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SEC Proposes Amendments to Rules 144 and 145

The SEC has proposed for public comment significant amendments to Rules 144 and 145. The proposed amendments would do the following:

- reduce the holding period for resales of restricted securities of reporting companies from one year to six months, subject to a proposed tolling provision in the event the securityholder engages in hedging transactions;
- require that securityholders toll, or suspend, their holding period during any time they enter into certain hedging transactions, up to a maximum holding period of one year;
- substantially reduce the Rule 144 requirements for non-affiliates so that they can resell restricted securities freely after the holding period, subject to no other Rule 144 limitations except that the current public information requirement would remain for one year from the acquisition of the restricted securities;
- eliminate the "manner of sale" requirements with respect to debt securities;
- increase the Form 144 filing thresholds;
- codify certain SEC Staff positions regarding Rule 144;
- simplify the Preliminary Note to Rule 144 and the text of Rule 144; and
- eliminate Rule 145's presumed underwriter provisions except for transactions involving shell companies and revise the Rule 145(d) resale requirements to conform to the proposed Rule 144 amendments.

A table that briefly compares some of the most significant proposed amendments to the current Rule 144 regulatory scheme is attached hereto as Appendix A. The SEC is also soliciting comment on ways to coordinate Form 144 and Form 4 filings under Section 16 of the Exchange Act. Comments are due September 4, 2007.

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I. Current Operation of Rule 144

Rule 144 regulates the resale of restricted securities[1] and control securities.[2] Under the current Rule 144, a selling securityholder will be deemed not to be engaged in a distribution of securities and therefore not an underwriter with respect to such securities, thus making available the Section 4(1) exemption from registration, if the resale meets certain criteria. If the securityholder is an affiliate of the issuer or a non-affiliate that has held the restricted securities for less than two years, these criteria currently include the following:

- adequate current public information must be available about the issuer in accordance with Rule 144(c);
- if the securities being sold are restricted securities, the selling securityholder must have held the security for the one year holding period specified in Rule 144(d);
- the resale must be within the volume limitations set forth in Rule 144(e);
- the resale must comply with the manner of sale conditions set forth in Rules 144(f) and (g); and
- the selling securityholder may be required to file a Form 144 in accordance with Rule 144(h).

Under the current rule, a non-affiliate may publicly resell restricted securities without being subject to the above limitations if he or she has held the securities for two years and if he or she is not, and for the prior three months has not been, an affiliate of the issuer.

II. Significant Shortening of Holding Period Requirement of Rule 144(d)

Six Month Holding Period for Exchange Act Reporting Companies

Under the proposed amendments to Rule 144(d), both affiliates and non-affiliates would be permitted to resell restricted securities of companies that are and have been subject to the reporting requirements of Section 13s or 15(d) of the Exchange Act for at least 90 days prior to the sale (referred to as "reporting companies") after holding the restricted securities for six months, subject to other applicable conditions of Rule 144 and the proposed tolling provision described below.

The proposed amendment is intended to serve the fundamental purpose of Rule 144 to provide objective criteria for determining whether an investor is an underwriter or has acquired securities for distribution, without allowing the holding period to be longer than necessary and imposing unnecessary costs or restrictions on capital formation. The SEC believes that, with regard to reporting companies, the proposed six month holding period is a reasonable indication

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[1] "Restricted securities" are securities acquired in certain private securities offerings pursuant to exemptions from the registration requirements of the Securities Act.

[2] Although it is not defined in Rule 144, the term "control securities" is commonly used to refer to securities held by an affiliate of the issuer, regardless of how the affiliate acquired the securities.

that an investor has assumed the economic risk of an investment in the securities, which is a critical factor in determining whether the securityholder acquired the securities for distribution.

Due to concern that the market does not have significant information and safeguards with respect to non-reporting companies, the holding period for restricted securities issued by non-reporting companies would remain at one year for both affiliate and non-affiliate sellers under the proposed amendments. As discussed in Part III below, however, the proposed amendments eliminate the resale restrictions on non-affiliates of non-reporting companies under Rule 144 after the one year holding period, allowing such non-affiliates to resell their restricted securities after meeting the required one year holding period without any further conditions under Rule 144.

