

CONCERT PHARMACEUTICALS, INC.
Form SC 13D
February 17, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)

Concert Pharmaceuticals, Inc.

(Name of Issuer)

COMMON STOCK, PAR VALUE \$0.001 PER SHARE

(Title of Class of Securities)

206022105

(CUSIP Number)

Kerry Kenny

525 University Ave.

Palo Alto, CA 94301

650-475-0144

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

February 18, 2014

(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 §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

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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).

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1. Name of Reporting Persons
Skyline Venture Partners Qualified Purchaser Fund IV, L.P.
 2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)	<input type="radio"/>
(b)	<input checked="" type="radio"/> (1)
 3. SEC Use Only
 4. Source of Funds (See Instructions)
WC
 5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
 6. Citizenship or Place of Organization
Delaware, United States of America
- | | | |
|---|-----|---|
| | 7. | Sole Voting Power |
| Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With | 8. | Shared Voting Power
1,208,920 (2) |
| | 9. | Sole Dispositive Power |
| | 10. | Shared Dispositive Power
1,208,920 (2) |
11. Aggregate Amount Beneficially Owned by Each Reporting Person
1,208,920 (2)
 12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
 13. Percent of Class Represented by Amount in Row 11
6.6% (3)
 14. Type of Reporting Person (See Instructions)
PN

(1) This Schedule 13D is filed by Skyline Venture Partners Qualified Purchaser Fund IV, L.P. (SVP IV), Skyline Venture Management IV, LLC (SVM IV), John G. Freund (Freund) and Yasunori Kaneko (Kaneko), and together with SVP IV, SVM IV and Freund, the Skyline Entities). The Skyline Entities expressly disclaim status as a group for purposes of this Schedule 13D.

(2) These shares are held by SVP IV. SVM IV is the sole general partner of SVP IV. Freund and Kaneko are managing directors of SVM IV and may share voting and dispositive power over the shares held by the SVP IV; however, they disclaim beneficial ownership of the shares held by SVP IV, except to the extent of their pecuniary interests therein.

(3) This percentage is calculated based upon 18,186,339 shares of the Issuer's common stock outstanding as of November 6, 2014 as indicate in the Issuer's 10-Q filed with the Securities and Exchange Commission on November 12, 2014.

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1. Name of Reporting Persons
Skyline Venture Management IV, LLC
 2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)	<input type="radio"/>
(b)	<input checked="" type="radio"/> (1)
 3. SEC Use Only
 4. Source of Funds (See Instructions)
WC
 5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
 6. Citizenship or Place of Organization
California, United States of America
- | | | |
|---|-----|---|
| | 7. | Sole Voting Power |
| Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With | 8. | Shared Voting Power
1,208,920 (2) |
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1. Name of Reporting Persons
John G. Freund
 2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)	<input type="radio"/>
(b)	<input checked="" type="radio"/> (1)
 3. SEC Use Only
 4. Source of Funds (See Instructions)
WC
 5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
 6. Citizenship or Place of Organization
United States of America
- | | | |
|---|-----|---|
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| Number of
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6.6% (3)
 14. Type of Reporting Person (See Instructions)
IN

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1. Name of Reporting Persons
Yasunori Kaneko
 2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)	<input type="radio"/>
(b)	<input checked="" type="radio"/> (1)
 3. SEC Use Only
 4. Source of Funds (See Instructions)
WC
 5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
 6. Citizenship or Place of Organization
United States of America
- | | | | |
|---|-----|--|---|
| | 7. | | Sole Voting Power |
| Number of
Shares
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Introduction.

Information given in response to each item shall be deemed incorporated by reference in all other items as applicable.

Item 1. Security and Issuer.

This Schedule 13D relates to shares of Common Stock, par value \$0.001 per share (the **Common Stock**), of Concert Pharmaceuticals, Inc. (the **Issuer**). The address of the principal executive offices of the Issuer is: 99 Hayden Avenue, Suite 500, Lexington, Massachusetts 02421.

Item 2. Identity and Background.

(a) This Statement is filed on behalf of Skyline Venture Partners Qualified Purchaser Fund IV, L.P., a Delaware limited partnership (**SVP IV**), Skyline Venture Management IV, LLC, a California limited liability company (**SVM IV**) and John G. Freund (**Freund**) and Yasunori Kaneko (**Kaneko**), collectively the Managing Members of SVM IV (the **Managing Members**). SVP IV, SVM IV and the Managing Members are sometimes hereinafter collectively referred to as the **Reporting Persons**.

(b) The address of the principal place of business of the Reporting Persons is 525 University Avenue, Suite 520, Palo Alto, CA 94301

(c) The principal business of SVP IV is making venture capital investments. SVM IV's principal business is acting as general partner of SVP IV. Each of the Managing Members' principal business is acting as a managing director of SVM IV.

