

AQUINOX PHARMACEUTICALS, INC
Form SC 13D/A
September 21, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 6)

Aquinox Pharmaceuticals, Inc.

(Name of Issuer)

Common Stock, par value \$0.000001 per share

(Title of Class of Securities)

03842B101

(CUSIP number)

Alexandra A. Toohey

Chief Financial Officer

Baker Bros. Advisors LP

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667 Madison Avenue, 21st Floor

New York, NY 10065

(212) 339-5690

(Name, address and telephone number of person authorized to receive notices and communications)

September 19, 2016

(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box.

(Continued on the following pages)

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 03842B101 Page 2 of 9 Pages

NAMES OF REPORTING PERSONS

1.

Baker Bros. Advisors LP
CHECK THE APPROPRIATE BOX IF A
MEMBER OF A GROUP*

2.

(a) "

(b) "

SEC USE ONLY

3.

SOURCE OF FUNDS*

4.

OO
CHECK BOX IF DISCLOSURE OF
LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2(d) or 2(e)

5.

o
CITIZENSHIP OR PLACE OF
ORGANIZATION

6.

Delaware
SOLE VOTING POWER

7.

10,536,092
SHARED VOTING POWER:

NUMBER
OF SHARES 8.
BENEFICIALLY
OWNED 0
BY EACH
REPORTING
PERSON
WITH

SOLE DISPOSITIVE POWER:

9.

10,536,092

SHARED DISPOSITIVE POWER:

10.

0

AGGREGATE AMOUNT
BENEFICIALLY OWNED BY EACH
REPORTING PERSON:

11.

10,536,092

CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (See Instructions)

12.

..

PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (11)

13.

45.1%(1)

TYPE OF REPORTING PERSON (See
Instructions)

14.

IA, PN

(1) Based on 23,365,137 shares of common stock that will be outstanding following the offering described in the Issuer's Prospectus filed with the SEC on September 20, 2016.

CUSIP No. 03842B101 Page 3 of 9 Pages

NAMES OF REPORTING PERSONS

1.

Baker Bros. Advisors (GP) LLC
CHECK THE APPROPRIATE BOX IF A
MEMBER OF A GROUP*

2.

(a) "

(b) "

SEC USE ONLY

3.

SOURCE OF FUNDS*

4.

OO
CHECK BOX IF DISCLOSURE OF
LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2(d) or 2(e)

5.

o
CITIZENSHIP OR PLACE OF
ORGANIZATION

6.

Delaware
SOLE VOTING POWER

7.

10,536,092
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BENEFICIALLY
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WITH

SOLE DISPOSITIVE POWER:

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10,536,092

SHARED DISPOSITIVE POWER:

10.

0

AGGREGATE AMOUNT
BENEFICIALLY OWNED BY EACH
REPORTING PERSON:

11.

10,536,092

CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (See Instructions)

12.

..

PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (11)

13.

45.1%(1)

TYPE OF REPORTING PERSON (See
Instructions)

14.

HC, OO

(1) Based on 23,365,137 shares of common stock that will be outstanding following the offering described in the Issuer's Prospectus filed with the SEC on September 20, 2016.

CUSIP No. 03842B101 Page 4 of 9 Pages

NAMES OF REPORTING PERSONS

1.

Julian C. Baker
CHECK THE APPROPRIATE BOX IF A
MEMBER OF A GROUP*

2.

(a)

(b)
SEC USE ONLY

3.

SOURCE OF FUNDS*

4.

OO
CHECK BOX IF DISCLOSURE OF
LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2(d) or 2(e)

5.

o
CITIZENSHIP OR PLACE OF
ORGANIZATION

6.

United States
SOLE VOTING POWER

7.

10,538,352
SHARED VOTING POWER:

NUMBER
OF SHARES 8.
BENEFICIALLY
OWNED 0
BY EACH
REPORTING
PERSON
WITH

SOLE DISPOSITIVE POWER:

9.

10,538,352

SHARED DISPOSITIVE POWER:

10.

0

AGGREGATE AMOUNT
BENEFICIALLY OWNED BY EACH
REPORTING PERSON:

11.

10,538,352

CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (See Instructions)

12.

..

PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (11)

13.

45.1%(1)

TYPE OF REPORTING PERSON (See
Instructions)

14.

IN, HC

(1) Based on 23,365,137 shares of common stock that will be outstanding following the offering described in the Issuer's Prospectus filed with the SEC on September 20, 2016.

CUSIP No. 03842B101 Page 5 of 9 Pages

NAMES OF REPORTING PERSONS

1.

Felix J. Baker
CHECK THE APPROPRIATE BOX IF A
MEMBER OF A GROUP*

2.

(a)

(b)
SEC USE ONLY

3.

SOURCE OF FUNDS*

4.

