

BLUE SKY SOLUTIONS: MONITORING & FILING SERVICES

▶ BLUE SKY LAWS

U.S. state securities laws established to protect investors. Broker-dealers are legally not permitted to recommend, solicit or discuss a security with a client unless that security is compliant with the Blue Sky Laws of the state in which the investor resides. These laws are applied in addition to federal securities laws.

▶ BEST PRACTICES TO GAIN COMPLIANCE

1. Conduct an audit to understand your company's Blue Sky Compliance in each state
2. Determine what additional exemptions are available
3. For remaining states, assess where your company would like to gain compliance
4. Work with your securities attorney or use OTC Markets Group's Blue Sky Filing Service to help you register in individual states

▶ BLUE SKY SOLUTIONS

BLUE SKY MONITORING SERVICE provides companies with a customized state-by-state audit of compliance status in each of the 50 U.S. states and 4 U.S. territories.

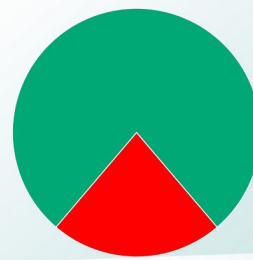
- Compliance information is updated on a daily basis and is the same information distributed to broker-dealers
- Daily audit may be easily accessed through otciq.com, a market intelligence and investor relations portal
- Guidance on ways to maximize compliance through available exemptions

BLUE SKY FILING SERVICE helps companies file registration documents for secondary trading in any state where an exemption is unavailable.

- **GUIDANCE:** Consultation with states on the process of registering a security
- **INITIAL FILING:** Completes forms and files required documents for the company
- **RENEWALS:** Reminders of upcoming filing dates and completes the process for renewal of registration

Sample Blue Sky Audit

SUMMARY OF COMPLIANCE STATUS



Blue Sky Status

- 77.5% of US Population in Compliant States/Territories
- 22.5% of US Population in Non-Compliant States/Territories

Summary

States in Compliance ¹	43
States out of Compliance	11
242,448,514 people are in Blue Sky Compliant States or Territories	

Companies may be exempt from a state's Blue Sky laws depending on:

- Reporting status
- Financial requirements
- Years of operation

STATE-BY-STATE DATA ON COMPLIANCE STATUS

A company may choose to complete the registration process in a state where it is out-of-compliance, in order to access more investors. Blue Sky Filing Service helps companies to streamline this process.

All In Compliance Out of Compliance

State	Status	Footnote	Population	Exemption Information
California	Out of Compliance		37,253,956	
North Carolina	Out of Compliance		9,535,483	
Virginia	Out of Compliance		8,001,024	
Alabama	Out of Compliance		4,779,736	
Kentucky	Out of Compliance		4,339,367	
Utah	Out of Compliance		2,763,885	
Hawaii	Out of Compliance		1,360,301	
New Hampshire	Out of Compliance		1,316,470	
North Dakota	Out of Compliance		672,591	
Guam	Out of Compliance		159,358	
Virgin Islands (U.S.)	Out of Compliance		106,405	

OTC Markets

▶ KEY BENEFITS

- **REACH MORE INVESTORS** – Blue Sky compliance is mandatory for the 280,000+ U.S. registered investment advisors to advise, discuss, or recommend a company's stock to their investor clients. By gaining Blue Sky compliance in more jurisdictions, companies are expanding the pool of investors to whom broker-dealers can recommend their stock.
- **ELIMINATE RESEARCH BARRIER** – Many broker-dealers will not distribute research reports on companies that do not have widespread Blue Sky compliance
- **STREAMLINE COMPLIANCE** – Ongoing monitoring is provided through a complete analysis of a company's state exemptions, reports on changes in state securities laws that effect Blue Sky, and advance reminders on state filing renewal deadlines

▶ PRICING

OTCQX Companies: Blue Sky Monitoring included

OTCQB and Pink Companies: \$3,000 per year

Additional pricing will apply for Blue Sky Filing Service

▶ SUBSCRIBE

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ABOUT OTC MARKETS GROUP: OTC Markets Group Inc. (OTCQX: OTCM) operates the OTCQX® Best Market, the OTCQB® Venture Market, and the Pink® Open Market for 10,000 U.S. and global securities. Through OTC Link® ATS, we connect a diverse network of broker-dealers that provide liquidity and execution services. We enable investors to easily trade through the broker of their choice and empower companies to improve the quality of information available for investors. To learn more about how we create better informed and more efficient markets, visit www.otcmarkets.com.

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