

Listing Made Simple: Using Rule 12g3-2(b) to List International Companies on OTCQX

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The United States capital markets offer the greatest access to investor capital and are the most mature and stable of all the world's financial centers. Yet many international companies forego the opportunity to trade their securities in the U.S. because they do not want to incur the cost of compliance with U.S. securities laws, including the Sarbanes-Oxley Act of 2002. One way, however, for international companies to trade their securities in the U.S. without incurring the costs of compliance with U.S. securities laws is to utilize the 12g3-2(b) exemption under the Securities Exchange Act of 1934, or the Exchange Act, and be quoted¹ on OTCQX. International companies that are already listed on their home country or other exchange² can use this exemption to easily have their securities quoted on OTCQX without having to go through the registration process or needing to comply with the continuous reporting requirements of U.S. securities laws.

OTCQX, operated by Pink OTC Markets Inc., is the premier listing service for OTC securities. Its international tiers, OTCQX International and OTCQX International Premier, are designed for the needs of international companies. OTCQX International and OTCQX International Premier provide international companies a chance to trade in the United States on facilities that offer many of the benefits of U.S. stock exchanges, but with lower regulatory costs; these facilities also help ensure compliance with U.S. securities laws.

¹ This paper generally follows the OTCQX's convention of referring to companies quoted on the OTCQX as being "listed" there.

² As discussed below, an OTCQX International-listed company must be listed on an OTCQX-qualified foreign stock exchange. This requirement is separate from the Rule 12g3-2(b) requirement that a company be listed on one or more foreign stock exchanges in its primary trading market. Examples of OTCQX-qualified stock exchanges include the Toronto Stock Exchange, the Hong Kong Stock Exchange and the London Stock Exchange (LSE)-Main Board AIM Market. The complete list of OTCQX-qualified stock exchanges is available at <http://www.otcqx.com/otcqx/int/qfe>.

This memorandum (1) explains how the Rule 12g3-2(b) exemption works, (2) discusses the extent and type of securities liability that international issuers become subject to when they list on OTCQX, and (3) provides a step by step guide for listing securities on one of the OTCQX International listing tiers. This memorandum also provides a timeline that lists the necessary steps for an OTCQX International listing and gives the approximate timing of each step.

Rule 12g3-2(b)

Overview

It is common knowledge that a company that has made a public offering in the United States or has securities listed on a U.S. stock exchange has to comply with the ongoing reporting requirements of the Exchange Act. Not everyone knows, however, that under some circumstances a company that has not made a public offering in the United States and does not have securities listed on a U.S. exchange has to register its securities under the Exchange Act and thus be subject to the ongoing reporting requirements of that Act.

Exchange Act Section 12(g) and Rule 12g-1 provide that a company with 500 or more record holders and more than \$10 million in assets as of the last day of its fiscal year must register under the Exchange Act within 120 days after the end of such fiscal year. Exchange Act Rule 12g3-2 provides two ways for foreign private issuers to be exempt from these requirements.³

First, Rule 12g3-2(a) provides that a foreign private issuer is exempt from Section 12(g) if its securities are held by fewer than 300 U.S. residents. The exemption lasts until the next fiscal year end at which the issuer's securities are held by 300 or more U.S. residents. This exemption is not as effective today as when it was originally adopted in the 1960's because U.S. investors are more able than ever before to invest in non-U.S. companies without the foreign company even knowing about it.

Second, Rule 12g3-2(b) is available to any foreign private issuer of any size and with any number of stockholders, as long as it has not conducted a registered offering in the United States, does not have any securities listed on a U.S. stock exchange and meets certain foreign stock exchange listing and information publication requirements. The exemption is a prerequisite for a company that wishes to have either its securities or American Depositary Receipts⁴ representing its securities quoted and traded in over-the-counter markets, including OTCQX International, the premier over-the-counter listing service of Pink OTC Markets in the United States, without registration under the Exchange Act.