OO
CHECK BOX IF DISCLOSURE OF
LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2(d) or 2(e)

5.

O
CITIZENSHIP OR PLACE OF
ORGANIZATION

6.

United States
SOLE VOTING POWER

7.

10,538,352
SHARED VOTING POWER:

NUMBER
OF SHARES 8.
BENEFICIALLY
OWNED 0
BY EACH
REPORTING
PERSON
WITH

SOLE DISPOSITIVE POWER:

9.

10,538,352

SHARED DISPOSITIVE POWER:

10.

0

AGGREGATE AMOUNT
BENEFICIALLY OWNED BY EACH
REPORTING PERSON:

11.

10,538,352

CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (See Instructions)

12.

..

PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (11)

13.

45.1%(1)

TYPE OF REPORTING PERSON (See
Instructions)

14.

IN, HC

(1) Based on 23,365,137 shares of common stock that will be outstanding following the offering described in the Issuer's Prospectus filed with the SEC on September 20, 2016.

Amendment No. 6 to Schedule 13D

This Amendment No. 6 to Schedule 13D amends and supplements the previously filed Schedule 13D filed by Baker Bros. Advisors LP (the “Adviser”), Baker Bros. Advisors (GP) LLC (the “Adviser GP”), Julian C. Baker and Felix J. Baker (collectively the “Reporting Persons”). Except as supplemented herein, such statements, as heretofore amended and supplemented, remain in full force and effect. Information given in response to each item shall be deemed incorporated by reference in all other items, as applicable. Each capitalized term used but not defined herein has the meaning ascribed to such term in the Schedule 13D, as amended.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 of Schedule 13D is supplemented as follows:

The disclosure in Item 4 below is incorporated herein by reference.

The disclosure regarding purchases in Item 5(c) below is incorporated herein by reference.

Item 4. Purpose of the Transaction.

Item 4 of Schedule 13D is supplemented and superseded, as the case may be, as follows:

The disclosure regarding the purchases in Item 5(c) below is incorporated herein by reference.

On September 19, 2016, Aquinox Pharmaceuticals, Inc. (“the Issuer”) entered into an underwriting agreement (the “Underwriting Agreement”) with Leerink Partners LLC, as representatives of the several underwriters listed on Schedule A thereto (the “Underwriters”), related to a public offering (the “Offering”) of 5,350,000 shares of the Issuer’s Common Stock at a price to the public of \$12.25 per share. In addition, the Issuer granted the Underwriters an option exercisable for 30 days from the date of the Underwriting Agreement to purchase, at the public offering price less any underwriting discounts and commissions, up to an additional 802,500 shares of Common Stock to cover

overallotments, if any. The Offering is expected to close on September 23, 2016.

Pursuant to the Offering, on September 20, 2016, 667, L.P. (“667”) and Baker Brothers Life Sciences, L.P. (“Life Sciences”, and together with 667, the “Funds”) purchased 294,707 shares and 2,476,348 shares, respectively of the Issuer’s Common Stock at the offering price of \$12.25 per share. The Funds purchased the shares of the Issuer’s Common Stock with their working capital.

The Funds hold securities of the Issuer for passive investment purposes. The Reporting Persons or their affiliates have had and may continue to have discussions with management of the Issuer regarding financing. The Reporting Persons may acquire additional securities of the Issuer, including shares of Common Stock, in such financings or by means of open market purchases, privately negotiated purchases, or otherwise. The Reporting Persons or their affiliates may purchase additional securities or dispose of securities in varying amounts and at varying times depending upon the Reporting Persons’ continuing assessments of pertinent factors, including the availability of shares of Common Stock or other securities for purchase at particular price levels, the business prospects of the Issuer, other business investment opportunities, economic conditions, stock market conditions, money market conditions, the attitudes and actions of the board of directors and management of the Issuer, the availability and nature of opportunities to dispose of shares of the Issuer and other plans and requirements of the particular entities. Depending upon their assessments of the above factors, the Reporting Persons or their affiliates may change their present intentions as stated above. The Reporting Persons may discuss items of mutual interest with the Issuer, which could include items in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Except as otherwise disclosed herein, at the present time, the Reporting Persons do not have any plans or proposals with respect to any extraordinary corporate transaction involving the Issuer including, without limitation, those matters described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

Item 5 of this Schedule 13D is hereby amended and restated in its entirety as follows:

(a) and (b) Items 7 through 11 and 13 of each of the cover pages of this Amendment No. 6 are incorporated herein by reference. Set forth below is the aggregate number and percentage of shares of Common Stock directly held, as of the date hereof, by each of the following based upon 23,365,137 shares of Common Stock that will be outstanding following the Offering, as disclosed in the Issuer’s Prospectus filed with the SEC on September 20, 2016. Such percentage figures were calculated in accordance with Rule 13d-3 under the Securities Exchange Act of 1934 (the “Exchange Act”).