(d) During the past five years, none of the Reporting Persons has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the past five years, none of the Reporting Persons was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws of finding any violation with respect to such laws.

(f) Each of the Managing Members is a citizen of the United States of America.

Item 3. Source and Amount of Funds or Other Consideration.

SVP IV purchased 2,200,000 shares of Series A Preferred Stock (the Series A Preferred). Upon the closing of the Issuer's initial public offering on February 13, 2014 (the IPO Closing), the Series A Preferred automatically converted into 389,380 shares of Common Stock in accordance with the terms of the Issuer's Amended and Restated Certificate of Incorporation.

SVP IV purchased and an aggregate of 3,000,000 shares of the Issuer's Series B Preferred Stock (the Series B Preferred). Upon the IPO Closing, the Series B Preferred automatically converted into 530,974 shares of Common Stock in accordance with the terms of the Issuer's Amended and Restated Certificate of Incorporation.

SVP IV purchased and an aggregate of 600,000 shares of the Issuer's Series C Preferred Stock (the Series C Preferred), and together with the Series A Preferred and Series B Preferred, the Pre-IPO Shares). Upon the IPO Closing, the Series C Preferred automatically converted into 106,194 shares of Common Stock in accordance with the terms of the Issuer's Amended and Restated Certificate of Incorporation.

On February 13, 2014, the Registration Statement on Form S-1 filed with the Securities and Exchange Commission by the Issuer (File No. 333-193335) in connection with its initial public offering of 6,000,000 shares of Common Stock was declared effective.

On February 13, 2014, the Reporting Persons purchased 150,000 newly-issued shares of Common Stock (the IPO Shares).

The Reporting Persons obtained the amounts required for all purchasers of Pre-IPO shares and IPO Shares from their working capital.

Item 4. Purpose of Transaction.

SVP IV purchased the aforementioned securities for investment purposes with the aim of increasing the value of its investments and the Issuer.

Except as set forth in Item 6 below, none of the Reporting Persons have a present plan or proposal that relates to or would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D. However, each of the Reporting Persons reserves the right to propose or participate in future transactions which may result in one or more of such actions, including but not limited to, an extraordinary corporate transaction, such as a merger, reorganization or liquidation, sale of a material amount of assets of the Issuer or its subsidiaries, or other transactions which might have the effect of causing the Common Stock to become eligible for termination of registration under Section 12(g) of the Securities Exchange Act of 1934 (the "Act"). The Reporting Persons also retain the right to change their investment intent at any time, to acquire additional shares of Common Stock or other securities of the Issuer from time to time, or to sell or otherwise dispose of all or part of the Common Stock beneficially owned by them (or any shares of Common Stock into which such securities are converted) in any manner permitted by law. The Reporting Persons may engage from time to time in ordinary course transactions with financial institutions with respect to the securities described herein.

Item 5. Interest in Securities of the Issuer.

(a) & (b) The following information with respect to the ownership of the Common Stock of the Issuer by the persons filing this statement on this Schedule 13D is provided as of February 19, 2014:

Skyline Entity	Shares Held Directly	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power	Beneficial Ownership	Percentage of Class
SVP IV	1,208,920	0	1,208,920	0	1,208,920	1,208,920	6.6%
SVM IV	0	0	1,208,920	0	1,208,920	1,208,920	6.6%
Freund	0	0	1,208,920	0	1,208,920	1,208,920	6.6%
Kaneko	0	0	1,208,920	0	1,208,920	1,208,920	6.6%

The shares are held by Skyline Venture Partners Qualified Purchaser Fund IV, L.P. John G. Freund, M.D. and Yasunori Kaneko, M.D. are Managing Directors of Skyline Venture Management IV, LLC, the general partner of Skyline Venture Partners Qualified Purchaser Fund IV, L.P., and may be deemed to share voting and dispositive power over the shares held by Skyline Venture Partners Qualified Purchaser Fund IV, L.P. Each of Drs. Freund and Kaneko disclaims beneficial ownership of such shares, except to the extent of his pecuniary interest therein.

(c) Except as set forth herein, none of the Reporting Persons has effected any transactions in shares of the Issuer's Common Stock during the last 60 days.

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(d) No other person is known to have the right to receive or the power to direct the receipt of dividends from, or any proceeds from the sale of, the shares of Common Stock beneficially owned by any of the Reporting Persons.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

Registration Rights. The Company entered into a Third Amended and Restated Registration Rights Agreement, dated as of June 1, 2009, as amended on December 22, 2011, which is referred to as the Registration Rights Agreement, with certain of its stockholders. Upon the closing of the offering, holders of a total of 9,990,617 shares of the Company's common stock as of December 31, 2013, consisting of 9,919,821 shares of the Company's common stock issuable upon conversion of the Company's preferred stock upon the closing of the offering and 70,796 shares, which is referred to as the warrant shares, issuable upon exercise of an outstanding warrant to purchase shares of the Company's Series C preferred stock that will convert into a warrant to purchase common stock upon the closing of the offering will have the right to require the Company to register these shares under the Securities Act under specified

circumstances as described below. After registration pursuant to these rights, these shares will become freely tradable without restriction under the Securities Act.