Rule 12g3-2(b) is not intended to be a loophole for unscrupulous foreign issuers to use to avoid complying with the investor protection rules of the SEC. Instead, Rule 12g3-2(b) recognizes an **international** standard of issuer disclosure that is substantially equivalent to the robust U.S. standard of issuer disclosure. The SEC recognizes that foreign securities laws, rules and stock exchanges generally have substantial disclosure requirements that are materially sufficient and appropriate for companies that primarily operate in those countries.

³ A foreign private issuer is a company that is incorporated or organized under the laws of any foreign country, and passes at least one of the following two tests: (a) at least half of its voting securities are held by non-U.S. residents, or (b) it meets each of the following conditions: (1) at least half of its officers and directors are not U.S. citizens or residents, (2) at least half of its assets are located outside the United States, and (3) its business is administered principally outside the United States. Foreign private issuer status for companies that are not registered with the SEC is always determined as of the last business day of the company's most recently completed second fiscal quarter. Exchange Act Rule 3b-4.

⁴ The process of creating a Level 1 ADR program and related matters are discussed below.

The Old Rule 12g3-2(b)

Rule 12g3-2(b) was initially adopted in 1967. In its original form, an issuer would establish its qualification for the exemption by submitting a written application to the SEC, together with paper copies of its non-U.S. disclosure documents published since the beginning of its last completed fiscal year and detailed information regarding the number of its shareholders in the United States. The issuer could not initially claim the exemption if it had already incurred Exchange Act reporting obligations and could not wait more than 120 days after fiscal year end to claim the exemption. Also, the rule prevented foreign private issuers that had been registered under Section 12 or subject to Section 15 reporting obligations within the past 18 months from using the exemption.

After the initial submission, the issuer would only need to submit its non-U.S. disclosure documents on a continuing basis to maintain the exemption. The issuer was required only to submit documents that were material to an investment decision or were made public or distributed to shareholders by the issuer. All of the necessary documents needed to be submitted by the 120th day following the end of the last fiscal year. All submissions needed to be made in paper form.

In March 2007, the SEC adopted a number of changes to Rule 12g3-2(b). First, it allowed companies to qualify for the exemption immediately upon termination of Exchange Act registration. Second, these issuers were required to submit non-U.S. disclosure documents in English on an ongoing basis on their website or through an electronic information delivery system in their primary trading market, instead of by paper submission to the SEC. Third, all other companies (i.e., companies that did not claim the exemption upon deregistration) that qualified for the Rule 12g3-2(b) exemption were permitted, but not required, to publish their non-U.S. disclosure documents electronically instead of by paper submission in order to maintain the exemption. Fourth, it clarified the non-U.S. disclosure documents as to which issuers were required to submit full (as opposed to summary) English translations.

The New Rule 12g3-2(b)

On August 27, 2008, Rule 12g3-2(b) was substantially amended. The amended rule makes at least five major changes to the requirements under the previous version of the rule. First, the amendments eliminate the old rule's requirement to submit materials to the SEC to qualify for the rule's exemption. The rule's Exchange Act registration exemption is now automatic for foreign private issuers that comply with its substantive requirements.

Second, issuers no longer need to initially qualify for the exemption within 120 days of the end of their most recent fiscal year. An issuer will not passively lose the ability to qualify for the exemption, even if it becomes subject to the registration requirements of Section 12. It will only become disqualified if it actually registers under Section 12 of the Exchange Act or incurs reporting obligations under Section 15 by making a registered offering in the United States. If a registered foreign private issuer suspends its registration and reporting obligations by filing a Form 15 or Form 15F or pursuant to Section 15(d), it will become immediately eligible for the exemption if it otherwise satisfies its requirements. The 18-month lookback requirement was also eliminated.

Third, the amended rule now requires a foreign private issuer to maintain a listing on one or more stock exchanges in a foreign country. The rule notes that the exemption will apply to compensatory stock options that may be exercised to receive stock that is so listed, even if the options themselves are not listed.

