OTC MARKETS GROUP INC.

A Delaware Corporation

304 Hudson Street
New York, NY 10013

Telephone: (212) 896-4400
Facsimile: (212) 868-3848

Federal EIN: 13-3941069
NAICS: 523210
SIC Code: 6289

2018 Annual Report

For the period ended December 31, 2018

ISSUER'S EQUITY SECURITIES

COMMON STOCK

Class A Common Stock
$0.01 Par Value Per Share
14,000,000 Shares Authorized
11,607,992 Shares Outstanding as of February 28, 2019
OTCQX: OTCM

OTC Markets Group Inc. is responsible for the content of this Annual Report. The securities described in this document are not registered with, and the information contained in this report has not been filed with, or approved by, the U.S. Securities and Exchange Commission.

Dear Shareholders,

OTC Markets Group has a straightforward mission – to create better informed and more efficient financial markets. It is a mission that sparked from our early days, as we built products to solve my own frustrations as a stock trader and value investor. Today our electronic platforms and data-driven products are relied upon by broker-dealers, public companies, investors and regulators to keep information flowing, trades processing and market forces functioning efficiently.

In 2018, OTC Markets Group achieved record revenues, grew earnings and continued to deliver strong returns for our shareholders. Our financial success, combined with a strong focus on creating value for clients by providing unique products and outstanding service, are the lifeblood of growing a sustainable business.

We enter this year full of energy and dedicated to delivering on our mission. Public markets are a vital mechanism, providing the capital necessary to drive growth and the structure to create greater wealth. They can also be opaque, costly and, for entrepreneurs, prohibitive. At OTC Markets, we believe that innovation can be encouraged and being public should not be painful. We focus on applying our disclosure-based philosophy and offering robust technology solutions that allow public markets to operate more efficiently.

Our markets serve a diverse community of broker-dealers and facilitate the capital formation process for a wide range of businesses. Our OTCQX Best Market and OTCQB Venture Market bring the benefits of efficient public markets – liquidity, price discovery, transparency and investor engagement – to more than 1,300 companies from across the U.S. and around the globe. Our market data provides investors and market professionals with the tools that facilitate thoughtful investment analysis, better inform trading decisions and more efficiently manage risk.

Regulators have seen the value of our data-driven standards and the resulting disclosure available to investors. Our OTCQX Best Market is now exempt from state Blue Sky laws in thirty-four states, and the OTCQB Venture Market is exempt in thirty-one states. Regulatory recognition builds reputation, and we intend to pursue additional state exemptions as well as recognition of our markets on a national scale.

In 2019, we will continue to invest resources in our OTC Link ECN. Our focus remains on serving new clients through electronic execution functionality, as well as providing additional trading functionality and strategies for our OTC Link ATS subscribers. The anonymous ECN order matching functionality is designed to seamlessly integrate with our valued community of OTC market makers, who every day stand ready to compete for trades. Their continued success is a pivotal element of providing liquid trading markets for investors, brokers and companies.

We have also begun to execute on our corporate development initiatives. In January, we announced that we had acquired the assets necessary to operate the Virtual Investor Conferences business formerly offered by PR Newswire. This offering opens the door to provide public companies with new ways to produce dynamic online content and enhance their investor communication.

In February, we announced the acquisition of Qaravan Inc., a provider of risk and performance analytics tools for the banking industry, including the hundreds of community banks traded on our markets. One of the benefits of being a transparent public company is that your information is available for all to see. Experienced managers know that peer benchmarking tools create stronger players and maximize long-term performance. We are actively engaged in integrating these services into our operations and maximizing the long-term value of each business.

After years of working to connect U.S. markets with issuers and advisors around the world, this year we opened a UK subsidiary and London sales office to better reach and interact with our international community. We are also growing and changing domestically, with our New York City headquarters moving from our long-time home in SoHo to 300 Vesey Street in the heart of the financial district. The move allows us to expand our capabilities with an upgraded space and state-of-the-art technology to better serve the needs of our clients in the decades to come.

Our success hinges on the hard work and dedication of an outstanding team of people and a strong corporate culture. It is an honor to work with my colleagues at OTC Markets Group each and every day. Together with our dedicated senior management team, we strive to create an environment that provides opportunity for growth and where talent and learning are rewarded.

In closing, I invite you to read through our 2018 Annual Report, where you will find insight into our performance and the trends and risks we expect could impact the company prospectively. Efficient public markets depend on individuals who do their own research, analyze fundamentals and make informed investments.

On behalf of the entire OTC Markets Group team, thank you for your continued support. We look forward to updating you as we continue to deliver upon our objectives and execute on our long-term strategy on behalf of the clients and shareholders we so proudly serve.

Sincerely,

R. Cromwell Coulson
President, CEO and Director
OTC Markets Group

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OTC MARKETS GROUP INC.

A Delaware Corporation

ANNUAL REPORT

Cautionary Note Regarding Forward-Looking Statements

Information set forth in this 2018 Annual Report (the “Annual Report”) contains forward-looking statements, which involve a number of risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Forward-looking statements can be identified by use of the words “expect,” “project,” “may,” “might,” “potential,” and similar terms. OTC Markets Group Inc. (“OTC Markets Group,” “we” or the “Company”) cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Forward-looking statements involve a number of risks, uncertainties or other factors beyond OTC Markets Group’s control. These factors include, but are not limited to, our ability to implement our strategic initiatives, economic, political and market conditions and price fluctuations, government and industry regulation, U.S. and global competition, and other factors. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

Part A. General Company Information

The name of the issuer is OTC Markets Group Inc.

There have been no changes in control of the Company since 1997. OTC Markets Group is currently conducting operations and it is not now, nor has it at any time been, a “shell company” as that term is defined in the OTCQX U.S. Disclosure Guidelines or Rule 405 under the Securities Act of 1933, as amended (the “Securities Act”).

On April 15, 2010, the Company formed a wholly owned subsidiary, Pink Link ATS LLC, a Delaware limited liability company that subsequently changed its name to OTC Link LLC. On March 5, 2012, OTC Link LLC became a broker-dealer member of the Financial Industry Regulatory Authority, Inc. (“FINRA”), on June 1, 2012 it began operating a Securities and Exchange Commission (“SEC”) registered Alternative Trading System (“ATS”) known as OTC Link ATS and in December 2017, began operating a second ATS known as OTC Link ECN.

On October 31, 2018, the Company formed a wholly-owned subsidiary known as OTC Markets Group International Ltd, incorporated with the Registrar of Companies for England and Wales.

The Company does not have any parents, subsidiaries or affiliated companies except for OTC Link LLC and OTC Markets Group International Ltd. Neither we nor any of our predecessors have been in bankruptcy, receivership, or any similar proceeding.

Our fiscal year ends on December 31.

The address of the issuer is:	**304 Hudson Street, 3rd Floor** **New York, NY 10013**
The telephone and facsimile are:	**Telephone: (212) 896-4400** **Facsimile: (212) 868-3848**
The issuer's website:	**OTC Markets Group's corporate website, www.otcmarkets.com, contains general information about us and our products and services. We also maintain www.otciq.com, www.otcdealer.com, www.garavan.com and www.virtualinvestorconferences.com. The information contained on such websites shall not be deemed incorporated by reference herein.**
Investor relations contact:	**Bea Ordonez, Chief Financial Officer** **304 Hudson Street, 3rd Floor** **New York, NY 10013** **Telephone: (212) 220-2215** **ir@otcmarkets.com**
The name and address of the transfer agent is:	**Continental Stock Transfer & Trust Company** **1 State Street, 30th Floor** **New York, NY 10004** **(212) 509-4000**

Continental Stock Transfer & Trust Company is registered under the Securities Exchange Act of 1934 (the "Exchange Act") and regulated by the SEC.

Part B. Share Structure

The Exact Title and Class of Securities Outstanding

As of December 31, 2018, OTC Markets Group had one class of securities outstanding, Class A Common Stock. None of OTC Markets Group's Common Stock has been registered under the Securities Act or qualified under any state securities laws, and we have no current plans to register or qualify any of our securities. There were no preferred shares authorized or outstanding as at December 31, 2018.

The trading symbol for OTC Markets Group's Class A Common Stock assigned by FINRA is "OTCM".

The CUSIP number for our Class A Common Stock is 67106F108.

Our Class A Common Stock has been qualified for the OTCQX U.S. Premier® market since March 11, 2010. Our securities are not, and have never been, listed on a national securities exchange, and have been quoted solely on OTC Link ATS and its predecessor system since the commencement of their public trading.