Tolling of the Holding Period in Connection with Hedging Transactions

In the SEC's view, hedging activities with respect to restricted securities to be resold under Rule 144 can shift the economic risk of an investment away from the securityholder and therefore make it more difficult to conclude that the securityholder has held the security for investment purposes and not with a view to distribution. Because the proposed reduced holding period described above would make hedging arrangements significantly easier, the proposed amendments would add a new paragraph to Rule 144 to toll the holding period for restricted securities of reporting companies while an affiliate or a non-affiliate is engaged in certain hedging transactions.

Specifically, the proposed amendment would exclude from the holding period any period during which the securityholder had a short position, or had entered into a "put equivalent position"[3] with respect to the same class of securities, or in the case of nonconvertible debt, with respect to any nonconvertible debt securities of the same issuer. The proposed tolling provision would work in conjunction with the Rule 144 provisions that permit the combining, or "tacking," of holding periods and would permit a securityholder to tack to his or her holding period the period during which the securityholder reasonably believes that the previous owner did not engage in hedging activities. Although the proposed amendments do not specifically so provide, the SEC states in its release that if the securityholder is unable to determine that the previous owner did not engage in hedging activities with respect to the securities, then the securityholder *should omit* the period in which the securityholder is not able to determine whether the previous owner had a short position or a put equivalent position when calculating the holding period under Rule 144(d).

The proposed tolling provision is not, however, intended ever to result in a longer holding period than what is currently required under Rule 144. The proposed amendments would therefore impose a limit on the proposed tolling provision so that, regardless of the securityholder's hedging activity, the Rule 144(d) holding period for resales of reporting company restricted securities by a non-affiliate would in no event extend beyond one year. Because securityholders who wish to rely on Rule 144 to resell securities of non-reporting companies already would be required to comply with a one year holding period, such securityholders would not be subject to the proposed tolling provision.

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[3] Rule 16a-1(h) defines a "put equivalent position" as a derivative security position that increases in value as the value of the underlying equity decreases, including, but not limited to, a long put option and a short call option.

In connection with this proposed tolling provision, the proposed amendments also include the following related changes to Rule 144:

- require the inclusion in Form 144 filings of information regarding any short position or put equivalent position held with respect to the restricted securities prior to their resale; and

- add to the broker reasonable inquiry standards in Rule 144(g)(3) the requirement that brokers inquire into the existence and character of any short position or put equivalent position entered into with regard to securities with a holding period of less than one year.

III. Significant Reduction of Rule 144 Requirements Applicable to Non-Affiliates

Under the proposed amendments, persons who are not affiliates of the issuer and have not been an affiliate during the three months prior to the sale of securities would be permitted to resell their securities after their holding period (six months to one year, depending on whether the person engaged in hedging), subject only to the requirement in Rule 144(c) that current information regarding the issuer of the securities be publicly available if the sale is made within one year from the date of acquisition. Non-affiliates of both reporting and non-reporting companies would therefore be able to freely resell their restricted securities publicly one year after the acquisition date of the securities (as computed under Rule 144(d)), without having to comply with any other conditions of the Rule.

IV. Elimination of Manner of Sale Limitations for Debt Securities

Rule 144(f) currently requires that securities be sold in "brokers' transactions" (as defined in Rule 144(g)) or in transactions directly with a "market maker" (as defined in Section 3(a)(38) of the Exchange Act). Additionally, the Rule prohibits a seller from (a) soliciting or arranging for the solicitation of orders to buy the securities in anticipation of, or in connection with, the Rule 144 transaction; or (b) making any payment in connection with the offer or sale of the securities to any person other than the broker who executes the order to sell the securities. These manner of sale limitations do not apply to securities sold for the account of a non-affiliate of an issuer after the two year period in Rule 144(k) has elapsed.