Fourth, the issuer must maintain the "primary trading market" for its securities in one or two foreign jurisdictions, at least one of which must be the country in which it maintains a foreign stock exchange listing.

The term “primary trading market” is defined to mean the trading market that is comprised of up to two countries in which at least 55% of the trades in the issuer’s securities took place on a worldwide basis in the issuer’s most recently completed fiscal year. If the issuer aggregates the trades in two countries to identify its primary trading market, at least one of the countries must have more trading in the issuer’s securities than the United States.

Fifth, the issuer must electronically publish certain information in English on its website or another electronic information delivery system generally available to the public in its primary trading market.

Types of Information to Publish in English

To claim the exemption initially, an issuer must generally publish in English the following information that is published by that issuer in its home market since the first day of its most recently completed fiscal year:

- Information the issuer has made public or been required to make public pursuant to the laws of the country of its incorporation, organization or domicile;
- Information that the issuer has filed or been required to file with the principal stock exchange in its primary trading market on which its securities are traded and which has been made public by that exchange; or
- Information that the issuer has distributed or been required to distribute to its security holders.⁵

To claim **and** maintain the exemption, the issuer must publish full English translations (except as to non-material information, as noted below) of the following documents:

- Its annual report, including or accompanied by annual financial statements;
- Interim reports that include financial statements;
- Press releases; and
- All other communications and documents distributed directly to security holders.

The issuer only needs to publish in English any information that is material to an investment decision regarding the subject securities. The SEC has informally indicated that non-material information may be omitted from otherwise required documents.

Material information includes:

- Results of operations or financial condition;
- Changes in business;

⁵ An issuer that was registered under the Exchange Act, that properly terminates its registration status and claims the Rule 12g3-2(b) exemption upon such termination, is not required to provide the above information to qualify initially for the exemption and to pass the initial listing requirements of the OTCQX. See Note 2 to Paragraph (b)(1) of Rule 12g3-2; Rule 2.8(b) of the OTCQX Rules for International Companies, Version 5.3 (March 6, 2009), available at <http://www.otcqx.com/content/doc/qx/Rules/International/OTCQX.pdf>.

- Acquisitions or dispositions of assets;
- The issuance, redemption or acquisition of securities;
- Changes in management or control;
- The granting of options or the payment of other remuneration to directors or officers; and
- Transactions with directors, officers or principal security holders.

Translations vs. Summaries

For all documents or information that it publishes in English to claim or maintain the exemption, the issuer may publish the English translations in summary form if a translation is not required by Rule 12g3-2(b) and a registered issuer could have provided a summary under cover of Form 6-K or pursuant to Exchange Act Rule 12b-12(d)(3). Exchange Act Rule 12b-12(d)(3) permits summaries of any documents that are not (1) charter documents, (2) instruments defining the rights of security holders, (3) voting agreements, (4) contracts to which certain entities or individuals related to the issuer are not parties, (5) contracts upon which the issuer's business is substantially dependent, (6) audited annual and interim consolidated financial information, or (7) any document that is or will be subject to a confidential treatment request. Form 6-K allows a summary translation of any document that is not a press release or is not required to be, and has not been, distributed to the issuer's security holders.

Medium and Timing of Publication

The issuer may satisfy the electronic publication requirement by publishing the English-language documents on its website or on an "electronic information delivery system generally available to the public in its primary trading market." The SEC cited the Canadian SEDAR system as an example of such a system.

To maintain the exemption, the issuer must electronically publish the English-language documents "promptly." For press releases, the SEC stated that this is generally on or around the same date that the original press release was issued. For other documents, the SEC said that the amount of time depended on the type of document and the amount of time required to prepare an English translation.