Par or Stated Value and Description of the Security

OTC Markets Group's Class A Common Stock has a par value of $0.01 per share.

Each holder of shares of Common Stock is entitled to one vote for each share of Common Stock held on all matters submitted to a vote of stockholders of OTC Markets Group. The holders of Common Stock vote together as a single class. Holders of Common Stock are not entitled to any preemptive rights.

Holders of our Class A Common Stock, including unvested restricted stock, are entitled to receive such dividends and other distributions as may be authorized and declared by the Board of Directors from time to time ("Dividend Rights"). Upon the voluntary or involuntary liquidation, dissolution, or winding up of OTC Markets Group, holders of Class A Common Stock are entitled to a *pro rata* share of the net assets of OTC Markets Group available for distribution in proportion to the number of shares of Class A Common Stock held by each stockholder.

OTC Markets Group has not authorized any class of preferred stock.

In our Certificate of Incorporation, we elect the application of Section 203 of the Delaware General Corporation Law, or DGCL. Section 203 of the DGCL prohibits persons deemed "interested stockholders" from engaging in a "business combination" with a Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved by the Board of Directors or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by our Board of Directors.

Our Certificate of Incorporation also provides that the Board of Directors may not authorize any "business combination" with a "related person" unless it (i) meets the "Fair Price" provision, which seeks to ensure that stockholders receive the highest possible price in the event of a business combination, as that provision is described in Article 10 of our Certificate of Incorporation or (ii) is approved by a majority of the outstanding shares of stock entitled to vote.

The Number of Shares or Total Amount of the Securities Outstanding for Each Class of Securities Authorized

As of December 31, 2018, the Company is authorized to issue 14,000,000 shares of Class A Common Stock of $0.01 par value.

The following tables show the amount of the securities outstanding for each class of securities authorized:

<u>Class A Common Stock as of:</u>

	December 31,	
	2018	**2017**
Number of shares authorized	14,000,000	14,000,000
Number of shares outstanding	11,548,956	11,444,706
Number of shares freely tradable (public float)[(1)(2)]	7,087,244	6,949,088
Total number of holders of record	185	176

As of December 31, 2018, there are 1,380 non-objecting beneficial shareholders owning at least 100 shares of the Company's Class A Common Stock. The number of shares freely tradable may include shares held by shareholders owning 10% or more of our Class A Common Stock.

(1) The number of shares freely tradable may include shares held by shareholders owning 10% or more of our Class A Common Stock. These shareholders may be considered "affiliates" within the meaning of Rule 144, and their shares may be "control shares" subject to the volume and manner of sale restrictions under Rule 144.

(2) Our officers and directors hold approximately 4.4 million shares of our Class A common stock, which may be "control shares" subject to the volume and manner of sale restrictions under Rule 144. These shares are excluded from the number of shares freely tradable.

Issuer Purchases of Equity Securities

On March 5, 2019, the Board of Directors refreshed the Company's stock repurchase program, giving the Company authorization to repurchase up to 300,000 shares of the Company's Class A Common Stock. The Company is authorized to purchase shares from time to time on the open market and through block trades, in accordance with the safe harbor provision of the 10b-18 under the Exchange Act. The following table shows purchases made by the Company of the Company's Class A Common Stock during the years ended December 31, 2018 and 2017:

Date	Number of Shares Purchased	Average Price Paid Per Share	Number of Shares Purchased as Part of Announced Repurchase Plan	Total Amount (in thousands)	Number of Shares Remaining To Be Purchased Under Announced Plan
2017					
Feb 2017[1]	59,245	$ 21.00	59,245	$ 1,244	300,000
Mar 2017	7,920	20.73	7,920	164	292,080
Apr 2017	3,906	21.58	3,906	84	288,174
Jun 2017	8,963	22.25	8,963	200	279,211
Jul 2017	19,268	25.09	19,268	484	259,943
Total	99,302		99,302	$ 2,176	
2018					
Feb 2018	40,125	$ 25.99	40,125	$ 1,042	219,818
Mar 2018[1]	200	25.98	200	5	300,000
Total	40,325		40,325	$ 1,047	

Note: (1) In February 2017 and March 2018, the Board of Directors refreshed the Company's stock repurchase program, authorizing the Company to repurchase up to 300,000 shares of the Class A Common Stock.

Summary of Stock Option Activity

The following table contains a summary of all stock option activity during 2018 and 2017:

(in thousands, except W/A exercise price)	Stock options	Weighted-average exercise price
Outstanding, January 1, 2017	792	$ 11.83
Granted	118	24.80
Exercised	(145)	8.42
Forfeited	(57)	14.59
Outstanding, January 1, 2018	708	$ 14.46
Granted	119	28.17
Exercised	(119)	10.88
Forfeited	(27)	19.04
Outstanding, December 31, 2018	681	$ 17.31

Summary of Restricted Stock Award Activity

The Company grants to certain employees shares of its Class A Common Stock subject to the terms of Restricted Stock Agreements ("RS Agreements") between the Company and each employee. Stock granted subject to RS Agreements is included in our calculation of shares outstanding, and holders of such stock have voting and dividend rights and are included in our calculation of holders of record.

The following table contains a summary of all activity relating to stock granted subject to RS Agreements during 2018 and 2017:

(in thousands, except W/A fair value)	Restricted stock	Weighted-average fair value
Outstanding, January 1, 2017	293	$ 12.37
Granted	109	21.41
Vested	(105)	11.21
Forfeited	(8)	13.95
Outstanding, January 1, 2018	289	$ 16.15
Granted	100	26.17
Vested	(101)	14.51
Forfeited	(6)	22.43
Outstanding, December 31, 2018	282	$ 20.15

Public Trading of Class A Common Stock

The following table sets forth for the periods indicated the high and low reported sales prices per share for our Class A Common Stock:

	High		Low	
2017				
First Quarter	$	22.00	$	19.05
Second Quarter		26.00		21.00
Third Quarter		32.00		23.00
Fourth Quarter		30.30		24.15
2018				
First Quarter	$	29.84	$	23.80
Second Quarter		29.19		26.12
Third Quarter		30.48		27.75
Fourth Quarter		32.97		27.02

Dividends

During 2018 and 2017, our Board of Directors authorized and approved the following cash dividends:

Declaration Date	Dividend Per Common Share		Record Date	Total Amount (in thousands)		Payment Date
2017						
February 28, 2017	$	0.14	March 16, 2017	$	1,599	March 30, 2017
May 2, 2017		0.14	June 15, 2017		1,599	June 29, 2017
August 9, 2017		0.14	September 07, 2017		1,598	September 21, 2017
November 8, 2017		0.60	November 22, 2017		6,864	December 6, 2017
November 8, 2017		0.14	December 7, 2017		1,602	December 21, 2017
Total	$	1.16		$	13,262	
2018						
March 06, 2018	$	0.14	March 20, 2018	$	1,611	March 29, 2018
May 08, 2018		0.14	June 14, 2018		1,614	June 28, 2018
August 14, 2018		0.15	September 12, 2018		1,732	September 26, 2018
November 7, 2018		0.65	November 21, 2018		7,506	December 5, 2018
November 7, 2018		0.15	December 6, 2018		1,732	December 20, 2018
Total	$	1.23		$	14,195	

The declaration of dividends by OTC Markets Group is subject to the discretion of our Board of Directors. Our Board of Directors will take into account such matters as general business conditions, our financial results, capital requirements, contractual, legal and regulatory restrictions on the payment of dividends and such other factors as our Board of Directors may deem relevant.

Part C. Business Information

Overview

Our mission is to create better informed and more efficient financial markets.
We operate three business lines:

- OTC Link LLC is a FINRA member broker-dealer that operates two SEC registered ATSs.
- Market Data Licensing distributes market data and financial information.
- Corporate Services operates the OTCQX and OTCQB markets and offers issuers disclosure and regulatory compliance products.

We facilitate transparent trading by connecting brokers, organizing markets and incentivizing disclosure. We distribute market data that informs investment decisions, enables the efficient pricing of risk, and assists regulated entities in meeting their compliance obligations. We provide the benefits of public trading to a wide spectrum of U.S. and global companies.

Products and Services

Each of our three business lines offers a distinct fee structure designed to serve its constituents. OTC Link LLC operates OTC Link ATS, with a subscription model and usage-based fees, and OTC Link ECN, with transaction-based fees. Corporate Services charges application and annual fees, and Market Data Licensing charges distribution and licensing fees. A significant proportion of our revenues are derived pursuant to subscription arrangements; consequently, a significant majority of our revenues are recurring in nature. For 2018, approximately 87% of our revenues were derived pursuant to subscription arrangements, as compared to 86% for 2017.

