

802.3
802.51
802.4

Verne, Michael

From: [REDACTED]
Sent: Monday, August 11, 2003 12:45 PM
To: Verne, Michael
Subject: Possible exemption FOR "FOREIGN aSSETS"

Dear Mike

I'm sorry to bother you but I can't reach anyone else and this question is sort of urgent.

--The question is whether a filing is required when a foreign company (no US sales) acquires a US company whose sole asset is its license interest in a foreign oil production operation.

--The oil is sold to unrelated third parties in Europe. It may or may not enter the US, but the company doesn't sell it here.

--802.5(b)(1) requires both companies to be foreign, which obviously excludes the US company.

--I guess the question is whether there could be any informal interpretation under any rule on the basis that the US sub has no operations in the US, no sales in the US, and its sole asset is a foreign license. In other words, the purpose of the rules would be met, because, aside from the fact of Delaware incorporation, the target company (though not its large US parent) really has no economic connection with the US.

I would appreciate your guidance on this.

Thanks very much.

802.51 CANNOT EXEMPT THIS
SINCE THE ISSUES IS U.S.,
HOWEVER IF THE LICENSE IS
ONLY FOR RIGHTS TO OIL RESERVES
THE TRANSACTION CAN BE EXEMPTED
UNDER 802.3/802.4.

B. Michael
8/12/03

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