

AQUINOX PHARMACEUTICALS, INC
Form 8-K
July 09, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 3, 2018

Aquinox Pharmaceuticals, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-36327
(Commission File Number)

98-0542593
(IRS Employer

Identification No.)

450 887 Great Northern Way,
Vancouver, B.C.

Canada, V5T 4T5

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (604) 629-9223

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.05. Costs Associated with Exit or Disposal Activities.

On July 3, 2018, the Compensation Committee of the Board of Directors of Aquinox Pharmaceuticals, Inc. (the **Company**) approved a restructuring plan to reduce operating costs and better align the Company's workforce with the needs of its business following the June 27, 2018 announcement that its Phase 3 LEADERSHIP 301 clinical trial evaluating once-daily, oral rosiptor (AQX-1125) for the treatment of interstitial cystitis/bladder pain syndrome (IC/BPS) failed to meet its primary endpoint. The Company has halted all further development activities with rosiptor.

Under this plan, the Company reduced its workforce by 30 employees (approximately 53%) and closed its office in San Bruno, California. Affected employees are eligible to receive severance payments and outplacement services. Employee severance benefits are contingent upon an affected employee's execution (and non-revocation) of a separation agreement, which includes a general release of claims against the Company.

In connection with the restructuring, the Company estimates that it will incur aggregate restructuring charges of approximately \$2.5 million related to one-time termination severance payments and other employee-related costs and the shut-down of its San Bruno office. The majority of the cash payments related to the personnel-related restructuring charges will be paid during the third quarter of 2018, with the remainder to be paid during the fourth quarter of 2018. The charges that the Company expects to incur in connection with the workforce reduction is subject to a number of assumptions, and actual results may differ materially. The Company may also incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, the workforce reduction.

This Item 2.05 contains forward-looking statements, including, but not limited to, statements related to the expected costs associated with termination benefits and the financial impact of the reduction in force. These forward-looking statements are based on the Company's current expectations and inherently involve significant risks and uncertainties. The Company's actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to cost reduction efforts. In addition, the Company's workforce reduction costs may be greater than anticipated and the workforce reduction may have an adverse impact on the Company's development activities. A further description of the risks and uncertainties relating to the business of the Company is contained in the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018, filed with the Securities and Exchange Commission (the SEC) on May 8, 2018, and the Company's subsequent current reports filed with the SEC. The Company undertakes no duty or obligation to update any forward-looking statements contained in this Item 2.05 as a result of new information, future events or changes in its expectations.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Aquinox Pharmaceuticals, Inc.

By: /s/ Kamran Alam

Name: Kamran Alam

Title: Chief Financial Officer

Date: July 9, 2018