application, renewal fee or additional fee shall have been filed with or paid to the Securities Department more than one year after the most recent expiration of the registration or renewal of the registration.

f) Prior to the renewal of any registration, the issuer, controlling person or registered dealer shall have filed with the Securities Department the name of at least one registered dealer which will be offering or selling the securities or have filed an application for registration on Form U-4 or renewal on Form 8.C(1) for at least one salesperson that the Securities Department will grant registration of or renewal of registration of concurrently with the registration or renewal.
Section 130.531 Computation of Fees

a) At the time of filing an application for registration under Section 5.B of the Act, there shall be paid to the Secretary of State an examination fee as specified in Section 130.110(a) of this Part.

b) Prior to the time of registration under Section 5.A, 5.B of the Act, there shall be paid to the Secretary of State a registration fee as specified in Section 130.110(a) of this Part.

c) Where securities are to be offered to existing security holders and the portion, if any, not taken by the security holders is to be reoffered to the general public, the registration fee is to be calculated upon the basis of the proposed offering price to the security holders or the proposed reoffering price to the general public, whichever is higher.

d) Where securities are to be offered in exchange for other securities (except where such exchange results from the exercise of a conversion privilege), the registration fee is to be calculated as follows:

1) Upon the basis of the market value of the securities to be received by the registrant in the exchange as established by bona fide transactions as of a specified date within 7 days of the effective date of the offering.

2) If there is no market for the securities to be received by the registrant in the exchange, the book value of the securities computed as of the latest practicable date prior to the date of registration shall be used, unless the issuer of the securities is in bankruptcy or receivership, in which case one-third of the principal amount, par value or stated value of the securities shall be used.

3) If any cash is to be received or paid in connection with the exchange, the amount thereof shall be deducted from or added to, as the case may be, the value of the securities to be received by the registrant in exchange as computed in accordance with (1) or (2) above.

4) Securities to be offered directly or indirectly in exchange for certificates of deposit shall be deemed to be offered in exchange for the securities represented by the certificates of deposit.

Section 130.532 Registration of Additional Securities Pursuant to Section 5(C)(2) of the Act

The registration of additional securities that are part of the same offering for which an application for registration is already in effect shall be effected pursuant to Section 5(C)(2) of the Act by filing an amended cover page to the Form U-1 on file with the Securities Department to reflect the increased amount of securities to be registered and paying to the Securities Department the additional fee specified in Section 130.110 of this Part.

Section 130.533 Formal Requirements for Amendments Under Section 5 of the Act

Any amendment to an application for registration under Section 5 of the Act shall be filed under cover of an appropriate facing sheet, shall be numbered consecutively in the order in which filed, and shall
conform to all pertinent Rules applicable to the original application for registration. Each post-effective amendment which amends a prospectus filed pursuant to Section 5(B) of the Act shall be accompanied by the examination fee specified in Section 130.110 of this Part.

Section 130.534 Powers to Amend or Withdraw Registration Statement

All persons signing an application for registration shall be deemed, in the absence of a statement to the contrary, to confer upon the applicant, and upon the correspondent named in the application for registration, the following powers:

a) A power to amend the application for registration:

1) by altering the date of the proposed offering;
2) by filing any required written consent;
3) by correcting typographical errors; or
4) by reducing the amount of securities registered, pursuant to an undertaking contained in the application for registration;

b) A power to make application for the Secretary of State's consent to the filing of an amendment;

c) A power to withdraw the application for registration or any amendment or exhibit thereto;

d) A power to consent to the entry of an order under Section 11 of the Act, waiving notice and hearing, the order being entered without prejudice to the right of applicant, thereafter to have the order vacated upon a showing to the Secretary of State that the application for registration as amended is no longer incomplete or inaccurate on its face in any material respect.

Section 130.535 Signatures of Amendments

Every amendment to an application for registration shall be executed in the same manner and by the same applicant as in the case of the original application.

Section 130.536 Delaying Amendments

An amendment altering the proposed date of the public offering may be made by telegram or by letter. Each such telegraphic amendment shall be confirmed within a reasonable time by the filing of one copy which shall be signed. The confirmation shall not be deemed an amendment.

Section 130.538 Withdrawal of Registration Statement, Amendment or Exhibit Filed Under the Federal 1933 Act

An application for registration or an amendment or exhibit may, prior to registration, be withdrawn by written request with the consent of the Secretary of State. The written request for withdrawal shall state the reasons for the withdrawal. Any previously paid fees related to the application shall not be refunded. All papers comprising the application for registration or amendment, except the application form, most
current form of the registration statement filed under the Federal 1933 Act or prospectus and correspondence, shall be destroyed. The application form shall be plainly marked with the date of the consent to withdraw and the following statement: "Withdrawn upon the request of the applicant with the consent of the Secretary of State". The Secretary of State shall deny the request for withdrawal of the application for registration if the Secretary determines that there is a need for investigation pursuant to Section 11 of the Act.

Section 130.540 Procedure with Respect to Abandoning Registration Statements, Applications for Trading Authorizations and Post-Effective Amendments

a) When an application for registration, authorization to trade or a post-effective amendment to such an application has been on file with the Secretary of State for a period of nine months and has not become effective, the Secretary of State may, in his or her discretion, proceed in the following manner to determine whether the application for registration or authorization to trade or amendment has been abandoned by the applicant. If the application for registration or authorization to trade has been amended, other than for the purpose of delaying the effective date thereof, or if the post-effective amendment has been amended, the nine-month period shall be computed from the date of the latest such amendment.

b) A notice will be sent to the applicant named in the application for registration or authorization to trade, by certified mail, return receipt requested, addressed to the most recent addresses for the applicant reflected in the application for registration or authorization to trade. The notice will inform the applicant that the application for registration or authorization to trade or amendment is out of date and must be either amended to comply with the applicable requirements of the Act or be withdrawn within 30 days after the date of notice or an Order of Abandonment shall be entered.

c) If the applicant fails to respond to such notice by filing a substantive amendment or withdrawing the application for registration or authorization to trade, the Secretary of State may, where consistent with the public interest and the protection of investors, enter an order declaring the application for registration or authorization to trade or amendment thereto abandoned.

d) When such an order is entered by the Secretary of State:

1) the examination fee or filing fee paid upon the filing of the application for registration or the filing fee paid upon the filing of the application for an authorization to trade will not be returned;

2) all papers comprising the application for registration or authorization to trade or amendment, with the exception of the application form, the most current form of the registration statement filed under the Federal 1933 Act or the offering document and correspondence, will be removed from the files of the Secretary of State; and

3) the application form will be plainly marked in the following manner: "Declared abandoned by order dated _______________."

e) The applicant may request an administrative hearing in writing within 15 days of receipt of the Order of Abandonment. Such request for hearing before the Securities Director, or his or her designee, shall set forth the grounds upon which applicant seeks a hearing.
Section 130.550 Additional Fees Under Section 5 of the Act

a) The Secretary shall impose an additional fee for the failure to file with the Securities Department written notice of SEC effectiveness within two (2) business days of the date that the SEC has granted effectiveness. The additional fee for the third through tenth day after SEC effectiveness shall be as set forth in Section 130.110 of this Part.

b) The additional fee for filing written notice of SEC effectiveness after the tenth day after SEC effectiveness shall be as set forth in Section 130.110 of this Part.

c) The Secretary shall waive the additional fee if:

1) the applicant has been granted a waiver of concurrent effectiveness under Section 5(A)(7) of the Act by the Secretary; or

2) the additional fee, if paid, would render the issuer insolvent as defined in Section 130.200 of this Part.

d) For the purposes of this Section, two (2) business days shall mean two (2) business days from and after the date of SEC effectiveness unless the offering is declared effective on a Saturday, Sunday or a holiday. If the date of SEC effectiveness is a Saturday, Sunday or a holiday, two (2) business days means two (2) business days from and after the first business day immediately following the Saturday, Sunday or holiday.

Section 130.570 Legibility of Prospectuses

The body of all printed prospectuses shall be in roman type at least as large as 10-point modern type. However, to the extent necessary for convenient presentation, financial statements and other statistical or tabular data and the notes thereto may be in roman type at least as large as 8-point modern type. All type shall be leaded at least 2 points.

Section 130.571 Presentation of Information in Prospectuses

a) The information required in a prospectus need not follow the order of the items or other requirements in the form. The information shall not, however, be set forth in such fashion as to obscure any of the required information or any information necessary to keep the required information from being incomplete or misleading. Where an item requires information to be given in a prospectus in tabular form, it shall be given in substantially the tabular form specified in the item.

b) All information contained in a prospectus shall be set forth under appropriate captions or headings reasonably indicative of the principal subject matter set forth thereunder. Except as to financial statements and other tabular data, all information set forth in a prospectus shall be divided into reasonable, short paragraphs or sections.

c) Every prospectus shall include in the forepart thereof a reasonably detailed table of contents showing the subject matter of the various sections or subdivisions of the prospectus and the page number on which each such Section or subdivision begins.

d) All information required to be included in a prospectus shall be clearly understandable without the necessity of referring to the particular form or to the Rules. Except as to financial statements and information required in tabular form, the information set forth in a prospectus may be expressed in condensed or summarized form. Financial statements
included in a prospectus are to be set forth in comparative form and shall include the notes thereto and the accountant's certificate.

c) Photographic reproductions of management, principal properties, or important products in prospectuses, all appropriately identified, are permissible where they do not tend to be misleading. However, artists', architects' or engineers' conceptions or renderings of uncompleted structures are not permissible since they may be misleading in that there is no assurance of completion of the structure or because of lack of accuracy of the conception or rendering, but accurate maps or surveys are permissible, where appropriate. Established corporate symbols or trademarks may be used, if they do not tend to be misleading.

Section 130.572 Summaries or Outlines of Documents

Where a summary or outline of the provisions of any document is required, only a brief statement shall be made, in succinct and condensed form, as to the most important provisions of the document. In addition to such statement, the summary or outline may incorporate by referenced particular items, sections, or paragraphs of any exhibit and may be qualified in its entirety by such reference. Matter contained in an exhibit may be incorporated by reference in a prospectus only to the extent permitted by this Section.

Section 130.573 Preparation of Application for Registration

a) Notwithstanding any requirement of the appropriate form to the contrary, a copy of the proposed prospectus may be filed as a part of the application for registration in lieu of furnishing the information in item-and-answer form. Whenever this procedure is followed, either pursuant to this Section or otherwise, the text of the items of the form are to be omitted from the registration statement, as well as from the prospectus, except to the extent provided in paragraph (b) of this Section. All general instructions, instructions to items of the form and instructions as to financial statements, exhibits or prospectuses are to be omitted from the application for registration in all cases.

b) Where any items of a form call for information not required to be included in the prospectus, the text of the items together with the answers thereto shall be filed with the prospectus under cover of the facing sheet of the form as a part of the application for registration. If any such item is inapplicable, or the answer thereto is in the negative, a statement to that effect shall be made. Any financial statements not required to be included in the prospectus shall also be filed as a part of the application for registration, unless incorporated by reference.

c) Every application for registration shall include a cross-reference sheet showing the location in the prospectus of the information required to be included in the prospectus in response to the items of the form. If the item is inapplicable, or the answer thereto is in the negative and is omitted from the prospectus, a statement to that effect shall be made in the cross-reference sheet.

Section 130.574 Incorporation of Certain Information by Reference

a) Where an item calls for information not required to be included in the prospectus, matter contained in any part of the application for registration, other than exhibits, may be incorporated by reference in answer, or partial answer, to such item. Matter contained in an exhibit may be so incorporated to the extent specified in Section 130.593.
b) Any financial statement or part thereof filed with the Secretary of State pursuant to the Act may be incorporated by reference in any application for registration if it substantially conforms to the requirements of the appropriate form and is not required to be included in the prospectus.

Section 130.575 Form of and Limitation Upon Incorporation by Reference

Material incorporated by reference shall be clearly identified in the reference. An express statement that the specified matter is incorporated by reference shall be made at the particular place in the application for registration where the information is required. Matter shall not be incorporated by reference in any case where the incorporation would render the statement incomplete, unclear or confusing.

Section 130.576 Statement Required in Prospectuses

a) There shall be set forth on the outside front cover page of every prospectus the following statement in capital letters printed in boldface roman type at least as large as 10-point modern type and at least 2 points leaded:

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS, NOR HAS THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

or in the alternative, where applicable:

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

b) There shall be set forth on the outside front cover page of every prospectus relating to a registrant under Section 5.B of the Act which:

1) has not been engaged in the business in which it is then engaged for five years, or
2) has not had a net profit in each of the last three years,

the following statement in capital letters printed in boldface roman type at least as large as 10-point modern type and at least 2 points leaded:

THE SECURITIES OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK.

c) The Secretary of State may grant a waiver or variance of this legend if a legend of similar wording and type size required by the Securities and Exchange Commission conveys the same thought; if the circumstances of the loss in the last 3 years were attributable to an act of God, or other event over which neither the issuer nor any of its affiliates had control, or if the issuer shall have demonstrated that the loss is non-recurring and has not had a materially adverse effect on its business operations and financial position or that, under all the circumstances, such legend would not be true.
Section 130.577  Prospectuses Supplementing Preliminary Material Supplied Previously

A prospectus meeting the requirements of Section 12 of the Act may consist of a copy of the latest proposed form of prospectus meeting the requirements of Section 130.244 and a document containing such additional information that both together contain all of the information required to be included in a prospectus for registered securities provided:

a) the proposed form of prospectus is incorporated by reference into and made a part of the document;

b) where the proposed form of prospectus has been sent or given before the effective date of the registration, the document is sent or given not more than 20 days later; and

c) where the proposed form of prospectus is sent or given after the date of registration, the document is attached thereto.

Section 130.578  Application of Amendments to this Part Governing Contents of Prospectuses

a) The form and contents of any prospectus need conform only to the applicable sections of this Part in effect at the time the registration becomes effective, notwithstanding subsequent amendments to this Part, except as otherwise provided in any such amendment or in paragraph (b) of this Section.

b) When an order entered under Section 11.F of the Act ceases to be effective as to a registration, the form and contents of any prospectus used thereafter for securities covered by the application shall conform to the applicable sections of this Part in effect at the date the order ceases to be effective.

Section 130.581  Statement as to Stabilizing Required in Prospectuses Filed Under Section 5.B of the Act

a) If the registrant or any of the underwriters knows or has reasonable grounds to believe that there is an intention to over-allot or that the price of any security may be stabilized to facilitate the offering of the registered securities, there shall be set forth, either on the outside front cover page or on the inside front cover page of the prospectus filed under Section 5.B of the Act, a statement in substantially the following form, subject to appropriate modifications where circumstances require. The statement shall be in capital letters, printed in boldface roman type at least as large as 10-point modern type and at least 2 points leaded:

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF (identify each class of securities in which such transactions may be effected) AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.
b) If the stabilizing began prior to the effective date of the registration, there shall be set forth in the prospectus the amount of securities bought, the prices at which bought and the period within which they were bought.

Section 130.582 Contents of Prospectus When Two or More Registrations Are in Effect Under Section 5.B of the Act

When two or more registrations become effective under Section 5.B of the Act for different blocks of securities of the same class, a prospectus which meets the requirements of the Act for use in connection with the securities covered by the latest registration will be deemed to meet the requirements for use in connection with the securities covered by the earlier registration provided such prospectus also contains the information contained in the earlier prospectuses with respect to:

a) the underwriting, marketing and distribution arrangements,

b) the price to the public, underwriting discounts and commissions and proceeds to the registrant, and

c) the application of the proceeds.

Section 130.590 Identifying Statements

Every application for registration may include as an exhibit a form of identifying statement which complies with Section 130.210(b).

Section 130.591 Requirements as to Appraisals

a) An appraisal may be required as an exhibit in connection with an offering of securities of an issuer under the Act which:

1) has not been engaged in the business in which it is engaged for five years, and

2) has not had a net profit in each of the last three fiscal years.

b) The appraisal shall bear a dollar valuation as to the assets of the issuer and shall be prepared as of a date not more than 120 days prior to the date on which the appraisal is filed with the Secretary of State.

c) The appraisal of the assets of the issuer shall be prepared by a disinterested qualified person designated by the Secretary of State. Such person shall be a member of a professional appraiser's organization, have past experience in the specific area to be appraised and be in reasonable geographic proximity to the assets to be appraised.

d) An appraiser shall be appointed by the Secretary of State, with written notification to the issuer and the appraiser of the appointment. Arrangements for cost and time will be resolved between the issuer and the appraiser. If an agreement cannot be reached between the two parties as to time and cost of the appraisal, the Secretary of State will select another qualified firm or individual for the appraisal.

e) An issuer may submit names and credentials of firms or individuals, whom it believes are qualified to make an independent appraisal, for consideration by the Secretary of State for appointment.
Section 130.592 Omission of Substantially Identical Documents

In any case where two or more indentures, contracts, franchises or other documents required to be filed as exhibits are substantially identical in all material respects except as to the parties thereto, the dates of execution or other details, the registrant need file a copy of only one of such documents with a schedule identifying the other documents omitted and setting forth the material details in which the documents differ from the document of which a copy is filed. The Secretary of State may at any time in his discretion require the filing of copies of any documents so omitted.

Section 130.593 Incorporation of Exhibits by Reference

a) Any document or part thereof filed with the Secretary of State pursuant to any statute, rule or regulation administered by the Secretary of State may be incorporated by reference as an exhibit to any application for registration, provided that the document was not a part of any filing, with the Secretary of State, withdrawn, denied or registered more than 5 years prior to the date of submission of an application for registration.

b) If any modification has occurred in the text of any document incorporated by reference since the filing thereof, the registrant shall file with the reference a statement containing the text of any such modification and the date thereof.