Each of our business lines is described in detail below.

OTC Link

Our wholly-owned subsidiary, OTC Link LLC, a FINRA member broker-dealer, operates OTC Link ATS and OTC Link ECN, both SEC registered ATSs. Accordingly, OTC Link LLC, OTC Link ATS and OTC Link ECN are subject to the direct regulatory oversight of the SEC and FINRA.

OTC Link ATS offers our broker-dealer subscribers a fully-attributable, network-based model for quoting and facilitating transactions in OTC equity securities and serves a diverse community of FINRA member broker-dealers that operate as market makers, agency brokers and ATSs, including Electronic Communication Networks ("ECNs"). OTC Link ATS provides a suite of quotation and trade-messaging services offering broker-dealers control of trades and choice of counterparties so they can efficiently provide best execution, attract order flow, and comply with FINRA and SEC regulations. Unlike traditional exchanges and matching engines, OTC Link ATS is not an intermediary. Rather, OTC Link ATS delivers trade messages electronically, allowing subscribers to execute or negotiate trades.

OTC Link ECN functions as a matching engine and router for certain OTC securities. OTC Link ECN complements OTC Link ATS by providing FINRA registered broker-dealer subscribers with anonymous order matching functionality. OTC Link ECN acts as an agency intermediary in relation to all transactions executed on the ECN's platform. When orders do not match internally on OTC Link ECN's matching engine, they are routed to an interdealer quotation system where they may appear as quotes using the market participant identifier "OTCX". Pursuant to applicable FINRA rules, OTC Link ECN submits trade reports to FINRA's OTC

Reporting Facility. All transactions executed on OTC Link ECN are cleared and settled pursuant to a clearing agreement with Apex Clearing Corporation.

As of December 31, 2018, 91 broker-dealers subscribed to our OTC Link ATS, as compared to 94 as of December 31, 2017. OTC Link ECN launched in December 2017. Since inception, 41 broker-dealers connect to our OTC Link ECN, 30 of which also subscribe to our OTC Link ATS.

Our OTC Link business made up approximately 19% and 18% of our gross revenues for the years ended December 31, 2018 and 2017, respectively.

Market Data Licensing

OTC Markets Group provides our subscribers with access to extensive market data and financial information. Due to the role OTC Link ATS plays in the trading process, and our interaction with issuers, we generate a significant amount of market data and information about companies. Our market data consists of real-time, delayed and end-of-day quotation and trading data, as well as security master data, company reference data and compliance data for OTCQX, OTCQB, and Pink securities.

We offer a suite of market data licenses, priced per enterprise or per user, through direct connectivity and third-party market data redistributors and Order Management Systems ("OMS"). Depending on the license type, subscribers may distribute the market data on an internal-only basis, redistribute to clients or redistribute to the public. We generate a majority of our market data revenues from sales through market data redistributors, and certain of our market data licensing agreements include redistribution fees and rebates. As of December 31, 2018, 55 market data distributors were disseminating our market data to subscribers, as compared to 58 as at December 31, 2017.

We also charge for the display of advertisements on www.otcmarkets.com.

Our Market Data Licensing business line made up approximately 39% and 40% of our gross revenues for the years ended December 31, 2018 and 2017, respectively.

Corporate Services

Our Corporate Services business line includes the OTCQX Best Market, the OTCQB Venture Market and the Pink Open Market, and our suite of disclosure and information services.

The OTCQX Best Market provides efficient public trading without the complexity and cost of a national securities exchange listing. Companies that meet high financial standards, practical corporate governance standards and timely public disclosure requirements can have their securities qualify to trade on the OTCQX Best Market.

To join OTCQX, companies must meet minimum financial, disclosure and qualitative standards, pay annual fees, and meet the requirements set out in our OTCQX Rules on an ongoing basis. Companies pay a one-time application fee and annual fees upon renewal.

The OTCQX market is divided into OTCQX U.S. and OTCQX International. OTCQX for Banks, an expansion of the OTCQX market for U.S. companies, is specifically aimed at meeting the needs of community and regional banks. As of December 31, 2018, there were 89 banks from 31 states traded on OTCQX versus 80 banks from 28 states as at December 31, 2017. The OTCQX International market is targeted towards (i) large global companies that meet the listing standards of a qualified non-U.S. stock exchange in their primary market and do not see value in meeting multiple regulatory, compliance, disclosure, and accounting standards, and (ii) global emerging growth companies that are listed on a qualified non-U.S. stock exchange and may be working towards a U.S. exchange listing, but are not yet ready to deploy the management resources necessary to handle the operational complexity and cost burdens.

As of December 31, 2018, 409 companies were traded on the OTCQX market, comprised of 152 OTCQX U.S. companies and 257 OTCQX International companies, as compared to 366 companies, comprised of 145 OTCQX U.S. companies and 221 OTCQX International companies as of December 31, 2017.

The OTCQB Venture Market provides public trading for developing and venture-stage companies and applies standards that promote price transparency and facilitate public disclosure. The OTCQB is also open to international companies that trade in the U.S. in reliance on one of various available exemptions from SEC registration and to domestic companies that meet our Alternative Reporting Standard and meet the applicable OTCQB standards.

There were 934 companies traded on the OTCQB market as of December 31, 2018, as compared to 938 companies as of December 31, 2017.

Securities traded on OTC Link ATS that do not meet the standards of, or choose not to apply for, the OTCQX Best Market or the OTCQB Venture Market are traded on the Pink Open Market. Companies on the Pink market are categorized as "Pink Current Information," "Pink Limited Information" or "Pink No Information" based on the sufficiency and timeliness of the information they provide to investors. Pink companies can subscribe to our OTC Disclosure & News Service® to make current information available to their investors on our website and through our distribution channels.

Companies whose stock is the subject of a public interest concern are flagged "Caveat Emptor," or buyer beware.

Our Corporate Services business made up approximately 42% of our gross revenues for each of the years ended December 31, 2018 and 2017.

Key Metrics

The table below presents key metrics for our business lines for the years ended December 31, 2018, 2017 and 2016.

	December 31,		
	2018	2017	2016
OTC Link			
Number of securities quoted (1)	10,042	10,286	9,633
Number of active market participants (1)	91	94	104
New Form 211 filings approved	393	414	371
Dollar volume traded (in thousands):			
OTCQX	$ 63,202,047	$ 55,890,931	$ 36,847,879
OTCQB	24,845,633	22,695,978	13,638,584
Pink	287,122,972	168,092,551	142,411,521
Total	$ 375,170,651	$ 246,679,460	$ 192,897,985
Dollar volume per security (in thousands):			
OTCQX	$ 136,211	$ 131,508	$ 79,930
OTCQB	25,021	22,741	14,618
Pink	$ 31,874	$ 18,815	$ 17,296
Corporate Services			
Graduates to a national securities exchange	70	61	44
Number of securities: (1)			
OTCQX	464	425	461
OTCQB	993	998	933
Pink	9,008	8,934	8,234
Total	10,465	10,357	9,628
Number of corporate clients: (1)			
OTCQX	409	366	398
OTCQB	934	938	872
Pink	741	755	665
Total	2,084	2,059	1,935
Market Data Licensing			
Market data professional users (1)	21,487	20,390	20,628
Market data non-professional users (1)	14,763	14,801	12,839

(1) Figures presented are at period end.

Recent Business Developments

Acquisition of Assets related to Virtual Investor Conferences^{SM} Business

On January 9, 2019, we announced our acquisition from PR Newswire Association LLC, of assets related to the online investor conference platform, Virtual Investor Conferences, a business previously operated by PR Newswire, a Cision Company. We intend to integrate the core assets of this service offering into our existing Corporate Services business line. We expect the Virtual Investor Conferences business to be accretive to earnings, but in the short term, do not expect that it will have a material impact on our financial results.

Acquisition of Qaravan^{SM} Inc.

On February 6, 2019, we announced the acquisition of Qaravan Inc., a provider of web-based software and risk and performance analytics to banking and finance industry professionals. The Qaravan suite of products provides a portfolio of research, reporting, metrics and analytics that are relevant across the entire banking ecosystem. We intend to integrate this suite of products into our existing Market Data business line. In the short term, we do not anticipate that this acquisition will have a material impact on our financial results.

