NASB FINANCIAL INC
Form 4
November 27, 2006

FORM 4

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

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
HANCOCK DAVID H

(Last) (First) (Middle)

12498 S 71 HIGHWAY

(Street)

GRANDVIEW, MO 64030

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
NASB FINANCIAL INC [NASB]

3. Date of Earliest Transaction (Month/Day/Year)
11/08/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director
__X__ 10% Owner
__X__ Officer (give title below)
_____ Other (specify below)
Chairman and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common stock ($0.15 par value)	11/08/2006		J(1)		1,500	D	$ 40	4,007,333	D	
Common stock ($0.15 par value)								264,068 (2)	I	Spouse

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Pric Deriva Securi (Instr.
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Common stock ($0.15 par value)	$ 35.5							07/27/2005	07/27/2009	Options	10,000	
Common stock ($0.15 par value)	$ 42.17							08/01/2006	08/01/2010	Options	12,500	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HANCOCK DAVID H 12498 S 71 HIGHWAY GRANDVIEW, MO 64030	X	X	Chairman and CEO	

Signatures

David H. Hancock	11/27/2006
**Signature of Reporting Person	Date

Explanation of Responses:

***** If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

****** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Transfer to children's irrevocable trusts.

(2) The reporting person disclaims beneficial ownership of these securities and this report shall not be deemed an admission that the person reporting is the beneficial owner of such securities for the purpose of Section 16 or for any other purposes.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. x2014;

$

1,118

Cost of revenue

967

—

967

Gross profit

151

—

151

Explanation of Responses:

Operating expenses:

Research and development

13,606

7,772

5,834

Sales and marketing

11,233

1,438

9,795

General and administrative

6,260

3,720

2,540

Total operating expenses

31,099

12,930

Explanation of Responses:

18,169

Loss from operations

(30,948)

(12,930)

(18,018)

Other income, net

719

371

348

Net loss

$

(30,229)

$

(12,559)

$

(17,670)

Revenue

Revenue was $ 1.1 million for the three months ended March 31, 2018, and was comprised primarily of fees earned from the provision of laboratory services to clients through Confluence, which we acquired in August 2017. We did not generate any revenue in the three months ended March 31, 2017.

Cost of Revenue

Cost of revenue was $ 1.0 million for the three months ended March 31, 2018, and was comprised entirely of costs incurred to provide laboratory services to our clients through Confluence, which we acquired in August 2017. We did not incur any cost of revenue in the three months ended March 31, 2017.

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Research and Development Expenses

The following table summarizes our research and development expenses:

	Three Months Ended March 31,		
	2018	2017	Change
	(In thousands)		
ESKATA	$ 693	$ 1,167	$ (474)
A-101 45% Topical Solution	1,011	196	815
JAK inhibitors	5,281	2,555	2,726
Personnel expenses	2,710	2,587	123
Stock-based compensation	1,727	1,217	510
Change in contingent consideration	866	—	866
Other research and development expenses	1,318	50	1,268
Total research and development expenses	$ 13,606	$ 7,772	$ 5,834

A-101 45% Topical Solution increased primarily due to our Phase 2 clinical trials for the treatment of common warts which we initiated in June 2017. JAK inhibitors increased due to continued growth in preclinical and clinical trial development expenses related to the technology. The decrease in costs associated with the development of ESKATA resulted primarily from the filing of our NDA in February 2017 following the completion of clinical trials. The increase in stock-based compensation expense is primarily the result of new awards granted after March 31, 2017. The change in contingent consideration was the result of updates to our assumptions related to drug discovery research on our soft-JAK inhibitors, which progressed more quickly than originally planned. Other research and development primarily included expenses related to medical affairs activities, and expenses related to drug discovery performed by Confluence, which we acquired in August 2017; therefore, we did not incur similar expenses in the three months ended March 31, 2017.

Sales and Marketing Expenses

The following table summarizes our sales and marketing expenses:

	Three Months Ended March 31,

	2018	2017	Change
	(In thousands)		
Direct marketing and professional fees	$ 4,359	$ 629	$ 3,730
Personnel expenses	3,872	359	3,513
Stock-based compensation	907	380	527
Other sales and marketing expenses	2,095	70	2,025
Total sales and marketing expenses	$ 11,233	$ 1,438	$ 9,795

Direct marketing and professional fees, as well as other sales and marketing expenses, increased as we prepared for the launch of commercial product sales of ESKATA, which occurred in May 2018. Personnel and stock-based compensation expenses have increased due to increased headcount, including the hiring of our field sales force of 50 sales representatives during the three months ended March 31, 2018.