SUBPART F: FACE AMOUNT CERTIFICATE CONTRACTS

Section 130.600 Preamble

The Rules contained in this Subpart shall apply to issuers of face amount certificate contracts, as that term is defined in Section 2.14 of the Act, whose face amount certificate contracts are or have been registered pursuant to Section 6 of the Act.

Section 130.610 Procedures for Registration of Face Amount Certificate Contracts by Coordination under Section 6.A of the Act

a) Filing requirements.

1) Application for registration of Face Amount Certificate Contracts pursuant to Section 6.A of the Act shall be made by filing the following documents with the Securities Department in Springfield in the form required by Section 6.A(2) of the Act:

A) One copy of the registration statement (without exhibits) which sets forth the title of the face amount certificate contracts, price or proposed offering price, and the aggregate number of units to be offered by the registration statement on file with the SEC in its most recent form as of the date of the initial filing under Section 6.A of the Act;

B) A completed Application to Register Securities on Form U-1, executed by the applicant, if a natural person; or by a general partner, if the applicant is a partnership; or by an officer of the applicant, if a corporation; or in other cases by a credible person having knowledge of the facts, setting forth the title of every series, type or class of face amount certificate contracts to be registered pursuant to the Application, and, if the applicant is electing the date of effectiveness of a post-
effective amendment filed or to be filed with the SEC as its "effective date" as defined in Section 2.13 of the Act, specifying such date as the "effective date" for purposes of paragraph 6 of the Application;

C) If the applicant is not a registered dealer, the name of at least one registered dealer for the face amount certificate contracts being registered, or if no registered dealer is participating in the offering, a description of the method by which the face amount certificate contracts being registered will be offered and sold in Illinois in compliance with Section 8 of the Act; and

D) The filing fee required by Section 6.C of the Act in the form and amount required by Section 130.110 of this Part.

2) The completed Application to Register Securities on Form U-1 shall constitute the application and the undertaking called for by Sections 6.A(2)(c) and (d), respectively, of the Act, except that:

A) The time period for filing documents described in the undertaking set forth in paragraph 9(b) of the Application shall be deemed to be the seven calendar days after the forwarding thereof to the SEC;

B) Only amendments to the federal registration statement which amend or supplement the registration statement need be filed pursuant to paragraph 9(b)(i) of the Application; and

C) The applicant otherwise shall be required to comply with the undertakings set forth in paragraph 9 of the Application only to the extent required by the Act and this Part.

b) If, prior to the effective date, there shall have been filed with the Securities Department all of the documents and fees specified in subsection (a) of this Section, registration of face amount certificate contracts under Section 6.A of the Act shall become effective automatically on the effective date; provided that:

1) The application for registration is not then the subject of pending proceedings under Section 11.F of the Act or of an order of suspension, denial or prohibition under Section 11 of the Act; and

2) At least one of the following events shall have occurred on or before the effective date:

A) The Securities Department shall have notified the applicant, in writing (which may be by telegraphic or facsimile transmission), that such documents and fees conform to the requirements of the Act and this Part; or

B) At least ten business days shall have expired from and including the date on which all of the documents and fees specified in subsection (a) of this Section have been filed with or paid to the Securities Department.

c) If, prior to the effective date, all of the documents specified in subsection (a) of this Section shall not have been filed with the Securities Department, the registration under
Section 6.A of the Act shall take effect on the date that all of the following conditions are satisfied:

1) All of the documents and fees specified in subsection (a) of this Section shall have been filed with or paid to the Securities Department;

2) The application for registration is not then the subject of pending proceedings under Section 11.F of the Act or of an order of suspension, denial or prohibition under Section 11 of the Act; and

3) There shall have been filed with the Securities Department a statement from the applicant, in writing (which may be by telegraphic, electronic or facsimile transmission), which either:
   A) States that no face amount certificate contracts which are part of the offering being registered have been sold in this State; or
   B) If face amount certificate contracts which are a part of the offering have been sold in this State, that sets forth the name and address of each purchaser of such face amount certificate contract, the dollar amount sold, and the exemption or exemptions from registration under Section 3 or 4 of the Act relied upon in making such sale.

4) At least one of the following events shall have occurred:
   A) The Securities Department shall have notified the applicant, in writing (which may be by telegraphic, electronic or facsimile transmission), that such documents and fees conform to the requirements of the Act and this Part; or
   B) At least ten business days shall have expired from and including the date on which all of the documents and fees specified in subsection (a) of this Section have been filed with or paid to the Securities Department; and

5) There shall have been filed with the Securities Department a statement from the applicant, in writing (which may be by telegraphic, electronic or facsimile transmission), dated no earlier than the first business day preceding the date on which the registration under Section 6.A of the Act is to take effect, stating that:
   A) The registration statement filed under the Federal 1933 Act, as defined in Section 130.200 of this Part, is then in effect; and
   B) The registration statement, including any amendments or supplements thereto, then on file with the Securities Department satisfies the requirements of Section 10(a)(3) of the Federal 1933 Act, as defined in Section 130.200 of this Part.

d) The applicant shall file a notice with the Securities Department, in writing (which may be by telegraphic, electronic or facsimile transmission), no later than the close of business on the second business day following the later of the effective date or the date on which the registration under Section 6.A of the Act shall take effect, of the date that the registration statement, or if the applicant is electing the date of effectiveness of a post-
effective amendment, that the post-effective amendment, became effective under the Federal 1933 Act, as defined in Section 130.200 of this Part.

e) Any amendment to a registration under Section 6.A of the Act to add any series, type or class of face amount certificate contracts shall be filed with the Securities Department in Springfield prior to the offer or sale of the additional series, type or class of face amount certificate contracts in this State. Such amendment shall be accompanied by the additional registration fee required by Section 6.E of the Act in the form and amount required by Section 130.110 of this Part.

f) The issuer, controlling person or registered dealer who filed the application may petition the Securities Department in writing prior to effectiveness of the registration of the face amount certificate contracts under the Federal 1933 Act, as defined in Section 130.200 of this Part, for a waiver of automatic effectiveness of the registration of the face amount certificate contracts under the Act, if such effectiveness would cause the issuer, controlling person or registered dealer to violate any provision of the Act or this Section. The Securities Department shall notify the issuer, controlling person or registered dealer in writing of the Secretary's decision to grant or deny any request for waiver of automatic effectiveness. If the waiver is granted, the registration of the face amount certificate contracts shall become effective automatically on such date as shall be designated in writing by the issuer, controlling person or registered dealer who filed the application provided that such person has satisfied all of the other requirements of the Act and this Section.

Section 130.630  Renewal of Registration of Face Amount Certificate Contracts Under Section 6.F of the Act

a) An issuer, controlling person or registered dealer shall file an application for renewal of registration of part or all of the face amount certificate contracts which remain unsold by filing with the Securities Department no later than ten business days prior to the date upon which the registration under Section 6.A of the Act or renewal under Section 6.F of the Act would expire on Form U-1 executed by an officer of the issuer, controlling person or registered dealer and paying the fee set forth in Section 130.110 of this Part. Such application shall be accompanied by one copy of the prospectus in its most current form.

b) Any application for renewal of registration of face amount certificate contracts filed with or fee paid to the Securities Department within nine business days or less but prior to the date upon which the registration would expire shall pay an additional fee set forth in Section 130.110 of this Part.

c) Any application for renewal of registration of face amount certificate contracts filed with or fee paid to the Securities Department on or after the date upon which the registration would expire shall pay an additional fee set forth in Section 130.110 of this Part until the application is filed and the renewal fee and all such additional fees are paid.

d) The renewal of the registration under subsection (a), (b) or (c) of this Section shall take effect on the date that the prior registration or renewal expired.

e) No application for renewal of face amount certificate contracts shall be deemed to be filed or take effect if the application, renewal fee or additional fee shall have been filed
with or paid to the Securities Department more than one year after the most recent expiration of the registration or renewal of registration.

f) Prior to the renewal of any registration, the issuer, controlling person or registered dealer shall have filed with the Securities Department the name of at least one registered dealer which will be offering or selling the face amount certificate contracts or have filed an application for registration on Form U-4 or renewal on Form 8C(1) for at least one salesperson that the Securities Department will grant registration of or renewal of registration of concurrently with the renewal of the registration of the face amount certificate contracts and paid to the Securities Department the fee and additional fee, if any, set forth in Section 130.110 of this Part.

Section 130.650 Additional Fees Under Section 6 of the Act

a) The Secretary shall impose an additional fee for the failure to file with the Securities Department written notice of SEC effectiveness within two (2) business days of the date that the SEC has granted effectiveness. The additional fee for the third through tenth day after SEC effectiveness shall be as set forth in Section 130.110 of this Part.

b) The additional fee for filing written notice of SEC effectiveness after the tenth day after SEC effectiveness shall be as set forth in Section 130.110 of this Part.

c) The Secretary shall waive the additional fee if:

1) the applicant has been granted a waiver of concurrent effectiveness under Section 6(A)(7) of the Act by the Secretary; or

2) the additional fee, if paid, would render the applicant insolvent as defined in Section 130.200 of this Part.

d) For the limited purposes of this Section, two (2) business days shall mean two (2) business days from the date of SEC effectiveness unless the offering is declared effective on a Saturday, Sunday or a holiday. If the date of SEC effectiveness is a Saturday, Sunday or a holiday, two (2) business days means two (2) business days after the first business day immediately following the Saturday, Sunday or holiday.

SUBPART G: INVESTMENT FUND SHARES

Section 130.700 Preamble

The Rules contained in this Subpart shall apply to all investment companies or investment funds or persons issuing investment fund shares as that term is defined in Section 2.15 of the Act and Section 130.225 of this Part and to all investment fund shares registered pursuant to Sections 5 and 7 of the Act.

Section 130.701 Title of Investment Fund Shares Registered Under Section 5 or 7 of the Act

Wherever the title of investment fund shares is required to be stated in an application for registration under Section 5(A) or 7(A) of the Act there shall be given such information as will indicate the type and character of the investment fund shares, including the following:

a) the name of the issuer;

b) the type of shares being offered;
c) the par value of the shares (if any);

d) an indication of whether the company is a series company; and

e) a list of series, portfolios or classes if the company is a series company.

Section 130.710  Procedures for Registration of Investment Fund Shares by Coordination under Section 7.A of the Act

a) Filing requirements.

1) Application for registration of investment fund shares pursuant to Section 7.A of the Act shall be made by filing the following documents with the Securities Department in Springfield in the form required by Section 7.A(2) of the Act:

A) One copy of the registration statement (without exhibits) which sets forth the title of the investment fund shares, price or proposed offering price, and the aggregate number of units to be offered by the registration statement on file with the SEC in its most recent form as of the date of the initial filing under Section 7.A of the Act;

B) A completed Application to Register Securities on Form U-1, executed by the applicant, if a natural person; or by a general partner, if the applicant is a partnership; or by an officer of the applicant, if a corporation; or in other cases by a credible person having knowledge of the facts, setting forth the title of the investment fund shares to be offered in this State and, if the applicant is electing the date of effectiveness of a post-effective amendment filed or to be filed with the SEC as its "effective date" as defined in Section 2.13 of the Act, specifying such date as the "effective date" for purposes of paragraph 6 of the Application;

C) If the applicant is not a registered dealer, the name of at least one registered dealer for the investment fund shares being registered, or if no registered dealer is participating in the offering, a description of the method by which the investment fund shares being registered will be offered and sold in Illinois in compliance with Section 8 of the Act; and

D) The filing fee required by Section 7.C of the Act in the form and amount required by Section 130.110 of this Part.

2) The completed Application to Register Securities on Form U-1 shall constitute the application and the undertaking called for by 7.A(2)(c) and (d), respectively, of the Act, except that:

A) The time period for filing documents described in the undertaking set forth in paragraph 9(b) of the Application shall be deemed to be the seven calendar days after the forwarding thereof to the SEC;

B) Only amendments to the federal registration statement which amend or supplement the registration statement need be filed pursuant to paragraph 9(b)(i) of the Application; and
C) The applicant otherwise shall be required to comply with the undertakings set forth in paragraph 9 of the Application only to the extent required by the Act and this Part.

b) If, prior to the effective date, there shall have been filed with the Securities Department all of the documents and fees specified in subsection (a) of this Section, registration of Investment Fund Shares under Section 7.A of the Act shall become effective automatically on the effective date, provided that:

1) The application for registration is not then the subject of pending proceedings under Section 11.F of the Act or of an order of suspension, denial or prohibition under Section 11 of the Act; and

2) At least one of the following events shall have occurred on or before the effective date:

   A) The Securities Department shall have notified the applicant, in writing (which may be by telegraphic, electronic or facsimile transmission), that such documents and fees conform to the requirements of the Act and this Part; or

   B) At least ten business days shall have expired from and including the date on which all of the documents and fees specified in subsection (a) of this Section have been filed with or paid to the Securities Department.

c) If, prior to the effective date, all of the documents specified in subsection (a) of this Section shall not have been filed with the Securities Department, the registration under Section 7.A of the Act shall take effect on the date that all of the following conditions are satisfied:

1) All of the documents and fees specified in subsection (a) of this Section shall have been filed with or paid to the Securities Department;

2) The application for registration is not then the subject of pending proceedings under Section 11.F of the Act or of an order of suspension, denial or prohibition under Section 11 of the Act; and

3) There shall have been filed with the Securities Department a statement from the applicant in writing (which may be by telegraphic, electronic or facsimile transmission), which either:

   A) States that no investment fund shares which are part of the offering being registered have been sold in this State; or

   B) If investment fund shares which are a part of the offering have been sold in this State, that sets forth the name and address of each purchaser of such investment fund shares, the dollar amount sold, and the exemption or exemptions from registration under Section 3 or 4 of the Act relied upon in making such sale.

4) At least one of the following events shall have occurred:
A) The Securities Department shall have notified the applicant, in writing (which may be by telegraphic, electronic or facsimile transmission), that such documents and fees conform to the requirements of the Act and this Part; or

B) At least ten business days shall have expired from and including the date on which all of the documents and fees specified in subsection (a) of this Section have been filed with the Securities Department; and

5) There shall have been filed with the Securities Department in Springfield a statement from the applicant, in writing (which may be by telegraphic, electronic or facsimile transmission), dated no earlier than the first business day preceding the date on which the registration statement under Section 7.A of the Act is to take effect, stating that:

A) The registration statement filed under the Federal 1933 Act, as defined in Section 130.200 of this Part, is then in effect; and

B) The registration statement, including any amendments or supplements thereto, then on file with the Securities Department satisfies the requirements of Section 10(a)(3) of the Federal 1933 Act, as defined in Section 130.200 of this Part.

d) The applicant shall file notice with the Securities Department, in writing (which may be by telegraphic, electronic or facsimile transmission), no later than the close of business on the second business day following the later of the effective date or the date on which the registration under Section 7.A of the Act shall take effect, of the date and time that the registration statement, or if the applicant is electing the date of effectiveness of a post-effective amendment, that the post-effective amendment, became effective under the Federal 1933 Act, as defined in Section 130.200 of this Part.

e) Any amendment to a registration under Section 7.A of the Act to add any series, class or portfolio of shares of the same rank, general description and characteristics of the investment fund shares previously registered shall be filed with the Securities Department in Springfield prior to the offer or sale of the additional series, class or portfolio of investment fund shares in this State. Such amendment shall be accompanied by the additional registration fee required by Section 7.D of the Act in the form and amount specified in Section 130.110 of this Part.

f) The issuer, controlling person or registered dealer who filed the application may petition the Securities Department in writing prior to the effectiveness of the registration of the investment fund shares under the Federal 1933 Act, as defined in Section 130.200 of this Part, for a waiver of automatic effectiveness of the registration of the investment fund shares under the Act if such effectiveness would cause the issuer, controlling person or registered dealer to violate any provision of the Act or this Section. The Securities Department shall notify the issuer, controlling person or registered dealer in writing of the Secretary's decision to grant or deny any request for waiver of automatic effectiveness. If the waiver is granted, the registration of the investment fund shares shall become effective automatically on such date as shall be designated in writing by the issuer, controlling person or registered dealer who filed the application, provided that such person has satisfied all of the requirements of the Act and this Section.
Section 130.715  Amendatory Statement for the Registration of Additional Class or Classes or the Reporting of a Change in Organization or Operations Pursuant to Section 7(D) of the Act

a) Unless and until the registration of investment fund shares is suspended or terminated, the application for registration may be amended by the registrant by filing Illinois Form 7D-7E. The registrant shall file an amendatory statement together with a nonrefundable filing fee as set forth in Section 130.110 of this Part for each amendatory statement filed during the registration period.

b) The amendatory statement shall be filed in the following circumstances:

1) if there is a change in the registrant's name or address;

2) if the registrant elects to register an additional class or classes of shares of the same rank, general description and characteristics as the class or classes previously registered and proposed to be offered under like terms, procedures and conditions; or

3) if there is a change in the registrant's plan of operation or organization such as, but not limited to, changes in investment advisers, state of incorporation or investment management policies.

