KAR Auction Services, Inc.

Form 4

December 23, 2016

Check this box

if no longer

subject to

Section 16.

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Form 4 or Form 5 obligations may continue.

See Instruction 1(b).

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 * HALLETT JAMES P

2. Issuer Name and Ticker or Trading Symbol

KAR Auction Services, Inc. [KAR]

5. Relationship of Reporting Person(s) to

Issuer

(First) (Middle) (Last)

3. Date of Earliest Transaction

(Check all applicable) _X__ Director 10% Owner

C/O: KAR AUCTION SERVICES, INC., 13085 HAMILTON

(Street)

(Month/Day/Year) 12/21/2016

X_ Officer (give title Other (specify below) Chief Executive Officer

CROSSING BOULEVARD

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check

Filed(Month/Day/Year)

Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

Person

CARMEL, IN 46032

(City) (State) (Zip)

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

1. Title of 2. Transaction Date 2A. Deemed 3. 4. Securities Acquired 5. Amount of Security (Month/Day/Year) Execution Date, if Transaction(A) or Disposed of (Instr. 3) Code (D) (Month/Day/Year) (Instr. 8) (Instr. 3, 4 and 5) (A)

6. Securities Beneficially Owned Following (D) or Reported Transaction(s) (Instr. 4)

7. Nature of Ownership Indirect Form: Direct Beneficial Ownership (Instr. 4) Indirect (I)

or

(D)

(Instr. 3 and 4) Price

Common 12/21/2016 Stock

V 11,751 \$0 D

Amount

150,795.5708 D (1)

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

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| 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. Transacti Code (Instr. 8) | 5. orNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | ate | 7. Title and A Underlying S (Instr. 3 and | Securities |
|---|---|---|---|---------------------------------------|---|---------------------|--------------------|---|----------------------------------|
| | | | | Code V | (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Employee Stock Option (right to buy) | \$ 13.46 | | | | | (2) | 03/01/2020 | Common Stock | 150,000 |
| Employee Stock Option (right to buy) | \$ 30.89 | | | | | (3) | 02/27/2024 | Common Stock | 194,404 |
| Restricted Stock Units | <u>(4)</u> | | | | | (5) | (5) | Common Stock | 12,862 |

Reporting Owners

| Reporting Owner Name / Address | | | Relationships | |
|--------------------------------|----------|-----------|---------------|-------|
| | Director | 10% Owner | Officer | Other |

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HALLETT JAMES P

C/O: KAR AUCTION SERVICES, INC.
13085 HAMILTON CROSSING BOULEVARD

X Chief Executive Officer

CARMEL, IN 46032

Signatures

Rebecca C. Polak as Attorney
In Fact
12/23/2016

**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) Includes 617.4319 shares acquired (including 4.0511 shares acquired by dividend reinvestment) pursuant to the Company's Employee Stock Purchase Plan on May 31, 2016.
- (2) All of these options are currently exercisable.

Reporting Owners 2

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- (3) 97,202 of these options are currently exercisable, 48,601 of these options become exercisable on February 27, 2017 and the remaining 48,601 options become exercisable on February 27, 2018, assuming continued employment through the applicable vesting date.
- (4) Each restricted stock unit is convertible into a share of common stock on a 1-for-1 basis. The restricted stock units vested in common stock on February 20, 2016.
- These restricted stock units remain subject to a time-vesting requirement and are scheduled to vest and settle in common stock as follows: one-third of these restricted stock units vested on February 20, 2016, one-third of these restricted stock units vest on February 20, 2017
- and the remaining one-third of these restricted stock units vest on February 20, 2018, assuming continued employment through the applicable vesting date.

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.