

## **Disclosure Update and Simplification**

### **Demonstration Version**

This document provides a demonstration version, with the adopted amendments discussed in this release, with added text underlined and deleted text ~~struck-out~~. Commission disclosure requirements for which we are retaining and referring to the FASB for potential incorporation into U.S. GAAP are in bracketed red font. This document is being provided as a reference to assist in understanding the changes adopted; however, it does not include the official regulatory text of the proposed changes, which may be found in Section X of this release.

## **PART 210 – FORM AND CONTENT OF AND REQUIREMENTS FOR FINANCIAL STATEMENTS, SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934, INVESTMENT COMPANY ACT OF 1940, INVESTMENT ADVISERS ACT OF 1940, AND ENERGY POLICY AND CONSERVATION ACT OF 1975**

### **§ 210.1-02 Definitions of Terms used in Regulation S-X**

#### **(17 CFR part 210)**

(d) Audit (or examination). The term audit (or examination), when used in regard to financial statements of issuers as defined by Section 2(a)(7) of the Sarbanes-Oxley Act of 2002, means an examination of the financial statements by an independent accountant in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”) ~~generally accepted auditing standards, as may be modified or supplemented by the Commission~~, for the purpose of expressing an opinion thereon. When used in regard to financial statements of entities that are not issuers as defined by Section 2(a)(7) of the Sarbanes-Oxley Act of 2002, the term means an examination of the financial statements by an independent

accountant in accordance with either the standards of the PCAOB or U.S. generally accepted auditing standards (“U.S. GAAS”) as specified or permitted in the regulations and forms applicable to those entities for the purpose of expressing an opinion thereon. The standards of the PCAOB and U.S. GAAS may be modified or supplemented by the Commission.

*See discussion in Section V.C.1 of this release.*

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(w) Significant subsidiary. The term significant subsidiary means a subsidiary, including its subsidiaries, which meets any of the following conditions:

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(3) The registrant's and its other subsidiaries' equity in the income from continuing operations before income taxes, ~~extraordinary items and cumulative effect of a change in accounting principle~~ of the subsidiary exclusive of amounts attributable to any noncontrolling interests exceeds 10 percent of such income of the registrant and its subsidiaries consolidated for the most recently completed fiscal year.

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COMPUTATIONAL NOTE 1 TO PARAGRAPH (w)(3)~~Computational note~~: For purposes of making the prescribed income test the following guidance should be applied:

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2. If income of the registrant and its subsidiaries consolidated exclusive of amounts attributable to any noncontrolling interests for the most recent fiscal year is at least 10 percent lower than the average of the income for the last five fiscal years, such average income should be ~~submitted~~ substituted for purposes of the computation. Any loss years should be omitted for purposes of computing average income.

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(bb) Summarized financial information. (1) Except as provided in paragraph (aa)(2), summarized financial information referred to in this regulation shall mean the presentation of summarized information as to the assets, liabilities and results of operations of the entity for which the information is required. Summarized financial information shall include the following disclosures:

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(ii) Net sales or gross revenues, gross profit (or, alternatively, costs and expenses applicable to net sales or gross revenues), income or loss from continuing operations ~~before extraordinary items and cumulative effect of a change in accounting principle~~, net income or loss, and net income or loss attributable to the entity (for specialized industries, other information may be substituted for sales and related costs and expenses if necessary for a more meaningful presentation); and

*See discussion in Sections V.B.5 and V.B.6 of this release.*

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(cc) Statement(s) of comprehensive income. The term statement(s) of comprehensive income means a financial statement that includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income comprises all components of net income and all components of other comprehensive income. The statement of comprehensive income may be presented either in a single continuous financial statement or in two separate but consecutive financial statements. A statement(s) of operations or variations thereof may be used in place of a statement(s) of comprehensive income if there was no other comprehensive income during the period(s).

*See discussion in Section V.B.6 of this release.*

(dd) Restricted net assets. The term restricted net assets shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party (i.e., lender, regulatory agency, foreign government, etc.). Not all limitations on transferability of assets are considered to be restrictions for purposes of this rule-paragraph, which considers only specific third party restrictions on the ability of subsidiaries to transfer funds outside of the entity. For example, the presence of subsidiary debt which is secured by certain of the subsidiary's assets does not constitute a restriction under this rule-paragraph. However, if there are any loan provisions prohibiting dividend payments, loans or advances to the parent by a subsidiary, these are considered restrictions for purposes of computing restricted net assets. When a loan agreement requires that a subsidiary maintain certain working capital, net tangible asset, or net asset levels, or where formal compensating arrangements exist, there is considered to be a restriction under the rule this paragraph because the lender's intent is normally to preclude the transfer by dividend or otherwise of funds to the parent company. Similarly, a provision which requires that a subsidiary reinvest all of its earnings is a restriction, since this precludes loans, advances or dividends in the amount of such undistributed earnings by the entity. Where restrictions on the amount of funds which may be loaned or advanced differ from the amount restricted as to transfer in the form of cash dividends, the amount least restrictive to the subsidiary shall be used. Redeemable preferred stocks (§210.5-02, paragraph 27) and noncontrolling interests shall be deducted in computing net assets for purposes of this test.

*See discussion in Section III.C.2 of this release.*

**§ 210.2-01 Qualifications of accountants.**

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(f) *Definitions of terms.* For purposes of this section:

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(7)

(ii) *Audit partner* means a partner or persons in an equivalent position, other than a partner who consults with others on the audit engagement team during the audit, review, or attestation engagement regarding technical or industry-specific issues, transactions, or events, who is a member of the audit engagement team who has responsibility for decision-making on significant auditing, accounting, and reporting matters that affect the financial statements, or who maintains regular contact with management and the audit committee and includes the following:

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(B) The partner conducting a quality review under applicable professional standards and any applicable rules of the Commission to evaluate the significant judgments and the related conclusions reached in forming the overall conclusion on the audit or review engagement (“Engagement Quality Reviewer” or “Engagement Quality Control Reviewer”) ~~performing a second level of review to provide additional assurance that the financial statements subject to the audit or review are in conformity with generally accepted accounting principles and the audit or review and any associated report are in accordance with generally accepted auditing standards and rules promulgated by the Commission or the Public Company Accounting Oversight Board (the "concurring or reviewing partner");~~

*See discussion in Section V.C.1 of this release.*

**§ 210.2-02 Accountants' reports and attestation reports.**

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(b) Representations as to the audit included in accountants' reports. The accountant's report

(1) Shall state the applicable professional standards under which the audit was conducted ~~whether the audit was made in accordance with generally accepted auditing standards;~~  
and

(2) Shall designate any auditing procedures deemed necessary by the accountant under the circumstances of the particular case, which have been omitted, and the reasons for their omission. Nothing in this rule shall be construed to imply authority for the omission of any procedure which independent accountants would ordinarily employ in the course of an audit made for the purpose of expressing the opinions required by paragraph (c) of this section.

*See discussion in Section V.C.1 of this release.*

**§ 210.3-01 Consolidated balance sheets.**

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(c) The instruction in paragraph (b) of this section is also applicable to filings, other than on Form 10-K or Form 10, made after 45 days but within the number of days of the end of the registrant's fiscal year specified in paragraph (i) of this section: Provided, that the following conditions are met:

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(2) For the most recent fiscal year for which audited financial statements are not yet available the registrant reasonably and in good faith expects to report income attributable to the registrant, after taxes ~~but before extraordinary items and cumulative effect of a change in accounting principle;~~ and

(3) For at least one of the two fiscal years immediately preceding the most recent fiscal year the registrant reported income attributable to the registrant, after taxes ~~but before extraordinary items and cumulative effect of a change in accounting principle.~~

*See discussion in Sections V.B.5 and V.B.6 of this release.*

**§ 210.3-02 Consolidated statements of comprehensive income and cash flows ~~changes in financial positions.~~**

(a) There shall be filed, for the registrant and its subsidiaries consolidated and for its predecessors, audited statements of comprehensive income and cash flows for each of the three fiscal years preceding the date of the most recent audited balance sheet being filed or such shorter period as the registrant (including predecessors) has been in existence. A registrant that is an emerging growth company, as defined in ~~Rule 405 of the Securities Act (§230.405 of this chapter)~~ (Rule 405 of the Securities Act) or ~~Rule 12b-2 of the Exchange Act (§240.12b-2 of this chapter)~~ (Rule 12b-2 of the Exchange Act), may, in a Securities Act registration statement for the initial public offering of the emerging growth company's equity securities, provide audited statements of comprehensive income and cash flows for each of the two fiscal years preceding the date of the most recent audited balance sheet (or such shorter period as the registrant has been in existence).

(b) In addition, for any interim period between the latest audited balance sheet and the date of the most recent interim balance sheet being filed, and for the corresponding period of the preceding fiscal year, statements of comprehensive income and cash flows shall be provided. Such interim financial statements may be unaudited and need not be presented in greater detail than is required by §210.10-01.

(c) For filings by registered management investment companies, the requirements of §210.3-18 shall apply in lieu of the requirements of this section.

(d) Any foreign private issuer, other than a registered management investment company or an employee plan, may file the financial statements required by Item 8.A of Form 20-F (§249.220 of this chapter) in lieu of the financial statements specified in this rule.

*See discussion in Section V.B.6 of this release.*

**§ 210.3-03 Instructions to statement of comprehensive income statement requirements.**

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(b) If the registrant is engaged primarily –

(1) In the generation, transmission or distribution of electricity, the manufacture, mixing, transmission or distribution of gas, the supplying or distribution of water, or the furnishing of telephone or telegraph service; or

(2) In holding securities of companies engaged in such businesses, it may at its option include statements of comprehensive income and cash flows (which may be unaudited) for the twelve-month period ending on the date of the most recent balance sheet being filed, in lieu of the statements of comprehensive income and cash flows for the interim periods specified.

*See discussion in Section V.B.6 of this release.*

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(d) Any unaudited interim financial statements furnished shall reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. A statement to that effect shall be included. ~~Such adjustments shall include, for example, appropriate estimated provisions for bonus and profit sharing arrangements normally determined or settled at year end.~~ If all such adjustments are of a normal recurring nature, a



statement to that effect shall be made; otherwise, there shall be furnished information describing in appropriate detail the nature and amount of any adjustments other than normal recurring adjustments entering into the determination of the results shown.

*See discussion in Section II.B.2 of this release.*

~~(e) Disclosures regarding segments required by generally accepted accounting principles shall be provided for each year for which an audited statement of comprehensive income (or statement of net income if comprehensive income is presented in two separate but consecutive financial statements or if no other comprehensive income) is provided. To the extent that the segment information presented pursuant to this instruction complies with the provisions of Item 101 of Regulation S-K (17 CFR 229.101), the disclosures may be combined by cross referencing to or from the financial statements.~~

*See discussion in Section III.B.3 of this release.*

**§ 210.3-04 Changes in stockholders' equity and noncontrolling interests.**

An analysis of the changes in each caption of stockholders' equity and noncontrolling interests presented in the balance sheets shall be given in a note or separate statement. This analysis shall be presented in the form of a reconciliation of the beginning balance to the ending balance for each period for which an statement of comprehensive income statement is required to be filed with all significant reconciling items described by appropriate captions with contributions from and distributions to owners shown separately. Also, state separately the adjustments to the balance at the beginning of the earliest period presented for items which were retroactively applied to periods prior to that period. With respect to any dividends, state the amount per share and in the aggregate for each class of shares. Provide a separate schedule in the notes to the

financial statements that shows the effects of any changes in the registrant's ownership interest in a subsidiary on the equity attributable to the registrant.

*See discussion in Sections V.B.2, V.B.6, and V.D of this release.*

**§ 210.3-05 Financial statements of businesses acquired or to be acquired.**

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(b) Periods to be presented.

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(4) Financial statements required for the periods specified in paragraph (b)(2) of this section may be omitted to the extent specified as follows:

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(iii) Separate financial statements of the acquired business need not be presented once the operating results of the acquired business have been reflected in the audited consolidated financial statements of the registrant for a complete fiscal year unless such financial statements have not been previously filed or unless the acquired business is of such significance to the registrant that omission of such financial statements would materially impair an investor's ability to understand the historical financial results of the registrant. For example, if, at the date of acquisition, the acquired business met at least one of the conditions in the definition of significant subsidiary in §210.1-02 at the 80 percent level, the statements of comprehensive income ~~statements~~ of the acquired business should normally continue to be furnished for such periods prior to the purchase as may be necessary when added to the time for which audited statements of comprehensive income ~~statements~~ after the purchase are filed to cover the equivalent of the period specified in §210.3-02.

*See discussion in Section V.B.6 of this release.*

**§ 210.3-12 Age of financial statements at effective date of registration statement or at mailing date of proxy statement.**

(a) If the financial statements in a filing are as of a date the number of days specified in paragraph (g) of this section or more before the date the filing is expected to become effective, or proposed mailing date in the case of a proxy statement, the financial statements shall be updated, except as specified in the following paragraphs, with a balance sheet as of an interim date within the number of days specified in paragraph (g) of this section and with statements of comprehensive income and cash flows for the interim period between the end of the most recent fiscal year and the date of the interim balance sheet provided and for the corresponding period of the preceding fiscal year. Such interim financial statements may be unaudited and need not be presented in greater detail than is required by §210.10-01.

Notwithstanding the above requirements, the most recent interim financial statements shall be at least as current as the most recent financial statements filed with the Commission on Form 10-Q.

*See discussion in Section V.B.6 of this release.*

**§ 210.3-14 Special instructions for real estate operations to be acquired.**

(a) If, during the period for which statements of comprehensive income ~~statements~~ are required, the registrant has acquired one or more properties which in the aggregate are significant, or since the date of the latest balance sheet required has acquired or proposes to acquire one or more properties which in the aggregate are significant, the following shall be furnished with respect to such properties:

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Note 1 to paragraph (a)(1):.

*See discussion in Section V.B.6 of this release.*

**§ 210.3-15 Special provisions as to real estate investment trusts.**

~~(a)(1) The income statement prepared pursuant to §210.5-03 shall include the following additional captions between those required by §210.5-03.15 and 16: (i) Income or loss before gain or loss on sale of properties, extraordinary items and cumulative effects of accounting changes, and (ii) gain or loss on sale of properties, less applicable income tax.~~

~~(2) The balance sheet required by §210.5-02 shall set forth in lieu of the captions required by §210.5-02.31(a)(3): (i) The balance of undistributed income from other than gain or loss on sale of properties and (ii) accumulated undistributed net realized gain or loss on sale of properties.~~

~~The information specified in §210.3-04 shall be modified similarly. [Reserved]~~

*See discussion in Sections III.B.1, V.B.1, V.B.5, and V.B.6 of this release.*

~~(b) The trust's status as a real estate investment trust under applicable provisions of the Internal Revenue Code as amended shall be stated in a note referred to in the appropriate statements. Such note shall also indicate briefly the principal present assumptions on which the trust has relied in making or not making provisions for Federal income taxes. [Reserved]~~

*See discussion in Section III.B.2 of this release.*

~~[(c) The tax status of distributions per unit shall be stated (e.g., ordinary income, capital gain, return of capital).]~~

*See discussion in Section III.D.5 of this release.*

**§ 210.3-17 Financial statements of natural persons.**

(a) In lieu of the financial statements otherwise required, a natural person may file an unaudited balance sheet as of a date within 90 days of date of filing and unaudited statements of comprehensive income for each of the three most recent fiscal years.

*See discussion in Section V.B.6 of this release.*

**§ 210.3-20 Currency for financial statements of foreign private issuers.**

(a)(1) A foreign private issuer, as defined in §230.405 of this chapter, shall state amounts in its primary financial statements in the currency which it deems appropriate.

(2) An issuer that is not a foreign private issuer shall present its financial statements in U.S. dollars.

(b)(1) The currency in which amounts in the financial statements are stated shall be disclosed prominently on the face of the financial statements. If dividends on publicly-held equity securities will be declared in a currency other than the reporting currency, a note to the financial statements shall identify that currency. If there are material exchange restrictions or controls relating to the issuer's reporting currency, the currency of the issuer's domicile, or the currency in which the issuer will pay dividends, prominent disclosure of this fact shall be made in the financial statements. If the reporting currency is not the U.S. dollar, dollar-equivalent financial statements or convenience translations shall not be presented, except a translation may be presented of the most recent fiscal year and any subsequent interim period presented using the exchange rate as of the most recent balance sheet included in the filing, except that a rate as of the most recent practicable date shall be used if materially different.

(2) If there are material exchange restrictions or controls relating to the currency of a subsidiary's domicile, the currency held by a subsidiary, or the currency in which a subsidiary will pay dividends or transfer funds to the issuer or other subsidiaries, prominent disclosure of this fact shall be made in the financial statements.

*See discussion in Section III.C.1 of this release.*

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(d) Notwithstanding the currency ~~selected~~used for reporting purposes, the issuer shall measure separately its own transactions, and those of each of its material operations (e.g., branches, divisions, subsidiaries, joint ventures, and similar entities) that is included in the issuer's consolidated financial statements and not located in a hyperinflationary environment, using the particular currency of the primary economic environment in which the issuer or the operation conducts its business. Assets and liabilities so determined shall be translated into the reporting currency at the exchange rate at the balance sheet date; all revenues, expenses, gains, and losses shall be translated at the exchange rate existing at the time of the transaction or, if appropriate, a weighted average of the exchange rates during the period; and all translation effects of exchange rate changes shall be included as a separate component (“cumulative translation adjustment”) of shareholder's equity. **[For purposes of this paragraph, the currency of an operation's primary economic environment is normally the currency in which cash is primarily generated and expended; a hyperinflationary environment is one that has cumulative inflation of approximately 100% or more over the most recent three year period.]** Departures from the methodology presented in this paragraph shall be quantified pursuant to Item 17(c)(2) of Form 20-F (§249.220f of this chapter).

*See discussion in Sections II.B.1 and II.C of this release.*

**§ 210.3A-01 ~~Application of §210.3A-01 to §210.3A-05.~~**

~~Sections 210.3A-01 to 210.3A-05 shall govern the presentation of consolidated and combined financial statements. **[Reserved]**~~

*See discussion in Section II.C of this release.*

**§ 210.3A-02 Consolidated financial statements of the registrant and its subsidiaries.**

In deciding upon consolidation policy, the registrant must consider what financial presentation is most meaningful in the circumstances and should follow in the consolidated financial statements principles of inclusion or exclusion which will clearly exhibit the financial position and results of operations of the registrant. There is a presumption that consolidated financial statements are more meaningful than separate financial statements and that they are usually necessary for a fair presentation when one entity directly or indirectly has a controlling financial interest in another entity. Other particular facts and circumstances may require combined financial statements, an equity method of accounting, or valuation allowances in order to achieve a fair presentation. ~~In any case, the disclosures required by §210.3A-03 should clearly explain the accounting policies followed by the registrant in this area, including the circumstances involved in any departure from the normal practice of consolidating majority owned subsidiaries and not consolidating entities that are less than majority owned. Among the factors that the registrant should consider in determining the most meaningful presentation are the following:~~

(a) Majority ownership: Among the factors that the registrant should consider in determining the most meaningful presentation is majority ownership. Generally, registrants shall consolidate entities that are majority owned and shall not consolidate entities that are not majority owned. The determination of "majority ownership" requires a careful analysis of the facts and circumstances of a particular relationship among entities. In rare situations, consolidation of a majority owned subsidiary may not result in a fair presentation, because the registrant, in substance, does not have a controlling financial interest (for example, when the subsidiary is in legal reorganization or in bankruptcy). In other situations, consolidation of an entity, notwithstanding the lack of technical majority ownership, is necessary to present fairly the

financial position and results of operations of the registrant, because of the existence of a parent-subsidary relationship by means other than record ownership of voting stock.

(b) ~~[Reserved]~~ Different fiscal periods: Generally, registrants shall not consolidate any entity whose financial statements are as of a date or for periods substantially different from those of the registrant. Rather, the earnings or losses of such entities should be reflected in the registrant's financial statements on the equity method of accounting. However:

~~(1) A difference in fiscal periods does not of itself justify the exclusion of an entity from consolidation. It ordinarily is feasible for such entity to prepare, for consolidation purposes, statements for a period which corresponds with or closely approaches the fiscal year of the registrant. Where the difference is not more than 93 days, it is usually acceptable to use, for consolidation purposes, such entity's statements for its fiscal period. Such difference, when it exists, should be disclosed as follows: the closing date of the entity should be expressly indicated, and the necessity for the use of different closing dates should be briefly explained. Furthermore, recognition should be given by disclosure or otherwise to the effect of intervening events which materially affect the financial position or results of operations.~~

~~(2) Notwithstanding the 93-day provision specified in paragraph (b)(1) of this section, in connection with the retroactive combination of financial statements of entities following a combination between entities under common control, the financial statements of the constituents may be combined even if their respective fiscal periods do not end within 93 days, except that the financial statements for the latest fiscal year shall be recast to dates which do not differ by more than 93 days, if practicable. Disclosure shall be made of the periods combined and of the sales or revenues, net income before extraordinary items and net income of any interim periods excluded from or included more than once in results of operations as a result of such recasting.~~



*See discussion in Sections II.B.2, III.B.1, V.B.2, and V.B.5 of this release.*

~~(c) Bank Holding Company Act: Registrants shall not consolidate any subsidiary or group of subsidiaries of a registrant subject to the Bank Holding Company Act of 1956 as amended as to which (1) a decision requiring divestiture has been made, or (2) there is substantial likelihood that divestiture will be necessary in order to comply with provisions of the Bank Holding Company Act.~~

*See discussion in Section V.B.2 of this release.*

~~(d) Foreign subsidiaries: Due consideration shall be given to the propriety of consolidating with domestic corporations foreign subsidiaries which are operated under political, economic or currency restrictions. If consolidated, disclosure should be made as to the effect, insofar as this can reasonably be determined, of foreign exchange restrictions upon the consolidated financial position and operating results of the registrant and its subsidiaries.~~

*See discussion in Sections II.B.2 and III.C.1 of this release.*

**§ 210.3A-03 Statement as to principles of consolidation or combination followed.**

~~(a) A brief description of the principles followed in consolidating or combining the separate financial statements, including the principles followed in determining the inclusion or exclusion of (1) subsidiaries in consolidated or combined financial statements and (2) companies in consolidated or combined financial statements, shall be stated in the notes to the respective financial statements. [Reserved]~~

*See discussion in Section II.B.2 of this release.*

~~[(b) As to each consolidated financial statement and as to each combined financial statement, if there has been a change in the persons included or excluded in the corresponding statement for the preceding fiscal period filed with the Commission that which has a material effect on the~~

~~financial statements, the persons included and the persons excluded shall be disclosed.] If there have been any changes in the respective fiscal periods of the persons included made during the periods of the report which have a material effect on the financial statements, indicate clearly such changes and the manner of treatment.~~

*See discussion in Sections III.B.1 and III.D.5 of this release.*

**§ 210.3A-04—Intercompany items and transactions.**

~~In general, there shall be eliminated intercompany items and transactions between persons included in the (a) consolidated financial statements being filed and, as appropriate, (b) unrealized intercompany profits and losses on transactions between persons for which financial statements are being filed and persons the investment in which is presented in such statements by the equity method. If such eliminations are not made, a statement of the reasons and the methods of treatment shall be made. [Reserved]~~

*See discussion in Sections II.B.2 and V.B.2 of this release.*

**§ 210.4-01 Form, order, and terminology.**

(a) Financial statements should be filed in such form and order, and should use such generally accepted terminology, as will best indicate their significance and character in the light of the provisions applicable thereto. The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further material information as is necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.

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~~(3)(i) Notwithstanding the effective dates set forth in FASB ASC Topic 718, Compensation—Stock Compensation”, financial statements shall be prepared in accordance with FASB ASC Topic 718 beginning with:~~

~~(A) The first interim or annual reporting period of the registrant's first fiscal year beginning on or after June 15, 2005, provided the registrant does not file as a smaller reporting company; and~~

~~(B) The first interim or annual reporting period of the registrant's first fiscal year beginning on or after December 15, 2005, provided the registrant files as a smaller reporting company.~~

~~(ii) For periods prior to the effective dates set forth in this paragraph, FASB ASC Topic 718 and prior authoritative guidance, shall be considered to be generally accepted accounting principles.~~

*See discussion in Section IV.B of this release.*

**§ 210.4-07 Discount on shares.**

[Discount on shares, or any unamortized balance thereof, shall be shown separately as a deduction from the applicable account(s) as circumstances require.]

*See discussion in Section III.D.1 of this release.*

**§ 210.4-08 General notes to financial statements.**

If applicable to the person for which the financial statements are filed, the following shall be set forth on the face of the appropriate statement or in appropriately captioned notes. The information shall be provided for each statement required to be filed, except that the information required by paragraphs (b), (c), (d), (e), and (f) shall be provided as of the most recent audited balance sheet being filed and for paragraph (j) as specified therein. When specific statements are presented separately, the pertinent notes shall accompany such statements unless cross-referencing is appropriate.

~~(a) Principles of consolidation or combination. With regard to consolidated or combined financial statements, refer to §§210.3A-01 to 3A-08 for requirements for supplemental information in notes to the financial statements. [Reserved]~~

*See discussion in Section II.C of this release.*

~~[(b) Assets subject to lien. Assets mortgaged, pledged, or otherwise subject to lien, and the approximate amounts thereof, shall be designated and the obligations collateralized briefly identified.]~~

*See discussion in Section III.D.5 of this release.*

~~[(c) Defaults. The facts and amounts concerning any default in principal, interest, sinking fund, or redemption provisions with respect to any issue of securities or credit agreements, or any breach of covenant of a related indenture or agreement, which default or breach existed at the date of the most recent balance sheet being filed and which has not been subsequently cured, shall be stated in the notes to the financial statements. If a default or breach exists but acceleration of the obligation has been waived for a stated period of time beyond the date of the most recent balance sheet being filed, state the amount of the obligation and the period of the waiver.]~~

*See discussion in Section III.D.5 of this release.*

~~[(d) Preferred shares. (1) Aggregate preferences on involuntary liquidation, if other than par or stated value, shall be shown parenthetically in the equity section of the balance sheet.]~~

~~-(2) Disclosure shall be made of any restriction upon retained earnings that arises from the fact that upon involuntary liquidation the aggregate preferences of the preferred shares exceeds the par or stated value of such shares.~~

*See discussion in Sections III.C.2 and III.D.5 of this release.*

(e) Restrictions which limit the payment of dividends by the registrant. (1) Describe the most significant restrictions, ~~other than as reported under paragraph (d) of this section,~~ on the payment of dividends by the registrant, indicating their sources, their pertinent provisions, and the amount of retained earnings or net income restricted or free of restrictions.

(2) Disclose the amount of consolidated retained earnings which represents undistributed earnings of 50 percent or less owned persons accounted for by the equity method.

(3) The disclosures in paragraphs (e)(3)(i) and (ii) ~~in~~of this section shall be provided when material ~~the restricted net assets of consolidated and unconsolidated subsidiaries and the parent's equity in the undistributed earnings of 50 percent or less owned persons accounted for by the equity method together exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of this test, restricted net assets of subsidiaries shall mean that amount of the registrant's proportionate share of net assets (after intercompany eliminations) reflected in the balance sheets of its consolidated and unconsolidated subsidiaries as of the end of the most recent fiscal year which may not be transferred to the parent company in the form of loans, advances or cash dividends by the subsidiaries without the consent of a third party (i.e., lender, regulatory agency, foreign government, etc.). Not all limitations on transferability of assets are considered to be restrictions for purposes of this test, which considers only specific third party restrictions on the ability of subsidiaries to transfer funds outside of the entity. For example, the presence of subsidiary debt which is secured by certain of the subsidiary's assets does not constitute a restriction under this rule. However, if there are any loan provisions prohibiting dividend payments, loans or advances to the parent by a subsidiary, these are considered restrictions for purposes of computing restricted net assets. When a loan agreement requires that a subsidiary maintain certain working capital, net tangible asset, or net~~

~~asset levels, or where formal compensating arrangements exist, there is considered to be a restriction under the rule because the lender's intent is normally to preclude the transfer by dividend or otherwise of funds to the parent company. Similarly, a provision which requires that a subsidiary reinvest all of its earnings is a restriction, since this precludes loans, advances or dividends in the amount of such undistributed earnings by the entity. Where restrictions on the amount of funds which may be loaned or advanced differ from the amount restricted as to transfer in the form of cash dividends, the amount least restrictive to the subsidiary shall be used. Redeemable preferred stocks (§210.5-02.27) and noncontrolling interests shall be deducted in computing net assets for purposes of this test.~~

- (i) Describe the nature of any restrictions on the ability of consolidated subsidiaries and unconsolidated subsidiaries to transfer funds to the registrant in the form of cash dividends, loans or advances (i.e., borrowing arrangements, regulatory restraints, foreign government, etc.)
- (ii) Disclose separately the amounts of such restricted net assets for unconsolidated subsidiaries and consolidated subsidiaries as of the end of the most recently completed fiscal year.

*See discussion in Section III.C.2 of this release.*

~~[(f) Significant changes in bonds, mortgages and similar debt. Any significant changes in the authorized or issued amounts of bonds, mortgages and similar debt since the date of the latest balance sheet being filed for a particular person or group shall be stated.]~~

*See discussion in Sections II.B.2 and III.D.5 of this release.*

\*\*\*

~~[(h) Income tax expense.~~

~~(1) Disclosure shall be made in the statement of comprehensive income statement or a note thereto, of (i) the components of income (loss) before income tax expense (benefit) as either domestic or foreign.;~~ (ii) the components of income tax expense, including (A) taxes currently

~~payable and (B) the net tax effects, as applicable, of timing differences (indicate separately the amount of the estimated tax effect of each of the various types of timing differences, such as depreciation, warranty costs, etc., where the amount of each such tax effect exceeds five percent of the amount computed by multiplying the income before tax by the applicable statutory Federal income tax rate; other differences may be combined.)~~

~~[Note to paragraph (h)(1): Amounts applicable to United States Federal income taxes, to foreign income taxes and the other income taxes shall be stated separately for each major component.~~

~~Amounts applicable to foreign income (loss) and amounts applicable to foreign or other income taxes which are less than five percent of the total of income before taxes or the component of tax expense, respectively, need not be separately disclosed. For purposes of this rule, foreign income (loss) is defined as income (loss) generated from a registrant's foreign operations, i.e., operations that are located outside of the registrant's home country.~~

~~(2) Provide a In the reconciliation between the amount of reported total income tax expense (benefit) and the amount computed by multiplying the income (loss) before tax by the applicable statutory Federal income tax rate, showing the estimated dollar amount of each of the underlying causes for the difference. If no individual reconciling item amounts to more than five percent of the amount computed by multiplying the income before tax by the applicable statutory Federal income tax rate, and the total difference to be reconciled is less than five percent of such computed amount, no reconciliation need be provided unless it would be significant in appraising the trend of earnings. Reconciling items that are individually less than five percent of the computed amount may be aggregated in the reconciliation. The reconciliation may be presented in percentages rather than in dollar amounts. Where the reporting person is a foreign entity, the income tax rate in that person's country of domicile should normally be used in making the~~

above computation, but different rates should not be used for subsidiaries or other segments of a reporting entity. When the rate used by a reporting person is other than the United States Federal corporate income tax rate, the rate used and the basis for using such rate shall be disclosed.]