Section 130.730  Renewal of Registration of Investment Fund Shares Under Section 7(G) of the Act

a) An issuer, controlling person or registered dealer shall file an application for renewal of registration of part or all of the investment fund shares which remain unsold by filing with the Securities Department no later than ten (10) business days prior to the date upon which the registration under Section 7(A) of the Act or renewal under Section 7(G) of the Act would expire on Form 7G or Form U-1, as provided in Appendix B, executed by an officer of the issuer, controlling person or registered dealer and paying the fee set forth in Section 130.110 of this Part. Such application shall be accompanied by a copy of the prospectus and Statement of Additional Information in their most current form on file with the SEC.

b) Any application for renewal of registration of investment fund shares filed with or fee paid to the Securities Department within nine (9) business days or less but prior to the date upon which the registration would expire shall pay an additional fee as set forth in Section 130.110 of this Part.

c) Any application for renewal of registration of investment fund shares filed with or fee paid to the Securities Department on or after the date upon which the registration would expire shall pay an additional fee set forth in Section 130.110 of this Part until the application is filed and the renewal fee and all such additional fees are paid.

d) The renewal of the registration under subsection (a), (b) or (c) of this Section shall take effect on the date that the prior registration or renewal expired.

e) No application for renewal of registration of investment fund shares shall be deemed to be filed or take effect if the application, renewal fee or additional fee shall have been filed with or paid to the Securities Department more than one year after the most recent expiration of the registration or renewal of registration.
f) Prior to the renewal of any registration, the issuer, controlling person or registered dealer shall have filed with the Securities Department the name of at least one registered dealer which will be offering or selling the investment fund shares or have filed an application on Form U-4 or renewal on Form 8C(1) for registration for at least one salesperson that the Securities Department will grant registration of or renewal of registration of concurrently with the renewal of the registration of the the investment fund shares and paid to the Securities Department the fee set forth in Section 130.110 of this Part.

Section 130.750 Additional Fees Under Section 7 of the Act

a) The Secretary shall impose an additional fee for the failure to file with the Securities Department written notice of SEC effectiveness within two (2) business days of the date that the SEC has granted effectiveness. The additional fee for the third through tenth day after SEC effectiveness shall be as set forth in Section 130.110 of this Part.

b) The additional fee for filing written notice of SEC effectiveness after the tenth day after SEC effectiveness shall be as set forth in Section 130.110 of this Part.

c) The Secretary shall waive the additional fee if:

1) the applicant has been granted a waiver of concurrent effectiveness under Section 7(A)(7) of the Act; or

2) the additional fee, if paid, would render the applicant insolvent as defined in Section 130.200 of this Part.

d) For the limited purposes of this Section, two (2) business days shall mean two (2) business days from the date of SEC effectiveness unless the offering is declared effective on a Saturday, Sunday or a holiday. If the date of SEC effectiveness is a Saturday, Sunday or a holiday, two (2) business days means two (2) business days after the first business day immediately following the Saturday, Sunday or holiday.

Section 130.771 Acts Which "Work or Tend to Work a Fraud or Deceit", in Connection with Offers, Sales or Dispositions of Investment Fund Shares

Each of the following acts shall constitute an act which "works or tends to work a fraud or deceit" when undertaken in connection with the offer, sale or disposition through dealers or salespersons of investment fund shares:

a) the failure to disclose any allowance by the principal underwriter of discounts from the applicable public offering price which

1) are not alike for all dealers, or

2) vary with the amount of sales by dealers, unless such volume discount is granted in connection with volume purchases by investors;

b) the failure to disclose any offer of special bonuses or concessions, whether in cash or merchandise, special advertising or displays, to any dealer or salesperson, which are not available to all dealers or salespersons on the same basis;
c) the failure to disclose any payment to any dealer or salesperson by the representative of any wholesaler or distributor of any concession in excess of the concession listed in the dealer's contract;

d) the failure to disclose any agreement to give any dealer, either directly or indirectly, any amount of brokerage business in addition to the ordinary contractual allowances, and

e) the failure to disclose any agreement among participants in the underwriting group to share in profits or commissions on orders executed with or for the investment company.

**SUBPART H: REGISTRATION OF DEALERS, SALESPERSONS, AND INVESTMENT ADVISERS AND INVESTMENT ADVISER REPRESENTATIVES**

**Section 130.805 Exemptions From Registration as an Investment Adviser Under Section 8.A of the Act**

The Secretary pursuant to Section 8.A of the Act hereby exempts from registration as an investment adviser:

a) any investment adviser whose only clients in this State are any one or more of the following, whether acting on their own behalf or in some fiduciary capacity:

1) investment companies as defined in the Federal 1940 Investment Company Act, as defined in Section 130.200 of this Part;

2) employee pension or profit-sharing plans or trusts having total assets of not less than $5,000,000;

3) governments and governmental agencies or instrumentalities, and whether acting for itself or as a trustee with investment control; or

4) banks, savings banks, savings institutions, trust companies, insurance companies, building and loan associations and other financial institutions or institutional investors, and any other persons to whom an offer, sale or issuance of a security would be exempt pursuant to Section 4.C, 4.D or 4.H of the Act, provided that such persons maintain a net worth of not less than $1,000,000; and

b) any investment adviser or federal covered investment adviser who during the immediately preceding twelve consecutive months has not had more than five clients in this State in addition to clients of the types specified in subsection (a) of this Section, whether or not such investment adviser or federal covered investment adviser is then present in this State.

**Section 130.806 Acts Not Requiring a Notification Filing of a Federal Covered Investment Adviser or Registration as an Investment Adviser or Investment Adviser Representative Under Section 8 of the Act**

Notwithstanding any other provision of the Act or this Part, an investment adviser or a federal covered investment adviser who transmits or distributes information on available products and services via the nonproprietary, public computer network (commonly known as the "Internet") shall not be deemed to be acting as an investment adviser, a federal covered investment adviser or an investment adviser representative in this State for purposes of Section 8 of the Act provided that:
a) The communication contains a legend clearly stating that the investment adviser, the federal covered investment adviser or investment adviser representative may only transact business in those states where he, she or it is registered or otherwise excluded or exempted from state registration;

b) The sender of the communication has taken reasonable measures to insure that any subsequent interaction between prospective customers or clients residing in states where the investment adviser, the federal covered investment adviser or investment adviser representative is not registered or is not subject to notification filing is limited so as to not otherwise require state investment adviser or investment adviser representative registration or notification filing;

c) The communication does not involve the actual effecting of securities transactions or trades or the rendering of investment advice for compensation over the Internet but is limited to the dissemination of information on products or services; and

d) In the case of an investment adviser representative or a federal covered investment adviser representative, the affiliation with an investment adviser or federal covered investment adviser is prominently disclosed within the communication; the investment adviser or federal covered investment adviser retains the responsibility of reviewing and approving the content of the Internet communication; the investment adviser or federal covered investment adviser has authorized the distribution or dissemination of information on products and services via the Internet communication; and the investment adviser representative or federal covered investment adviser representative is acting within the scope of his, her or its authority in distributing or disseminating the Internet communication.

**Section 130.810 Procedures for Registration as a Dealer Under Section 8.B of the Act**

No person shall be registered as a dealer unless satisfactory evidence shall have been furnished to the Secretary of the trustworthiness of the applicant and the applicant's officers, directors, partners, principal, members or trustees. No person shall be registered as a dealer until that person shall have given evidence of competency to engage in the business of dealing in, buying or selling securities. Every person or officer, who sells securities in this State shall be deemed to be a salesperson and must be registered as such in accordance with Section 8.B of the Act.

a) Each applicant for registration as a dealer shall deliver to the NASD Form BD as provided in Appendix C or, if already on file with the NASD, the requisite amendment which indicates that an application is on file in this State and pay to the NASD the registration fee specified in Section 130.110 of this Part.

b) Each applicant for registration as a dealer shall file with the Securities Department a complete and current application and pay to the Securities Department the branch office fee, if any, specified in Section 130.110 of this Part. The application shall consist of the following:

1) Schedule E of Form BD listing each branch office in this State, if any;

2) An unaudited balance sheet for the applicant verified by the chief financial officer of the dealer or other person who holds a similar position as of a date not more than 60 days prior to the date that the application is deemed to be filed with the Securities Department and applicable computations which demonstrate compliance with Section 130.826 of this Part as of the date of the balance sheet;
3) One copy of the Illinois Form designating each principal of the dealer;

4) One copy of the Illinois Form setting forth the dealer's minimum net capital requirement;

5) If the applicant will not have its principal office in this State and intends to keep the records required under Section 130.825 of this Part outside of this State, one copy of the Illinois Form requesting a waiver of the requirement to maintain its records in this State;

6) Page (2) of Form U-4 for each officer and director of the dealer, except that for applicants that are members of the NASD, such page (2) need only be submitted for those officers and directors for whom a Form U-4 has not been filed with the Securities Department on the behalf of the applicant through the CRD; and

7) Any other information or document that the Securities Department may require to determine the dealer's business repute or to clarify statements made in the application for registration.

c) Each person applying for registration as a dealer shall give evidence of competency to engage in the business of dealing in, buying or selling securities by passing one of the examinations listed in Section 130.822 of this Part by a score of 70% correct, to demonstrate to the Secretary that the principal or principals have sufficient knowledge of the securities business and the laws relating thereto. In the case of a person, other than a natural person, filing an application for registration as a dealer, all of the principals who, on behalf of the applicant, participate in or are responsible for the sale of securities in this State are required to take such an examination on behalf of the applicant. Each registered dealer shall amend the list not later than ten business days after any change of any principal or principals.

d) At or prior to registration of the dealer, there must be on file with the Securities Department, whether through the CRD or otherwise, the following:

1) Proof of passing one or more of the requisite examinations listed in Section 130.822 of this Part for each principal required to take such examination pursuant to subsection (c) of this Section, unless the Secretary shall have issued an Order waiving such examination requirements pursuant to Section 130.823 of this Part and Section 8.B(9) of the Act;

2) Form U-4 for each officer and director or each other person performing a similar function of the applicant who is required to register as a salesperson as provided in this Section, and a page (2) of Form U-4 for each other officer or director of the applicant;

3) Any and all amendments required to the application and documents filed pursuant to subsection (a) of this Section, whether as the result of a change in the information provided since the date of filing, or otherwise; and

4) In the case of a dealer which is not a member of the NASD, an application for registration of a salesperson on Form U-4. The Securities Department shall grant concurrent registration of a salesperson pursuant to such application upon the registration of the dealer unless such dealer is ineligible for registration under
Section 8.E(1) of the Act. At least one salesperson must have a registration pending on behalf of a dealer which is an NASD member with the Securities Department prior to the grant of registration. Notwithstanding the foregoing, any dealer which effects trades solely as a clearing dealer on behalf of other dealers need not register any salesperson.

e) The application and documents on file with the Securities Department with respect to the dealer shall be amended from time to time whenever a change occurs which renders the information contained therein not accurate in any material respect. Such amendment shall be filed with the NASD if the dealer is a member of the NASD, or with the Securities Department if the dealer is not a member of the NASD, within ten business days after the occurrence of the change.

f) For the limited purpose of this Section and solely to implement a supplemental procedure known as the CRD, a computer based registration system, for the registration and re-registration of dealers and salespersons, the term "in the Office of the Secretary of State", as used in Sections 8.B and 8.C of the Act, and "with the Secretary of State", as used in Section 8.H of the Act, and "with the Securities Department", as used in Section 130.820 of this Part, shall include a filing made with the NASD utilizing the single automated system referred to hereinafore as the CRD.

Section 130.820 Procedures for Renewal and Withdrawal from Registration as a Dealer

a) If a registered dealer elects to withdraw its registration in this State, it shall file a Form BDW with the NASD if the dealer is a member of the NASD, or with the Securities Department if the dealer is not a member of the NASD, indicating such intent.

b) If a registered dealer wishes to renew its registration, it shall file the renewal fee as specified in Section 130.110 of this Part with the NASD if the dealer is a member of the NASD, or with the Securities Department if the dealer is not a member of the NASD. Any amended Form BD shall also be filed with the NASD if the dealer is a member of the NASD, or with the Securities Department if the dealer is not a member of the NASD, within 30 days if any material changes occur in the information that was filed with the Securities Department when the dealer applied for registration.

Section 130.821 Reporting of Dealer Branch Office Location(s) and Required Fees

a) Each applicant for registration as a dealer shall file with the Securities Department with its application a schedule setting forth the address of each branch office in this State as defined in Section 130.280 of this Part. The Illinois Form designating branch offices disclosing each branch office shall be accompanied by the payment of the fee in the form and amount specified in Section 130.110 of this Part for each branch office in this State.

b) Each registered dealer shall file or have filed with the Securities Department on or before December 31 in 1989 and thereafter annually on or before June 30 a schedule setting forth the address of each branch office and pay to the Securities Department in Springfield a fee in the form and amount specified in Section 130.110 of this Part for each branch office in this State.

c) No registration of a dealer shall become effective until such schedule of the dealer's branch offices in this State, if any, has been filed with the Securities Department and such fee, if any, has been paid.
d) The registered dealer shall amend its application for registration by filing one copy of the Illinois Form designating branch offices or Schedule E to Form BD with the NASD and the Securities Department in Springfield within ten (10) business days after:

1) the opening of any branch office in this State not previously reported and setting forth the address of such branch office; and

2) the closing of any branch office in this State and setting forth the address of such branch office.

Section 130.822 Examinations Deemed Satisfactory for Purposes of Determining Sufficient Knowledge of Each Principal Under Section 8.B(9)(a) of the Act Prior to Registration as a Dealer

a) Passage of the Series 24 (formerly Series 40 or Series 00) (General Securities Principal Examination) and the Series 63 (Uniform Securities Act Law Examination) or Series 66 (Uniform Combined State Law Examination) conducted by the NASD shall qualify a principal or principals of legal age in this State on behalf of a registered dealer without limitation in this State.

b) Passage of the Series 26, 39 or 53 Examination and the Series 63 Examination (Uniform Securities Act Law Examination) or Series 66 (Uniform Combined State Law Examination) conducted by the NASD shall qualify by examination a principal or principals of legal age in this State on behalf of a registered dealer for registration in a limited capacity in this State.

1) The Series 26 Examination (Investment Company/Variable Contracts Products (ICVC) Principal Examination) and Series 63 (Uniform Securities Act Law Examination) or Series 66 (Uniform Combined State Law Examination) shall qualify the registered dealer to offer or sell variable annuities or securities issued by investment companies.

2) The Series 39 (Direct Participation Programs Principal (DPP) Examination) and Series 63 (Uniform Securities Act Law Examination) or Series 66 (Uniform Combined State Law Examination) shall qualify the registered dealer to offer or sell direct participation programs in the form of limited partnerships or joint venture interests in tax shelter programs.

3) The Series 53 (Municipal Securities Principal Examination) and Series 63 (Uniform Securities Act Law Examination) or Series 66 (Uniform Combined State Law Examination) shall qualify the registered dealer to offer or sell securities of municipalities or industrial development revenue obligations.

c) Passage of the Series 8 (General Securities Sales Supervisor Examination or Branch Office Manager (NYSE) Examination) conducted by the NASD shall qualify a principal or principals of legal age in this State on behalf of a registered dealer pursuant to the limitations set forth by the NASD.

d) All scheduling for the examinations referred to in subsections (a), (b) and (c) of this Section shall be made with, and fees paid to, an office of the NASD. The applicant for
registration as a dealer shall submit in writing satisfactory evidence of passing the examination prior to registration in this State if such information is not available to the Securities Department through the CRD.