Demand Registration Rights. Beginning six months after the closing of the offering, subject to specified limitations set forth in the Registration Rights Agreement, at any time the holders of at least one-third of the then outstanding registrable shares, as defined in the Registration Rights Agreement, excluding the warrant shares, acting together, may demand in writing that the Company register their registrable securities under the Securities Act so long as the total amount of registrable shares requested to be registered represents at least one-third of the then-outstanding registrable shares other than the warrant shares or has an aggregate expected price to the public of at least \$5.0 million. The Company is not obligated to file a registration statement pursuant to this demand provision on more than two occasions, subject to specified exceptions.

In addition, at any time after the Company becomes eligible to file a registration statement on Form S-3 under the Securities Act, subject to specified limitations, the holders of registrable shares may demand in writing that the Company register on Form S-3 registrable shares held by them so long as the total amount of registrable shares requested to be registered has an aggregate expected price to the public of at least \$1.0 million. The Company is not obligated to file a registration statement pursuant to this demand provision on more than four occasions, subject to specified exceptions.

Incidental Registration Rights. If, at any time after the closing of the offering, the Company proposes to file a registration statement to register any of the Company securities under the Securities Act, either for its own account or for the account of any of the Company's stockholders that are not holders of registrable shares, solely for cash and on a form that would also permit the registration of registrable shares, the holders of the Company's registrable shares are entitled to notice of registration and, subject to specified exceptions, the Company will be required to register the registrable shares then held by them that they request that the Company register.

Lock-up Agreement

The Issuer, and each of its executive officers and directors and the holders of substantially all of our outstanding stock have agreed that, without the prior written consent of UBS Securities LLC and Wells Fargo Securities, LLC, the Issuer and them will not, subject to limited exceptions, during the period ending 180 days after the date of this prospectus:

- sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exchangeable or exercisable for shares of our common stock, or publicly announce an intention to do the same;
- establish or increase a put equivalent position or liquidate or decrease a call equivalent position with respect to any shares of our common stock or any securities convertible into or exchangeable or exercisable for shares of our common stock, or publicly announce an intention to do the same;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock or any securities convertible into or exchangeable or exercisable for shares of our common stock, whether any

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such transaction is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise, or publicly announce an intention to do the same; or

- make any demand for, or exercise any right with respect to, the registration of any shares of our common stock or any securities convertible into or exchangeable or exercisable for shares of our common stock.

Item 7. Material to be Filed as Exhibits.

Exhibit A: Joint Filing Statement.

Exhibit B: Third Amended and Restated Registration Rights Agreement by and among the Issuer and the parties listed therein dated as of June 1, 2009, as amended on December 22, 2011, a copy of which is incorporated herein by reference from Exhibit 10.1 to the registration statement on Form S-1 originally filed by the Issuer on January 13, 2014, as amended.

Exhibit C: Lockup Agreement.

SIGNATURES

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.

February 13, 2015

SKYLINE VENTURE PARTNERS QUALIFIED PURCHASER FUND IV, L.P.

BY: SKYLINE VENTURE MANAGEMENT IV,
LLC

ITS: General Partner

By: /s/ Kerry Kenny, attorney-in-fact
John G. Freund
Managing Director

SKYLINE VENTURE MANAGEMENT IV, LLC

By: /s/ Kerry Kenny, attorney-in-fact
John G. Freund
Managing Member

By: /s/ Kerry Kenny, attorney-in-fact
John G. Freund

By: /s/ Kerry Kenny, attorney-in-fact
Yasunori Kaneko

EXHIBIT A

Joint Filing Statement

Pursuant to Rule 13d-1(k)(1) promulgated pursuant to the Securities Exchange Act of 1934, as amended, the undersigned agree that the attached Schedule 13D is being filed on behalf of each of the undersigned.

February 13, 2015

SKYLINE VENTURE PARTNERS QUALIFIED PURCHASER FUND IV, L.P.

BY: SKYLINE VENTURE MANAGEMENT IV,
LLC

ITS: General Partner

By: /s/ Kerry Kenny, attorney-in-fact
John G. Freund
Managing Director

SKYLINE VENTURE MANAGEMENT IV, LLC

By: /s/ Kerry Kenny, attorney-in-fact
John G. Freund
Managing Member

By: /s/ Kerry Kenny, attorney-in-fact
John G. Freund

By: /s/ Kerry Kenny, attorney-in-fact
Yasunori Kaneko