Transition Period

Issuers that had complied with the old requirements and that are currently not in compliance with the new requirements are given a three-year transition period. This transition period will end on October 10, 2011.⁶

Recommendations

The SEC stated that issuers may state on their websites that they have published Rule 12g3-2(b) information. The SEC has also suggested in its March 2007 amending release that issuers provide a prominent link on their websites directing investors to English-language documents if they publish English-language documents on an electronic information delivery system or a non-English website.

 ⁶ SEC Release No. 34-58465, p. 47-48, available at <http://sec.gov/rules/final/2008/34-58465.pdf>.

Non-Compliance with Rule 12g3-2(b)

Issuers may fall out of compliance with Rule 12g3-2(b) in a number of ways that will require them to register under the Exchange Act or qualify for another exemption from Exchange Act registration. These are: (1) not satisfying the ongoing information publication requirements; (2) not maintaining a stock exchange listing in a foreign primary trading market; and (3) registering under the Exchange Act or incurring reporting obligations under Section 15 of the Exchange Act. If they fail to comply, the SEC stated that they must re-establish compliance in a reasonably prompt manner or register under the Exchange Act.

Liability of Non-SEC Reporting International Companies Listed on OTCQX

Issuers interested in listing on OTCQX might be concerned about whether they might be exposed to greater liability due to OTCQX's enhancement of U.S. investors' access to listed issuers' securities and company information. For the reasons discussed below, this would generally not be the case. There are five primary sources of liability under U.S. securities laws: Section 18 of the Exchange Act; Sections 11 and 12 of the Securities Act of 1933, as amended, or the Securities Act; Rule 10b-5 under the Exchange Act; and state securities laws.

Section 18

Under Section 18, issuers are liable for false and misleading statements made in Exchange Act filings. Since Section 18 only applies to Exchange Act filings, and companies that list on OTCQX using the Rule 12g3-2(b) exemption are not reporting companies, this source of liability should not be of concern.

Securities Act of 1933

Section 11 of the Securities Act imposes liability for misleading statements or omissions in registration statements filed under the Securities Act. Section 12 of the Securities Act imposes liability for an untrue statement of a material fact or a fraudulent omission in a prospectus or oral communication used to sell a security. Listing on OTCQX does not require an issuer to file a registration statement or issue a prospectus. Therefore, OTCQX International issuers suffer no increased risk of liability under Sections 11 and 12 of the Securities Act.

Rule 10b-5

Rule 10b-5 imposes liability upon any person, including non-SEC reporting and non-U.S. companies, for any fraudulent act, practice or communication involved in the purchase or sale of securities. To be liable under Rule 10b-5, a plaintiff must generally show that there has been (1) fraudulent or deceitful conduct by the issuer; (2) in connection with the purchase or sale of securities by the plaintiff;⁷ (3) which caused the plaintiff to buy or sell the securities; (4) and that the plaintiff incurred certain damages as a result. Like any company that has any exposure to the U.S. securities markets, a company listed on OTCQX International market will be exposed to this form of liability. An OTCQX listing will not by itself increase the chance that the issuer will be held liable, except to the extent that OTCQX increases the visibility of the company.

⁷ Note that the statements may be "in connection with" the plaintiff's purchase or sale if they are in a press release unrelated to a specific transaction, because the problematic statements may be in connection with a purchase or sale of the securities on the open market. In other words, the issuer does not need to be selling (or purchasing) its securities in connection with the statement at issue.

State Securities Laws

Every state in the United States has its own “Blue Sky” laws, or state securities laws and regulations. The Blue Sky laws generally require certain filings or disclosures be made to state agencies in connection with the trading of securities. OTCQX-listed companies may comply with many of these state laws’ disclosure rules by listing in either the Mergent or S&P Blue Sky manual, as required under OTCQX rules. Some states, however, do not recognize these manuals and require separate filings or disclosures to permit securities to trade in their jurisdictions. Issuers are urged to consult with their Principal American Liaisons (PALs) to assure that they comply with all applicable Blue Sky laws.