Because debt securities raises fewer concerns with respect to abusive transactions than equity securities, the proposed amendments would eliminate the manner of sale limitations with respect to resales of debt securities and allow holders of debt securities greater flexibility in the resale of their securities, including the option to negotiate privately the resale of the securities. In addition, non-participating preferred stock, which has debt-like characteristics, and asset-backed securities, where the predominant purchasers are institutional investors, have been included in the "debt securities" category solely for purposes of the proposed amendments to the manner of sale limitations in Rule 144(f).

V. Increase of the Form 144 Filing Thresholds

Rule 144(h) currently requires affiliate and non-affiliate selling securityholders to file Form 144 if the intended sale exceeds either 500 shares or $10,000 within a three month period. As discussed in Part III above, under the proposed amendments, only affiliates of the issuer would be required to file a notice of proposed sale on Form 144 when relying on Rule 144. In order to take into account inflation since the filing thresholds for Form 144 were set in 1972 and to capture only trades that merit notice, the proposed amendments would increase the Form 144 filing thresholds to require the filing of a Form 144 only if the affiliate securityholder's intended sale exceeds either 1,000 shares or $50,000 within a three month period.

VI. Codification of Certain Staff Positions

The SEC proposes to codify certain interpretive positions previously taken by the staff of the Division of Corporate Finance (the "SEC Staff").

Securities Acquired under Section 4(6) of the Securities Act Are Considered "Restricted Securities"

Section 4(6) of the Securities Act provides an exemption from registration for an offering that does not exceed $5,000,000, that is made only to accredited investors, that does not involve any advertising or public solicitation by the issuer or anyone acting on the issuer's behalf, and for which a Form D has been filed. The SEC Staff has previously taken the position that the resale status of securities acquired in Section 4(6) exempt transactions should be the same as securities received in other non-public offerings that are included in the definition of restricted securities and therefore that securities acquired under Section 4(6) should be defined as "restricted securities" for purposes of Rule 144. The proposed amendments would codify this SEC Staff position and amend Rule 144(a)(3) to include securities acquired under Section 4(6) of the Securities Act in the definition of "restricted securities."

Tacking of Holding Periods When a Company Reorganizes into a Holding Company Structure

The proposed amendments would permit securityholders to combine or tack the Rule 144 holding period for securities held prior to transactions made solely to form a holding company with the holding period for the securities received in connection with the transaction. The proposed Rule 144(d)(3)(ix) would permit tacking of the holding period if the following conditions are met:

- the newly formed holding company's securities are issued solely in exchange for the securities of the predecessor company as part of a reorganization of the predecessor company into a holding company structure;

- securityholders receive securities of the same class evidencing the same proportional interest in the holding company as they held in the predecessor company, and their rights and interests are substantially the same as those they had as holders of the predecessor company's securities; and

- immediately following the transaction, the holding company has no significant assets other than securities of the predecessor company and its existing subsidiaries and has substantially the same assets and liabilities on a consolidated basis as the predecessor company had before the transaction.

Tacking of Holding Periods for Conversions and Exchanges of Securities

Under current Rule 144(d)(3)(ii), securities that were acquired from the issuer for consideration consisting solely of other securities of the same issuer surrendered for conversion will be deemed to have been acquired at the same time as the securities surrendered for conversion. This provision does not state whether the securities surrendered must have been convertible by their terms in order for tacking of the holding period to be permitted. The SEC seeks to clarify its position on this point by including in the proposed amendments the following amendments to Rule 144(d)(3)(ii):

- codifying the SEC Staff position that securities acquired from the issuer solely in exchange for other securities of the same issuer will be deemed to have been acquired at the same time as the securities surrendered for conversion or exchange, *even if the securities surrendered were not convertible or exchangeable by their terms*; and

- stating in a new note to Rule 144(d)(3)(ii) that if (a) the original securities do not permit cashless conversion or exchange by their terms, (b) the parties amend the original securities to allow for cashless conversion or exchange, and (c) the securityholder provides consideration for that amendment other than solely securities of the same issuer, then the securities will be deemed to have been acquired on the date that the securities were amended, rather than the date on which the securities were originally purchased.