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General and Administrative Expenses

The following table summarizes our general and administrative expenses:

	Three Months Ended March 31,		
	2018	2017	Change
	(In thousands)		
Personnel expenses	$ 1,798	$ 948	$ 850
Professional and legal fees	1,120	704	416
Facility and support services	637	292	345
Share-based compensation	2,333	1,556	777
Other general and administrative expenses	372	220	152
Total general and administrative expenses	$ 6,260	$ 3,720	$ 2,540

Personnel and stock-based compensation expenses have increased due to increased headcount. Professional and legal fees included accounting, legal and investor relations costs associated with being a public company, as well as legal fees related to patents. Professional and legal fees increased as we prepared for the commercial product launch of ESKATA, which occurred in May 2018. Facility and support services included general office expenses and information technology costs which have risen due to our increased headcount.

Other Income, Net

The $0.3 million increase in other income, net was primarily due to higher invested balances of marketable securities as a result of funds received from our financing transactions in 2017.

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Liquidity and Capital Resources

Since our inception, we have incurred net losses and negative cash flows from our operations. Prior to our acquisition of Confluence in August 2017, we did not generate any revenue. We have financed our operations since inception through sales of our convertible preferred stock, as well as net proceeds from our IPO in October 2015, our private placement in June 2016, our public offerings in November 2016 and August 2017 and our at-the-market facility with Cowen.

As of March 31, 2018, we had cash, cash equivalents and marketable securities of $187.0 million. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view towards liquidity and capital preservation.

We currently have no ongoing material financing commitments, such as lines of credit or guarantees, that are expected to affect our liquidity over the next five years, other than our sublease obligations and contingent obligations under acquisition and intellectual property licensing agreements, which are summarized below under “Contractual Obligations and Commitments.”

At-The-Market Facility

In April 2017, we sold 635,000 shares of our common stock at a weighted average price per share of $31.50, for aggregate gross proceeds of approximately $20.0 million. We paid underwriting discounts and commissions of $0.6 million, and we also incurred expenses of $0.1 million in connection with this sale. The shares were sold through Cowen pursuant to a sales agreement with them dated November 2, 2016. Following these sales, we may offer and sell additional shares of our common stock having an aggregate offering price of up to approximately $55.0 million from time to time through Cowen pursuant to the sales agreement.

August 2017 Public Offering

In August 2017, we closed our follow-on public offering in which we sold 3,747,602 shares of common stock at a price to the public of $23.02 per share, for aggregate gross proceeds of $86.3 million. We paid underwriting discounts and commissions of $5.2 million, and we also incurred expenses of $0.2 million in connection with the offering. As a result, the net offering proceeds received by us, after deducting underwriting discounts, commissions and offering expenses, were $80.9 million.

Cash Flows

The following table summarizes our cash flows for each of the periods presented:

	Three Months Ended March 31,	
	2018	2017
	(In thousands)	
Net cash used in operating activities	$ (21,872)	$ (12,659)
Net cash provided by investing activities	56,193	5,956
Net cash provided by financing activities	358	209
Net increase (decrease) in cash and cash equivalents	$ 34,679	$ (6,494)

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Operating Activities

During the three months ended March 31, 2018, operating activities used $21.9 million of cash primarily resulting from our net loss of $30.2 million, partially offset by changes in our operating assets and liabilities of $2.1 million, and non-cash adjustments of $6.2 million. Net cash provided by changes in our operating assets and liabilities during the three months ended March 31, 2018 consisted of a $1.0 million decrease in prepaid expenses and other current assets and a $1.1 million increase in accounts payable and accrued expenses. The decrease in prepaid expenses and other current assets was primarily due to a $2.0 million PDUFA fee paid to the FDA in conjunction with the filing of the NDA for ESKATA, for which we received a refund during the three months ended March 31, 2018, partially offset by deposits made for clinical supplies and development activities that are expected to be incurred during the second quarter of 2018. The increase in accounts payable and accrued expenses was primarily due to expenses incurred, but not yet paid, in connection with our Phase 2 clinical trials for A-101 45% Topical Solution, ATI-501 and ATI-502, as well as the timing of vendor invoicing and payments. Non-cash expenses of $6.2 million were primarily composed of stock-based compensation expense.

