

## Exhibit — A Comparison of the Current and Proposed Rules

The FTC states that the new regulations “provide a clearer way to determine the location of an entity’s principal offices.”<sup>20</sup> It notes that the proposed rule “will simplify and clarify the analysis” for determining whether an entity is foreign:

The Commission does not anticipate that the proposed definitions will increase the burden on parties, because identifying both where officers and directors reside, and whether half of an entity’s assets [on an appraised fair market value basis] are located in the U.S. or abroad, should not be overly complicated or onerous.<sup>21</sup>

The following chart compares the analysis a potential minority investor is required to undertake under the current and the proposed rules.

Information Needed to Determine the Location of an Issuer’s “Principal Offices”	
Current Rule	Proposed Simplified Rule <sup>22</sup>
1. Identify the country that the Issuer regards as the location of its headquarters. <sup>23</sup>	<p>1. For the Issuer’s directors, determine their total number and the following personal information for each director:</p> <ul style="list-style-type: none"><li>a. The location of each individual’s primary residence;</li><li>b. The location of each individual’s primary tax residence;</li><li>c. The country where each individual resides for at least half of the calendar year; and</li><li>d. The total value of the real property owned by each individual director and whether the value of the director’s real property in the United States is greater than the value of the director’s real property located in foreign countries.<sup>24</sup></li></ul> <p>Based on this analysis, determine whether 50% or more of the directors are U.S. Note that the Issuer is likely under no United States or foreign legal obligation to assist the potential minority investor in obtaining this information, and certain foreign countries may restrict the disclosure of sensitive personal financial information of a company’s directors to third parties.</p>

<sup>20</sup> 84 Fed. Reg. 58351.

<sup>21</sup> *Ibid.*

<sup>22</sup> Note that as soon as any of the three tests show 50% or more U.S., the analysis can be terminated. However, to definitively confirm that a foreign entity has a foreign principal office, all of the above steps may need to be undertaken.

<sup>23</sup> Usually this can be found as public information on the Issuer’s website, latest annual report, and/or its SEC or other regulatory filings.

<sup>24</sup> The FTC suggested all of these as possible criteria, and may choose to include some or all of these in the final regulations.

	<ol style="list-style-type: none"> <li>2. Determine the total number and the following personal information for all of the Issuer's officers. This will require the potential minority investor to obtain and review: <ol style="list-style-type: none"> <li>a. The Issuer's articles of incorporation;</li> <li>b. The Issuer's by-laws; and</li> <li>c. All of the Issuer's board minutes from the preceding year or more to determine the number and names of any other currently serving officers appointed by the board of directors.</li> </ol> </li> <li>3. For the Issuer's officers, identified by reference to the above documents, determine their total number and the following personal information for each: <ol style="list-style-type: none"> <li>a. The location of each individual's primary residence;</li> <li>b. The location of each individual's primary tax residence;</li> <li>c. The country where each individual resides for at least half of the calendar year; and</li> <li>d. The total value of the real property owned by each individual officer and whether the value of the officer's real property in the United States is greater than the value of the director's real property located in foreign countries.</li> </ol> </li> <li>4. Based on this analysis, determine whether 50% or more of the Issuer's officers are U.S. Note that the Issuer is likely under no United States or foreign legal obligation to assist the potential minority investor in obtaining this information, and certain foreign countries may restrict the disclosure of sensitive personal financial information of a company's officers to third parties.</li> <li>5. Determine the fair market value of all of the Issuer's tangible assets, including the assets of all subsidiaries it controls directly or indirectly. Note that this requires a fair market value analysis, and likely cannot be obtained directly from the Issuer's financial statements showing the book value of its assets. Note that the Issuer is likely under no United States or foreign legal obligation to assist a potential minority investor in conducting a fair market value appraisal of all of its tangible global assets.</li> <li>6. Determine the fair market value of all of the Issuer's intangible assets (e.g., patents, licenses, brand value, customer</li> </ol>
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	<p>data/lists, self-developed software, research and development, etc.), including the assets of all subsidiaries it controls directly or indirectly. Note that this requires a fair market value analysis, and likely cannot be obtained directly from the Issuer's financial statements showing the book value of its assets. Note that the Issuer is likely under no United States or foreign legal obligation to assist a potential minority investor in conducting a fair market value appraisal of all of its intangible global assets.</p> <ol style="list-style-type: none"> <li>7. Determine the total fair market value of all of the Issuer's tangible assets located in the United States, including the assets of all subsidiaries it controls directly or indirectly.</li> <li>8. Determine the total fair market value of all of the Issuer's intangible assets located in the United States, including the assets of all subsidiaries it controls directly or indirectly.</li> <li>9. Based on this analysis, determine whether 50% or more of the Issuer's total tangible and intangible assets, including the assets of all subsidiaries it controls directly and indirectly, are located in the United States</li> </ol>
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