The Blue Sky laws also generally impose liability on companies for fraud in connection with the purchase or sale of securities. The federal Securities Litigation Uniform Standards Act of 1998 (the SLUSA) expressly preempts state securities fraud class action lawsuits, but allows state agency enforcement proceedings and certain other exceptions. As with Rule 10b-5 liability, an OTCQX listing does not in itself introduce any further liability with respect to state fraud claims, except to the extent that a listed issuer’s visibility may be increased in some states.

The OTCQX International Listing Process for International Companies Exempt from Registration Under Rule 12g3-2(b)

OTCQX has two international listing tiers—the OTCQX International Premier listing tier, which is designed for large market capitalization international companies and OTCQX International, which is designed for mid-cap and smaller international companies.

The listing requirements of OTCQX International Premier are:

- Meet the financial standards of the Worldwide (non-U.S.) Listing Standards of the New York Stock Exchange, **except**:
 - It does not need to have a class of securities registered under Section 12 of the Exchange Act, or
 - Meet the bid price standard of the Worldwide (non-U.S.) Listing Standards of the New York Stock Exchange⁸
- Meet all of the requirements of the OTCQX International tier

The OTCQX International tier is designed for mid-cap and smaller international companies. In order to satisfy the listing requirements of the OTCQX International tier, an international issuer must satisfy the following requirements.

- The international issuer must be listed on a qualified non-U.S. stock exchange for a minimum of the preceding 40 days (a complete list of qualified non-U.S. stock exchanges is available at <http://www.otcqx.com/otcqx/int/qfe>).

⁸ The applicable portions of the Worldwide (non-U.S.) Listing Standards of the New York Stock Exchange are summarized on page 22 of the OTCQX Rules for International Companies, Version 5.3 (March 6, 2009) (available at <http://www.otcqx.com/content/doc/qx/Rules/International/OTCQX.pdf>) and described fully in Section 103.01 of the NYSE Listed Company Manual (available at http://nysemanual.nyse.com/LCMTools/PlatformViewer.asp?searched=1&selectednode=chp_1_2_3_2&CiRestriction=103.01&manual=%2Ffcm%2Fsections%2Ffcm-sections%2F).

- The international issuer must appoint a PAL. A PAL may be an attorney or law firm, a broker, or the bank acting as its ADR depository. A full list of currently eligible PALs is available at <http://www.otcqx.com/otcqx/dad-pal/list>.
- The international issuer must fully comply with Rule 12g3-2(b) and post in English its financial and other information for the preceding 24 months on the OTC Disclosure and News Service.
- The international issuer must establish a Level 1 ADR.⁹ To establish a Level 1 ADR program, the issuer must qualify for the Rule 12g3-2(b) exemption. It then enters into a deposit agreement with a designated depository bank in the United States. The designated depository's agent in the home jurisdiction of the issuer will receive shares of the company for those shares. The designated depository will issue depository receipts representing the shares to U.S. investors. The designated depository will also send requests to any unsponsored ADR program depositories to terminate their ADR programs. Depending on the terms of the deposit agreement, the designated depository or the issuer will be responsible for paying any associated termination fees. The issuer and depository will file with the SEC a Form F-6, a relatively simple form that registers the ADRs under the Securities Act.
- The international issuer must have proprietary priced quotations published by a Market Maker in Pink Quote, Pink OTC Market's electronic quotation system. This requires that the issuer find a market maker willing to quote its stock. Generally, the market maker will need to file a Form 211 with FINRA's OTC Compliance Unit before the stock may be quoted on a permanent basis. FINRA will then review the Form 211 and accompanying materials and request any further information as it deems necessary. FINRA will notify applicants when they have cleared the review process. This review process can take several weeks, but usually clearance can be obtained between thirty and ninety days. There is no fee for these services, although the issuer's market maker must pay a minimal monthly fee to Pink OTC Market to quote the security on Pink Quote.
- The international issuer must be continuously included in the Standard & Poor's Corporation Records or Mergent's Manual and News Reports for Blue Sky compliance, allowing brokers to sell the security in up to 38 states.¹⁰ Typically, one to three years of audited income statements and one to two years of audited balance sheet information are required.
- The international issuer must pay a non-refundable \$5,000 application fee to Pink OTC Markets.
- The international issuer must pay a \$12,600/year listing fee, prorated for the first year and billed annually in January thereafter.
- The international issuer must submit the required application materials to Pink OTC Markets. These are:
 - OTCQX Listing Application for International Companies;
 - OTCQX Listing Agreement for International Companies, including the exhibits and cover sheet;
 - If the company's desired PAL is not on the Pink OTC Markets' approved list (available at <http://www.otcqx.com/otcqx/dad-pal/list>), the company must submit the applicable Application and Agreement forms for the desired PAL, and the PAL Application Fee of \$500. An ADR depository

