→ ‼ → └ 5LR└ *UDQGH└ 6XLWH└ ⊥ ‼ ‼ └
$XWXOQ└ 7;└ → ← → ‼ ¶ └
3KRQH └ ♂ ↑ ¶ ⊥ □ └ ├ ┬ → ┼ ┤ → ← └
ZZZ◄ HQYLURQPHQWDOLQWHJULWW◄└RUJ

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1RYHPEHU└ ┤ ☼ └ ⊥ ‼ ¶ ├ └

0V◄ └ %ULGJHW└ &◄ └ %RKDF└ └ └ └ └ └ └ └
&KLHI└ &CHUN└ 0&├ ¶ ‼ ↑ └
7H[DV└ &RPPLVVLRQ└ RQ└ (QYLURQPHQWDO└ 4XDOLW└
3◄ 2◄ └ %R[└ ¶ ┬ ‼ ← → └
$XXWLQ└ 7H[DV└ → ← → ¶ ¶ ┼ ┬ ‼ ← → └
KWWSV ↕ ↕ ZZZ◄ WFHT◄ WH[DV◄ JRY↕ DERXW↕└FRPPHQWW◄ KWWP9LD└ (CHFWURQLF└)LOLQJ└

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5H └ 3XEOLF└ &RPPHQW└ RQ└ 'UDIW└ 5HQHZDO└ 7LWOH└ 9└ 3HUPLW└ 1R◄ └ 2¶ ↑ └ $XWKRUL]LQJ└
RI└ WKH└ +DUULQJWRQ└ 6WDWLRQ└ 3RZHU└ 3DQW└

'HDU└ 0V◄ └ %RKDF └

(QYLURQPHQWDO└ ,QWHJULW└ 3URMHFW└ DQG└ 6WHDPERDW&RPPXQLW¥□ └ DSSUHFLDWH└ WKLV└
RSSRUWXQLW└ WR└ VXEPLW└ FRPPHQW└ UHJDUGLQJ└ WKH└ 7H[DV└ &RPPLVVLRQ└ RQ└ (QYLURQPHQWDO└ 4
♂ ≥7&(4¥└ RU└ ≥&RPPLVVLRQ¥□ └ 'UDIW└ 7LWOH└ 9└ 3HUPLW└ 1R◄ └ 2¶ ↑ └ ♂ ≥'UDIW└ 3HUPLW¥
RI└ WKH└ +DUULQJWRQ└ 6WDWLRQ└ 3RZHU└ 3DQW└ CRFDWHG└ QHDU└ $PDULOORR└ LQ└ 3RWWHU└ &RXQW

7KH└ +DUULQJWRQ└ 6WDWLRQ└ SRZHU└ SDQW└ LV└ D└ URXJKO└ ¶ ☼ ‼ ↑ ‼ └ PHJDZDWW└ FRDO├
FRPSULVHG└ RI└ WKUHH└ PDLQ└ FRDO├ ILUHG└ WWHDP└ ERLOHUV└ ♂ GHVLJQDWHG└ DV└ 8QLW└ ¶ ☼ └ ⊥
HOHFWULF└ JHQHUDWLQJ└ HTXLSPHQW◄ └ └ $FFRUGLQJ└ WR└ WKH└ 'UDIW└ 5HQHZDO└ 7LWOH└ 9└ 3HUPLW└
RI└ DLU└ SROOXWDQW└ IURP└ WKH└ +DUULQJWRQ└ SDQW└ DUH└ DXWKRUL]HG└ E\└ WZR└ PDMRU└ 3UHYHQ
'HWHULRUDWLRQ└ ♂ ≥36'¥□ └ DLU└ SHUPLW└ ♂ 3HUPLW└ 1R◄ └ 36'7;├ ┬ ¶ 0¶ ↕ ¶ ┬ ← ← ☼ └
DVVRFLDWHG└ ZLWK└ 8QLW└ ¶ ☼ └ DQG└ 3HUPLW└ 1R◄ └ 36'7;‼ ¶ → 0⊥ ↕ ↑ ¶ ⊥ ☼ └ DXWKRUL]LQJ└
ZLWK└ 8QLW└ ⊥ └ DQG└ ┬ □◄ └ └ $FFRUGLQJ└ WR└ WKH└ 'UDIW└ 3HUPLW☼ └ HPLVVLRQV└ DUH└ DOVR└
DGGLWLRQDO└ PLQRU└ QHZ└ VRXUFH└ UHYLHZ└ SHUPLW☼ └ DV└ ZHOO└ DV└ WKURXJK└ ¶ ┬ └ FODLPH
♂ ≥3%5¥□◄ └ 6HH☼ └ 1HZ└ 6RXUFH└ 5HYLHZ└ $XWKRUL]DWLRQ└ 5HIHUHQFHV└ WDEOH☼ └ 5HQHZDO├ └

7KH└ 'UDIW└ 3HUPLW└ LV└ GHILFLHQW└ EHFDXVH └

$◄└,W└ 2PLWW☼ └ (OLPLQDWHV☼ └ RU└ :HDNHQV└ $SSOLFDEOH└ 5HTXLUHPHQWW☼ └ └
%◄└,QFRUSRUDWLRQ└ E\└ 5HIHUHQFH└ RI└ $SSOLFDEOH└ 5HTXLUHPHQW└)DLOV└ WR└ $VXUH└ &R
DQG└
&◄└,W└)DLOV└ 7R└ $VXUH└ &RPSOLDQFH└ :LWK└ $SSOLFDEOH└ 5HTXLUHPHQW└
└

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&RQVLWWHQW ZLWK 7LWOH 9 RI WKH &OHDQ $LU $FW WKH ZH UHVSHFWIXOO\ DVN WKH
'LUHFWRU WR FRUUHFW WKHVH GHILFLHQFLHV DQG UHVSRQG WR RXU FRPPHQWV EHIRUH ILQDO
WKH 'UDIW 3HUPLW

,◀ /(*$/ %&&.*5281' ◀

&RQJUHVV FUHDWHG WKH &OHDQ $LU $FW∂V 7LWOH 9 RSHUDWLQJ SURJUDP WR ≥HQDE
6WDWHV (3$ DQG WKH SXEOLF WR XQGHUWDQG EHWWHU WKH UHTXLUHPHQWV WR ZKLFK ◀
DQG ZKHWKHU WKH VRXUFH LV PHHWLQJ WKRVH2SHUDWLQJ3HUPLW3UR*UDP↑ →)HG◀ 5HJ◀
⊤ ⊥ ⊥ ↑ !! ⊥ ⊤ ⊥ ⊥ ↑ ¶ ♂ -XO\ ⊥ ¶ ⊥ ¶ ⊥ □ ◀ %HIRUH WKH 7LWOH 9 SHUPLW
,PSOHPHQWDWLRQ 3DQDV ♂ ≥6,3V ¥ □ SURYLGHG WKH SULPDU\ EDVLV IRU HQIRUFHPHQW RI
6,3 UHTXLUHPHQWV DUH RIWHQ WDWHG LQ JHQHUDO WHUPV ◀ LW LV QRW DOZD\V FOHDU K
DSSO\ WR SDUWLFXODU VRXUFHV◀ $GGLWLRQDOO\ LW LV RIWHQ GLIILFXOW WR GHWHUPLQ
DSSO\ WR D SDUWLFXODU VRXUFH EHFDXVH DSSOLFDEOH UHTXLUHPHQWV DUH VSUHDG DFURVV
UXOHV DQG SUHFRQWXUXFWLRQ SHUPLWV◀

7KH 7LWOH 9 SURJUDP ZDV PHDQW WR FRXQWHUDFW WKLV SURECHP E\ FRPSLOLQJ
GRFXPHQW DOO WKH DSSOLFDEOH UHTXLUHPHQWV IRU HDFK PDMRU VRXUFH◀ ┤ ⊥ 8◀ 6◀
&RPPRQZHDOWK RI 9LUJLQLD Y◀ %URZQHU ⊥G ← ├ ⊥ ← → ⊤ ♂ ┤ WK &LU◀ ¶ ├ □
WR LPSOHPHQWDWLRQ RI WKH $FW LW FRQWDLQV LQ D VLQJOH FRPSUHHHQVLYH VHW R
UHTXLUHPHQWV UHOHYDQW WR WKH SDUWLFXODU VRXUFH◀ ¥ □ ◀ :KHUH DSSOLFDEOH UHTXLUHP
JHQHUDO WHUPV LW 7LWOH 9 SHUPLWV PXXZ\XBBRUHRXDUHPHQW DSSO\ WR D SDUWLFXODU VRX
↑ →)HG◀ 5HJ◀ ⊤ ⊥ ⊥ ↑ ¶ ◀

7LWOH 9 SHUPLWV PXXW DOVR LQFOXGH PRQLWRULQJ UHFRUGNHHSLQJ DQG UHSR
VXIILFLHQW WR DVXUH RQJRLQJ FRPSOLDQFH ZLWK HDFK DSSOLFDEOH UHTXLUHPHQW DQG PD
ULJKW RI UHJXODWRUV RU WKH SXEOLF WR UHO RQ DQ FUHGLEOH HYLGHQFH WR GHPRQW
ZLWK DSSOLFDEOH UHTXLUHPHQWV &XE Y◀ (3$ ├) ⊤ G ├ → ⊤ ⊥ ├ → ┤ ┼ → ↑ ♂ '◀ &
7LWOH 9 GLG PRUH WKDQ UHTXLUH WKH FRPSLODWLRQ LQ D VLQJOH GRFXPHQW RI H[WWLQ
OLPLWW ◀ ◀ ◀ ◀ ◀ ,W DOVR PDQGDWHG WKDW HDFK SHUPLW ◀ ◀ ◀ VKDOO VHW IR
FRPSOLDQFH ZLWK WKH SHUPLW WHUPV DQG 2EEHGLW"RQQWLQXU LQ 3DUW DQG 'HQ\LQJ LQ 3DU
3HWLWLRQ IRU 2EMHFWLRQ WR ,QLWLDWH 0DWWHU RI 6RXWKZHXWHUQ (CHFWULF 3RZHU &RPSDQ\ ∂
3RZHU 3DQW ◀ 2UGHU RQ 3HWLWLRQ 1R ◀ 9,┤ ⊥ !! ¶ ┤ ┼ !! ¶ DW ¶ ⊤ ♂)HEUXDU\ ⊤
♂ ≥&RQVLWWHQW ZLWK WKH &$$ WKH (3$ WWDWHV DQG FLWL]HQV FDQ XVH DQ FUHG
FRPSOLDQFH DQG QRQ┤ FRPSOLDQFH ZLWK WKH &$$ LQFOXGLQJ FRPSOLDQFH DQG QRQ┤ FRPSO
WLWOH 9 SHUPLWW ¥ □

7KXV 7LWOH 9 SHUPLWW PXXW DSSOXGBEECH UHTXLUHPHQWW LQFOXGLQJ EXW QRW
WR 6WDWH ,PSOHPHQWDWLRQ 3DQ UHTXLUHPHQW ◀ $WWHU WKH 7LWOH 9 SHUPLWWLQJ SUR
≥6,3>V@ UHPDLQ>HG@ WKH EDVLV IRU GHPRQWUDWLQJ DQG HQXUULQJ DWWDLQPHQW DQG PD
QDWLRQDO DLU TXDOLW\ WDQGDUGV ¥ EXW 7LWOH 9 SHUPLW EHFDPH WKH SULPDU\
FRPSOLDQFH ZLWK UHTXLUHPHQW LQ WKH 6,3 IRU PDMRU VRXUFHV◀ ↑ →)HG◀ 5HJ◀

PXWW LQFOXGH DQG DVVXUH FRPSOLDQFH ZLWK PDMRU DQG PLQRU QHZ VRXUFH UHYLHZ SHUP
EXW QRW OLPLWHG WR 36' SHUPLWV¤ DQG HQVXUH WKDW WKH %HVW $YDLODEOH &RQWURO 7
DQG RWKHU UHTXLUHPHQWV HVWDEOLVKHG E\ WKHVH SHUPLWV DUH HQIRUFHDEOH◄ ┤ ‼ &◄
,Q WKH 0DWWHU RI 6RXWKZHVWHUQ (OHFWULF 3RZHU &RPSDQ\¤ +◄ :◄ 2UGHU\ RQ 3HWLWLRQ 3
3HWLWLRQ 1R◄ 9,┼ ┴ ‼ ¶ ┤ ┼ ‼ ¶ ♂)HEUXDU\ ┬ ¤ ┴ ‼ ¶ ├ □ DW ← ♂ ≥ :KHWKHU WKH
WKH %$&7 OLPLWV LQ D 36' SHUPLW DUH DSSOLFDEOH UHTXLUHPHQWV DQG¤ WKHUHIRUH¤
IRU LQ D 7LWOH 9 SHUPLW◄ ¥ □ ◄

,,◄ '(),&,(1&,(6↕ 2%-(&7,216↕ 5(48(676)25 &/$5,),&$7,21

$◄ 7KH 'UDIW 3HUPLW 2PLWV¤ (OLPLQDWHV¤ RU :HDNHQV &HUWDLQ $SSOLFDEOH 5HTXLUH

(DFK 7LWOH 9 SHUPLW LVVXHG E\ WKH 7&(4 PXVW LQFOXGH DQG DVVXUH FRPSOLD
DSSOLFDEOH UHTXLUHPHQWV◄ ┤ ┴ 8◄ 6◄ &◄ Ü → ├ ├ ¶ F♂ D□ ◄ 2PLWWLQJ DSSOLFDEO
WKDW D FRXUW FRXOG PLVWDNHQO\ FRQFOXGH WKDW WKLV RPLVVLRQ UHQGHUV 6WKHVH OLPLWV
8QLWHG 6WDWHV Y◄ (0(+RPHU &LW\¤ *HQHUDWLRQ)◄ ┬ G ┴ → ┤ ¤ ┬ ‼ ‼ ♂ ┬ G &LU◄ ┴
WKH &RXUW ODFNV MXULVGLFWLRQ WR HQIRUFH D UHTXLUHPHQW RPLWWHG IURP D 7LWOH 9