Section 130.823 Procedure for Requesting Waiver of Dealer, Salesperson, Investment Adviser, Investment Adviser Representative, or Principal Examination Requirements

a) If a person applying for registration as a dealer, salesperson, investment adviser, investment adviser representative, or principal seeks a waiver of the examination requirement, as provided in Section 8 of the Act, the request for the waiver shall be in writing on a form and in the manner prescribed by the Secretary.

b) The request for the waiver of the examination requirement shall contain the following information:

1) The business name and address of the dealer (or investment adviser for investment adviser and investment adviser representative applicants or federal covered investment adviser for investment adviser representative applicants) with which the applicant is or will be associated;

2) The official title and connection of the applicant with the dealer (or federal covered investment adviser or investment adviser);

3) The applicant's legal name;

4) The applicant's business address and telephone number;

5) The applicant's residential address and telephone number;

6) The applicant's date of birth;

7) A list of any other names the applicant has used including the dates used, the reason for the name change, and the date the applicant's present name was adopted;

8) The amount of ownership of capital stock or partnership interest of the dealer (or investment adviser) that the applicant is associated with;

9) The nature and tenure of each job the applicant currently holds or has held for ten (10) years prior to the date of the waiver request. In addition, investment adviser applicants must provide the total aggregate dollar value of investment advisory accounts serviced, whether the applicant had discretionary authority over the accounts, and the total percentage of institutional accounts the applicant serviced of those entities enumerated in Section 4.C of the Act;

10) The applicant's educational history including degrees received;

11) Any professional certifications or designations;

12) Any NASD or related examinations taken by the applicant;

13) The name, address and business affiliation of three persons to whom the Secretary may address inquiries regarding experience, qualification and standing of the applicant; and
14) A list of where the applicant has been licensed or registered as a dealer, salesperson or investment adviser including the state or licensing agency, the type of license or registration and the period during which the registration was effective.

c) The request shall be signed and notarized. By signing the waiver request, the applicant is attesting to the following (unless a detailed explanation is attached):

1) The applicant has never had any license or registration as a dealer, investment adviser, investment adviser representative or salesperson, suspended, cancelled or revoked after notice and opportunity for hearing;

2) The applicant has never been temporarily or permanently enjoined from acting as an investment adviser, investment adviser representative, federal covered investment adviser, federal covered investment adviser representative, dealer, salesperson or employee thereof or from engaging in or continuing any conduct or practice in connection with activity as an investment adviser, investment adviser representative, federal covered investment adviser, federal covered investment adviser representative, dealer, salesperson, employee thereof or employee of any investment company, financial institution or insurance company after notice and opportunity for hearing;

3) The applicant has never been convicted of any felony or misdemeanor involving the purchase or sale of any securities or arising out of any conduct as an investment adviser, investment adviser representative, federal covered investment adviser, federal covered investment adviser representative, dealer, salesperson, employee thereof or employee of any investment company, financial institution or insurance company;

4) The applicant has never been permanently or temporarily enjoined from the issuance, offering for sale, sale, promotion, negotiation, advertising or distribution of securities;

5) The applicant has never been named as a defendant in any proceeding arising from a complaint alleging a fraudulent act in any transaction of any kind or character;

6) The applicant has never been found by any state or federal board, body, department or commission to have willfully made any untrue statement of a material fact in any application for registration or license as a dealer, investment adviser or salesperson or in any report required to be filed with the subject body, board, department or commission or under the Federal 1934 Act, as defined in Section 130.200 of this Part, or to have willfully omitted to state in such application or report any material fact which is required to be stated therein; and

7) The applicant has never been disbarred or suspended from the practice of any profession.

d) After the Securities Department receives the request, the request shall be granted or denied, based upon criteria which includes, but is not limited to the following: education, years of experience in the securities business, past disciplinary history and prior registration with the SEC, any state securities regulator or the NASD. The applicant shall be informed in writing of the Securities Department's decision.
Section 130.824  Financial Statements to be Filed by a Registered Dealer

a) Each dealer registered by the Secretary that is not required to file a financial statement with a registered self-regulatory organization shall file a financial statement containing the information required by the Secretary as follows:

1) the financial statement shall be prepared as of an audit date selected by the dealer within each calendar year;

2) the financial statement shall be filed no later than the first day of the fourth month after the selected audit date;

3) the time period covered by the statement shall be the twelve month period immediately following the date of the most recent audited statement; and

4) should a dealer elect to change its audit date, a written request for variance in accordance with Section 130.190 of this Part from the filing period covered by the statement shall be filed with the Securities Department in Springfield, Illinois. The request shall include the reason or reasons for the change and an affirmation that the dealer is currently in compliance with the requirements set forth under Section 130.826 of this Part. An unaudited statement, which includes a balance sheet and computations showing compliance with the requirements set forth under Section 130.826 of this Part, shall be filed with the Securities Department and shall be as of a current date. The audited statement when filed shall encompass the entire period of time which has elapsed since the date of the most current filing of an audited statement.

b) Each financial statement filed pursuant to subsection (a) of this Section shall be audited by an independent certified public accountant and shall include the following:

1) a signed independent auditor's report;

2) a balance sheet;

3) an income statement;

4) a statement of cash flow;

5) notes to the financial statements, if any;

6) a computation of net capital calculated pursuant to either the aggregate indebtedness or the alternative method;

7) a statement of changes in liabilities subordinated to the claims of general creditors, if any; and

8) a statement of computation for determination of reserve requirements for dealers computed in accordance with 17 CFR 240.15c3-3, as in effect on August 1, 1997 `(no subsequent amendments or editions), if any.

The statement shall be accompanied by the cover page, if any, designated by the Securities Department.
c) The Secretary may, require any dealer to file an interim financial statement as of a date selected by the Secretary. The Secretary shall specify whether or not the statement is to be audited by an independent certified public accountant in circumstances including, but not limited to: the company has been in violation of its net capital requirement prescribed in Section 130.826 of this Part; an officer or employee has been convicted of embezzlement or theft of the dealer's funds; the dealer has been charged by a federal or state securities regulator or SRO of falsifying its books and records; and the dealer has merged with another dealer which has a record of past violations of its net capital requirements.

d) If an unaudited interim financial statement is required to be filed by a dealer, the statement shall contain an oath or affirmation that, to the best of the knowledge and the belief of the natural person making the oath or affirmation:

1) the financial statement and supporting schedules are true and correct; and

2) neither the dealer, nor any partner, officer or director, as the case may be, has a proprietary interest in any account classified solely as that of a customer. The oath or affirmation shall be made before a person duly authorized to administer oaths or affirmations. If the dealer is a sole proprietorship, the oath or affirmation shall be made by the proprietor; if a partnership, by the general partner in charge of the dealer's financial affairs; or if a corporation, by the dealer's chief financial officer.

e) Each financial statement, except the independent auditors' report, the balance sheet and notes, if any, shall be deemed confidential when filed with the Securities Department. The independent auditors' report, the balance sheet and notes, if any, shall be a matter of public record and available to the public upon written request.

f) Anything to the contrary notwithstanding, all of the information contained in any financial statement shall be available to any federal, state or local law enforcement agency, any state or federal financial regulator or any self-regulatory organization registered under any federal law upon written request to the Securities Department.

Section 130.825 Records Required of Dealers and Customer Fees

a) Every dealer registered by the Secretary of State shall keep the following books and records:

1) blotters (or other records of original entry) containing an itemized daily record of all purchases and sales of securities, all receipts and deliveries of securities (including certificate numbers), all receipts and disbursements of cash and all other debits and credits. The record shall show the account for which each transaction was effected, the name and amount of securities, the unit and aggregate purchase or sale price (if any), the trade date, and the name or other designation of the person from whom purchased or received or to whom sold or delivered;

2) ledgers (or other records) reflecting all assets and liabilities, income, and expense and capital accounts;

3) ledger accounts itemizing separately as to each cash and margin account of every customer and of the dealer and partners thereof, all purchases, sales, receipts and
deliveries of securities and commodities for the account and all other debits and credits to the account;

4) ledgers (or other records) reflecting the following:
   A) securities in transfer
   B) dividends and interest received
   C) securities borrowed and securities loaned
   D) monies borrowed and monies loaned (together with a record of the collateral thereof and any substitutions in the collateral)
   E) securities failed to receive and failed to deliver;

5) a securities record or ledger reflecting separately for each security as of the clearance dates, all "long" or "short" positions (including securities in safekeeping) carried by the dealer for its account or for the account of its customers or partners and showing the location of all securities long and offsetting position to all securities short and in all cases the name or designation of the account in which each position is carried;

6) a memorandum of each brokerage order, and of any other instruction, given or received for the purchase or sale of securities whether executed or unexecuted. The memorandum shall show the terms and conditions of the order or instructions and of any modification or cancellation thereof, the account for which entered, the time of entry, the price at which executed and, to the extent feasible, the time of execution or cancellation. Orders entered pursuant to the exercise of discretionary power by the dealer, or any employee thereof, shall be so designated. The term "instruction" shall be deemed to include instructions between partners and employees of a dealer. The term "time of entry" shall be deemed to mean the time when such dealer transmits the order or instruction for execution, or, if it is not so transmitted, the time when it is received;

7) a memorandum of each purchase and sale of securities for the account of the dealer showing the price and, to the extent feasible, the time of execution;

8) copies of confirmations of all purchases and sales of securities and copies of notices of all other debits and credits for securities, cash and other items for the account of customers and partners of the dealer;

9) a record in respect of each cash and margin account with the dealer containing the name and address of the beneficial owner; provided that, in the case of a joint account or an account of a corporation, the records are required only in respect of the person or persons authorized to transact business for the account;

10) a record of all puts, calls, spreads, straddles and other options in which the dealer has any direct or indirect interest or which the dealer has granted or guaranteed, containing, at least, an identification of the security and the number of units involved.
b) This Section shall not be deemed to require a member of a national securities exchange to make or keep records of transactions cleared for the member by another member as are customarily made and kept by the clearing member.

c) Every dealer registered by the Secretary of State shall preserve, for a period of not less than 3 years, the first 2 years in an easily accessible place:

1) all check books, bank statements, canceled checks and cash reconciliations;

2) all bills receivable or payable (or copies thereof), paid or unpaid, relating to the business of the dealer;

3) originals of all communications received and copies of all communications sent by the dealer (including interoffice memoranda and communications) relating to the business of the dealer;

4) all trial balances, computation of aggregate indebtedness and net capital (and working papers in connection therewith), financial statements, branch office reconciliations and internal audit working papers relating to the business of the dealer;

5) all guarantees of accounts and all powers of attorney and other evidence of the granting of any discretionary authority given in respect of any account, and copies of the resolution empowering an agent to act on behalf of a corporation;

6) all written agreements (or copies thereof) entered into by a dealer relating to business of the dealer, including agreements with respect to any account.

d) For a period of not less than 3 years after the closing of any customer's account, any account cards or records which relate to the terms and conditions with respect to the opening and maintenance of the account shall be preserved by every registered dealer.

e) Every registered dealer shall preserve during the life of the enterprise and of any successor enterprise all partnership agreements, certificates or articles or, in the case of a corporation, all articles of incorporation or charter, minute books and stock certificate books.

f) After a record or other documents have been preserved for 2 years, a photograph thereof on film may be substituted therefore for the balance of the required time.

g) Every dealer registered by the Secretary of State shall maintain within this State, in an easily accessible place, all records required by this Section. A written request for the waiver of the provisions of this Section may be made to the Secretary of State to permit any registered dealer to maintain any of the records required by this Section, in some place other than the State of Illinois. In determining whether or not the provisions of this Section should be waived, the Secretary of State shall consider among other things, whether the main office of the dealer is in a place outside the State of Illinois or whether the dealer clears all or some of its transactions and uses all or some of the bookkeeping facilities of some other dealer whose main office is outside the State of Illinois.

h) The records (or a copy thereof) required by this Section must be maintained in each office in this State, if any, from which the transaction with respect to those records occurred.
Every dealer shall disclose in writing to customers at the time of opening an account, any custody, service, maintenance or similar fee that may be charged to the customer and the basis upon which each charge is determined. Customers shall receive written notice at least 45 days prior to the imposition of any new custody, service, maintenance or similar fee, or any changes to existing fees of that nature.

Section 130.826 Registered Dealer Net Capital Requirements

a) Each dealer registered under Section 8 of the Act shall at all times have and maintain net capital no less than the greater of the higher minimum requirement applicable to its ratio requirement under 17 CFR 240.15c3-1 as in effect on January 1, 1997 (no subsequent amendments or editions). No dealer electing to use the alternative standard shall permit its net capital to be less than the greater of the amount set forth in 17 CFR 240.15c3-1 as in effect on January 1, 1997 (no subsequent amendments or editions) or 2 percent of the aggregate debit items computed in accordance with 17 CFR 240.15c3-3 as in effect on January 1, 1997 (no subsequent amendments or editions).

b) In addition to meeting the requirement set forth in subsection (a) of this Section, a dealer subject to the aggregate indebtedness standard of net capital computation shall maintain the amount specified in 17 CFR 240.15c3-1 as in effect on January 1, 1997 (no subsequent amendments or editions).

c) Each dealer shall make the applicable computations set forth in subsection (a), of this Section in accordance with the provisions of 17CFR 240.15c3-3 in effect on January 1, 1997 (no subsequent amendments or editions), and shall preserve such computations as part of the records required by Section 130.825 of this Part.

d) The Secretary may exempt a dealer from the requirements of this Section because of the special nature of business or financial position of the dealer and the safeguards that have been established for the protection of customers' funds and securities, and it is not necessary in the public interest or for the protection of investors for the dealer to be subject to the requirements of this Section.

Section 130.827 Confirmations

Every dealer, at or before the completion of each transaction with the dealer's customer, shall give or send to the customer written confirmation disclosing:

a) whether the dealer is acting as agent for the customer, or as a dealer for the dealer's own account, or as an agent for some other person;

b) either the name of the person from whom the security was purchased or to whom it was sold for the customer, and the date and time when the transaction took place or the fact that the information will be furnished upon the request of the customer and the source and amount of any commission or other remuneration received or to be received by the dealer in connection with the transaction; and

c) in the case of transactions effected in securities which are Non-NASD National Market System OTC Securities in reliance upon Section 4(N) of the Act, a statement to the effect that the transaction was effected pursuant to an unsolicited order or offer to buy by the customer, and requesting that the customer return to the dealer a written acknowledgment that the order or offer to buy was unsolicited.
Section 130.828 Notice of Materially Adverse Financial Condition Required to Be Filed With the Securities Department By a Registered Dealer

Each registered dealer which discovers it is no longer in compliance thereof with the requirements under Section 130.826 of this Part shall file a notice with the Securities Department within 24 hours of the discovery of such non-compliance. Such notification shall be made by telegraphic communication, facsimile transmission or such other means of delivery.

Section 130.829 Investor Protection Requirement of a Dealer Registered Under Section 8 of the Act

a) Each dealer registered or re-registered with the Secretary under Section 8.B of the Act shall be a member in good standing of the NASD, such as not being under suspension or revocation or having failed to pay dues or assessments; or

b) Each dealer registered or re-registered with the Secretary under Section 8.B of the Act shall be a member in good standing of the Securities Investor Protection Corporation as established in the Securities Investor Protection Act of 1970 (15 U.S.C. 78aaa et seq.), as amended, such as not being under suspension or revocation or having failed to pay dues or assessments or such other equivalent instrumentality of or corporation chartered by the United States which provides investor protection as authorized under federal law, except for the following dealers if they do not hold clients' cash or securities:

1) A dealer whose principal business in the Securities Investor Protection Corporation's determination is conducted outside the United States, its possessions and territories;

2) Any bank (other than a bank organized under the banking laws of the State of Illinois or of the United States) registered as a municipal securities dealer with the SEC, pursuant to 17 CFR 240.15B(a)(2-1) as in effect January 1, 1996 (no subsequent amendments or editions);

3) A government securities dealer registered under 17 CFR 240.15C(a)(1)(A), as in effect on January 1, 1996 (no subsequent amendments or editions); and

4) A dealer whose business consists exclusively of one or more of the following:

A) the distribution of shares of registered open end investment companies or unit investment trusts registered under Section 8 of the Federal 1940 Investment Company Act, as defined in Section 130.200 of this Part, Section 5 of the Federal 1933 Act, as defined in Section 130.200 of this Part, and Section 5 or 7 of the Act;

B) the sale of variable annuities;

C) the business of insurance; or

D) the business of rendering investment advisory services to one or more investment companies registered under the Federal 1940 Investment Company Act, as defined in Section 130.200 of this Part, or to insurance company separate accounts.
Section 130.832 Examinations Deemed Satisfactory for Purposes of Determining Sufficient Knowledge Under Section 8.C(7) of the Act for Registration as a Salesperson

a) Passage of the Series 63 examination and Series 1, 2, 7, 37, 38, 17 or 47 examination conducted by the NASD shall qualify a natural person who is eighteen years of age in this State for registration on behalf of a dealer, controlling person or issuer as a salesperson without limitation in this State.

b) Passage of the Series 63 examination and Series 6, 22, 52 or 62 examination conducted by the NASD shall qualify by examination a natural person who is eighteen years of age in this State for registration as a salesperson in a limited capacity in this State.

1) The Series 6 (Investment Company/Variable Contract Products (ICVC) Representative Examination) and the Series 63 examination shall qualify a salesperson to offer or sell securities issued by Investment Companies and variable contracts.

2) The Series 22 examination (Direct Participation Programs Limited Representative Qualification Examination) and the Series 63 examination shall qualify a salesperson to offer or sell direct participation programs in the form of limited partnerships or joint venture interests in tax shelter programs.

3) The Series 52 examination (Municipal Securities Representative Examination) and the Series 63 examination shall qualify a salesperson to offer and sell securities of municipalities and industrial development revenue obligations.

4) The Series 62 Examination (Corporate Securities Representative Examination) and the Series 63 examination shall qualify a salesperson to offer and sell corporate securities and bonds, real estate investment trusts and mortgage investment trusts.

c) All scheduling for the examinations referred to in subsections (a) and (b) of this Section shall be made with and fees paid to an office of the NASD. The dealer, controlling person or issuer on whose behalf the salesperson is being registered shall submit in writing satisfactory evidence of passing the examination prior to registration of such person in the State if such information is not available to the Securities Department through the CRD.

130.838 Procedures for Federal Covered Investment Adviser Notification Filing and Fees Under Section 8.C-5 of the Act

a) Federal covered investment advisers shall file with the Securities Department copies of page 1 of the most recent Form ADV, Schedule E, and Schedule I to Form ADV. The federal covered investment adviser shall also pay the filing fee specified in Section 130.110 of this Part.

b) For purposes of annual notification filing, a federal covered investment adviser shall file with the Securities Department the Annual Notification filing form and Schedule I to Form ADV, or copies of page 1 of the most recent Form ADV, Schedule E and Schedule I to Form ADV. The federal covered investment adviser shall also pay the filing fee specified in Section 130.110 of this Part.
c) Amendments to page 1 of Form ADV shall be filed with the Securities Department at the same time they are filed with the SEC.

d) In the event the federal covered investment adviser changes the form of its organization it shall pay the fee specified in Section 130.110 of this Part.

e) A federal covered investment adviser that is no longer eligible for SEC registration shall file as an investment adviser with the Securities Department within 90 days after the date the investment adviser is required to file Schedule I to Form ADV with the SEC indicating it is no longer eligible for SEC registration.

f) In the event the notification or the full amount of fees required by this Section is not filed with or paid to the Secretary of State, the Secretary of State shall notify the federal covered investment adviser of such deficiency in writing, or by facsimile or electronic transmission (provided that the Securities Department can demonstrate in the normal course of its business that the notice was delivered or transmitted to and received by the federal covered investment adviser or its designee). In the event the federal covered investment adviser fails to remedy the deficiency within ten business days after receiving notice of such deficiency from the Secretary of State, the Secretary of State may deem such as a refusal and may, until October 11, 1999, require the federal covered investment adviser to register pursuant to subsections A and D of Section 8 of the Act.

g) For the limited purpose of this Section and solely for the filings and/or fees submitted to the IARD, the terms “with the Secretary of State” as used in Sections 8.C-5, 8.D, 8.D-5 and 8.H and “with the Securities Department” as used in this Section shall include a filing and/or fee made with the NASD utilizing the IARD.

h) Proration. Fees paid with annual notifications filed in the calendar year 2001 (except late filing fees, if any) shall be prorated based upon the number of months remaining in calendar year 2001. All annual notifications filed in the calendar year 2001 shall expire at the end of the day on December 31, 2001. Beginning in the calendar year 2002, all filings shall be on a calendar year basis.

