

Comparison of Financing Alternatives

The following chart compares and contrasts in summary form different securities offering methodologies for the offer of debt securities by an entity that is not an SEC-reporting company.

	SEC REGISTERED	REGULATION S	RULE 144A AND/OR RULE 144A/REG S OFFERING (ASSUMING 144A FOR LIFE; NO REG RIGHTS)
REQUIRED ISSUER:	Issuer must register the offering of securities with the US Securities and Exchange Commission. Even if the issuer is offering and registering only debt securities and registering as a foreign private issuer (FPI), the SEC registration will subject the issuer to compliance with certain ongoing SEC reporting requirements.	Offering made outside of the United States to non-US persons with no directed selling efforts (targeted marketing) to US persons. No SEC involvement.	Domestic (U.S.) or foreign (non-U.S.) domiciled issuer. Undertaking a Rule 144A or Rule 144A/Reg S offering will not subject the issuer to any ongoing SEC filing requirements.
EXEMPTION FROM THE SECURITIES ACT:	No. Bonds are publicly offered and registered with the SEC.	Regulation S provides an exemption from SEC registration.	Section 4(a)(2) / Rule 144A and/or Regulation S.
FINRA FILING REQUIREMENT:	Filing requirement and payment of filing fee.	Not subject to FINRA filing.	Not subject to FINRA filing.
BLUE SKY:	Generally exempt from blue sky regulation if there is a class of equity securities listed on a national securities exchange or if the debt is rated.	Blue sky not applicable.	Generally exempt from blue sky regulation.
LISTING ON AN EXCHANGE:	May be listed if desired.	Not in the US, but may be listed on a European exchange.	No listing.
“RESTRICTED SECURITY”:	No.	Yes.	Yes.
REQUIRED GOVERNMENTAL APPROVALS:	SEC filing and registration fee.	No SEC or other regulatory filings in the United States.	No SEC or other regulatory filings in the United States.
PERMITTED OFFEREES:	All investors.	Non-U.S. Persons only.	Only to QIBs (institutional investors) and, if there is a Reg S tranche, to non-U.S. persons.
RESALE RESTRICTIONS:	None.	Depending on the nature of the issuer, the securities may be subject to a compliance period (up to 40 days for debt) during which transfers are limited. Resales permitted to other non-U.S. persons in reliance on Reg S, transfers in reliance on Rule 144A, or in another private or exempt offering.	Only to QIBs and/or non-U.S. persons.
INVESTMENT RESTRICTIONS:	None.	Generally none.	Restricted securities; some investors are subject to limitations on amounts invested in restricted securities.
MINIMUM DENOMINATIONS:	All denominations.	All denominations.	Typically \$100,000 or more.
ROLE OF MANAGER/ UNDERWRITER:	Either agented or principal basis.	Either agented or principal basis.	Must purchase as principal.
SETTLEMENT:	Through DTC, Euroclear/Clearstream.	Through DTC, Euroclear/Clearstream.	Through DTC, Euroclear/Clearstream.

REPATRIATION OF PROCEEDS:	No restrictions.	May be restrictions.	No restrictions.
ELIGIBLE FOR INCLUSION IN BOND INDEX:	Yes.	No.	No.
OFFERING DOCUMENT:	SEC prospectus must comply with U.S. disclosure requirements, which will include financial statement requirements.	Generally, offering circular or EU style prospectus will be shorter than any U.S. style document.	The offering memorandum for a traditional Rule 144A offering will be similar to the type of disclosure in an SEC prospectus; however, the initial purchaser may be comfortable with some variations.
DUE DILIGENCE:	Robust due diligence sufficient to permit issuer's and underwriters' counsel to deliver a negative assurance letter (10b-5).	Diligence may be streamlined. No requirement for the delivery of negative assurance letters.	Diligence will be similar to the diligence undertaken for an SEC-registered offering; however, some accommodations may be made. Issuer's and initial purchaser's counsel will be required to deliver a negative assurance letter.
COMFORT LETTER REQUIREMENT:	The issuer's accountants will be required to deliver a comfort letter.	A comfort letter may or may not be required.	Typically, a comfort letter will be required.
TIME REQUIREMENTS:	For a first-time filer, the SEC process to register debt only may take three to six months.	May require a few weeks.	May require a few weeks.
EXPENSES:	The issuer will be responsible for payment of SEC registration fees, FINRA fees, as well as legal expenses associated with the preparation and filing of the registration statement with the SEC. See closing requirements.	The Regulation S offering will be the lowest cost alternative.	The issuer will be responsible for payment of legal expenses associated with preparation of the offering memorandum. See closing requirements.
CLOSING REQUIREMENTS:	Counsel to the issuer and the underwriter will provide legal opinions as well as negative assurance letters. Comfort letter to be provided by the auditors. Other closing deliverables will include officers' certificates and good standings.	Issuer's counsel will be requested to provide a legal opinion. No negative assurance letters required. A comfort letter may or may not be required.	Counsel to the issuer and the initial purchaser will provide legal opinions as well as negative assurance letters. Comfort letter to be provided by the auditors. Other closing deliverables will include officers' certificates and good standings.
ONGOING COSTS:	Yes. Following an SEC-registered issuance, the issuer will be subject to certain ongoing SEC reporting requirements.	No, none.	No, none. The issuer will be required to provide certain information to QIBs upon their request in order to satisfy the Rule 144A requirements. Issuer may meet requirements for 12g3-2(b).