7KH 'UDIW 3HUPLW LV GHILFLHQW EHFDXVH LW IDLOV WR LQFOXGH DSSOLFDEOH 6WDW
3ODQ ♂ ≥6,3¥ □ UHTXLUHPHQWV DQG UHTXLUHPHQWV WKDW DUH SDUW RI WKH +DUULQJWRQ
6LJQLILFDQW 'HWHULRUDWLRQ ♂ ≥36'¥ □ SHUPLWV◄ ,Q DGGLWLRQ¤ WKH 'UDIW 3HUPLW
IDLOV WR LGHQWLI\ RU LQFRUSRUDWH E\ UHIHUHQFH DSSOLFDEOH UHTXLUHPHQWV LQ IHGHUDO
QHZ VRXUFH UHYLHZ SHUPLWV LQFOXGLQJ OLPLWV DQG RSHUDWLQJ FRQGLWLRQV LQ +DUULQJWR
UHJLVWUDWLRQV◄

¶◄ 7KH 'UDIW 3HUPLW ,PSHUPLVVLEO\ ([HPSWV WKH +DUULQJWRQ 3ODQW IURP W
$SSOLFDEOH 5HTXLUHPHQWV IRU 3DUWLFXODWH 0DWWHU)RXQG DW ┬ ‼ 7$& Ü ¶ ¶
DQG 2SDFLW\ IRXQG DW ┬ ‼ 7$& Ü ¶ ¶ ¶ ◄ ¶ ¶ ¶ ♂ D□

&RDO┼ ILUHG JHQHUDWRUV LQ 7H[DV PD\ QRW HPLW SDUWLFXODWH PDWWHU ♂ ILOWHUDEO
LQ FRQFHQWUDWLRQV JUHDWHU WKDQ ‼ ◄ ┬ SRXQGV SHU PLOOLRQ %ULWLVK WKHUPDO XQLWV
RYHU D WZR┼ KRXU SHULRG◄ ┬ ‼ 7$& Ü ¶ ¶ ¶ ◄ ¶ ↑ ┬ ♂ E□ ◄ 7KLV OLPLW DSS
LQFRUSRUDWHG LQWR WKH 7H[DV 6WDWH ,PSOHPHQWDWLRQ 3ODQ¤ PDNLQJ LW DQ DSSOLFDEOH
7LWOH 9 SXUSRVHV◄ ┤ ‼ &◄)◄ 5◄ Ü ↑ ┴ ◄ ┴ ┴ → ‼ ♂ F□ DQG → ┤)HG◄ 5HJ◄
→ ├ ├ ¶ F♂ D□ DQG ♂ F□ DQGRI&RPPEHDOWKGDDWKY◄ %URZQHU)¤┬G ← ├ ¤ ← → ┬ ♂ ┤ WK
♂ ≥7KH SHUPLW ´ FRQWDLQV ´DOO &$$ UHTXLUHPHQWV UHOHYDQW WR WKH SDUWLFXODU VRXU

7KH 7H[DV 6,3 DOVR SURKLELWV FRDO┼ ILUHG JHQHUDWRUV IURP H[FHHGLQJ DQ RSDF
┴ ‼ SHUFHQW RU ┬ ‼ SHUFHQW¤ GHSHQGLQJ RQ WKH XQLW∂V GDWH RI FRQVWUXFWLRQ¤
VL[┼ PLQXWH H[FHSWLRQ SHU KRXU RU VL[KRXUV ZLWKLQ D ¶ ‼ GD\ SHULR

¶ ¶ ¶ ◄ ¶ ¶ ¶ ♂ D□ ♂ ¶ □ ♂ $□ ☼ ♂ %□ ☼ ♂ (□ ◄ └ └ &RQWLQXRXV └ RSDFLWV\ └ PRQLWRUV └ DUH └ XVHG
WVWDQGDUG☼ DQG └ JHQHUDWRUV └ DUH └ UHTXLUHG └ WR └ WDNH └ SURPSW └ DFWLRQ └ WR └ EULQJ └ RSDFLWV\ └ OH
WKH └ VWDQGDUG └ LV └ H[FHHGHG◄ └ └ 7KLV └ VWDQGDUG └ ZDV └ DSSURYHG └ E\ └ (3$ └ LQWR └ WKH └ 7H[DV └
3ODQ └ LQ └ ¶┤ └‼ ├ &◄ └)◄ 5◄ └ Ü └ ↑ ┴ ◄ ┴ ┴ → ‼ ♂ F□ └ ├ ¶ └)HG◄ ╙ 5HJ◄ └ ┴ ‼ ☼ → ┬ ┴ ☼

2QFH └ DSSURYHG☼ └ D └ 6WDWH └ ,PSOHPHQWDWLRQ └ 3ODQ └ EHFRPHV └ IHGHUDO └ ODZ☼ └ HQIRUFHDE
(3$☼ └ DQG └ FLWL]HQV◄KLOH └ WKH └ &OHDQ └ $LU └ $FW └ UHFRJQL]HV └ WKDW └ VWDWHV └ ZLOO └ RIWHQ └ OH
6,3V☼ └ VXFK └ UHYLVLRQV └ PD\ └ QRW └ EH └ HIIHFWHG └ ZLWKRXW └ (3$∂V └ DSSURYDO◄
└

2Q └ 1RYHPEHU └ ¶ ‼ ☼ └ ┴ ‼ ¶ ‼ ☼ └ (3$ └ SDUWLDOO\ └ DSSURYHG └ WKH └ VWDWH∂V └ SURS
PLQLPL]LQJ └ HPLVVLRQV └ GXULQJ └ VR├ FDOOHG └ SODQQHG └ PDLQWHQDQFH☼ └ VWDUWXS☼ └ DQG └ VKXWGRZ
DQG └ 3URPXOJDWLRQ └ RI └ ,PSOHPHQWDWLRQ └ 3ODQV └ 7H[DV └ ([FHVV └ (PLVVLRQV └ 'XULQJ └ 6WDUWX
0DLQWHQDQFH☼ └ DQG └ 0DOIXQFWLRQ └ $FWLYLWLHV → ↑ └)HG◄ └ 5HJ◄ └ ├ ← %XW └ LQ └ GRLQJ └ ¶ ‼
VR☼ └ WKH └ $JHQF\ └ VWDWHG └ FOHDUO\ └ WKDW └ 7&(4 └ FRXOG └ QRW └ UHPRYH └ RU └ ZHDNHQ └ HPLVVLRQ
LQ └ WKH └ 6WDWH └ ,PSOHPHQWDWLRQ └ 3ODQ └ ♂ ZKLFK └ GHILQHV └ LPSRUWDQW └ IHGHUDO └ &OHDQ └ $LU └ $FW
DSSO\ └ LQ └ 7H[DV□ └ ZLWKRXW └ WKH └ UHYLHZ └ DQG └ DSSURYDO └ UHTXLUHG └ E\ └ $FW └ VHFWLRQ └ ¶ ¶ ├
└

≥>:@H └ QRWH └ WKDW └ WKH └ 6WDWH └ FDQQRW └ LVVXH └ DQ\ └ 165 └ 6,3 └ SHUPLW └ WKDW └ KDV └ D └
OLPLW └ WKDQ └ DOUHDG\ └ LV └ FRQWDLQHG └ LQ └ WKH └ DSSURYHG └ 6,3◄ └)RU └ H[DPSOH☼ └ WKH └
165 └ 6,3 └ SHUPLW └ WKDW └ KDV └ OHVV └ VWULQJHQW └ 9RODWLOH └ 2UJDQLF └ &RPSRXQGV └ OLPLWV └
&KDSWHU └ ¶ ¶ ↑ └ DV └ DSSURYHG └ LQWR └ WKH └ 7H[DV └ 6,3☼ └ RU └ OHVV └ VWULQJHQW └ 2[LGHV └
OLPLWV └ LQ └ &KDSWHU └ ¶ ¶ → └ DV └ DSSURYHG └ LQWR └ WKH └ 7H[DV └ 6,3◄ └ └ └ 7KH └ 6WDWH └
SHUPLW └ WKDW └ PHHWV └ DOO └ DSSOLFDEOH └ UHTXLUHPHQWV └ RI └ WKH └ 7H[DV └ 6,3◄ └ └ └ ,I └ W
D └ 165 └ 6,3 └ SHUPLW └ WKDW └ GRHV └ QRW └ PHHW └ WKH └ DSSOLFDEOH └ UHTXLUHPHQWV └ RI └ WKH └
DQ\ └ VXFK └ DOWHUQDWLYH └ OLPLWV └ ZRXOG └ QHHG └ WR └ EH └ VXEPLWWHG └ WR └ (3$ └ IRU └ DSSURY
VSHFLILF └ UHYLVLRQ └ WR └ WKH └ 6,3☼ └ EHIRUH └ WKH\ └ ZRXOG └ PRGLI\ └ WKH └ IHGHUDOO\ └ DSS
OLPLWV └ LQ └ WKH └ DSSURYHG └ 6,3◄ ¥ └ └ └

└ └
¶└ ┬ ‼ └ 7$& └ Ü └ ¶ ¶ ¶ ◄ ¶ ¶ ¶ ♂ D□ ♂ ¶ □ ♂ &□ └
┴8QLRQ └ (OHF◄ └ &R◄ ☼ ¥◄↑ └¶(3$ └)◄ ┴ G └ ┴ ‼ ├ ☼ └ ┴ ¶ ¶ └ ♂ ← WK └ &LU◄ └ ¶ → ↑ □ └ ♂ ≥8
D └ VWDWH └ LPSOHPHQWDWLRQ └ SODQ☼ └ WKH └ UHTXLUHPHQWV └ WKHUHRI └ KDYH └ WKH └ IRUFH └ DQG └ HIIHF
PD\ └ EH └ HQIRUFHG └ E\ └ WKH └ $GPLQLVWUDWRU └ LQ └ IHGHUDO └ FRXUWV◄ ¥ □ ◄ └
┬└ ┤ ┴ └ 8◄ 6◄ &◄ └ Ü └ → ┤ ¶ ‼ ♂ O□ └ ♂ ≥(DFK └ UHYLVLRQ └ WR └ DQ └ LPSOHPHQWDWLRQ └ SODQ └ V
FKDSWHU └ VKDOO └ EH └ DGRSWHG └ E\ └ VXFK └ 6WDWH └ DIWHU └ UHDVRQDEOH └ QRWLFH └ DQG └ SXEOLF └ KHDU
$GPLQLVWUDWRU └ VKDOO └ QRW └ DSSURYH └ D └ UHYLVLRQ └ RI └ D └ SODQ └ LI └ WKH └ UHYLVLRQ └ ZRXOG └ LQ
DSSOLFDEOH └ UHTXLUHPHQW └ FRQFHUQLQJ └ DWWDLQPHQW └ DQG └ UHDVRQDEOH └ IXUWKHU └ SURJUHVV └ ◄ └ ◄
DSSOLFDEOH └ UHTXLUHPHQW └ RI └ WKH └ FKDSWHU◄ □ └ ┤ ‼ └ &◄)◄ 5◄ └ Ü └ ↑ ¶ ◄ ¶ ‼ ↑ └ ♂ ≥5H
WKHUHRI☼ └ ZLOO └ QRW └ EH └ FRQVLGHUHG └ SDUW └ RI └ DQ └ DSSOLFDEOH └ SODQ └ XQWLO └ VXFK └ UHYLVLR
E\ └ WKH └ $GPLQLVWUDWRU └ LQ └ DFFRUGDQFH └ ZLWK └ WKLV └ SDUW◄ ¥ □ ◄ └
┤└ ┤ ┴ └ 8◄ 6◄ &◄ └ Ü └ → ┤ ¶ ├ └ ♂ ≥ ´LI └ DQ └ HPLVVLRQ └ VWDQGDUG └ RU └ OLPLWDWLRQ └ LV └ LQ
LPSOHPHQWDWLRQ └ SODQ ´☼ └ VXFK └ 6WDWH └ RU └ SROLWLFDO └ VXEGLYLVLRQ └ PD\ └ QRW └ DGRSW └ RU └ HQ
HPLVVLRQ └ VWDQGDUG └ RU └ OLPLWDWLRQ └ ZKLFK └ LV └ OHVV └ VWULQJHQW └ WKDQ └ >WKH └ 6,3@◄ ¥ └

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,G◀DW└└├ ← ☼ ↑ └ ♂ HPSKDVLV└ DGGHG□ ◀ └

7KH└ &HDQ└ $LU└ $FW└ FHDUO\└ IRUELGV└ WWDWHV└ IURP└ LWXLQJ└ SHUPLWW☼ └ HYHQ└ SXUV
DSSURYHG└ SHUPLWWLQJ└ SURJUDP☼ └ WKDW└ PRGLI\└ RU└ ZHDNHQ└ 6,3└ UHTXLUHPHQWW└ ZLWK└ UH
WWDWLRQDU\└ VRXUFH└ ZLWKRXW└ DSSURYDO└ RI└ WKH└ ([HFXWLYH└ &RPPLWWHH└ WWDQGDUGV└ DQG└ OLPLWDWLRQV└ HXWDEOV
DV└ SDUW└ RI└ D└ WWDWH└ V└ 6,3└ UHPDLQ└ IHGHUDOO\└ HQIRUFHDEOH└ XQWLO└ (3$└ DSSURYHV└ UHYL
7H[DV└ FDQQRW└ VLPSO\└ DOWHU└ 6,3└ HPLWWLRQ└ OLPLWW└ ≥XQOHVV└ DQG└ XQWLO└ WKH└ (3$└ DSSUR
7H[DV└ CDFNV└ WKH└ DXWKRULWW\└ WR└ XQLCDWHUDOO\└ DPHQG└ LWW└ 6,3└ RU└ ZHDNHQ└ 6,3└ OLPLWW☼
ZRXOG└ UHQGHU└ WKH└ IHGHUDO└ DSSURYDO└ SURFHVV└ CDUUHD\└ PHDQLQJCHVV◀
└

%XW☼ └ 7&(4└ GLG└ MXXW└ WKDW└ ZKHQ└ LW└ DGGHG└ VR└ FDOOHG└ ≥3DDQHG└ 0DLQWHQDQFH
6KXWGRZQ¥└ SURYLVLRQV└ WR└ WKH└ +DUULQJWRQ└ SRZHU└ SDDQW∂V└ WZR└ PDMRU└ QHZ└ VRXUFH└ UHY
QRZ☼ └ ZLWK└ WKLV└ 'UDIW└ 3HUPLW☼ └ 7&(4└ LV└ DWWHPSWLQJ└ WR└ LQFRUSRUDWH└ WKRVH└ LOOHJDO└
+DUULQJWRQ└ SDDQW∂V└ 7LWOH└ 9└ SHUPLW◀ └ └ 'RLQJ└ VR└ ZRXOG└ YLRDWH└ WKH└ IHGHUDO└ &HDQ
HOLPLDWLQJ└ H[LWWLQJ└ 6,3└ OLPLW└ GXULQJ└ SHULRGV└ RI└ WWDUWXS☼ └ VKXWGRZQ☼ └ DQG└ PDLQW
DFFRPSOLVKHG└ DV└ D└ VRXUFH├ VSHFLILF└ 6,3└ UHYLVLRQ└ WKDW└ UHTXLUHV└ (3$└ DSSURYDO◀