Cashless Exercise of Options and Warrants

Similarly, the proposed amendments that would add Rule 144(d)(3)(x) to codify the SEC Staff's position that upon a cashless exercise of options or warrants, the newly acquired underlying securities are deemed to have been acquired when the corresponding options or warrants were acquired, even if the options or warrants originally did not provide for cashless exercise by their terms. The proposed amendments would also add two notes to new Rule 144(d)(3)(x) that would codify the following two SEC Staff positions:

- if (a) the original options or warrants do not permit cashless exercise by their terms, (b) the parties amend the original options or warrants to allow for cashless exercise, and (c) the securityholder provides consideration for that amendment, other than solely securities of the same issuer, then the options or warrants would be deemed to have been acquired on the date that the options or warrants were amended, rather than the date on which the options or warrants were originally purchased; and

- because the grant of certain options or warrants that are not purchased for cash or property (such as employee stock options) does not create an investment risk in the holder, the holder would not be allowed to tack the holding period of the option or warrant and would be deemed to have acquired the underlying securities on the date the option or warrant was exercised, if the exercise price was paid in full at that time.

Aggregation of Pledged Securities

Under Rule 144(e)(3)(ii), (a) the amount of securities sold for the account of a pledgee of restricted securities or for the account of a purchaser of the pledged securities, during any period of three months within one year after a default in the obligation secured by the pledge and (b) the amount of securities sold during the same three month period for the account of the pledgor will be aggregate for purposes of determining compliance with the volume limitations set forth in Rule 144(e). The proposed amendments would add a note to Rule 144(e)(3)(ii) to codify the SEC Staff's position that, in cases involving two or more pledgees, as long as the pledgees are not the same "person" under Rule 144(a)(2) and are not acting in concert and the loans and pledges are bona fide transactions, if a pledgor defaults on several pledges, each pledgee may sell the pledged restricted securities in the amount permitted by the volume limitations in Rule 144(e), less any sales made by the pledgor during the relevant period, without having to aggregate the sale with sales by other pledgees of the same securities from the same pledgor.

Treatment of Securities Issued by "Reporting and Non-reporting Shell Companies"

Because certain types of companies, including "blank check companies"[4] and other "shell companies,"[5] have historically provided opportunities for abuse of the federal securities laws, the proposed amendments would codify certain SEC Staff positions with respect to such companies in an effort to curtail misuse of Rule 144. The proposed amendments would add new Rule 144(i) to codify the SEC Staff's position that Rule 144 is not available for the resale of securities issued by companies that are, or previously were, blank check companies, with the following modifications.

- The proposed amendments would apply to a category of companies referred to as "reporting and non-reporting shell companies," which would include all companies that meet the definition of "shell company," including blank check companies. This category of companies would be broader than the definition of "shell company" in Rule 405, however, as it would apply to any "issuer" meeting that standard, whereas the Rule 405 definition refers only to "registrants." Under the proposed rule, a person who wishes to resell securities issued by a company that is, or was, a reporting or a non-reporting shell company, other than a business combination related shell company,[6] would not be able to rely on Rule 144 to sell the securities.

- Because the reasons for prohibiting reliance on Rule 144 are no longer present after a reporting company has ceased to be a shell company and there is adequate disclosure in the market that would serve to protect against further abuse, the proposed amendments would permit reliance on Rule 144 for resales by a securityholder when (a) the issuer of

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[4] Rule 419 defines a "blank check company" as a company that (a) is in the development stage, (b) has not specific business plan or purpose or has indicated that its business plan is to merge with or acquire an unidentified third party, and (c) issues penny stock.