London Office

On October 31, 2018, OTC Markets Group International Ltd, a wholly-owned subsidiary of OTC Markets Group Inc., was incorporated with the Registrar of Companies for England and Wales. In January 2019, we opened a small London office housing one employee to support our international OTCQX and OTCQB sales efforts. The expenses associated with this new office and subsidiary are not expected to be material, however, it is not possible to determine the impact of this initiative on our overall financial results.

Sublease Agreement for Office Space at 300 Vesey Street in New York, NY

Effective on October 19, 2018, we executed a Sublease Agreement for approximately 33 thousand square feet of office space at 300 Vesey Street, New York, NY. The space will serve as the Company's new headquarters. We intend to vacate our existing space and occupy this new space during the first quarter of 2019. The lease term runs until December 30, 2031. See further below under "*The Nature and Extent of the Issuer's Facilities*". We expect to incur significant capital costs related to our move to this new space.

Transfer Agent Verified Shares Program

The Transfer Agent Verified Shares Program was launched in 2016, making current share information verified by a company's transfer agent publicly available. In September 2018, we published for comment a proposed amendment to the OTCQX Rules for U.S. Companies and OTCQX Rules for U.S. Banks that would require that all U.S. companies and U.S. banks trading on OTCQX provide verified share data through a transfer agent that participates in the Transfer Agent Verified Shares Program. The proposed amendment allowed for a comment period through October 4, 2018 and became effective on January 1, 2019. As of March 1, 2019, 3 companies have been notified that they are not in compliance and may be downgraded if they do not meet the requirements of the new rule by the end of the compliance cure period.

As of March 1, 2019, there were 38 transfer agents participating in the program, representing approximately 99% of the U.S. companies on the OTCQX and OTCQB markets.

Recent Regulatory Developments Impacting our Business

Blue Sky Secondary Trading Exemptions for OTCQX and OTCQB

As of March 1, 2019, our OTCQX and OTCQB markets are exempt from state Blue Sky laws regarding secondary trading in thirty-four states – Alaska, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho (OTCQX only), Indiana, Iowa, Kansas (OTCQX only), Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont (OTCQX only), Washington, West Virginia, Wisconsin and Wyoming. State Blue Sky laws generally help investors make informed decisions by mandating that companies disclose accurate and current information when offering or marketing securities.

In connection with this initiative, in July 2018 the North American Securities Administrators Association ("NASAA"), the national organization of state securities regulators, announced a proposed model rule that would recognize OTC Markets Group as a "securities manual" with respect to securities on the OTCQX and OTCQB markets. If adopted by NASAA, the proposed model rule could lead to additional states recognizing these markets.

We believe recognition of our markets by state regulators and the resulting Blue Sky exemptions will make OTCQX and OTCQB more attractive to current and prospective companies. However, the potential impact of this initiative on our financial results is indirect, and therefore difficult to determine.

Regulation A+

Regulation A+, an SEC offering exemption under Title IV of the Jumpstart Our Business Startups ("JOBS") Act, allows qualifying companies to conduct small public offerings up to $50 million in a 12-month period.

As originally enacted, Regulation A+ was not available to SEC reporting issuers. On June 6, 2016, we filed a Petition for Rulemaking with the SEC, requesting that SEC reporting companies be permitted to offer securities using Regulation A+.

In May 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act (S.2155) was signed into law. Section 508 of S.2155 is largely based on our 2016 SEC Petition for Rulemaking and required the SEC to allow reporting companies to offer securities using Regulation A+. On January 31, 2019, the corresponding SEC rule became effective, amending Regulation A+ to allow SEC reporting companies to use this capital raising tool. The continued development of the Regulation A+ market in the coming months and years, and its prospective use by SEC reporting companies, will determine the extent to which Regulation A+ will affect our financial results.

Other Business and Regulatory Information

Technology

Our IT infrastructure is the foundation of our internal and customer facing applications and ensures their reliability, high-availability and scalability.

We consistently roll out new business functionality while simultaneously focusing on improving the scalability and stability of our systems. We achieved 100% uptime of our core systems from 2015 through 2018. Capital expenditures during the past several years have been concentrated on the enhancement of our primary and secondary data centers and increased network resiliency and security. We will continue to invest in building out our systems, monitoring capabilities and support services to meet the functionality and reliability needs of our subscribers.

The Nature and Extent of the Issuer's Facilities

OTC Markets Group's corporate headquarters is located at 304 Hudson Street, New York, NY 10013, and is composed of approximately 15,000 square feet of leased general office space on the second floor and approximately 15,000 square feet of leased office, conference, meeting, and reception space (the OTCQX Market Center) on the third floor. The Company's operating lease for its New York headquarters was terminated effective September 28, 2018, upon execution of a Surrender Agreement with the landlord. The Company continues to occupy the space as a holdover tenant subject to substantially all of the terms that existed in the original lease agreement. The Surrender Agreement expires on April 30, 2019 but may be terminated prior to that date, at the Company's option, upon provision of notice in accordance with the terms of the Surrender Agreement. The annual rental expense under the lease is approximately $1.2 million.

Effective October 19, 2018, the Company entered into a Sublease Agreement for approximately 33,000 square feet of general office, conference, meeting and reception space on the 12th floor of 300 Vesey Street, New York, NY 10282. The term of the sublease is through December 30, 2031 and the Company expects to occupy its new corporate headquarters during the first quarter of 2019. The annual rental expense under the lease is approximately $1.8 million.

We maintain an office in Washington, D.C., consisting of approximately 4,000 square feet of general office space, located at NW 100 M Street, Washington, D.C. 20003. The lease expires in June 2021 and annual rent expense is approximately $203 thousand.

Legal Proceedings

There are no current, past, pending, or threatened legal proceedings or administrative actions either by or against us that could have a material effect on our business, financial condition, or operations. We are not a party to any past or pending trading suspensions by a securities regulator.

Contracts

Exhibits 3 and 4 to this Annual Report provide a list of contracts important to our business, divided into two categories: material contracts and customer contracts. Negotiated material contracts include R. Cromwell Coulson's employment agreement and real estate leases on real properties used in our business. We use standardized customer contracts in each of our three business lines.

Regulation

Our wholly-owned subsidiary, OTC Link LLC, is a FINRA member broker-dealer. OTC Link LLC operates two SEC registered ATSs, OTC Link ATS and OTC Link ECN. OTC Link LLC, OTC Link ATS and OTC Link ECN are therefore subject to regulation and periodic examinations by the SEC and FINRA.

OTC Link ATS meets the definition of an SCI Entity under the SEC's Regulation Systems Compliance and Integrity ("Regulation SCI") and is required to, among other things, provide notices and reports to the SEC regarding certain disruptions and material changes in its systems, conduct regular system testing and reviews, and maintain certain books and records. OTC Link ATS and OTC Link ECN are also each required to comply with the applicable regulatory obligations under Regulation ATS.

FINRA member broker-dealers publish quotes and transmit trade messages on OTC Link ATS. OTC Link is not a reporting party to any trade executions that may result from these trade messages. All subscribers to OTC Link ATS are FINRA member broker-dealers, subject to all applicable FINRA rules, including the firm quote rule (FINRA Rule 5220).

OTC Link ECN provides its subscribers with matching engine and order routing functionality and is subject to FINRA and SEC rules applicable to that market model.

OTC Markets Group, and our markets generally, are not national securities exchanges. Our markets provide an alternative to national securities exchange listing for companies that either choose not to be listed on a U.S. national securities exchange or do not meet the relevant listing requirements. Our non-exchange status enables us to offer certain financial information, technology and market services that are competitive with the services offered by national securities exchanges with less complexity and lower costs, but it also inhibits our ability to provide certain other services.

It is our policy to share information about ourselves and our markets proactively with regulators, and to provide records promptly in response to regulatory requests. OTC Markets Group requires each company displaying information on the OTC Disclosure & News Service to agree in writing that OTC Markets Group may provide the relevant authorities with information provided by the company and the identity of those authorized to submit information on the company's behalf.

OTC Markets Group does not have regulatory authority over companies whose securities trade on our markets and such companies are not required by U.S. securities laws to provide us with financial information or other disclosure for their securities to be traded by broker-dealers on our markets.

The Need for any Governmental Approval of the Company's Products and Services and the Status of such Approvals

We believe all of the products and services we offer through OTC Link LLC comply with applicable FINRA and SEC rules.

Since 2013, the SEC has taken the position that it considers the OTCQX and OTCQB markets to be "established public markets" for the purposes of establishing a public market price when registering securities for resale in equity line financings on SEC Forms S-1 or S-3. As a result, companies may use their OTCQX or OTCQB market trading to complete an equity line financing registration statement.