└ └
↑└ ┤ ┴ └ 8◀ 6◀ &◀ └ Ü └ → ┤ ¶ ‼ ♂ L□ └ ♂ ≥([FHSW└ IRU└ D└ SULPDU\└ QRQIHUURXV└ VPHOWHU└ RU
WLWWCH☼ └ D└ VXVSHQVLRQ└ XQGHU└ VXEVHFWLRQ└ ♂ I□ └ RU└ ♂ J□ └ RI└ WKLV└ VHFWLRQ└ ♂ UHDDWLQJ
DQ└ H[HPSWLRQ└ XQGHU└ VHFWLRQ└ → ┤ ¶ ← └ RI└ WKLV└ WLWWCH└ ♂ UHDDWLQJ└ WR└ FHUWDLQ└)HGHUDO
XQGHU└ VHFWLRQ└ → ┤ ¶ ┬ ♂ G□ └ RI└ WKLV└ WLWWCH└ ♂ UHDDWLQJ└ WR└ FRPSOLDQFH└ RUGHUV□ ☼ └ D└
VXEVHFWLRQ└ ♂ F□ └ RI└ WKLV└ VHFWLRQ☼ └ RU└ D└ SDDQ└ UHYLVLRQ└ XQGHU└ VXEVHFWLRQ└ ♂ D□ ♂ ┬
VXVSHQVLRQ☼ └ SDDQ└ UHYLVLRQ☼ └ RU└ RWKHU└ DFWLRQ└ PRGLI\LQJ└ DQ└ UHTXLUHPHQW└ RI└ DQ└ DS
LPSDDQWDWLRQ└ SDDQ└ PD\└ EH└ WDNHQ└ ZLWK└ UHVSHFW└ WR└ DQ└ WWDWLRQDU\└ VRXUFH└ E\└ WKH└ 6
$GPLQLWWUDWRU◀ $SSURYDO└ DQG└ 3URPXOJDWLRQ└ RI└ ,PSOHPHQWDWLRQ└ 3DDQV └ ([FHHV└ (PLWWLRQV└
'XULQJ└ 6WDUWXS└ 6KXWGRZQ☼ └ 0DLQWHQDQFH☼ └ DQG└ 0DOIXQFWLRQ└)HEW└ LYHWW◀HV└ ├ ← ☼ ← ☼ └ ├
♂ 1RYHPEHU└ ¶ ‼ ☼ └ ┴ ‼ ¶ ‼ □ └ ♂ ≥+RZHYHU☼ └ ZH└ QRWH└ WKDW└ WKH└ 6WDWH└ FDQQRW└ LWXXH└
KDV└ D└ CHW└ WWULQJHQW└ HPLWWLRQ└ OLPLW└ WKDQ└ DOUHDG\└ LV└ FRQWDLQHG└ LQ└ WKH└ DSSURYHG└
├6HH└ *HQHUDO└ 0RWRUV└ &RUS◀☼└└Y◀ └ 8◀└6◀◀ 6◀ └ ↑ ┬ ‼ ☼ └ ↑ ┤ ‼ └ ♂ ¶ ‼ □ └ ♂ FLWLQJ└
♂ ≥7KHUH└ FDQ└ EH└ OLWWCH└ RU└ QR└ GRXEW└ WKDW└ WKH└ H[LWWLQJ└ 6,3└ UHPDLQV└ WKH└ µDSSOL
SDDQ∂└ HYHQ└ DIWHU└ WKH└ 6WDWH└ KDV└ VXEPLWWHG└ D└ SURSRVHG└ UHYLVLRQ◀ ¥□ └ ┤ ‼ └ &◀)
→6DIH└ $LU└ IRU└ (YHU\RQH├ Y◀└ (3$└ G└ ¶ ‼ ← ← ☼ └ ¶ ‼ → └ ♂ WK└ &LU◀ └ ┴ ‼ ‼ → □ ◀
←8QLWHG└ 6WDWHV└ Y◀ └ 0XUSK└ 2LO└)◀ └ 6XSS◀ └ ┴ G└ ¶ ‼ ↑ ┤ ☼ └ 6HH└ 6LHUUD└ ¶ └ ♂ :◀ '◀
&OXE└ Y◀ └ 7HDQ◀ └ 9DOOH\└ $XWK└)◀ ┬ G└ ¶ ┬ ┬ → ☼ └ ¶ ┬ ┤ ├ ┼ ↑ ¶ └ ♂ ¶ ¶ WK└ &LU◀ └ ┴
6HH☼ └ H◀ JH◀☼└ Y◀ └)RUG└ 0RWRU└ &R◀)◀ ┴ G└ ¶ ‼ ☼ └ ¶ ¶ ‼ ┴ └ ♂ ├ WK└ &LU◀ └ ¶ ←
2UGHU└ UHICHFW└ OLPLW└ WKDW└ DUH└ GLIIHUHQW└ WKDQ└ WKRVH└ LQ└ WKH└ FXUUHQW└ DSSURYHG└
RUGHU└ PXW└ EH└ VXEPLWWHG└ WR└ (3$└ DV└ D└ UHYLVHG└ WWDWH└ WWRUDW└ WKH└ ◀6$W└ K└ ¥□ ‼ └)◀ ┬ G└ DW└ ¶
┤ → └ ♂ ≥7KH└ ┴ □ └ GH└ PLQLPLV└ UXCH└ >ZKLFK└ SURYLGHG└ D└ VDIH└ KDUERU└ IURP└ ┴ ‼ □ └ R
HPLWWLRQV└ GR└ QRW└ H[FHHG└ ┴ □ └ RI└ VRXUFH∂V└ TXDUWHUO\└ RSHUDWLQJ└ KRXUV@└ HIIHFWLYHO\
OLPLWDWLRQ└ FRQWDLQHG└ LQ└ WKH└ 6,3≤D└ UHYLVLRQ└ E\└ DQ└ RWKHU└ QDPH└ LV└ WWLOO└ D└ UHYL
XQDSSURYHG└ UHYLVLRQ└ RI└ DQ└ SDUW└ RI└ D└ 6,3└ LV└ LQYDOLG└ XQGHU└ Ü└8QLWHG└ ♂ L□ └ RI└ W
6WDWHV└ Y◀ └ *HQHUDO└ '\QDPLFV└ &RUS◀ └)◀ └ 6XSS◀ └ → ┴ ‼ ☼ └ → ┴ ┴ ┼ ┴ ┤ └ ♂ 1◀ '◀ └ 7H[◀
HIIHFW└ RI└ WKH└ DJUHHG└ ERDUG└ RUGHU└ LV└ WR└ UDLVH└ WKH└ HPLWWLRQV└ OLPLWDWLRQV└ VHW└ E\

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7KH 'UDIW 3HUPLW LV 'HILFLHQW LQ WKDW LW H[HPSWW 8QLWW ¶ ☼ ⊥ ☼ DQG ⊤
WKH 30 DQG RSDFLW\ OLPLWW GHVFULEHG DERYH☼ LQ FCHDU YLRCDWLRQ RI WKH 7LWCH 9
DQO DSSOLFDECH UHTXLUHPHQWW DQG WR DVXUH FRPSOLDQFH ZLWK WKRVH OLPLWW◀

D◀ ,QFRUSRUDWLQJ WKH ≥6\DUWXS☼ 6KXWGRZQ☼ DQG 0DLQWHQDQFH¥ SURYLVLRQV
+DUULQJWRQ 3CDQW∂V WZR 36' SHUPLW LQWR WKH 7LWCH 9 3HUPLW :RXOG ,PSH
(OLPLQDWH WKH 6,3 2SDFLW\ DQG 3DUWLFXCDWH 0DWWHU /LPLWW 'XULQJ 7KHVH 3H

6,3 OLPLWW PD\ RQO\ EH FKDQJHG WKURXJK WKH 6,3 SURFHVV☼ ZKLFK UHTXLUHV
(3$ UHYLHZ DQG DSSURYDO◀

&RPPHQWHUV DFNQRZCHGJH☼ DQG DSSUHFLDWH☼ WKDW RWKHU DSSOLFDECH UHTXLUHPHQW
HPLWWLRQV DQG RSDFLW\ KDYH EHHQ LQFRUSRUDWHG LQWR WKH 'UDIW 3HUPLW◀ %XW LQFR
UHTXLUHPHQWW GRHV QRW UHOLHYH WKH 6\DWH IURP LQFOXGLQJ WKH RWKHU DSSOLFDECH UHT
H[DPSCH ZH DSSUHFLDWH WKDW WKH 'UDIW 3HUPLW LQFRUSRUDWHV WKH 8QLW ¶ ☼ ⊥ DQG
PDWWHU OLPLWW FRQWDLQHG LQ WKH 0D[LPXP $OORZDECH (PLWWLRQ 5DWH 7DECHV LQ WKH U
SHUPLWW◀ 7KHVH OLPLWW URXJKO\ FRUUHVSRQG WR DQ HPLWWLRQ UDWH RI ‼ ◀ ¶
PD[LPXP CRDG◀ 7KH 'UDIW 3HUPLW IDLOV WR LQFOXGH PRQLWRULQJ VXII ILFLHQW WR DW
WKH 30 KRXUO\ ♂ 0$(57□ OLPLW☼ GLVFXVVHG LQ PRUH GHWDLO EHORZ◀ 7KH 6,3 30
RI 30 SHU 00%WX LQFOXGHV WRWDO SDUWLFXCDWH PDWWHU ♂ ILQWHUDECHV DQG FRQGHQVLECHV
DW ORZ ORDGV◀ 7KH 6,3 30 OLPLW LV☼ WKHUHIRUH☼ QRW RQO\ DQ LQGHSHQGHQW DS
DOVR PRUH WWULQJHQW WKDQ RWKHU 30 OLPLWW LQ VRPH ZD\V◀ :KHWKHU RU QRW WKH
DJUHHV ZLWK &RPPHQWHUV WKDW WKH 6,3 30 OLPLW LV PRUH WWULQJHQW LQ VRPH ZD\V
UHTXLUHPHQWW LV LUUHCHYDQW☼ DV WKH CDZ UHTXLUHV 7LWCH DO9 DSSDEEWXCH WR LQF
UHTXLUHPHQWW◀

)RU +DUULQJWRQ 8QLW ¶ ☼ 3HUPLW ¶ ⊤ ← ← ↕ 36'7; ⊢ ⊤ ¶ 0¶ ☼ 6SHFLDO
LPSHUPLWWLEO\ H[HPSWW WKH 8QLW IURP FRPSO\LQJ ZLWK ERWK WKH 30 DQG RSDFLW\ OLP
FRQWDLQHG LQ WKH 7H[DV 6,3◀ 7KHVH FKDQJHV ZHUH DSSURYHG E\ 7&(4 LQWR WK
SHUPLWW☼ EXW WKH\ ZHUH QHYHU VXEPLWWHG WR (3$ IRU UHYLHZ DQG DSSURRDO DV UHT
+DUULQJWRQ 8QLW ⊥ DQG ⊤ ☼ 3HUPLW 36'7;‼ ¶ → 0⊥ ↕ ↑ ¶ ⊥ ☼ WKRXJK VLCHQW RQ W

RUGHU UHTXLUHV DSSURYDO E\ ◀ ◀ ◀ >(3$@ WR EH HI IHFWLYH◀ 8QCHWW DQG XQ
GHIHQGDQW PXWW DELGH E\ WKH OLPLWDWLRQV RI WKH 7H[DV 6,3◀ ¥□◀

¶ ‼ ┤ ⊥ 8◀ 6◀ &◀ Ü Ü → 6H‼ ‼ DCVER☼↑☼ ♂)EG◀ 5HJ◀ ¶ ⊢ ◀ ☼ ← ☼ ⊢ ← ☼ ↑ ♂ 1F
♂ ≥ ´DQ\ VXFK DOWHUQDWLYH OLPLW ZRXOG QHHG WR EH VXEPLWWHG WR (3$ IRU DSS
VSHFLILF UHYLVLRQ WR WKH 6,3☼ EHIRUH WKH\ ZRXOG PRGLI\ WKH IHGHUDOO\ DSSOLFDEC
WKH DSSURYHG 6,3◀ ¥□◀

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OLPLWW└ KDV└ WKH└ VDPH└ HIIHFW└ RI└ HOLPLQDWLQJ└ WKHVH└ OLPLWW└ E\└ DXWKRULWLHV└ RSDFLWW└ DQG└ 30└ HPLVVLRQ└ VSLNHV└ ZLWKRXW└ UHJDUG└ WR└ WKH└ 6,3└ SURFHVV└ └ └ 6HH└ └ 6SH
DQG└ ¶ ┤ ┼ ¶ → ◄ └ └ └ └ └
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7KH└ VXEWDQWLYH└ DQG└ SURFHGXUDO└ SUHUHTXLVLWHV└ IRU└ FKDQJLQJ└ 6,3└ RSDFLWW└ OLPLW
LQ└ ┬ ‼ └ 7$&└ Ü└ ¶ ¶ ¶ ◄ ¶ ¶ ┬ ◄ └ └ 7KDW└ UXOH└ UHTXLUHV└ DQ└ ≥DGWXGLFDWLYH└ SXEOLF└ K
OLPLWW└ IRXQG└ DW└ ┬ ‼ └ 7$&└ Ü└ ¶ ¶ ¶ ◄ ¶ ¶ ¶ ♂ D□└ FDQ└ EH└ DOWHUHG└ └ DQG└ DXWKRULWLHV
WKDW└ FRQWLQXH└ WR└ PHHW└ ≥ ´DOO└ DSSOLFDEOH└ FRQGLWLRQ└ DQG└ PDW└ EDVHG└ OLPLW´ ¥
SRODXWDQWW◄ ¥└ └ └ 7KLV└ SURYLVLRQ└ DOORZLQJ└ DQ└ DWWHUQDWH└ RSDFLWW└ OLPLW└ WR└ EH└ HX
FLUFXPWDQFHW└ ZDV└ DSSURYHG└ E\└ (3$└ DV└ SDUW└ RI└ WKH└ 7H[DV└ 6,3└ LQ└ ¶ ├ ◄ └ └
← └ ¶ ├ □◄ └ └ 7KXV└ ZKLCH└ WKH└ 6WDWH└ FDQ└ HXWDEOLVK└ DOWHUQDWH└ 6,3└ RSDFLWW└
WKH└ DSSURYHG└ 6,3└ SURFHW◄ └ └ └