During the three months ended March 31, 2017, operating activities used $12.7 million of cash primarily resulting from our net loss of $12.6 million and cash used by changes in our operating assets and liabilities of $3.3 million, partially offset by non-cash adjustments of $3.2 million. Net cash used by changes in our operating assets and liabilities during the three months ended March 31, 2017 consisted of a $2.6 million increase in prepaid expenses and other current assets and a $0.7 million decrease in accounts payable and accrued expenses. The increase in prepaid expenses and other current assets was primarily due to a $2.0 million PDUFA fee paid to the FDA in conjunction with the filing of the NDA for ESKATA. The decrease in accounts payable and accrued expenses was primarily due to bonuses which were earned in 2016 and paid during the three months ended March 31, 2017, partially offset by the timing of vendor invoicing and payments. Non-cash expenses of $3.2 million were primarily composed of share-based compensation expense.

Investing Activities

During the three months ended March 31, 2018, investing activities provided $56.2 million of cash, consisting of proceeds from sales and maturities of marketable securities of $92.1 million, partially offset by purchases of marketable securities of $35.6 million, and purchases of equipment of $0.3 million.

During the three months ended March 31, 2017, investing activities provided $6.0 million of cash, consisting of proceeds from sales and maturities of marketable securities of $23.3 million, partially offset by purchases of marketable securities of $17.2 million and purchases of equipment of $0.2 million.

Financing Activities

During the three months ended March 31, 2018, financing activities provided $0.4 million of cash primarily from the exercise of employee stock options.

During the three months ended March 31, 2017, financing activities provided $0.2 million of cash from the exercise of employee stock options.

Funding Requirements

We plan to focus in the near term on the commercialization of ESKATA for the treatment of raised SKs and the clinical development of our drug candidates. We anticipate we will incur net losses for the next several years as we continue to commercialize ESKATA, continue the clinical development of A-101 45% Topical Solution for the treatment of common warts and continue research and development of ATI-501 and ATI-502 for the treatment of AA, and potentially for other dermatological conditions, as well as the identification, research and development of other compounds. We plan to continue to invest in discovery efforts to explore additional drug candidates, build commercial capabilities and expand our corporate infrastructure. We may not be able to complete the development and initiate commercialization of these

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programs if, among other things, our clinical trials are not successful or if the FDA does not approve or our drug candidates currently in clinical trials when we expect, or at all.

Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, clinical costs, external research and development services, laboratory and related supplies, sales, marketing and direct-to-consumer advertising costs, legal and other regulatory expenses, and administrative and overhead costs. Our future funding requirements will be heavily determined by the resources needed to support the commercialization of ESKATA and the development of our drug candidates.

As a publicly traded company, we have incurred and will continue to incur significant legal, accounting and other expenses that we were not required to incur as a private company. In addition, the Sarbanes-Oxley Act of 2002, as well as rules adopted by the SEC and the Nasdaq Stock Market, requires public companies to implement specified corporate governance practices that were not applicable to us prior to our IPO. We expect ongoing compliance with these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly.

We believe our existing cash, cash equivalents and marketable securities are sufficient to fund our operating and capital expenditure requirements for a period greater than 12 months from the date of issuance of our unaudited condensed consolidated financial statements that appear in Item 1 of this Quarterly Report on Form 10-Q based on our current operating assumptions including the commercialization of ESKATA, completion of our Phase 2 clinical trials and initiation of Phase 3 clinical trials for A-101 45% Topical Solution for the treatment of common warts and the continued development of ATI-501 and ATI-502 as potential treatments for AA and other indications. These assumptions may prove to be wrong, and we could utilize our available capital resources sooner than we expect. We expect that we will require additional capital to complete the clinical development and, if approved, commercialize A-101 45% Topical Solution for the treatment of common warts, to complete the clinical development of ATI-501 and ATI-502, and to pursue in-licenses or acquisitions of other drug candidates. We also expect to incur significant expenses related to the commercialization of ESKATA, including product manufacturing, sales, marketing, direct-to-consumer advertising and distribution costs. Additional funds may not be available on a timely basis, on commercially acceptable terms, or at all, and such funds, if raised, may not be sufficient to enable us to continue to implement our long-term business strategy. If we are unable to raise sufficient additional capital, we may need to substantially curtail our planned operations and the pursuit of our growth strategy.