~~(3) Paragraphs (h) (1) and (2) of this section shall be applied in the following manner to financial statements which reflect the adoption of FASB ASC Topic 740, Income Taxes.~~

~~(i) The disclosures required by paragraph (h)(1)(ii) of this section and by the parenthetical instruction at the end of paragraph (h)(1) of this section and by the introductory sentence of paragraph (h)(2) of this section shall not apply.~~

~~(ii) The instructional note between paragraphs (h) (1) and (2) of this section and the balance of the requirements of paragraphs (h) (1) and (2) of this section shall continue to apply.~~

*See discussion in Sections II.B.2, III.D.2, IV.B, and V.B.6 of this release.*

~~(i) Warrants or rights outstanding. Information with respect to warrants or rights outstanding at the date of the related balance sheet shall be set forth as follows:~~

~~(1) Title of issue of securities called for by warrants or rights.~~

~~(2) Aggregate amount of securities called for by warrants or rights outstanding.~~

~~(3) Date from which warrants or rights are exercisable.~~

~~(4) Price at which warrant or right is exercisable. [Reserved]~~

*See discussion in Section II.B.2 of this release.*

\*\*\*

~~[(k) Related party transactions ~~which~~ that affect the financial statements.~~

~~(1) Amounts of Rrelated party transactions should be ~~identified and the amounts~~ stated on the face of the balance sheet, statement of comprehensive income statement, or statement of cash flows.]~~



*See discussion in Sections II.B.2, III.D.5, and V.B.6 of this release.*

(2) In cases where separate financial statements are presented for the registrant, certain investees, or subsidiaries, ~~separate disclosure shall be made in such statements of the amounts in the related consolidated financial statements which are (i) eliminated and (ii) not eliminated. Also, any intercompany profits or losses resulting from transactions with related parties and not eliminated and the effects thereof shall be disclosed.~~

*See discussion in Section V.B.2 of this release.*

\*\*\*

[(m) Repurchase and reverse repurchase agreements--

(1) Repurchase agreements (assets sold under agreements to repurchase).

(i) If, as of the most recent balance sheet date, the carrying amount (or market value, if higher than the carrying amount or if there is no carrying amount) of the securities or other assets sold under agreements to repurchase (repurchase agreements) exceeds 10% of total assets, disclose separately in the balance sheet the aggregate amount of liabilities incurred pursuant to repurchase agreements including accrued interest payable thereon.

(ii) (A) If, as of the most recent balance sheet date, the carrying amount (or market value, if higher than the carrying amount) of securities or other assets sold under repurchase agreements, other than securities or assets specified in paragraph (m)(1)(ii)(B) of this section, exceeds 10% of total assets, disclose in an appropriately captioned footnote containing a tabular presentation, segregated as to type of such securities or assets sold under agreements to repurchase (e.g., U.S. Treasury obligations, U.S. Government agency obligations and loans), the following information as of the balance sheet date for each such agreement or group of agreements (other than agreements involving securities or assets specified in paragraph (m)(1)(ii)(B) of this section)

maturing (1) overnight; (2) term up to 30 days; (3) term of 30 to 90 days; (4) term over 90 days and (5) demand:

(i) The carrying amount and market value of the assets sold under agreement to repurchase, including accrued interest plus any cash or other assets on deposit under the repurchase agreements; and

(ii) The repurchase liability associated with such transaction or group of transactions and the interest rate(s) thereon.

(B) For purposes of paragraph (m)(1)(ii)(A) of this section only, do not include securities or other assets for which unrealized changes in market value are reported in current income or which have been obtained under reverse repurchase agreements.

(iii) If, as of the most recent balance sheet date, the amount at risk under repurchase agreements with any individual counterparty or group of related counterparties exceeds 10% of stockholders' equity (or in the case of investment companies, net asset value), disclose the name of each such counterparty or group of related counterparties, the amount at risk with each, and the weighted average maturity of the repurchase agreements with each. The amount at risk under repurchase agreements is defined as the excess of carrying amount (or market value, if higher than the carrying amount or if there is no carrying amount) of the securities or other assets sold under agreement to repurchase, including accrued interest plus any cash or other assets on deposit to secure the repurchase obligation, over the amount of the repurchase liability (adjusted for accrued interest). (Cash deposits in connection with repurchase agreements shall not be reported as unrestricted cash pursuant to rule 5-02.1.)

(2) Reverse repurchase agreements (assets purchased under agreements to resell).

(i) If, as of the most recent balance sheet date, the aggregate carrying amount of "reverse repurchase agreements" (securities or other assets purchased under agreements to resell) exceeds 10% of total assets: (A) Disclose separately such amount in the balance sheet; and (B) Disclose in an appropriately captioned footnote:

(1) The registrant's policy with regard to taking possession of securities or other assets purchased under agreements to resell; and

(2) Whether or not there are any provisions to ensure that the market value of the underlying assets remains sufficient to protect the registrant in the event of default by the counterparty and if so, the nature of those provisions.

(ii) If, as of the most recent balance sheet date, the amount of risk under reverse repurchase agreements with any individual counterparty or group of related counterparties exceeds 10% of stockholders' equity (or in the case of investment companies, net asset value), disclose the name of each such counterparty or group of related counterparties, the amount at risk with each, and the weighted average maturity of the reverse repurchase agreements with each. The amount at risk under reverse repurchase agreements is defined as the excess of the carrying amount of the reverse repurchase agreements over the market value of assets delivered pursuant to the agreements by the counterparty to the registrant (or to a third party agent that has affirmatively agreed to act on behalf of the registrant) and not returned to the counterparty, ~~except~~except in exchange for their approximate market value in a separate transaction.]

***See discussion in Sections III.B.1, III.D.5 and V.D of this release.***

(n) Accounting policies for certain derivative instruments. Disclosures regarding accounting policies shall include ~~descriptions of the accounting policies used for derivative financial instruments and derivative commodity instruments and the methods of applying those policies~~

~~that materially affect the determination of financial position, cash flows, or results of operation.~~

~~This description shall include, to the extent material, each of the following items:~~

- ~~(1) A discussion of each method used to account for derivative financial instruments and derivative commodity instruments;~~
- ~~(2) The types of derivative financial instruments and derivative commodity instruments accounted for under each method;~~
- ~~(3) The criteria required to be met for each accounting method used, including a discussion of the criteria required to be met for hedge or deferral accounting and accrual or settlement accounting (e.g., whether and how risk reduction, correlation, designation, and effectiveness tests are applied);~~
- ~~(4) The accounting method used if the criteria specified in paragraph (n)(3) of this section are not met;~~
- ~~(5) The method used to account for terminations of derivatives designated as hedges or derivatives used to affect directly or indirectly the terms, fair values, or cash flows of a designated item;~~
- ~~(6) The method used to account for derivatives when the designated item matures, is sold, is extinguished, or is terminated. In addition, the method used to account for derivatives designated to an anticipated transaction, when the anticipated transaction is no longer likely to occur; and~~
- ~~(7) Where and when derivative financial instruments and derivative commodity instruments, and their related gains and losses, are reported in the statements of financial position, cash flows, and results of operations. derivative financial instruments, and their related gains and losses, as defined by U.S. generally accepted accounting principles, are reported.~~

*Instructions to paragraph (n):*

~~1. For purposes of this paragraph (n), derivative financial instruments and derivative commodity instruments (collectively referred to as "derivatives") are defined as follows:~~

~~(i) Derivative financial instruments have the same meaning as defined by generally accepted accounting principles (see, e.g., FASB ASC Master Glossary), and include futures, forwards, swaps, options, and other financial instruments with similar characteristics.~~

~~(ii) Derivative commodity instruments include, to the extent such instruments are not derivative financial instruments, commodity futures, commodity forwards, commodity swaps, commodity options, and other commodity instruments with similar characteristics that are permitted by contract or business custom to be settled in cash or with another financial instrument. For purposes of this paragraph, settlement in cash includes settlement in cash of the net change in value of the derivative commodity instrument (e.g., net cash settlement based on changes in the price of the underlying commodity).~~

~~2. For purposes of paragraphs (n)(2), (n)(3), (n)(4), and (n)(7), the required disclosures should address separately derivatives entered into for trading purposes and derivatives entered into for purposes other than trading. For purposes of this paragraph, trading purposes means dealing and other trading activities measured at fair value with gains and losses recognized in earnings.~~

~~3. For purposes of paragraph (n)(6), anticipated transactions means transactions (other than transactions involving existing assets or liabilities or transactions necessitated by existing firm commitments) an enterprise expects, but is not obligated, to carry out in the normal course of business.~~

~~4. Registrants should provide disclosures required under paragraph (n) in filings with the Commission that include financial statements of fiscal periods ending after June 15, 1997.~~

*See discussion in Section III.B.1 of this release.*

**§ 210.4-10 Financial accounting and reporting for oil and gas producing activities pursuant to the Federal securities laws and the Energy Policy and Conservation Act of 1975.**

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(c) Application of the full cost method of accounting. A reporting entity that follows the full cost method shall apply that method to all of its operations and to the operations of its subsidiaries, as follows:

\*\*\*

(7) Disclosures. Reporting entities that follow the full cost method of accounting shall disclose all of the information required by paragraph (k) of this section, with each cost center considered as a separate geographic area, except that reasonable groupings may be made of cost centers that are not significant in the aggregate. In addition:

(i) For each cost center for each year that an statement of comprehensive income statement is required, disclose the total amount of amortization expense (per equivalent physical unit of production if amortization is computed on the basis of physical units or per dollar of gross revenue from production if amortization is computed on the basis of gross revenue).

*See discussion in Section V.B.6 of this release.*

**§ 210.5-02 Balance sheets.**

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Assets and Other Debits

**Current assets, when appropriate**

~~[See §210.4-05]~~

*See discussion in Section V.D of this release.*

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6. Inventories.(a) State separately in the balance sheet or in a note thereto, if practicable, the amounts of major classes of inventory such as: (1) finished goods; (2) inventoried costs relating to long-term contracts or programs (see paragraph (d) of this section below and §210.4-05); (3) work in process (~~see §210.4-05~~); (4) raw materials; and (5) supplies. If the method of calculating a LIFO inventory does not allow for the practical determination of amounts assigned to major classes of inventory, the amounts of those classes may be stated under cost flow assumptions other than LIFO with the excess of such total amount over the aggregate LIFO amount shown as a deduction to arrive at the amount of the LIFO inventory.

*See discussion in Section V.D of this release.*

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**Current Liabilities, When Appropriate** (~~See §210.4-05~~)

*See discussion in Section V.D of this release.*

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19. Accounts and notes payable. (a) State separately amounts payable to (1) banks for borrowings; (2) factors or other financial institutions for borrowings; (3) holders of commercial paper; (4) trade creditors; (5) related parties (see §210.4-08(k)); (6) underwriters, promoters, and employees (other than related parties); and (7) others. Amounts applicable to (1), (2) and (3) may be stated separately in the balance sheet or in a note thereto.

**[(b) The amount and terms (including commitment fees and the conditions under which lines may be withdrawn) of unused lines of credit for short-term financing shall be disclosed, if significant, in the notes to the financial statements. The weighted average interest rate on short term borrowings outstanding as of the date of each balance sheet presented shall be furnished in**

a note. The amount of these lines of credit which support a commercial paper borrowing arrangement or similar arrangements shall be separately identified.]

*See discussion in Section III.D.5 of this release.*

\*\*\*

22. Bonds, mortgages and other long-term debt, including capitalized leases. (a) State separately, in the balance sheet or in a note thereto, each issue or type of obligation and such information as will indicate (see §210.4-06):

*See discussion in Section V.D of this release.*

\*\*\*

[(b) The amount and terms (including commitment fees and the conditions under which commitments may be withdrawn) of unused commitments for long-term financing arrangements that would be disclosed under this rule if used shall be disclosed in the notes to the financial statements if significant.]

*See discussion in Section III.D.5 of this release.*

\*\*\*

27. Preferred stocks subject to mandatory redemption requirements or whose redemption is outside the control of the issuer.

\*\*\*

(c) State in a separate note captioned “Redeemable Preferred Stocks” (1) a general description of each issue, including its redemption features (e.g. sinking fund, at option of holders, out of future earnings) and the rights, if any, of holders in the event of default, including the effect, if any, on junior securities in the event a required dividend, sinking fund, or other redemption payment(s) is not made; (2) the combined aggregate amount of redemption requirements for all issues each



year for the five years following the date of the latest balance sheet; and (3) the changes in each issue for each period for which ~~an~~ a statement of comprehensive income statement is required to be filed. (See also §210.4-08(d).)

***See discussion in Section V.B.6 of this release.***

28. Preferred stocks which are not redeemable or are redeemable solely at the option of the issuer. State on the face of the balance sheet, or if more than one issue is outstanding state in a note, the title of each issue and the dollar amount thereof. Show also the dollar amount of any shares subscribed but unissued, and show the deduction of subscriptions receivable therefrom. State on the face of the balance sheet or in a note, for each issue, the number of shares authorized and the number of shares issued or outstanding, as appropriate (see §210.4-07). Show in a note or separate statement the changes in each class of preferred shares reported under this caption for each period for which ~~an~~ statement of comprehensive income statement is required to be filed. (See also §210.4-08(d).)

***See discussion in Section V.B.6 of this release.***

29. Common stocks. For each class of common shares state, on the face of the balance sheet, the number of shares issued or outstanding, as appropriate (see §210.4-07), and the dollar amount thereof. If convertible, this fact should be indicated on the face of the balance sheet. For each class of common shares state, on the face of the balance sheet or in a note, the title of the issue, the number of shares authorized, and, if convertible, the basis of conversion (see also §210.4-08(d)). Show also the dollar amount of any common shares subscribed but unissued, and show the deduction of subscriptions receivable therefrom. Show in a note or statement the changes in each class of common shares for each period for which ~~an~~ statement of comprehensive income statement is required to be filed.

*See discussion in Section V.B.6 of this release.*

30. Other stockholders' equity.

(a) Separate captions shall be shown for: (1) additional paid-in capital, (2) Other additional capital, ~~and~~ (3) retained earnings, (i) appropriated and (ii) unappropriated: (See §210.4-08(e)-), and (4) accumulated other comprehensive income.

Note 1 to paragraph 30.(a). Additional paid-in capital and other additional capital may be combined with the stock caption to which it applies, if appropriate.

*See discussion in V.B.6 of this release.*

**§ 210.5-03 Statements of comprehensive income statements.**

(a) The purpose of this rule is to indicate the various line items which, if applicable, and except as otherwise permitted by the Commission, should appear on the face of the statements of comprehensive income statements filed for the persons to whom this article pertains (see §210.4-01(a)).

*See discussion in Section V.B.6 of this release.*

(b) If income is derived from more than one of the subcaptions described under §210.5-03.1, each class which is not more than 10 percent of the sum of the items may be combined with another class. If these items are combined, related costs and expenses as described under §210.5-03.2 shall be combined in the same manner.

1. Net sales and gross revenues. State separately:

(a) Net sales of tangible products (gross sales less discounts, returns and allowances), (b) operating revenues of public utilities or others; (c) income from rentals; (d) revenues from services; and (e) other revenues. Amounts earned from transactions with related parties shall be disclosed as required under §210.4-08(k). A public utility company using a uniform system of

accounts or a form for annual report prescribed by federal or state authorities, or a similar system or report, shall follow the general segregation of operating revenues and operating expenses reported under §210.5-03.2 prescribed by such system or report. If the total of sales and revenues reported under this caption includes excise taxes in an amount equal to 1 percent or more of such total, the amount of such excise taxes shall be shown on the face of the statement parenthetically or ~~otherwise~~ otherwise.

***See discussion in Section V.D of this release.***

\*\*\*

7. Non-operating income.

State separately in the statement of comprehensive income statement or in a note thereto amounts earned from (a) dividends, (b) interest on securities, (c) profits on securities (net of losses), and (d) miscellaneous other income. Amounts earned from transactions in securities of related parties shall be disclosed as required under §210.4-08(k). Material amounts included under miscellaneous other income shall be separately stated in the statement of comprehensive income statement or in a note thereto, indicating clearly the nature of the transactions out of which the items arose.

***See discussion in Section V.B.6 of this release.***

\*\*\*

9. Non-operating expenses.

State separately in the statement of comprehensive income statement or in a note thereto amounts of (a) losses on securities (net of profits) and (b) miscellaneous income deductions. Material amounts included under miscellaneous income deductions shall be separately stated in

the statement of comprehensive income statement or in a note thereto, indicating clearly the nature of the transactions out of which the items arose.

*See discussion in Section V.B.6 of this release.*

\*\*\*

15. ~~Income or loss before extraordinary items and cumulative effects of changes in accounting principles.~~ [Reserved]

*See discussion in Sections V.B.5 and V.B.6 of this release.*

16. ~~Extraordinary items, less applicable tax.~~ [Reserved]

*See discussion in Section V.B.5 of this release.*

17. ~~Cumulative effects of changes in accounting principles.~~ [Reserved]

*See discussion in Section V.B.6 of this release.*

\*\*\*

20. Net income attributable to the controlling interest.

21. Other comprehensive income.

State separately the components of and the total for other comprehensive income. Present the components either net of related tax effects or before related tax effects with one amount shown for the aggregate income tax expense or benefit. State the amount of income tax expense or benefit allocated to each component, including reclassification adjustments, in the statement of comprehensive income or in a note.

22. Comprehensive income.

23. Comprehensive income attributable to the noncontrolling interest.

24. Comprehensive income attributable to the controlling interest.

2125. Earnings per share data.

*See discussion in Section V.B.6 of this release.*

**§ 210.5-04 What schedules are to be filed.**

(a) Except as expressly provided otherwise in the applicable form:

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(2) Schedule II of this section shall be filed for each period for which an audited statement of comprehensive income statement is required to be filed for each person or group.

*See discussion in Section V.B.6 of this release.*

\*\*\*

Schedule I—Condensed financial information of registrant. The schedule prescribed by §210.12-04 shall be filed when the restricted net assets (§210.1-02(dd)4-08(e)(3)) of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party (i.e., lender, regulatory agency, foreign government, etc.). Where restrictions on the amount of funds which may be loaned or advanced differ from the amount restricted as to transfer in the form of cash dividends, the amount least restrictive to the subsidiary shall be used. Redeemable preferred stocks (§210.5-02.27) and noncontrolling interests shall be deducted in computing net assets for purposes of this test.

*See discussion in Section III.C.2 of this release.*

**§ 210.6-03 Special rules of general application to registered investment companies and business development companies.**

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(c) Consolidated and combined statements.

(1) Consolidated and combined statements filed for registered investment companies and business development companies shall be prepared in accordance with §210.3A-024 to ~~and 210.3A-053~~ (Article 3A), except that: (i) ~~[Reserved] statements of the registrant may be consolidated only with the statements of subsidiaries which are investment companies;~~ (ii) a consolidated statement of the registrant and any of its investment company subsidiaries shall not be filed unless accompanied by a consolidating statement which sets forth the individual statements of each significant subsidiary included in the consolidated statement: Provided, however, That a consolidating statement need not be filed if all included subsidiaries are totally held; and (iii) consolidated or combined statements filed for subsidiaries not consolidated with the registrant shall not include any investment companies unless accompanied by consolidating or combining statements which set forth the individual statements of each included investment company which is a significant subsidiary.

*See discussion in Section V.B.2 of this release.*

**§210.6-04 Balance sheets.**

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13. Notes payable, bonds and similar debt.

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~~[(b) Provide in a note the information required under §210.5-02.19(b) regarding unused lines of credit for short-term financing and §210.5-02.22(b) regarding unused commitments for long-term financing arrangements.]~~

*See discussion in Section III.D.5 of this release.*

\*\*\*

~~17. Accumulated undistributed income (loss)-Total distributable earnings (loss).~~

Disclose total distributable earnings (loss), which generally comprise:

- (a) ~~The~~ accumulated undistributed investment income-net,
- (b) accumulated undistributed net realized gains (losses) on investment transactions, and
- (c) net unrealized appreciation (depreciation) in value of investments at the balance sheet date.

*See discussion in Section III.B.1 of this release.*

#### **§ 210.6-07 Statements of operations.**

Statements of operations, or statements of comprehensive income, where applicable, filed by registered investment companies, other than issuers of face-amount certificates, subject to the special provisions of § [210.6-08](#), and business development companies, shall comply with the following provisions:

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*See discussion in Section V.B.6 of this release.*

#### **§ 210.6-09 Statements of changes in net assets.**

\*\*\*

3. Distributions to Shareholders. State total separately distributions to shareholders which generally come from: (a) Investment income-net; (b) realized gain from investment transactions-

net; and (c) other sources, except for those that represent return of taxes on capital distributions, which shall be disclosed separately.

*See discussion in Section III.B.1 of this release.*

4. Capital share transactions. (a) State the increase or decrease in net assets derived from the net change in the number of outstanding shares or units.

(b) Disclose in the body of the statements or in the notes, for each class of the person's shares, the number and value of shares issued in reinvestment of dividends as well as the number of and dollar amounts received for shares sold and paid for shares redeemed.

*See discussion in Section V.D of this release.*

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7. Net assets at the end of the period. ~~Disclose parenthetically the balance of undistributed net investment income included in net assets at the end of the period.~~

*See discussion in Section III.B.1 of this release.*

**§ 210.6A-04 Statements of comprehensive income and changes in plan equity.**

Statements of comprehensive income and changes in plan equity filed under this rule shall comply with the following provisions:

*See discussion in Section V.B.6 of this release.*

**§ 210.6A-05 What schedules are to be filed.**

(a) Schedule I of this section, ~~specified below~~, shall be filed as of the most recent audited statement of financial condition and any subsequent unaudited statement of financial condition being filed. Schedule II of this section shall be filed as of the date of each statement of financial condition being filed. Schedule III of this section shall be filed for each period for which a



statement of comprehensive income and changes in plan equity is filed. All schedules shall be audited if the related statements are audited.

\*\*\*

Schedule III—Allocation of plan income and changes in plan equity to investment programs. If the plan provides for separate investment programs with separate funds, and if the allocation of income and changes in plan equity to the several funds is not shown in the statement of comprehensive income and changes in plan equity in columnar form or by the submission of separate statements for each fund, a schedule shall be submitted showing the allocation of each caption of each statement of comprehensive income and changes in plan equity filed to the applicable fund.

*See discussion in Section V.B.6 of this release.*

**§ 210.7-03 Balance sheets.**

(a) The purpose of this rule is to indicate the various items which, if applicable, and except as otherwise permitted by the Commission, should appear on the face of the balance sheets and in the notes thereto filed for persons to whom this article pertains. (See §210.4-01(a).)

\*\*\*

6. Reinsurance recoverable ~~on paid losses.~~

*See discussion in Section V.B.4 of this release.*

\*\*\*

11. ~~Separate account a~~ Assets held in separate accounts. Include under this caption the portion of separate account aggregate amount of assets representing contract holder funds required to be reported in an insurance entity's financial statements as a summary total. used to fund liabilities related to variable annuities, pension funds and similar activities. ~~The aggregate~~ An equivalent

~~summary total for the related liability shall be included under caption 18. Describe in a note to the financial statements the general nature of the activities being reported on in the separate accounts.~~

*See discussion in Sections II.B.2 and V.B.4 of this release.*

\*\*\*

13. Policy liabilities and accruals. (a) State separately in the balance sheet the amounts of (1) future policy benefits and losses, claims and loss expenses, (2) unearned ~~premiums~~premiums and (3) other policy claims and benefits payable.

*See discussion in Section V.D of this release.*

\*\*\*

~~(b) State in a note to the financial statements the basis of assumptions (interest rates, mortality, withdrawals) for future policy benefits and claims and settlements which are stated at present value. [Reserved]~~

*See discussion in Section III.B.1 of this release.*

~~(c) Information shall be given in a note concerning the general nature of reinsurance transactions, including a description of the significant types of reinsurance agreements executed. The information provided shall include (1) the nature of the contingent liability in connection with insurance ceded and (2) the nature and effect of material nonrecurring reinsurance transactions.~~

*See discussion in Section III.B.3 of this release.*

\*\*\*

16. Notes payable, bonds, mortgages and similar obligations, including capitalized leases.

\*\*\*

[ (b) The disclosure required by §210.5-02.19(b) shall be given if the aggregate of short-term borrowings from banks, factors and other financial institutions and commercial paper issued exceeds five percent of total liabilities.

(c) The disclosure requirements of §210.5-02.22 shall be followed for long-term debt. ]

*See discussion in Section III.D.5 of this release.*

\*\*\*

#### Other Stockholders' Equity

23. Other stockholders' equity. (a) Separate captions shall be shown for (1) additional paid-in capital, (2) other additional capital, (3) accumulated other comprehensive income ~~unrealized appreciation or depreciation of equity securities less applicable deferred income taxes~~, (4) retained earnings (i) appropriated and (ii) unappropriated. (See §210.4-08(e).) Additional paid-in capital and other additional capital may be combined with the stock caption to which they apply, if appropriate.

*See discussion in Section V.B.6 of this release.*

(b) The classification and disclosure requirements of §210.5-02.30(b) shall be followed for dating and effect of a quasi-reorganization.

(c) State in a note the following information separately for (1) life insurance legal entities, and (2) property and liability insurance legal entities: the amount of statutory stockholders' equity as of the date of each balance sheet presented and the amount of statutory net income or loss for each period for which an statement of comprehensive income ~~statement~~ is presented.

*See discussion in Section V.B.6 of this release.*

#### **§ 210.7-04 Statements of comprehensive income ~~Income statements~~.**

The purpose of this ~~section rule~~ is to indicate the various items which, if applicable, should appear on the face of the ~~income~~ statements of comprehensive income and in the notes thereto filed for persons to whom this article pertains. (See §210.4-01(a).)

***See discussion in Section V.B.6 of this release.***

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3. Realized investment gains and losses. Disclose the following amounts:

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(b) Indicate in a footnote the registrant's policy with respect to whether investment income and realized gains and losses allocable to policyholders and separate accounts are included in the investment income and realized gain and loss amounts reported in the statement of comprehensive income statement. If the statement of comprehensive income statement includes investment income and realized gains and losses allocable to policyholders and separate accounts, indicate the amounts of such allocable investment income and realized gains and losses and the manner in which the insurance enterprise's obligation with respect to allocation of such investment income and realized gains and losses is otherwise accounted for in the financial statements.

***See discussion in Section V.B.6 of this release.***

(c) ~~The method followed in determining the cost of investments sold (e.g., "average cost," "first-in, first-out," or "identified certificate") shall be disclosed. [Reserved]~~

***See discussion in Section II.B.2 of this release.***

(d) For each period for which an statement of comprehensive income statement is filed, include in a note an analysis of realized and unrealized investment gains and losses on fixed maturities

and equity securities. For each period, state separately for fixed maturities [see §210.7-03.1(a)] and for equity securities [see §210.7-03.1(b)] the following amounts:

*See discussion in Section V.B.6 of this release.*

\*\*\*

7. Underwriting, acquisition and insurance expenses. State separately in the statement of comprehensive income statement or in a note thereto (a) the amount included in this caption representing deferred policy acquisition costs amortized to income during the period, and (b) the amount of other operating expenses. State separately in the statement of comprehensive income statement any material amount included in all other operating expenses.

*See discussion in Section V.B.6 of this release.*

\*\*\*

9. Income tax expense. Include under this caption only taxes based on income. (See §210.4-08(gh).)

*See discussion in Section V.D of this release.*

\*\*\*

~~13. Income or loss before extraordinary items and cumulative effects of changes in accounting principles. [Reserved]~~

*See discussion in Sections V.B.5 and V.B.6 of this release.*

~~14. Extraordinary items, less applicable tax. [Reserved]~~

*See discussion in Section V.B.5 of this release.*

~~15. Cumulative effects of changes in accounting principles. [Reserved]~~

*See discussion in Section V.B.6 of this release.*

\*\*\*

18. Net income attributable to the controlling interest.

19. Other comprehensive income.

State separately the components of and the total for other comprehensive income. Present the components either net of related tax effects or before related tax effects with one amount shown for the aggregate income tax expense or benefit. State the amount of income tax expense or benefit allocated to each component, including reclassification adjustments, in the statement of comprehensive income or in a note.

20. Comprehensive income.

21. Comprehensive income attributable to the noncontrolling interest.

22. Comprehensive income attributable to the controlling interest.

23. Earnings per share data.

*See discussion in Section V.B.6 of this release.*

**§ 210.7-05 What schedules are to be filed.**

(a) Except as expressly provided otherwise in the applicable form:

\*\*\*

(2) The schedules specified ~~below~~ in this section as Schedule IV and V shall be filed for each period for which an audited statement of comprehensive income statement is required to be filed for each person or group.

*See discussion in Section V.B.6 of this release.*

(c) The schedules shall be examined by the independent accountant.

\*\*\*

Schedule II—Condensed financial information of registrant. The schedule prescribed by §210.12-04 shall be filed when the restricted net assets (§210.4-08(e)(3)~~1-02(dd)~~) of consolidated

subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party (i.e., lender, regulatory agency, foreign government, etc.). Where restrictions on the amount of funds which may be loaned or advanced differ from the amount restricted as to transfer in the form of cash dividends, the amount least restrictive to the subsidiary shall be used. Redeemable preferred stocks (§210.7-03.20) and noncontrolling interests shall be deducted in computing net assets for purposes of this test.

*See discussion in Section III.C.2 of this release.*

Schedule III—Supplementary insurance information. The schedule prescribed by §210.12-16 shall be filed giving segment detail in support of various balance sheet and statement of comprehensive income statement captions. The required balance sheet information shall be presented as of the date of each audited balance sheet filed, and the statement of comprehensive income statement information shall be presented for each period for which an audited statement of comprehensive income statement is required to be filed, for each person or group.