⁹ Canadian issuers are not required to establish an ADR program.

¹⁰The OTCQX does not require further action to ensure Blue Sky law compliance in jurisdictions that do not recognize one of these Blue Sky manuals.

may not serve as PAL unless it is on the Pink OTC Markets' approved list, the company lists or plans to list its securities in ADR form, and the ADR depository is the ADR depository for the issuer's Level 1 ADR program;

- The applicable attorney, broker, or ADR depository Issuer Appointment form for the desired PAL;
- A copy of the issuer's logo in Encapsulated PostScript (EPS) format, emailed to issuers@pinkotc.com with the subject line "Company Logo."

Listing process

The OTCQX listing process can take as little as one week once an issuer has an OTC security quoted on Pink Quote and has appointed a PAL. Following are the steps in the application process.

After submission of all OTCQX materials, Pink OTC Markets will send an email confirmation of receipt of the materials within 5 business days. Companies may request the status of their application by sending an email to issuers@pinkotc.com with the subject line "Application Receipt Status."

The issuer must make the "Initial Disclosure." This means that (if the issuer is not an SEC reporting company) it must post, in English through the OTC Disclosure and News Service, all information required to be made publicly available pursuant to Exchange Act Rule 12g3-2(b) for the preceding 24 months. The Initial Disclosure must be made on the OTC Disclosure and News Service within 90 days of submission of the OTCQX application materials. OTCQX requires that listed companies publish all information required by Rule 12g3-2(b) on the OTC Disclosure and News Service so that U.S. investors will be able to easily find it. An issuer should consult with its PAL to determine whether this disclosure also satisfies its electronic publication requirements for purposes of Rule 12g3-2(b), or whether disclosure on its website or a different information delivery system is necessary.

The company's PAL must notify Pink OTC Markets when the company's Initial Disclosure has been posted, or request an extension for such posting with an estimate of when it will be posted.

The issuer must submit to Pink OTC Markets the applicable attorney, broker, or ADR depository PAL Letter of Introduction. The applicable PAL Letter of Introduction must make the prescribed representations.

Pink OTC Markets may also:

- Require the company to confirm, clarify or modify information submitted with the assistance of its PAL;
- Require the company to provide a further undertaking, or fulfill a further condition, prior to admission;
- Delay admission pending the completion of further due diligence; or
- Refuse the application if, in its opinion, admission would likely impair the reputation or integrity of Pink OTC Markets or be detrimental to the interests of investors.

Upon acceptance of the application, Pink OTC Markets will send notification in writing. The company must submit, within 30 days of receipt of the notice of acceptance, a list of any changes that would affect the information presented in the original application materials.