Securities on our OTCQX and OTCQB markets are exempt from secondary trading laws by securities regulators in 34 states and 31 states respectively (See the discussion of "*Blue Sky Secondary Trading Exemptions for OTCQX and OTCQB"*, above). States have granted this status via no-action letters, administrative orders, rule changes and under existing exemptions. The recognition of our markets for this purpose, including NASAA's announcement of a proposed model rule, is primarily based on the free, public, online availability of current corporate disclosure from OTCQX and OTCQB companies and is conditioned upon the continued availability of that disclosure. We expect OTCQX and OTCQB to be recognized by additional states during 2019.

Competition

OTC Link

The market for trading services in the U.S. is intensely competitive. Changes in the regulatory landscape over the past several years have contributed to a dramatic increase in the number of trading platforms in the equities markets, including numerous national securities exchanges, regional markets, ATSs and ECNs. A continued increase in new entrants and products to the market or in price competition could result in a decline in our trading activity, thereby adversely affecting our operating results.

We compete with national securities exchanges such as Nasdaq and NYSE because a portion of the companies traded on OTC Link ATS may also qualify for a national securities exchange listing. Current law prevents national securities exchanges from listing or facilitating trading in non-SEC registered securities. OTC Link ATS and OTC Link ECN would face increased competition from national securities exchanges if those laws were to change.

Global OTC, an ATS operated by a subsidiary of the NYSE Group Inc., operates an automatic execution venue for certain OTC equity securities. Global OTC ATS and its predecessors had traditionally been quoting subscribers of OTC Link ATS. On May 1, 2017, Global OTC ATS ceased publishing quotes in OTC Link ATS to operate its own Interdealer Quotation System ("IDQS") in competition with OTC Link ATS. The loss of Global OTC ATS as a quoting subscriber and their position as a competitor has had a de minimis impact on OTC Link revenues. We launched our OTC Link ECN in December 2017, offering anonymous order matching and routing services to subscribers and have continued to gain traction with this offering (See further below under "*Trends in our Business"*).

Market Data Licensing

A decline in trading on our OTC Link ATS caused by competition or otherwise, as well as other economic conditions adversely affecting our OTC Link ATS, OTC Link ATS subscribers or market data subscribers, may result in a reduction in demand for our market data products. If competition in the OTC trading market results in fragmentation of the existing market for quoting and trading OTC equity securities, the value of our market data products, and corresponding demand for those products, may be reduced. As of May 1, 2017, Global OTC ATS began also distributing market data in the OTC equity space. The market data business is highly dependent on rapidly changing technology and is characterized by intense price competition. Many of our competitors have greater financial and other resources than we do. These market data providers may offer more competitive pricing and deploy new products to our detriment. Competition for our market data products may arise from, among other things, market data generated by a competing ATS or FINRA providing quote data for securities on our markets through a regulatory data feed or other mechanism.

Corporate Services

Our Corporate Services business line competes with national securities exchanges such as Nasdaq and NYSE and with global exchanges such as LSE's AIM and Canada's TSX's Venture Exchange. We face competition because certain companies that join our OTCQX or OTCQB markets may also qualify for a national securities exchange listing. We benefit from current law that prevents a national securities exchange from listing the securities of non-SEC registered companies.

It is possible that the national securities exchanges or competing ATSs could alter their business models to attempt to compete with our corporate services. New entrants may, among other things, respond more quickly to competitive pressures, develop and deploy products and services more efficiently or adapt more successfully to changes in technologies and customer requirements. If we are unable to compete successfully in terms of our product offerings or pricing, our business, financial condition and results of operations could be materially adversely affected.

Dependence on One or a Few Major Customers

OTC Markets Group's three business lines produce diverse products and services. The varied nature of our revenue streams generally prevents us from having material reliance on a small number of major customers. However, our Market Data Licensing business utilizes third party data redistributors to bring our data to end users, and these end users are somewhat concentrated with certain major redistribution partners. During 2018 and 2017, redistribution of our market data licenses through Bloomberg LP accounted for 10% and 11% of our gross revenues, respectively.

A majority of our OTC Link and Market Data Licensing customers are financial institutions. We are subject to reliance on a decreasing number of major customers as financial institutions are acquired, merge, restructure and dissolve. If relationships with our largest distribution partners or a substantial number of our financial institution customers, including our OTC Link ATS broker-dealer subscribers, are terminated, not renewed, or renegotiated on terms less favorable to us, our business could be adversely affected.

Employees

At December 31, 2018 and 2017, OTC Markets Group had a total of 93 and 90 employees, respectively, all of whom are full-time employees. Employees support one of our three business lines, or our Information Technology or Finance/Corporate Administration support units.

Trademarks, Licenses, Franchises, Concessions, Royalty Agreements, or Labor Contracts

To protect our intellectual property rights, we rely on a combination of trademark and copyright laws, trade secret protections, confidentiality agreements, and other contractual arrangements with our clients, strategic partners, and others.

We own or have licensed rights to trade names, trademarks, domain names, and service marks that we use in conjunction with our operations and services. We have registered many of our most important trademarks. Our primary trademarks and trade names include "OTCQX," "OTCQB," "OTC Link," and "Pink". As of December 31, 2018, we had 32 registered trademarks, 3 pending trademarks and 1 pending patent. We maintain copyright protection in our branded materials.

Risk Factors

OTC Markets Group evaluates the key enterprise risks it faces on an ongoing basis. The list of key enterprise risks and uncertainties that follows is not exhaustive. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may adversely affect our business now or in the future.

Risks Relating to our Business

Regulatory changes could have a material adverse effect on our business.

The securities markets have faced increasing governmental and public scrutiny and significant regulatory changes over the past several years. It is difficult to predict the exact nature of potential changes in the regulatory environment or to predict the resulting impact on our business. The SEC regulates us directly, and exercises regulatory authority over issuers, broker-dealers and other participants in the public markets. Our ability to comply with applicable rules and regulations depends on, among other things, our ability to establish and maintain appropriate systems and procedures, as well as our ability to attract and retain qualified personnel.

While we are not a national securities exchange, we offer certain services that are competitive with the services offered by national securities exchanges (See "*Competition*" above).

Companies for which our Corporate Services products are suitable include companies that choose to deregister with the SEC. In recent years, the JOBS Act and other SEC initiatives have led to certain companies choosing to terminate their SEC registration. Any regulatory change that would encourage or require more companies to undertake SEC registration, reversing the recent trend towards de-registration, may reduce the demand for our OTCQX and OTCQB markets. Similarly, the SEC's Regulation A+, adopted in March 2015, sought to simplify the process by which early stage companies can raise capital under the previously existing Regulation A framework. In 2017, a number of companies engaging in Regulation A+ offerings elected to become fully SEC reporting and list on national securities exchanges. In early 2019, the SEC finalized rules allowing SEC reporting companies to conduct Regulation A+ offerings. If national securities exchanges are permitted to become specialized venture exchanges or other exchange-based smaller company markets, companies could seek to trade on those markets and broker-dealers could seek to quote on those markets, rather than on our OTCQX and OTCQB markets.

OTC Link LLC is subject to FINRA and SEC oversight. The regulatory framework under which we operate, and new regulatory requirements or new interpretations of existing requirements, could require substantial time and resources for compliance, which could make it difficult and costly for us to operate our business.

Our wholly-owned subsidiary, OTC Link LLC, is subject to FINRA and SEC oversight and operates two SEC registered ATSs, OTC Link ATS and OTC Link ECN. Regulation of OTC Link ATS, and its designation as an SCI entity under Regulation SCI, increases the amount of regulatory scrutiny we are subjected to and the related costs. While not an SCI entity, OTC Link ECN is subject to FINRA and SEC oversight and may qualify as an SCI entity at some point in the future. Regulation SCI requires certain critical market participants, including OTC Link ATS, to maintain comprehensive policies and procedures in relation to their systems and technology. The ongoing burdens associated with Regulation SCI compliance could negatively impact our business by increasing our operational expenses and our regulatory risk. Further, the SEC and or FINRA could impose additional transactional or other fees which could increase our operating costs or otherwise negatively impact our business.

Regulatory compliance requires substantial time and resources, which make it costlier to operate our OTC Link business. OTC Link LLC is also subject to periodic examinations by the SEC and FINRA, which may result in monetary or other penalties, including possible revocation of ATS licenses. Regulatory requirements may make the development and introduction of new products and services more costly and time-consuming, or possibly limit or prohibit such initiatives altogether.

