**Section 1000.2050 Stock Subsidiary Formation**

In conjunction with the formation of a stock subsidiary of a mutual thrift holding company, the requirements of Article 2 – "Incorporation and Organization" of the Illinois Savings and Loan Act of 1985 shall apply with the following additions.

a) In the case of a change of corporate form, which does not alter the assets and liabilities of the original institution as transferred to the resulting stock subsidiary with regard to their amount or quality, the minimum initial capital...which would be required in order to obtain insurance of accounts by the Federal Savings and Loan Insurance Corporation shall mean the amount of minimum capital which the original institution was required to have to maintain its federal insurance of accounts.

b) The application to organize shall be made by the directors of the original institution. Copies of directors' and officers' affidavits and statements of personal interest from the last 5 years' examination reports may be submitted to the Director to the extent that they provide business and financial information on affiliations with any other financial institutions. Each applicant shall submit amendments to these materials to provide omitted, but required, information.

c) Exhibits and maps shall display the original and new institution's customer area, and provide quarterly Federal and/or State reports for the four quarters preceding application, as well as the original institution's last 2 audited financial statements.

d) The Director may require information as to:

1) How stock shall be distributed. Such reports shall be required upon formation of the holding company, prior to issuance or marketing of stock and at any other time necessary to ensure fundamental fairness to stockholders, members, depositors and for reasons related to the safe and sound financial operation of the institution.

2) Whether depositors of the old institution shall continue to hold voting and membership rights in the new institution.

3) The form and manner of expressing ownership.

4) The amount of treasury stock shall be held, planned issuances of capital stock or equity securities, with projected dates and amounts.

e) Once the stock subsidiary is formed, if the original mutual institution no longer retains any deposits, it shall no longer be required to maintain insurance of accounts and therefore shall not be required to meet any regulatory or statutory requirements which apply only to depository institutions such as net worth, loan loss reserves, and investment and lending limits.

(Source: Amended at 30 Ill. Reg. 18990, effective December 1, 2006)