*See discussion in Section V.B.6 of this release.*

#### **§ 210.8-01 Preliminary Notes to Article 8**

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NOTE 2 to § 210.8: Smaller reporting companies electing to prepare their financial statements with the form and content required in this article need not apply the other form and content requirements in Regulation S-X with the exception of the following:

- a. The report and qualifications of the independent accountant shall comply with the requirements of §§210.2-01 to 210.2-07 (Article 2 of this part) ;
- b. The description of accounting policies shall comply with Article 4-08(n) of this part; and

*See discussion in Section III.B.1 of this release.*

\*\*\*

~~NOTE 6 TO §210.8: Section 210.4-01(a)(3) shall apply to the preparation of financial statements of smaller reporting companies.~~

*See discussion in Section IV.B of this release.*

#### **§210.8-02 Annual financial statements.**

Smaller reporting companies shall file an audited balance sheet as of the end of each of the most recent two fiscal years, or as of a date within 135 days if the issuer has existed for a period of less than one fiscal year, and audited statements of comprehensive income, cash flows and changes in stockholders' equity for each of the two fiscal years preceding the date of the most recent audited balance sheet (or such shorter period as the registrant has been in business).

*See discussion in Section V.B.10 of this release.*

#### **§ 210.8-03 Interim financial statements.**

Interim financial statements may be unaudited; however, before filing, interim financial statements included in quarterly reports on Form 10-Q (§249.308(a) of this chapter) must be reviewed by an independent public accountant using applicable professional standards and procedures for conducting such reviews, ~~as established by generally accepted auditing standards,~~



as may be modified or supplemented by the Commission. If, in any filing, the issuer states that interim financial statements have been reviewed by an independent public accountant, a report of the accountant on the review must be filed with the interim financial statements. Interim financial statements shall include a balance sheet as of the end of the issuer's most recent fiscal quarter, a balance sheet as of the end of the preceding fiscal year, and statements of comprehensive income statements and statements of cash flows for the interim period up to the date of such balance sheet and the comparable period of the preceding fiscal year.

*See discussion in Sections V.C.1 and V.B.6 of this release.*

\*\*\*

(a) Condensed format. Interim financial statements may be condensed as follows:

\*\*\*

(2) Statements of comprehensive income statements (or the statement of net income if comprehensive income is presented in two separate but consecutive financial statements) should include net sales or gross revenue, each cost and expense category presented in the annual financial statements that exceeds 20% of sales or gross revenues, provision for income taxes, and discontinued operations, ~~extraordinary items and cumulative effects of changes in accounting principles or practices.~~ (Financial institutions should substitute net interest income for sales for purposes of determining items to be disclosed.) ~~Dividends per share should be presented.~~

*See discussion in Sections V.B.2, V.B.5, and V.B.6 of this release.*

\*\*\*

(5) Provide the information required by §210.3-04 for the current and comparative year-to-date periods, with subtotals for each interim period.

*See discussion in Sections III.B.2 and V.B.2 of this release.*

\*\*\*

(b) Disclosure required and additional instructions as to content—\*\*\*

~~(2) Material subsequent events and contingencies. Disclosure must be provided of material subsequent events and material contingencies notwithstanding disclosure in the annual financial statements.~~ [Reserved]

*See discussion in Sections II.B.2 and III.B.3 of this release.*

\*\*\*

~~(4) Significant dispositions and business combinations. If a significant disposition or business combination has occurred during the most recent interim period and the transaction required the filing of a Form 8-K (§249.308 of this chapter), pro forma data must be presented that reflects revenue, income from continuing operations, net income, net income attributable to the registrant and income per share for the current interim period and the corresponding interim period of the preceding fiscal year as though the transaction occurred at the beginning of the periods.~~

*See discussion in Sections III.B.3 and V.B.6 of this release.*

(5) Material accounting changes. ~~Disclosure must be provided of the date and reasons for any material accounting change.~~ The registrant's independent accountant must provide a letter in the first Form 10-Q (§249.308a of this chapter) filed after the change indicating whether or not the change is to a preferable method. **[Disclosure must be provided of any retroactive change to prior period financial statements, including the effect of any such change on income and income per share.]**

*See discussion in Sections II.B.2, III.B.1, and III.D.5 of this release.*

~~(6) Development stage companies. A registrant in the development stage must provide cumulative financial information from inception.~~

*See discussion in Section V.B.3 of this release.*

Instruction 1 to §210.8-03: Where ~~§§210.8-01 to through 210.8-08~~ (Article 8 of this part) ~~are~~ is applicable to a Form 10-Q (§249.308a of this chapter) and the interim period is more than one quarter, statements of comprehensive income statements must also be provided for the most recent interim quarter and the comparable quarter of the preceding fiscal year.

*See discussion in Section V.B.6 of this release.*

#### **§ 210.8-04 Financial statements of businesses acquired or to be acquired.**

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(b) The periods for which financial statements are to be presented are determined by comparison of the most recent annual financial statements of the business acquired or to be acquired and the smaller reporting company's most recent annual financial statements filed at or before the date of acquisition to evaluate each of the following conditions:

\*\*\*

(3) Compare the smaller reporting company's equity in the income from continuing operations before income taxes, ~~extraordinary items and cumulative effect of a change in accounting principles~~ of the acquiree exclusive of amounts attributable to any noncontrolling interests to such consolidated income of the smaller reporting company for the most recently completed fiscal year.

*See discussion in Sections V.B.5 and V.B.6 of this release.*

#### **§ 210.8-05 Pro forma financial information.**

\*\*\*

(b) Pro forma statements should be condensed, in columnar form showing pro forma adjustments and results, and should include the following:

(1) If the transaction was consummated during the most recent fiscal year or subsequent interim period, pro forma statements of comprehensive income reflecting the combined operations of the entities for the latest fiscal year and interim period, if any; or

(2) If consummation of the transaction has occurred or is probable after the date of the most recent balance sheet required by §210.8-02 or §210.8-03, a pro forma balance sheet giving effect to the combination as of the date of the most recent balance sheet. For a purchase, pro forma statements of comprehensive income reflecting the combined operations of the entities for the latest fiscal year and interim period, if any, are required.

*See discussion in Section V.B.6 of this release.*

**§210.8-06 Real estate operations acquired or to be acquired.**

If, during the period for which statements of comprehensive income ~~statements~~ are required, the smaller reporting company has acquired one or more properties that in the aggregate are significant, or since the date of the latest balance sheet required by §210.8-02 or §210.8-03, has acquired or proposes to acquire one or more properties that in the aggregate are significant, the following shall be furnished with respect to such properties:

*See discussion in Section V.B.6 of this release.*

**§210.9-03 Balance sheets.**

The purpose of this rule is to indicate the various items which, if applicable, should appear on the face of the balance sheets or in the notes thereto.

\*\*\*

3. Federal funds sold and securities purchased under resale agreements or similar arrangements. These amounts should be presented gross and not netted against Federal funds purchased and securities sold under agreement to repurchase as reported in Caption 13.

*See discussion in Section V.B.6 of this release.*

\*\*\*

6. Investment securities.

\*\*\*

~~(a) Disclose in a note the carrying value and market value of securities of (1) the U.S. Treasury and other U.S. Government agencies and corporations; (2) states of the U.S. and political subdivisions; and (3) other securities.~~

*See discussion in Section II.B.2 of this release.*

7. Loans. Disclose separately (1) total loans, (2) the related allowance for losses and (3) unearned income.

\*\*\*

~~(d) For each period for which an income statement is required, furnish in a note a statement of changes in the allowance for loan losses showing the balances at beginning and end of the period provision charged to income, recoveries of amounts charged off and losses charged to the allowance. [Reserved]~~

*See discussion in Sections II.B.2 of this release.*

(e)

\*\*\*

(3) Notwithstanding the aggregate disclosure called for by paragraph (e)(1) of this section above, if any loans were not made in the ordinary course of business during any period for which

~~an~~ statement of comprehensive income statement is required to be filed, provide an appropriate description of each such loan ~~(see §210.4-08(L)(3))~~.

*See discussion in Sections V.B.6 and V.D of this release.*

\*\*\*

10. Other assets. Disclose separately on the balance sheet or in a note thereto any of the following assets or any other asset the amount of which exceeds thirty percent of stockholders equity. The remaining assets may be shown as one amount.

(1) Goodwill ~~Excess of cost over tangible and identifiable intangible assets acquired (net of amortization)~~.

(2) Other intangible assets (net of amortization).

(3) Investments in and ~~indebtedness~~ indebtedness of affiliates and other persons.

*See discussion in Section V.B.6 and V.D of this release.*

(4) Other real estates.

(a) Disclose in a note the basis at which other real estate is carried. ~~A~~ reduction to fair market value from the carrying value of the related loan at the time of acquisition shall be accounted for as a loan loss. Any allowance for losses on other real estate which has been established subsequent to acquisition should be deducted from other real estate. For each period for which ~~an~~ statement of comprehensive income statement is required, disclosures should be made in a note as to the changes in the allowances, including balance at beginning and end of period, provision charged to income, and losses charged to the allowance.

*See discussion in Section V.B.6 of this release.*

\*\*\*

12. Deposits. Disclose separately the amounts of noninterest bearing deposits and interest bearing deposits.

(a) The amount of noninterest bearing deposits and interest bearing deposits in foreign banking offices must be presented if the disclosure provided by §210.9-050-05 are required.

*See discussion in Section V.D of this release.*

13. Short-term borrowing. Disclose separately on the balance sheet or in a note, amounts payable for (1) Federal funds purchased and securities sold under agreements to repurchase; (2) commercial paper, and (3) other short-term borrowings.

*[(a) Disclose any unused lines of credit for short-term financing (§210.5-02.19(b)).]*

\*\*\*

16. Long-term debt. *[Disclose in a note the information required by §210.5-02.22.]*

*See discussion in Section III.D.5 of this release.*

**§ 210.9-04 Statement of comprehensive income statements.**

The purpose of this ~~section rule~~ is to indicate the various items which, if applicable, should appear on the face of the statement of comprehensive income statement or in the notes thereto.

*See discussion in Section V.B.6 of this release.*

\*\*\*

13. Other income. Disclose separately any of the following amounts, or any other item of other income, which exceed one percent of the aggregate of total interest income and other income.

The remaining amounts may be shown as one amount, except for investment securities gains or losses which shall be shown separately regardless of size.

\*\*\*

(h) Investment securities gains or losses. ~~The method followed in determining the cost of investments sold (e.g., "average cost," "first in, first out," or "identified certificate") and r~~Related income taxes shall be disclosed.

*See discussion in Section II.B.2 of this release.*

\*\*\*

14. Other expenses. Disclose separately any of the following amounts, or any other item of other expense, which exceed one percent of the aggregate of total interest income and other income.

The remaining amounts may be shown as one amount.

(a) Salaries and employee benefits.

(b) Net occupancy expense of premises.

(c) ~~Goodwill amortization.~~ [Reserved]

*See discussion in Section V.B.6 of this release.*

\*\*\*

~~17. Income or loss before extraordinary items and cumulative effects of changes in accounting principles.~~ [Reserved]

*See discussion in Sections V.B.5 and V.B.6 of this release.*

18. Extraordinary items, less applicable tax. [Reserved]

*See discussion in Section V.B.5 of this release.*

~~19. Cumulative effects of changes in accounting principles.~~ [Reserved]

*See discussion in Section V.B.6 of this release.*

\*\*\*

22. Net income attributable to the controlling interest.

23. Other comprehensive income.



State separately the components of and the total for other comprehensive income. Present the components either net of related tax effects or before related tax effects with one amount shown for the aggregate income tax expense or benefit. State the amount of income tax expense or benefit allocated to each component, including reclassification adjustments, in the statement of comprehensive income or in a note.

24. Comprehensive income.

25. Comprehensive income attributable to the noncontrolling interest.

26. Comprehensive income attributable to the controlling interest.

27. Earnings per share data.

*See discussion in Section V.B.6 of this release.*

**§ 210.9-05 Foreign activities.**

\*\*\*

(b) Disclosures.

\*\*\*

(2) For each period for which an statement of comprehensive income statement is filed, state the amount of revenue, income (loss) before taxes, and net income (loss) associated with foreign activities. Disclose significant estimates and assumptions (including those related to the cost of capital) used in allocating revenue and expenses to foreign activities; describe the nature and effects of any changes in such estimates and assumptions which have a significant impact on interperiod comparability.

*See discussion in Section V.B.6 of this release.*

**§ 210.9-06 Condensed financial information of registrant.**

The information prescribed by §210.12-04 shall be presented in a note to the financial statements when the restricted net assets (§210.1-02~~(dd)~~4-08~~(e)~~(3)) of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. The investment in and indebtedness of and to bank subsidiaries shall be stated separately in the condensed balance sheet from amounts for other subsidiaries; the amount of cash dividends paid to the registrant for each of the last three years by bank subsidiaries shall be stated separately in the condensed statement of comprehensive income statement from amounts for other subsidiaries. ~~For purposes of the above test, restricted net assets of consolidated subsidiaries shall mean that amount of the registrant's proportionate share of net assets of consolidated subsidiaries (after intercompany eliminations) which as of the end of the most recent fiscal year may not be transferred to the parent company by subsidiaries in the form of loans, advances or cash dividends without the consent of a third party (i.e., lender, regulatory agency, foreign government, etc.). Where restrictions on the amount of funds which may be loaned or advanced differ from the amount restricted as to transfer in the form of cash dividends, the amount least restrictive to the subsidiary shall be used. Redeemable preferred stocks (§210.5-02.27) and noncontrolling interests shall be deducted in computing net assets for purposes of this test.~~

*See discussion in Sections III.C.2 and V.B.6 of this release.*

**§ 210.10-01 Interim financial statements.**

(a) Condensed statements. Interim financial statements shall follow the general form and content of presentation prescribed by the other sections of this Regulation with the following exceptions:

\*\*\*

(3) Interim statements of comprehensive income shall also include major captions prescribed by the applicable sections of part 210 of this chapter ~~this~~ (Regulation S-X). When any

major statement of comprehensive income (or statement of net income if comprehensive income is presented in two separate but consecutive financial statements) statement caption is less than 15% of average net income for the most recent three fiscal years and the amount in the caption has not increased or decreased by more than 20% as compared to the corresponding interim period of the preceding fiscal year, the caption may be combined with others. In calculating average net income, loss years should be excluded. If losses were incurred in each of the most recent three years, the average loss shall be used for purposes of this test. Notwithstanding these tests, §210.4-02 applies and de minimis amounts therefore need not be shown separately, except that registrants reporting under §210.9 shall show investment securities gains or losses separately regardless of size.

*See discussion in Section V.B.6 of this release.*

\*\*\*

(5) The interim financial information shall include disclosures either on the face of the financial statements or in accompanying footnotes sufficient so as to make the interim information presented not misleading. Registrants may presume that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation, ~~except in regard to material contingencies,~~ may be determined in that context. Accordingly, footnote disclosure which would substantially duplicate the disclosure contained in the most recent annual report to security holders or latest audited financial statements, such as a statement of significant accounting policies and practices, details of accounts which have not changed significantly in amount or composition since the end of the most recently completed fiscal year, and detailed disclosures prescribed by ~~Rule §4-08 of this Regulation,~~ may be omitted. ~~However, disclosure~~

~~shall be provided where events subsequent to the end of the most recent fiscal year have occurred which have a material impact on the registrant. Disclosures should encompass for example, significant changes since the end of the most recently completed fiscal year in such items as: accounting principles and practices; estimates inherent in the preparation of financial statements; status of long term contracts; capitalization including significant new borrowings or modification of existing financing arrangements; and the reporting entity resulting from business combinations or dispositions. Notwithstanding the above, where material contingencies exist, disclosure of such matters shall be provided even though a significant change since year end may not have occurred.~~

*See discussion in Sections II.B.2 and III.B.3 of this release.*

\*\*\*

~~(7) In addition to the financial statements required by paragraphs (a) (2), (3) and (4) of this section, registrants in the development stage shall provide the cumulative financial statements (condensed to the same degree as allowed in this paragraph) and disclosures required by FASB ASC Topic 915, Development Stage Entities, to the date of the latest balance sheet presented. Provide the information required by §210.3-04 for the current and comparative year-to-date periods, with subtotals for each interim period.~~

*See discussion in Section III.B.2, V.B.3, and V.B.2 of this release.*

(b) Other instructions as to content. The following additional instructions shall be applicable for purposes of preparing interim financial statements:

(1) Summarized statement of comprehensive income ~~statement~~ information shall be given separately as to each subsidiary not consolidated or 50 percent or less owned persons or as to each group of such subsidiaries or fifty percent or less owned persons for which separate

individual or group statements would otherwise be required for annual periods. Such summarized information, however, need not be furnished for any such unconsolidated subsidiary or person which would not be required pursuant to ~~Rule~~ §240.13a-13 or §240.15d-13 of this chapter to file quarterly financial information with the Commission if it were a registrant.

*See discussion in Section V.B.6 of this release.*

~~(2) If appropriate, the income statement shall show earnings per share and dividends declared per share applicable to common stock. [The basis of the earnings per share computation shall be stated together with the number of shares used in the computation.] In addition, see Item 601(b)(11) of Regulation S-K, (17 CFR 229.601(b)(11)).~~

*See discussion in Sections II.B.2, III.D.5, and V.B.2 of this release.*

~~[(3) If, during the most recent interim period presented, the registrant or any of its consolidated subsidiaries entered into a combination between entities under common control, the interim financial statements for both the current year and the preceding year shall reflect the combined results of the combined businesses. Supplemental disclosure of the separate results of the combined entities for periods prior to the combination shall be given, with appropriate explanations.]~~

*See discussion in Sections II.B.2 and III.D.5 of this release.*

~~(4) Where a material business combination has occurred during the current fiscal year, pro forma disclosure shall be made of the results of operations for the current year up to the date of the most recent interim balance sheet provided (and for the corresponding period in the preceding year) as though the companies had combined at the beginning of the period being reported on. This pro forma information shall, at a minimum, show revenue, income before extraordinary~~

~~items and the cumulative effect of accounting changes, including such income on a per share basis, net income, net income attributable to the registrant, and net income per share. [Reserved]~~

*See discussion in Sections III.B.3, V.B.5, and V.B.6 of this release.*

~~(5) Where the registrant has reported a discontinued operation (as required by FASB ASC Subtopic 205-20, Presentation of Financial Statements—Discontinued Operations) during any of the periods covered by the interim financial statements, the effect thereof on revenues and net income—total and per share—for all periods shall be disclosed. [Reserved]~~

*See discussion in Section II.B.2 of this release.*

~~(6) In addition to meeting the reporting requirements specified by existing standards for accounting changes, the registrant shall state the date of any material accounting change and the reasons for making it. In addition, fFor filings on Form 10-Q (§249.308(a) of this chapter), a letter from the registrant's independent accountant shall be filed as an exhibit (in accordance with the provisions of Item 601 of Regulation S-K, 17 CFR 229.601 (Item 601 of Regulation S-K)) in the first Form 10-Q after the date of an accounting change indicating whether or not the change is to an alternative principle which, in the accountant's judgment, is preferable under the circumstances; except that no letter from the accountant need be filed when the change is made in response to a standard adopted by the Financial Accounting Standards Board that requires such change.~~

*See discussion in Sections II.B.2 and III.B.1 of this release.*

~~[(7) Any material retroactive prior period adjustment made during any period ~~covered~~covered by the interim financial statements shall be disclosed, together with the effect thereof upon net income—total and per share—of any prior period included and upon the balance of retained earnings. If results of operations for any period presented have been adjusted retroactively by~~

such an item subsequent to the initial reporting of such period, similar disclosure of the effect of the change shall be made.]

*See discussion in Section III.D.5 and V.D of this release.*

(8) Any unaudited interim financial statements furnished shall reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. A statement to that effect shall be included. ~~Such adjustments shall include, for example, appropriate estimated provisions for bonus and profit sharing arrangements normally determined or settled at year end.~~ If all such adjustments are of a normal recurring nature, a statement to that effect shall be made; otherwise, there shall be furnished information describing in appropriate detail the nature and amount of any adjustments other than normal recurring adjustments entering into the determination of the results shown.

*See discussion in Sections II.B.2 of this release.*

(c) Periods to be covered. The periods for which interim financial statements are to be provided in registration statements are prescribed elsewhere in this Regulation (see §§210.3-01 and 3-02). For filings on Form 10-Q, financial statements shall be provided as set forth in this paragraph

(c):

\*\*\*

(2) Interim statements of comprehensive income shall be provided for the most recent fiscal quarter, for the period between the end of the preceding fiscal year and the end of the most recent fiscal quarter, and for the corresponding periods of the preceding fiscal year. Such statements may also be presented for the cumulative twelve month period ended during the most recent fiscal quarter and for the corresponding preceding period.

*See discussion in Section V.B.6 of this release.*

\*\*\*

(4) Registrants engaged in seasonal production and sale of a single-crop agricultural commodity may provide interim statements of comprehensive income and cash flows for the twelve month period ended during the most recent fiscal quarter and for the corresponding preceding period in lieu of the year-to-date statements specified in (c)(2) and (3) of this section above.

*See discussion in Section V.B.6 of this release.*

(d) Interim review by independent public accountant. Prior to filing, interim financial statements included in quarterly reports on Form 10-Q (17 CFR 249.308(a)) must be reviewed by an independent public accountant using applicable professional standards and procedures for conducting such reviews, ~~as established by generally accepted auditing standards~~, as may be modified or supplemented by the Commission. If, in any filing, the company states that interim financial statements have been reviewed by an independent public accountant, a report of the accountant on the review must be filed with the interim financial statements.

*See discussion in Section V.C.1 of this release.*

#### **§ 210.11-02 Preparation requirements.**

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(b) Form and content. (1) Pro forma financial information shall consist of a pro forma condensed balance sheet, pro forma condensed statements of comprehensive income, and accompanying explanatory notes. In certain circumstances (i.e., where a limited number of pro forma adjustments are required and those adjustments are easily understood), a narrative description of the pro forma effects of the transaction may be furnished in lieu of the statements described herein.

*See discussion in Section V.B.6 of this release.*



\*\*\*

(3) The pro forma condensed financial information need only include major captions (i.e., the numbered captions) prescribed by the applicable sections of part 210 of this chapter ~~this~~ (Regulation S-X). Where any major balance sheet caption is less than 10 percent of total assets, the caption may be combined with others. When any major statement of comprehensive income statement caption is less than 15 percent of average net income attributable to the registrant for the most recent three fiscal years, the caption may be combined with others. In calculating average net income attributable to the registrant, loss years should be excluded unless losses were incurred in each of the most recent three years, in which case the average loss shall be used for purposes of this test. Notwithstanding these tests, de minimis amounts need not be shown separately.

*See discussion in Section V.B.6 of this release.*

\*\*\*

(5) The pro forma condensed statement of comprehensive income statement shall disclose income (loss) from continuing operations before nonrecurring charges or credits directly attributable to the transaction. Material nonrecurring charges or credits and related tax effects which result directly from the transaction and which will be included in the income of the registrant within the 12 months succeeding the transaction shall be disclosed separately. It should be clearly indicated that such charges or credits were not considered in the pro forma condensed statement of comprehensive income statement. If the transaction for which pro forma financial information is presented relates to the disposition of a business, the pro forma results should give effect to the disposition and be presented under an appropriate caption.

(6) Pro forma adjustments related to the pro forma condensed statement of comprehensive income ~~statement~~ shall be computed assuming the transaction was consummated at the beginning of the fiscal year presented and shall include adjustments which give effect to events that are (i) directly attributable to the transaction, (ii) expected to have a continuing impact on the registrant, and (iii) factually supportable. Pro forma adjustments related to the pro forma condensed balance sheet shall be computed assuming the transaction was consummated at the end of the most recent period for which a balance sheet is required by § 210.3-01 and shall include adjustments which give effect to events that are directly attributable to the transaction and factually supportable regardless of whether they have a continuing impact or are nonrecurring. All adjustments should be referenced to notes which clearly explain the assumptions involved.

***See discussion in Section V.B.6 of this release.***

(7) Historical primary and fully diluted per share data based on continuing operations (or net income if the registrant does not report ~~either discontinued operations, extraordinary items, or the cumulative effects of accounting changes~~) for the registrant, and primary and fully diluted pro forma per share data based on continuing operations before nonrecurring charges or credits directly attributable to the transaction shall be presented on the face of the pro forma condensed statement of comprehensive income ~~statement~~ together with the number of shares used to compute such per share data. For transactions involving the issuance of securities, the number of shares used in the calculation of the pro forma per share data should be based on the weighted average number of shares outstanding during the period adjusted to give effect to shares subsequently issued or assumed to be issued had the particular transaction or event taken place at the beginning of the period presented. If a convertible security is being issued in the

transaction, consideration should be given to the possible dilution of the pro forma per share data.

*See discussion in Sections V.B.5 and V.B.6 of this release.*

\*\*\*

Instructions: 1 to paragraph (b). The historical statement of comprehensive income used in the pro forma financial information shall not report discontinued operations ~~of a segment that has been discontinued, extraordinary items, or the cumulative effects of accounting changes~~. If the historical statement of comprehensive income includes such items, only the portion of the statement of comprehensive income ~~statement~~ through “income from continuing operations” (or the appropriate modification thereof) should be used in preparing pro forma results.

*See discussion in Sections V.B.5 and V.B.6 of this release.*

Instruction 2 to paragraph (b). For a business combination, pro forma adjustments for the statement of comprehensive income ~~statement~~ shall include amortization, depreciation and other adjustments based on the allocated purchase price of net assets acquired. In some transactions, such as in financial institution acquisitions, the purchase adjustments may include significant discounts of the historical cost of the acquired assets to their fair value at the acquisition date. When such adjustments will result in a significant effect on earnings (losses) in periods immediately subsequent to the acquisition which will be progressively eliminated over a relatively short period, the effect of the purchase adjustments on reported results of operations for each of the next five years should be disclosed in a note.

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Instruction 3 to paragraph (b).

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Instruction 4 to paragraph (b).

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Instruction 5 to paragraph (b). Adjustments to reflect the acquisition of real estate operations or properties for the pro forma statement of comprehensive income ~~statement~~ shall include a depreciation charge based on the new accounting basis for the assets, interest financing on any additional or refinanced debt, and other appropriate adjustments that can be factually supported. See also Instruction 4 to this paragraph (b) ~~above~~.

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Instruction 6 to paragraph (b).

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Instruction 7 to paragraph (b). Tax effects, if any, of pro forma adjustments normally should be calculated at the statutory rate in effect during the periods for which pro forma condensed statements of comprehensive income ~~statements~~ are presented and should be reflected as a separate pro forma adjustment.

(c) Periods to be presented.

\*\*\*

(2)(i) Pro forma condensed statements of comprehensive income shall be filed for only the most recent fiscal year and for the period from the most recent fiscal year end to the most recent interim date for which a balance sheet is required. A pro forma condensed statement of comprehensive income may be filed for the corresponding interim period of the preceding fiscal year. A pro forma condensed statement of comprehensive income shall not be filed when the historical statement of comprehensive income ~~statement~~ reflects the transaction for the entire period.

*See discussion in Section V.B.6 of this release.*

(ii) For combinations between entities under common control ~~a business combination accounted for as a pooling of interests~~, the pro forma statements of comprehensive income statements (which are in effect a restatement of the historical statements of comprehensive income statements as if the combination had been consummated) shall be filed for all periods for which historical statements of comprehensive income statements of the registrant are required.

*See discussion in Section V.B.6 of this release.*

(3) Pro forma condensed statements of comprehensive income shall be presented using the registrant's fiscal year end. If the most recent fiscal year end of any other entity involved in the transaction differs from the registrant's most recent fiscal year end by more than 93 days, the other entity's statement of comprehensive income statement shall be brought up to within 93 days of the registrant's most recent fiscal year end, if practicable. This updating could be accomplished by adding subsequent interim period results to the most recent fiscal year-end information and deducting the comparable preceding year interim period results. Disclosure shall be made of the periods combined and of the sales or revenues and income for any periods which were excluded from or included more than once in the condensed pro forma statements of comprehensive income statements (e.g., an interim period that is included both as part of the fiscal year and the subsequent interim period). For investment companies subject to §§210.6-01 ~~through~~ ~~to~~ 210.6-10, the periods covered by the pro forma statements must be the same.

(4) Whenever unusual events enter into the determination of the results shown for the most recently completed fiscal year, the effect of such unusual events should be disclosed and consideration should be given to presenting a pro forma condensed statement of comprehensive income statement for the most recent twelve-month period in addition to those

required in paragraph (c)(2)(i) of this section above if the most recent twelve-month period is more representative of normal operations.

*See discussion in Section V.B.6 of this release.*

**§ 210.11-03 Presentation of financial forecast.**

(a) A financial forecast may be filed in lieu of the pro forma condensed statements of comprehensive income required by §210.11-02(b)(1).

\*\*\*

(2) The forecasted statement of comprehensive income shall be presented in the same degree of detail as the pro forma condensed statement of comprehensive income required by §210.11-02(b)(3).

*See discussion in Section V.B.6 of this release.*

**§ 210.12-16 Supplementary insurance information.**

\*\*\*

<sup>4</sup>The total of columns I and J should agree with the amount shown for statement of comprehensive income ~~statement~~ caption 7.

<sup>5</sup>Totals should agree with the indicated balance sheet and statement of comprehensive income ~~statement~~ caption amounts, where a caption number is shown.

*See discussion in Section V.B.6 of this release.*

**§ 210.12-17 Reinsurance.**

\*\*\*

<sup>2</sup>This Column represents the total of column B less column C plus column D. The total premiums in this column should represent the amount of premium revenue on the statement of

comprehensive income statement (or statement of net income if comprehensive income is presented in two separate but consecutive financial statements).

*See discussion in Section V.B.6 of this release.*

**§ 210.12-18 Supplemental information (for property-casualty insurance underwriters).**

<sup>1</sup>Information included in audited financial statements, including other schedules, need not be repeated in this schedule. Columns B, C, D, and E are as of the balance sheet dates, columns F, G, H, I, J, and K are for the same periods for which statements of comprehensive income statements are presented in the registrant's audited consolidated financial statements.

*See discussion in Section V.B.6 of this release.*

**§ 210.12-21 Investments in securities of unaffiliated issuers.**

\*\*\*

<sup>4</sup>If any investments have been written down or reserved against by such companies pursuant to §210.6-03(d)~~6-21(f)~~, indicate each such item by means of an appropriate symbol and explain in a footnote.