+HUH└ LQWWHDG└ RI└ IROORZLQJ└ WKH└ 6,3└ SURFHW└ IRU└ LQFUHDVLQJ└ RSDFLWW└
PDLQWHQDQFH└ WDUW└ XS└ DQG└ VKXWGRZQ└ HYHQW└ WKH└ 6,3└ RSDFLWW└ OLPLW└ ZDV└ UHPRYHG└
36'└ SHUPLWW└ ZLWKRXW└ DQ└ RSSRUWXQLW└ IRU└ DQ└ DGWXGLFDWLYH└ SXEOLF└ KHDULQJ└ UHTXLUHG└
¶ ¶ ¶ ◄ ¶ ¶ ┬ ◄ └ └ 6HH└ 'UDIW└ 3HUPLW└ DW└ SS◄ └ ¶ ↑ ┼ ¶ ├ └ ♂ WWDWLQJ└ WKDW└ 8QLW└ ¶
DOWHUQDWH└ RSDFLW└ OLPLW└ XQGHU└ ┬ ‼ └ 7$&└ Ü└ ¶ ¶ ┬ ◄ ¥□└

,QFRUSRUDWHG└ 3HUPLW└ 1R◄ └ ¶ ┬ ← ← └ 6SHFLDO└ &RQGLWLRQV└ ¶ ├ └ DQG└ ┴ ┴ └ H[HPSW└
IURP└ FRPSOLDQFH└ ZLWK└ WKH└ 6,3└ RSDFLW└ OLPLW└ IRU└ XS└ WR└ ┤ ← └ KRXUV└ GXULQJ└ QRUPDO
┬ ‼ ‼ └ KRXUV└ GXULQJ└ DQ└ H[WHQGHG└ WDUWXS◄ └ ,W└ H[HPSW└ 8QLW└ ¶ └ IURP└ FRPSO\LQJ└ ZL
XS└ WR└ ┬ ├ └ KRXUV└ GXULQJ└ D└ VKXWGRZQ└ └ DQG└ XS└ WR└ ¶ ┤ ┤ └ KRXUV└ GXULQJ└ RQOLQH└ RU
8QLW└ ┴ └ DQG└ ┬ └ LQFRUSRUDWHG└ 3HUPLW└ ↑ ¶ ┴ └ WKRXJK└ VLCHQW└ RQ└ WKH└ 6,3└ 30└
VDPH└ LPSHUPLWWLECH└ HIIHFW └ LW└ H[HPSW└ WKH└ XQLW└ IURP└ DQ└ HPLWWLRQ└ OLPLW└ IRU└
KRXUV◄ └ └ 6HH└ 3HUPLW└ ↑ ¶ ┴ └ 6SHFLDO└ &RQGLWLRQV└ ¶ ↑ └ ♂ DOORZLQJ└ XQOLPLWHG└ HP
GXULQJ└ D└ ≥SODQQHG¥└ WDUWXS└ DQG└ XS└ WR└ ├ ‼ ‼ └ KRXUV└ GXULQJ└ DQ└ ≥H[WHQGHG└ SOD

7KH└ WDECH└ EHORZ└ FRPSDUHV└ WKH└ WWULQJHQW└ 6,3└ UHTXLUHPHQW└ RI└ ┬ ‼ └ 7$&└ Ü└ ¶ ¶ ¶ ◄
0DLQWHQDQFH└ 6WDUWXS└ DQG└ 6KXWGRZQ└ ♂ ≥066¥□└ SURYLVLRQV└ LQ└ WKH└ +DUULQJWRQ└ 8QLW
SHUPLW└ ♂ ¶ ┬ ← ← ↕ 36'7;├ ┬ ¶ 0¶ └ DQG└ ↑ ¶ ┴ ↕ 36'7;‼ ¶ → 0┴ □└ WKDW└ DUH└ EHLQJ└ LQ
3HUPLW └ └

┬ ‼ └ 7$&└ Ü└ ¶ ¶ ¶ ◄ ¶ ¶ ┬ └	066└ 3HUPLW└ &RQGLWLRQV└
$XWKRULWLHV└ ≥DOWHUQDWH└ RSDFLW└ OLPLW¥&RPSOLDQWWHOLHX└HORRPLQDWH└ RSDFLW└ UHTXLUHPHQW└ RI└ RSDFLW└ UHTXLUHPHQW└ RI└ Ü└ ¶ ¶ ¶ ◄ ¶ ¶ ¶ ◄ ¶EDVHG└ GHQLQJ└ 066└ HYHQW◄ └ VSHFLILF└ FULWHULD◄ └	
5HTXLUHV└ ≥DGWXGLFDWLYH└ SXEOLF└ KHDULQJ└ SULRU└ WR└ DSSURYDO◄ └ KHDULQJ└ UHFRUG◄ └	
$QWHUQDWH└ RSDFLW└ OLPLW└ DSSURYHG└ RQ└ RPSOLHWHO└ ≥DEOLPLQDWH└ 30└ FRQGLWLRQ└ EDVHG└ DSSOLFDEOH└ FRQGLWLRQ└ DQG└ PDW└ OLPLW└ DUH└ CE↕ 00%WX□└ DSSOLFDEOH└ WR└ DOO└ PHW◄ └	SODQW└ DW└ DOO└ WLPHV└ XQGHU└ Ü└ ¶ ¶ ¶ ◄ ¶ ↑ ┬ ◄ └

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7&(4└ PD\└ QRW└ LQFRUSRUDWH└ WKH└ SURYLVLRQV└ RI└ WKH└ +DUULQJWRQ└ SODQW∂V└ QHZ└ VR
SHUPLWW└ ¶┬ ← ← ↕ 36'7;├┬ ¶ 0¶ └ UHODWLQJ└ WR└ SODQQHG└ PDLQWHQDQFH└ WWDUWXS└ DQG└
WKH\└ LPSHUPLWWLEO\└ H[HPSW└ +DUULQJWRQ└ IURP└ FRPSO\LQJ└ ZLWK└ 6,3└ 30└ DQG└ RSDFLW\└ OLP
IRU└ 8QLWW└ ┴└ DQG└┬└ 7&(4└ PD\└ QRW└ LQFRUSRUDWH└ LQWR└ WKH└ 7LWOH└ 9└ SHUPLW└ WKRVH
1R◄└ 36'7;├┬ ¶ 0¶ ↕ ↑ ¶ ┴ └ WKDW└ ZRXOG└ KDYH└ WKH└ HIIHFW└ RI└ H[FXVLQJ└ FRPSOLDQFH└ .
6,3└ RSDFLW\└ DQG└ SDUWLFXODWH└ PDWWHU└ OLPLWW◄└└└└

E◄└ 7KH└ 'UDIW└ 3HUPLW└ 2PLWW└ WKH└ 7H[DV└ 6,3└ /LPLW└ IRU└ 3DUWLFXODWH└ 0DWWHU└)RXQ
7H[DV└ $GPLQ◄└ &RGH└ Ü└ ¶ ¶ ¶ ◄ ¶ ↑┬ ♂ E□└ IURP└ WKH└ $SSOLFDEOH└ 5HTXLUHPH
DQG└ WKH└ 8QLW└ 6XPPDU\└ 7DEOH└ DQG└)DLOW└ WR└ $VXUH└ &RPSOLDQFH└ ZLWK└ WKLV
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,Q└ WKH└ VHFWLRQ└ DERYH└ ZH└ H[SODLQHG└ WKDW└ WKH└ 'UDIW└ 3HUPLW└ LPSHUPLWWLEO
PDLQWHQDQFH└ WWDUWXS└ VKXWGRZQ└ H[HPSWLRQV└ WKDW└ ZHUH└ DGGHG└ WR└ WKH└ SODQW∂V└ 36'└
SHUPLW└ SURYLVLRQV└ KDYH└ WKH└ HIIHFW└ RI└ VXEWDQWLYH└ ZHDNHQLQJ└ DQG└ HOLPLQDWLQJ└ 6WD
3ODQ└ OLPLW└ RQ└ RSDFLW\└ DQG└ SDUWLFXODWH└ PDWWHU└ IRU└ XS└ WR└ KXQGUHGV└ RI└ KRXUV└ SHU
30└ OLPLW└ IRXQG└ DW└┬└ !!└ 7$&└ ¶ ¶ ¶ ◄ ¶ ↑┬ ♂ E□└ LV└ DOVR└ PLWWLQJ└ IURP└ ERWK└ WKH└
$SSOLFDEOH└ 5HTXLUHPHQW└ 6XPPDU\└ WDEOH└ LQ└ WKH└ 'UDIW└ 3HUPLW◄└└ 'UDIW└ 3HUPLW└ SS◄
:H└ DSSUHFLDWH└ WKH└ IDFW└ WKDW└ WKLV└ 30└ OLPLW└ LV└ LQFOXGHG└ LQ└ WKH└ WH[WXDO└ QDUUDWLY
6HH└ 'UDIW└ 3HUPLW└ &RQGLWLRQ┬◄ '└ SS◄└┤┼↑◄└└└ +RZHYHU└ RPLWWLQJ└ WKH└
5HTXLUHPHQW└ 6XPPDU\└ DQG└ IURP└ WKH└ 8QLW└ 6XPPDU\└ WDEOH└ FRXOG└ EH└ HDVLO\└ PLVLQWHUS
FRXOG└ FDXVH└ FRQIXVLRQ└ ZKHQ└ LW└ FRPHV└ WR└ FRPSOLDQFH◄└└ 7R└ FRUUHFW└ WKLV└ RPLWWLRQ└
IRXQG└ DW└┬└ !!└ 7$&└ Ü└ ¶ ¶ ¶ ◄ ¶ ↑┬ ♂ E□└ VKRXOG└ EH└ DGGHG└ WR└ WKH└ 'UDIW└ 3HUPLW∂
FDULI\└ WKDW└ WKLV└ OLPLW└ LV└ DQ└ DSSOLFDEOH└ UHTXLUHPHQW◄└
0RUH└ LPSRUWDQWO\└ WKH└ 'UDIW└ 3HUPLW└ QHHGV└ WR└ DWXUH└ FRPSOLDQFH└ ZLWK└ WKLV└ OLPLW└
LW└ DOVR└ IDLOV└ WR└ GR◄└└ 7KLV└ GHILFLHQF\└ LV└ GLVFXVHG└ LQ└ 6XEVHFWLRQ└ &└ EHORZ◄└

%◄└ 7KH└ 'UDIW└ 3HUPLW∂V└ ,QFRUSRUDWLRQ└ E\└ 5HIHUHQFH└ RI└ $SSOLFDEOH└ 5HTXLUHPHQW└)
$VXUH└ &RPSOLDQFH└

&HDQ└ $LU└ $FW└ 6HFWLRQ└ ↑ !!┤♂ D□└ SURYLGHV└ WKDW└ HDFK└ 7LWOH└ 9└ SHUPLW└ ≥VKD
HPLWWLRQ└ OLPLWDWLRQV└ DQG└ WWDQGDUGV└ ◄└ ◄└ ◄└ DQG└ RWKHU└ VXFK└ FRQGLWLRQV└ DV└ D
FRPSOLDQFH└ ZLWK└ DSSOLFDEOH└ UHTXLUHPHQW>◄ @¥└└┤┴└ 8◄ 6◄ &◄└ Ü└ →├├ ¶ F♂ D□◄└
KDV└ DOORZHG└ WWDWH└ SHUPLWWLQJ└ DXWKRULWLHV└ WR└ VDWLVI\└ 6HFWLRQ└ ↑ !!┤♂ D□└ E\└ LQ
UHTXLUHPHQW└ LQWR└ 7LWOH└ 9└ SHUPLW└ E\└ UHIHUHQFH└ UDWKHU└ WKDQ└ UHSULQWLQJ└ WKH└ HQ
DSSOLFDEOH└ UXOH└ RU└ RUGHU└ RQ└ WKH└ IDFH└ RI└ D└ 7LWOH└ 9└ SHUPLW◄└└ 7R└ HQVXUH└ WKDW└
UHIHUHQFH└ ♂ ≥,%5¥□└ ZLOO└ QRW└ WKZDUW└ 7LWOH└ 9∂V└ SROLF\└ REMHFWLYHV└ (3$└ HXWD
WKUHVKROG└ UHTXLUHPHQW└ IRU└ WKH└ DFFHSWDEOH└ XVH└ RI└ ,%5└

$W└ D└ PLQLPXP└ D└ SHUPLW└ PXW└ H[SOLFLWO\└ WWDWH└ DOO└ HPLWWLRQ└ OLPLWDWL
RSHUDWLRQDO└ UHTXLUHPHQW└ IRU└ DOO└ DSSOLFDEOH└ HPLWWLRQ└ XQLW└ DW└ WKH└ IDFLOLW◄
DXWKRULWLHV└ PD\└ UHIHUHQFH└ WKH└ GHWDLOV└ RI└ WKRVH└ OLPLW└ DQG└ RWKHU└ UHTXLUHPH
WKDQ└ UHSULQWLQJ└ WKHP└ LQ└ SHUPLW└ SURYLGHG└ WKDW└ ♂ L□└ DSSOLFDELOLW\└ LWXHV└ D

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REOLJDWLRQV└ DUH└ FOHDU└ DQG└ ♂ LL└ VWKH└ SHUPLW└ FRQWDLQV└ DQ└ DGGLWLRQDO
FRQGLWLRQV└ QHFHVVDU└ WR└ DVVXUH└ FRPSOLDQFH└ ZLWK└ DOO└ DSSOLFDEOH└ UHTXLUHPHQWV◀
FDVHV└ UHIHUHQFHV└ VKRXOG└ EH└ GHWDLOHG└ HQRXJK└ WKDW└ WKH└ PDQQHU└ LQ└ ZKLFK└ WKH
PDWHULDO└ DSSOLHV└ WR└ WKH└ IDFLOLW└ LV└ FOHDU└ DQG└ LV└ QRW└ UHDVRQDEO└
PLVLQWHUSUHWDWLRQ◀ └ └ └