OTC Link ATS relies on certain trade reporting exemptions under the FINRA Rules. Limitations to the nature or extent of this exemptive relief may have a negative impact on our business.

OTC Link LLC is subject to regulatory requirements intended to ensure its general financial soundness and liquidity, including certain minimum capital requirements.

Cyber-attacks or other security incidents could harm our business.

The fast and secure transmission of information over public and other networks is a critical element of our operations and is the subject of significant regulatory scrutiny. Our computer systems, networks and those of our third-party service providers may be vulnerable to security breaches, hacking, human error, denial-of-service attacks, sabotage, terrorism, computer viruses and other security problems. Some of these threats include attacks from foreign agents or insiders. Individuals could wrongfully access and use our information or our subscribers' or users' information, or cause interruptions or malfunctions in our operations. Although we have implemented security measures, our security and the security of our third-party providers may prove to be inadequate. Any system breach may go undetected for an extended period of time. Maintaining and enhancing these measures also represents additional cost, which reduces our operating margin. If our systems fail to perform or if there are security breaches, any such failures or breaches could, among other things, damage our reputation and/or cause a loss of business, trading, revenues, and lead to lawsuits and regulatory actions including fines, any of which could adversely affect our business, financial condition and operating results.

Our compliance and risk management methods, as well as our fulfillment of our regulatory obligations, might not be effective, which could lead to enforcement actions by our regulators.

Our ability to comply with complex and changing laws and regulations is largely dependent on our establishing and maintaining compliance and reporting systems that can quickly adapt and respond, as well as our ability to attract and retain qualified compliance and other risk management personnel. While we have policies and procedures to identify, monitor and manage our risks and regulatory obligations, if we fail to comply with any applicable regulations or specific regulatory requests, regulators could take a variety of actions, including imposing fines, issuing cease and desist orders, or prohibiting us from engaging in certain aspects of our businesses, that could impair our ability to conduct our business and have adverse consequences for our business, financial condition and operating results.

OTC Link ATS subscribers are highly regulated and the regulatory framework under which they operate and new regulatory requirements or new interpretations of existing requirements could require substantial time and resources for compliance, which could make it difficult and costly for them to operate.

Our subscribers also operate in a highly regulated environment. The SEC, FINRA or other regulatory authorities could extend the scope of Regulation SCI to include our broker-dealer subscribers or could impose other regulatory requirements, such as the implementation of the proposed Consolidated Audit Trail requirements with respect to OTC equity securities, that could adversely affect the ability of our subscribers to use our services or result in reduced demand for our services. Recent regulatory scrutiny has led clearing firms and other third-party service providers on which certain subscribers rely to develop policies limiting those subscribers' ability to interact with low-priced OTC securities, including restrictions on clearing, depositing or facilitating customer transactions in such securities. Continued regulatory scrutiny on low-priced securities could adversely affect the ability of our subscribers to use our services, result in reduced demand for our services, or cause certain market participants to cease operating in our markets.

System limitations and failures, including failures elsewhere in the financial service industry, could harm our business.

Our business depends on the continuing operation of our information technology and communications systems. If these systems cannot accommodate user demand or otherwise fail to perform, we could experience disruptions in service, slower response times, and delays in the introduction of new or updated products and services. Interruptions in service and delays could reduce revenues and profits, lead to regulatory action including fines, and result in damage to our reputation. We have experienced systems failures in the past, and systems failures may occur in the future. Failures could be caused by, among other things, failures at third-party vendors on which we rely, hardware or software malfunctions or defects, unusually heavy use of our systems, insufficient capacity or network bandwidth, power or telecommunications failures, natural disasters, human error and computer viruses. Any interruption in the third-party services on which we rely could be disruptive to our business and to our ability to continue to operate.

We currently maintain and expect to continue to maintain multiple computer facilities and systems that are designed to provide redundancy and backup. However, such systems and facilities may prove inadequate. The steps we have taken to increase the reliability and redundancy of our systems are expensive, reduce our operating margin and may not be successful in reducing the frequency or duration of unscheduled downtime.

We have programs in place to identify, monitor and minimize our exposure to vulnerabilities that could contribute to system failures, however we cannot guarantee that such failures will not occur in the future.

In recent years, technology-related failures have impacted several prominent securities industry participants. If broker-dealer subscribers to OTC Link undergo significant systems failures, they may cease to operate or cease to use our services. Further, those failures, or failures in other areas of the U.S. or global trading markets, may erode investor confidence in the securities trading industry, which could adversely affect our business, financial condition and operating results.

The success of our business depends on our ability to keep up with the significant and rapid technological and other changes that affect our industry.

Our future success will depend on our ability to adapt to changing technologies, to conform our products and services to evolving industry and regulatory standards and to improve the performance and reliability of our services. Although our investments in technology are carefully scrutinized for value to the enterprise, there can be no assurance that we will generate an acceptable or any return on such investments. Our business would also be negatively affected by the failure of new products or upgrades to function as expected or at all or by the failure of new products or upgrades with significant associated cost to generate an appropriate risk adjusted return.

Keeping pace with increasing technological requirements involves significant use of resources, and we cannot be sure that we will succeed in making these improvements in a timely manner or at all. If we are unable to anticipate and respond to the demand for new services and products in a cost-effective way, we may be unable to compete effectively, which could adversely affect our business, financial condition, and operating results.

Our industry is highly competitive.

We face formidable competition in every aspect of our business. We compete in a variety of ways with other market participants, including national securities exchanges and other SEC registered ATSs, including with respect to the cost of products and services, ease of use and performance of trading systems, the range of products and services offered to subscribers, technological innovation, and reputation. There is the possibility that new national securities exchanges, ATSs or other trading platforms could emerge that would further increase competition in our industry.

The leading global stock exchanges have highly developed and successful listing products and premium fee structures that can fund substantial advertising, marketing and sales efforts. There is the possibility that national securities exchanges or ATSs could create listing venues, such as specialized venture exchanges, that compete directly with our OTCQX and OTCQB markets. If we fail to compete successfully with existing or new market participants, our business, financial condition, and operating results may be adversely affected. For additional information on the competitive environment in which we operate, see the section on *"Competition"* above.

Challenging economic conditions may impact our business, financial condition and operating results.

Our business performance is impacted by a number of factors, including general economic conditions, financial market activity and other factors that are generally out of our control. A weakening of global or national economic conditions would likely negatively impact the ability of our customers and other counterparties to meet their obligations to us. Poor economic conditions could result in, among other things, declines in trading activity, or a reduction in demand for our market data and corporate services products.

Levels of trading activity are influenced by economic, political and market conditions. Reduced levels of trading activity in our markets may affect customer demand for our corporate services and market data and may adversely impact transaction-based revenues. It is likely that a general decline in trading volumes would adversely affect our broker-dealer subscribers, which may adversely affect our business, financial condition and operating results. In addition, revenues from our trading services and market data businesses may decline due to further declines in headcount within the financial services industry.

Deterioration of the economic conditions of our customers may have a corresponding detrimental impact on our business, financial condition and operating results.

The United Kingdom's exit from the European Union could cause uncertainty and adversely impact our business and the activities of our customers. We have operations in the UK, and while these operations are very limited in scope and not material to our overall business, the overall impact of United Kingdom's exit from the European Union may create economic uncertainty on a global scale, which may adversely impact the activities of our customers and could adversely affect our business, financial condition, and operating results.

Our failure to attract and retain key personnel may adversely affect our ability to conduct our business.

Our success depends, in large part, upon our ability to attract and retain highly qualified personnel, which will be dependent on a number of factors, including market conditions and compensation offered by our competitors. Moreover, there can be no assurance that we will be able to retain our current employees. There is substantial competition for qualified and capable technologists, which may make it difficult for us to retain qualified employees. We may have to incur costs to retain or replace senior executive officers or other key employees, and our ability to execute our business strategy could be impaired if we are unable to replace such persons in a timely manner. We have entered into Change in Control Agreements with certain senior executive officers but that may not be sufficient to retain those employees.

We are highly dependent on the continued services of R. Cromwell Coulson, our Chief Executive Officer, and other executive officers and key employees who possess extensive knowledge and technology skills. We maintain a "key person" life insurance policy on Mr. Coulson in the amount of $5 million, but the loss of the services of Mr. Coulson or other key employees could have a material adverse effect on our business, financial condition, and operating results.