*See discussion in Section V.D of this release.*

\*\*\*

**§ 210.12-22 Investments in and advances to affiliates and income thereon.**

\*\*\*

<sup>1</sup>(a) The required information is to be given as to all investments in affiliates as of the close of the period. See ~~captions 10, 13 and 20 of §210.6-22~~§210.6-06(1), 210.6-06(5)(b), 210.6-06(8)(a)(2), and 210.6-06(8)(a)(3). List each issue and group separately (1) investments in majority-owned subsidiaries, segregating subsidiaries consolidated; (2) other controlled companies; and (3) other affiliates. Give totals for each group. If operations of any controlled

companies are different in character from those of the registrant, group such affiliates within divisions (1) and (2) by type of activities.

\*\*\*

<sup>4</sup>(a) Columns C, D and E shall be totaled. The totals of columns C and D should agree with correlative amounts required to be shown by the related balance sheet captions. State in a footnote the aggregate cost for Federal income tax purposes.

(b) If any investments have been written down or reserved against by such companies pursuant to §210.6-03(d)~~6-21(f)~~, indicate each such item by means of an appropriate symbol and explain in a footnote.

\*\*\*

<sup>6</sup>Show in column E(1) as to each issue held at close of period, the dividends or interest included in caption 1 of the profit and loss or income statement. In addition, show as the final item in column E(1) the aggregate dividends and interest included in the profit and loss or income statement in respect of investments in affiliates not held at the close of the period. The total of this column should agree with the amounts shown under such caption. Include in column E(2) all other dividends and interest. Explain briefly in an appropriate footnote the treatment accorded each item. Identify by an appropriate symbol all non-cash dividends and explain the circumstances in a footnote. See §210.6-06(3)(a)(2), 210.6-03(g), and 210.6-07(1)~~6-22(b) and 210.6-23(a)~~.

*See discussion in Section V.D of this release.*

**§ 210.12-23 Mortgage loans on real estate and interest earned on mortgages.**

\*\*\*



<sup>9</sup>If any item of mortgage loans on real estate investments has been written down or reserved against pursuant to §210.6-036-21 describe the item and explain the basis for the write-down or reserve.

\*\*\*

<sup>12</sup>Summarize the aggregate amounts for each column applicable to captions 6(b), 6(c) and 12 of §210.6-06(1) and 6-06(5)(a)6-22.

*See discussion in Section V.D of this release.*

**§ 210.12-24 Real estate owned and rental income.**

Part 1—Real estate owned at end of period					Part 2—Rental income				
Column A—List classification of property as indicated below <sup>2 3</sup>	Column B—Amount of <u>incumbrance</u> <del>incumbrances</del>	Column C—Initial cost to company	Column D—Cost of improvements, etc.	Column E—Amount at which carried at close of period <sup>4</sup> <small>5 6 7</small>	Column F—Reserve for depreciation	Column G—Rents due and accrued at end of period	Column H—Total rental income applicable to period	Column I—Expended for interest, taxes, repairs and expenses	Column J—Net income applicable to period
***	***	***	***	***	***	***	***	***	***

\*\*\*

<sup>5</sup>If any item of real estate investments has been written down or reserved against pursuant to §210.6-03(d)6-21(f), describe the item and explain the basis for the write-down or reserve.

\*\*\*

<sup>8</sup>Summarize the aggregate amounts for each column applicable to captions 7 and 12 of §210.6-06(1) and 6-06(5)(a)6-22.

*See discussion in Section V.D of this release.*

**§ 210.12-27 Qualified assets on deposit.**

<sup>3</sup>Total of column F shall agree with note required by ~~caption 11 of §210.6-06(4)6-22~~ as to total amount of qualified Assets on Deposit.

*See discussion in Section V.D of this release.*

**§210.12-28 Real estate and accumulated depreciation.<sup>1</sup>**

**(For certain real estate companies)**

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Column A ***	Column B ***	Column C ***	Column D ***	Column E ***	Column F ***	Column G ***	Column H ***	Column I – Life on which depreciation in latest <u>statements of comprehensive income statements</u> is computed ***
-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	---

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<sup>1</sup> All money columns shall be totaled.

\*\*\*

<sup>4</sup> In a note to this schedule, furnish a reconciliation, in the following form, of the total amount at which real estate was carried at the beginning of each period for which statements of comprehensive income statements are required, with the total amount shown in column E:

*See discussion in Section V.B.6 of this release.*

**§ 210.12-29 Mortgage loans on real estate.<sup>1</sup>**

\*\*\*

<sup>1</sup> All money columns shall be totaled.

\*\*\*

<sup>6</sup> In a note to this schedule, furnish a reconciliation, in the following form, of the carrying amount of mortgage loans at the beginning of each period for which statements of comprehensive income statements are required, with the total amount shown in column G:

*See discussion in Section V.B.6 of this release.*

**PART 229 – STANDARD INSTRUCTIONS FOR FILING FORMS UNDER  
SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 AND ENERGY  
POLICY AND CONSERVATION ACT OF 1975—REGULATION S-K**

**§ 229.10 (Item 10) General.**

\*\*\*

(b) Commission policy on projections. The Commission encourages the use in documents specified in Rule 175 under the Securities Act (§230.175 of this chapter) and Rule 3b-6 under the Exchange Act (§240.3b-6 of this chapter) of management's projections of future economic performance that have a reasonable basis and are presented in an appropriate format. The guidelines set forth herein represent the Commission's views on important factors to be considered in formulating and disclosing such projections.

\*\*\*

(2) Format for projections. In determining the appropriate format for projections included in Commission filings, consideration must be given to, among other things, the financial items to be projected, the period to be covered, and the manner of presentation to be used. Although

traditionally projections have been given for three financial items generally considered to be of primary importance to investors (revenues, net income (loss) and earnings (loss) per share), projection information need not necessarily be limited to these three items. However, management should take care to assure that the choice of items projected is not susceptible of misleading inferences through selective projection of only favorable items. Revenues, net income (loss) and earnings (loss) per share usually are presented together in order to avoid any misleading inferences that may arise when the individual items reflect contradictory trends. There may be instances, however, when it is appropriate to present earnings (loss) from continuing operations, ~~or income (loss) before extraordinary items~~ in addition to or in lieu of net income (loss). It generally would be misleading to present sales or revenue projections without one of the foregoing measures of income. The period that appropriately may be covered by a projection depends to a large extent on the particular circumstances of the company involved. For certain companies in certain industries, a projection covering a two or three year period may be entirely reasonable. Other companies may not have a reasonable basis for projections beyond the current year. Accordingly, management should select the period most appropriate in the circumstances. In addition, management, in making a projection, should disclose what, in its opinion, is the most probable specific amount or the most reasonable range for each financial item projected based on the selected assumptions. Ranges, however, should not be so wide as to make the disclosures meaningless. Moreover, several projections based on varying assumptions may be judged by management to be more meaningful than a single number or range and would be permitted.

***See discussion in Section V.B.5 of this release.***

\*\*\*

(e) Use of non-GAAP financial measures in Commission filings.

\*\*\*

(2) For purposes of this paragraph (e), a non-GAAP financial measure is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that:

(i) Excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of comprehensive income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or

*See discussion in Section V.B.6 of this release.*

**§ 229.101 (Item 101) Description of business.**

\*\*\*

~~(b) Financial information about segments. Report for each segment, as defined by generally accepted accounting principles, revenues from external customers, a measure of profit or loss and total assets. A registrant must report this information for each of the last three fiscal years or for as long as it has been in business, whichever period is shorter. If the information provided in response to this paragraph (b) conforms with generally accepted accounting principles, a registrant may include in its financial statements a cross reference to this data in lieu of presenting duplicative information in the financial statements; conversely, a registrant may cross reference to the financial statements. [Reserved]~~

~~(1) If a registrant changes the structure of its internal organization in a manner that causes the composition of its reportable segments to change, the registrant must restate the corresponding information for earlier periods, including interim periods, unless it is impracticable to do so. Following a change in the composition of its reportable segments, a registrant shall disclose~~

~~whether it has restated the corresponding items of segment information for earlier periods. If it has not restated the items from earlier periods, the registrant shall disclose in the year in which the change occurs segment information for the current period under both the old basis and the new basis of segmentation, unless it is impracticable to do so.~~

~~(2) If the registrant includes, or is required by Article 3 of Regulation S-X (17 CFR 210) to include, interim financial statements, discuss any facts relating to the performance of any of the segments during the period which, in the opinion of management, indicate that the three-year segment financial data may not be indicative of current or future operations of the segment. Comparative financial information shall be included to the extent necessary to the discussion.~~

~~*See discussion in Section III.B.3 of this release.*~~

(c) Narrative description of business. (1) Describe the business done and intended to be done by the registrant and its subsidiaries, focusing upon the registrant's dominant segment or each reportable segment about which financial information is presented in the financial statements. To the extent material to an understanding of the registrant's business taken as a whole, the description of each such segment shall include the information specified in paragraphs (c)(1)(i) through (x) of this section. The matters specified in paragraphs (c)(1)(xi) through (xiii) of this section shall be discussed with respect to the registrant's business in general; where material, the segments to which these matters are significant shall be identified.

(i) The principal products produced and services rendered by the registrant in the segment and the principal markets for, and methods of distribution of, the segment's principal products and services. **[In addition, state for each of the last three fiscal years the amount or percentage of total revenue contributed by any class of similar products or services which accounted for 10 percent or more of consolidated revenue in any of the last three fiscal years or 15 percent or more of**

consolidated revenue, if total revenue did not exceed \$50,000,000 during any of such fiscal years.]

*See discussion in Section III.D.5 of this release.*

\*\*\*

[(vii) The dependence of the segment upon a single customer, or a few customers, the loss of any one or more of which would have a material adverse effect on the segment. The name of any customer and its relationship, if any, with the registrant or its subsidiaries shall be disclosed if sales to the customer by one or more segments are made in an aggregate amount equal to 10 percent or more of the registrant's consolidated revenues and the loss of such customer would have a material adverse effect on the registrant and its subsidiaries taken as a whole. The names of other customers may be included, unless in the particular case the effect of including the names would be misleading. For purposes of this paragraph, a group of customers under common control or customers that are affiliates of each other shall be regarded as a single customer.]

*See discussion in Section III.D.3 of this release.*

\*\*\*

~~(xi) If material, the estimated amount spent during each of the last three fiscal years on company-sponsored research and development activities determined in accordance with generally accepted accounting principles. In addition, state, if material, the estimated dollar amount spent during each of such years on customer-sponsored research activities relating to the development of new products, services or techniques or the improvement of existing products, services or techniques. [Reserved]~~

*See discussion in Section III.B.1 of this release.*



~~(d) Financial information about geographic areas. (1) State for each of the registrant's last three fiscal years, or for each fiscal year the registrant has been engaged in business, whichever period is shorter:~~

~~(i) Revenues from external customers attributed to:~~

~~(A) The registrant's country of domicile;~~

~~(B) All foreign countries, in total, from which the registrant derives revenues; and~~

~~(C) Any individual foreign country, if material. Disclose the basis for attributing revenues from external customers to individual countries.~~

~~(ii) Long-lived assets, other than financial instruments, long-term customer relationships of a financial institution, mortgage and other servicing rights, deferred policy acquisition costs, and deferred tax assets, located in:~~

~~(A) The registrant's country of domicile;~~

~~(B) All foreign countries, in total, in which the registrant holds assets; and~~

~~(C) Any individual foreign country, if material.~~

~~(2) A registrant shall report the amounts based on the financial information that it uses to produce the general purpose financial statements. If providing the geographic information is impracticable, the registrant shall disclose that fact. A registrant may wish to provide, in addition to the information required by paragraph (d)(1) of this section, subtotals of geographic information about groups of countries. To the extent that the disclosed information conforms with generally accepted accounting principles, the registrant may include in its financial statements a cross reference to this data in lieu of presenting duplicative data in its financial statements; conversely, a registrant may cross reference to the financial statements. [Reserved]~~

*See discussion in Section III.B.3 of this release.*

~~(3) A registrant shall describe any risks attendant to the foreign operations and any dependence on one or more of the registrant's segments upon such foreign operations, unless it would be more appropriate to discuss this information in connection with the description of one or more of the registrant's segments under paragraph (e) of this item.~~

*See discussion in Section III.B.3 of this release.*

~~(4) If the registrant includes, or is required by Article 3 of Regulation S-X (17 CFR 210), to include, interim financial statements, discuss any facts relating to the information furnished under this paragraph (d) that, in the opinion of management, indicate that the three year financial data for geographic areas may not be indicative of current or future operations. To the extent necessary to the discussion, include comparative information.~~

*See discussion in Section III.C.3 of this release.*

(e) Available information. Disclose the information in paragraphs (e)(1), (e)(2) and (e)(3) of this section in any registration statement you file under the Securities Act (15 U.S.C. 77a et seq.), and disclose the information in paragraphs (e)(3) of this section in your annual report on Form 10-K (§ 249.310 of this chapter). ~~and~~ Further disclose the information in paragraph (e)(4) of this section if you are an accelerated filer or a large accelerated filer (as defined in §240.12b-2 of this chapter) filing an annual report on Form 10-K (§249.310 of this chapter):

(1) Whether you file reports with the Securities and Exchange Commission. If you are a reporting company, identify the reports and other information you file with the SEC.

~~(2) That the public may read and copy any materials you file with the SEC at the SEC's Public Reference Room at 100 F Street, NE., Washington, DC 20549. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, sState that the SEC maintains an Internet site that contains~~

reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>).

(3) ~~You are encouraged to give your Internet address, if available, except that if you are an accelerated filer or a large accelerated filer filing your annual report on Form 10-K, you must~~ disclose your Internet address, if you have one.

*See discussion in Section IV.C.2 of this release.*

\*\*\*

(h) Smaller reporting companies. A smaller reporting company, as defined by §229.10(f)(1), may satisfy its obligations under this Item by describing the development of its business during the last three years. If the smaller reporting company has not been in business for three years, give the same information for predecessor(s) of the smaller reporting company if there are any. This business development description should include:

\*\*\*

(4) Business of the smaller reporting company. Briefly describe the business and include, to the extent material to an understanding of the smaller reporting company:

\*\*\*

(vi) **[Dependence on one or a few major customers;]**

*See discussion in Section III.D.3 of this release.*

\*\*\*

~~(x) Estimate of the amount spent during each of the last two fiscal years on research and development activities, and if applicable, the extent to which the cost of such activities is borne directly by customers; [Reserved]~~

*See discussion in Section III.B.1 of this release.*

(5) Reports to security holders. Disclose the following in any registration statement you file under the Securities Act of 1933:

\*\*\*

~~(iii) That the public may read and copy any materials you file with the Commission at the SEC's Public Reference Room at 100 F Street, NE., Washington, DC 20549, on official business days during the hours of 10 a.m. to 3 p.m. State that the public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. State that the Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission and state the address of that site (<http://www.sec.gov>). You are encouraged to give Disclose your Internet address, if available.~~

*See discussion in Section IV.C.2 of this release.*

**§ 229.201 (Item 201) Market price of and dividends on the registrant's common equity and related stockholder matters.**

(a) Market information. (1)(i) Identify the principal United States ~~market or market(s) and the corresponding trading symbol(s) in which~~ for each class of the registrant's common equity is being traded. ~~Where there is no established public trading market for a class of common equity, furnish a statement to that effect. For purposes of this Item the existence of limited or sporadic quotations should not of itself be deemed to constitute an "established public trading market."~~ In the case of foreign registrants, also identify the principal ~~established~~ foreign public trading market(s), if any, and the corresponding trading symbol(s) for each class of the registrant's common equity.

~~(ii) If the principal United States market for such common equity is an exchange, state the high and low sales prices for the equity for each full quarterly period within the two most recent fiscal years and any subsequent interim period for which financial statements are included, or are required to be included by Article 3-01 through 3-04 of Regulation S-X (§210.3-01 through 3-04 of this chapter), or Article 8-02 through 8-03 of Regulation S-X (§210.8-02 through 8-03 of this chapter) in the case of smaller reporting companies, as reported in the consolidated transaction reporting system or, if not so reported, as reported on the principal exchange market for such equity.~~

~~(iii) If the principal United States market for such common equity is not an exchange, state the range of high and low bid information for the equity for each full quarterly period within the two most recent fiscal years and any subsequent interim period for which financial statements are included, or are required to be included by Article 3 of Regulation S-X, as regularly quoted in the automated quotation system of a registered securities association, or where the equity is not quoted in such a system, the range of reported high and low bid quotations, indicating the source of such quotations. Indicate, as applicable, that such any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. Where there is an absence of an established public trading market, reference to quotations shall be qualified by appropriate explanation.~~

(iii) Where there is no established public trading market for a class of common equity, furnish a statement to that effect and, if applicable, state the range of high and low bid information for each full quarterly period within the two most recent fiscal years and any subsequent interim period for which financial statements are included, or are required to be included by 17 CFR 210.3-01 through 210.3-20 (Article 3 of Regulation S-X), indicating the source of such

quotations. Reference to quotations shall be qualified by appropriate explanation. For purposes of this Item the existence of limited or sporadic quotations should not of itself be deemed to constitute an “established public trading market.”

~~(iv) Where a foreign registrant has identified a principal established foreign trading market for its common equity pursuant to paragraph (a)(1) of this Item, also provide market price information comparable, to the extent practicable, to that required for the principal United States market, including the source of such information. Such prices shall be stated in the currency in which they are quoted. The registrant may translate such prices into United States currency at the currency exchange rate in effect on the date the price disclosed was reported on the foreign exchange. If the primary United States market for the registrant's common equity trades using American Depositary Receipts, the United States prices disclosed shall be on that basis.~~

~~(v) If the information called for by this Item is being presented in a registration statement filed pursuant to the Securities Act or a proxy or information statement filed pursuant to the Exchange Act, the document also shall include price information as of the latest practicable date, and, in the case of securities to be issued in connection with an acquisition, business combination or other reorganization, as of the date immediately prior to the public announcement of such transaction.~~

*See discussion in Section IV.C.1 of this release.*

(2) If the information called for by this paragraph (a) is being presented in a registration statement on Form S-1 (§239.11 of this chapter) under the Securities Act or on Form 10 (§249.210 of this chapter) under the Exchange Act relating to a class of common equity for which at the time of filing there is no established United States public trading market, indicate the amount(s) of common equity:

~~(i) That is subject to outstanding options or warrants to purchase, or securities convertible into, common equity of the registrant; [Reserved]~~

*See discussion in Section III.B.1 of this release.*

~~(c) Dividends.(1) [Reserved] State the frequency and amount of any cash dividends declared on each class of its common equity by the registrant for the two most recent fiscal years and any subsequent interim period for which financial statements are required to be presented by §210.3 of Regulation S-X. Where there are restrictions (including, where appropriate, restrictions on the ability of registrant's subsidiaries to transfer funds to the registrant in the form of cash dividends, loans or advances) that currently materially limit the registrant's ability to pay such dividends or that the registrant reasonably believes are likely to limit materially the future payment of dividends on the common equity so state and either (i) describe briefly (where appropriate quantify) such restrictions, or (ii) cross reference to the specific discussion of such restrictions in the Management's Discussion and Analysis of financial condition and operating results prescribed by Item 303 of Regulation S-K (§229.303) and the description of such restrictions required by Regulation S-X in the registrant's financial statements.~~

*See discussion in Sections III.B.2 and III.C.2 of this release.*

\*\*\*

~~[(d) *Securities authorized for issuance under equity compensation plans.*(1) In the following tabular format, provide the information specified in paragraph (d)(2) of this Item as of the end of the most recently completed fiscal year with respect to compensation plans (including individual compensation arrangements) under which equity securities of the registrant are authorized for issuance, aggregated as follows:~~

~~(i) All compensation plans previously approved by security holders; and~~

(ii) All compensation plans not previously approved by security holders.

### Equity Compensation Plan Information

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Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)

---

Equity compensation plans approved by security holders

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Equity compensation plans not approved



by security

holders

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Total

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(2) The table shall include the following information as of the end of the most recently completed fiscal year for each category of equity compensation plan described in paragraph (d)(1) of this Item:

(i) The number of securities to be issued upon the exercise of outstanding options, warrants and rights (column (a));

(ii) The weighted-average exercise price of the outstanding options, warrants and rights disclosed pursuant to paragraph (d)(2)(i) of this Item (column (b)); and

(iii) Other than securities to be issued upon the exercise of the outstanding options, warrants and rights disclosed in paragraph (d)(2)(i) of this Item, the number of securities remaining available for future issuance under the plan (column (c)).

(3) For each compensation plan under which equity securities of the registrant are authorized for issuance that was adopted without the approval of security holders, describe briefly, in narrative form, the material features of the plan.

Instructions to Paragraph (d). 1. Disclosure shall be provided with respect to any compensation plan and individual compensation arrangement of the registrant (or parent, subsidiary or affiliate of the registrant) under which equity securities of the registrant are authorized for issuance to employees or non-employees (such as directors, consultants, advisors, vendors, customers, suppliers or lenders) in exchange for consideration in the form of goods or services as described in FASB ASC Topic 718, Compensation – Stock Compensation, and FASB ASC Subtopic 505-

50, Equity - Equity-Based Payments to Non-Employees. No disclosure is required with respect to:

- (a) Any plan, contract or arrangement for the issuance of warrants or rights to all security holders of the registrant as such on a pro rata basis (such as a stock rights offering) or
- (b) Any employee benefit plan that is intended to meet the qualification requirements of Section 401(a) of the Internal Revenue Code (26 U.S.C. §401(a)).

2. For purposes of this paragraph, an "individual compensation arrangement" includes, but is not limited to, the following: a written compensation contract within the meaning of "employee benefit plan" under §230.405 of this chapter and a plan (whether or not set forth in any formal document) applicable to one person as provided under Item 402(a)(6)(ii) of Regulation S-K (§229.402(a)(6)(ii)).

3. If more than one class of equity security is issued under its equity compensation plans, a registrant should aggregate plan information for each class of security.

4. A registrant may aggregate information regarding individual compensation arrangements with the plan information required under paragraph (d)(1)(i) and (ii) of this item, as applicable.

5. A registrant may aggregate information regarding a compensation plan assumed in connection with a merger, consolidation or other acquisition transaction pursuant to which the registrant may make subsequent grants or awards of its equity securities with the plan information required under paragraph (d)(1)(i) and (ii) of this item, as applicable. A registrant shall disclose on an aggregated basis in a footnote to the table the information required under paragraph (d)(2)(i) and (ii) of this item with respect to any individual options, warrants or rights assumed in connection with a merger, consolidation or other acquisition transaction.

6. To the extent that the number of securities remaining available for future issuance disclosed in column (c) includes securities available for future issuance under any compensation plan or individual compensation arrangement other than upon the exercise of an option, warrant or right, disclose the number of securities and type of plan separately for each such plan in a footnote to the table.

7. If the description of an equity compensation plan set forth in a registrant's financial statements contains the disclosure required by paragraph (d)(3) of this item, a cross-reference to such description will satisfy the requirements of paragraph (d)(3) of this item.

8. If an equity compensation plan contains a formula for calculating the number of securities available for issuance under the plan, including, without limitation, a formula that automatically increases the number of securities available for issuance by a percentage of the number of outstanding securities of the registrant, a description of this formula shall be disclosed in a footnote to the table.

9. Except where it is part of a document that is incorporated by reference into a prospectus, the information required by this paragraph need not be provided in any registration statement filed under the Securities Act.]

*See discussion in Section III.B.1.e) of this release.*

\*\*\*

Instructions to Item 201: Instruction 1 to Item 201. ~~Registrants, the common equity of which is listed for trading on more than one securities exchange registered under the Exchange Act, are required to indicate each such exchange pursuant to paragraph (a)(1)(i) of this Item; such registrants, however, need only report one set of price quotations pursuant to paragraph (a)(1)(ii) of this Item; where available, these shall be the prices as reported in the consolidated transaction~~

~~reporting system and, where the prices are not so reported, the prices on the most significant (in terms of volume) securities exchange for such shares.~~[Reserved]

Instruction 2 to Item 201. ~~Market prices and dividends~~ Bid information reported pursuant to this Item shall be adjusted to give retroactive effect to material changes resulting from stock dividends, stock splits and reverse stock splits.

Instruction 3 to Item 201. \*\*\*

Instruction 4 to Item 201. \*\*\*

Instruction 5 to Item 201. \*\*\*

*See discussion in Sections III.B.2 and IV.C.1 of this release.*

**§ 229.302 (Item 302) Supplementary financial information.**

(a) Selected quarterly financial data. Registrants specified in paragraph (a)(5) of this Item shall provide the information specified below.

(1) Disclosure shall be made of net sales, gross profit (net sales less costs and expenses associated directly with or allocated to products sold or services rendered), income (loss) from continuing operations~~before extraordinary items and cumulative effect of a change in accounting~~, per share data based upon ~~such~~ income (loss) from continuing operations, net income (loss), per share data based upon net income (loss) and net income (loss) attributable to the registrant, for each full quarter within the two most recent fiscal years and any subsequent interim period for which financial statements are included or are required to be included by 17 CFR 210.3-01 through 210.3-20 (Article 3 of Regulation S-X ~~(part 210 of this chapter)~~).

*See discussion in Sections V.B.5 and V.B.6 of this release.*

\*\*\*

(3) Describe the effect of any discontinued operations ~~disposals of segments of a business,~~ and ~~extraordinary,~~ unusual or infrequently occurring items recognized in each full quarter within the two most recent fiscal years and any subsequent interim period for which financial statements are included or are required to be included by 17 CFR 210.3-01 through 210.3-20 (Article 3 of Regulation S-X), as well as the aggregate effect and the nature of year-end or other adjustments which are material to the results of that quarter.

*See discussion in Sections V.B.6 and V.B.5 of this release.*

\*\*\*

[~~(b) Information about oil and gas producing activities. Registrants engaged in oil and gas producing activities shall present the information about oil and gas producing activities (as those activities are defined in Regulation S-X, §210.4-10(a)) specified in FASB ASC Topic 932, Extractive Activities—Oil and Gas, if such oil and gas producing activities are regarded as significant under one or more of the tests set forth in FASB ASC Subtopic 932-235, Extractive Activities—Oil and Gas—Notes to Financial Statements, for ‘Significant Activities.’~~  
Instructions 1 to paragraph (b):~~4. (a) FASB ASC Subtopic 932-235 disclosures that relate to annual periods shall be presented for each annual period for which ~~an~~ statement of comprehensive income (as defined in §210.1-02 of Regulation S-X)statement is required, (b) FASB ASC Subtopic 932-235 disclosures required as the end of an annual period shall be presented as of the date of each audited balance sheet required, and (c) FASB ASC Subtopic 932-235 disclosures required as of the beginning of an annual period shall be presented as of the beginning of each annual period for which ~~an~~ statement of comprehensive income (as defined in §210.1-02 of Regulation S-X)statement is required.]~~

Instruction 2 to paragraph (b). This paragraph, together with §210.4-10 of Regulation S-X, prescribes financial reporting standards for the preparation of accounts by persons engaged, in whole or in part, in the production of crude oil or natural gas in the United States, pursuant to Section 503 of the Energy Policy and Conservation Act of 1975 (42 U.S.C. 8383) (“EPCA”) and Section 11(c) of the Energy Supply and Environmental Coordination Act of 1974 (15 U.S.C. 796) (“ESECA”) as amended by Section 506 of EPCA. The application of the paragraph to those oil and gas producing operations of companies regulated for ratemaking purposes on an individual-company-cost-of-service basis may, however, give appropriate recognition to differences arising because of the effect of the ratemaking process.

Instruction 3 to paragraph (b). Any person exempted by the Department of Energy from any record-keeping or reporting requirements pursuant to Section 11(c) of ESECA, as amended, is similarly exempted from the related provisions of this paragraph in the preparation of accounts pursuant to EPCA. This exemption does not affect the applicability of this paragraph to filings pursuant to the federal securities laws.

*See discussion in Sections III.D.5 and V.B.6 of this release.*

**§ 229.303 (Item 303) Management's discussion and analysis of financial condition and results of operations.**

(a) Full fiscal years. Discuss registrant's financial condition, changes in financial condition and results of operations. The discussion shall provide information as specified in paragraphs (a)(1) through (5) of this Item and also shall provide such other information that the registrant believes to be necessary to an understanding of its financial condition, changes in financial condition and results of operations. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Where in the registrant's judgment a discussion of segment

information or of other subdivisions (e.g., geographic areas) of the registrant's business would be appropriate to an understanding of such business, the discussion shall focus on each relevant, reportable segment, geographic area, and/or other subdivision of the business and on the registrant as a whole.

\*\*\*

(b) Interim periods. If interim period financial statements are included or are required to be included by Article 3 of Regulation S-X (17 CFR 210), a management's discussion and analysis of the financial condition and results of operations shall be provided so as to enable the reader to assess material changes in financial condition and results of operations between the periods specified in paragraphs (b) (1) and (2) of this Item. The discussion and analysis shall include a discussion of material changes in those items specifically listed in paragraph (a) of this Item, except that the impact of inflation and changing prices on operations for interim periods need not be addressed.

***See discussion in Sections III.C.3 of this release.***

\*\*\*

(2) Material changes in results of operations. Discuss any material changes in the registrant's results of operations with respect to the most recent fiscal year-to-date period for which an statement of comprehensive income ~~statement~~ (or statement of operations if comprehensive income is presented in two separate but consecutive financial statements or if no other comprehensive income) is provided and the corresponding year-to-date period of the preceding fiscal year. If the registrant is required to or has elected to provide an statement of comprehensive income ~~statement~~ (or statement of operations if comprehensive income is presented in two separate but consecutive financial statements or if no other comprehensive

income) for the most recent fiscal quarter, such discussion also shall cover material changes with respect to that fiscal quarter and the corresponding fiscal quarter in the preceding fiscal year. In addition, if the registrant has elected to provide an statement of comprehensive income statement (or statement of operations if comprehensive income is presented in two separate but consecutive financial statements or if no other comprehensive income) for the twelve-month period ended as of the date of the most recent interim balance sheet provided, the discussion also shall cover material changes with respect to that twelve-month period and the twelve-month period ended as of the corresponding interim balance sheet date of the preceding fiscal year. Notwithstanding the above, if for purposes of a registration statement a registrant subject to ~~paragraph (b)~~ of §210.3-03(b) of Regulation S-X of this chapter provides a statement of comprehensive income (or statement of operations if comprehensive income is presented in two separate but consecutive financial statements or if no other comprehensive income) for the twelve-month period ended as of the date of the most recent interim balance sheet provided in lieu of the interim statements of comprehensive income statements (or statement of operations if comprehensive income is presented in two separate but consecutive financial statements or if no other comprehensive income) otherwise required, the discussion of material changes in that twelve-month period will be in respect to the preceding fiscal year rather than the corresponding preceding period.