,Q└ WKH└ 0DWWHU└ RI└ 7HVRUR└ 5HILQLQJ└ DQG└ 2LO└ &RPSDQ└ 3&&└ &RQ└ 1R◀ └ ,;┼ ┴ ‼ ‼ ┤ ┼ ├ └ DW
♂ 0DUFK└ ¶ ↑ ☼ └ ┴ ‼ ‼ ↑ □ └ ♂ LQWHUQDO└ FLWDWLRQV└ RPLWWHG□ ◀ └
└

$V└ H[SODLQHG└ EHORZ☼ └ WKH└ 'UDIW└ 3HUPLW∂V└ LQFRUSRUDWLRQ└ E└ UHIHUHQFH└ RI└ YDU
UHTXLUHPHQW└ IDOOV└ VKRUW└ RI└ WKHVH└ UHTXLUHPHQW└ DQG└ IDLOV└ WR└ FRPSRUW└ ZLWK└ &CHDQ└
↑ ‼ ┤ ♂ D□ ◀ └

(3$└ KDV└ FDXVLRQHG└ 7&(4└ WKDW└ LQFRUSRUDWLRQ└ E└ UHIHUHQFH└ GRHV└ QRW└ FRPSO└ ZL
XQDHW└ WZR└ FRQGLWLRQV└ DUH└ PHW └ ♂ ¶ □ └ LQIRUPDWLRQ└ LQFRUSRUDW└ E└ UHIHUHQFH└ LQW
UHDGLO└ DYDLODEOH└ WR└ WKH└ SXEOLF└ DQG└ UHJXODWRUV └ DQG└ ♂ ┴ □ └ 7LWOH└ 9└ SHUPLW└ SU
FOHDUO└ DQG└ XQDPELJXRXVO└ H[SODLQV└ KRZ└ LQFRUSRUDW└ UHTXLUHPHQW└ DSSO└ WR└ HPLVVLR
VRXUFH◀&LWW└ 2UGHUDW└ ¶ ┴ ;Q└ WKH└ 0DWWHU└ RI└ 6KHOO└ &KHPLFDO└ /3└ DQG└ 6KHOO└ &R
3HWUWLRQ└ 1RV◀ └ 9,┼ ┴ ‼ ¶ ┤ ┼ ‼ ┤ └ DQG└ 9,┼ ┴ ‼ ¶ ┤ ┼ ‼ ↑ └ ♂ 6HSWHPEHU└ ¶ ‼ ‼ ¶ ¶ ◀ ¶ ↑
7KH└ 'UDIW└ 3HUPLW└ GRHV└ QRW└ PHHW└ WKHVH└ FRQGLWLRQV☼ └ EHFDXVH└ LW└ IDLOV└ WR└ SURYLGH└
MXGJHV└ DQG└ UHJXODWRUV└ FKDUJHG└ ZLWK└ HQIRUFLQJ└ WKH└ 'UDIW└ 3HUPLW≤ DQVZHUV└ WR└ WKH└ I
TXHVWLRQV└ DERXW└ KRZ└ LQFRUSRUDW└ PLQRU└ QHZ└ VRXUFH└ UHYLHZ└ DXWKRUL]DWLRQV☼ └ LQFOXGL
5XCH☼ └ DSSO└ WR└ HPLVVLRQ└ XQLW└ DW└ WKH└ +DUULQJWRQ└ 3RZHU└ 3CDQW └ ♂ D□ └ :KLFK└
UHIHUHU└ DUH└ VXEMHFW└ WR└ OLPLW└ LQ└ WKH└ FODLPHG└ DXWKRUL]DWLRQV"└ └ ♂ E□ └ :KLFK└ SRO
IURP└ HDFK└ XQLW└ XQGHU└ WKH└ FODLPHG└ DXWKRUL]DWLRQV"└ ♂ F□ └ +RZ└ PXFK└ SRODXWLRQ└ LV└ +
WR└ HPLW└ IURP└ HDFK└ XQLW└ XQGHU└ WKH└ FODLPHG└ DXWKRUL]DWLRQV"└
└

¶ ◀7KH└ 'UDIW└ 3HUPLW└)DLOV└ WR└ ([SODLQ└ +RZ└ $SSOLFDEOH└ 5HTXLUHPHQW└ LQ└ /LW└ 1HZ└ 6RXUFH└ 5HYLHZ└ 3HUPLW└ $SSO└ WR└ WKH└ +DUULQJWRQ└ 3CDQW└

7KH└ 'UDIW└ 3HUPLW└ OLWW└ PDQ└ DSSOLFDEOH└ UHTXLUHPHQW└ DQG└ WKH└ VSHFLILF└ HPLW
ZKLFK└ WKH└ DSSO└ LQ└ WKH└ $SSOLFDEOH└ 5HTXLUHPHQW└ 6XPPDU└ 7DEOH◀ └ └ 'UDIW└ 3HUPLW└
'UDIW└ 3HUPLW└ LQFOXGHV└ D└ KHOSIXO└ ≥0DVRU└ 1HZ└ 6RXUFH└ 5HYLHZ└ 6XPPDU└ 7DEOH¥└ ZKLFK
UHDGHU└ WR└ FURW┼ UHIHUHQFH└ DQG└ ORFDWH└ WKH└ +DUULQJWRQ└ SODQW∂V└ 36'└ SHUPLW└ OLPLW└
DWWDFKHG└ WR└ WKH└ 'UDIW└ 3HUPLW□ ◀ └ └ %XW☼ └ WKH└ LQFRUSRUDW└ PLQRU└ QHZ└ VRXUFH└ UHYL
$XWKRUL]DWLRQ└ 1RV◀ └ ¶ ‼ ← ‼ ┴ ┬ ☼ └ ¶ ‼ ← ‼ ┴ ┤ ☼ └ ¶ ¶ ┬ ┤ ↑ ☼ └ ¶ ¶ ┤ ‼ ┴ ☼ └ DQG└
3HUPLW└ QRU└ UHIHUHQFHG└ LQ└ WKH└ 1HZ└ 6RXUFH└ 5HYLHZ└ $XWKRUL]DWLRQ└ 5HIHUHQFHV└ E└ (PLV
WDECH◀ └ 6HH☼ └ 'UDIW└ 3HUPLW└ SS◀ └ → ├ ┼ → → ◀ └ └ 7KHUHIRUH☼ └ LW└ LV└ LPSRVVLECH└ IRU└
XQLW└ WKHVH└ DXWKRUL]DWLRQV└ DSSO└ WR◀ └ └

└ | └
└

7R DGGUHVV WKLV RPLVVLRQ WKH 'UDIW 3HUPLW VKRXOG LQFOXGH D WDEOH OLVWLQ
E\ DOO RI WKH OLVWHG QHZ VRXUFH UHYLHZ DXWKRULWDWLRQV LQFOXGLQJ WKH PLQRU
DXWKRULWDWLRQV 6HH 'UDIW 3HUPLW S WKH WDEOH VKRXOG LQFOXGH WKH D
XQLW V WR ZKLFK LW DSSOLHV DQG DQ\ UHOHYDQW PRQLWRULQJ DQG UHSRUWLQJ UHTXL

7KH 'UDIW 3HUPLW)DLOV WR ([SODLQ +RZ 5HTXLUHPHQWV LQ 3HUPLWV E\ 5XOH
WR 8QLWV DW WKH +DUULQJWRQ 3RZHU 3ODQW

D 7KH 'UDIW 3HUPLW)DLOV WR ,GHQWLI\ (PLVVLRQ 8QLWV $XWKRULW]HG E\ 0
/LXWHG 3HUPLWV E\ 5XOH

7KH 'UDIW 3HUPLW ∂V ≥1HZ 6RXUFH 5HYLHZ $XWKRULW]DWLRQ 5HIHUHQFHV WDEOH
¶ ┬ 3%5V FODLPHG E\ WKH +DUULQJWRQ SODQW +RZHYHU RQO\ WZR RI WKH ¶ ┬
WKH ≥1HZ 6RXUFH 5HYLHZ $XWKRULW]DWLRQ 5HIHUHQFHV E\ (PLVVLRQV 8QLW ¥ 7DEOH RQ S
7KXV WKH H[FHSWLRQ RI WKH WZR 3%5V OLWHG LQ ERWK WDEOHV ♂ 3%5 ¶ ‼ ├
LW LV LPSRVVLEOH WR WHOO ZKLFK XQLW DUH FRYHUHG E\ DOO RI WKH UHPDLQLQJ
LQFOXGH

x 3%5 1RV ¶ ┤ ↑ ¶ ↑ ┬ → ‼ DQG ← ┤ DOO GDWHG ¶ ¶ ↕ ↑ ↕
x 3%5 1R ↑ ¶ GDWHG ↑ ↕ ┤ ↕ ¶ ┤
x 3%5 1R ← GDWHG ├ ↕ → ↕ ¶ ├
x 3%5 ¶ ‼ ├ ┴ ├ ¶ DQG ¶ ‼ ├ ┴ ├ ┴ ERWK GDWHG ¶ ¶ ↕ ¶ ↕ ┴ ‼ ‼ ┬
x 3%5 ¶ ‼ ├ ┤ ↑ ┤ GDWHG ¶ ¶ ↕ ¶ ↕ ┴ ‼ ‼ ¶ DQG
x 3%5 ¶ ‼ ├ ┤ → ┴ GDWHG ↕ ┤ ↕ ┴ ‼ ‼ ‼

'UDIW 3HUPLW DW S ↑

1RQH RI WKHVH DERYH OLVWHG 3%5V DSSHDU DQ\ZKHUH LQ WKH WDEOH EHJLQQLQJ R
SDJH → ├ HQWLWOHG ≥1HZ 6RXUFH 5HYLHZ $XWKRULW]DWLRQ 5HIHUHQFHV E\ (PLVVLRQ 8Q
DGGHG ↑ 7KHUHIRUH LW LV LPSRVVLEOH WR WHOO ZKLFK XQLW ♂ LI DQ\ WKHV
%HFDXVH WKH 'UDIW 3HUPLW IDLOV WR LGHQWLI\ WKH HPLVVLRQ XQLW DXWKRULW]HG E\
UHTXLUHPHQW RI WKHVH UXOHV LW LV LPSRVVLEOH WR WHOO KRZ WKH 3%5V DSSO\ WR
+DUULQJWRQ SRZHU SODQW WKXV XQGHUPLQLQJ WKH HQIRUFHDELOLW\ RI WKH UHTXLUHPHQW
7LWOH 9 3HUPLW 1R 2 ¶ ├ ┤ &KHYURQ 3KLOOLSV &KHPLFDO &RSSDQ\ ┤ 3KLOW[¶DOD
DW à → ♂ 'UDIW SHUPLW IDLOHG WR PHHW ┤ ‼ &) 5 Ü → ‼ ├ ♂ D ♂ ¶ D
XQLW DXWKRULW]HG XQGHU VSHFLILHG 3%5V

$GGLWLRQDOO\ 3%5 ¶ ‼ ├ ┴ ├ ¶ DQG ¶ ‼ ├ ┴ ├ ┴ PD\ QRW EH LQFOXGHG DV
2Q WKHLU IDFH WKHVH WZR UXOHV YLRODWH RQH RI (3$ ∂V PRWW EDVLF UHTXLUHPHQW
3HUPLW E\ 5XOH EHFDXVH WKHVH 3%5V DUH QRW WDLORUHG WR DQ\ VSHFLILF WVSH RI
UHSHDWHGO\ IRXQG WKDW WR EH SUDFWLFDOO\ HQIRUFHDEOH PLQRU VRXUFH SHUPLW PXW
FOHDUO\ GHILQHG FDWHJRU\ RI VRXUFHV WKDW LV QDUURZ HQRXJK WR DOORZ VSHFLILF OL

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PRQLWRULQJ└ WR└ EH└ LGHQWLILHG└ DQG└ DFKLHYHG└ E\└ DOO└ VRXUFHV└ LQ└ WKH└ FDWHJRU\☼ └ ♂ ┴
DFFXUDWH└ OLPLWV└ SURYLGLQJ└ DVVXUDQFH└ WKDW└ HPLVVLRQV└ ZLOO└ QRW└ H[FHHG└ IHGHUDO└ WKUHV
D└ FRPSOLDQFH└ WLPHIUDPH└ ♂ KRXUO\↕ GDLO\☼ └ HWF◄ □☼ └ DQG└ ♂┤ □└ LQFOXGH└ D└ VSHFLILF└
PHWKRG└ VXIILFLHQW└ WR└ SURWHFW└ WKH└ WWDQGDUG└ LQYROYHG◄ └ 6HH☼ └ *XLGDQFH└ RQ└ (QIRUFHDE
IRU└ /LPLWLQJ└ 3RWHQWLDO└ WR└ (PLW└ WKURXJK└ 6,3└ DQG└ 6HFWLRQ└ ¶ ¶ ┴ └ 5XOHV└ DQG└ *HQHUD
¶ ↑ □ └ 6HH└ DOVR☼ └ ├ ¶ └)5└ ↑ ┬ ├ ┬ ┬ ☼ └ ↑ ┬ ├ ┬ ↑ └ ♂ 2FW◄ └ ¶ ↑ ☼ └ ¶ ├ □
6LPLODU\☼ └ WKH└ 7H[DV└ +HDOWK└ DQG└ 6DIHW└ &RGH└ UHTXLUHV└ WKDW└ 3⁄5V└ DSSO└ RQ└ WR└
WKDW└ ZLOO└ QRW└ VLJQLILFDQWO└ FRQWULEXWH└ DLU└ FRQWDPLQDQW└ WR└ WKH└ DWPRVSKHUH¥└ DQG└
IDFLOLWLHV◄ └ 7H[◄ └ +HDOWK└ └ 6DIHW└ &RGH└ Ü┬ ← ┴ ◄ ‼ ↑ ¶ ♂ E□ ♂┤ □◄ └ └ ,Q└ FKDU└
3⁄5└ EH└ WDLORUHG└ IRU└ D└ VSHFLILF└ W\SH└ RI└ VRXUFH☼ └ 3⁄5V└ ¶ ‼ ├ ◄ ┴ ├ ¶ └ DQG└ ¶ ‼ ├
RI└ LQGXVWULDO└ VRXUFHV☼ └ LQFOXGLQJ└ UHILQHULHV☼ └ FKHPLFDO└ SODQW☼ └ RLO└ DQG└ JDV└ IDF
SRZHU└ SODQW◄ └ └ 7KHUHIRUH☼ └ ER\K└ 3⁄5└ ¶ ‼ ├ ◄ ┴ ├ ¶ └ DQG└ ¶ ‼ ├ ◄ ┴ ├ ┴ ☼ └ E\└ YLUWX
PD\└ QRW└ EH└ LQFRUSRUDWHG└ LQWR└ D└ 7LWOH└ 9└ SHUPLW└ DV└ DSSOLFDEOH└ UHTXLUHPHQW◄ └ └ └
└

