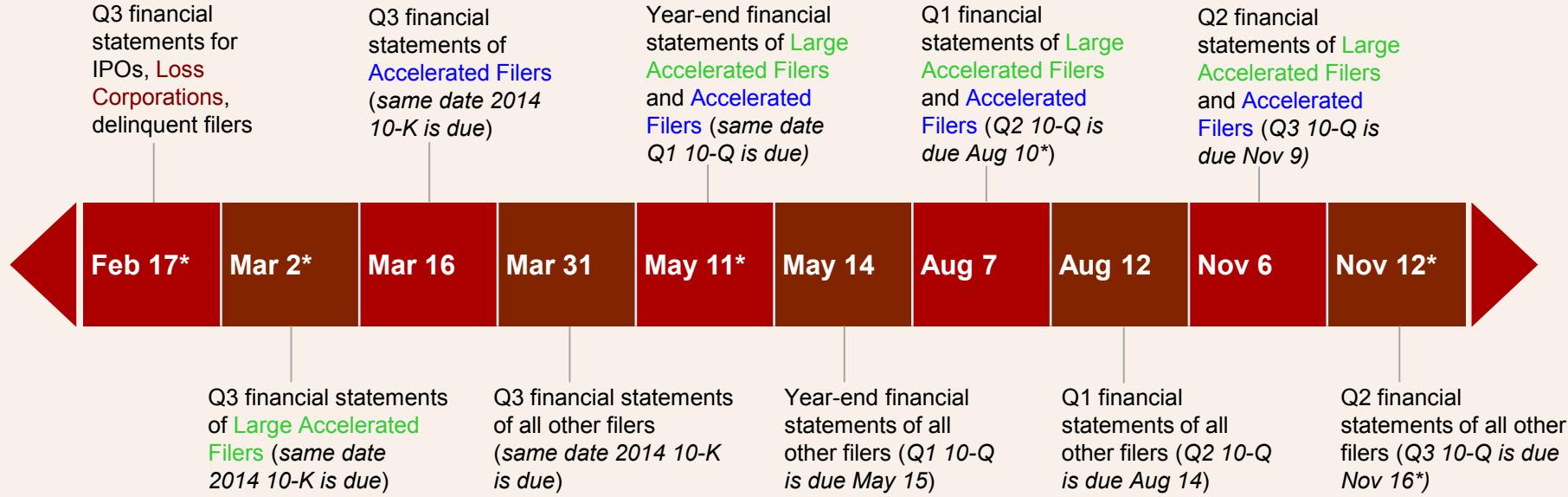


When Do Financial Statements Go Stale?

At the close of business on the following dates in 2015 (for issuers with a fiscal year ended December 31, 2014)



* Dates reflect a permitted extension to the next business day where dates would have otherwise occurred on a weekend or federal holiday

- A “Loss Corporation” does not expect to report positive income after taxes but before extraordinary items and the cumulative effect of a change in accounting principle for (a) the most recently ended fiscal year and (b) at least one of the two prior fiscal years.
- A “Large Accelerated Filer” has an aggregate market value held by non-affiliates of \$700m or more as of the last business day of the most recent Q2. Once you are in, you have to fall below \$500m to get out.
- An “Accelerated Filer” has an aggregate market value held by non-affiliates of greater than \$75m but less than \$700m as of the last business day of the most recent Q2 (unless you were previously a Large Accelerated Filer, in which case the range is \$50-500m). Once you are in, you have to fall below \$50m to get out.

- JAN 1: After Dec 31, in-process audits affect the ability to obtain negative assurance for “change period” comfort on periods ending after Sep 30
- FEB 11: Comfort can be even more problematic after Feb 11 because PCAOB AU 634 (paragraph 47) permits accountants to give traditional negative assurance only up to 134 days after the end of the most recent period for which the accountant has performed an audit or review, although “pass through” comfort (procedures and findings comfort under PCAOB AU 634) may still be an option after Feb 11
- SPECIAL ACCOMMODATION FOR TIMELY FILERS:** Staleness dates do not correspond exactly with the Form 10-Q filing deadlines because the 10-Q deadlines run from the end of the most recently ended quarter, whereas the staleness dates run from the end of the preceding quarter. However, the SEC Staff generally provides an accommodation for repeat issuers that have been timely filers for the past 12 months by allowing such issuers’ registration statements to become effective during the gap period between the staleness dates shown above and the nearest 10-Q filing deadline, absent unusual circumstances. As a result, for most repeat issuers, the effective staleness date is the same as the 10-Q filing deadline.

For more detailed information on financial statement requirements in US securities offerings, see these related publications from Latham & Watkins and KPMG:



Financial Statement Requirements in US Securities Offerings: What You Need to Know



Financial Statement Requirements in US Securities Offerings: What Non-US Issuers Need to Know

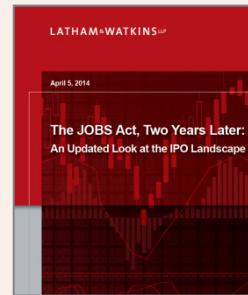
Additional desktop references from Latham & Watkins for those navigating the US capital markets:



Accessing the US Capital Markets from Outside the United States



Giving Good Guidance



The JOBS Act, Two Years Later: An Updated Look at the IPO Landscape

No firm earned more Top 10 rankings in *The American Lawyer's* 2014 Corporate Scorecard than Latham & Watkins' 24 Top 10 rankings.

Latham & Watkins resources offering definitions and explanations in plain English:

BOOK OF JARGON®: US CORPORATE AND BANK FINANCE
An Online Glossary of Corporate and Bank Finance Terms and Terminology

The BOOK of JARGON®
US Corporate and Bank Finance

The definitions contained in the Book of Jargon®: US Corporate and Bank Finance are designed to provide an introduction to corporate and bank finance terms and concepts. The glossary is intended to help you better comprehend legal issues on which specific legal advice will be required. Terms are also subject to change as applicable laws and customary practices change over time. The Book of Jargon® is drafted in the language suggested from a U.S. practice perspective.

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Book of Jargon®: US Corporate and Bank Finance Blog and App

Words of Wisdom BLOG
LATHAM & WATKINS CAPITAL MARKETS GROUP

When are Separate Financial Statements of Acquired Businesses Needed? Your Guide to Rule 3-05 of Regulation S-X, Part 1

See Column 3, it is a guide, this one going off of a new H&A deal. They say that if there is a significant difference between the historical financials of the target company and the financials of the business being acquired, then the target company's financials should be included in the consolidated financial statements. This is required in the prospectus, and they are competing about "financials" competing about "separate financials".

The averaging rule for year one avails Rule 3-05 of Reg. S-X, which sets out the requirements for the preparation of financial statements of an acquired business. The rule requires that the financial statements of the target company be included in the consolidated financial statements of the acquirer if the target company has a financial position, but generally there are some great reasons not to. Including the target company's financials in the consolidated financial statements of the acquirer is a good idea, but it is not always necessary.

As a general rule, financial statements for a significant acquisition of a "business" that has separate financial statements should be included in the consolidated financial statements. In the case of a cross-border acquisition (i.e., Rule does the 10% application of the definition of "business" have to include financials in an acquisition that is not located in the same country).

Start to read that as "separate" and "proceeds" are terms of art under Rule 3-05, as well as under Rule 3-01 of Regulation S-X.

Definition of "Business":

Rule 3-05(c) contains the term "business" to mean an operating entity or business, or not cut

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