(Source: Amended at 25 Ill. Reg. 8817, effective July 6, 2001)

130.839 Procedures for Registration as an Investment Adviser Representative Under Section 8.D-5 of the Act

a) Each investment adviser and federal covered investment adviser shall file with the Securities Department a complete and current application for each investment adviser representative and pay to the Securities Department the filing fee specified in Section 130.110 of this Part.

b) The application shall consist of a Form U-4 for each investment adviser representative.

c) For purposes of the annual re-registration of investment adviser representatives, each investment adviser and federal covered investment adviser shall file with the Securities Department the annual re-registration of investment adviser form, or the annual notification filing form for federal covered investment advisers, and pay to the Securities Department the filing fee specified in Section 130.110 of this Part.

d) For the purposes of this Section an investment adviser representative of a federal covered investment adviser shall mean any partner, officer, director (or other person occupying a
similar status or performing similar functions), or an employee of a federal covered investment adviser, or any other person who provides investment advice on behalf of the federal covered investment adviser and is subject to the supervision and control of the federal covered investment adviser, if:

1) more than ten percent of such person's clients are natural persons, other than sophisticated clients; and

2) such person has a place of business in the State of Illinois.

As used in this subsection, the term "sophisticated client" shall mean a natural person who, immediately after entering into the investment advisory contract with the federal covered investment adviser, has at least $500,000 under management with the federal covered investment adviser or the federal covered investment adviser reasonably believes, immediately prior to entering into the advisory contract, the person has a net worth (together with assets held jointly with a spouse) at the time the contract is entered into of more than $1,000,000.

e) The application on file with the Securities Department shall be amended whenever a change occurs that renders inaccurate any information contained in the application. The amendment shall be filed with the Securities Department within ten business days after the occurrence of the change.

f) In the event the investment adviser representative's activities are terminated, the investment adviser shall file a Form U-5 with the Securities Department within 30 days after the termination.

g) In the event the investment adviser representative transfers registration from one investment adviser or federal covered investment adviser to another investment adviser or federal covered investment adviser, the new investment adviser or federal covered investment adviser shall file a Form U-4 with the Securities Department, and pay to the Securities Department the filing fee specified in Section 130.110 of this Part.

h) For the limited purpose of this Section and solely for filings and/or fees submitted to the IARD, the terms “with the Secretary of State” as used in Sections 8.C-5, 8.D, 8.D-5 and 8.H and “with the Securities Department” as used in this Section shall include a filing and/or fee made with the NASD utilizing the IARD.

i) Proration. Filing fees paid with the annual re-registration of each investment adviser representative filed in the calendar year 2001 (except late filing fees, if any) shall be prorated based on the number of months remaining in calendar year 2001. All annual re-registrations of investment adviser representatives filed in the calendar year 2001 shall expire at the end of the day on December 31, 2001. Beginning in calendar year 2002, all annual re-registrations of investment adviser representatives shall be on a calendar year basis.

(Source: Amended at 25 Ill. Reg. 8817 , effective July 6, 2001)

Section 130.840 Procedures for Registration as an Investment Adviser Under Section 8.D of the Act
a) Each applicant for registration as an investment adviser shall file with the Securities Department a complete and current application and pay to the Securities Department the filing fee and branch office fee, if any, specified in Section 130.110 of this Part. The application shall consist of the following:

1) The Revised Uniform Application for the Investment Adviser Registration (Form ADV) required by 17 CFR 279.1 as in effect on August 1, 1997 (no subsequent amendments or editions) including Schedule D thereto listing all branch offices in this State, if any;

2) A balance sheet for the investment adviser as of a date not more than 60 days prior to the date of the filing of the application. The balance sheet shall be verified and executed by the chief financial officer of the investment adviser, if any, or other person performing a similar function and must contain:

   A) an affirmation that the information is true and correct; and

   B) a statement disclosing whether the investment adviser retains or during the term of registration will retain custody of any client's cash or securities or accept pre-payment of fees in excess of $500.00 per client and six or more months in advance;

3) One copy of page one of the applicant's most recent Articles of Incorporation or, if a partnership, certificate of assumed name or similar document evidencing the legal name of the applicant;

4) At or prior to registration of the investment adviser, there shall be on file with the Securities Department, whether through the CRD, IARD or otherwise, the following:

   A) Proof of passing one or more of the requisite examinations, certifications or designations listed in Section 130.842 of this Part for each required principal, unless the Secretary shall have issued an order waiving such requirement pursuant to Section 8.D of the Act; and

   B) Any and all amendments required to the application and documents filed pursuant to this subsection (a) of this Section, whether as a result of a change in the information provided since the date of filing, or otherwise;

5) One copy of Form U-4 for each investment adviser representative who renders investment advice in this State on behalf of the applicant and the fee specified in Section 130.110 of this Part;

6) One copy of the Illinois Form containing an attestation that the investment adviser has not previously rendered investment advice for compensation in this State, or setting forth a claim of exemption or exclusion; and

7) One copy of a written statement manually executed by an officer, partner or principal of the registered dealer consenting to the dual registration as investment adviser and salesperson, if registered as a salesperson in this State.

b) The application and documents on file with the Securities Department with respect to the investment adviser shall be amended from time to time whenever a change occurs that
which renders any material information contained therein not accurate in any material respect. Such amendment shall be filed with the Securities Department within ten business days after the occurrence of the change.

c) For purposes of this Section, material information includes, but is not limited to:

1) the name and address of the investment adviser;
2) type of business organization of the investment adviser;
3) disciplinary action concerning the investment adviser;
4) whether the investment adviser has custody of clients' funds or securities or accepts pre-payment of in excess of $500.00;
5) whether the investment adviser has discretion over clients' portfolios; or
6) whether the investment adviser will give clients Part II of the Uniform Application for Investment Adviser Registration required by subsection (a)(1) of this Section or another document containing the same information.

d) For the limited purpose of this Section and solely for the filings and/or fees submitted to the IARD, the terms “with the Secretary of State” as used in Sections 8.C-5, 8.D, 8.D-5 and 8.H and “with the Securities Department” as used in this Section shall include a filing and/or fee made with the NASD utilizing the IARD.

c) Proration. Filing fees paid with annual re-registration filed in the calendar year 2001 (except late filing fees, if any) shall be prorated based upon the number of months remaining in the calendar year 2001. All new registration applications and re-registration applications filed in the calendar year 2001 shall expire at the end of the day on December 31, 2001. Beginning in the year 2002, all filings shall be on a calendar-year basis.

(Source: Amended at 25 Ill. Reg. 8817, effective July 6, 2001)

Section 130.841 Reporting of Investment Adviser Branch Office Location(s) and Required Fees

a) Each investment adviser and federal covered investment adviser shall file with the Securities Department with its application for registration or notification filing a schedule setting forth the address of each branch office in this State as defined in Section 130.280 of this Part. A Schedule D of the Revised Uniform Application for Investment Adviser Registration required by Section 130.840(a)(1) of this Part disclosing each branch office in this State shall be accompanied by the payment of the fee in the form and amount specified in Section 130.110 of this Part for each branch office in this State.

b) Each registered investment adviser and federal covered investment adviser shall file or have filed with the Securities Department prior to re-registration or notification renewal a schedule setting forth the address of each branch office and pay to the Securities Department in Springfield a fee in the form and amount specified in Section 130.110 of this Part for each branch office in this State.

c) No registration or re-registration or notification or notification renewal of an investment adviser or a federal covered investment adviser shall become effective until such schedule
of the investment adviser’s or the federal covered investment adviser’s branch office has been filed with the Securities Department and the such fee, if any, has been paid.

d) The registered investment adviser shall amend its application for registration by filing with the Securities Department in Springfield within ten (10) business days after:

1) the opening of any branch office in this State not previously reported and setting forth the address of that such branch office; and

2) the closing of any branch office in this State and setting forth the address of that such branch office.

e) For the limited purpose of this Section and solely for the filings and/or fees submitted to the IARD, the terms “with the Secretary of State” as used in Sections 8.C-5, 8.D, 8.D-5, and 8.H and “with the Securities Department” as used in this Section shall include a filing and/or fee made with the NASD utilizing the IARD.

f) Proration. Filing fees paid with annual re-registration filed in the calendar year 2001 (except late filing fees, if any) shall be prorated based upon the number of months remaining in the calendar year 2001. All new registration applications and re-registration applications filed in the calendar year 2001 shall expire at the end of the day on December 31, 2001. Beginning in the year 2002, all filings shall be on a calendar year basis.

e) A federal covered investment adviser shall file with the Securities Department in Springfield each amendment to Schedule E of Form ADV when filed with the SEC.

(Source: Amended at 25 Ill. Reg. 8817, effective July 6, 2001)

Section 130.842 Examinations and Education Programs Deemed Satisfactory for Purposes of Determining Sufficient Knowledge for Each Principal Under Section 8.D.(9) of the Act Prior to Registration as an Investment Adviser

a) Examination Requirements. Any person applying to be registered as an Investment Adviser principal under the Act shall provide the Secretary of State with proof of obtaining a passing score on one of the following examinations:

1) The Uniform Investment Adviser Law Examination (Series 65 examination); or

2) The General Securities Representative Examination (Series 7 examination) and the Uniform Combined State Law Examination (Series 66 examination).

b) Grandfathering:

1) Any person who is registered as an investment adviser in any jurisdiction in the United States on May 1, 2000 shall not be required to satisfy the examination requirements for continued registration, except that the Secretary of State may require additional examinations for any person found to have violated any state or federal securities law.

2) Any person who has not been registered in any jurisdiction for a period of two years shall be required to comply with the examination requirements of this Section.

c) Waivers. The examination requirements shall not apply to any person who currently holds one of the following professional designations:
1) Certified Financial Planner (CFP) awarded by the Certified Financial Planner Board of Standards, Inc.;

2) Chartered Financial Consultant (ChFC) awarded by the American College, Bryn Mawr, Pennsylvania;

3) Personal Financial Specialist (PFS) awarded by the American Institute of Certified Public Accountants;

4) Chartered Financial Analyst (CFA) awarded by the Institute of Chartered Financial Analysts;

5) Chartered Investment Counselor (CIC) awarded by the Investment Counsel Association of America, Inc.; or

6) Such other professional designation as the Secretary of State may by rule or order under 815 ILCS 5/8.

d) Scheduling of the Series 7, 65 or 66 examination shall be arranged by the applicant and fees paid to the NASD.

e) The applicant shall submit in writing to the Securities Department satisfactory proof of the designation or certification referred to in subsection (c) of this Section prior to registration as an investment adviser.

f) No person shall be deemed to have sufficient knowledge to act as principal of an investment adviser unless and until he or she is eighteen years of age in this State.

130.843 Examination and Education Program Requirements for Registration as an Investment Adviser Representative Under Section 8.D-5 of the Act

a) Examination Requirements. Any person applying to be registered as an Investment Adviser Representative under the Act shall provide the Secretary of State with proof of obtaining a passing score on one of the following examinations:

1) The Uniform Investment Adviser Examination (Series 65 examination); or

2) The General Securities Examination (Series 7 examination) and the Uniform Combined State Law Examination (Series 66 examination).

b) Grandfathering:

1) Any person who is registered as an investment adviser in any jurisdiction in the United States on May 1, 2000 shall not be required to satisfy the examination requirements for continued registration, except that the Secretary of State may require additional examinations for any person found to have violated any state or federal securities law.

2) Any person who has not been registered in any jurisdiction for a period of two years shall be required to comply with the examination requirements of this Section.

c) Waivers. The examination requirements shall not apply to any person who currently holds one of the following professional designations:
1) Certified Financial Planner (CFP) awarded by the Certified Financial Planner Board of Standards, Inc.;

2) Chartered Financial Consultant (ChFC) awarded by the American College, Bryn Mawr, Pennsylvania;

3) Personal Financial Specialist (PFS) awarded by the American Institute of Certified Public Accountants;

4) Chartered Financial Analyst (CFA) awarded by the Institute of Chartered Financial Analysts;

5) Chartered Investment Counselor (CIC) awarded by the Investment Counsel Association of America, Inc.; or

6) Such other professional designation as the Secretary of State may by rule or order under 815 ILCS 5/8.

d) Scheduling of the Series 7, 65 or 66 examination shall be arranged by the applicant and fees paid to the NASD.

e) The applicant shall submit in writing to the Securities Department satisfactory proof of the designation or certification referred to in subsection (c) of this Section prior to registration as an investment adviser representative.

Section 130.844 Statement of Financial Condition to Be Filed By a Registered Investment Adviser Which Retains Custody of Client's Cash or Securities or Accepts Pre-Payment of Fees in Excess of $500.00 Per Client and Six (6) or More Months in Advance and Interim Financial Statements

a) Each registered investment adviser which retains custody of client's cash or securities or accepts pre-payment of fees in excess of $500.00 per client and six (6) or more months in advance shall file a statement of financial condition (balance sheet) and interim financial statements, in such detail as will disclose the nature and amount of assets and liabilities and the net worth of the investment adviser, as follows:

1) the statement shall be filed annually as of the date of its fiscal year end or of an audit date selected by and reported to the Securities Department;

2) the statement shall be filed no later than the first day of the fourth month after the date of its fiscal year end or of the selected audit date;

3) the time period covered by the statement shall be the twelve month period immediately following the date of the most recent audited statement; and

4) should an investment adviser elect to change its audit date, a written request for variance from the filing period covered by the statement shall be filed in accordance with Section 130.190 of this Part with the Securities Department in Springfield, Illinois. The request shall include each reason for the change. An unaudited statement shall be filed with the Securities Department and be as of the date of the investment adviser's selected audit date. If the investment adviser is required to file an audited statement, it shall encompass the entire period of time which has elapsed since the most current filing of an audited statement.
5) For purposes of this Section, the term "audit date" shall mean the date selected and reported to the Securities Department by the investment adviser for fulfilling the filing requirement of this Section.

b) The statement of financial condition shall consist of a signed independent auditors' report, a balance sheet and notes to the financial statement, if any. The statement of financial condition shall be accompanied by the cover page, if any, designated by the Securities Department.

c) The Secretary may, at his or her discretion, require any investment adviser to file an interim statement of financial condition as of a date selected by the Secretary. Such statements shall be audited by an Independent Certified Public Accountant if the Investment Adviser retains custody of any client's cash or securities or accepts pre-payment of fees in excess of $500.00 per client and six (6) or more months in advance.

d) If an unaudited statement of financial condition is filed, the statement shall contain the following oath or affirmation: "I hereby attest that the information contained in this statement of financial condition is true and correct to the best of my knowledge."

1) The oath or affirmation filed by an investment adviser shall be deemed acceptable even though it varies from the language set forth above unless the oath or affirmation does not contain a specific reference that the information is true and correct and the Securities Department notifies the investment adviser in writing of its objection.

2) The oath or affirmation shall be made before a person duly authorized to administer oaths or affirmations. If the investment adviser is a sole proprietorship, the oath or affirmation shall be made by the proprietor; if a partnership, by a general partner; or if a corporation, by a duly authorized officer.

e) Each statement of financial condition, except the independent auditors' report, the balance sheet and notes, if any, shall be deemed confidential when filed with the Securities Department. The independent auditors' report, the balance sheet and notes, if any, shall be a matter of public record and available to the public upon written request.

f) Anything to the contrary notwithstanding, all of the information contained in any statement of financial condition shall be available to any federal, state or local law enforcement agency, any state or federal financial regulator or any self-regulatory organization registered under any federal law upon written request to the Securities Department.

Section 130.845 Records Required of Investment Advisers

a) Except as provided in subsection (d) of this Section, every investment adviser registered by the Secretary of State shall keep the books and records set out in this Section unless otherwise designated by the Secretary of State:

1) ledgers (or other records) reflecting all assets and liabilities, income and expense, and capital accounts;
2) a record showing all payments received, including date of receipt, purpose and from whom received, and all disbursements, including date paid, purpose and to whom made;

3) a record showing all receivables and payables;

4) records showing separately for each client the securities purchased or sold, and, to the extent it has been made available to the investment adviser, the date and amount of and price at which such purchases or sales were executed. If available to the investment adviser, this record should also show the name of the security dealer who handled the transaction;

5) records showing separately all securities acquired by the clients of the investment adviser and indicating thereon the proper identification of this individual account, the date, amount and price at which such securities were purchased or sold by or for each client; or, in the alternative, a record showing all securities (other than securities enumerated in Section 3.A of the Act) bought or sold by or for the accounts of all clients of the investment adviser in each month, the total number of shares or principal amount of each security bought or sold and the lowest and highest price at which purchases or sales were made during the month;

6) copies of dealer's confirmations of all transactions placed by the investment adviser for any account, and the other dealer's confirmations as may be supplied to the investment adviser by a client or dealer;

7) a list showing all accounts in which the investment adviser is vested with discretionary power, unless the records required by subsections (a)(4) and (5) of this Section are maintained in such manner as to disclose which are discretionary accounts, provided that the provisions of subsections (a)(4) and (5) of this Section shall not apply:

A) to any securities with respect to which the investment adviser renders no services of a supervisory or other nature; or

B) to any securities or transactions which a client declines to disclose to the investment adviser;

and provided further that the provisions of subparagraphs (a)(4), (5), (6) and (7) above shall not apply to the accounts of any investment adviser where the services consist solely of the distribution of written or printed publications on a subscription basis.

b) Additional Records

1) Every investment adviser registered by the Secretary of State shall preserve for a period of not less than 3 years, the first 2 years in an easily accessible place, all records required by paragraph (a) of this Section and the following additional records:

A) all check books, bank statements, cancelled checks and cash reconciliations;
all bills or statements (or copies thereof), paid or unpaid, relating to the business of such investment adviser;

originals of all communications received and copies of all communications sent by such investment adviser relating to the business of the investment adviser;

all power of attorneys and other evidence of the granting of any discretionary authority in any account, and copies of resolutions empowering an agent to act on behalf of any client;

all written agreements (or copies thereof), entered into by an investment adviser relating to the business of the investment adviser, including agreements with respect to any account, which agreements shall set forth the fees to be charged and the manner of computation and method of payment thereof.