<u>Holder</u>	<u>Number of Shares</u>	<u>Percentage of Class Outstanding</u>
667, L.P.	1,131,625	4.8%
Baker Brothers Life Sciences, L.P.	9,404,467	40.3%

Pursuant to management agreements, as amended, among the Adviser, the Funds, and their respective general partners, the Adviser has complete and unlimited discretion and authority with respect to the Funds’ investments and voting power over investments.

The Adviser GP, Felix J. Baker and Julian C. Baker as principals of the Adviser GP, and the Adviser may be deemed to be beneficial owners of securities of the Issuer directly held by the Funds, and may be deemed to have the power to vote or direct the vote of and the power to dispose or direct the disposition of such securities.

The Reporting Persons disclaim beneficial ownership of the securities of the Issuer held by each of the Funds, and this Amendment No. 6 shall not be deemed an admission that the Reporting Persons are the beneficial owners of such securities for purposes of Section 13(d) or for any other purpose, except to the extent that any such Reporting Persons actually exercises voting or dispositive power with respect to such securities.

(c) The disclosure regarding the purchase of common stock of the Issuer in the Offering described in Item 4 is incorporated by reference herein. The following transaction in the Issuer's Common Stock was effected by the Fund noted below during the sixty days preceding the filing of this statement using working capital of the applicable purchasing Fund. The purchase transaction was effected in the open market directly with a broker-dealer. Except as disclosed herein or in any previous amendments to this Schedule 13D, none of the Reporting Persons or their affiliates has effected any other transactions in securities of the Issuer during the past 60 days.

Name	Date	Number of Shares	Transaction	Price/ Share	Footnotes
667, L.P.	9/20/2016	12,550	Purchase	13.1497	1

The reported price is a weighted average price. These shares were traded in multiple transactions at prices ranging from \$12.89 to \$13.55. The Reporting Persons undertake to provide the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares traded at each separate price within the ranges set forth in this footnote.

(d) Certain securities of the Issuer are held directly by 667, L.P., a limited partnership the sole general partner of which is Baker Biotech Capital, L.P., a limited partnership the sole general partner of which is Baker Biotech Capital (GP), LLC. Julian C. Baker and Felix J. Baker are the controlling members of Baker Biotech Capital (GP), LLC.

Certain securities of the Issuer are held directly by Baker Brothers Life Sciences, L.P., a limited partnership the sole general partner of which is Baker Brothers Life Sciences Capital, L.P., a limited partnership the sole general partner of which is Baker Brothers Life Sciences Capital (GP), LLC. Julian C. Baker and Felix J. Baker are the controlling members of Baker Brothers Life Sciences Capital (GP), LLC.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to the Securities of the Issuer.

Item 6 of this Schedule 13D is hereby supplemented and amended, as the case may be, as follows:

On September 19, 2016 the Issuer entered into a registration rights agreement (the “Registration Rights Agreement”) with the Funds. Under the Registration Rights Agreement, the Issuer agreed that, if at any time and from time to time after December 19, 2016, the Funds demand that the Issuer register shares of common stock directly held by them for resale under the Securities Act of 1933, as amended, the Issuer would be obligated to effect such registration. The Issuer’s registration obligations under the Registration Rights Agreement cover all shares of common stock now held or later acquired by the Funds, including shares of common stock issued or issuable upon the exercise or conversion of any other securities, will continue in effect for up to ten years as long as shares of common stock held by the Funds remain Registrable Securities (as defined in the Registration Rights Agreement), and include the Issuer’s obligation to facilitate certain underwritten public offerings of common stock by the Funds in the future, including one underwritten public offering per calendar year and a total of no more than three total underwritten public offerings. The Funds will bear all expenses incurred in effecting any registration pursuant to the Registration Rights Agreement.

The foregoing description of the Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Registration Rights Agreement, which is incorporated by reference as Exhibit 99.1, and is incorporated herein by reference.

Item 7. Material to be Filed as Exhibits.

Exhibit Description

99.1

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Registration Rights Agreement, dated September 19, 2016, by and among Aquinox Pharmaceuticals, Inc., 667, L.P. and Baker Brothers Life Sciences, L.P. (incorporated by reference to Exhibit 10.1 to the Issuer's Current Report on Form 8-K, filed with the SEC on September 20, 2016).

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

September 21, 2016

**BAKER BROS.
ADVISORS LP**

By: Baker Bros. Advisors
(GP) LLC, its general
partner

By: /s/ Scott L. Lessing
Name: Scott L. Lessing
Title: President

**BAKER BROS.
ADVISORS (GP) LLC**

By: /s/ Scott L. Lessing
Name: Scott L. Lessing
Title: President

/s/ Julian C. Baker
Julian C. Baker

/s/ Felix J. Baker
Felix J. Baker