***See discussion in Section V.B.6 of this release.***

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Instructions to paragraph (b) of Item 303.÷

Instruction 1 to paragraph (b). \*\*\*

Instruction 2 to paragraph (b). \*\*\*



Instruction 3 to paragraph (b). \*\*\*

Instruction 4 to paragraph (b). \*\*\*

Instruction 5 to paragraph (b). ~~The registrant shall discuss any seasonal aspects of its business which have had a material effect upon its financial condition or results of operation.~~ [Reserved]

*See discussion in Section III.B.3 of this release.*

Instruction 6 to paragraph (b). \*\*\*

Instruction 7 to paragraph (b). \*\*\*

Instruction 8 to paragraph (b). The term statement of comprehensive income shall mean a statement of comprehensive income as defined in §210.1-02 of Regulation S-X of this chapter.

*See discussion in Section V.B.6 of this release.*

**§ 229.406 (Item 406) Code of ethics.**

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(d) If the registrant intends to satisfy the disclosure requirement under Item ~~5.0510~~ of Form 8-K regarding an amendment to, or a waiver from, a provision of its code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and that relates to any element of the code of ethics definition enumerated in paragraph (b) of this Item by posting such information on its Internet website, disclose the registrant's Internet address and such intention.

*See discussion in Section V.D of this release.*

**§ 229.503 (Item 503) Prospectus summary, and risk factors, ~~and ratio of earnings to fixed charges.~~**

\*\*\*

~~(d) Ratio of earnings to fixed charges. If you register debt securities, show a ratio of earnings to fixed charges. If you register preference equity securities, show the ratio of combined fixed charges and preference dividends to earnings. Present the ratio for each of the last five fiscal years and the latest interim period for which financial statements are presented in the document. If you will use the proceeds from the sale of debt or preference securities to repay any of your outstanding debt or to retire other securities and the change in the ratio would be ten percent or greater, you must include a ratio showing the application of the proceeds, commonly referred to as the pro forma ratio.~~

~~Instructions to paragraph 503(d) 1. Definitions. In calculating the ratio of earnings to fixed charges, you must use the following definitions:~~

~~(A) Fixed charges. The term "fixed charges" means the sum of the following: (a) interest expensed and capitalized, (b) amortized premiums, discounts and capitalized expenses related to indebtedness, (c) an estimate of the interest within rental expense, and (d) preference security dividend requirements of consolidated subsidiaries.~~

~~(B) Preference security dividend. The term "preference security dividend" is the amount of pre-tax earnings that is required to pay the dividends on outstanding preference securities. The dividend requirement must be computed as the amount of the dividend divided by (1 minus the effective income tax rate applicable to continuing operations).~~

~~(C) Earnings. The term "earnings" is the amount resulting from adding and subtracting the following items. Add the following: (a) pre-tax income from continuing operations before adjustment for income or loss from equity investees; (b) fixed charges; (c) amortization of capitalized interest; (d) distributed income of equity investees; and (e) your share of pre-tax losses of equity investees for which charges arising from guarantees are included in fixed~~

~~charges. From the total of the added items, subtract the following: (a) interest capitalized; (b) preference security dividend requirements of consolidated subsidiaries; and (c) the noncontrolling interest in pre-tax income of subsidiaries that have not incurred fixed charges. Equity investees are investments that you account for using the equity method of accounting. Public utilities following FASB ASC Topic 980, Regulated Operations, should not add amortization of capitalized interest in determining earnings, nor reduce fixed charges by any allowance for funds used during construction.~~

~~2. Disclosure. Disclose the following information when showing the ratio of earnings to fixed charges:~~

~~(A) Deficiency. If a ratio indicates less than one to one coverage, disclose the dollar amount of the deficiency.~~

~~(B) Pro forma ratio. You may show the pro forma ratio only for the most recent fiscal year and the latest interim period. Use the net change in interest or dividends from the refinancing to calculate the pro forma ratio.~~

~~(C) Foreign private issuers. A foreign private issuer must show the ratio based on the figures in the primary financial statement. A foreign private issuer must show the ratio based on the figures resulting from the reconciliation to U.S. generally accepted accounting principles if this ratio is materially different.~~

~~(D) Summary Section. If you provide a summary or similar section in the prospectus, show the ratios in that section.~~

~~3. Exhibit. File an exhibit to the registration statement to show the figures used to calculate the ratios. See paragraph (b)(12) of Item 601 of Regulation S-K (17 CFR 229.601(b)(12)).~~

*See discussion in Section III.B.1 of this release.*

~~(e) Smaller reporting companies. A registrant that qualifies as a smaller reporting company, as defined by §229.10(f), need not comply with paragraph (d) of this Item.~~

*See discussion in Section III.B.1 of this release.*

**§ 229.504 (Item 504) Use of proceeds.**

Instructions to Item 504:

\*\*\*

3. If any material amounts of other funds are necessary to accomplish the specified purposes for which the proceeds are to be obtained, state the amounts ~~and sources~~ of such other funds needed for each such specified purpose and the sources thereof

*See discussion in Section II.C of this release..*

**§ 229.508 (Item 508) Plan of distribution.**

\*\*\*

(e) Underwriter's compensation. Provide a table that sets out the nature of the compensation and the amount of discounts and commissions to be paid to the underwriter for each security and in total. The table must show the separate amounts to be paid by the company and the selling shareholders. In addition, include in the table all other items considered by the Financial Industry Regulatory Authority ("FINRA") ~~National Association of Securities Dealers~~ to be underwriting compensation for purposes of FINRA Rules ~~that Association's Rules of Fair Practice~~.

*See discussion in Section V.D of this release.*

**§ 229.512 (Item 512) Undertakings.**

Include each of the following undertakings that is applicable to the offering being registered.

(a) Rule 415 offering. \*\*\* Include the following if the securities are registered pursuant to Rule 415 under the Securities Act (§230.415 of this chapter):

\*\*\*

The undersigned registrant hereby undertakes:

\*\*\*

(4) If the registrant is a foreign private issuer, to file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A of Form 20-F (~~CFR~~ CFR § 249.220f of this chapter) at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Act (15 U.S.C. 77j(a)(3)) need not be furnished, provided that the registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3 (§ 239.33 of this chapter), a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Act or ~~§210.3-19 of this chapter~~ Item 8.A of Form 20-F if such financial statements and information are contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Form F-3.

*See discussion in Section V.D of this release.*

**§ 229.601 (Item 601) Exhibits.**

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Exhibit Table

Instructions to the Exhibit Table.

1. The exhibit table indicates those documents that must be filed as exhibits to the respective forms listed.
2. The "X" designation indicates the documents which are required to be filed with each form even if filed previously with another document. Provided, however, that such previously filed documents may be incorporated by reference to satisfy the filing requirements.
3. The number used in the far left column of the table refers to the appropriate subsection in paragraph (b) where a description of the exhibit can be found. Whenever necessary, alphabetical or numerical subparts may be used.

Exhibit Table

	Securities act forms										Exchange act forms				
	S- 1	S- 3	SF- 1	SF- 3	S- 4 <sup>1</sup>	S- 8	S- 11	F- 1	F- 3	F- 4 <sup>1</sup>	8- 10 K <sup>2</sup>	10- D	10- Q	10- K	ABS- EE
***															
(11) <del>Statement re computation of per share earnings</del> <u>[Reserved]</u>	X				X	X	X	X	X	X		X	X		
(12) <del>Statements re computation of ratios</del> <u>[Reserved]</u>	X	X			X	X	X	X	X	X				X	
(13) Annual report to security holders, Form 10-Q or quarterly report to security holders <sup>3</sup>					X								<u>X</u>	X	
***															
(19) <del>Report furnished to security holders</del> <u>[Reserved]</u>														X	
***															

(22) ~~Published report regarding matters submitted to vote of security holders~~ [Reserved]

✘ ✘ ✘

\*\*\*

(26) ~~Invitation for competitive bids~~ [Reserved]

✘ ✘ ✘ ✘ ✘

✘ ✘ ✘

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*See discussion in Sections II.B.2, II.C, III.B.1, III.B.2, and V.C.2 of this release.*



\*\*\*

(b) Description of exhibits. Set forth below is a description of each document listed in the exhibit tables.

\*\*\*

~~(11) Statement re computation of per share earnings. A statement setting forth in reasonable detail the computation of per share earnings, unless the computation can be clearly determined from the material contained in the registration statement or report. The information with respect to the computation of per share earnings, presented by exhibit or otherwise, must be furnished on both a basic and diluted basis. [Reserved]~~

*See discussion in Section II.B.2 of this release.*

~~(12) Statements re computation of ratios. A statement setting forth in reasonable detail the computation of any ratio of earnings to fixed charges, any ratio of earnings to combined fixed charges and preferred stock dividends or any other ratios which appear in the registration statement or report. See Item 503(d) of Regulation S-K (§229.503(d)). [Reserved]~~

*See discussion in Section III.B.1 of this release.*

\*\*\*

(14) Code of ethics. Any code of ethics, or amendment thereto, that is the subject of the disclosure required by ~~Item 406 of Regulation S-K (§229.406)~~ Item 406 of Regulation S-K or ~~Item 5.0510~~ of Form 8-K (§249.308 of this chapter), to the extent that the registrant intends to satisfy the ~~Item 406~~ or ~~Item 5.0510~~ requirements through filing of an exhibit.

*See discussion in Section V.D of this release.*

\*\*\*

~~(19) Report furnished to security holders. If the registrant makes available to its security holders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of Form 10-Q, the information called for may be incorporated by reference to such published document or statement, provided copies thereof are included as an exhibit to the registration statement or to Part I of the Form 10-Q report. [Reserved]~~

*See discussion in Section II.C of this release.*

\*\*\*

~~(22) Published report regarding matters submitted to vote of security holders. Published reports containing all of the information called for by Item 4 of Part II of Form 10-Q or Item 4 of Part I of Form 10-K that is referred to therein in lieu of providing disclosure in Form 10-Q or 10-K, that are required to be filed as exhibits by Rule 12b-23(a)(3) under the Exchange Act (§240.12b-23(a)(3) of this chapter). [Reserved]~~

*See discussion in Section V.C.2 of this release.*

~~(26) Invitations for competitive bids. If the registration statement covers securities to be offered at competitive bidding, any form of communication which is an invitation for competitive bid which will be sent or given to any person shall be filed. [Reserved]~~

*See discussion in Section III.B.2 of this release.*

\*\*\*

~~(c) Smaller reporting companies. A smaller reporting company need not provide the disclosure required in paragraph (b)(12) of this Item, Statements re computation of ratios.~~

*See discussion in Section III.B.1 of this release.*

**§ 229.1010 (Item 1010) Financial statements.**

(a) Financial information. Furnish the following financial information:

\*\*\*

(2) Unaudited balance sheets, comparative year-to-date statements of comprehensive income statements (as defined in §210.1-02 of Regulation S-X of this chapter) and related earnings per share data; and statements of cash flows; ~~and comprehensive income~~ required to be included in the company's most recent quarterly report filed under the Exchange Act; and

(3) ~~Ratio of earnings to fixed charges, computed in a manner consistent with Item 503(d) of Regulation S-K (§229.503(d)), for the two most recent fiscal years and the interim periods provided under paragraph (a)(2) of this section; and [Reserved]~~

\*\*\*

(b) Pro forma information. If material, furnish pro forma information disclosing the effect of the transaction on:

\*\*\*

(2) The company's statement of comprehensive income; and earnings per share; ~~and ratio of earnings to fixed charges~~ for the most recent fiscal year and the latest interim period provided under paragraph (a)(2) of this section; and

\*\*\*

(c) Summary Information. Furnish a fair and adequate summary of the information specified in paragraphs (a) and (b) of this section for the same periods specified. A fair and adequate summary includes:

\*\*\*

~~(4) Ratio of earnings to fixed charges, computed in a manner consistent with Item 503(d) of Regulation S-K (§229.503(d)); [Reserved]~~

*See discussion in Sections III.B.1 and V.B.6 of this release.*

**§ 229.1118 (Item 1118) Reports and additional information.**

\*\*\*

(b) Reports to be filed with the Commission. (1) Specify the names, and if available, the Commission file numbers of the entity or entities under which reports about the asset-backed securities will be filed with the Securities and Exchange Commission. Identify the reports and other information filed with the Commission.

~~(2) State that the public may read and copy any materials filed with the Commission at the Commission's Public Reference Room at 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. State that the public may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. State that the Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission and state the address of that site~~  
<http://www.sec.gov>.

*See discussion in Section IV.C.2 of this release.*

**PART 230—GENERAL RULES AND REGULATIONS, SECURITIES ACT OF 1933 §**

**230.158 Definitions of certain terms in the last paragraph of section 11(a).**

(a) An “earning statement” made generally available to security holders of the registrant pursuant to the last paragraph of section 11(a) of the Act shall be sufficient for the purposes of such paragraph if:

(1) There is included the information required for statements of comprehensive income (as defined in §210.1-02 of Regulation S-X of this chapter) contained either:

\*\*\*

(2) The information specified in the last paragraph of section 11(a) is contained in one report or any combination of reports either:

\*\*\*

(ii) On Form 20-F, Form 40-F or Form 6-K (§249.306 of this chapter).

Note 1 to paragraph (a). A subsidiary issuing debt securities guaranteed by its parent will be deemed to have met the requirements of this paragraph (a) if the parent's statements of comprehensive income (as defined in §210.1-02 of Regulation S-X) ~~statements~~ satisfy the criteria of this paragraph and information respecting the subsidiary is included to the same extent as was presented in the registration statement. An “earning statement” not meeting the requirements of this paragraph (a) may otherwise be sufficient for purposes of the last paragraph of section 11(a) of the Act.

*See discussion in Section V.B.6 of this release.*

#### **§ 230.405 Definitions of terms.**

Unless the context otherwise requires, all terms used in §§230.400 to 230.494, inclusive, or in the forms for registration have the same meanings as in the Act and in the general rules and regulations. In addition, the following definitions apply, unless the context otherwise requires:

\*\*\*

Significant subsidiary. The term significant subsidiary means a subsidiary, including its subsidiaries, which meets any of the following conditions:

(1) The registrant's and its other subsidiaries' investments in and advances to the subsidiary exceed 10 percent of the total assets of the registrant and its subsidiaries consolidated as of the end of the most recently completed fiscal year (for a proposed combination between entities under common control ~~business combination to be accounted for as a pooling of interests~~, this condition is also met when the number of common shares exchanged or to be exchanged by the registrant exceeds 10 percent of its total common shares outstanding at the date the combination is initiated); or

\*\*\*

(3) The registrant's and its other subsidiaries' equity in the income from continuing operations before income taxes, ~~extraordinary items and cumulative effect of a change in accounting principle~~ of the subsidiary exclusive of amounts attributable to any noncontrolling interests exceeds 10 percent of such income of the registrant and its subsidiaries consolidated for the most recently completed fiscal year.

NOTE 1: A registrant that files its financial statements in accordance with or provides a reconciliation to U.S. Generally Accepted Accounting Principles shall make the prescribed tests using amounts determined under U.S. Generally Accepted Accounting Principles. A foreign private issuer that files its financial statements in accordance with IFRS as issued by the IASB shall make the prescribed tests using amounts determined under IFRS as issued by the IASB.

COMPUTATIONAL NOTE 1 TO PARAGRAPH (3):- For purposes of making the prescribed income test the following guidance should be applied:

1. When a loss exclusive of amounts attributable to any noncontrolling interests has been incurred by either the parent and its subsidiaries consolidated or the tested subsidiary, but not both, the equity in the income or loss of the tested subsidiary exclusive of amounts attributable to any noncontrolling interests should be excluded from such income of the registrant and its subsidiaries consolidated for purposes of the computation.

2. If income of the registrant and its subsidiaries consolidated exclusive of amounts attributable to any noncontrolling interests for the most recent fiscal year is at least 10 percent lower than the average of the income for the last five fiscal years, such average income should be substituted for purposes of the computation. Any loss years should be omitted for purposes of computing average income.

*See discussion in Sections V.B.5 and V.B.6 of this release.*

**§ 230.436 Consents required in special cases.**

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(d) The term report on unaudited interim financial information shall mean a report which consists of the following:

- (1) A statement that the review of interim financial information was made in accordance with established professional standards for such reviews;
- (2) An identification of the interim financial information reviewed;
- (3) A description of the procedures for a review of interim financial information;

(4) A statement that a review of interim financial information is substantially less in scope than an audit conducted examination in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”) ~~generally accepted auditing standards~~, the objective of which is an expression of an opinion regarding the financial statements taken as a whole, and, accordingly, no such opinion is expressed; and

(5) A statement about whether the accountant is aware of any material modifications that should be made to the accompanying financial information so that it conforms with generally accepted accounting principles.

*See discussion in Section V.C.1 of this release.*

## **PART 239 – FORMS PRESCRIBED UNDER THE SECURITIES ACT OF 1933**

### **§ 239.11 Form S-1, registration statement under the Securities Act of 1933**

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Item 3. Summary Information, and Risk Factors ~~and Ratio of Earnings to Fixed Charges~~.

*See discussion in Section III.B.1 of this release.*

\*\*\*

Item 12. Incorporation of Certain Information by Reference.

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Note to Item 12(b)(1). If the registrant sends any of the information that is incorporated by reference in the prospectus contained in the registration statement to security holders, it also must send any exhibits that are specifically incorporated by reference in that information.

(2) The registrant must:

(i) Identify the reports and other information that it files with the SEC; and



~~(ii) State that the public may read and copy any materials it files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If the registrant is an electronic filer, s~~State that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>).

*See discussion in Section IV.C.2 of this release.*

**§ 239.13 Form S-3, for registration under the Securities Act of 1933 of securities of certain issuers offered pursuant to certain types of transactions.**

\*\*\*

General Instructions

I. Eligibility Requirements for Use of Form S-3

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B. *Transaction Requirements.* Security offerings meeting any of the following conditions and made by a registrant meeting the Registrant Requirements specified in I.A. above may be registered on this Form:

\*\*\*

2. *Primary Offerings of Non-Convertible Securities Other than Common Equity.* Non-convertible securities, other than common equity, to be offered for cash by or on behalf of a registrant, provided the registrant (i) has issued (as of a date within 60 days prior to the filing of the registration statement) at least \$1 billion in non-convertible securities, other than common equity, in primary offerings for cash, not exchange, registered under the Securities Act, over the

prior three years; or (ii) has outstanding (as of a date within 60 days prior to the filing of the registration statement) at least \$750 million of non-convertible securities, other than common equity, issued in primary offerings for cash, not exchange, registered under the Securities Act; or (iii) is a wholly-owned subsidiary of a well-known seasoned issuer (as defined in 17 CFR 230.405); or (iv) is a majority-owned operating partnership of a real estate investment trust that qualifies as a well-known seasoned issuer (as defined in 17 CFR 230.405); ~~or (v) discloses in the registration statement that it has a reasonable belief that it would have been eligible to use Form S-3 as of September 1, 2011 because it is registering a primary offering of non-convertible investment grade securities, discloses the basis for such belief, and files a final prospectus for an offering pursuant to such registration statement on Form S-3 on or before September 2, 2014.~~

*See discussion in Section IV.B of this release.*

\*\*\*

C.

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2. the parent of the registrant-subsiary meets the Registrant Requirements and the conditions of Transaction Requirement B. 2. ~~(Primary Offerings of Non-convertible Investment Grade Securities~~Primary Offerings of Non-Convertible Securities Other than Common Equity) are met;

*See discussion in Section IV.B of this release.*

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D.

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(c)

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(iv) Securities of a majority-owned subsidiary that meet the conditions of Transaction Requirement I.B.2. of this Form (~~Primary Offerings of Non-Convertible Investment Grade Securities~~ Primary Offerings of Non-Convertible Securities Other than Common Equity).

*See discussion in Section IV.B of this release.*

Item 3. Summary Information, and Risk Factors ~~and Ratio of Earnings to Fixed Charges~~.

*See discussion in Section III.B.1 of this release.*

\*\*\*

Item 12. Incorporation of Certain Information by Reference.

\*\*\*

(c)

\*\*\*

(2) You must

(i) identify the reports and other information that you file with the SEC; and

(ii) ~~state that the public may read and copy any materials you file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, sstate that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>). You are encouraged to give~~ Disclose your Internet address, if available.

*See discussion in Section IV.C.2 of this release.*

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## SIGNATURES

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### Instructions.

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~~3. Where eligibility for use of the Form is based on the assignment of a security rating pursuant to Transaction Requirement B.5., the registrant may sign the registration statement notwithstanding the fact that such security rating has not been assigned by the filing date, provided that the registrant reasonably believes, and so states, that the security rating requirement will be met by the time of sale.~~

*See discussion in Section IV.B of this release.*

**§ 239.18 Form S-11, for registration under the Securities Act of 1933 of securities of certain real estate companies.**

\*\*\*

Item 3. Summary Information, and Risk Factors ~~and Ratio of Earnings to Fixed Charges.~~

*See discussion in Section III.B.1 of this release.*

Item 29. Incorporation of Certain Information by Reference.

If the registrant elects to incorporate information by reference pursuant to General Instruction H:

\*\*\*

(b)

\*\*\*

(2) The registrant must:

- (i) Identify the reports and other information that it files with the SEC; and
- (ii) ~~State that the public may read and copy any materials it files with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If the registrant is an electronic filer, s~~State that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>).

*See discussion in Section IV.C.2 of this release.*

**§ 239.25 Form S-4, for the registration of securities issued in business combination transactions.**

\*\*\*

Item 3. Risk Factors, ~~Ratio of Earnings to Fixed Charges~~ and Other Information.

*See discussion in Section III.B.1 of this release.*

\*\*\*

Item 11. Incorporation of Certain Information by Reference.

\*\*\*

(c) You must

- (1) identify the reports and other information that you file with the SEC; and
- (2) ~~state that the public may read and copy any materials you file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, s~~state that the SEC maintains an Internet site that

contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>). ~~You are encouraged to give~~ Disclose your Internet address, if available.

*See discussion in Section IV.C.2 of this release.*

\*\*\*

Item 13. Incorporation of Certain Information by Reference.

\*\*\*

(d) You must

(1) identify the reports and other information that you file with the SEC; and

(2) ~~state that the public may read and copy any materials you file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, s~~State that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>). ~~You are encouraged to give~~ Disclose your Internet address, if available.

*See discussion in Section IV.C.2 of this release.*

**§ 239.31 Form F-1, registration statement under the Securities Act of 1933 for securities of certain foreign private issuers.**

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General Instructions

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## II. Application of General Rules and Regulations

C. A registrant must file the Form F-1 registration statement in electronic format via the Commission's Electronic Data Gathering and Retrieval System (EDGAR) in accordance with the EDGAR rules set forth in Regulation S-T ( 17 CFR part 232), except that a registrant that has obtained a hardship exception under Regulation S-T Rule 201 or 202 ( 17 CFR 232.201 or 232.202) may file the registration statement in paper. For assistance with ~~technical questions about EDGAR questions or to request an access code~~, call the ~~EDGAR~~-Filer Support Office at (202) 942551-8900. ~~For assistance with questions about the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 942-2940.~~

*See discussion in Section V.D of this release.*

\*\*\*

Item 3. Summary Information, and Risk Factors ~~and Ratio of Earnings to Fixed Charges~~.

*See discussion in Section III.B.1 of this release.*

\*\*\*

Item 4. Information with Respect to the Registrant and the Offering.

Furnish the following information with respect to the Registrant.

\*\*\*

b. Information required by Item 18 of Form 20-F (Schedules required under Regulation S-X shall be filed as “Financial Statement Schedules Pursuant to Item 8, Exhibit and Financial Statement Schedules, of this Form), as well as any information required by Rule 3-05 and Article 11 of Regulation S-X (§part 210 of this chapter), ~~except as permitted by (c) below:~~;

c. ~~[Reserved.] For the registrant's fiscal years ending before December 15, 2011, information required by Item 17 of Form 20-F may be furnished in lieu of the information specified by Item 18 thereof if the only securities being registered are non-convertible securities that are "investment grade securities," as defined below, or the only securities to be registered are to be offered:~~

~~1. upon the exercise of outstanding rights granted by the issuer of the securities to be offered, if such rights are granted on a pro-rata basis to all existing security holders of the class of securities to which the rights attach and there is no standby underwriting in the United States or similar arrangement; or~~

~~2. pursuant to a dividend or interest reinvestment plan; or~~

~~3. upon the conversion of outstanding convertible securities or upon the exercise of outstanding transferable warrants issued by the issuer of the securities to be offered, or by an affiliate of such issuer.~~

(d) ~~For the registrant's fiscal years ending on or after December 15, 2009, i~~Information required by Item 16F of Form 20-F.

Instruction.

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~~2. A non-convertible security is an *investment grade security* if, at the time of sale, at least one nationally recognized statistical rating organization (as that term is used in Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act ([§240.15c3-1\(c\)\(2\)\(vi\)\(F\)](#) of this chapter) has rated the security in one of its generic rating categories that signifies investment grade; typically, the four~~



~~highest rating categories (within which there may be sub-categories or gradations indicating relative standing) signify investment grade.~~

*See discussion in Section IV.B of this release.*

(e) State that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>). Disclose your Internet address, if available.

*See discussion in Section IV.C.2 of this release.*

\*\*\*

Item 4A. Material Changes.

\*\*\*

(b)1. Include in the prospectus contained in the registration statement, if not included in the reports filed under the Exchange Act which are incorporated by reference into the prospectus contained in the registration statement pursuant to Item 5:

\*\*\*

iii. Restated financial statements where a combination of entities under common control has one or more business combinations accounted for by the pooling of interest method of accounting ~~have~~ been consummated subsequent to the most recent fiscal year and the transferred ~~acquired~~ businesses, considered in the aggregate, are significant under Rule 11-01(b) (§210.11-01(b) of this chapter); or

*See discussion in Section V.B.6 of this release.*

\*\*\*

2.

\*\*\*

Instruction. ~~For the registrant's fiscal years ending before December 15, 2011, financial statements or information required to be furnished by this Item shall be reconciled pursuant to either Item 17 or Item 18 of Form 20-F, whichever is applicable to the primary financial statements. For the registrant's fiscal years ending on or after December 15, 2011, f~~Financial statements or information required to be furnished by this Item shall be reconciled pursuant to Item 18 of Form 20-F.

*See discussion in Section IV.B of this release.*

Item 5. Incorporation of Certain Information by Reference.

(b)

\*\*\*

2. The registrant must:

- i. Identify the reports and other information that it files with the SEC; and
- ii. ~~State that the public may read and copy any materials it files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If the registrant is an electronic filer, s~~State that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>).

*See discussion in Section IV.C.2 of this release.*

**§ 239.33 Form F-3, for registration under the Securities Act of 1933 of securities of certain foreign private issuers offered pursuant to certain types of transactions.**

\*\*\*

## GENERAL INSTRUCTIONS

### I. Eligibility Requirements for Use of Form F-3

\*\*\*

### B. Transaction Requirements

2. Primary Offerings of Non-Convertible Securities Other than Common Equity. Non-convertible securities, other than common equity, to be offered for cash by or on behalf of a registrant, provided the registrant (i) has issued (as of a date within 60 days prior to the filing of the registration statement) at least \$1 billion in non-convertible securities, other than common equity, in primary offerings for cash, not exchange, registered under the Securities Act, over the prior three years; or (ii) has outstanding (as of a date within 60 days prior to the filing of the registration statement) at least \$750 million of non-convertible securities, other than common equity, issued in primary offerings for cash, not exchange, registered under the Securities Act; or (iii) is a wholly-owned subsidiary of a well-known seasoned issuer (as defined in 17 CFR 230.405); or (iv) is a majority-owned operating partnership of a real estate investment trust that qualifies as a well-known seasoned issuer (as defined in 17 CFR 230.405); ~~or (v) discloses in the registration statement that it has a reasonable belief that it would have been eligible to use Form F-3 as of September 1, 2011 because it is registering a primary offering of non-convertible investment grade securities, discloses the basis for such belief, and files a final prospectus for an offering pursuant to such registration statement on Form F-3 on or before September 2, 2014.~~

\*\*\*

3. Transactions Involving Secondary Offerings. Outstanding securities to be offered for the account of any person other than the issuer, including securities acquired by standby underwriters in connection with the call or redemption by the issuer of warrants or a class of convertible securities. ~~In the case of such securities, the financial statements included in this registration statement may comply with Item 17 or 18 of Form 20-F for a registrant's fiscal years ending before December 15, 2011; and for the registrant's fiscal years ending on or after December 15, 2011,~~ The financial statements included in this registration statement must comply with Item 18 of Form 20-F. In addition, Form F-3 may be used by affiliates to register securities for resale pursuant to the conditions specified in General Instruction C to Form S-8 (§239.16b of this chapter). In the case of such securities, the financial statements included in this registration statement must comply with Item 18 of Form 20-F (§249.220f of this chapter).

4. Rights Offerings, Dividend or Interest Reinvestment Plans, and Conversions or Warrants. Securities to be offered: (a) upon the exercise of outstanding rights granted by the issuer of the securities to be offered, if such rights are granted pro rata to all existing security holders of the class of securities to which the rights attach; or (b) pursuant to a dividend or interest reinvestment plan; or (c) upon the conversion of outstanding convertible securities or upon the exercise of outstanding transferable warrants issued by the issuer of the securities to be offered, or by an affiliate of such issuer. ~~In the case of securities registered pursuant to this paragraph, the financial statements included in this registration statement may comply with Item 17 or 18 of Form 20-F for the registrant's fiscal years ending before December 15, 2011; and for the registrant's fiscal years ending on or after December 15, 2011,~~ The financial statements included in this registration statement must comply with Item 18 of Form 20-F. The registration

of securities to be offered or sold in a standby underwriting in the United States or similar arrangement is not permitted pursuant to this paragraph. See paragraphs B.1., B.2., and B.3. of this Instruction.