[5] Rule 405 defines a "shell company" as a registrant, other than an asset-backed issuer, that has (a) no or nominal operations, and (b) either (1) no or nominal assets, (2) assets consisting solely of cash and cash equivalents, or (3) assets consisting of any amount of cash and cash equivalents and nominal other assets.

[6] Rule 405 defines a "business combination related shell company" as a shell company formed by an entity that is not a shell company solely for the purpose of (a) changing the corporate domicile of that entity solely within the United States, or (b) completing a business combination transaction (as defined in Rule 165(f)) among one or more entities other than the shell company, none of which is a shell company.

the securities that was formerly a reporting or non-reporting shell company has ceased to be a shell company, (b) the issuer of the securities is subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act, (c) the issuer of the securities has filed all reports and material required to be filed during the preceding 12 months (or for such shorter period that the registrant was required to file such reports and materials), and (d) at least 90 days have elapsed from the time the issuer has filed current "Form 10 information"[7] with the SEC reflecting its status as an entity that is not a shell company.

Under the proposed amendments, an affiliate selling control securities would have to wait at least 90 days before reselling the securities, and an affiliate or non-affiliate selling restricted securities would be required to wait the duration of the holding period before reselling the securities. The 90 day delay or the duration of the holding period is intended to provide the market with time to absorb the Form 10 information filed with the SEC regarding the company, and the 90 day delay here is consistent with the 90 day waiting period in Rule 144(c) and proposed Rule 144(d).

Representations Required from Securityholders Relying on Exchange Act Rule 10b5-1(c)

Under Rule 10b5-1(c), a person's purchase or sale of securities is deemed not to be made "on the basis of" material nonpublic information about the security or issuer provided that the person demonstrates that (a) prior to becoming aware of the material nonpublic information, he or she had entered into a binding contract to purchase or sell the securities, provided instructions to another person to execute the trade for his or her account, or adopted a written plan for the trading of securities, (b) the contract, instructions, or written plan satisfies the conditions of Rule 10b5-1(c), and (c) the purchase or sale that occurred was pursuant to the contract, instruction, or plan.

Currently, Form 144 requires a selling securityholder to represent, as of the date that the form is signed, that he or she "does not know any material adverse information in regard to the current and prospective operations of the issuer of the securities to be sold which has not been publicly disclosed." The proposed amendments would codify the SEC Staff's position that a selling securityholder who satisfies Rule 10b5-1(c) may modify the Form 144 representation to indicate that he or she had no knowledge of material adverse information about the issuer as of the date on which the holder adopted the written trading plan or gave the trading instructions, specifying that date and indicating that the representation speaks as of that date.

VII. Simplification of the Preliminary Note and Text of Rule 144

The proposed amendments would simplify the Preliminary Note to Rule 144 to incorporate plain English principles without altering the substantive operation of the Rule. The revised Preliminary Note would clarify the guiding principles to Rule 144 in the following ways:

- briefly explaining the benefits of complying with Rule 144;

[7] "Form 10 information" refers to information that a company would be required to file if it were registering a class of securities on Form 10, Form 10-SB, or Form 20-F under the Exchange Act. Shell companies are required to file this information on Form 8-K in connection with the transaction by which they cease to be a shell company.

- clarifying that any person who sells restricted securities, and any affiliate or any person who sells securities on behalf of an affiliate, will not be deemed to be engaged in a distribution of those securities and therefore not an underwriter if the sale is made in accordance with all applicable provisions of Rule 144;

- clarifying that, although Rule 144 provides a safe harbor for establishing the availability of the exemption provided by Section 4(1) of the Securities Act, it is not the exclusive means for reselling securities without registration and does not affect the availability of any other exemption for resales;[8] and

- state that the Rule 144 safe harbor is not available with respect to any transaction or series of transactions that, although in technical compliance with Rule 144, is part of a plan or scheme to evade the registration requirements of the Securities Act.

In addition, the proposed amendments include changes to language throughout Rule 144 intended to make the Rule less complex and easier to read.