Many OTCQX and OTCQB companies operate in Canada, are concentrated in specific industries in Canada and may be subject to economic factors in Canada that may cause them to no longer meet the OTCQX Rules and the OTCQB Standards, or to choose to withdraw from OTCQX or OTCQB.

A significant number of our OTCQX and OTCQB companies are based in Canada and many of those companies are engaged in the mining and cannabis sectors. A downturn in these sectors or in the general Canadian economy may adversely affect the operating results of those companies, causing them to no longer meet the OTCQX rules and OTCQB standards or to choose to withdraw in order to reduce costs. Historical downturns in certain industries have adversely affected our OTCQX market in prior years. The voluntary or involuntary withdrawal from OTCQX or OTCQB by these companies could adversely affect our OTCQX and OTCQB brands as well as our financial position and results of operations.

Canada, and certain U.S. states and jurisdictions have passed laws permitting the sale and distribution of cannabis-based products and services, however the U.S. federal government has not passed such laws. Any regulatory or criminal action brought by the U.S. federal government or any U.S. state, or the repeal of any current cannabis legalization in Canada or any U.S. state, could have an adverse effect on our OTCQX and OTCQB markets and our business more generally, financial condition and operating results.

The OTCQX, OTCQB and Pink markets are not national securities exchanges and this may limit the pool of available investors for these securities.

Some investors may only invest in securities listed on a national securities exchange. Our OTCQX market offers many services comparable to a national securities exchange, however under current regulations national securities exchanges have the ability to offer certain advantages to listed securities. For example, securities listed on a national securities exchange are exempt from state Blue Sky laws covering the offer or sale of securities within each state. National securities exchange listing status also confers margin eligibility to certain securities and potentially allows for their inclusion in certain exchange-traded funds and indices. While we have made significant progress in achieving state Blue Sky and other recognition for our premium markets, remaining differences between our markets and the national securities exchanges, perceived or actual, may act as a barrier to certain companies electing to have their securities traded on the OTCQX, OTCQB or Pink markets.

We are subject to reliance on a decreasing number of major customers as financial institutions are acquired, merge, restructure, and dissolve.

A majority of our OTC Link and Market Data Licensing subscribers are financial institutions. Over the past decade the number of financial institutions operating businesses that may consume our services has decreased, causing our subscriber base to shrink. If this trend continues, it could cause our subscriber base to further contract and adversely affect our operating results and financial position. Our relationships with our largest distribution partners or a substantial number of our financial institution customers may terminate, not renew, or be renegotiated on terms less favorable to us, resulting in adverse effects on our business.

Trading automation presents challenges to our business model.

The automation of trading has resulted in a reduction in the number of broker-dealers and users for our OTC Dealer application and other services provided by OTC Link ATS as well as in a reduction in the potential pool of users of our market data. Trading automation is expected to continue, and revenue growth in our OTC Link business line, and the success of our OTC Link ECN, may depend on our ability to introduce new services, which may not be successful.

We are exposed to credit risk from third parties.

We are exposed to credit risk from third parties. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, or other reasons. Our subscribers are generally financial institutions whose ability to satisfy their contractual obligations may be negatively impacted by, among other things, slow or stagnant financial growth. Credit losses could adversely affect our financial position and results of operations.

If we are not able to maintain and further enhance OTC Markets Group's reputation and brand, our ability to expand our business will be impaired and our business and operating results will be harmed.

We believe that our brand identity has significantly contributed to the success of our business. We also believe that maintaining and enhancing the "OTC Markets Group" brand as an innovative provider of financial information and technology services is critical to expanding our business. Maintaining and enhancing our brands may require us to make substantial investments and these investments may not be successful. If we fail to promote and maintain our brands, or if we incur excessive expenses in this effort, our business, operating results, and financial condition will be materially and adversely affected.

Our reputation could be harmed by, among other things, issues related to technology-related failures, including security breaches and cyber-attacks, misconduct or fraudulent activity by current or past employees, companies traded on our OTCQX and OTCQB markets, or OTCQX Sponsors, any inaccuracy of our financial statements or other public disclosure and any failure to comply with regulatory requirements or negative public statements by regulators, including further regulatory scrutiny on low-priced securities.

Damage to our reputation could harm our business in many ways, including reducing investor demand for OTC securities, causing broker-dealers to discontinue their use of OTC Link, causing companies not to choose to trade their securities on, or to remove their securities from, OTCQX or OTCQB, causing current or potential customers to refrain from purchasing market data and causing regulators to scrutinize or impose additional regulations on our operations. Any of these events could adversely affect our business, financial condition and operating results.

The occurrence or perception of unauthorized disclosure of confidential information could harm our business.

In the course of our business, we receive, process, transmit and store certain confidential information. Our treatment of such information is subject to contractual and legal restrictions, including the European Union General Data Protection Regulation (GDPR). While we take measures to protect against unauthorized access to confidential information, these measures may prove inadequate. Our failure to adequately protect confidential information may subject us to contractual liability and damages, regulatory actions including fines, loss of business and harm to our reputation. The occurrence of these events, or the mere perception of the breach of confidence on our part, could have an adverse effect on our business.

Our intellectual property rights are valuable and any failure to protect our intellectual property rights, or allegations that we have infringed the intellectual property rights of others, could adversely affect our business, financial condition, and operating results.

Our trademarks, trade secrets, copyrights, pending patents and all of our other intellectual property rights are important assets. Our intellectual property rights are subject to a combination of trademark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements, and other contractual arrangements with our affiliates, subscribers, vendors and others. Failure to protect our intellectual property adequately could harm our reputation and affect our ability to compete effectively. Further, defending our intellectual property rights, or third-party intellectual property claims against us, may require significant financial and other resources, limit our ability to use certain intellectual property, or require us to purchase licenses from third-parties.

We vigorously defend our rights to own and license the use of market data. However, any change in existing law that would place in question our intellectual property rights in our market data would have a material adverse effect on this aspect of our business.

Any infringement by us on intellectual property rights of others could result in litigation and could have a material adverse effect on our operations.

Our competitors, as well as others, have obtained, or may obtain, patents or may otherwise hold intellectual property rights that are related to our technology or the types of products and services we offer or plan to offer. We may not be aware of all intellectual property that may pose a risk of infringement by our products, services or technologies. In addition, some patent applications in the U.S. are confidential until a patent is issued, and therefore we cannot evaluate the extent to which our products and services may be covered or asserted to be covered in pending patent applications. Thus, we cannot be sure that our products and services do not infringe on the rights of others or that others will not make claims of infringement against us. Claims of infringement are not uncommon in our industry, and even if we believe that such claims are without merit, they can be time-consuming and costly to defend and divert management resources and attention. If one or more of our products, services or technologies were determined to infringe a patent or other intellectual property right held by another party, we may be required to pay damages, stop using, developing or marketing those products, services or technologies, obtain a license from the holders of the patents or redesign those products, services or technologies to avoid infringing the patent. If we were required to stop using, developing or marketing certain products, our business, financial condition and operating results could be materially harmed. Moreover, if we were unable to obtain required licenses, we may not be able to redesign our products, services or technologies to avoid infringement, which could materially adversely affect our business, financial condition and operating results.

Our operating results may fluctuate, which makes our results difficult to predict and could cause our results to fall short of expectations.

Our operating results may fluctuate as a result of a number of factors, many of which are outside of our control, including economic and political market conditions, natural disasters, terrorism, war or other catastrophes, broad macro-economic trends, seasonal fluctuations, price performance and volatility in the stock market, the level and volatility of interest rates, changes in government monetary or tax policy or other legislative and regulatory changes. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and our past results should not be relied on as an indication of future performance.

We may need additional funds to maintain and grow our business, which may not be readily available.

We depend on the availability of adequate capital to maintain and develop our business. Although we believe that we can meet our current capital requirements from internally generated funds, cash on hand and available borrowings, there are no assurances that additional capital will not be required in the future. If we do not achieve our expected operating results, we may need to reallocate our cash resources. Our failure to fund our capital or credit requirements could have an adverse effect on our business, financial condition, and operating results.

We have no outstanding borrowings under our $1.5 million line of credit with JPMorgan Chase Bank, N.A. ("JPMorgan Chase") (See the section on "*Liquidity and Capital Resources*", below). In the event that we draw funds on our line of credit, or choose to enter into and draw from additional credit agreements for the purpose of making acquisitions or otherwise, we would be subject to restrictive covenants that could, among other things, restrict our ability to grant liens, incur additional indebtedness, pay dividends, sell assets, and make certain payments. Our failure to meet any of the covenants could result in an event of default. If an event of default were to occur, and we were unable to receive a waiver of default, our lenders could increase our borrowing costs, restrict our ability to obtain additional borrowings, accelerate all amounts outstanding, or enforce their interest against all collateral pledged.