***See discussion in Section IV.B of this release.***

## II. Application of General Rules and Regulations

\*\*\*

D. A registrant must file the Form F-3 registration statement in electronic format via the Commission's Electronic Data Gathering and Retrieval System (EDGAR) in accordance with the EDGAR rules set forth in Regulation S-T ( 17 CFR Part 232), except that a registrant that has obtained a hardship exception under Regulation S-T Rule 201 or 202 ( 17 CFR 232.201 or 232.202) may file the registration statement in paper. For assistance with ~~technical questions about EDGAR questions or to request an access code~~, call the ~~EDGAR Filer Support Office~~ at (202) 551-8900. ~~For assistance with questions about the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 551-3610.~~

***See discussion in Section V.D of this release.***

\*\*\*

## PART I – INFORMATION REQUIRED IN PROSPECTUS

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Item 3. Summary Information, and Risk Factors ~~and Ratio of Earnings to Fixed Charges~~.

***See discussion in Section III.B.1 of this release.***

\*\*\*

Item 5. Material Changes

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## Instructions

1. ~~For a registrant's fiscal years ending before December 15, 2011, financial statements or information required to be furnished by this Item shall be reconciled pursuant to either Item 17 or 18 of Form 20-F, whichever is applicable to the primary financial statements. For a registrant's fiscal years ending on or after December 15, 2011, f~~Financial statements or information required to be furnished by this Item shall be reconciled pursuant to Item 18 of Form 20-F.

2. Material changes to be disclosed pursuant to Item 5(a) include changes in and disagreements with registrant's certifying accountant. ~~For the registrant's fiscal years ending on or after December 15, 2009, d~~Disclosure pursuant to Item 16F of Form 20-F should be provided as of the date of the registration statement or prospectus.

*See discussion in Section IV.B of this release.*

\*\*\*

## Item 6. Incorporation of Certain Information by Reference.

\*\*\*

(e) You must

(1) identify the reports and other information that you file with the SEC; and

(2) ~~state that the public may read and copy any materials you file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, state that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that~~

file electronically with the SEC and state the address of that site (<http://www.sec.gov>). ~~You are encouraged to give~~ Disclose your Internet address, if available.

*See discussion in Section IV.C.2 of this release.*

**§ 239.34 Form F-4, for registration of securities of foreign private issuers issued in certain business combination transactions.**

\*\*\*

GENERAL INSTRUCTIONS

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D. Application of General Rules and Regulations.

\*\*\*

4. A registrant must file the Form F-4 registration statement in electronic format via the Commission's Electronic Data Gathering and Retrieval System (EDGAR) in accordance with the EDGAR rules set forth in Regulation S-T (17 CFR part 232), except that a registrant that has obtained a hardship exception under Regulation S-T Rule 201 or 202 ( [17 CFR 232.201](#) or [232.202](#)) may file the registration statement in paper. For assistance with ~~technical questions about EDGAR questions~~ or to request an access code, call the ~~EDGAR~~-Filer Support Office at (202) 551-8900. ~~For assistance with questions about the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 551-3610.~~

*See discussion in Section V.D of this release.*

\*\*\*

Item 3. Risk Factors, ~~Ratio of Earnings to Fixed Charges~~ and Other Information.

\*\*\*

Instructions to paragraphs (e) and ( f).

1. For a business combination accounted for as a purchase, the financial information required by paragraphs (e) and (f) shall be presented only for the most recent fiscal year and interim period.

For a combination of entities under common control ~~business combination accounted for as a pooling~~, the financial information required by paragraphs (e) and (f) (except for information with regard to book value) shall be presented for the most recent three fiscal years and interim period.

For a combination of entities under common control ~~business combination accounted for as a pooling~~, information with regard to book value shall be presented as of the end of the most recent fiscal year and interim period. Equivalent pro forma per share amounts shall be calculated by multiplying the pro forma income (loss) per share before non-recurring charges or credits directly attributable to the transaction, pro forma book value per share, and the pro forma dividends per share of the registrant by the exchange ratio so that the per share amounts are equated to the respective values for one share of the company being acquired.

***See discussion in Sections III.B.1 and V.B.6 of this release.***

\*\*\*

Item 10. Information With Respect to F-3 Companies.

If the registrant meets the requirements for use of Form F-3 and elects to furnish information in accordance with the provisions of this Item, furnish information as required below:

\*\*\*

(c) Include in the prospectus, if not incorporated by reference from the documents filed under the Exchange Act specified in Item 11 of this Form, from a prospectus previously filed pursuant to Rule 424(b) or (c) under the Securities Act (§230.424 of this chapter) or, where no prospectus



was required to be filed pursuant to Rule 424(b), the prospectus included in the registration statement at effectiveness, or from a Form 6-K filed during either of the two preceding fiscal years:

\*\*\*

(3) Restated financial statements prepared in accordance with or, if prepared using a basis of accounting other than IFRS as issued by the IASB, reconciled to U.S. GAAP and Regulation S-X where one or more business combinations accounted for ~~by the pooling of interest method of accounting~~ as combinations of entities under common control have been consummated subsequent to the most recent fiscal year and the ~~acquired~~ transferred businesses, considered in the aggregate, are significant pursuant to Rule 11-01(b) of Regulation S-X (§210.11-01(b) of this chapter); or

*See discussion in Section V.B.6 of this release.*

\*\*\*

Item 11. Incorporation of Certain Information by Reference.

(a)

\*\*\*

Instructions

~~1. For the registrant's fiscal years ending before December 15, 2011, all annual reports or registration statements incorporated by reference pursuant to Item 11 of this Form shall contain financial statements that comply with Item 18 of Form 20-F, except that financial statements of the registrants may comply with Item 17 of Form 20-F if the only securities being registered are investment grade securities as defined in the General Instructions to Form F-3. For the~~

~~registrant's fiscal years ending on or after December 15, 2011, a~~All annual reports or registration statements incorporated by reference pursuant to Item 11 of this Form shall contain financial statements that comply with Item 18 of Form 20-F.

*See discussion in Section IV.B of this release.*

\*\*\*

(b)

\*\*\*

(c) You must

(1) identify the reports and other information that you file with the SEC; and

~~(2) state that the public may read and copy any materials you file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, state that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>). You are encouraged to give~~ Disclose your Internet address, if available.

*See discussion in Section IV.C.2 of this release.*

\*\*\*

Item 12. Information With Respect to F-3 Registrants.

If the registrant meets the requirements for use of Form F-3 or Form S-3 and elects to comply with this Item, furnish the information required by either paragraph (a) or (b) of this Item.

However, the registrant shall not provide prospectus information in the manner allowed by

paragraph (a) of this Item if the financial statements incorporated by reference pursuant to Item 13 reflect: (1) restated financial statements prepared in accordance with or reconciled to U.S. GAAP and Regulation S-X if there has been a change in accounting principles or a correction of an error where such change or correction requires a material retroactive restatement of financial statements; (2) restated financial statements prepared in accordance with or reconciled to U.S. GAAP and Regulation S-X where a combination of entities under common control has one or more business combinations accounted for by the pooling of interest method of accounting have been consummated subsequent to the most recent fiscal year and the ~~acquired~~ transferred businesses, considered in the aggregate, are significant pursuant to Rule 11-01(b) of Regulation S-X; or (3) any financial information required because of a material disposition of assets outside of the normal course of business.

*See discussion in Section V.B.6 of this release.*

\*\*\*

(b) If the registrant elects not to deliver its annual report incorporated by reference pursuant to Item 13 to the securityholders of the company to be acquired:

\*\*\*

~~(2) For the registrant's fiscal years ending before December 15, 2011, include financial statements and information as required by Item 18 of Form 20-F, except that financial statements of the registrant may comply with Item 17 of Form 20-F if the only securities being registered are investment grade securities as defined in the General Instructions to Form F-3. For the registrant's fiscal years ending on or after December 15, 2011, i~~Include financial statements and information as required by Item 18 of Form 20-F. In addition, provide:

*See discussion in Section IV.B of this release.*

\*\*\*

(iv) Restated financial statements prepared in accordance with or, if prepared using a basis of accounting other than IFRS as issued by the IASB, reconciled to U.S. GAAP and Regulation S-X where a combination of entities under common control has one or more business combinations accounted for by the pooling of interest method of accounting have been consummated subsequent to the most recent fiscal year and the acquired transferred businesses, considered in the aggregate, are significant pursuant to Rule 11-01(b) of Regulation S-X; and

*See discussion in Section V.B.6 of this release.*

\*\*\*

(3) Furnish the information required by the following:

\*\*\*

(vii) ~~For the registrant's fiscal years ending before December 15, 2011, financial statements required by Item 18 of Form 20-F, except that financial statements of the registrant may comply with Item 17 of Form 20-F if the only securities being registered are investment grade securities as defined in the General Instructions to Form F-3, and financial information required by Rule 3-05 and Article 11 of Regulation S-X with respect to transactions other than that pursuant to which the securities being registered are to be issued. (Schedules required under Regulation S-X shall be filed as "Financial Statement Schedules" pursuant to Item 21 of this Form, but need not be provided with respect to the company being acquired if information is being furnished pursuant to Item 17(a) of this Form.) For the registrant's fiscal years ending on or after December 15, 2011, f~~Financial statements required by Item 18 of Form 20-F, and financial

information required by Rule 3-05 and Article 11 of Regulation S-X with respect to transactions other than that pursuant to which the securities being registered are to be issued;

*See discussion in Section IV.B of this release.*

\*\*\*

(ix) ~~For the registrant's fiscal years ending on or after December 15, 2009,~~ Item 16F of Form 20-F, change in registrant's certifying accountant.

*See discussion in Section IV.B of this release.*

\*\*\*

Item 13. Incorporation of Certain Information by Reference.

\*\*\*

(b)

\*\*\*

Instructions

1. ~~For the registrant's fiscal years ending before December 15, 2011, all annual reports incorporated by reference pursuant to Item 13 of this Form shall contain financial statements that comply with Item 18 of Form 20-F, except that financial statements of the registrants may comply with Item 17 of Form 20-F if the only securities being registered are investment grade securities as defined in the General Instructions to Form F-3. For the registrant's fiscal years ending on or after December 15, 2011, a~~All annual reports incorporated by reference pursuant to Item 13 of this Form shall contain financial statements that comply with Item 18 of Form 20-F.

*See discussion in Section IV.B of this release.*

\*\*\*

(c) You must

(1) identify the reports and other information that you file with the SEC; and

(2) ~~state that the public may read and copy any materials you file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, state that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>). You are encouraged to give Disclose your Internet address, if available.~~

*See discussion in Section IV.C.2 of this release.*

\*\*\*

Item 14. Information With Respect to Registrants Other Than F-3 Registrants

\*\*\*

(h) ~~For the registrant's fiscal years ending before December 15, 2011, financial statements required by Item 18 of Form 20F, except that financial statements of the registrants may comply with Item 17 of Form 20-F if the only securities being registered are investment grade securities as defined in the General Instructions to Form F-1; and for the registrant's fiscal years ending on or after December 15, 2011, f~~Financial statements required by Item 18 of Form 20-F. In addition, financial information required by Rule 3-05 and Article 11 of Regulation S-X with respect to transactions other than that pursuant to which the securities being registered are to be issued. (Schedules required by Regulation S-X shall be filed as "Financial Statement Schedules" pursuant to Item 21 of this Form.);

\*\*\*

(j) ~~For the registrant's fiscal years ending on or after December 15, 2009, Item 16F of Form 20-F, change in registrant's certifying accountant.~~

*See discussion in Section IV.B of this release.*

\*\*\*

**§ 239.36 Form F-6, for registration under the Securities Act of 1933 of depositary shares evidenced by American Depositary Receipts.**

\*\*\*

III. Application of General Rules and Regulations

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C. You must file the Form F-6 registration statement in electronic format via the Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system in accordance with the EDGAR rules set forth in Regulation S-T (17 CFR part 232). For assistance with ~~technical questions about EDGAR~~ questions ~~or to request an access code~~, call the EDGAR Filer Support Office at (202) 942551-8900. ~~For assistance with the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 942-2940.~~

*See discussion in Section V.D of this release.*

**§ 239.37 Form F-7, for registration under the Securities Act of 1933 of securities of certain Canadian issuers offered for cash upon the exercise of rights granted to existing securityholders.**

\*\*\*

II. Application of General Rules and Regulations

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C. A registrant must file the registration statement in electronic format via the Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system in accordance with the EDGAR rules set forth in Regulation S-T (17 CFR Part 232). For assistance with ~~technical questions about EDGAR~~ questions ~~or to request an access code~~, call the EDGAR Filer Support Office at (202) ~~551~~942-8900. ~~For assistance with the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 942-2940.~~

*See discussion in Section V.D of this release.*

**§ 239.38 Form F-8, for registration under the Securities Act of 1933 of securities of certain Canadian issuers to be issued in exchange offers or a business combination.**

\*\*\*

IV. Application of General Rules and Regulations

\*\*\*

C. A registrant must file the registration statement in electronic format via the Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system in accordance with the EDGAR rules set forth in Regulation S-T (17 CFR part 232). For assistance with ~~technical questions about EDGAR~~ questions ~~or to request an access code~~, call the EDGAR Filer Support Office at (202) 551-8900. ~~For assistance with the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 551-3610.~~

*See discussion in Section V.D of this release.*

**§ 239.40 Form F-10, for registration under the Securities Act of 1933 of securities of certain Canadian issuers.**



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## II. Application of General Rules and Regulations

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D. A registrant must file the registration statement in electronic format via the Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system in accordance with the EDGAR rules set forth in Regulation S-T (17 CFR part 232). For assistance with ~~technical questions about EDGAR~~ questions ~~or to request an access code~~, call the EDGAR Filer Support Office at (202) 551-8900. ~~For assistance with the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 551-3610.~~

*See discussion in Section V.D of this release.*

**§ 239.41 Form F-80, for registration under the Securities Act of 1933 of securities of certain Canadian issuers to be issued in exchange offers or a business combination.**

\*\*\*

## IV. Application of General Rules and Regulations

\*\*\*

C. A registrant must file the registration statement in electronic format via the Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system in accordance with the EDGAR rules set forth in Regulation S-T (17 CFR part 232). For assistance with ~~technical questions about EDGAR~~ questions ~~or to request an access code~~, call the EDGAR Filer Support Office at (202) 551-8900. ~~For assistance with the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 551-3610.~~

*See discussion in Section V.D of this release.*

**§ 239.44 Form SF-1, registration statement under the Securities Act of 1933 for offerings of asset-backed securities.**

\*\*\*

Item 10. Incorporation of Certain Information by Reference.

\*\*\*

(b)(2) You must:

(i) Identify the reports and other information that you file with the SEC.

~~(ii) State that any materials you file with the SEC will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, s~~State that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>). ~~You are encouraged to give~~ Disclose your Internet address (or address of the specified transaction party where such information is posted), if available.

*See discussion in Section IV.C.2 of this release.*

**§ 239.45 Form SF-3, for registration under the Securities Act of 1933 for offerings of asset-backed issuers offered pursuant to certain types of transactions.**

\*\*\*

Item 10. Incorporation of Certain Information by Reference.

\*\*\*

(e)(1) \*\*\*

(2) You must:

(i) Identify the reports and other information that you file with the SEC.

~~(ii) State that any materials you file with the SEC will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. State that the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. If you are an electronic filer, s~~State that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>). ~~You are encouraged to give~~ Disclose your Internet address (or address of the specified transaction party where such information is posted), if available.

*See discussion in Section IV.C.2 of this release.*

**§ 239.90 Form 1-A, offering statement under Regulation A.**

PART I—NOTIFICATION

Financial Statements

\*\*\*

[If “Other” is selected, display the following options in the Financial Statements table:]

\*\*\*

~~Income~~ Statement of Comprehensive Income Information

\*\*\*

[If “Banking” is selected, display the following options in the Financial Statements table:]

\*\*\*

~~Income Statement of Comprehensive Income~~ Information

\*\*\*

[If “Insurance” is selected, display the following options in the Financial Statements table:]

\*\*\*

~~Income Statement of Comprehensive Income~~ Information

*See discussion in Section V.B.6 of this release.*

\*\*\*

PART II — INFORMATION REQUIRED IN OFFERING CIRCULAR

Item 7. Description of Business

(a) Narrative description of business.

(1) Describe the business done and intended to be done by the issuer and its subsidiaries and the general development of the business during the past three years or such shorter period as the issuer may have been in business. Such description must include, but not be limited to, a discussion of the following factors if such factors are material to an understanding of the issuer’s business:

\*\*\*

~~(iii) If material, the estimated amount spent during each of the last two fiscal years on company-sponsored research and development activities determined in accordance with generally accepted accounting principles. In addition, state, if material, the estimated dollar amount spent during each of such years on material customer-sponsored research activities relating to the~~

~~development of new products, services or techniques or the improvement of existing products, services or techniques.~~[Reserved]

*See discussion in Section III.B.1 of this release.*

\*\*\*

~~(b) Segment Data. If the issuer is required by generally accepted accounting principles to include segment information in its financial statements, an appropriate cross-reference must be included in the description of business.~~[Reserved]

*See discussion in Section III.B.3 of this release.*

\*\*\*

Item 9. Management's Discussion and Analysis of Financial Condition and Results of Operations

\*\*\*

3. When interim period financial statements are included, discuss any material changes in financial condition from the end of the preceding fiscal year to the date of the most recent interim balance sheet provided. Discuss any material changes in the issuer's results of operations with respect to the most recent fiscal year-to-date period for which an statement of comprehensive income (or statement of net income if comprehensive income is presented in two separate but consecutive financial statements or if no other comprehensive income)statement is provided and the corresponding year-to-date period of the preceding fiscal year.

Part F/S

\*\*\*

(b) Financial Statements for Tier 1 Offerings

(4) Statements of comprehensive income, cash flows, and changes in stockholders' equity. File consolidated statements of comprehensive income (either in a single continuous financial statement or in two separate but consecutive financial statements; or a statement of net income if there was no other comprehensive income), cash flows, and changes in stockholders' equity for each of the two fiscal years preceding the date of the most recent balance sheet being filed or such shorter period as the issuer has been in existence. ~~If a consolidated interim balance sheet is required by (b)(3) above, consolidated interim statements of income and cash flows shall be provided and must cover at least the first six months of the issuer's fiscal year and the corresponding period of the preceding fiscal year.~~

(5) Interim financial statements.

(i) If a consolidated interim balance sheet is required by (b)(3) of Part F/S, consolidated interim statements of comprehensive income (either in a single continuous financial statement or in two separate but consecutive financial statements; or a statement of net income if there was no other comprehensive income) and cash flows shall be provided and must cover at least the first six months of the issuer's fiscal year and the corresponding period of the preceding fiscal year. An analysis of the changes in each caption of stockholders' equity presented in the balance sheets must be provided in a note or separate statement. This analysis shall be presented in the form of a reconciliation of the beginning balance to the ending balance for each period for which a statement of comprehensive income is required to be filed with all significant reconciling items described by appropriate captions with contributions from and distributions to owners shown separately. Dividends per share for each class of shares shall also be provided.

(ii) Interim financial statements of issuers that report under U.S. GAAP may be condensed as described in Rule 8-03(a) of Regulation S-X.

(iii) The interim ~~income~~ statements of comprehensive income for all issuers must be accompanied by a statement that in the opinion of management all adjustments necessary in order to make the interim financial statements not misleading have been included.

*See discussion in Sections V.B.2, V.B.6, and V.C.2 of this release.*

\*\*\*

(c) Financial Statement Requirements for Tier 2 Offerings

(1) In addition to the general rules in paragraph (a), provide the financial statements required by paragraph (b) of this Part F/S, except the following rules should be followed in the preparation of the financial statements:

(i) ~~The~~ Issuers that report under U.S. GAAP and, when applicable, other entities for which financial statements are required, must comply with Article 8 of Regulation S-X, as if ~~it was~~ they were conducting a registered offering on Form S-1, except the age of ~~interim~~ financial statements may follow paragraphs (b)(3)-(4) of this Part F/S.

*See discussion in Sections V.C.2 and V.D of this release.*

**§ 239.91 Form 1-K.**

\*\*\*

PART II

INFORMATION TO BE INCLUDED IN REPORT

\*\*\*

Item 7. Financial Statements

\*\*\*

(e) Statements of comprehensive income, cash flows, and changes in stockholders' equity. File audited consolidated statements of comprehensive income (either in a single continuous financial statement or in two separate but consecutive financial statements; or a statement of net income if there was no other comprehensive income), cash flows, and changes in stockholders' equity for each of the two fiscal years preceding the date of the most recent balance sheet being filed or such shorter period as the issuer has been in existence.

*See discussion in Section V.B.6 of this release.*

**§ 239.92 Form 1-SA**

\*\*\*

INFORMATION TO BE INCLUDED IN REPORT

\*\*\*

Item 3. Financial Statements

\*\*\*

The financial statements included pursuant to this item may be condensed, unaudited, and are not required to be reviewed. For additional guidance on presentation of the financial statements, issuers that report under U.S. GAAP should refer to Rule 8-03(a) of Regulation S-X. The financial statements for all issuers must include the following:

\*\*\*

(b) Interim consolidated statements of comprehensive income (either in a single continuous financial statement or in two separate but consecutive financial statements; or a statement of net income if there was no other comprehensive income) must be provided for the six month interim period covered by this report and for the corresponding period of the preceding fiscal



year. Statements of comprehensive income statements must be accompanied by a statement that in the opinion of management all adjustments necessary in order to make the interim financial statements not misleading have been included.

*See discussion in Sections V.B.6 and V.C.2 of this release.*

\*\*\*

(d) An analysis of the changes in each caption of stockholders' equity presented in the balance sheets must be provided in a note or separate statement. This analysis shall be presented in the form of a reconciliation of the beginning balance to the ending balance for each period for which a statement of comprehensive income is required to be filed with all significant reconciling items described by appropriate captions with contributions from and distributions to owners shown separately. Dividends per share for each class of shares shall also be provided.

(de) Footnote and other disclosures should be provided as needed for fair presentation and to ensure that the financial statements are not misleading. Issuers that report under U.S. GAAP should refer to Rule 8-03(b) of Regulation S-X for examples of disclosures that may be needed.

(ef) Financial Statements of Guarantors and Issuers of Guaranteed Securities. Financial statements of a subsidiary that issues securities guaranteed by the parent or guarantees securities issued by the parent must be presented as required by Rule 3-10 of Regulation S-X, except that the periods presented are those required by this item and the financial statements need not be audited.

*See discussion in Sections V.B.2, V.B.6 and V.C.2 of this release.*

**PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE  
ACT OF 1934**

**§240.3a51-1 Definition of “penny stock”.**

For purposes of section 3(a)(51) of the Act, the term “penny stock” shall mean any equity security other than a security:

(a) That is an NMS stock, as defined in §242.600(b)(47), provided that:

\*\*\*

(2) The security is registered, or approved for registration upon notice of issuance, on a national securities exchange, or is listed, or approved for listing upon notice of issuance on, an automated quotation system sponsored by a registered national securities association, that:

(i) Has established initial listing standards that meet or exceed the following criteria:

(A) The issuer shall have:

\*\*\*

(3) Net income of \$750,000 (excluding ~~extraordinary or~~ non-recurring items) in the most recently completed fiscal year or in two of the last three most recently completed fiscal years;

*See discussion in Section V.B.5 of this release.*

**§240.10A-1 Notice to the Commission Pursuant to Section 10A of the Act.**

\*\*\*

(b)

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(3) Submission of the report (or documentation) by the independent accountant as described in paragraphs (b)(1) and (b)(2) of this section shall not replace, or otherwise satisfy the need for, the newly engaged and former accountants' letters under ~~Items 304(a)(2)(D) and 304(a)(3) of Regulation S-K~~, §§ 229.304(a)(2)(D) and 229.304(a)(3) of this chapter (Items 304(a)(2)(D) and

304(a)(3) of Regulation S-K, respectively}, and shall not limit, reduce, or affect in any way the independent accountant's obligations to comply fully with all other legal and professional responsibilities, including, without limitation, those under the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB") ~~generally accepted auditing standards~~ and the rules or interpretations of the Commission that modify or supplement those auditing standards.

*See discussion in Section V.C.1 of this release.*

**§ 240.12b-2 Definitions.**

Unless the context otherwise requires, the following terms, when used in the rules contained in this regulation or in Regulation 13A or 15D or in the forms for statements and reports filed pursuant to sections 12, 13 or 15(d) of the act, shall have the respective meanings indicated in this rule:

\*\*\*

Significant subsidiary. The term significant subsidiary means a subsidiary, including its subsidiaries, which meets any of the following conditions:

\*\*\*

(3) The registrant's and its other subsidiaries' equity in the income from continuing operations before income taxes, ~~extraordinary items and cumulative effect of a change in accounting principle~~ of the subsidiary exclusive of amounts attributable to any noncontrolling interests exceeds 10 percent of such income of the registrant and its subsidiaries consolidated for the most recently completed fiscal year.

NOTE 1: A registrant that files its financial statements in accordance with or provides a reconciliation to U.S. Generally Accepted Accounting Principles shall make the prescribed tests using amounts determined under U.S. Generally Accepted Accounting Principles. A foreign private issuer that files its financial statements in accordance with IFRS as issued by the IASB shall make the prescribed tests using amounts determined under IFRS as issued by the IASB.

COMPUTATIONAL NOTE 1 TO PARAGRAPH (3):

\*\*\*

*See discussion in Sections V.B.5 and V.B.6 of this release.*

**§ 240.12g-3 Registration of securities of successor issuers under section 12(b) or 12(g).**

(a) Where in connection with a succession by merger, consolidation, exchange of securities, acquisition of assets or otherwise, securities of an issuer that are not already registered pursuant to section 12 of the Act (15 U.S.C. 78l) are issued to the holders of any class of securities of another issuer that is registered pursuant to either section 12 (b) or (g) of the Act (15 U.S.C. 78l (b) or (g)), the class of securities so issued shall be deemed to be registered under the same paragraph of section 12 of the Act unless upon consummation of the succession:

(1) Such class is exempt from such registration other than by §240.12g3-2;

(2) All securities of such class are held of record by fewer than 300 persons, or 1,200 persons in the case of a bank; a savings and loan holding company, as such term is defined in section 10 of the Home Owners' Loan Act (12 U.S.C. 1461); or a bank holding company, as such term is defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841); or-

\*\*\*

(b) Where in connection with a succession by merger, consolidation, exchange of securities, acquisition of assets or otherwise, securities of an issuer that are not already registered pursuant to section 12 of the Act (15 U.S.C. 78l) are issued to the holders of any class of securities of another issuer that is required to file a registration statement pursuant to either section 12(b) or (g) of the Act (15 U.S.C. 78l(b) or (g)) but has not yet done so, the duty to file such statement shall be deemed to have been assumed by the issuer of the class of securities so issued. The successor issuer shall file a registration statement pursuant to the same paragraph of section 12 of the Act with respect to such class within the period of time the predecessor issuer would have been required to file such a statement unless upon consummation of the succession:

(1) Such class is exempt from such registration other than by §240.12g3-2;

(2) All securities of such class are held of record by fewer than 300 persons, or 1,200 persons in the case of a bank; a savings and loan holding company, as such term is defined in section 10 of the Home Owners' Loan Act (12 U.S.C. 1461); or a bank holding company, as such term is defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841); or;

\*\*\*

c) Where in connection with a succession by merger, consolidation, exchange of securities, acquisition of assets or otherwise, securities of an issuer that are not already registered pursuant to section 12 of the Act (15 U.S.C. 78l) are issued to the holders of classes of securities of two or more other issuers that are each registered pursuant to section 12 of the Act, the class of securities so issued shall be deemed to be registered under section 12 of the Act unless upon consummation of the succession:

(1) Such class is exempt from such registration other than by §240.12g3-2;

(2) All securities of such class are held of record by fewer than 300 persons, or 1,200 persons in the case of a bank; a savings and loan holding company, as such term is defined in section 10 of the Home Owners' Loan Act (12 U.S.C. 1461); or a bank holding company, as such term is defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841); or:

*See discussion in Section V.D of this release.*

\*\*\*

**§ 240.13a-10 Transition reports.**

\*\*\*

(b) The report pursuant to this section shall be filed for the transition period not more than the number of days specified in paragraph (j) of this section after either the close of the transition period or the date of the determination to change the fiscal closing date, whichever is later. The report shall be filed on the form appropriate for annual reports of the issuer, shall cover the period from the close of the last fiscal year end and shall indicate clearly the period covered. The financial statements for the transition period filed therewith shall be audited. Financial statements, which may be unaudited, shall be filed for the comparable period of the prior year, or a footnote, which may be unaudited, shall state for the comparable period of the prior year, revenues, gross profits, income taxes, income or loss from continuing operations ~~before extraordinary items and cumulative effect of a change in accounting principles~~ and net income or loss. The effects of any discontinued operations ~~and/or extraordinary items~~ as classified under the provisions of generally accepted accounting principles also shall be shown, if applicable. Per share data based upon such income or loss and net income or loss shall be presented in conformity with applicable accounting standards. Where called for by the time span

to be covered, the comparable period financial statements or footnote shall be included in subsequent filings.

*See discussion in Sections V.B.5 and V.B.6 of this release.*

\*\*\*

(g)

\*\*\*

(3) The report for the transition period shall be filed on Form 20-F (§249.220f of this chapter) responding to all items to which such issuer is required to respond when Form 20-F is used as an annual report. The financial statements for the transition period filed therewith shall be audited. The report shall be filed within ~~the following period:~~

~~(i) Within six months after either the close of the transition period or the date on which the issuer made the determination to change the fiscal closing date, whichever is later, for new fiscal years ending before December 15, 2011; and~~

~~(ii) Within four months after either the close of the transition period or the date on which the issuer made the determination to change the fiscal closing date, whichever is later, for new fiscal years ending on or after December 15, 2011.~~

*See discussion in Section IV.B of this release.*

**§240.13b2-2 Representations and conduct in connection with the preparation of required reports and documents.**

\*\*\*

(b)

\*\*\*

(2) For purposes of paragraphs (b)(1) and (c)(2) of this section, actions that, "if successful, could result in rendering the issuer's financial statements materially misleading" include, but are not limited to, actions taken at any time with respect to the professional engagement period to coerce, manipulate, mislead, or fraudulently influence an auditor:

(i) To issue or reissue a report on an issuer's financial statements that is not warranted in the circumstances (due to material violations of generally accepted accounting principles, generally accepted auditing standards, the standards of the PCAOB, or other professional or regulatory standards);

(ii) Not to perform audit, review or other procedures required by the standards of the PCAOB~~generally accepted auditing standards~~ or other professional standards;

(iii) Not to withdraw an issued report; or

(iv) Not to communicate matters to an issuer's audit committee.