For a period of not less than 3 years after the closing of any client's account, all required records relating to such account shall be preserved by every registered investment adviser.

Every registered investment adviser shall preserve, during the life of the enterprise and of any successor enterprise, all partnership agreements, certificates or articles, or, in the case of a corporation, all articles of incorporation or charter, minute books and stock certificate books.

After a record or other document has been preserved for 2 years, a photograph thereof on film may be substituted for the balance of the required time.

Any records required by this Section may be maintained:

in such manner that the identity of any client or clients to whom a registered investment adviser renders investment supervisory service is indicated by numerical, alphabetical, code or similar designations, or

in duplicate with one set of the records having the identity of any client or clients to whom a registered investment adviser renders investment supervisory service deleted or indicated by numerical, alphabetical, code or similar designation, as may be appropriate to the record required.

This Section shall not apply to any investment adviser that is registered or licensed as such in the state in which it maintains its principal place of business and is in compliance with the applicable books and records requirements of the state in which it maintains its principal place of business.

Section 130.846 Written Disclosure Statements of a Registered Investment Adviser

General requirement. Unless otherwise provided in this Section, an investment adviser, registered or required to be registered pursuant to Section 8(D) of the Act, shall, in accordance with the provisions of this Section, furnish each advisory client and prospective advisory client with a written disclosure statement required by 17 CFR 275.204-3 as in effect on July 1, 1989 (no subsequent amendments or editions).
b) Delivery.

1) An investment adviser, except as provided in subsection (2) of this subsection (b), shall deliver the statement required by this Section to an advisory client or prospective advisory client:

   A) not less than 48 hours prior to entering into any written or oral investment advisory contract with such client or prospective client; or

   B) at the time of entering into any such contract, if the advisory client has a right to terminate the contract without penalty within five (5) business days after entering into the contract.

2) Delivery of the statement required by subsection (1) of this subsection (b) need not be made in connection with entering into:

   A) an investment company contract; or

   B) a contract for impersonal advisory services.

c) Offer to deliver.

1) An investment adviser, except as provided in subsection (2) of this subsection (c), annually shall, without charge, deliver or offer in writing to deliver upon written request to each of its advisory clients the statement required by this Section.

2) The delivery or offer required by subsection (1) of this subsection (c) need not be made to advisory clients receiving advisory services solely pursuant to:

   A) an investment company contract; or

   B) a contract for impersonal advisory services requiring a payment of less than $200.00.

3) With respect to an advisory client entering into a contract or receiving advisory services pursuant to a contract for impersonal advisory services which requires a payment of $200.00 or more, an offer of the type specified in subsection (1) of this subsection (c) shall also be made at the time of entering into an advisory contract.

4) Any statement requested in writing by an advisory client pursuant to an offer required by this subsection (c) must be mailed or delivered within seven (7) days of the receipt of the request.

d) Omission of inapplicable information. If an investment adviser renders substantially different types of investment advisory services to different advisory clients, any information required may be omitted from the statement furnished to an advisory client or prospective advisory client if such information is applicable only to a type of investment advisory service or fee which is not rendered or charged, or proposed to be rendered or charged, to that client or prospective client as provided by 17 CFR 275.204-3 as in effect on July 1, 1989 (no subsequent amendments or editions).
e) Other disclosures. Nothing in this Section shall relieve any investment adviser from any obligation pursuant to any provision of the Act or this Part or other federal or state law to disclose any information to its advisory clients or prospective advisory clients not specifically required by this Section.

f) Definitions. For the purpose of this Section:

1) "contract for impersonal advisory services" means any contract relating solely to the provision of investment advisory services:

   A) by means of written material or oral statements which do not purport to meet the objectives or needs of specific individuals or accounts;

   B) through the issuance of statistical information containing no expression of opinion as to the investment merits of a particular security; or

   C) any combination of the foregoing services.

2) "entering into," in reference to an investment advisory contract, does not include an extension or renewal without material change of any such contract which is in effect immediately prior to such extension or renewal; and

3) "investment company contract" means a contract with an investment company registered under the Investment Company Act of 1940 which meets the requirements of Section 15(c) of that Act, as defined in Section 130.200 of this Part.

Section 130.847  Financial and Disciplinary Information That Investment Advisers Must Disclose to Clients

a) It shall constitute a fraudulent, deceptive or manipulative act, practice or course of business within the meaning of Section 12(J)(3) of the Act for any investment adviser to fail to disclose to any client or prospective client all material facts with respect to:

1) A financial condition of the investment adviser such as insolvency or embezzlement, that impairs the ability of the investment adviser to meet contractual commitments to clients, if the investment adviser has discretionary authority (express or implied) or custody over such client's funds or securities, or requires prepayment of advisory fees of more than $500.00 from such client and six (6) months or more in advance; or

2) A legal or disciplinary event that is material to an evaluation of the investment adviser's integrity or ability to meet contractual commitments to clients.

b) It shall constitute a rebuttable presumption that the following legal or disciplinary events involving the investment adviser or a management person of the investment adviser (any of the foregoing being referred to hereafter in this Section as "person") that were not resolved in the person's favor or subsequently reversed, suspended or vacated are material within the meaning of subsection (a)(2) of this Section for a period of ten (10) years from the time of the event:

1) A criminal or civil action in a court of competent jurisdiction in which the person:
A) was convicted, pleaded guilty or nolo contendere ("no contest") to a felony or misdemeanor, or is the named subject of a pending criminal proceeding (any of the foregoing referred to hereafter in this Section as "action"), and such action involved an investment related business; or fraud, false statements, or omissions; or wrongful taking of property; or bribery, forgery, counterfeiting or extortion;

B) was found to have violated or caused the violation of an investment related statute or regulation; or

C) was the subject of any order, judgment or decree permanently or temporarily enjoining the person from, or otherwise limiting the person from, engaging in any investment related activity.

2) Administrative proceedings before the SEC, any other federal regulatory agency or any state agency (any of the foregoing being referred to hereafter in this Section as "agency") in which the person:

A) was found to have caused an investment related business to lose its authorization to do business; or

B) was found to have violated or caused the violation of an investment related statute or regulation and was the subject of an order by the agency denying, suspending or revoking the authorization of the person to act in, or barring or suspending the person's association with, an investment related business.

3) Self Regulatory Organization (SRO) proceedings in which the person:

A) was found to have caused an investment related business to lose its authorization to do business; or

B) was found to have violated or caused the violation of the SRO's rules and was the subject of an order by the SRO barring or suspending the person from membership or from association with other members, or expelling the person from membership, fining the person more than $2,500.00.

c) The information required to be disclosed by subsection (a) of this Section shall be disclosed to clients promptly, and to prospective clients not less than 48 hours prior to entering into any written or oral investment advisory contract, or no later than the time of entering into such contract if the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract.

d) For purposes of this Section:

1) "Management person" means a person with power to exercise, directly or indirectly, a controlling influence over the management or policies of an investment adviser which is a company or to determine the general investment advice given to clients.

2) "Found" means determined or ascertained by adjudication or consent in a final SRO proceeding, administrative proceeding or court action.
3) "Investment related" means pertaining to securities, commodities, banking, insurance or real estate (including, but not limited to, acting as or being associated with a broker, dealer, investment company, investment adviser, government securities broker or dealer, municipal securities dealer, bank, savings and loan association, entity or person required to be registered under the Federal 1974 Act, as defined in Section 130.200 of this Part, or fiduciary).

4) "Involved" means acting or aiding, abetting, causing, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act.

5) "Self Regulatory Organization" or "SRO" means any national securities or commodities exchange, registered association or registered clearing agency.

e) For purposes of calculating the ten (10) year period during which events are presumed to be material under subsection (b) of this Section, the date of a reportable event shall be the date on which the final order, judgment or decree was entered, or the date on which any rights of appeal from preliminary orders, judgments or decrees lapsed.

f) Compliance with subsection (b) of this Section shall not relieve any investment adviser from the disclosure obligations of subsection (a) of this Section; compliance with subsection (a) of this Section shall not relieve any investment adviser from any other disclosure requirement under this Part or the Act, or under any other federal or state law.

g) Registered investment advisers may disclose the information required by this Section to clients and prospective clients with the information required by Section 130.846 of this Part; provided that the delivery of the information satisfies the timing of disclosure requirements described in subsection (c) of this Section.

Section 130.850 Account Transactions

a) No dealer or salesperson shall effect transactions for any customer's account which are excessive in size or frequency or unsuitable in view of the financial resources of the customer.

b) No dealer shall effect any transaction of purchase or sales unless immediately after effecting the transaction the dealer makes a record of a transaction which record includes the name of the customer, the name, amount and price of the securities, and the date and time when the transaction took place.

c) Each dealer shall keep or preserve, for at least 3 years, records as the dealer may be required to make pursuant to the provisions of paragraph (b) of this Section.

Section 130.851 Commission, Profit or Other Compensation
No dealer shall charge or receive a commission, profit or other compensation in connection with an order for the sale or purchase of securities unless the securities are exempt or are sold in exempt transactions or are registered under the provisions of the Act.

Section 130.852 Compensation

a) No registered investment adviser or its representatives shall charge or receive compensation in connection with the giving of investment advice unless such compensation is fair and reasonable and is determined on an equitable basis adequately disclosed to each client in writing.

b) No registered investment adviser or its representatives shall charge or receive compensation in connection with the giving of investment advice which provides for compensation to the investment adviser or its representative on the basis of a share of the capital gains upon, or the capital appreciation of, the funds, or any portion of the funds, of a client, unless such fees are charged in conformance with the provisions set forth in 17 CFR 275.205-3, as in effect on January 1, 1997 (no subsequent amendments or editions).

Section 130.853 Account Transactions

Effecting or causing to be effected by or for any client's account, any transactions of purchase or sale which are excessive in size or frequency or unsuitable in view of the financial resources and character of the account, shall constitute an act, practice, or course of business on the part of the registered investment adviser or its representative effecting such transactions or causing the transactions to be effected that is fraudulent, deceptive or manipulative.

Section 130.854 Use of the Term "Investment Counsel"

No registered investment adviser or its representative shall use the title "Investment Counsel" in the conduct of its business nor represent that it is an "investment counsel" nor use the term "investment counsel" as descriptive of its business unless the person is primarily engaged in the business of rendering investment supervisory services.

Section 130.860 Additional Fees Under Section 8 of the Act

a) The additional fee for the failure by a registered dealer or investment adviser to file or file timely any required statement of financial condition or financial statement shall be as set forth in Section 130.110 of this Part.

b) The additional fee for the second and subsequent failure by a registered dealer or investment adviser to file or file timely a statement of financial condition or financial statement shall be as set forth in Section 130.110 of this Part.

c) The additional fee for the failure by a registered dealer or investment adviser to file or file timely any other post-registration document required under Section 8 of the Act or this Part shall be as set forth in Section 130.110 of this Part.

d) The additional fee for the second and subsequent failure by a registered dealer or investment adviser to file or file timely any other post-registration document required under Section 8 of the Act or this Part shall as set forth in Section 130.110 of this Part.
c) The Secretary, at his or her discretion, may waive or reduce the amount of any additional fee set forth in this Section if the registered dealer or investment adviser demonstrates by competent evidence that:

1) in the case of a registered investment adviser, payment of the additional fee would render it insolvent; or

2) in the case of a registered dealer, payment of the additional fee would cause it to be in violation of the requirements set forth in Section 130.826 of this Part.

f) The failure by a registered dealer or investment adviser to file the required document with the Securities Department and pay any additional fee or fees set forth in this Section within ten (10) business days after written notice by the Securities Department shall constitute a fraudulent business practice under Section 8(E)(1)(b) of the Act.

g) For purposes of this Section, competent evidence means a balance sheet prepared as of a current date and executed and verified by the chief financial officer of the investment adviser.

Section 130.872 Procedure with Respect to Abandoned Dealer Applications

a) When an application for registration has been on file with the Secretary of State for a period of six months and has not become registered, the Secretary of State shall proceed in the manner determined by this Section as to whether the application for registration has been abandoned by the applicant. If the application for registration has been amended, other than for the purpose of delaying the registration thereof, the six month period shall be computed from the date of the latest such amendment.

b) A notice will be sent to the applicant, by registered mail, return receipt requested, addressed to the most recent address for the applicant. The notice will inform the applicant that the application for registration or amendment is out of date and must be either amended, completed to comply with the applicable requirements of the Act, or be withdrawn, or an Order of Abandonment will be entered by the Secretary of State within 30 days after the date of the notice.

c) If the applicant fails to respond to such notice by filing an amendment, completing or withdrawing the application for registration within 30 days, the Secretary of State may enter an order declaring the application for registration abandoned.

d) The applicant may within 15 days of receipt of the Order of Abandonment request in writing a hearing which request shall set forth the grounds upon which the applicant seeks a hearing.

e) When an Order of Abandonment is entered, all papers comprising the application for registration, with the exception of the application form and correspondence, will be removed from the files of the Secretary of State.

Section 130.873 Procedure with Respect to Abandoned Investment Adviser Applications

a) When an application for registration has been on file with the Secretary of State for a period of six months and has not become registered, the Secretary of State shall proceed in the manner determined by this Section as to whether the application for registration has been abandoned by the applicant. If the application for registration has been amended,
other than for the purpose of delaying the registration thereof, the six month period shall be computed from the date of the latest such amendment.

b) A notice will be sent to the applicant, by registered mail, return receipt requested, addressed to the most recent address for the applicant. The notice will inform the applicant that the application for registration or amendment, including all of the applications for registration of investment adviser representatives, is out of date and must be either amended, completed to comply with the applicable requirements of the Act, or be withdrawn, or an Order of Abandonment will be entered by the Secretary of State within 30 days after the date of the notice.

c) If the applicant fails to respond to such notice by filing an amendment, completing or withdrawing the application for registration within 30 days, the Secretary of State may enter an Order declaring the application for registration abandoned.

d) The applicant, within 15 days after the receipt of the Order of Abandonment, may request in writing a hearing which request shall set forth the grounds upon which the applicant seeks a hearing.

e) When an Order of Abandonment is entered all papers comprising the application for registration, with the exception of the application forms and correspondence, will be removed from the files of the Secretary of State.

**SUBPART J: SERVICE OF PROCESS**

**Section 130.1001 Service of Process upon the Secretary of State**

a) Any process, notice or demand to be served upon the Secretary of State under the Act shall be made by delivering personally to the Securities Director, or any employee of the Securities Department designated by the Securities Director to accept such service on behalf of the Secretary of State, or by sending by registered mail or certified mail, return receipt requested, a copy of the process, notice or demand to the Securities Department. Procedures for service are specified in the Act in the following Sections:

1) Service upon any person who has filed a consent to service of process upon the Secretary of State under the Act, Section 10.A.(2) of the Act;

2) Service upon any person who, by virtue of having offered, sold or delivered securities in this State which are neither registered nor covered by an exemption from registration, shall have appointed the Secretary of State as agent for service of process, Section 10.B.(2) of the Act; and

3) Service of a copy of a complaint in a private civil action, Section 13.G.(2) of the Act.

b) Service of any process, notice or demand under this Section shall be made with the Springfield or Chicago office of the Securities Department during regular business hours as specified in Section 130.100 of this Part.

c) At the time of any service upon the Secretary of State pursuant to Section 10 of the Act, there shall be paid a fee in the amount specified in Section 130.110 of this Part, which shall not be returnable in any event. Each process, notice or demand shall be submitted with a separate payment.
d) The Securities Department shall keep a record of all the processes, notices and demands received by it, which shall show the date of service.

**SUBPART K: PROCEDURES FOR ADMINISTRATIVE HEARINGS**

**Section 130.1100 Preamble**

The Rules contained in this Subpart shall govern every hearing before the Securities Department. The purpose of this Subpart is to provide for the orderly determination of rights, duties and privileges of parties appearing before the Secretary or his or her representatives under procedures assuring such parties due process of law.

**Section 130.1101 Qualifications and Duties of the Hearing Officer**

a) The hearing officer shall meet the following standards and qualifications:

1) be of high integrity and of good personal repute;

2) be admitted to practice law in the State of Illinois and be a member in good standing of the Bar of Illinois for at least three years; and

3) be familiar with the Rules contained in this Part and the Act.

b) A hearing officer shall rule on procedure and the admissibility of evidence and shall make findings of fact, conclusions of law and recommendations.

c) The final decision in all hearings shall be made by the Secretary or his or her designated representative after consideration of the findings of fact, conclusions of law, and recommendations of the hearing officer.