We may raise additional capital through the sale of equity or convertible debt securities. In such an event, your ownership will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of a holder of our common stock.

Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical drugs, we are unable to estimate the exact amount of our working capital requirements. Our future funding requirements will depend on many factors, including:

- the number and characteristics of the drug candidates we pursue;
- the scope, progress, results and costs of researching and developing our drug candidates, and conducting preclinical studies and clinical trials;
- the timing of, and the costs involved in, obtaining marketing approvals for our drug candidates;
- the cost of manufacturing commercial quantities of ESKATA and any drug candidates we successfully commercialize;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of such agreements;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation; and

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· the timing, receipt and amount of sales of, or milestone payments related to or royalties on, our current or future drug candidates, if any.

Contractual Obligations and Commitments

We occupy space for our headquarters in Wayne, Pennsylvania under a sublease agreement that has a term through October 2023. We lease office space in Malvern, Pennsylvania under an operating lease agreement that has a term through November 2019. We occupy office and laboratory space in St. Louis, Missouri under an operating lease agreement which has a term through December 2018.

We lease laboratory equipment used in our laboratory space in St. Louis, Missouri under two capital lease financing arrangements which have terms through October 2020 and December 2020, respectively.

Under various agreements, we will be required to make milestone payments and pay royalties and other amounts to third parties.

Under the assignment agreement pursuant to which we acquired intellectual property, we have agreed to pay royalties on sales of ESKATA or related products at rates ranging in low single-digit percentages of net sales, as defined in the agreement. Under the related finder's services agreement, we have agreed to make aggregate payments of up to $4.5 million upon the achievement of specified commercial milestones. In addition, we have agreed to pay royalties on sales of ESKATA or related products at a low single-digit percentage of net sales, as defined in the agreement.

Under a commercial supply agreement with a third party, we have agreed to pay a termination fee of up to $0.4 million in the event we terminate the agreement without cause or the third party terminates the agreement for cause.

Under a license agreement with Rigel that we entered into in August 2015, we have agreed to make aggregate payments of up to $80.0 million upon the achievement of specified pre-commercialization milestones, such as clinical trials and regulatory approvals. Further, we have agreed to pay up to an additional $10.0 million to Rigel upon the achievement of a second set of development milestones. With respect to any products we commercialize under the agreement, we will pay Rigel quarterly tiered royalties on our annual net sales of each product developed using the licensed JAK inhibitors at a high single-digit percentage of annual net sales, subject to specified reductions.

Under a stock purchase agreement with the selling stockholders of Vixen, we are obligated to make aggregate payments of up to $18.0 million upon the achievement of specified pre-commercialization milestones for three

products covered by the Vixen patent rights in the United States, the European Union and Japan, and aggregate payments of up to $22.5 million upon the achievement of specified commercial milestones for products covered by the Vixen patent rights. We are also obligated to make a payment of $0.1 million on March 24th of each year, through March 24, 2022, which amounts are creditable against any specified future payments that may be paid under the stock purchase agreement. With respect to any covered products that we commercialize, we are obligated to pay a low single-digit percentage of annual net sales, subject to specified reductions, limitations and other adjustments, until the date that all of the patent rights for that product have expired, as determined on a country-by-country and product-by-product basis or, in specified circumstances, ten years from the first commercial sale of such product. If we sublicense any of the patent rights and know-how acquired pursuant to the stock purchase agreement, we will be obligated to pay a portion of any consideration we receive from such sublicenses in specified circumstances.

Under a license agreement with The Trustees of Columbia University in the City of New York, or Columbia, we are obligated to pay an annual license fee of $10,000, subject to specified adjustments for patent expenses incurred by Columbia and creditable against any royalties that may be paid under the license agreement. We are also obligated to pay up to an aggregate of $11.6 million upon the achievement of specified commercial milestones, including specified levels of net sales of products covered by Columbia patent rights and/or know-how, and royalties at a sub-single-digit percentage of annual net sales of products covered by Columbia patent rights and/or know-how, subject to specified adjustments. If

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we sublicense any of Columbia's patent rights and know-how acquired pursuant to the license agreement, we will be obligated to pay Columbia a portion of any consideration received from such sublicenses in specified circumstances.

