THREE ARCH ASSOCIATES IV LP
Form 4
February 18, 2011

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

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

OMB APPROVAL	
OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Three Arch Management IV, L.L.C.

(Last) (First) (Middle)

3200 ALPINE ROAD,

(Street)

PORTOLA VALLEY, CA 94028

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ACELRX PHARMACEUTICALS INC [ACRX]

3. Date of Earliest Transaction (Month/Day/Year)
02/16/2011

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director __X__ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
___ Form filed by One Reporting Person
_X_ 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	02/16/2011		C		13,277	A	(1)	13,277	I	See Footnote (2)
Common Stock	02/16/2011		C		601,335	A	(3)	601,335	I	See Footnote (4)
Common Stock	02/16/2011		C		10,630	A	(5)	23,907	I	See Footnote (2)
Common Stock	02/16/2011		C		481,465	A	(6)	1,082,800	I	See Footnote

									(4)
Common Stock	02/16/2011		C		18,928	A	(7)	42,835	I	See Footnote (2)
Common Stock	02/16/2011		C		857,241	A	(7)	1,940,041	I	See Footnote (4)
Common Stock	02/16/2011		C		11,492	A	(8)	54,327	I	See Footnote (2)
Common Stock	02/16/2011		C		520,510	A	(9)	2,460,551	I	See Footnote (4)
Common Stock	02/16/2011		C		605	A	(7)	54,932	I	See Footnote (2)
Common Stock	02/16/2011		C		27,440	A	(7)	2,487,991	I	See Footnote (4)
Common Stock	02/16/2011		P		27,863	A	$ 5	82,795	I	See Footnote (2)
Common Stock	02/16/2011		P		1,261,927	A	$ 5	3,749,918	I	See Footnote (4)

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

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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 Underlying (Instr. 3 and
								Date Exercisable	Expiration Date	Title
				Code	V	(A)	(D)			
Series A Convertible Preferred	(1)	02/16/2011		C			9,721	(10)	(11)	Common Stock

Stock								
Series A Convertible Preferred Stock	(3)	02/16/2011	C		440,278	(10)	(11)	Common Stock
Series B Convertible Preferred Stock	(5)	02/16/2011	C		7,088	(10)	(11)	Common Stock
Series B Convertible Preferred Stock	(6)	02/16/2011	C		321,036	(10)	(11)	Common Stock
Series C Convertible Preferred Stock	(7)	02/16/2011	C		18,928	(10)	(11)	Common Stock
Series C Convertible Preferred Stock	(7)	02/16/2011	C		857,241	(10)	(11)	Common Stock
Convertible Promissory Note	(12)	02/16/2011	C		$ 40,973.37	(12)	(12)	Common Stock
Convertible Promissory Note	(13)	02/16/2011	C		$ 1,855,666.23	(13)	(13)	Common Stock
Warrant to purchase Series C Convertible Preferred Stock	(14)	02/16/2011	X		2,597	(15)	(16)	Series C Preferred Stock
Series C Convertible Preferred Stock	(14)	02/16/2011	X	2,597		(10)	(11)	Common Stock
Series C Convertible Preferred Stock	$ 5	02/16/2011	S		2,048 (21)	(10)	(11)	Common Stock
Series C Convertible Preferred Stock	(7)	02/16/2011	C		549	(10)	(11)	Common Stock

Warrant to purchase Series C Convertible Preferred Stock	(14)	02/16/2011		X		117,661	(15)	(16)	Series C Preferred Stock
Series C Convertible Preferred Stock	(14)	02/16/2011		X	117,661		(10)	(11)	Common Stock
Series C Convertible Preferred Stock	$ 5	02/16/2011		S		92,783 (22)	(10)	(11)	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Three Arch Management IV, L.L.C. 3200 ALPINE ROAD PORTOLA VALLEY, CA 94028		X		
THREE ARCH ASSOCIATES IV LP 3200 ALPINE ROAD PORTOLA VALLEY, CA 94028		X		
WAN MARK A C/O THREE ARCH PARTNERS 3200 ALPINE RD PORTOLA VALLEY, CA 94028	X			
JAEGER WILFRED E C/O THREE ARCH PARTNERS 3200 ALPINE RD PORTOLA VALLEY, CA 94028		X		
THREE ARCH PARTNERS IV LP		X		