/DVWO\☼ └ PDVRU└ VRXUFHV└ VXFK└ DV└ WKH└ +DUULQJWRQ└ SRZHU└ SODQW└ DUH└ SURKLELWHG└
WR└ DXWKRUL]H└ HPLVVLRQV◄ └ └ (3$└ WWDWHG└ WKDW└ LW└ ZDV└ DSSURYLQJ└ WKH└ XVH└ RI└ 3⁄5V└ L
WWDWHV□ └ RQ\└ IRU└ QRQ┤ PDVRU└ IDFLOLWLHV◄ └ └ ├ ← └)5└ ├ ┤ ↑ ┤ ┬ ☼ └ ├ ┤ ↑ ┤ ┤ └ ♂ 1RY
HYHQ└ DSSURDFKLQJ└ WKH└ PDVRU└ VRXUFH└ WKUHVKROG└ PXW└ DXWKRUL]H└ HPLVVLRQV└ WKURXJK└ D└
UHYLHZ└ RI└ DQ└ LQGLYLGXDO└ SHUPLW◄ └ 6HH☼ └ 3RWHQWLDO└ WR└ (PLW└ *XLGDQFH└ IRU└ 6SHFLILF└
♂ (3$└ *XLGDQFH□ └ ♂ $SULO└ ¶┤ ☼ └ ¶ ← □└ S◄ └ ┴ ◄ └ ♂ &DVH┤ E\┤ FDVH└ UHYLHZV└ DUH└
ZDUUDQWLQJ└ FORVH└ VFUXWLQ└ └ ◄ └ ◄ └ ◄ └ DQG└ VRXUFHV└ WKDW└ OLPLW└ WKHLU└ HPLVVLRQV└ WR└
7H[DV└ +HDOWK└ DQG└ 6DIHW└ &RGH└ OLNHZLVH└ SURKLELW└ WKH└ XVH└ RI└ 3⁄5V└ E\└ ≥PDVRU¥└
└ 6DIHW└ &RGH└ Ü┬ ← ┴ ◄ ‼ ↑ ¶ ├ ♂ D□ ◄ └ └ └
└

,I└ WKH└ ([HFXWLYH└ 'LUHFWRU└ FRQWHQGV└ WKDW└ WKH└ 'UDIW└ 3HUPLW∂V└ PHWKRG└ RI└ LQF
E\└ UHIHUHQFH└ DVVXUHV└ FRPSOLDQFH└ ZLWK└ DSSOLFDEOH└ 3⁄5└ UHTXLUHPHQW☼ └ &RPPHQWHUV└ U
UHTXHW└ WKDW└ KH└ LGHQWLI\└ WKH└ LQIRUPDWLRQ└ LQ└ WKH└ 'UDIW└ 3HUPLW☼ └ WKH└ 6WDWHPHQW└ R
WKH└ LQFRUSRUDWHG└ 3⁄5V└ LQGLFDWLQJ└ ZKLFK└ HPLVVLRQ└ XQLW└ DUH└ DXWKRUL]HG└ E\└ DQG└ VXE
└

x└ 3⁄5└ 1RV◄ └ ¶┤ ☼ └ ↑ ¶ ☼ └ ↑ ┬ ☼ └ → ‼ ☼ └ DQG└ ← ┤ ☼ └ DOO└ GDWHG└ ¶ ¶ ↕ ↑ ↕
x└ 3⁄5└ 1R◄ └ ↑ ¶ └ GDWHG└ ↑ ↕ ┤ ↕ ¶ ┤ └ └ └
x└ 3⁄5└ 1R◄ └ ← └ GDWHG└ ├ ↕ → ↕ ¶ ├ └
x└ 3⁄5└ ¶ ‼ ├ ◄ ┴ ├ ¶ └ DQG└ ¶ ‼ ├ ◄ ┴ ├ ┴ ☼ └ ER\K└ GDWHG└ ¶ ¶ ↕ ¶ ↕ ┴ ‼ ‼ ┬ └
x└ 3⁄5└ ¶ ‼ ├ ◄ ┤ ↑ ┤ └ GDWHG└ ¶ ¶ ↕ ¶ ↕ ┴ ‼ ‼ ¶ └ DQG└ └
x└ 3⁄5└ ¶ ‼ ├ ◄ ┤ → ┴ └ GDWHG└ ↕ ┤ ↕ ┴ ‼ ‼ ‼ └ └
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E◄ :KLFK 3ROOXWDQWV 0D\ WKH +DUULQJWRQ 3ODQW (PLW IURP (DFK 8QLW 8QG
&ODLPHG 3HUPLWV E\ 5XOH"

3%5V PD\ EH XVHG WR DXWKRUL]H HPLVVLRQV RI DLU FRQWDPLQDQWV RWKHU WKDQ ZDWHU, QLWURJHQ, HWKDQH, K\GURJHQ, R[\JHQ, DQG JUHHQKRXVH JDVHV◄ 7H[◄ $GPLQ◄ &RGH
+RZHYHU, FODLPLQJ D 3%5 IRU D SURMHFW FDQQRW DXWRPDWLFDOO\ DXWKRUL]H WKH
SROOXWDQWV XS WR WKH OLPLWV LGHQWLILHG LQ 73< 73< &2 73< 92
73< 62 73< 30 73< ,I WKDW ZHUH WKH
FDVH, HDFK FODLPHG 3%5 ZRXOG DXWKRUL]H DOORZDEOH HPLVVLRQ LQFUHDVHV H[FHHGLQJ DSSOL
VRXUFH DQG PDMRU PRGLILFDWLRQ WKUHVKROGV LQ EXW VXEMHFW WR SUHFRQVWUXFWLRQ RU SXEOLF
SDUWLFLSDWLRQ◄ ,W ZRXOG FRPSOHWHO\ XQGHUPLQH WKH LQWHJULW\ RI 7H[DV PDMRU
D UHDGLQJ ZRXOG DOVR LPSURSHUO\ DOORZ +DUULQJWRQ WR HPLW 165 SROOXWDQWV DW OHY
VLJQLILFDQWO\ GHWHULRUDWH H[LVWLQJ DLU TXDOLW\ DQG FDXVH YLRODWLRQV RI KHDOWK
TXDOLW\ VWDQGDUGV ZLWKRXW SULRU DSSURYDO E\ WKH 7&(4◄ 8◄ 6◄ &◄ Ü
FRQWDLQ SURYLVLRQV WR SURKLELW FRQVWUXFWLRQ RI VRXUFHV WKDW ZLOO FDXVH RU FRQWU
RI DPELHQW DLU TXDOLW\ VWDQGDUGV RU 36' UHTXLUHPHQWV◄

)RUWXQDWHO\, 7H[DV GRHV QRW VHHP WR UHDG LWV UXOHV WR UHDFK WKLV FRQFOX
RQO\ HPLVVLRQV UHODWHG WR WKH SDUWLFXODU FRQVWUXFWLRQ SURMHFW IRU ZKLFK D 3
DXWKRUL]HG, H◄J◄ 7H[◄ $GPLQ◄ &RGH Ü ¶ ‼ ◄ D ◄ VWDWLQJ WKDW HPLV
DXWKRUL]HG E\ 3%5 PXVW UHPDLQ EHORZ WKDW ¶ ‼ DSSOLFDEOH OLPL
HPSKDVLV DGGHG ◄ DQG FXPXODWLYH DXWKRUL]HG HPLVVLRQV IRU HDFK 3%5 SU
EHORZ WKH PDMRU PRGLILFDWLRQ WKUHVKROGV, 6HFWLRQ ¶

+RZHYHU, WKH 'UDIW 3HUPLW XQGHUPLQHV WKH HQIRUFHDELOLW\ RI WKHVH UHVWULFWL
GRHV QRW FRQWDLQ DQ\ LQIRUPDWLRQ GHVFULELQJ WKH SURMHFWV DQG HPLVVLRQV DXWKRUL]H
HPLVVLRQ XQLW DW WKH +DUULQJWRQ 3RZHU 3ODQW◄ ,QVWHDG, WKH 'UDIW 3HUPLW RQO\
UXOH QXPEHU DQG DV H[SODLQHG DERYH◄ IDLOV WR LGHQWLI\ WKH HPLVVLRQ XQLWV VX
FODLPHG 3%5V◄ 7KLV PHWKRG RI OLVWLQJ 3%5 UHTXLUHPHQWV LQ WKH 'UDIW 3HUPLW L
WKDW HDFK XQLW DXWKRUL]HG E\ D 3%5 PD\ HPLW DOO FRQWDPLQDQWV OLVWHG LQ ¶ ‼
FRQWDLQHG LQ WKDW ≥JHQHUDO¥ UXOH, XQOHVV WKH VSHFLILF FODLPHG 3%5 FRQWDLQV
%HFDXVH WKH LQFRUSRUDWHG UXOHV GR QRW LGHQWLI\ ZKLFK RI WKH PDQ\ GLIIHUHQW SRO
PD\ EH XVHG WR DXWKRUL]H DW WKH +DUULQJWRQ 3RZHU 3ODQW XQGHU 3%5V WR HPLW, WKH 'UDIW
3HUPLW PXVW SURYLGH WKLV LQIRUPDWLRQ◄ 7KH 'UDIW 3HUPLW SURSRVHV WR DSSO\ 3%5V
DSSO\ WR HPLVVLRQ XQLWV DW WKH 3ODQW◄ %HFDXVH WKH 'UDIW 3HUPLW RPLWV W
LQFRPSOHWH DQG IDLOV WR DVVXUH FRPSOLDQFH ZLWK DSSOLFDEOH UHTXLUHPHQWV◄

¶ 7KH WHUP ≥FRQWDPLQDQW, ¥ DV GHILQHG E\ WKH 7H[DV &OHDQ $LU $FW HQFRPSDVVHV
UHJXODWHG 165 SROOXWDQWV◄ 7H[◄ +HDOWK 6DIHW\ &RGH Ü ◄ ‼ ‼ ◄
¶ $YDLODEOH HOHFWURQLFDOO\ DW
KWWSV ZZZ◄WFHT◄WH[DV◄JRY DVVHWV SXEOLF SHUPLWWLQJ DLU)RUPV 3HUPLWV%\5XOH &

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,I WKH ([HFXWLYH 'LUHFWRU FRQWQGV WKDW WKH 'UDIW 3HUPLW SURYLGHV LQIRUPDWLRQ V
FRQWDPLQDQWV HDFK HPLVVLRQ XQLW DXWKRUL]HG E\ 3%5 DW WKH +DUULQJWRQ 3RZHU 3ODQW
&RPPHQWHUV DVN WKDW KH LQGLFDWH ZKHUH LQ WKH 'UDIW 3HUPLW RI %DVLV
LQFRUSRUDWHG 3%5V WKLV LQIRUPDWLRQ PD\ EH IRXQG

F +RZ 0XFK 3RODXWLRQ 0D\ +DUULQJWRQ (PLW 8QGHU &DLPHG 3HUPLW E\
5XCH"

&DVH E\ FDVH SHUPLWW LQFRUSRUDWHG LQWR WKH 'UDIW 3HUPLW DUH HDFK DWWLJHG
QXPEHU DQG JHQHUDOO\ LQFOXGH VRXUFH VSHFLILF HPLVVLRQ OLPLWW DQG VSHFLDO FRQGLWL
([HFXWLYH 'LUHFWRU ∂V UHYLHZ RI WKH RSHUDWRU ∂V DSSOLFDWLRQ %XW 3%5V HWWDEC
OLPLWW DQG RSHUDWLQJ UHTXLUHPHQWW WKDW DSSO\ WR DOO QHZ DQG PRGLILHG IDFLOWLHV
♂ XQCHWV WKH RSHUDWRU UHJLWWHUV 3%5 HPLVVLRQWHEWW LLQ QWZ UU UWHV ≤ ├ □ 7KHVH J
UHTXLUHPHQWW DUH IRXQG LQ 7H[DV ∂V 3%5 UXCHV :KHQ FRQWXXUXFWLRQ RI D QHZ RU
XQLW LV DXWKRUL]HG E\ 3%5 WKH 3%5 ♂ RU 3%5V FDBLFKG E WWKWK LLXXXHWXWWWUD
SHUPLW DXWKRUL]LQJ WKH 6HUHWWHWW G DW Ü ¶ ‼ ├ ◄ ⊥ ├ ¶ ♂ ≥ >)@DFLOWLHV RU SK\VLF
FKDQJHV WR D IDFLOW\ DUH SHUPLWWHG E\ UXCH SURYLGHG WKDW DOO RI WKH IROORZ
VHFWLRQ DUH VDWLVIILHG¥ □ ◄

7KXV WKH 'UDIW 3HUPLW LGHQWLILHV LQFRUSRUDWHG FDVH E\ FDVH SHUPLWW
XQLTXH SHUPLW QXPEHUV DQG WKH GDWHV RQ ZKLFK WKH\ ZHUH LVXHG WKH 'UDIW
DSSOLFDECH WKH 3%5XCHEQXPEHU DQG WKH GDWH WKDW HDFK UXCH ZDV SURPXOJDWHG ± QR
LW ZDV FODLPHG E\ +DUULQJWRQ 'UDIW 3HUPLW DW → ↑ 7KLV ZD\ RI OLWWLQJ
PLVCHDGLQJ EHFDXVH LW VXJJHXWW WKDW HDFK FODLPHG 3%5 OLNH WKH FDVH E\ FDVH
WKH 'UDIW 3HUPLW LV D VLQJCH SHUPLW 7R GHWHUPLQH KRZ PXFK SRODXWLRQ DQ\
XQLW ♂ RU DOO HPLVVLRQ XQLW FRYHUHG E\ 3%5 PD\ HPLW RQH FDQQRW VLPSO\ CR
LQIRUPDWLRQ LQ WKH 'UDIW 3HUPLW 2QH PXW KDYH DGGLWLRQDO LQIRUPDWLRQ WR NQR
DSSOLHV WR ZKLFK XQLW WKH\ DSSO\ DQG KRZ FRPSOLDQFH LV WR EH GHWHUPLQHG
3HUPLW SURYLGHV WKLV LQIRUPDWLRQ LW LV LPSRWLECH WR WHOO KRZ PXFK HDFK 3%5
XQLW LV DXWKRUL]HG WR HPLW