**Section 130.1102 Notice of Hearing**

a) The Notice of Hearing shall include:

1) A statement of the time, place and nature of the hearing;

2) A statement of the legal authority, and jurisdiction under which the hearing is held;

3) A short and plain statement of the matters alleged;

4) A statement of financial sanction or relief sought; and

5) A concise statement to each respondent that:

   A) the respondent may be represented by legal counsel, may present evidence, may cross-examine witnesses and otherwise participate;

   B) failure by any respondent to appear shall constitute default by such respondent; and
C) delivery of notice to the designated representative of any respondent constitutes service upon such respondent.

b) Unless otherwise required, and except for subsection (c) of this Section, each respondent shall be given a Notice of Hearing at least 45 days prior to the first date set for any hearing hereunder. Once such notice is given, the Securities Department shall notify each respondent in writing at the last known address of each respondent of any subsequent hearing date.

c) In the case of a request for hearing by a respondent on a Temporary Order of Prohibition or Suspension, such request shall immediately toll any time limitations on the effectiveness of the Temporary Order of Prohibition or Suspension for 60 days from the date the request is received by the Department and each respondent shall be given a Notice of Hearing which shall state that by requesting a hearing the respondent agrees to a tolling of the time limitation on the effectiveness of the Temporary Order of Prohibition or Suspension for 60 days from the date the request is received by the Department.

d) When a respondent timely requests a hearing on a Temporary Order of Suspension or Prohibition pursuant to Section 11(F)(2) of the Illinois Securities Law of 1953, or Stop Order or Order of Denial under Section 11(F)(4) of the Act issued by the Secretary, the Securities Department shall issue a Notice of Hearing in the form prescribed herein.

e) Any contention that improper notice was given shall be deemed waived unless it is raised by the respondent in its answer, special appearance, or other responsive pleading.

f) Proper notice is given by depositing a Notice of Hearing with the United States Postal Service, either by certified or registered mail, return receipt requested, or by the personal service, to the last known address of the respondent.

Section 130.1103 Institution of a Contested Case by the Securities Department

A contested case is instituted by the Securities Department when a Notice of Hearing is mailed to a respondent at the respondent's last known address by registered or certified mail, return receipt requested, or personal service is obtained upon a respondent.

Section 130.1104 Requirement to File an Answer

a) In each contested case instituted by the Securities Department, each respondent shall file with the Securities Department an Answer, Special appearance pursuant to Section 130.1107 of this Part, or other responsive pleading within 30 days after the service of the Notice of Hearing or within ten days after each amended Notice of Hearing which materially alters the Notice of Hearing, such as an addition or deletion of parties or counts, or within ten days after service of a Notice of Hearing issued pursuant to Section 130.1102(d) of this Part. Each Answer shall be in writing, signed by each respondent or the respondent's representative, and shall contain a specific response to each allegation in the Notice of Hearing or each new allegation contained in a materially altered Notice of Hearing and set forth affirmative defenses, if any. The response shall either admit or deny each allegation, or shall state that the respondent has insufficient information to admit or deny the allegation. Every allegation not explicitly denied is admitted, unless the respondent states in his or her answer that he or she has no knowledge thereof sufficient to form a belief, and attaches an affidavit of the truth of the want of knowledge, or unless the respondent has had no opportunity to deny.
b) Failure, by the respondent, to timely file an answer, a special appearance pursuant to Section 130.1107 of this Part, or other responsive pleading shall be deemed an admission of the allegations contained in the Notice of Hearing and waives the respondent’s right to a hearing. The Hearing Officer shall make a recommendation that an appropriate order be entered wherein, in addition to any other sanctions, respondent be held in default.

Section 130.1105 Amendment or Withdrawal of the Notice of Hearing

a) The Notice of Hearing may be amended at any time. An Amended Notice of Hearing may be served in the same manner as a Notice of Hearing, or it may be presented to the hearing officer and each respondent during the course of the hearing. A continuance may be granted by the hearing officer whenever the amendment materially alters the Notice of Hearing, and where a respondent demonstrates that any respondent would otherwise be unable to properly prepare an Answer to the Amended Notice of Hearing or prepare any respondent's case.

b) A Notice of Hearing may be withdrawn without prejudice by the Securities Department at any time prior to the hearing. After a hearing has begun, a Notice of Hearing may be withdrawn only upon written motion, and concurrence by the hearing officer.

Section 130.1106 Representation

a) Any individual may appear personally on his or her own behalf.

b) A party or witness may be represented by an attorney licensed in Illinois or any law student licensed under Supreme Court Rule 711 (Ill. Rev. Stat. 1987, ch. 110A, par. 711). Attorneys admitted to practice in states other than the State of Illinois may appear and be heard by special leave of the Hearing Officer appointed to conduct the hearing, upon the attorney's verbal representations or written documentation as to the attorney's admittance. Attorneys who appear in a representative capacity must file a written notice of appearance setting forth:

1) The name, business address and telephone number of the attorney; and

2) The name and address of the party or witness represented.

c) A corporation may be represented by an officer.

d) A partnership may be represented by any general partner.

Section 130.1107 Special Appearance

a) Prior to filing any other pleading or motion, a special appearance may be made either in person or by an attorney for the limited purpose of objecting to the jurisdiction of the Securities Department over the person of the respondent. Every appearance not expressly designated a special appearance shall be deemed to be a general appearance. If the reasons for objecting to jurisdiction are not apparent from the papers on file in the proceeding, the special appearance shall be supported by affidavit setting forth the reasons. In ruling upon any objection at any hearing, the Hearing Officer may consider all matters apparent from the papers on file, affidavits submitted by any party, and any other evidence adduced upon disputed issues of fact. No determination of any issue of fact in connection with the objection is a determination of the merits of the case or any
aspect thereof. A ruling adverse to the objector does not preclude him or her from making any motion or defense which he or she might otherwise have made. If the Hearing Officer sustains the objection, any appropriate order shall be entered of record after review by a designated representative of the Secretary. Error in ruling against the objection is not waived by the objector’s taking part in further proceedings in the matter. If a special appearance is denied by the Hearing Officer, the respondent’s time limits to file an answer or other responsive pleading in accordance with Section 130.1104 of this Part begin from the date of the denial of the special appearance.

b) Any objection to the subject matter jurisdiction, including the objection that the respondent did not offer and/or sell a security or a business opportunity, are not the proper subject of this Section and shall be stricken by the Hearing Officer if made a part of the special appearance.

Section 130.1108 Substitution of Parties

A hearing officer may, upon motion by a party, order a substitution of parties, in cases such as a successor entity, death, incompetency, bankruptcy assignments, marriage and legal disability.

Section 130.1109 Failure to Appear

Failure to appear, by the respondent, at the time and place set for hearing shall be deemed a waiver of the right to present evidence, argue, object or cross-examine witnesses, or otherwise participate at the hearing. After presentation by the Securities Department of proof that the respondent was given proper notice and jurisdiction of the Secretary has been established, the Hearing Officer shall strike any answer or other pleading filed, if any, by the party failing to appear and make a recommendation to the Secretary that a finding of default and an appropriate order be entered. Where the Securities Department fails to appear, the Notice of Hearing shall be dismissed.

Section 130.1110 Motions

a) Motions shall be made in writing, unless otherwise allowed by the Hearing Officer during the course of a hearing. Written motions shall be limited to the following:

1) To request a Hearing Officer’s recommendation for dismissal of a Notice of Hearing for failure to state facts which, if true, would form a sufficient basis for the issuance of an Order or other sanctions;

2) To request sanctions in accordance with Section 130.1130 of this Part;

3) To request dismissal of a Notice of Hearing where the Securities Department's case has been concluded without sufficient evidence having been presented to form a basis for the issuance of an Order or other sanction;

4) To request a continuance, or extension of time, upon good cause shown in accordance with Section 130.1111(a) of this Part;

5) To request that a Hearing Officer be disqualified from the hearing, for prejudice;

6) To request that an Order of the Hearing Officer entered prior to the conclusion of a hearing be vacated or modified;

7) To request separation of cases joined by the Securities Department;
8) To request consolidation of cases or parties;

9) To request an Order limiting a request for discovery; and

10) To request that a Hearing Officer be disqualified from conducting, or continuing to conduct, an assigned hearing pursuant to Section 130.1132 of this Part.

b) When any motion is filed, the Hearing Officer may allow oral or written argument or both if this is deemed necessary to a fuller understanding of the issues presented. Where facts are alleged as a basis for the request which are not a part of the record in the case, an affidavit shall be attached to the motion setting forth such facts.

Section 130.1111 Requirements Relating to Continuances

a) A request for continuance of a hearing shall be subject to the discretion of the Hearing Officer.

1) Such continuance may be granted, for good cause shown, provided the request is received by the Hearing Officer and each party or authorized representative of record not less than five days prior to the latest hearing date unless good cause for a continuance is shown prior to or during the hearing or between hearing dates due to the absence of material evidence, sudden unavailability of counsel, sudden illness of a party or an essential witness, ongoing settlement negotiations, or other similar reasons. Such request may be in writing.

2) Oral requests for continuances shall not be granted unless made during the hearing for good cause.

3) Good cause includes, but is not limited to, service in the armed forces, or serious illness relating to either party, that party's authorized representative of record, or essential witnesses, or sudden unavailability of counsel.

b) A continuance, when granted, shall state a date certain, not more than 60 days from the prior scheduled hearing date at which time the hearing shall reconvene.

c) Continuances may be granted for the purposes of allowing the parties to complete discovery requests made pursuant to Section 130.1115 of this Part, but only where upon good cause shown, in accordance with Section 130.1111(a) of this Part, discovery could not be completed prior to the scheduled date for hearing.

Section 130.1112 Rules of Evidence

a) The hearing officer shall have authority to conduct the hearing, to administer oaths, to examine witnesses, to rule upon the admissibility of evidence, and to subpoena witnesses or documents at the request of any party.

b) Irrelevant, immaterial or unduly repetitious evidence shall be excluded. The rules of evidence and privilege as applied in civil cases in the Circuit Courts of this State shall be followed. However, evidence not admissible under such rules of evidence may be admitted (except where precluded by statute) if it is of a type commonly relied upon by reasonably prudent men in the conduct of their affairs in accordance with Section 12 of the Administrative Procedure Act (Ill. Rev. Stat. 1987, ch. 127, par. 1012). Objections to
evidentiary offers may be made and shall be noted in the record. Subject to these requirements, when a hearing will be expedited and the interests of the parties will not be prejudiced, any part of the evidence may be received in written form. Subject to the evidentiary requirements of this Section, a party may conduct cross-examination required for a full and fair disclosure of the facts.

c) Notice may be taken of matters of which the Circuit Courts of this State may take judicial notice. In addition, notice may be taken of generally recognized technical or scientific facts within the agency's specialized knowledge. Parties shall be notified either before or during the hearing, or by reference in preliminary reports or otherwise, of the material noticed, including any staff memoranda or data, and they shall be afforded an opportunity to contest the material so noticed. The agency's experience, technical competence and specialized knowledge may be utilized in the evaluation of the evidence.

Section 130.1113  Form of Papers

All papers filed or submitted to the Securities Department in a contested case shall be typewritten, on 8 1/2 by 11 inch white paper. The first page of each document shall set forth the name of each of the respondents and the file number assigned to the case by the Securities Department. All pleadings must be signed by the party filing the same or his, her or its authorized representative or attorney, and shall contain the party's business address and telephone number. A copy of any pleading shall be filed with the hearing officer, and the original served upon the attorney of record of the Securities Department.

Section 130.1115  Discovery

a) Discovery shall not be the subject of motions presented to the Hearing Officer, except as provided in Section 130.1110 of this Part.

b) Upon written request served on the opposing party, any party shall be entitled to:

1) The name, business and home addresses and telephone number, if available, of each witness who may be called to testify;

2) Copies of each document which may be offered as evidence; and

3) A description of any other evidence which may be offered.

c) The above information shall be provided within ten business days after service of a written request.

d) Upon written request of a party, during discovery a party shall be entitled to:

1) Any exculpatory evidence in a party’s possession. Exculpatory evidence is any evidence which tends to support the opposing party’s position or to call into question the credibility of an opposing party’s witness; and

2) Copies of any investigative report which purports to be a memorandum of interview of the respondent.

e) Upon a written request served on the respondent at any time after a Notice of Hearing is filed, or at any stage of the hearing, the respondent will be required to produce within ten
days of service of a written request non privileged documents, books, records or other
evidence which relate to the issues set forth in the Notice of Hearing.

f) No file of a Securities Department investigator or attorney shall be subject to discovery
except as stated in subsection (d) of this Section relating to exculpatory evidence and
memoranda of interviews of a respondent.

g) In accordance with Section 130.1118 of this Part, in large or complex cases, at the
discretion of the Hearing Officer, a pre-hearing conference with the parties and the
Hearing Officer may be scheduled in appropriate cases for one or more of the purposes
set forth in Section 130.1118 of this Part. Consistent with the expedited nature of
administrative hearings, the Hearing Officer shall, at the pre-hearing conference establish
the extent of and schedule for the production of relevant documents and other
information, including the deposition of witnesses.

h) Subject to constitutional privileges and to grants of confidentiality under common law
and statutes, a party may serve on any other party a written request for the admission by
the latter of the truth of any specified relevant fact set forth in the request or for the
admission of genuineness of any relevant documents described in the request. Copies of
the documents shall be served with the request unless copies have already been furnished.
The failure of a party to respond to a request by either an admission or a sworn denial
within ten days after service shall be deemed to be an admission thereof.

i) When information or documents are withheld from disclosure or discovery on a claim
that they are confidential or privileged pursuant to a common law or statute, any such
claim shall be made expressly and shall be supported by a description of the nature of the
documents, communication, or things not produced or disclosed and the exact privilege
that is being claimed.

j) If a party, after being served with a request to admit the genuineness of any documents or
the truth of any matters of fact, serves a sworn denial thereof, and the party requesting the
admissions thereafter proves the genuineness of the document or the truth of the matter of
fact, the requesting party may apply to the Hearing Officer for an order requiring the
other party to pay the requesting party the reasonable expenses incurred in making the
proof, including reasonable attorney’s fees. Upon finding good cause by the Hearing
Officer the order shall be made.

k) A party has a duty to timely supplement or amend any prior answer or response to
discovery requests whenever new or additional information subsequently becomes
known to that party.

Section 130.1116 Examination of Witnesses

a) A party may conduct examinations or cross-examinations without rigid adherence to
formal rules of evidence, in order to obtain a full and fair disclosure of facts bearing upon
matters in issue, in accordance with Section 12 of the Administrative Procedure Act (Ill.

b) If the hearing officer determines that a witness is hostile or unresponsive, the hearing
officer may authorize the examination by the party calling him or her as if under cross-
examination in accordance with Impeachment of Witness -- Hostile Witnesses (Ill. Rev.
Stat. 1987, ch. 110A, par. 238(b)).
c) The Securities Department may call any adverse party as a witness without vouching for his or her credibility and proceed to examine such adverse party as if under cross-examination. Any party calling a witness, upon a showing that he or she called the witness in good faith and is surprised by his or her testimony, may impeach that witness by evidence of prior inconsistent statements in accordance with Impeachment of Witness -- Hostile Witnesses (Ill. Rev. Stat. 1987, ch. 110A, par 238(b)).

d) Oral evidence shall be taken only on oath or affirmation.

Section 130.1117 Subpoenas

a) Subpoenas for the attendance of witnesses from any place in the State of Illinois, or for the production of books, papers, accounts or documents at a hearing in a pending proceeding, shall be issued by the Securities Department upon its own motion, and shall be issued upon application in writing by any party.

b) Applications for subpoenas to compel the production of books, papers, accounts or documents desired shall be verified, and shall specify the books, papers, accounts or documents desired and the material or relevant facts to be proved by them.

c) The costs for the preparation and service of each subpoena and the payment of witness fees shall be borne by the requesting party.

d) The cost to prepare each subpoena shall be $10.00 and shall be payable to the Secretary prior to the issuance of the subpoena. The cost to serve each subpoena shall be the same as provided to Sheriffs in Section 4-12001 of the Counties Code, certified December 13, 1989 (Ill. Rev. Stat., ch. 34, par. 4-12001 (P.A. 86-962)) and Section 4-5001 of the Counties Code, certified December 13, 1989 (Ill. Rev. Stat., ch. 34, par. 4-5001 (P.A. 86-962)). Notwithstanding, if the Securities Department elects to mail a subpoena the cost shall be $5.00 plus the actual cost of certified or registered mail, return receipt requested, payable to the Secretary prior to the issuance of the subpoena. Witness fees shall be the same as provided for in Section 47 of an Act concerning fees and salaries, and to classify the several counties of this State with reference thereto. Approved March 29, 1872 (Ill. Rev. Stat. 1987, ch. 53, par. 65) relating to witnesses attending trial in the Circuit Courts of Illinois.

Section 130.1118 Pre-Hearing Conferences

Upon written request to the Hearing Officer by the Securities Department or any respondent, the parties may be directed by the Hearing Officer to appear at a specified date, time and place for a pre-hearing conference, that may be held telephonically, prior to the date set for hearing in the particular proceeding or, without notice on the date and at the place set for such hearing and prior to the commencement thereof or during the course of such hearing, for the purpose of formulating issues and considering:

a) The simplification of issues;

b) The necessity or desirability of amending the pleadings for the purpose of clarification, amplification or limitation with respect to matters alleged in any Notice of Hearing;

c) The possibility of making admissions or stipulations of fact to the end of avoiding the unnecessary introduction of evidence;

d) The limitation of the number of witnesses;
The propriety of prior mutual exchange between or among parties of prepared testimony or exhibits; and

Any other matters that may aid in the disposition of the hearing.