*See discussion in Section V.C.1 of this release.*

\*\*\*

**§ 240.15c3-1g Conditions for ultimate holding companies of certain brokers or dealers (Appendix G to 17 CFR 240.15c3-1).**

As a condition for a broker or dealer to compute certain of its deductions to capital in accordance with §240.15c3-1e, pursuant to its undertaking, the ultimate holding company of the broker or dealer shall:

\*\*\*

**Conditions Regarding Reporting Requirements**

(b) File reports with the Commission in accordance with the following:



(1) If it is not an ultimate holding company that has a principal regulator, as that term is defined in §240.15c3-1(c)(13), the ultimate holding company shall file with the Commission:

(i) A report as of the end of each month, filed not later than 30 calendar days after the end of the month. A monthly report need not be filed for a month-end that coincides with a fiscal quarter-end. The monthly report shall include:

(A) A consolidated balance sheet and income statement (including notes to the financial statements) for the ultimate holding company and statements of allowable capital and allowances for market, credit, and operational risk computed pursuant to paragraph (a) of this appendix G, except that the consolidated balance sheet and income statement for the first month of the fiscal year may be filed at a later time to which the Commission agrees (when reviewing the affiliated broker's or dealer's application under §240.15c3-1e(a)). A statement of comprehensive income (as defined in §210.1-02 of Regulation S-X of this chapter) shall be included in place of an income statement, if required by the applicable generally accepted accounting principles.

\*\*\*

(ii) A quarterly report as of the end of each fiscal quarter, filed not later than 35 calendar days after the end of the quarter. The quarterly report shall include, in addition to the information contained in the monthly report as required by paragraph (b)(1)(i) of this appendix G, the following:

(A) Consolidating balance sheets and income statements for the ultimate holding company. The consolidating balance sheet must provide information regarding each material affiliate of the ultimate holding company in a separate column, but may aggregate information regarding members of the affiliate group that are not material affiliates into one column; Statements of

comprehensive income (as defined in §210.1-02 of Regulation S-X) shall be included in place of an income statement, if required by the applicable generally accepted accounting principles;

\*\*\*

(E) For a quarter-end that coincides with the ultimate holding company's fiscal year-end, the ultimate holding company need not include consolidated and consolidating balance sheets and income statements (or statements of comprehensive income, as applicable) in its quarterly reports. The consolidating balance sheet and income statement (or statement of comprehensive income, as applicable) for the quarter-end that coincides with the fiscal year-end may be filed at a later time to which the Commission agrees (when reviewing the affiliated broker's or dealer's application under §240.15c3-1e(a));

\*\*\*

(2) If the ultimate holding company is an entity that has a principal regulator, as that term is defined in §240.15c3-1(c)(13), the ultimate holding company must file with the Commission:

(i) A quarterly report as of the end of each fiscal quarter, filed not later than 35 calendar days after the end of the quarter, or a later time to which the Commission may agree upon application.

The quarterly report shall include:

(A) Consolidated (including notes to the financial statements) and consolidating balance sheets and income statements for the ultimate holding company. Statements of comprehensive income (as defined in §210.1-02 of Regulation S-X) shall be included in place of income statements, if required by the applicable generally accepted accounting principles;

\*\*\*

(D) For a quarter-end that coincides with the ultimate holding company's fiscal year-end, the ultimate holding company need not include consolidated and consolidating balance sheets and income statements (or statements of comprehensive income, as applicable) in its quarterly reports. The consolidating balance sheet and income statement (or statement of comprehensive income, as applicable) for the quarter-end that coincides with the fiscal year-end may be filed at a later time to which the Commission agrees (when reviewing the affiliated broker's or dealer's application under §240.15c3-1e(a)).

*See discussion in Section V.B.6 of this release.*

**§ 240.15d-2 Special financial report.**

(a) If the registration statement under the Securities Act of 1933 did not contain certified financial statements for the registrant's last full fiscal year (or for the life of the registrant if less than a full fiscal year) preceding the fiscal year in which the registration statement became effective, the registrant shall, within 90 days after the effective date of the registration statement, file a special report furnishing certified financial statements for such last full fiscal year or other period, as the case may be, meeting the requirements of the form appropriate for annual reports of the registrant. If the registrant is a foreign private issuer as defined in §230.405 of this chapter, then the special financial report shall be filed on the appropriate form for annual reports of the registrant and shall be filed ~~within the following period:~~

~~(1) By the later of 90 days after the date on which the registration statement became effective, or six months following the end of the registrant's full fiscal year, for fiscal years ending before December 15, 2011; and~~

~~(2) By~~ by the later of 90 days after the date on which the registration statement became effective, or four months following the end of the registrant's latest full fiscal year, ~~for fiscal years ending on or after December 15, 2011.~~

*See discussion in Section IV.B of this release.*

**§ 240.15d-10 Transition reports.**

\*\*\*

(b) The report pursuant to this section shall be filed for the transition period not more than the number of days specified in paragraph (j) of this section after either the close of the transition period or the date of the determination to change the fiscal closing date, whichever is later. The report shall be filed on the form appropriate for annual reports of the issuer, shall cover the period from the close of the last fiscal year end and shall indicate clearly the period covered. The financial statements for the transition period filed therewith shall be audited. Financial statements, which may be unaudited, shall be filed for the comparable period of the prior year, or a footnote, which may be unaudited, shall state for the comparable period of the prior year, revenues, gross profits, income taxes, income or loss from continuing operations ~~before extraordinary items and cumulative effect of a change in accounting principles~~ and net income or loss. The effects of any discontinued operations ~~and/or extraordinary items~~ as classified under the provisions of generally accepted accounting principles also shall be shown, if applicable. Per share data based upon such income or loss and net income or loss shall be presented in conformity with applicable accounting standards. Where called for by the time span to be covered, the comparable period financial statements or footnote shall be included in subsequent filings.

*See discussion in Sections V.B.5 and V.B.6 of this release.*

\*\*\*

(g) \*\*\*

(3) The report for the transition period shall be filed on Form 20-F (§249.220f of this chapter) responding to all items to which such issuer is required to respond when Form 20-F is used as an annual report. The financial statements for the transition period filed therewith shall be audited.

The report shall be filed within ~~the following period:~~

~~(i) Within six months after either the close of the transition period or the date on which the issuer made the determination to change the fiscal closing date, whichever is later, for new fiscal years ending before December 15, 2011; and~~

~~(ii) Within four months after either the close of the transition period or the date on which the issuer made the determination to change the fiscal closing date, whichever is later, for new fiscal years ending on or after December 15, 2011.~~

*See discussion in Section IV.B of this release.*

**§ 240.17a-5 Reports to be made by certain brokers and dealers.**

\*\*\*

(d) Annual reports. (1)(i) Except as provided in paragraphs (d)(1)(iii) and (d)(1)(iv) of this section, every broker or dealer registered under section 15 of the Act must file annually:

\*\*\*

(2) Financial report. The financial report must contain:

(i) A Statement of Financial Condition, a Statement of Income, a Statement of Cash Flows, a Statement of Changes in Stockholders' or Partners' or Sole Proprietor's Equity, and a Statement

of Changes in Liabilities Subordinated to Claims of General Creditors. The statements must be prepared in accordance with U.S. generally accepted accounting principles and must be in a format that is consistent with the statements contained in Form X-17A-5 (§249.617 of this chapter) Part II or Part IIA. If the Statement of Financial Condition filed in accordance with instructions to Form X-17A-5, Part II or Part IIA, is not consolidated, a summary of financial data, including the assets, liabilities, and net worth or stockholders' equity, for subsidiaries not consolidated in the Part II or Part IIA Statement of Financial Condition as filed by the broker or dealer must be included in the notes to the financial statements reported on by the independent public accountant.

Note 1 to paragraph (d)(2)(i). If there is other comprehensive income in the period(s) presented, the financial report must contain a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X of this chapter) in place of a Statement of Income.

*See discussion in Section V.B.6 of this release.*

**§ 240.17a-12 Reports to be made by certain OTC derivatives dealers.**

\*\*\*

(b) Annual filing of audited financial statements.

\*\*\*

(2) The annual audit report shall contain a Statement of Financial Condition (in a format and on a basis which is consistent with the total reported on the Statement of Financial Condition contained in Form X-17A-5 (§249.617 of this chapter), Part IIB, a Statement of Income, a Statement of Cash Flows, a Statement of Changes in Stockholders' or Partners' or Sole Proprietor's Equity, and a Statement of Changes in Liabilities Subordinated to Claims of

General Creditors. Such statements shall be in a format which is consistent with such statements as contained in Form X-17A-5 (§249.617 of this chapter), Part IIB. If the Statement of Financial Condition filed in accordance with instructions to Form X-17A-5 (§249.617 of this chapter), Part IIB, is not consolidated, a summary of financial data for subsidiaries not consolidated in the Part IIB Statement of Financial Condition as filed by the OTC derivatives dealer shall be included in the notes to the consolidated statement of financial condition reported on by the certified public accountant. The summary financial data shall include the assets, liabilities, and net worth or stockholders' equity of the unconsolidated subsidiaries.

Note 1 to paragraph (b)(2). If there is other comprehensive income in the period(s) presented, the financial report must contain a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X of this chapter) in place of a Statement of Income.

*See discussion in Section V.B.6 of this release.*

**§ 240.17g-3 Annual financial and other reports to be filed or furnished by nationally recognized statistical rating organizations.**

(a) A nationally recognized statistical rating organization must annually, not more than 90 calendar days after the end of its fiscal year (as indicated on its current Form NRSRO):

(1) File with the Commission a financial report, as of the end of the fiscal year, containing audited financial statements of the nationally recognized statistical rating organization or audited consolidated financial statements of its parent if the nationally recognized statistical rating organization is a separately identifiable division or department of the parent. The audited financial statements must:

(i) Include a balance sheet, an income statement (or a statement of comprehensive income, as defined in §210.1-02 of Regulation S-X of this chapter, if required by the applicable generally accepted accounting principles noted in paragraph (a)(1)(ii) of this section) and statement of cash flows, and a statement of changes in ownership equity;

*See discussion in Section V.B.6 of this release.*

**§ 240.17h-1T Risk assessment recordkeeping requirements for associated persons of brokers and dealers.**

(a) Requirement to maintain and preserve information. (1) Every broker or dealer registered with the Commission pursuant to section 15 of the Act, and every municipal securities dealer registered pursuant to Section 15B of the Act for which the Commission is the appropriate regulatory agency, unless exempt pursuant to paragraph (d) of this section, shall maintain and preserve the following information:

\*\*\*

(v) Quarterly consolidated and consolidating income statements and consolidated cash flow statements, prepared in accordance with generally accepted accounting principles, which may be unaudited and which shall include the notes to the financial statements, for the broker or dealer and its ultimate holding company;

Note 1 to paragraph (a)(1)(v). Statements of comprehensive income (as defined in §210.1-02 of Regulation S-X of this chapter) must be included in place of income statements, if required by the applicable generally accepted accounting principles.

*See discussion in Section V.B.6 of this release.*

**Part 249 - FORMS, SECURITIES EXCHANGE ACT OF 1934**



**§ 249.210 Form 10 and Form 10-SB, general form for registration of securities pursuant to section 12 (b) or (g) of the Securities Exchange Act of 1934.**

This form shall be used for registration pursuant to section 12 (b) or (g) of the Securities Exchange Act of 1934 of classes of securities of issuers for which no other form is prescribed.

(Secs. 7, 10, 19(a), 48 Stat. 78, 81, 85; secs. 205, 209, 48 Stat. 906, 908; sec. 8, 68 Stat. 685; 15 U.S.C. 77g, 77j, 77s(a); secs. 12, 13, 14, 15(d), 23, 48 Stat. 892, 894, 895, 901; sec. 203(a), 49 Stat. 704; secs. 1, 3, 8, 49 Stat. 1375, 1377, 1379; sec. 202, 68 Stat. 686; secs. 3, 4, 5, 6, 10, 78 Stat. 565-568, 569, 570-574, 88a; secs. 1, 2, 3, 82 Stat. 454, 455; secs. 1, 2, 3-5, 28(c), 84 Stat. 1435, 1479; sec. 105(b), 88 Stat. 1503; secs. 8, 9, 10, 18, 89 Stat. 117, 118, 119, 155 (15 U.S.C. 78l, 78m, 78n, 78o(d), 78w))

[33 FR 18995, Dec. 20, 1968]

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting Form 10 and Form 10-SB, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and at [www.fdsys.gov](http://www.fdsys.gov).

**§ 249.220f Form 20-F, registration of securities of foreign private issuers pursuant to section 12(b) or (g), annual and transition reports pursuant to sections 13 and 15(d), and shell company reports required under Rule 13a-19 or 15d-19 (§240.13a-19 or §240.15d-19 of this chapter).**

GENERAL INSTRUCTIONS

A. Who May Use Form 20-F and When It Must be Filed.

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(b) A foreign private issuer must file its annual report on this Form within the following period:

~~(1) Within six months after the end of the fiscal year covered by the report for fiscal years ending before December 15, 2011; and~~

~~(2) Within four months after the end of the fiscal year covered by the report for fiscal years ending on or after December 15, 2011.~~

*See discussion in Section IV.B of this release.*

\*\*\*

D. How to File Registration Statements and Reports of this Form.

(a) You must file the Form 20-F registration statement or annual report in electronic format via our Electronic Data Gathering and Retrieval System (EDGAR) in accordance with the EDGAR rules set forth in Regulation S-T (17 CFR Part 232). The Form 20-F registration statement or annual report must be in the English language as required by Regulation S-T Rule 306 (17 CFR 232.306). You must provide the signatures required for the Form 20-F registration statement or annual report in accordance with Regulation S-T Rule 302 (17 CFR 232.302). If you have ~~technical questions about EDGAR~~ questions or want to request an access code, call the EDGAR Filer Support Office at (202) 551-8900. ~~If you have questions about the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 551-3610.~~

*See discussion in Section V.D of this release.*

\*\*\*

E. Which Items to Respond to in Registration Statements and Annual Reports.

\*\*\*

(c) Financial Statements. (1) ~~For an issuer's fiscal years ending before December 15, 2011, an Exchange Act registration statement or annual report filed on this Form must contain the financial statements and related information specified in Item 17 of this Form. We encourage you to provide the financial statements and related information specified in Item 18 of this Form in lieu of Item 17, but the Item 18 statements and information are not required. In certain circumstances, Forms F-1, F-3 or F-4 for the registration of securities under the Securities Act require that you provide the financial statements and related information specified in Item 18 in your annual report on Form 20-F. Consult those Securities Act forms for the specific~~

~~requirements and consider the potential advantages of complying with Item 18 instead of Item 17 of this Form. Note that Items 17 and 18 may require you to file financial statements of other entities in certain circumstances. These circumstances are described in Regulation S-X.~~

~~(2) For the issuer's fiscal years ending on or after December 15, 2011, a~~An Exchange Act registration statement or annual report filed on this Form must contain the financial statements and related information specified in Item 18 of this Form. Note that Items 17 and 18 may require you to file the financial statements of other entities in certain circumstances. These circumstances are described in Regulation S-X.

~~(32) The issuer's financial statements must be audited in accordance with U.S. generally accepted auditing standards~~the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), and the auditor must ~~comply with the U.S. standards for auditor independence~~be qualified and independent in accordance with Article 2 of Regulation S-X. The financial statements of entities other than the issuer must be audited in accordance with applicable professional standards. If you have any questions about these requirements, contact the Office of Chief Accountant in the Division of Corporation Finance at (202) 551-3400.

***See discussion in Sections IV.B and V.C.1 of this release.***

\*\*\*

G. First-Time Application of International Financial Reporting Standards.

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(c) Selected Financial Data. The selected historical financial data required pursuant to Item 3.A shall be based on financial statements prepared in accordance with IFRS and shall be presented for the two most recent financial years. ~~The issuer shall present selected historical financial data~~

~~in accordance with U.S. GAAP for the five most recent financial years, except as the issuer is otherwise permitted to omit U.S. GAAP information for any of the earliest of the five years pursuant to Item 3.A.1.~~

*See discussion in Section V.C.2 of this release.*

\*\*\*

(f)(1) General. With respect to the financial information of the issuer required by Item 8.A, all instructions contained in Item 8, including the instruction requiring audits in accordance with the standards of the PCAOB~~U.S. generally accepted auditing standards~~, shall apply.

\*\*\*

### Item 3. Key Information

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#### A. Selected financial data.

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~~3. Where the financial statements provided in response to Item 8 are prepared in a currency other than the currency of the host country, disclosure of the exchange rate between the financial reporting currency and the currency of the host country should be provided, using the exchange rate designated by the host country for this purpose, if any:~~

~~(a) at the latest practicable date;~~

~~(b) the high and low exchange rates for each month during the previous six months; and~~

~~(c) for the five most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period.~~

*See discussion in Section IV.C.2 of this release.*

\*\*\*

Instructions to Item 3.A:

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2. You may present the selected financial data on the basis of the accounting principles used in your primary financial statements. If you use a basis of accounting other than IFRS as issued by the IASB, however, you also must include in this summary any reconciliations of the data to U.S. generally accepted accounting principles and Regulation S-X, pursuant to Item 17 or 18 of this Form. For financial statements prepared using a basis of accounting other than IFRS as issued by the IASB, you only have to provide selected financial data on a basis reconciled to U.S. generally accepted accounting principles for (i) those periods for which you were required to reconcile the primary annual financial statements in a filing under the Securities Act or the Exchange Act, and (ii) any interim periods. An issuer that adopted IFRS as issued by the IASB during the past three years is only required to provide selected financial data for the periods that it prepared financial statements in accordance with IFRS as issued by the IASB.

*See discussion in Section V.C.2 of this release.*

\*\*\*

Item 4. Information on the Company

\*\*\*

A. History and development of the company. The following information shall be provided:

\*\*\*

8. State that the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC and state the address of that site (<http://www.sec.gov>). Disclose your Internet address, if available.

*See discussion in Section IV.C.2 of this release.*

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Item 5. Operating and Financial Review and Prospects

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C. Research and development, patents and licenses, etc. Provide a description of the company's research and development policies for the last three years, ~~where it is significant, including the amount spent during each of the last three financial years on company-sponsored research and development activities.~~

*See discussion in Section III.B.1 of this release.*

\*\*\*

Item 8. Financial Information

The purpose of this standard is to specify which financial statements must be included in the document, as well as the periods to be covered, the age of the financial statements and other information of a financial nature.

A. Consolidated Statements and Other Financial Information.

1. The document must contain consolidated financial statements, audited by an independent auditor and accompanied by an audit report, comprised of:

(a) balance sheet;

(b) statement of comprehensive income (either in a single continuous financial statement or in two separate but consecutive financial statements; or a statement of net income if there was no other comprehensive income) statement;

*See discussion in Section V.B.6 of this release.*

\*\*\*

5. If the document is dated more than nine months after the end of the last audited financial year, it should contain consolidated interim financial statements, which may be unaudited (in which case that fact should be stated), covering at least the first six months of the financial year. The interim financial statements should include a balance sheet, statement of comprehensive income (either in a single continuous financial statement or in two separate but consecutive financial statements; or a statement of net income if there was no other comprehensive income) statement, cash flow statement, and a statement showing either (i) changes in equity other than those arising from capital transactions with owners and distributions to owners, or (ii) all changes in equity (including a subtotal of all non-owner items recognized directly in equity). Each of these statements may be in condensed form as long as it contains the major line items from the latest audited financial statements and includes the major components of assets, liabilities and equity (in the case of the balance sheet); income and expenses (in the case of the statement of comprehensive income statement) and the major subtotals of cash flows (in the case of the cash flow statement). The interim financial statements should include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year end balance sheet. If not included in the primary financial statements, a note should be provided analyzing the

changes in each caption of shareholders' equity presented in the balance sheet. The interim financial statements should include selected note disclosures that will provide an explanation of events and changes that are significant to an understanding of the changes in financial position and performance of the enterprise since the last annual reporting date. If, at the date of the document, the company has published interim financial information that covers a more current period than those otherwise required by this standard, the more current interim financial information must be included in the document. Companies are encouraged, but not required, to have any interim financial statements in the document reviewed by an independent auditor. If such a review has been performed and is referred to in the document, a copy of the auditor's interim review report must be provided in the document.

***See discussion in Section V.B.6 of this release.***

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Instructions to Item 8.A.2:

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2. The financial statements of the issuer must be audited in accordance with the standards of the PCAOB U.S. generally accepted auditing standards, and the auditor must comply with the U.S. and Commission standards for auditor independence. Refer to Note Article 2 of Regulation S-X, which contains requirements for qualifications and reports of accountants.

***See discussion in Section V.C.1 of this release.***

\*\*\*

Instructions to Item 8.A.4:



1. In calculating the 15-month requirement for the age of financial statements, determine the age based on the period of time that has elapsed between the date of the balance sheet and “the time of the offering or listing,” which means the time the registration statement is declared effective.

2. The additional requirement that financial statements be no older than 12 months at the date of filing applies only in those limited cases where a nonpublic company is registering its initial public offering of securities. ~~We will waive this requirement in cases where~~ A company may comply with only the 15-month requirement in this item if the company is able to represent ~~adequately to us~~ that it is not required to comply with ~~this~~ the 12-month requirement in any other jurisdiction outside the United States and that complying with the 12-month requirement is impracticable or involves undue hardship. File this representation as an exhibit to the registration statement. ~~If we waive the 12-month requirement, you must comply with the 15-month requirement in this item.~~

*See discussion in Section IV.C.2 of this release.*

\*\*\*

Item 9. The Offer and Listing.

The purpose of this standard is to provide information regarding the offer or listing of securities, the plan for distribution of the securities and related matters.

A. Offer and listing details.

\*\*\*

4. ~~Information regarding the price history of the stock to be offered or listed shall be disclosed as follows:~~ Identify the principal host market(s) and principal market(s) outside the host market

and corresponding trading symbol(s) for those markets for each class of the registrant's common equity.

~~(a) for the five most recent full financial years: the annual high and low market prices;~~

~~(b) for the two most recent full financial years and any subsequent period: the high and low market prices for each full financial quarter;~~

~~(c) for the most recent six months: the high and low market prices for each month;~~

~~(d) for pre-emptive issues, the market prices for the first trading day in the most recent six months, for the last trading day before the announcement of the offering and (if different) for the latest practicable date prior to publication of the document.~~

~~Information shall be given with respect to the market price in the host market and the principal trading market outside the host market. If significant trading suspensions occurred in the prior three years, they shall be disclosed. If the securities are not regularly traded in an organized market, information shall be given about any lack of liquidity.~~

*See discussion in Section IV.C.1 of this release.*

\*\*\*

Item 10. Additional Information.

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F. Dividends and paying agents. Disclose ~~any dividend restrictions,~~ the date on which the entitlement to dividends arises, if known, and any procedures for nonresident holders to claim dividends. Identify the financial organizations which, at the time of admission of shares to official listing, are the paying agents of the company in the countries where admission has taken place or is expected to take place.

*See discussion in Section III.C.2 of this release.*

\*\*\*

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

\*\*\*

General Instructions to Items 11(a), 11(b), 11(c), 11(d), and 11(e).

~~1. Bank registrants, thrift registrants, and non-bank and non-thrift registrants with market capitalizations on January 28, 1997 in excess of \$2.5 billion should provide Item 11 disclosures in filings with the Commission that include annual financial statements for fiscal years ending after June 15, 1997. Non-bank and non-thrift registrants with market capitalizations on January 28, 1997 of \$2.5 billion or less should provide Item 11 disclosures in filings with the Commission that include annual financial statements for fiscal years ending after June 15, 1998. [Reserved]~~

*See discussion in Section IV.B of this release.*

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Item 12. Description of Securities Other than Equity Securities.

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Instructions to Item 12:

~~1. You do not need to provide the information called for by this Item if you are using the form as an annual report for your fiscal years ending before December 15, 2009. For your fiscal years ending on or after December 15, 2009, e~~Except for Item 12.D.3. and Item 12.D.4, you do not need to provide the information called for by this Item if you are using this form as an annual report.

\*\*\*

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

\*\*\*

B. If you or anyone else has modified materially or qualified the rights evidenced by any class of registered securities by issuing or modifying any other class of securities, briefly describe the general effect of the issuance or modification on the rights of holders of the registered securities.

\*\*\*

~~Instruction to Item 14.B: You should report any working capital restrictions or other limitations on the payment of dividends.~~

*See discussion in Section III.C.2 of this release.*

\*\*\*

~~Item 15T. Controls and Procedures.~~

~~Note to Item 15T: This is a special temporary section that applies instead of Item 15 only to: (1) an issuer that is an "accelerated filer," but not a "large accelerated filer," as those terms are defined in §240.12b-2 of this chapter and only with respect to an annual report that the issuer is required to file for a fiscal year ending on or after July 15, 2006 but before July 15, 2007; or (2) an issuer that is neither a "large accelerated filer" nor an "accelerated filer" as those terms are defined in §240.12b-2 of this chapter and only with respect to an annual report that the issuer is required to file for a fiscal year ending on or after December 15, 2007 but before June 15, 2010.~~

~~(a) Disclosure Controls and Procedures. Where the Form is being used as an annual report filed under section 13(a) or 15(d) of the Exchange Act, disclose the conclusions of the issuer's principal executive and principal financial officers, or persons performing similar functions,~~

~~regarding the effectiveness of the issuer's disclosure controls and procedures (as defined in 17 CFR 240.13a-15(e) or 240.15d-15(e)) as of the end of the period covered by the report, based on the evaluation of these controls and procedures required by paragraph (b) of 17 CFR 240.13a-15 or 240.15d-15.~~

~~(b) Management's annual report on internal control over financial reporting. Where the Form is being used as an annual report filed under section 13(a) or 15(d) of the Exchange Act, provide a report of management on the issuer's internal control over financial reporting (as defined in §240.13a-15(f) or 240.15d-15(f) of this chapter). The report shall not be deemed to be filed for purposes of section 18 of the Exchange Act or otherwise subject to the liabilities of that section, unless the issuer specifically states that the report is to be considered "filed" under the Exchange Act or incorporates it by reference into a filing under the Securities Act or the Exchange Act.~~

~~The report must contain:~~

- ~~(1) A statement of management's responsibility for establishing and maintaining adequate internal control over financial reporting for the issuer;~~
- ~~(2) A statement identifying the framework used by management to evaluate the effectiveness of the issuer's internal control over financial reporting as required by paragraph (c) of §240.13a-15 or 240.15d-15 of this chapter;~~
- ~~(3) Management's assessment of the effectiveness of the issuer's internal control over financial reporting as of the end of the issuer's most recent fiscal year, including a statement as to whether or not internal control over financial reporting is effective. This discussion must include disclosure of any material weakness in the issuer's internal control over financial reporting identified by management. Management is not permitted to conclude that the issuer's internal~~

control over financial reporting is effective if there are one or more material weaknesses in the issuer's internal control over financial reporting; and

~~(4) A statement in substantially the following form: "This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the company to provide only management's report in this annual report."~~

~~(e) Changes in internal control over financial reporting. Disclose any change in the issuer's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of §240.13a-15 or 240.15d-15 of this chapter that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.~~

~~(d) This temporary Item 15T, and accompanying note and instructions, will expire on December 15, 2010.~~

#### Instructions to Item 15T

1. An issuer need only comply with paragraph (b) of this Item until it either had been required to file an annual report pursuant to section 13(a) or 15(d) of the Exchange Act (15 U.S.C. 78m(a) or 78o(d)) for the prior fiscal year or had filed an annual report with the Commission for the prior fiscal year. An issuer that does not comply shall include a statement in the first annual report that it files in substantially the following form: "This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation

~~report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies."~~

~~2. The registrant must maintain evidential matter, including documentation, to provide reasonable support for management's assessment of the effectiveness of the issuer's internal control over financial reporting.~~

*See discussion in Section IV.B of this release.*

\*\*\*

Item 16F. Change in Registrant's Certifying Accountant.

\*\*\*

Instructions to Item 16F:

~~1. Item 16F applies to all annual reports and registration statements filed on Form 20-F for the issuer's fiscal years ending on or after December 15, 2009. [Reserved]~~

*See discussion in Section IV.B of this release.*

\*\*\*

Item 16G. Corporate Governance

\*\*\*

~~Instructions to Item 16G: A registrant must provide the information required in Item 16G beginning with the annual report that its files for its first fiscal year ending on or after December 15, 2008. Item 16G only applies to annual reports, and not to registration statements on Form 20-F. Registrants should provide a brief and general discussion, rather than a detailed, item-by-item analysis.~~

*See discussion in Section IV.B of this release.*

\*\*\*

Item 17. Financial Statements.

\*\*\*

(c) The financial statements and schedules required by paragraph (a) above may be prepared according to U.S. generally accepted accounting principles or IFRS as issued by the IASB. If the financial statements comply with IFRS as issued by the IASB, such compliance must be unreservedly and explicitly stated in the notes to the financial statements and the auditor's report must include an opinion on whether the financial statements comply with IFRS as issued by the IASB. If the notes and auditor's report of an issuer do not contain the information in the preceding sentence, then the U.S. GAAP reconciliation information described in paragraphs (c)(1) and (c)(2) must be provided. Alternatively, such financial statements and schedules may be prepared according to a comprehensive body of accounting principles other than those generally accepted in the United States or IFRS as issued by the IASB if the following are disclosed:

\*\*\*

(2) A discussion of the material variations in the accounting principles, practices, and methods used in preparing the financial statements from the principles, practices, and methods generally accepted in the United States and in Regulation S-X. Such material variations shall be quantified in the following format:

\*\*\*

(v) Issuers that prepare financial statements on a basis of accounting other than U.S. generally accepted accounting principles that are furnished for a business acquired or to be acquired



pursuant to §210.305 of this chapter may omit the disclosures specified by paragraphs (c)(2)(i), (c)(2)(ii) and (c)(2)(iii) of this Item if the conditions specified in the definition of a significant subsidiary in § 210.1-02(w)(v) of this chapter do not exceed 30 percent. Issuers that prepare financial statements using IFRS as issued by the IASB that are furnished pursuant to §210.3-05 may omit the disclosures specified by paragraphs (c)(2)(i), (c)(2)(ii), and (c)(2)(iii) of this Item regardless of the size of the business acquired or to be acquired.

