

802.51

Verne, B. Michael

From: [REDACTED]
Sent: Tuesday, January 23, 2007 12:05 PM
To: Verne, B. Michael
Subject: 802.51 Reportability Question

Hi Mike,

I have a reportability question I was hoping you could help me with.

The transaction will be structured as follows:

- (1) Parent ("P"), a foreign issuer, is forming a subsidiary ("S"), a foreign corporation. P will contribute foreign assets to S.
- (2) Buyer ("B"), a US person, will acquire a 49% interest in S and will also contribute IP on a non-exclusive basis to S.

We are trying to determine whether the transaction is exempt pursuant to 802.51. S does not have assets in the US valued in excess of \$50 million (as adjusted). Since S is a newly formed entity, it did not have any sales in its most recent fiscal year. Can the transaction be exempt on this basis, or would we need to look at the US sales generated from the assets that P contributed to S?

Much thanks for your help!

[REDACTED]

[REDACTED]

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If the contributed assets comprised an operating unit, then you should look to their sales into the US in the most recent fiscal year.

M
1/23