Continuing Listing Requirements of OTCQX International Companies

Companies listed on OTCQX International must satisfy the following ongoing requirements:

- Comply with all ongoing applicable federal and state securities laws and rules in the U.S. Remain current and fully compliant in its obligations under Rule 12g3-2(b). Post all the information required to be made publicly available pursuant to Rule 12g3-2(b) in English through the OTC Disclosure and News Service;
- Maintain its listing in either the S&P or Mergent manual for Blue Sky compliance;
- Continue to retain a PAL at all times, seek advice from its PAL in relation to its obligations under the OTCQX Rules for International Companies whenever appropriate, and give such advice proper consideration;
- Immediately notify Pink OTC Markets in writing regarding the appointment, resignation or dismissal of its PAL, and the reasons for the action;
- Pay the annual listing fee, currently set at \$12,600;
- Maintain the eligibility of its securities for deposit with the Depository Trust Company;
- Respond to any requests made by Pink OTC Markets from time to time, with the assistance of its PAL;
- The issuer must provide a letter every year and no later than 30 days after filing its annual financial statements with its qualifying foreign stock exchange making the following affirmations:
 - The company continues to satisfy the requirements for listing on the applicable OTCQX International tier; and
 - The company is current and fully compliant in its obligations under Exchange Act Rule 12g3-2(b) and all the information required to be made publicly available pursuant to Exchange Act Rule 12g3-2(b) is posted in English through the OTC Disclosure and News Service.
- Annual PAL Letter: Within 45 days after the issuer is required to file its financial statements with its qualifying foreign stock exchange, the issuer must submit an annual letter from its PAL to Pink OTC Markets with certain representations.

Exiting from OTCQX Listing

If an OTCQX International-listed company fails to meet any of the OTCQX International listing obligations, Pink OTC Markets will provide notice of the failure. If the company cures the failure within 30 days after Pink OTC Markets gives notice, the company will remain listed. If the company does not cure the failure within the 30-day period, Pink OTC Markets may delist it.

Companies may be delisted at any time, without notice, if Pink OTC Markets determines that their continued listing would impair the reputation or integrity of Pink OTC Markets or be detrimental to the interests of investors.

If the company is listed on the OTCQX International Premier tier, and Pink OTC Markets determines that it is no longer eligible to be listed there because it no longer meets the applicable financial standards of the Worldwide (non-U.S.) Listing Standards of the New York Stock Exchange, the company will have a “fast track” option to become listed on the OTCQX International tier as long as it meets the requirements for this tier.

An OTCQX-listed company may withdraw its securities from OTCQX at any time upon 24 hours’ written notice.

If you have any questions about the content of this white paper, please contact the Pillsbury attorney with whom you regularly work, or one listed below.

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Timeline for Listing on OTCQX International Using Rule 12g3-2(b)

Applicant Action Items	Timing
List on eligible foreign exchange	At least 40-50 days prior to OTCQX application
Appoint a PAL	45 days prior to OTCQX application
Be fully compliant with Rule 12g3-2(b); publish all required English translations or summaries of necessary investor documents on company website or suitable electronic information delivery service as soon as practicable	40 days prior to OTCQX application
Create a Level 1 ADR program with a designated depository	40 days prior to OTCQX application
Apply for quote on Pink Quote by filing Form 211	40 days prior to OTCQX application
Obtain quote on Pink Quote, gain listing in Mergent or S&P Blue Sky manual	On or before date of OTCQX application
Apply for publication in Mergent or S&P Blue Sky manual	At least 3 business days prior to OTCQX application
Submit OTCQX application, including PAL Letter of Introduction, and fee	Date of application
Receive email confirmation of receipt of application materials from Pink OTC Markets	Within 5 days of date of application
Work out any issues with Pink OTC Markets	1-7 days following OTCQX application
Receive approval of OTCQX Listing	7-10 days (or more if necessary) following OTCQX application
Submit list of any changes in application information	Within 30 days of receipt of notice of approval of application
Make Initial Disclosure of last two years' documents required by Rule 12g3-2(b) on OTC Disclosure and News Service	Within 90 days of submission of application
Satisfy all ongoing OTCQX listing and Rule 12g3-2(b) eligibility requirements	Ongoing after approval of application