(vi) Issuers that prepare financial statements on a basis of accounting other than U.S. generally accepted accounting principles that are furnished for a less-than-majority-owned investee pursuant to §210.309 of this chapter may omit the disclosures specified by paragraphs (c)(2)(i), (c)(2)(ii) and (c)(2)(iii) of this Item if the first and third conditions specified in the definition of a significant subsidiary in §210.1-02(w)402(v) of this chapter do not exceed 30 percent. Issuers that prepare financial statements using IFRS as issued by the IASB that are furnished pursuant to §210.3-09 may omit the disclosures specified by paragraphs (c)(2)(i), (c)(2)(ii), and (c)(2)(iii) of this Item regardless of the size of the investee.

*See discussion in Section V.D of this release.*

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Instructions:

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~~3. For its fiscal years ending before December 15, 2009, if the registrant presents its financial statements according to generally accepted accounting principles in the United States except for “FASB ASC Topic 280, Segment Reporting and if it furnishes the information relating to categories of activity required by Items 4.B.1. and 4.B.2. of this Form, then such financial~~

~~statements will be considered to comply with this Item, even if the auditor's report is qualified for noncompliance with FASB ASC Topic 280. Such report and financial statements, however, must comply with all other applicable requirements. [Reserved]~~

*See discussion in Section IV.B of this release.*

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5. For purposes of this Item, a hyperinflationary economy is one that has cumulative inflation of approximately 100% or more over the most recent three year period.

~~Special Instruction for Certain European Issuers:~~

~~An issuer incorporated in a Member State of the European Union that has complied with the carve out to IAS 39 "Financial Instruments: Recognition and Measurement," as adopted by the European Union, in financial statements previously filed with the Commission, may file financial statements for its first two financial years that end after November 15, 2007 without reconciling to U.S. GAAP if that issuer's financial statements otherwise comply with IFRS as issued by the IASB and the issuer provides an audited reconciliation to IFRS as issued by the IASB. This reconciliation to IFRS as issued by the IASB is to contain information relating to financial statement line items and footnote disclosure based on full compliance with IFRS as issued by the IASB, and is to be prepared and disclosed in the same manner that an issuer would provide a reconciliation to U.S. GAAP, following the requirements in Item 17(c)(2). All financial statements of such an issuer for periods prior to the financial year that ends after November 15, 2007 must continue to be reconciled to U.S. GAAP. For financial years following the two financial years ending after November 15, 2007, such an issuer will be required to include reconciliations to U.S. GAAP unless the issuer complies with the requirements in Item 17(c).~~

*See discussion in Section IV.B.IV.B of this release.*

\*\*\*

Item 18. Financial Statements.

\*\*\*

Instructions to Item 18.

1. ~~For fiscal years ending before December 15, 2009, all of the instructions to Item 17 also apply to this Item, except Instruction 3 to Item 17, which does not apply. For all fiscal years ending on or after December 15, 2009, a~~All of the instructions to Item 17 also apply to this Item.

*See discussion in Section IV.B of this release.*

\*\*\*

~~Special Instruction for Certain European Issuers.~~

~~An issuer incorporated in a Member State of the European Union that has complied with the carve out to IAS 39 “Financial Instruments: Recognition and Measurement,” as adopted by the European Union, in financial statements previously filed with the Commission, may file financial statements for its first two financial years that end after November 15, 2007 without reconciling to U.S. GAAP if that issuer’s financial statements otherwise comply with IFRS as issued by the IASB and the issuer provides an audited reconciliation to IFRS as issued by the IASB. This reconciliation to IFRS as issued by the IASB is to contain information relating to financial statement line items and footnote disclosure based on full compliance with IFRS as issued by the IASB, and is to be prepared and disclosed in the same manner that an issuer would provide a reconciliation to U.S. GAAP, following the requirements in Item 18. All financial statements of such an issuer for periods prior to the financial year that ends after November 15, 2007 must~~

~~continue to be reconciled to U.S. GAAP. For financial years following the two financial years ending after November 15, 2007, such an issuer will be required to include reconciliations to U.S. GAAP unless the issuer complies with the requirements in Item 18(a).~~

*See discussion in Section IV.B of this release.*

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#### INSTRUCTIONS AS TO EXHIBITS

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~~6. A statement explaining in reasonable detail how earnings per share information was calculated, unless the computation is clear from material contained in the registration statement or report.~~ [Reserved]

*See discussion in Section II.B.2 of this release.*

~~7. A statement explaining in reasonable detail how any ratio of earning to fixed charges, any ratio of earnings to combined fixed charges and preferred stock dividends or any other ratios in the registration statement or report were calculated.~~ [Reserved]

*See discussion in Section III.B.1 of this release.*

**§ 249.240f Form 40-F, for registration of securities of certain Canadian issuers pursuant to section 12(b) or (g) and for reports pursuant to section 15(d) and Rule 15d-4 (§240.15d-4 of this chapter).**

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D. Application of General Rules and Regulations

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(7) A filer must file the Form 40-F registration statement or annual report in electronic format via the Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system in accordance with the EDGAR rules set forth in Regulation S-T (17 CFR Part 232). For assistance with ~~technical questions about~~ EDGAR questions ~~or to request an access code~~, call the EDGAR Filer Support Office at (202) 942551-8900. ~~For assistance with the EDGAR rules, call the Office of EDGAR and Information Analysis at (202) 942-2940.~~

*See discussion in Section V.C.2 of this proposing release.*

**§ 249.310 Form 10-K, for annual and transition reports pursuant to sections 13 or 15(d) of the Securities Exchange Act of 1934.**

#### GENERAL INSTRUCTIONS

\*\*\*

J. Use of this Form by Asset-Backed Issuers.

The following applies to registrants that are asset-backed issuers. Terms used in this General Instruction J. have the same meaning as in Item 1101 of Regulation AB ( 17 CFR 229.1101).

(1) Items that May be Omitted. Such registrants may omit the information called for by the following otherwise required Items:

- (a) Item 1, Business;
- (b) Item 1A. Risk Factors;
- (c) Item 2, Properties;
- (d) Item 3, Legal Proceedings;
- (e) [Reserved]

(f) Item 5, Market for Registrant's Common Equity, ~~and~~ Related Stockholder Matters and Issuer Purchases of Equity Securities;

(g) Item 6, Selected Financial Data;

(h) Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations;

(i) Item 7A, Quantitative and Qualitative Disclosures About Market Risk;

(j) Item 8, Financial Statements and Supplementary Data;

(k) Item 9, Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

(l) Item 9A, Controls and Procedures

(m) If the issuing entity does not have any executive officers or directors, Item 10, Directors and Executive Officers of the Registrant, Item 11, Executive Compensation, Item 12, Security Ownership of Certain Beneficial Owners and Management, and Item 13, Certain Relationships and Related Transactions; and

(n) Item 14, Principal Accountant Fees and Services.

*See discussion in Section V.D of this release.*

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**§ 249.311 Form 11-K, for annual reports of employee stock purchase, savings and similar plans pursuant to section 15(d) of the Securities Exchange Act of 1934.**

#### REQUIRED INFORMATION

The following financial statements shall be furnished for the plan:

1. An audited statement of financial condition as of the end of the latest two fiscal years of the plan (or such lesser period as the plan has been in existence).
2. An audited statement of comprehensive income (either in a single continuous financial statement or in two separate but consecutive financial statements; or a statement of net income if there was no other comprehensive income) and changes in plan equity for each of the latest three fiscal years of the plan (or such lesser period as the plan has been in existence).

*See discussion in Section V.B.6 of this release.*

**§ 249.312 Form 10-D, periodic distribution reports by asset-backed issuers.**

\*\*\*

~~Item 5. Submission of Matters to a Vote of Security Holders.~~ [Reserved]

~~Provide the information required by Item 4 of Part II of Form 10-Q with respect to the period covered by this report.~~

*See discussion in Section V.C.2 of this release.*

**§ 249.617 Form X-17A-5, information required of certain brokers and dealers pursuant to section 17 of the Securities Exchange Act of 1934 and §240.17a-5, §240.17a-10 and § 240.17a-11, and § 240.17a-12 of this chapter.**

Part II

STATEMENT OF FINANCIAL CONDITION

\*\*\*

29. Corporation:

A. Preferred stock \_\_\_\_\_ 1791

B. Common Stock ▼ 28 \_\_\_\_\_ 1792

C. Additional paid-in capital	_____ 1793
D. Retained earnings	_____ 1794
<u>E. Accumulated other comprehensive income</u>	_____ 1797
<u>EF. Total</u>	_____ 1795
<u>FG. Less capital stock in treasury</u>	(_____) 1796

*See discussion in Section V.B.6 of this release.*

\*\*\*

STATEMENT OF INCOME (LOSS) or STATEMENT OF COMPREHENSIVE INCOME (as defined in §210.1-02 of Regulation S-X), as applicable

\*\*\*

NET INCOME/COMPREHENSIVE INCOME

\*\*\*

32. <del>Extraordinary gains (losses)</del> <u>[RESERVED]</u>	===== 4224
a. <del>After Federal income taxes of</del> <u>[RESERVED]</u>	===== 4239
33. <del>Cumulative effect of changes in accounting principles</del> <u>[RESERVED]</u>	===== 4225
34. Net income (loss) after Federal income taxes <del>and extraordinary items</del>	\$ _____ 4230
<u>35. Other comprehensive income (loss)</u>	_____ 4226
a. <u>After Federal income taxes of</u>	_____ 4227
<u>36. Comprehensive income (loss)</u>	\$ _____ 4228
 <u>MONTHLY INCOME</u>	
<del>3537. Income (current month only) before provision for Federal income taxes</del>	
<del>and extraordinary items</del>	\$ _____ 4211



*See discussion in Sections V.B.5 and V.B.6 of this release.*

\*\*\*

## GENERAL INSTRUCTIONS

\*\*\*

STATEMENT OF INCOME (LOSS) or STATEMENT OF COMPREHENSIVE INCOME (as defined in §210.1-02 of Regulation S-X), as applicable

If there are no items of other comprehensive income in the period presented, the broker or dealer is not required to report comprehensive income.

\*\*\*

### ~~Extraordinary Items~~

~~State in a note the nature and amount of any material items and disclose the tax applicable to each.~~

### ~~Effect of Changes in Accounting Principles~~

~~State in a note any material items and disclose the tax applicable to each.~~

## STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

\*\*\*

### Net Income (Loss) For Period

Report the amount of net income (loss) for the period reported on the Statement of Income (Loss) or Statement of Comprehensive Income, as applicable.

*See discussion in Section V.B.6 of this release.*

Part IIA

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND  
CERTAIN OTHER BROKERS OR DEALERS

\*\*\*

23. Corporation:

A. Preferred stock	_____	1791
B. Common Stock	_____	1792
C. Additional paid-in capital	_____	1793
D. Retained earnings	_____	1794
<u>E. Accumulated other comprehensive income</u>	_____	1797
<u>F. Total</u>	_____	1795
<u>G. Less capital stock in treasury</u>	▼16 (_____)	1796

*See discussion in Section V.B.6 of this release.*

STATEMENT OF INCOME (LOSS) or STATEMENT OF COMPREHENSIVE INCOME (as  
defined in §210.1-02 of Regulation S-X), as applicable

\*\*\*

NET INCOME/COMPREHENSIVE INCOME

\*\*\*

20. <del>Extraordinary gains (losses)</del> <u>[RESERVED]</u>	=====	4224
a. <del>After Federal income taxes of</del> <u>[RESERVED]</u>	=====	4239
21. <del>Cumulative effect of changes in accounting principles</del> <u>[RESERVED]</u>	=====	4225
22. Net income (loss) after Federal income taxes <del>and extraordinary items</del>	\$ _____	4230
23. <u>Other comprehensive income (loss)</u>	_____	4226

a. After Federal income taxes of

\_\_\_\_\_ 4227

24. Comprehensive income (loss)

\$ \_\_\_\_\_ 4228

MONTHLY INCOME

2325. Income (current month only) before provision for Federal income taxes

~~and extraordinary items~~

\$ \_\_\_\_\_ 4211

*See discussion in Sections V.B.5 and V.B.6 of this release.*

GENERAL INSTRUCTIONS

\*\*\*

STATEMENT OF INCOME (LOSS) or STATEMENT OF COMPREHENSIVE INCOME (as defined in §210.1-02 of Regulation S-X), as applicable

If there are no items of other comprehensive income in the period presented, the broker or dealer is not required to report comprehensive income.

\*\*\*

~~20— State, in a note, the nature and amount of any material gains or losses and disclose the tax applicable to each.~~

~~21— State, in a note, any material items and disclose the tax applicable to each.~~

\*\*\*

STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP,  
PARTNERSHIP OR CORPORATION)

\*\*\*

Net Income (Loss) For Period

Report the amount of net income (loss) for the period reported on the Statement of Income (Loss) or Statement of Comprehensive Income, as applicable.

*See discussion in Sections V.B.5 and V.B.6 of this release.*

Part IIB

STATEMENT OF FINANCIAL CONDITION FOR OTC DERIVATIVES DEALERS

\*\*\*

28. Corporation:

A. Preferred stock	_____	1791
B. Common Stock	_____	1792
C. Additional paid-in capital	_____	1793
D. Retained earnings	_____	1794
E. <u>Accumulated other comprehensive income</u>	_____	1797
F. Total	_____	1795
G. Less capital stock in treasury	(_____)	1796

*See discussion in Section V.B.6 of this release.*

\*\*\*

STATEMENT OF INCOME (LOSS) or STATEMENT OF COMPREHENSIVE INCOME (as defined in §210.1-02 of Regulation S-X), as applicable

\*\*\*

NET INCOME/COMPREHENSIVE INCOME

\*\*\*

29. ~~Extraordinary gains (losses)~~ [RESERVED] \_\_\_\_\_ 4224

A. <del>After Federal income taxes of</del> [RESERVED]	===== 4239
30. <del>Cumulative effect of changes in accounting principles</del> [RESERVED]	===== 4225
31. Net income (loss) after Federal income taxes <del>and extraordinary items</del>	\$ _____ 4230
32. <u>Other comprehensive income (loss)</u>	_____ 4226

<u>A. After Federal income taxes of</u>	_____ 4227
33. <u>Comprehensive income (loss)</u>	\$ _____ 4228

MONTHLY INCOME

3234. Income (current month only) before provision for Federal income taxes <del>and extraordinary items</del>	\$ _____ 4211
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*See discussion in Sections V.B.5 and V.B.6 of this release.*

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**PART III**

**FACING PAGE**

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- (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).

*See discussion in Section V.B.6 of this release.*

**PART 274—FORMS PRESCRIBED UNDER THE INVESTMENT COMPANY ACT OF 1940**

**§§ 239.24 and 274.5 Form N-5, form for registration of small business investment company under the Securities Act of 1933 and the Investment Company Act of 1940.**

\*\*\*

Item 3. Policies with Respect to Security Investments.

\*\*\*

(i) Whether the registrant and its investment adviser and principal underwriter have adopted codes of ethics under Rule 17j-1 of the Investment Company Act of 1940 [17 CFR 270.17j-1] and whether these codes of ethics permit personnel subject to the codes to invest in securities, including securities that may be purchased or held by the registrant. Also explain ~~that these codes of ethics can be reviewed and copied at the Commission's Public Reference Room in Washington, D.C., that information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-202-942-8090, that these codes of ethics are available on the EDGAR Database on the Commission's Internet site at <http://www.sec.gov>, and that copies of these codes of ethics may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the Commission's Public Reference Section, Washington, D.C. 20549-0102.~~

*See discussion in Section IV.C.2 of this release.*

**§§ 239.15A and 274.11A Form N-1A, registration statement of open-end management investment companies.**

Part A – INFORMATION REQUIRED IN A PROSPECTUS

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Item 1. Front and Back Cover Pages

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(b)

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(3) ~~A statement that information about the Fund (including the SAI) can be reviewed and copied at the Commission's Public Reference Room in Washington, DC, and that information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-202-551-8090. State that reports and other information about the Fund are available on the EDGAR Database on the Commission's Internet site at <http://www.sec.gov>, and that copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the Commission's Public Reference Section, Washington, DC 20549-1520.~~

*See discussion in Section IV.C.2 of this release.*

\*\*\*

Item 3. Risk/Return Summary: Fee Table

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Instructions

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3. Annual Fund Operating Expenses

(a) "Management Fees" include investment advisory fees (including any fees based on the Fund's performance), any other management fees payable to the investment adviser or its affiliates, and administrative fees payable to the investment adviser or its affiliates that are not included as "Other Expenses."

(b) "Distribution [and/or Service] (12b-1) Fees" include all distribution or other expenses incurred during the most recent fiscal year under a plan adopted pursuant to rule 12b-1 [17 CFR

270.12b-1]. Under an appropriate caption or a subcaption of “Other Expenses,” disclose the amount of any distribution or similar expenses deducted from the Fund’s assets other than pursuant to a rule 12b-1 plan.

(c)

\*\*\*

(ii) “Other Expenses” do not include extraordinary expenses. ~~as determined under generally accepted accounting principles (see FASB ASC Subtopic 225-20, Income Statement-Extraordinary and Unusual Items).~~ “Extraordinary expenses” refers to expenses that are distinguished by their unusual nature and by the infrequency of occurrence. Unusual nature means the expense has a high degree of abnormality and is clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the fund, taking into account the environment in which the fund operates. Infrequency of occurrence means the expense is not reasonably expected to recur in the foreseeable future, taking into consideration the environment in which the fund operates. The environment of a fund includes such factors as the characteristics of the industry or industries in which it operates, the geographical location of its operations, and the nature and extent of governmental regulation. If extraordinary expenses were incurred that materially affected the Fund’s “Other Expenses,” disclose in a footnote to the table what “Other Expenses” would have been had the extraordinary expenses been included.

***See discussion in Section V.B.5 of this release.***

\*\*\*

Item 27. Financial Statements

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(d) Annual and Semi-Annual Reports. Every annual and semi-annual report to shareholders required by rule 30e-1 must contain the following:

(1) Expense Example. The following information regarding expenses for the period:

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Instructions

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2. Computation (a) (i) In determining the Fund's "actual expenses" for purposes of this example, include all expenses that are deducted from the Fund's assets or charged to all shareholder accounts, including "Management Fees," "Distribution [and/or Service] (12b-1) Fees," and "Other Expenses" as those terms are defined in Instruction 3 to Item 3 of this form as modified by Instructions 2(a)(ii) and (c)(i) to this Item. Reflect recurring and non-recurring fees charged to all investors other than any exchange fees, sales charges (loads), or fees charged upon redemption of the Fund's shares. The amount of expenses deducted from the Fund's assets are the amounts shown as expenses in the Fund's statement of operations (including increases resulting from complying with paragraph 2(g) of rule 6-07 of Regulation S-X [17 CFR 210.6-07]).

(ii) For purposes of this Item 27(d)(1), "Other Expenses" include extraordinary expenses, ~~as determined under generally accepted accounting principles (see FASB ASC Subtopic 225-20, Income Statement-Extraordinary and Unusual Items).~~ "Extraordinary expenses" refers to expenses that are distinguished by their unusual nature and by the infrequency of occurrence. Unusual nature means the expense has a high degree of abnormality and is clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the fund, taking into account

the environment in which the fund operates. Infrequency of occurrence means the expense is not reasonably expected to recur in the foreseeable future, taking into consideration the environment in which the fund operates. The environment of a fund includes such factors as the characteristics of the industry or industries in which it operates, the geographical location of its operations, and the nature and extent of governmental regulation. If extraordinary expenses were incurred that materially affected the Fund's "Other Expenses," the Fund may disclose in a footnote to the Example what "actual expenses" would have been had the extraordinary expenses not been included.

*See discussion in Section V.B.5 of this release.*

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(3) Statement Regarding Availability of Quarterly Portfolio Schedule. A statement that: (i) the Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q; (ii) the Fund's Forms N-Q are available on the Commission's website at <http://www.sec.gov>; ~~(iii) the Fund's Forms N-Q may be reviewed and copied at the commission's Public Reference Room in Washington, DC, and that information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330;~~ and ~~(iv)~~ (iii) if the Fund makes the information on Form N-Q available to shareholders on its website or upon request, a description of how the information may be obtained from the Fund.

*See discussion in Section IV.C.2 of this release.*

**§§ 239.14 and 274.11a-1 Form N-2, for closed-end management investment companies registered on Form N-8A.**

\*\*\*

Item 18. Management

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15. Codes of Ethics: Provide a brief statement disclosing whether the Registrant and its investment adviser and principal underwriter have adopted codes of ethics under Rule 17j-1 of the 1940 Act [17 CFR 270.17j-1] and whether these codes of ethics permit personnel subject to the codes to invest in securities, including securities that may be purchased or held by the Registrant. Also explain in the statement ~~that these codes of ethics can be reviewed and copied at the Commission's Public Reference Room in Washington, DC, that information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-202-551-8090,~~ that these codes of ethics are available on the EDGAR Database on the Commission's Internet site at <http://www.sec.gov>, and that copies of these codes of ethics may be obtained, after paying a duplicating fee, by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), ~~or by writing the Commission's Public Reference Section, Washington, DC, 20549-0102.~~

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Item 24. Financial Statements

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Instructions

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6.

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b. a statement that: (i) the Registrant files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q; (ii) the Registrant's Forms N-Q are available on the Commission's website at <http://www.sec.gov>; and (iii) ~~the Registrant's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, DC, and that information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330; and~~ (iv) if the Registrant makes the information on Form N-Q available to shareholders on its website or upon request, a description of how the information may be obtained from the Registrant.

*See discussion in Section IV.C.2 of this release.*

**§§ 239.17a and 274.11b Form N-3, registration statement for separate accounts organized as management investment companies.**

#### Part A – INFORMATION REQUIRED IN A PROSPECTUS

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#### Item 3. Synopsis or Highlights

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#### Instructions

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#### 4. Annual Expenses

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(c) "Other Expenses" includes all expenses (except fees and expenses reported in other items in the table) that are deducted from separate account assets and will be reflected as expenses in the

Registrant's statement of operations (including increases resulting from complying with paragraph 2(g) of Rule 6-07 [17 CFR 210.6-07] of Regulation S-X).

(i) "Other Expenses" do not include extraordinary expenses, ~~as determined by use of generally accepted accounting principles (see FASB ASC Subtopic 225-20, Income Statement-Extraordinary and Unusual Items).~~ "Extraordinary expenses" refers to expenses that are distinguished by their unusual nature and by the infrequency of occurrence. Unusual nature means the expense has a high degree of abnormality and is clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the fund, taking into account the environment in which the fund operates. Infrequency of occurrence means the expense is not reasonably expected to recur in the foreseeable future, taking into consideration the environment in which the fund operates. The environment of a fund includes such factors as the characteristics of the industry or industries in which it operates, the geographical location of its operations, and the nature and extent of governmental regulation. If extraordinary expenses were incurred that materially affected the Registrant's "Other Expenses," the Registrant should disclose in the narrative following the table what the "Other Expenses" would have been had extraordinary expenses been included.

*See discussion in Section V.B.5 of this release.*

\*\*\*

Item 20. Management

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(m) Provide a brief statement disclosing whether the Registrant and its investment adviser and principal underwriter have adopted codes of ethics under Rule 17j-1 of the 1940 Act [17 CFR

270.17j-1] and whether these codes of ethics permit ~~personal~~ personnel subject to the codes to invest in securities, including securities that may be purchased or held by the Registrant. Also explain in the statement that these codes of ethics ~~can be reviewed and copied at the Commission's Public Reference Room in Washington, D.C., that information on the operation of the Public Reference Room may be obtained by calling the Commission at 1 202 551 8090, that these codes of ethics~~ are available on the EDGAR Database on the Commission's Internet site at <http://www.sec.gov>, and that copies of these codes of ethics may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov, or by writing the Commission's Public Reference Section, Washington, D.C. 20549-0213.

\*\*\*

## **Item 28. Financial Statements**

(a) Provide financial statements of the Registrant.

\*\*\*

Instructions:

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(6) Every report required by Section 30(e) of the 1940 Act and Rule 30e-1 under it [17 CFR 270.30e-1] shall contain the following information:

\*\*\*

(ii) a statement that: (A) the Registrant files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q; (B) the Registrant's Forms N-Q are available on the Commission's website at <http://www.sec.gov>; ~~(C) the Registrant's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, DC, and that information on the operation of the Public Reference Room~~

~~may be obtained by calling 1-202-551-8090;~~ and (CD) if the Registrant makes the information on Form N-Q available to contractowners on its website or upon request, a description of how the information may be obtained from the Registrant;

*See discussion in Section IV.C.2 of this release.*

**§§ 239.17b and 274.11c Form N-4, registration statement for separate accounts organized as unit investment trusts.**

\*\*\*

## PART A-INFORMATION REQUIRED IN A PROSPECTUS

### Item 1. Cover Page

(a)

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(v) a statement or statements that: (A) the prospectus sets forth the information about the Registrant that a prospective investor ought to know before investing; (B) the prospectus should be kept for future reference; (C) additional information about the Registrant has been filed with the Commission and is available upon written or oral request without charge (This statement should explain how to obtain the Statement of Additional Information, whether any of it has been incorporated by reference into the prospectus, and where the table of contents of the Statement of Additional Information appears in the prospectus. If the Registrant intends to disseminate its prospectus electronically ~~and is an electronic filer~~, also include the information that the Commission maintains a web site (<http://www.sec.gov>) that contains the Statement of Additional Information, material incorporated by reference, and other information regarding registrants that file electronically with the Commission.);

*See discussion in Section IV.C.2 of this release.*

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Item 3. Synopsis

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Instructions

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Total Annual [Portfolio Company] Operating Expenses

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17. (a) If a Registrant has multiple sub-accounts, it should disclose the minimum and maximum “Total Annual [Portfolio Company] Operating Expenses” for any portfolio company. “Total Annual [Portfolio Company] Operating Expenses” include all expenses that are deducted from a portfolio company’s assets. The amount of expenses deducted from a portfolio company’s assets are the amounts shown as expenses in the portfolio company’s statement of operations (including increases resulting from complying with paragraph 2(g) of rule 6-07 of Regulation S-X [17 CFR 210.6-07]). If any Portfolio Company invests in shares of one or more Acquired Funds, “Total Annual [Portfolio Company] Operating Expenses” for the Portfolio Company must also include fees and expenses incurred indirectly by the Portfolio Company as a result of investment in shares of one or more Acquired Funds, calculated in accordance with Instruction 3(f) to Item 3 of Form N-1A (17 CFR 239.15A; 17 CFR 274.11A). For purposes of this paragraph, an Acquired Fund means any company in which the Portfolio Company invests that (i) is an investment company or (ii) would be an investment company under section 3(a) of the



1940 Act (15 U.S.C. 80a-3(a)) but for the exceptions to that definition provided for in sections 3(c)(1) and 3(c)(7) of the 1940 Act (15 U.S.C. 80a-3(c)(1) and 80a-3(c)(7)).

(b) “Total Annual [Portfolio Company] Operating Expenses” do not include extraordinary expenses ~~as determined under generally accepted accounting principles (see FASB ASC Subtopic 225-20, Income Statement-Extraordinary and Unusual Items)~~. “Extraordinary expenses” refers to expenses that are distinguished by their unusual nature and by the infrequency of occurrence. Unusual nature means the expense has a high degree of abnormality and is clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the fund, taking into account the environment in which the fund operates. Infrequency of occurrence means the expense is not reasonably expected to recur in the foreseeable future, taking into consideration the environment in which the fund operates. The environment of a fund includes such factors as the characteristics of the industry or industries in which it operates, the geographical location of its operations, and the nature and extent of governmental regulation. If extraordinary expenses were incurred by any portfolio company that would, if included, materially affect the minimum or maximum amounts shown in the table, disclose in a footnote to the table what the minimum and maximum “Total Annual [Portfolio Company] Operating Expenses” would have been had the extraordinary expenses been included.

*See discussion in Section V.B.5 of this release.*

**§§ 239.17c and 274.11d Form N-6, registration statement for separate accounts organized as unit investment trusts that offer variable life insurance policies.**

PART A: INFORMATION REQUIRED IN A PROSPECTUS

Item 1. Front and Back Cover Pages

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(b)(3) ~~A statement that information about the Registrant (including the SAI) can be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Also state that information on the operation of the public reference room may be obtained by calling the Commission at 202-942-8090. State that reports and other information about the Registrant are available on the Commission's Internet site at <http://www.sec.gov> and that copies of this information may be obtained, upon payment of a duplicating fee, by writing the Public Reference Section of the Commission, 450 Fifth Street, NW, Washington, DC 20549-0102.~~

*See discussion in Section IV.C.2 of this release.*

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Item 3. Risk/Benefit Summary: Fee Table

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Instructions.

4. Total Annual [Portfolio Company] Operating Expenses.

\*\*\*

(c) "Total Annual [Portfolio Company] Operating Expenses" do not include extraordinary expenses, ~~as determined under generally accepted accounting principles (see FASB ASC Subtopic 225-20, Income Statement-Extraordinary and Unusual Items).~~ "Extraordinary expenses" refers to expenses that are distinguished by their unusual nature and by the infrequency of occurrence. Unusual nature means the expense has a high degree of abnormality and is clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the fund, taking into account the environment in which the fund operates. Infrequency of

occurrence means the expense is not reasonably expected to recur in the foreseeable future, taking into consideration the environment in which the fund operates. The environment of a fund includes such factors as the characteristics of the industry or industries in which it operates, the geographical location of its operations, and the nature and extent of governmental regulation. If extraordinary expenses were incurred by any Portfolio Company that would, if included, materially affect the minimum or maximum amounts shown in the table, disclose in a footnote to the table what the minimum and maximum “Total Annual [Portfolio Company] Operating Expenses” would have been had the extraordinary expenses been included.

*See discussion in Section V.B.5 of this release.*

**§ 274.12 Form N-8B-2, registration statement of unit investment trusts that are currently issuing securities.**

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Item 52. POLICY OF REGISTRANT

\*\*\*

(e) Provide a brief statement disclosing whether the trust and its principal underwriter have adopted codes of ethics under rule 17j-1 of the Act [17 CFR 270.17j- 1] and whether these codes of ethics permit personnel subject to the codes to invest in securities, including securities that may be purchased or held by the trust. Also explain ~~that these codes of ethics can be reviewed and copied at the Commission's Public Reference Room in Washington, D.C., that information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-202-942-8090,~~ that these codes of ethics are available on the EDGAR Database on the Commission's Internet site at <http://www.sec.gov>, and that copies of these codes of ethics may be

obtained, after paying a duplicating fee, by electronic request at the following E-mail address:  
publicinfo@sec.gov, ~~or by writing the Commission's Public Reference Section, Washington, D.C.~~  
~~20549-0102.~~

*See discussion in Section IV.C.2 of this release.*