**Section 130.1119 Record of a Pre-Hearing Conference**

Action taken at each pre-hearing conference pursuant to Section 130.1118 of this Part shall be made part of the record at the hearing by the hearing officer, unless the parties file a written stipulation as to such matters or agree to a statement thereof made on the record.

**Section 130.1120 Hearings**

The sequence to be followed for each contested case is as follows:

**a)** Pre-Hearing Conference - Optional. The purposes of which are set out in Section 130.1118 of this Part; and

**b)** Hearings

1) Preliminary matters - Motions, attempts to narrow issues or limit evidence;

2) Opening Statements - The party initiating the hearing proceeds first;

3) Case in Chief - Evidence and witnesses are presented by the party initiating the hearing. As a witness' testimony is completed, he or she is subject to cross-examination;

4) Defense (including affirmative defense) - Evidence and witnesses may be presented by the opposing parties;

5) Rebuttal;

6) Closing Statements - The party bearing the burden of proof proceeds first, then the opposing party, then a final reply by the party bearing the burden of proof; and

7) Hearing Officer's Report consisting of: a statement of matters officially noticed, proposed findings of fact, proposed conclusions of law, and proposed recommendation as to disposition by the hearing officer.

**Section 130.1121 Record of Proceedings**

**a)** At each hearing, except as otherwise provided herein, a permanent and complete record of the proceedings shall be taken at the Securities Department's expense by electronic means or by a "shorthand reporter" as such term is defined in the Illinois Certified Shorthand Reporters Act of 1984 (Ill. Rev. Stat. 1987, ch. 111, par. 6204).

**b)** the Securities Department upon request of a party shall arrange for the shorthand reporter to provide for such copies of the transcript as any other party may require and at such time as it may require same, provided that such other party shall pay directly to the shorthand reporter the payment for the cost of the transcript including one copy thereof to
be furnished the Securities Department for its use in any proceeding for Administrative Review as hereinafter provided, or otherwise.

c) The requirement set forth in subsection (a) of this Section is not applicable in any case where all respondents have either defaulted, or submitted documents only, and the Securities Department presents no evidence through witness testimony.

Section 130.1122 Record of Hearing

a) The record in a contested case shall include:

1) All pleadings (which shall include all orders or notices of hearing and responses thereto, admissions, stipulations of facts, motions and rulings thereon and in the case of an agreed settlement, stipulation and consent and a consent order);

2) All documentary evidence, if any;

3) A statement of matters officially noticed, if any;

4) A transcript of the proceedings, if required;

5) Any opinion, report or recommendation of the hearing officer to the Secretary;

6) The findings of fact conclusions of law and recommendations of the hearing officer;

7) Any offers of proof, objections and rulings thereon, objections or exceptions to the findings of fact, conclusions of law and recommendations of the hearing officer or, objections to portions of the proposed findings of fact, proposed conclusions of law and proposed recommendations of the hearing officer; and

b) The findings of fact, conclusions of law and Order of the Secretary, shall constitute a final administrative decision within the provisions of the Administrative Review Law (Ill. Rev. Stat. 1987, ch. 110, pars. 3-101 et seq);

c) The record shall be certified by the Securities Department upon any complaint for administrative review. An index of the record, with each page of the record numbered in sequence, shall be prepared by the Securities Department.

Section 130.1123 Orders

a) The Hearing Officer shall prepare proposed findings of fact, conclusions of law, and recommendations to the Secretary. The proposed findings of fact and conclusions of law shall be stated separately.

b) Any Order of the Secretary issued without a hearing pursuant to a summary or temporary order as provided under Section 11(E) of the Illinois Securities Law of 1953 or Section 5-45(c) and Section 5-65(1) of the Business Opportunity Sales Law of 1995 or Section 10-55(e) of the Illinois Business Brokers Act of 1995 or Section 15-55(e) of the Illinois Loan Brokers Act of 1995 shall advise the respondent that any action for judicial review of the final order must be commenced within 35 days from the date a copy of the Order is served upon the party seeking review, pursuant to the provisions of the Administrative Review Law.
c) The Order of the Secretary shall be the decision of the Securities Department upon issues contested or stipulated to at the hearing, or presented at a hearing in which the respondent defaults, or alleged in an Order which may be made final without a hearing pursuant to Section 11(F)(4) of the Illinois Securities Law of 1953, or alleged in a summary or temporary order which may be made final without a hearing pursuant to Section 11(E) or 11(F) of the Illinois Securities Law of 1953 or Section 5-45(c) and Section 5-65(1) of the Business Opportunity Sales Law of 1995 or Section 10-55(e) of the Illinois Business Brokers Act of 1995 or Section 15-55(e) of the Illinois Loan Brokers Act of 1995; or upon issues which are resolved without a hearing pursuant to Section 1010(c) of the Illinois Administrative Procedure Act [5 ILCS 100/10-25(c)].

d) The Secretary after reviewing the hearing record may:

1) accept or reject in whole or in part the proposed findings of fact, proposed conclusions of law or the proposed recommendations of the Hearing Officer;

2) require the submission of additional information, documentation or testimony;

3) order the Hearing Officer to conduct a rehearing; or

4) order the Hearing Officer to conduct an additional hearing upon becoming aware of newly discovered evidence.

e) In addition to any sanction, a default order shall be entered against the respondent, where the respondent fails to appear for the hearing at the scheduled time and date, and has failed to request or been granted a continuance in accordance with Section 130.1111 of this Part.

f) A final order of the Secretary shall be in writing. A copy of the final order shall be delivered or mailed by registered or certified mail, return receipt requested, to each party or his, her or its representative or attorney at such person's last known address.

g) The final order of the Secretary shall constitute a final administrative decision within the provisions of the Administrative Review Law.

Section 130.1124 Burden of Proof

Except as provided in Section 15 of the Illinois Securities Law of 1953 or Section 5-20 of the Business Opportunities Sales Law of 1995, the burden of proof is upon the Securities Department in all cases initiated by the Securities Department. The standard of proof is a preponderance of the evidence.

Section 130.1125 Stipulations

Parties may by stipulation agree upon any facts involved in the proceeding. The facts stipulated shall be considered as evidence in the proceeding, provided that the hearing officer may require proof of any fact by evidence, such as where parties are not represented by counsel. After all parties have completed the presentation of their evidence, the hearing officer may call the Securities Department for further material or relevant evidence upon any issue. The Securities Department's experience, technical competence and specialized knowledge may be utilized by the hearing officer in the evaluation of the evidence.

Section 130.1126 Open Hearings
Hearings shall be open to the public and may not be recorded by the public or any respondent by any electronic means other than as set forth in Section 130.1121 of this Part.

Section 130.1127 Corrections to the Transcript

Suggested corrections to the transcript of record may be offered within ten days after the transcript is made available to the parties in the proceeding, unless the hearing officer permits suggested corrections to be offered thereafter. Suggested corrections shall be served upon, or brought to the attention of, each party or attorney thereof whose appearance is of record, the official shorthand reporter, and the hearing officer. If suggested corrections are not objected to, the hearing officer shall direct the corrections to be made and the manner of making them. In case the parties disagree on suggested corrections, they may be heard by the hearing officer, who shall then determine the manner in which the record shall be changed, if at all.

Section 130.1128 Imposition of Fines

a) The fines allowed by Section 11(E)(4) of the Act may be imposed in cases where the imposition of a suspension or revocation of the registration of any securities registered under Sections 5, 6 or 7 of the Act or of a respondent's registration under Section 8 of the Act would create an undue burden on the respondent in light of the nature of the violation or violations; where the respondent has been enriched unjustly; when the violation or violations of the respondent are egregious or repetitive or involve many people.

b) The imposition of fines is not limited to the above described situations.

Section 130.1129 Application for Hearing to Present Newly Discovered Evidence

a) Any party who receives a final order of the Secretary may within ten days after receipt of the final order file an application in writing with the Secretary or his or her designee requesting that a hearing be granted to present newly discovered evidence. The application shall be supported by affidavit specifying the reason such evidence was unavailable at the time of hearing.

b) Any application by a party for a hearing to present newly discovered evidence shall only stay the effective date of the Order entered by the Secretary for the purpose of filing for an administrative review under the Administrative Review Law.

c) If a timely application for a hearing to present newly discovered evidence is made, the time for filing an administrative review complaint shall begin to run upon the issuance of the Secretary’s Order disposing of the respondent’s application.

Section 130.1130 Failure to Comply With Order or Rules

If a party, or any person at the instance of or in collusion with a party, unreasonably refuses to comply with any provision of Section 130.1115 of this Part after being ordered by the Hearing Officer to comply, or fails to comply with any order entered pursuant to this Part, the Hearing Officer, on motion, may enter such orders as are just, including among others, the following:
a) That further proceedings be stayed until the order or rule is complied with;
b) That the offending party be debarred from filing any other pleading relating to any issue to which the refusal or failure relates;
c) That a witness be barred from testifying concerning that issue;
d) That, as to the claims or defense asserted to which that issue is material, a recommendation for a final order by default be entered against the offending party or that his action be dismissed with or without prejudice; or
e) That any portion of his pleadings relating to that issue be stricken and, if thereby made appropriate, Findings of Fact and Conclusions of Law be entered as to that issue.

In lieu of or in addition to the foregoing, the Hearing Officer may order that the offending party pay the reasonable expenses including attorney's fees incurred by any party as a result of the misconduct.

Section 130.1131 Application to Vacate an Order Issued Due to Default

a) Any party who receives an order, based on a failure to answer or otherwise plead, or a failure to appear at the hearing, may within ten days after receipt of the order file an application in writing with the Secretary of State or his designee requesting that the order be vacated. The application shall be supported by an affidavit specifying the reason the party was unable to file an answer, otherwise plead, or appear at the hearing.
b) Upon good cause shown, the Secretary of State may issue an order vacating the default order, granting an extension to file an answer, and setting a date for a new hearing or supplemental hearing. If a supplemental hearing is ordered, the Secretary of State may order that the evidence presented at the previous hearing, including testimony of witnesses, may be considered by the Hearing Officer without the need for presenting the evidence at the supplemental hearing.
c) Any application by a party to vacate an order issued due to default shall only stay the effective date of the order entered by the Secretary of State for the purpose of filing an administrative review under the Administrative Review Law, [735 ILCS 5/3 Art. III] If the party's application to vacate is denied by the Secretary, the Order of Default shall be considered the final order for purposes of the Administrative Review Law.
d) If a timely application to vacate an order issued due to default is made, the time for filing an administrative review complaint shall begin to run upon the issuance of the Secretary's order disposing of the application to vacate an order issued due to default.

Section 130.1132 Disqualification of a Hearing Officer

a) A Hearing Officer assigned to a hearing may, upon written request to and approval of the Secretary of State, recuse himself or herself.
b) Whenever any party believes a Hearing Officer for any reason should be disqualified from conducting, or continuing to conduct, a proceeding assigned to him or her, such party may file a motion to disqualify the Hearing Officer, setting forth by affidavit the
alleged grounds for disqualification. The Hearing Officer shall have seven business days after filing of the motion within which to enter a written ruling. A copy of the ruling shall be served upon all parties. The Secretary of State may, on his or her own motion, review rulings denying or granting a motion for disqualification.

SUBPART O: EVIDENTIARY MATTERS AND NON-BINDING STATEMENTS

Section 130.1520 Request for Non-Binding Statements

a) Required information and format.

1) All requests for non-binding statements shall be in writing and be accompanied by the fee set forth in Section 130.110 of this Part. The request shall be filed with the Securities Department and shall contain the following:

A) A brief summary of the Sections of the Act and of the Rules to which the request pertains;

B) A detailed factual representation concerning every relevant aspect of the proposed transaction, such as names of affected parties, type and description of securities, details regarding the transactions, each claim of exemption, if any, and reasoning in support of each such claim. Requests should be limited to the particular situation, and should not attempt to include every possible type of situation which may arise in the future;

C) A discussion of current statutes, rules and legal principles relevant to the facts set forth;

D) A statement setting forth the person's own opinion in the matter and the basis for such opinion; and

E) A representation that the transaction in question has not been commenced and will not commence for at least 30 days.

2) The Securities Department will not respond to requests for non-binding statements involving the anti-fraud provisions of the Act or the Rules thereunder.

3) The Securities Department will not respond to requests for non-binding statements with respect to transactions which have already taken place.

4) The Securities Department will not respond to requests based upon hypothetical facts or involving unnamed parties.

b) Review procedure under the Act.

1) The Securities Department's review of requests for non-binding statements may require an in-depth examination of the information presented and the applicable law. Therefore a considerable time period may elapse before the statement is issued.

2) After a review of the relevant facts presented, in light of existing judicial, legislative and administrative history, the Securities Department may issue its
finding as to the applicability of the Act to the situation presented in the form of a non-binding statement stating that it will recommend that no enforcement action be initiated against the parties involved if all the facts are true and complete. Facts or conditions different than those presented may require different conclusions and persons other than those requesting the statement should not rely on the statement.

c) Availability of non-binding statements issued by the Department.

1) The Securities Department will maintain an index by statutory Section(s) involved and chronologically of all non-binding statements issued.

2) Copies of such statements may be reviewed in the Securities Department's Springfield office and copies thereof obtained upon payment of the cost of duplication as set forth in Section 130.110 of this Part.

SUBPART P: SAVINGS PROVISIONS

Section 130.1661  Investors Syndicate of America, Inc.

a) The Secretary of State recognizes that the face amount certificate contracts registered prior to January 1, 1984, under The Illinois Securities Law of 1953 by Investors Syndicate of America, Inc. are defined by the issuer as "Face Amount Certificates" and the issuer thereof is qualified as a registered investment company under the Investment Company Act of 1940 and maintains, under the rules and regulations of the Federal Securities and Exchange Commission, a deposit of securities with a qualified institution which deposit would be applicable to all contract liability established and accruing on such "Face Amount Certificates" outstanding with persons residing in Illinois. Accordingly, the Secretary of State recognizes the Central Deposit established and maintained by Investors Syndicate of America, Inc. pursuant to the rules and regulations of the Federal Securities and Exchange Commission in lieu of and in substitution for the deposit presently being maintained with the Secretary of State under Section 6 of The Illinois Securities Law of 1953 as in effect at the time of registration and hereby authorizes the transfer of all securities, except the minimum deposit of $50,000 as prescribed under Section 6 as in effect at the time of registration, to the Central Deposit.

b) Investors Syndicate of America, Inc. is to continue to furnish to the Secretary of State all reports and statements required by Section 6 of the Act as in effect at the time of registration and is directed to furnish to the Secretary of State an annual statement prepared and certified by an independent certified public accountant, showing all deposits required to be maintained for the benefit of holders of contracts issued by Investors Syndicate of America, Inc., the amounts of such deposits, the contract liability applicable to each state of the United States, including the State of Illinois, against which such deposits are maintained in the Central Deposit and various state depositories, if applicable.

Section 130.1662  State Bond and Mortgage Company

a) The Secretary of State recognizes that the face amount certificate contracts registered prior to January 1, 1984, under The Illinois Securities Law of 1953 by State Bond and Mortgage Company are defined by the issuer as "Face Amount Certificates" and the issuer thereof is qualified as a registered investment company under the Investment
Company Act of 1940 and maintains, under the rules and regulations of the Federal Securities and Exchange Commission, a deposit of securities with a qualified institution which deposit would be applicable to all contract liability established and accruing on such "Face Amount Certificates" outstanding with persons residing in Illinois. Accordingly, the Secretary of State recognizes the Central Deposit established and maintained by State Bond and Mortgage Company pursuant to the rules and regulations of the Federal Securities and Exchange Commission in lieu of, and in substitution for, the deposit presently being maintained with the Secretary of State under Section 6 of The Illinois Securities Law of 1953 as in effect at the time of registration, and hereby authorizes the transfer of all securities, except the minimum deposit of $50,000 as prescribed under Section 6 as in effect at the time of registration, to the Central Deposit.

b) State Bond and Mortgage Company is to continue to furnish to the Secretary of State all reports and statements required by Section 6 of the Act as in effect at the time of registration and is directed to furnish to the Secretary of State an annual statement, prepared and certified by an independent certified public accountant, showing all deposits required to be maintained for the benefit of holders of contracts issued by State Bond and Mortgage Company, the amounts of such deposits, the contract liability applicable to each state of the United States, including the State of Illinois, against which such deposits are maintained in the Central Deposit and various state depositories, if applicable.

**SUBPART Q: PUBLIC INFORMATION**

**Section 130.1701 Inspection of Applications**

All applications for which exemption from registration under Section 4.F(2) of the Act have been approved and for which registration under Sections 5, 6 and 7 of the Act have been granted are available for public inspection during business hours at the Springfield or Chicago offices of the Securities Department of the Secretary of State upon advance written request.

**Section 130.1702 Inspection of Dealer, Salesperson and Investment Adviser Records**

Records of all registered dealers, salespersons and investment advisers are available for public inspection during the business hours at the Springfield or Chicago offices of the Securities Department of the Secretary of State upon written request.

**Section 130.1703 Non-Public Distribution of Information**

a) Information or documents obtained by employees of the Secretary of State in the course of any examination or investigation pursuant to Section 11 of the Act shall, unless made a matter of public record, be deemed confidential. Employees are hereby prohibited from making such confidential information or documents or any other non-public records of the Secretary of State available to anyone other than an employee of the Secretary of State, or other governmental agency, unless the Secretary of State authorizes the disclosure of such information or the production of such documents as not being contrary to the public interest.

b) Information contained in the single automated system, referred to as the Central Registration Depository, concerning dealers and salespersons registered with any State, other than the State of Illinois, shall not be deemed to be filed with the Secretary of State.