VIII. Amendments to Rule 145

The proposed amendments would eliminate the presumptive underwriter provisions in Rule 145 with respect to most transactions, except those involving shell companies (other than business combination related shell companies). Under the proposed rule, if a transaction covered by Rule 145 (i.e. exchanges of securities in connection with reclassifications, mergers, consolidations, and asset transfers where a shareholder vote is required) involves a shell company (other than a business combination related shell company), then any party to that transaction (other than the issuer) or any person who is affiliate of such party at the time of the shareholder vote is deemed to be a presumed underwriter subject to the resale restrictions of Rule 145.

Under proposed Rule 145(d), the persons and parties that are deemed to be presumed underwriters would be permitted to resell their securities in substantially the same way that affiliates of a shell company would be permitted to resell their securities under Rule 144, if amended as proposed. The proposed rule provides that such presumed underwriters may only sell securities received in the Rule 145 transaction if the shell company ceases to be a shell company and one of the following conditions is met:

- the current public information, volume limitation, and manner of sale requirements of Rule 144(c), (e), (f), and (g) are met and at least 90 days have passed since the securities were acquired;

- (a) such person is not, and has not been for at least three months, an affiliate of the issuer, (b) at least six months have passed since the securities were acquired, and (c) current public information as required by Rule 144(c) is available for the issuer; or

- (a) such person is not, and has not been for at least three months, an affiliate of the issuer, and (b) at least one year has passed since the securities were acquired.

[8] Rule 144(j) currently provides that Rule 144 is a non-exclusive safe harbor. The proposed amendments would delete current Rule 144(j) and include this language instead in the Preliminary Note.

Similar to the proposal for the Preliminary Note in Rule 144, the proposed amendments would add a note that Rule 145(c) and (d) are not available with respect to any transaction or series of transactions that, although in technical compliance with the Rule, is part of a plan or scheme to evade the registration requirements of the Securities Act.

IX. Coordination of Form 144 Filing Requirements with Form 4 Filing Requirements

As discussed in Part III above, the proposed amendments eliminate the Form 144 filing requirement for non-affiliates and would therefore require only affiliates to file a Form 144 concurrently with either placing with a broker an order to execute a sale of securities in reliance upon Rule 144 or the execution directly with a market maker of such a sale, if the sale exceeds certain filing thresholds discussed in Part III above. Many affiliates of an issuer under Rule 144 are also insiders of the issuer under Section 16 of the Exchange Act, and are required to report changes in beneficial ownership, including purchases and sales of securities, on Form 4.

Because the Form 4 filing deadline is two business days after the transaction is executed, affiliates selling securities under Rule 144 often are required to file a Form 4 just a few days after they file a Form 144 to report information regarding the same sale of securities. In order to address these duplicative requirements, the SEC is soliciting comment on how best to coordinate the Form 144 and Form 4 filing requirements for an affiliate who wishes to rely on Rule 144 and is also subject to the Section 16 filing requirements. The possible approaches on which comments were sought include the following:

- revising the filing deadline for Form 144 to coincide with the filing deadline for Form 4 (before the end of the second business day following the day on which the subject transaction was executed);

- permitting affiliates subject to Section 16 filing requirements to, at their option, satisfy their Form 144 filing requirements by timely filing a Form 4 to report the sale of their securities;

- revising Form 4 to require certain additional information currently required by Form 144 but not Form 4, if securityholders are permitted to satisfy a Form 144 filing requirements by filing a Form 4;

- revising the statement in Rule 144(g) that the broker would be deemed to be aware of any facts or statements contained in the notice required by Rule 144(h) to address whether, if a securityholder has filed a Form 4 to satisfy his or her Form 144 filing requirement, a broker should also be deemed to be aware of any facts contained in a Form 4 that are relevant to Rule 144; and

- revising Item 701 of Regulations S-B and S-K to require disclosure regarding (a) whether the securities issued in the reported unregistered transactions were restricted securities, as defined in Rule 144(a)(3); (b) if the securities were not restricted securities, the resale status of such securities under Rule 144; and (c) if the securities were restricted securities, the first date when such securities could be deemed to meet the holding period requirement in Rule 144(d).

