

AQUINOX PHARMACEUTICALS, INC
Form SC 13D/A
September 11, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 2)

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
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 10, 2015
(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. x

(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 7 Pages

NAMES OF
REPORTING PERSONS

1.

Baker Bros. Advisors LP

CHECK
THE
APPROPRIATE
BOX IF A
MEMBER (b) **
OF A
GROUP*
SEC USE ONLY

2.

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

	7.	SOLE VOTING POWER 6,747,332
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8.	SHARED VOTING POWER: 0 SOLE DISPOSITIVE POWER: 6,747,332 SHARED
	9.	DISPOSITIVE POWER: 6,747,332 SHARED
	10.	DISPOSITIVE POWER: 0
11.		AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 6,747,332 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW .. (11) EXCLUDES CERTAIN SHARES (See Instructions) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
12.		
13.		39.6% (1)
14.		TYPE OF REPORTING PERSON (See Instructions) IA, PN

(1) Based on 17,052,221 shares of common stock that will be outstanding following the offering described in the Issuer's Prospectus filed with the SEC on September 10, 2015.

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NAMES OF
REPORTING PERSONS

1. Baker Bros. Advisors
(GP) LLC

2. CHECK
THE
APPROPRIATE
BOX IF A
MEMBER (b) **
OF A
GROUP*
SEC USE ONLY

3. SOURCE OF FUNDS*

4. OO

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

o

6. CITIZENSHIP OR
PLACE OF
ORGANIZATION

Delaware

		SOLE
	7.	VOTING
		POWER
		6,747,332
NUMBER OF		SHARED
SHARES	8.	VOTING
BENEFICIALLY		POWER: 0
OWNED BY EACH		SOLE
REPORTING	9.	DISPOSITIVE
PERSON WITH		POWER:
		6,747,332
		SHARED
	10.	DISPOSITIVE
		POWER: 0
11.		AGGREGATE AMOUNT
		BENEFICIALLY
		OWNED BY EACH
		REPORTING PERSON:
		6,747,332
		CHECK
		BOX IF
		THE
		AGGREGATE
		AMOUNT
12.		IN ROW ..
		(11)
		EXCLUDES
		CERTAIN
		SHARES
		(See
		Instructions)
		PERCENT OF CLASS
		REPRESENTED BY
		AMOUNT IN ROW (11)
13.		
		39.6% (1)
		TYPE OF REPORTING
		PERSON (See
14.		Instructions)
		HC, OO

(1) Based on 17,052,221 shares of common stock that will be outstanding following the offering described in the Issuer's Prospectus filed with the SEC on September 10, 2015.

CUSIP No. 03842B101 Page 4 of 7 Pages

NAMES OF
REPORTING PERSONS

1.

Julian C. Baker

CHECK
THE
APPROPRIATE
BOX IF A
MEMBER (b) **
OF A
GROUP*
SEC USE ONLY

2.

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

	7.	SOLE VOTING POWER: 6,749,592
NUMBER OF SHARES	8.	SHARED VOTING POWER: 0
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	9.	SOLE DISPOSITIVE POWER: 6,749,592
	10.	SHARED DISPOSITIVE POWER: 0
11.		AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 6,749,592
12.		CHECK BOX IF THE AGGREGATE AMOUNT IN ROW .. (11) EXCLUDES CERTAIN SHARES (See Instructions) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
13.		39.6% (1)
14.		TYPE OF REPORTING PERSON (See Instructions) IN, HC

(1) Based on 17,052,221 shares of common stock that will be outstanding following the offering described in the Issuer's Prospectus filed with the SEC on September 10, 2015.

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NAMES OF
REPORTING PERSONS

1.

Felix J. Baker

2.

CHECK
THE
APPROPRIATE
BOX IF A
MEMBER (b) **
OF A
GROUP*
SEC USE ONLY

3.

SOURCE OF FUNDS
(See Instructions)

4.

OO

5.

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

o

6.

CITIZENSHIP OR
PLACE OF
ORGANIZATION

United States

		SOLE
	7.	VOTING
		POWER:
		6,749,592
NUMBER OF		SHARED
SHARES	8.	VOTING
BENEFICIALLY		POWER: 0
OWNED BY EACH		SOLE
REPORTING	9.	DISPOSITIVE
PERSON WITH		POWER:
		6,749,592
		SHARED
	10.	DISPOSITIVE
		POWER: 0
11.		AGGREGATE AMOUNT
		BENEFICIALLY
		OWNED BY EACH
		REPORTING PERSON:
		6,749,592
		CHECK
		BOX IF
		THE
		AGGREGATE
		AMOUNT
12.		IN ROW ..
		(11)
		EXCLUDES
		CERTAIN
		SHARES
		(See
		Instructions)
		PERCENT OF CLASS
		REPRESENTED BY
		AMOUNT IN ROW (11)
13.		
		39.6% (1)
		TYPE OF REPORTING
		PERSON (See
14.		Instructions)
		IN, HC

(1) Based on 17,052,221 shares of common stock that will be outstanding following the offering described in the Issuer's Prospectus filed with the SEC on September 10, 2015.

Amendment No. 2 to Schedule 13D

This Amendment No. 2 to Schedule 13D amends and supplements the previously filed Schedule 13D filed by Baker Bros. Advisors LP, Baker Bros. Advisors (GP) LLC, Julian C. Baker and Felix J. Baker. 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.

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

Item 4. Purpose of the Transaction.

On September 9, 2015, 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 I thereto (the “Underwriters”), related to a public offering (the “Offering”) of 5,500,000 shares of the Issuer’s Common Stock at a price to the public of \$15.50 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 825,000 shares of Common Stock to cover overallotments, if any. The Offering is expected to close on September 15, 2015.

Pursuant to the Offering, on September 10, 2015, 667, L.P. (“667”) and Baker Brothers Life Sciences, L.P. (“Life Sciences”, and together with 667, the “Funds”) purchased 266,563 shares and 2,213,469 shares, respectively of the Issuer’s Common Stock at the offering price of \$15.50 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.

(a) and (b) Items 7 through 11 and 13 of each of the cover pages of this Amendment No. 2 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 17,052,221 shares of Common Stock that will be outstanding following the Offering, as disclosed in the Issuer's Prospectus filed with the SEC on September 10, 2015. Such percentage figures were calculated in accordance with Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act").

Holder	Number of Shares	Percentage of Class Outstanding	
667, L.P.	725,228	4.3	%
Baker Brothers Life Sciences, L.P.	6,022,104	35.3	%

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. 2 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 information set forth in Item 4 is hereby incorporated by reference into this Item 5(c). Except as disclosed herein or in any previous amendments to this Schedule 13D, none of the Reporting Persons or their affiliates has effected any transactions in securities of the Issuer during the past 60 days.

(d) Certain securities of the Issuer are held directly by 667, 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 Life Sciences, 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.

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 11, 2015

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