Signatures

/s/ Stephen J. Bonelli, Attorney-in-fact	02/18/2011
**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)	The shares reflect the automatic conversion of 9,721 shares of the Issuer's Series A Convertible Preferred Stock for 13,277 shares of the Issuer's Common Stock immediately prior to the closing of the Issuer's initial public offering.
(2)	The shares are held by Three Arch Associates IV, L.P. The voting and dispositive decisions with respect to the shares held by Three Arch Associates IV, L.P., are made by the following Managing Members of its general partner Three Arch Management IV, L.L.C.: Mark Wan and Wilfred Jaeger, each of whom disclaims beneficial ownership of such shares.
(3)	The shares reflect the automatic conversion of 440,278 shares of the Issuer's Series A Convertible Preferred Stock for 601,335 shares of the Issuer's Common Stock immediately prior to the closing of the Issuer's initial public offering.
(4)	The shares are held by Three Arch Partners IV, L.P. The voting and dispositive decisions with respect to the shares held by Three Arch Partners IV, L.P., are made by the following Managing Members of its general partner Three Arch Management IV, L.L.C.: Mark Wan and Wilfred Jaeger, each of whom disclaims beneficial ownership of such shares.
(5)	The shares reflect the automatic conversion of 7,088 shares of the Issuer's Series B Convertible Preferred Stock for 10,630 shares of the Issuer's Common Stock immediately prior to the closing of the Issuer's initial public offering.
(6)	The shares reflect the automatic conversion of 321,036 shares of the Issuer's Series B Convertible Preferred Stock for 481,465 shares of the Issuer's Common Stock immediately prior to the closing of the Issuer's initial public offering.
(7)	The shares reflect the automatic conversion of shares of the Issuer's Series C Convertible Preferred Stock into Common Stock on a one-for-one basis upon the closing of the Issuer's initial public offering.
(8)	Notes and accrued interest in the aggregate of $45,971.78 converted automatically upon the closing of the Issuer's initial public offering into shares of Common Stock at a conversion price of $4.00, which is 80.0% of the per share price of the Common Stock sold in the Issuer's initial public offering.
(9)	Notes and accrued interest in the aggregate of $2,082,045.53 converted automatically upon the closing of the Issuer's initial public offering into shares of Common Stock at a conversion price of $4.00, which is 80.0% of the per share price of the Common Stock sold in the Issuer's initial public offering.
(10)	Immediately convertible into shares of the Issuer's Common Stock.
(11)	These shares have no expiration date.
(12)	A note with the principal amount plus accrued interest of $41,679.02 converted automatically upon the closing of the Issuer's initial public offering into shares of Common Stock at a conversion price of $4.00 which is of 80.0% of the per share price of the Common Stock sold in the Issuer's initial public offering.
(13)	A note with the principal amount plus accrued interest of $1,887,621.87 converted automatically upon the closing of the Issuer's initial public offering into shares of Common Stock at a conversion price of $4.00 which is 80.0% of the per share price of the Common Stock sold in the Issuer's initial public offering.
(14)	The exercise price is $3.942 per share.
(15)	Immediately exercisable prior to and contingent upon the closing of the Issuer's initial public offering.
(16)	Pursuant to its terms, the warrant was to be terminated at the closing of the Issuer's initial public offering. Holder elected to net exercise the warrants immediately prior to the closing of the Issuer's initial public offering. In the event the Issuer's public offering did not occur, the warrant would have terminated on September 14, 2017, unless earlier terminated in accordance with its terms, in a liquidation or change of control transaction.
(21)	These shares represent the net exercise of a warrant to purchase Series C Convertible Preferred Stock for an acquisition of 549 shares of Series C Convertible Preferred Stock of the Issuer.
(22)	These shares represent the net exercise of a warrant to purchase Series C Convertible Preferred Stock for an acquisition of 24,878 shares of Series C Convertible Preferred Stock of the Issuer.

Remarks:

Form 1 of 2

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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