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This memorandum is not intended to provide legal advice with respect to any particular situation, and no legal or business decision should be based solely on its content. Questions concerning issues addressed in this memorandum should be directed to any member of the Paul Weiss Securities Group, including:

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Appendix A

SUMMARY OF SIGNIFICANT PROPOSED AMENDMENTS TO RULE 144

	Current Regulations	**Proposed Amendments**
Resales of Restricted Securities by Non-Affiliates of Reporting Companies	During one year holding period • No resales under Rule 144 permitted.	During six month holding period • No resales under Rule 144 permitted. After six month holding period but before one year • May resell in accordance with the current public information requirement. • Subject to tolling of holding period when engaged in certain hedging transactions. Maximum one year holding period.
	After one year holding period but before two years • May resell in accordance with all Rule 144 requirements, including: – current public information, – volume limitations, – manner of sale restrictions for all restricted securities, – filing of Form 144 if sales exceed filing threshold of 500 shares or $10,000. • No tolling of holding period as a result of hedging transactions. After two year holding period • Unlimited public resales under Rule 144 permitted if the seller has not been an affiliate during the prior three months. • No obligation to comply with any other Rule 144 requirements.	After one year holding period • Unlimited public resales under Rule 144 permitted if the seller has not been an affiliate during the prior three months. • No obligation to comply with any other Rule 144 requirements.

	Current Regulations	**Proposed Amendments**
Resales of Restricted Securities by Non-Affiliates of Non-Reporting Companies	During one year holding period • No resales under Rule 144 permitted. After one year holding period but before two years • May resell in accordance with all Rule 144 requirements, including: – current public information, – volume limitations, – manner of sale restrictions for all restricted securities, – filing of Form 144 if sales exceed filing threshold of 500 shares or $10,000. • No tolling of holding period as a result of hedging transactions. After two year holding period • Unlimited public resales under Rule 144 permitted if the seller has not been an affiliate during the prior three months. • No obligation to comply with any other Rule 144 requirements.	During one year holding period • No resales under Rule 144 permitted. • Tolling provision does not apply. After one year holding period • Unlimited public resales under Rule 144 permitted if the seller has not been an affiliate during the prior three months. • No obligation to comply with any other Rule 144 requirements.

	Current Regulations	**Proposed Amendments**
Resales of Restricted Securities by Affiliates of Reporting Companies	During one year holding period • No resales under Rule 144 permitted. After one year holding period • May resell in accordance with all Rule 144 requirements, including: – current public information, – volume limitations, – manner of sale restrictions for all restricted securities, – filing of Form 144 if sales exceed filing threshold of 500 shares or $10,000. • No tolling of holding period as a result of hedging transactions.	During six month holding period • No resales under Rule 144 permitted. After six month holding period • May resell in accordance with all Rule 144 requirements, including: – current public information, – volume limitations, – manner of sale restrictions for equity securities, – filing of Form 144 if sales exceed filing threshold of 1,000 shares or $50,000. • Subject to tolling of holding period when engaged in certain hedging transactions. Maximum one year holding period.
Resales of Restricted Securities by Affiliates of Non-Reporting Companies	During one year holding period • No resales under Rule 144 permitted. After one year holding period • May resell in accordance with all Rule 144 requirements, including: – current public information, – volume limitations, – manner of sale restrictions for all restricted securities, – filing of Form 144 if sales exceed filing threshold of 500 shares or $10,000. • No tolling of holding period as a result of hedging transactions.	During one year holding period • No resales under Rule 144 permitted. • Tolling provision does not apply. After one year holding period • May resell in accordance with all Rule 144 requirements, including: – current public information, – volume limitations, – manner of sale restrictions for equity securities, – filing of Form 144 if sales exceed filing threshold of 1,000 shares or $50,000.