&◄ 7KH 'UDIW 3HUPLW)DLOV 7R $VXUH &RPSOLDQFH :LWK &HUWDLQ $SSOLFD
5HTXLUHPHQWW

7LWCH 9 SHUPLWW PXWW VSHFLI\ PRQLWRULQJ PHWKRGV WKDW DVXUH FRPSOLDQFH
DSSOLFDECH UHTXLUHPHQW ⊥ 8◄ 6◄ &◄ Ü → ├ ├ ¶ F♂ D□ DQG ♂ F□ ┤ ‼ &◄)
→ ‼ ◄ → ♂ ,D WKH 0DWWHU RI :KHCDEUDWRU %DQWBFRBHWW 1R 3◄ ┤ ↑ ¶ ‼ ┼ ‼ ¶ ← ← ├ ♂
⊥ ‼ ¶ ‼ □ ♂ ≥ :KHCDEUDWRU 2UGHU¥ □ DW ¶ ‼ ◄ 7LWCH 9 SHUPLWW PXWW LQFOXGH
WHXWLQJ PRQLWRULQJ UHSRWWLQJ DQG UHFRUGNHHSLQJ UHTXLUHPHQW VXIILFLHQW WR D
ZLWK WKH WHUPV DQG FRQGLWLRQV RI WKH SHUPLW ¥ 6LHUUD &&OXE 5 Ü(3$ ‼ ├ ♂

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)◀ ┬ G└ ├ → ┬ └ ♂ '◀ &◀ └ &LU◀ └ ┴ ‼ ‼ ← □◀ └ └ 7R└ FRPSO\└ ZLWK└ WKLV└ PDQGDWH☼ └ SHUPLW
WWHSV └ └ └

♂ ¶3HUPLWWLQJ└ DXWKRULWLHV└ PXWW└ HQVXUH└ WKDW└ PRQLWRULQJ└ UHTXLUHPHQWV└ FRQWDLQHG└
DSSOLFDEOH└ UHTXLUHPHQWV└ DUH└ SURSHUO\└ LQFRUSRUDWHG└ LQWR└ WKH└ 7LWOH└ 9└ SHUPL
└

♂ ┴,└ WKH└ DSSOLFDEOH└ UHTXLUHPHQWV└ FRQWDLQ└ QR└ SHULRGLF└ PRQLWRULQJ☼ └ SHUPL
DXWKRULWLHV└ PXWW└ DGG└ SHULRGLF└ PRQLWRULQJ└ VXII LFLHQW└ WR└ \LHOG└ UHOLDEOH└ GD
WKH└ UHOHYDQW└ WLPH└ SHULRG└ WKDW└ DUH└ UHSUHVHQWDWLYH└ RI└ WKH└ VRXUFH∂V└ FRPSO
WKH└ SHUPLW └ └
└

♂ ┼,└ WKHUH└ LV└ VRPH└ SHULRGLF└ PRQLWRULQJ└ LQ└ WKH└ DSSOLFDEOH└ UHTXLUHPHQW☼ └
PRQLWRULQJ└ LV└ QRW└ VXII LFLHQW└ WR└ DVVXUH└ FRPSOLDQFH└ ZLWK└ WKH└ SHUPLW└ WHUPV
FRQGLWLRQV☼ └ SHUPLWWLQJ└ DXWKRULWLHV└ PXWW└ VXSSOHPHQW└ PRQLWRULQJ└ WR└ DVVXUH└
FRPSOLDQFH └ DQG└
└

♂ ┤3HUPLWWLQJ└ DJHQFLHV└ PXWW└ FOHDUO\└ GRFXPHQW└ WKH└ UDWLRQDOH└ IRU└ WKH└ PRQLW
UHTXLUHPHQWV└ WKH\└ VHOHFW└ LQ└ WKH└ SHUPLW└ UHFRUG◀ └ └ └
└

,Q└ WKH└ 0DWWHU└ RI└ 8QLW└G└ 6WDW└HV└ 6W└HO└ &RUS◀ ⅝ *└UDQWW└ &RQ\└ 3HUPLW└ 1R◀ └ 9┼ ┴ ‼ ‼
♂ -DQXDU\└ ┬ ¶ ☼ └ ┴ ‼ ¶ ¶ □ └ ♂ ≥ *UDQLW└H└&RUS└ 2UGHU└ ¥¶□←└ ◀DW└ ↳ ┼ ← └

7KH└ 'UDIW└ 3HUPLW└ LV└ GHILFLHQW☼ └ DV└ H[SODLQHG└ EHORZ☼ └ EHFDXVH└ LW└ GRHV└ QRW└
ZLWK└ DSSOLFDEOH└ UHTXLUHPHQWV☼ └ LW└ IDLOV└ WR└ SURSHU\└ LQFRUSRUDWH└ PRQLWRULQJ└ UHTXLU
HWWDEOLVK└ SHULRGLF└ PRQLWRULQJ└ UHTXLUHPHQWV└ IRU└ DSSOLFDEOH└ UHTXLUHPHQWV└ WKDW└ GR
PRQLWRULQJ☼ └ LW└ IDLOV└ WR└ VXSSOHPHQW└ LQVXII LFLHQW└ PRQLWRULQJ└ UHTXLUHPHQWV└ LQ└ DSSOL
DQG└ WKH└ SHUPLW└ UHFRUG└ IDLOV└ WR└ SURYLGH└ D└ FOHDU└ UDWLRQDOH└ IRU└ WKH└ PRQLWRULQJ└ U

¶ ◀7KH└ 'UDIW└ 3HUPLW└)DLOV└ WR└ $VVXUH└ &RPSOLDQFH└ ZLWK└ 0DVRU└ 1HZ└ 6RXUFH└ 5HYL
(PLVVLRQ└ /LPLWW└
└

7KH└ 'UDIW└ 3HUPLW∂V└ 0DVRU└ 165└ 6XPPDU\└ 7DECHV└ ♂ 'UDIW└ 3HUPLW└ SS◀ └ ← ¶
PRQLWRULQJ└ DQG└ W└HXWLQJ└ UHTXLUHPHQWV└ ZKLFK└ DUH└ VXSSRVHG└ WR└ DVVXUH└ RQJRLQJ└ FRPSOLD
PDVRU└ 165└ HPLVVLRQ└ OLPLWW└ FRQWDLQHG└ LQ└ WKH└ 0D[LPXP└ $OORZDECH└ (PLVVLRQ└ 5DWH└ 7DEC
+DUULQJWRQ└ SODQW∂V└ WZR└ 36'└ SHUPLWW◀ └ └ &RPPHQW└HUV└ DSSUHFLDW└H└WKDW└ 7&(4└ KDV└ LQFO
165└ 6XPPDU\¥└ WDECHV└ LQ└ WKH└ 'UDIW└ 3HUPLW◀ └ └ 7KHVH└ WDECHV└ DUH└ D└ W└HS└ LQ└ WKH└
WKH\└ PDNH└ 7LWOH└ 9└ SHUPLW└ PRUH└ WUDQVSDUHQW└ DQG└ XQGHUVWDQGDECH◀ └ └ +RZHYHU☼ └ WKH└
DQG└ W└HXWLQJ└ UHTXLUHPHQW└ GR└ QRW└ GHPRQW└UDW└ FRPSOLDQFH☼ └ HVSHFLDOO\└ IRU└ HPLVVLRQ└
EH└ PHW└ RQ└RRQ└ EDVLV◀ └
└

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)RU└ H[DPSCH☼ └ 8QLW└ ¶ └ LV└ SURKLELWHG└ IURP└ HPLWWLQJ└ PRUH└ WKDQ└ ¶ ☼ ├ ┬ ┤ └ CE
CEV↕ KU└ RI└☼30 DQG└ ¶ ┬ ◄ ┬ └ CEV↕ KU└ RI└ 92&◄ └ └ 7KH└ PRQLWRULQJ└ DQG└ WHWWLQJ└ U
VXSSRVHG└ WR└ DVVXUH└ FRPSOLDQFH└ ZLWK└ WKHVH└ KRXUO\└ OLPLWV└ DUH└ DV└ IROORZV └
└

x└ 7R└ VKRZ└ FRPSOLDQFH└ ZLWK└ WKH└ KRXUO\└ &2└ OLPLW☼ └ WKH└ 'UDIW└ 3HUPLW└ UHOL
XQGHUO\LQJ└ 36'└ SHUPLW└ 6SHFLDO└ &RQGLWLRQ└ ┤ └ ♂ OLPLWLQJ└ WKH└ KHDW└ LQSXW└
PRUH└ WKDQ└ ┬ ☼ ├ ┬ ‼ └ 00%WX↕ KRXU□ ☼ └ DQG└ ♂ E□ └ WKH└ XQGHUO\LQJ└ 36'
&RQGLWLRQ└ ¶ ┴ └ ♂ UHTXLULQJ└ DQ└ DQQXDO└ WDFN└ WHWW└ IRU└ D└ ILYH├ \HDU└ SHU
┴ ‼ ¶ ‼ ◄ □ └ └ 7KHVH└ WZR└ SHUPLW└ FRQGLWLRQV└ GR└ QRW└ DVVXUH└ FRPSOLDQFH└ Z
ZKLFK└ PXWW└ EH└ PHW└ RQ└ DQ└ RQJRLQJ└ EDVLV◄ └
└

x└ 7R└ VKRZ└ FRPSOLDQFH└ ZLWK└ WKH└ KRXUO\└ 30 └ WKH└ 'UDIW└ 3HUPLW└ UHOLHV└ RQ└ ♂
XQGHUO\LQJ└ 36'└ SHUPLW└ 6SHFLDO└ &RQGLWLRQ└ ┤ └ ♂ OLPLWLQJ└ WKH└ KHDW└ LQSXW└
PRUH└ WKDQ└ ┬ ☼ ├ ┬ ‼ └ 00%WX↕ KU□ ☼ └ DQG└ ♂ E□ └ WKH└ XQGHUO\LQJ└ 36'└
&RQGLWLRQ└ → └ ♂ UHODWLQJ└ WR└ FRPSOLDQFH└ ZLWK└ IHGHUDO└ 1HZ└ 6RXUFH└ 3
6WDQGDUGV└ DQG└ 1DWLRQDO└ (PLVVLRQ└ 6WDQGDUGV└ IRU└ +D]DUGRXV└ $LU└ 3ROOXWDQWW
WZR└ SHUPLW└ FRQGLWLRQV└ GR└ QRW└ DVVXUH└ FRPSOLDQFH└ ZLWK└ WKH└ KRXUO\└ OLPLW
EH└ PHW└ RQ└ DQ└ RQJRLQJ└ EDVLV◄ └
└

x└ 7R└ VKRZ└ FRPSOLDQFH└ ZLWK└ WKH└ KRXUO\└ 92&└ OLPLW☼ └ WKH└ 'UDIW└ 3HUPLW└ U
XQGHUO\LQJ└ 36'└ SHUPLW└ 6SHFLDO└ &RQGLWLRQ└ ┤ └ ♂ OLPLWLQJ└ WKH└ KHDW└ LQSXW└
PRUH└ WKDQ└ ┬ ☼ ├ ┬ ‼ └ 00%WX↕ KU◄ └ └ 7KLV└ SHUPLW└ FRQGLWLRQ└ GRHV└ QRW└ DVV
ZLWK└ WKH└ KRXUO\└ OLPLW☼ └ ZKLFK└ PXWW└ EH└ PHW└ RQ└ DQ└ RQJRLQJ└ EDVLV◄ └
└

8QLWW└ ┴ └ DQG└ ┬ ☼ └ VLPLODUO\☼ └ ODFN└ WKH└ PRQLWRULQJ└ VXIILFLHQW└ WR└ DVVXUH└ FR
HPLVVLRQ└ OLPLWW└ IRU└ &2☼ └ 30☼ └ DQG└ 92&☼ └ IRXQG└ LQ└ WKH└ 36'└ SHUPLW∂V└ ≥0$(57◄ ¥
└

x└ 7R└ VKRZ└ FRPSOLDQFH└ ZLWK└ WKH└ KRXUO\└ &2└ OLPLW☼ └ WKH└ 'UDIW└ 3HUPLW└ UHOL
XQGHUO\LQJ└ 36'└ SHUPLW└ 6SHFLDO└ &RQGLWLRQ└ ┤ └ ♂ OLPLWLQJ└ WKH└ KHDW└ LQSXW└
┴ └ DQG└ %RLCHU└ 8QLW└ ┬ └ WR└ QR└ PRUH└ WKDQ└ ┬ ☼ ← ┬ ‼ └ DQG└ ┬ ☼ ← → ‼ └ 00
7KH└ KRXUO\└ KHDW└ LQSXW└ UDWH└ GRHV└ QRW└ DVVXUH└ FRPSOLDQFH└ ZLWK└ WKH└ KRXU
)RU└ %RLCHU└ 8QLW└ ┴ ☼ └ WKH└ XQGHUO\LQJ└ 36'└ SHUPLW└ 6SHFLDO└ &RQGLWLRQ└ ← └
D└ PRQLWRULQJ└ DQG└ WHWWLQJ└ UHTXLUHPHQW☼ └ EXW└ WKDW└ FRQGLWLRQ└ UHTXLUHV└ DQ
└

x└ &RPSOLDQFH└ ZLWK└ WKH└ KRXUO\└ ¶ ‼30 OLPLWW└ LV└ GHPRQWWUDWHG└ WKURXJK└ WKH
XQGHUO\LQJ└ 36'└ SHUPLW∂V└ 6SHFLDO└ &RQGLWLRQV└ ┤ ☼ └ → ☼ └ DQG└ ¶ ┤ ◄ └ └ &R
KHDW└ LQSXW☼ └ DQG└ 7&(4└ KDV└ QRW└ H[SODLQHG└ KRZ└ WKLV└ OLPLW└ DVVXUHV└ FRPS
KRXUO\└ 30└ OLPLWW◄ └ └ &RQGLWLRQ└ → └ UHTXLUHV└ FRPSOLDQFH└ ZLWK└ FHUWDLQ└ IH
EXW└ VD\V└ QRWKLQJ└ DERXW└ FRPSOLDQFH└ ZLWK└ WKH└ KRXUO\└ OLPLW└ FRQWDLQHG└ LQ
&RQGLWLRQ└ ¶ ┤ └ LV└ VLPSO\└ D└ YDJXH└ DQG└ JHQHUDO└ SURYLVLRQ└ WKDW└ UHTXLU