Under a merger agreement with Confluence we are obligated to make aggregate payments of up to $80.0 million upon the achievement of specified development, regulatory and commercialization milestones. With respect to any covered products we commercialize, we are obligated to pay a low single-digit percentage of annual net sales, subject to specified reductions, limitations and other adjustments, until the date that all of the patent rights for that product have expired, as determined on a country-by-country and product-by-product basis or, in specified circumstances, ten years from the first commercial sale of such product. If we sublicense any of the patent rights and know-how acquired pursuant to the merger agreement, we will be obligated to pay a portion of any consideration we receive from such sublicenses in specified circumstances.

We enter into contracts in the normal course of business with CROs for clinical trials, preclinical research studies and testing, manufacturing and other services and products for operating purposes. These contracts generally provide for termination upon notice, and therefore we believe that our non-cancelable obligations under these agreements are not material.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Emerging Growth Company Status

The Jumpstart Our Business Startups Act of 2012 permits an "emerging growth company" such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have irrevocably elected to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards when they are required to be adopted by public companies that are not emerging growth companies.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk related to changes in interest rates. Our cash equivalents and marketable securities consist of money market funds, asset-backed securities, commercial paper, corporate debt securities and government agency debt. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Our marketable securities are subject to interest rate risk and will fall in value if market interest rates increase. However, due to the short-term nature and risk profile of our investment portfolio, we do not expect that an immediate 10% change in market interest rates would have a material effect on the fair market value of our investment portfolio. We have the ability to hold our marketable securities until maturity, and therefore we do not expect our operating results or cash flows to be affected significantly by the effect of a change in market interest rates on our investments.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, refers to controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is

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accumulated and communicated to a company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2018, the end of the period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of such date at the reasonable assurance level.

Management's assessment of disclosure controls and procedures excluded consideration of Confluence's internal control over financial reporting, which was acquired during the third quarter of 2017. This exclusion is consistent with guidance provided by the staff of the SEC that an assessment of a recently acquired business may be omitted from management's report on internal control over financial reporting for up to one year from the date of acquisition, subject to specified conditions. Confluence's total assets were $1.5 million as of March 31, 2018 and Confluence's total revenues were $1.1 million during the three months ended March 31, 2018.

(b) Changes in Internal Controls Over Financial Reporting

There have not been any changes in our internal controls over financial reporting during our fiscal quarter ended March 31, 2018 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As a result of our acquisition of Confluence, we are in the process of designing and implementing controls over intangible assets.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be subject to litigation and claims arising in the ordinary course of business. We are not currently a party to any material legal proceedings and we are not aware of any pending or threatened legal proceeding against us that we believe could have a material adverse effect on our business, operating results, cash flows or financial condition.

Item 1A. Risk Factors

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. Our risk factors have not changed materially from those described in “Part I, Item 1A. Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the SEC on March 12, 2018.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

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Item 6. Exhibits

Exhibit No.	Document
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-37581), filed with the SEC on October 13, 2015).
3.2	Amended and Restated Bylaws of the Registrant (incorporated herein by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-37581), filed with the SEC on October 13, 2015).
10.1*+	Commercial Supply Manufacturing Services Agreement, by and between the Registrant and James Alexander Corporation, dated as of January 24, 2018.
31.1*	Certification of Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act.
31.2*	Certification of Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act.
32.1**	Certifications of Principal Executive Officer and Principal Financial Officer under Section 906 of the Sarbanes-Oxley Act.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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* Filed herewith.

** These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

+ Confidential treatment has been requested with respect to portions of this exhibit, indicated by asterisks, which has been filed separately with the SEC.

Explanation of Responses:

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SIGNATURES

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

ACLARIS THERAPEUTICS, INC.

Date: May 8, 2018 By: /s/ Neal Walker
Neal Walker
President and Chief Executive Officer
(On behalf of the Registrant)

Date: May 8, 2018 By: /s/ Frank Ruffo
Frank Ruffo
Chief Financial Officer
(Principal Financial Officer)