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≥PLQLPL]H HPLVVLRQV¥ GXULQJ SODQQHG 066 DFWLYLWLHV◀ 7KHVH WK
SURYLVLRQV GR QRW DVVXUH FRPSOLDQFH ZLWK WKH 36' SHUPLW∂V KRXUO\
PDWWHU OLPLWW◀

x 7R VKRZ FRPSOLDQFH ZLWK WKH KRXUO\ 92& OLPLWW IRU %RLCHU 8QLWW ⊥
3HUPLW OLWW RQO\ &RQGLWLRQ ┤ ± WKH KRXUO\ KHDW LQSXW OLPLWW◀
LQSXW OLPLW GRHV QRW DVVXUH FRPSOLDQFH ZLWK WKH KRXUO\ 92& OLPLW◀

7R WKH H[WHQW WKDW WKH 'UDIW 3HUPLW UHOLHV RQ WKH SURYLVLRQV LQ WKH +DU
36' SHUPLW WR DVVXUH FRPSOLDQFH ZLWK WKH PDVRU QHZ VRXUFH UHYLHZ HPLVVLRQ OLP
IDLOV WR PHHW 7LWOH 9 UHTXLUHPHQWW◀)RU +DUULQJWRQ 8QLW ⊥ DQG ┬ ☼ 3HUPLW
6SHFLDO &RQGLWLRQ ├ WWDWHV

≥7KH UHFRUGV UHTXLUHG LQ 6SHFLDO &RQGLWLRQ 1RV◀ ← DQG VKDOO FRQWWLW
GHPRQWWUDWLQJ FRPSOLDQFH ZLWK WKH OLPLW VSHFLILHG LQ WKLV SHUPLW◀ ¥

+RZHYHU☼ 6SHFLDO &RQGLWLRQ 1R◀ ← UHTXLUHV QRWKLQJ PRUH WKDQ D RQH┼ WLPH WWDF
PRQR[LGH☼ D WHWW WKDW KDV SUHVXPDEO\ KDSSHQHG VRPH \HDUV DJR ♂ WKH WHWW
+DUULQJWRQ FRPSOHWHV D SURVHFW DSSURYHG LQ ⊥ !! !! ← □◀ 6SHFLDO &RQGLWLRQ 1R◀
RI WWDFN WHWW EH NHSW◀ %XW WKHUH LV QR RWKHU PHQWLRQ LQ WKH SHUPLW RI D
UHTXLUHPHQW◀

7KXV☼ QHLWKHU WKH 'UDIW 3HUPLW QRU WKH LQFRUSRUDWHG 36' SHUPLW DVVXUH F
WKH PD[LPXP KRXUO\ HPLVVLRQ OLPLW FRQWDLQHG LQ WKH +DUULQJWRQ SODQW∂V 36' SHU

⊥ ◀7KH 'UDIW 3HUPLW)DLOV WR $VVXUH &RPSOLDQFH ZLWK 0DVRU 1HZ 6RXUFH 5HYL
(PLVVLRQ /LPLW 'XULQJ 3ODQQHG 0DLQWHQDQFH☼ 6WDUWXS☼ DQG 6KXWGRZQ $FWLY

%RWK RI WKH +DUULQJWRQ SODQW∂V 36' SHUPLW WWDWH WKDW

≥7KH CEV↕ KRXU DQG WS\ HPLVVLRQ OLPLW VSHFLILHG LQ WKH 0$(57 IRU WKL
HPLVVLRQV IURP WKH IDFLOW\ GXULQJ ERWK QRUPDO DQG SODQQHG 066 DFWLYLW
'UDIW 3HUPLW DW S◀ ← ⊥ DQG ← ┤ ◀

%XW WKH 'UDIW 3HUPLW GRHV QRW DVVXUH FRPSOLDQFH ZLWK WKH KRXUO\ HPLVVLRQ
SHULRGV RI SODQQHG 066☼ EHFDXVH WKH +DUULQJWRQ SODQW KDV FRQGXFWHG QR PRQLWRUL
RU 92& HPLVVLRQV GXULQJ SHULRGV RI SODQQHG 066◀ 7KH +DUULQJWRQ SODQW KDV FR
WHWW WR GHWHUPLQH HPLVVLRQV RI &2☼ 30☼ RU 92& GXULQJ SHULRGV RI SODQQHG PD
DQG VKXWGRZQ◀ ,I &RPPHQWHUV DUH ZURQJ DERXW WKLV DVVHUWLRQ☼ WKHQ ZH UHTXHW
'LUHFWRU PDNH WKH WWDFN WHWW LQIRUPDWLRQ DYDLODEOH☼ DQG DOVR XSGDWH WKH 'U

LQFOXGLQJ└ WKH└ 6WDWHPHQW└ RI└ %DVLV└ └ WR└ H[SODLQ└ KRZ└ SULRU└ WDFN└ WHWW└ DQG└ DQ└ R
FRPSOLDQFH└ ZLWK└ WKHVH└ KRXUV└ HPLVVLRQ└ OLPLWV└ GXULQJ└ SHULRGV└ RI└ SODQQHG└ 066└ └ └
└

7KH└ ([HFXWLYH└ 'LUHFWRU└ VKRXOG└ DOVR└ H[SODLQ└ KRZ└ WKH└ PRQLWRULQJ└ DQG└ WHWWLQJ└
LQ└ WKH└ 'UDIW└ 3HUPLW└ DVVXUH└ RQJRLQJ└ FRPSOLDQFH└ ZLWK└ WKH└ +DUULQJWRQ└ SODQW└ 36'└
KRXUV└ DOORZDEOH└ HPLVVLRQ└ UDWHV└ IRU└ &2└ └ 30└ └ DQG└ 92&└ GXULQJ└ SHULRGV└ RI└ SODQQH
WDUWXS└ └ DQG└ VKXWGRZQ└ └
└

3HUPLW└ 1R└ └ ↑ ¶ ⊥ ↕ 36'7;‼ ¶ → ⊥ 0└ └ 6SHFLDO└ &RQGLWLRQV└ ¶ ├ └ DQG└ ¶ → └ ♂
DQG└ 3HUPLW└ 1R└ └ ¶ ┬ ← ← ↕ 36'7;├ ┬ ¶ 0¶ └ 6SHFLDO└ &RQGLWLRQV└ ⊥ ┬ └ DQG└ ⊥ ┤ └ ♂ FRY
FRPSOLDQFH└ ZLWK└ KRXUV└ HPLVVLRQ└ OLPLWV└ └ └ 7KRVH└ SHUPLW└ SURYLVLRQV└ UHTXLUH└ WKH└ +
DQQXDOO└ FRQILUP└ WKH└ ≥FRQWLQXHG└ YDOLGLW└ RI└ WKH└ HXWLPDWHG└ SRWHQWLDO└ WR└ HPLW¥└
066└ DFWLYLWLHV└ └ └ &RQILUPLQJ└ WKDW└ WKH└ HXWLPDWHV└ PDGH└ LQ└ LW└ SHUPLW└ DSSOLFDWLRQ└
LV└ D└ YDJXH└ DQG└ PHDQLQJOHVV└ SURYLVLRQ└ WKDW└ LQ└ QR└ ZD└ PHHW└ WKH└ UHTXLUHPHQW└ WKD
DVXUH└ RQJRLQJ└ FRPSOLDQFH└ ZLWK└ DSSOLFDEOH└ UHTXLUHPHQW└ └ └)RU└ RWKHU└ SODQQHG└
6SHFLDO└ &RQGLWLRQV└ ¶ → ◀ %└ ♂ LQ└ 8QLW└ └ └ DQG└ ┬ └ 36'└ SHUPLW└ └ DQG└ ⊥ ┤ ◀ %└ ♂ LQ└
+DUULQJWRQ└ SODQW└ XQHWWHUHG└ ODWLWXGH└ WR└ GHWHUPLQH└ HPLVVLRQV└ ≥XVLQJ└ DQ└ DSSUR
LQFOXGLQJ└ EXW└ QRW└ QLPLWHD└ WRW└ WKH└ PHWKRGV└ GHVFULEHG´ ¥└ └ 7KLV└ RSHQ├ HQGHG└ SURYLV
DVXUDQFH└ RI└ FRPSOLDQFH└ └ └ ,QGHHG└ └ &RPPHQWHUV└ KDYH└ QR└ LGHD└ ZKLFK└ PHWKRG└ WKH└ +
PLJKW└ FKRRVH└ WR└ GHPRQVWUDWH└ FRPSOLDQFH└ ZLWK└ KRXUV└ OLPLWV└ GXULQJ└ SHULRGV└ RI└ SOD
└

7R└ FRUUHFW└ WKLV└ GHILFLHQF└ └ WKH└ ([HFXWLYH└ 'LUHFWRU└ VKRXOG└ DGG└ &RPSOLDQ
0RQLWRULQJ└ SURYLVLRQV└ WKDW└ VSHFLI└ D└ PHWKRG└ IRU└ GHPRQVWUDWLQJ└ RQJRLQJ└ FRPSOLDQFH└
HPLVVLRQ└ OLPLWV└ IRU└ &2└ └ 92&└ └ DQG└ 30└ FRQWDLQHG└ LQ└ WKH└ SODQW└ WZR└ 36'└ SHUPL
└
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┬ ◀7KH└ 'UDIW└ 3HUPLW└)DLOV└ WR└ $VVXUH└ &RPSOLDQFH└ ZLWK└ WKH└ 6WDWH└ ,PSOHPHQWDW
/LPLWV└ IRU└ 3DUWLFXODWH└ 0DWWHU└ DQG└ 2SDFLW└
└

7LWOH└ 9└ SHUPLWV└ PXW└ DVXUH└ FRPSOLDQFH└ ZLWK└ DOO└ DSSOLFDEOH└ UHTXLUHPHQWV└ └
,PSOHPHQWDWLRQ└ 3ODQ└ OLPLWDW└ >7LWOH└ 9@└ SHUPLW└ LVXHG└ XQGHU└ WKLV└ VXEFKDSWHU└ VKDO
HQIRUFHDEOH└ HPLVVLRQ└ OLPLWDWLRQV└ DQG└ WDQGDUGV└ └ ´└ DQG└ VXFK└ RWKHU└ FRQGLWLRQV└ DV
DVXUH└ FRPSOLDQFH└ ZLWK└ DSSOLFDEOH└ UHTXLUHPHQW└ RI└ WKLV└ FKDSWHU└ └ LQFOXGLQJ└ WKH└ U
DSSOLFDEOH└ LPSOHPHQWDWLRQ└ SODQ└ ¥└ ┤ ⊥ └ 8└ 6└ &└ └ → ├ ├ ¶ F♂ D□ ◀ └ └
└

└ $V└ H[SODLQHG└ LQ└ GHWDLO└ DERYH└ └ ERWK└ WKH└ 6,3└ RSDFLW└ OLPLW└ IRXQG└ DW└ ┬ ‼ └
WKH└ 6,3└ 30└ OLPLW└ IRXQG└ DW└ ┬ ‼ └ 7$&└ ¶ ¶ ¶ ◀ ¶ ↑ ┬ ♂ E□ └ DUH└ DSSOLFDEOH└ UHTXLUH
QRW└ EHHQ└ PRGLILHG└ WKURXJK└ WKH└ 6,3└ SURFHVV└ └ └ └
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&RQWLQXRXV RSDFLW\ PRQLWRUV DUH LQ XVH DW WKH +DUULQJWRQ SODQW ⌧ \HW QHL
QRU WKH 6WDWHPHQW RI %DVLV SURYLGH DQ\ H[SODQDWLRQ DV WR KRZ WKHVH RSDFLW\
FRPSOLDQFH ZLWK WKH 6,3 RSDFLW\ OLPLW ⌧ &RPPHQWHUV QRWH WKDW DOO RI WKH &RPS
0RQLWRULQJ 6XPPDU\ SURYLVLRQV ♂ 'UDIW 3HUPLW S ⌧ ↑ → ⌧ GHDO RQ\ ZLWK ┤ ‼ &)5 3DUW ├ ‼ 1HZ 6R
1RQH RI WKHVH SURYLVLRQV DVVXUH FRPSOLDQFH ZLWK WKH 30 DQG RSDFLW\ 6,3 DSSOLFD

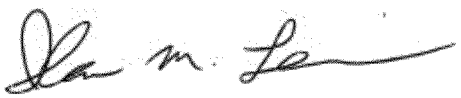
7R FRUUHFW WKLV GHILFLHQF\ ⌧ WKH ([HFXWLYH 'LUHFWRU VKRXOG DGG PRQLWRULQJ
HQXUH FRPSOLDQFH ZLWK WKH 6,3 RSDFLW\ DQG 30 OLPLW ⌧ :H UHPLQG WKH ([HFXWL
WKH 6WDWH ,PSOHPHQWDWLRQ 3DQ 30 OLPLW ♂ ‼ ⌧ CE↕ 00%WX ⌧ DYHUDJHG RYHU D ┴ ┤
DOO WLPHV ⌧ DQG VR DQ\ FRPSOLDQFH DVVXUDQFH RU RWKHU PRQLWRULQJ SURYLVLRQV DLPH
GHILFLHQF\ PXW GHPRQVWUDWH FRPSOLDQFH RQ D FRQWLQXRXV EDVLV ⌧

,,, &21&/86,21

)RU WKH IRUHJRLQJ UHDVRQV ⌧ WKH 'UDIW 3HUPLW IDLOV WR FRPSO\ ZLWK WKH UH
7LWOH 9 RI WKH &HDQ $LU $FW ⌧ &RPPHQWHUV UHTXHVW WKDW WKH ([HFXWLYH 'L
GHILFLHQFLHV GHVFULEHG LQ WKLV OHWWHU ⌧

7KDQN \RX IRU \RXU DWWHQWLRQ WR WKLV PDWWHU ⌧ SOHDVH FRQWDFW PH LI \RX

6LQFHUHOH\ ⌧



,DDQ /HYLQ
*DEULHO &DUN┤ /HDFK
(QYLURQPHQWDO ,QWHJULW\ 3URWHFW
→ ‼ → 5LR *UDQGH ⌧ – ┴ ‼ ‼
$XWLQ ⌧ 7H[DV → ← → ‼ ¶
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JFDUN┤ OHDFK#HQYLURQPHQWDOLQWHJULW\ RUJ

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