If the capital and credit markets experience volatility, access to additional capital or credit may not be available on terms acceptable to us or at all.

We may not be successful in executing on our strategies to support our growth through acquisitions, other investments or strategic alliances.

As we continue to seek strategic growth opportunities, there can be no assurance that we will be able to identify suitable investments or candidates for acquisition at acceptable prices. There may be integration risks or other risks resulting from acquired businesses.

Our ability to achieve the expected returns from acquisitions and alliances depends on many factors, including our ability to effectively integrate the technology, sales, administrative functions and personnel into our core business lines and the ability to cross-sell new products and services to our existing customers. We cannot guarantee that businesses we acquire will perform at the levels anticipated. Further, many of the other potential acquirers of assets in our industry have far greater financial resources than we have, and we cannot be sure that we will be able to complete any future transactions on terms favorable to us.

Additionally, past and future acquisitions may subject us to unanticipated risks or liabilities, may require significant resources or may otherwise disrupt our existing operations. Growth, such as the addition of new clients, technology and personnel, puts demands on our resources, including our internal systems and infrastructure. These needs may result in increased costs that could negatively impact results of operations.

We are not subject to SEC reporting requirements, which may negatively impact our ability to raise capital.

None of our common stock has been registered with the SEC under the Securities Act or the Exchange Act or qualified under any state securities laws. This limits our ability to raise capital under certain circumstances. For example, certain investors will not invest in unregistered securities, including in private offerings of securities issued by public companies that do not provide investors with registration rights.

We avail ourselves of Blue Sky secondary trading exemptions through our inclusion on the OTCQX market, and other applicable exemptions and filings; however not all states recognize these exemptions and there are states in which we have not qualified for an exemption or filing.

If we were to decide to issue securities in a registered public offering, we would be required to register our securities under the Exchange Act and, among other things, comply with SEC reporting requirements, which would increase our ongoing costs of operations.

Risks Relating to an Investment in OTC Markets Group's Common Stock

If a more active, liquid trading market for our common stock does not develop, stockholders may be unable to sell their shares quickly or at all.

Historically, our shares have been thinly traded. Prices of thinly traded securities tend to be more volatile than those traded more actively because just a few trades may affect the market price substantially. Stockholders may not be able to sell their shares quickly or at all, or obtain an expected price, and it may be especially difficult to sell shares during a slow period in the financial markets.

The market price and trading volume of OTC Markets Group's common stock may be volatile and stockholders could lose some or all of their investment.

A variety of market and industry factors may affect the market price of our common stock, regardless of our actual operating performance. This market volatility, as well as other factors including, but not limited to, quarterly variations in our financial results, results that fail to meet investor or analyst expectations, departures of key personnel, liquidation by significant shareholders, our inability to continue to pay quarterly dividends or year-end special dividends, changes to the regulatory environment in which we operate, developments in the competitive landscape, technology failures or changes in the macro economic environment more generally, could adversely affect the market price of our common stock.

Decisions to declare future dividends on our common stock will be at the discretion of our Board of Directors based upon a review of relevant considerations. Accordingly, there can be no guarantee that we will pay future dividends to our stockholders.

The declaration of dividends by OTC Markets Group is subject to the discretion of our Board of Directors. Our Board of Directors will take into account such matters as general business conditions, our financial results, capital requirements, contractual, legal and regulatory restrictions on the payment of dividends and such other factors as our Board of Directors may deem relevant. Based on an evaluation of these factors, the Board of Directors may determine not to declare future dividends at all or to declare future dividends at a reduced amount. Accordingly, there can be no guarantee that we will pay future dividends to our stockholders.

Charges to earnings resulting from acquisition, integration and restructuring costs may adversely affect the market value of our common stock.

Our financial results could be adversely affected by the amount of additional amortization or depreciation expense incurred over the useful economic life of assets acquired, by any impairment charges that may be required to be recorded and by the amount of any additional costs from integrating or restructuring the operations of the businesses acquired. This could, in turn, adversely affect the market price of our common stock.

Our Chief Executive Officer holds over 30% of our issued and outstanding common stock.

As of December 31, 2018, our Chief Executive Officer, R. Cromwell Coulson, owned 30.4% of the voting power of our outstanding common stock. Since he owns a large percentage of our common stock, Mr. Coulson has significant influence over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of the Company or our assets, and he will have such influence for the foreseeable future. This concentrated control may limit the ability of other stockholders to influence corporate matters, and as a result we may take actions that our other stockholders do not view as beneficial. Consequently, the market price of our common stock could be adversely affected.

Provisions of our certificate of incorporation, by-laws, certain agreements with management and Delaware law could delay or prevent a change in control of the Company and entrench current management.

Our organizational documents contain provisions that may be deemed to have an anti-takeover effect and may delay, deter, or prevent a change of control, such as a takeover proposal that might result in a premium over the market price for our common stock. Additionally, certain of these provisions make it more difficult to bring about a change in the composition of our board of directors, which could result in entrenchment of current management.

Our certificate of incorporation and by-laws:

- authorize our board of directors to elect directors to fill a vacancy created by the expansion of the board or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- require supermajority stockholder approval to remove directors;
- do not permit stockholders to act by written consent or to call special meetings; and,
- authorize the board, in the event of a tender or other offer for our shares, to advise stockholders not to accept the offer, to create a preferred stock rights agreement and to obtain a more favorable offer from another individual or entity.

Our certificate of incorporation elects the application of Section 203 of the Delaware General Corporation Law, or DGCL. Under Section 203 of the DGCL, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Our Board of Directors could rely on Delaware law to prevent or delay an acquisition of the Company (See "*Share Structure,*" above).

We have entered into Change in Control agreements with certain senior executive officers, which may have the effect of discouraging potential acquirers of our business or reduce the price they are willing to pay common shareholders in connection with an acquisition.

2019 Outlook

This section is comprised primarily of forward-looking statements (See "Cautionary Note Regarding Forward-Looking Statements").

During 2019, the Company expects to focus on five primary objectives: 1) continuing to gain market share via our OTC Link ECN, by attracting additional subscribers and facilitating increased trading by existing subscribers and users; 2) a continued focus on the reliability of our core systems; 3) continuing to build on the significant progress made in gaining regulatory recognition of our premium markets; 4) a continued focus on enhancing the corporate client experience on the OTCQX and OTCQB markets and 5) through a careful evaluation of potential strategic acquisitions, a continued focus on expanding our suite of technology enabled products and services with a view to diversifying and growing our subscriber and customer base and continuing to grow top line revenues.

In December 2017, we launched our OTC Link ECN. Leveraging our broker-dealer network model, OTC Link ECN provides FINRA registered broker-dealer subscribers with anonymous order matching and order routing functionality. This provides additional and complementary functionality to our existing subscribers, including the opportunity to trade anonymously and the benefits of a maker-taker pricing model. Our OTC Link ECN positioned us to attract new subscribers and since inception we have added 11 new subscribers to the ECN platform and enabled 30 of our legacy OTC Link ATS subscribers. For the fourth quarter we executed an average of 3,000 transactions per day in our ECN. We intend to continue to focus on adding subscribers and attracting additional flow and expect to continue to gain market share.

OTC Link ATS is subject to the requirements of Regulation SCI, which are in line with our priority to develop and maintain reliable core systems, processes and data for our subscribers. We will continue to invest in our platform, infrastructure and people in order to ensure we have reliable and compliant systems, policies and procedures, and to allow us to further expand our network. We expect that increases in our operating expenses will be primarily related to our compensation costs and continuing upgrades to our IT infrastructure.

As of March 1, 2019, our OTCQX and OTCQB markets are exempt from secondary trading regulations in thirty-four and thirty-one states, respectively (See "*Recent Regulatory Developments*" above). These recognitions mark important milestones in establishing our data-driven OTCQX and OTCQB market standards as a strong baseline for corporate governance, investor engagement and transparency. During 2019, we will continue to focus on achieving increased regulatory recognition for our market standards in respect of state Blue Sky laws as well as certain federal regulations concerning margin eligibility and employee stock ownership plans for OTC securities.

Our goal is to continue to make our corporate clients more successful by providing an efficient and cost effective secondary market that facilitates price discovery as well as a technology focused platform and innovative solutions that allow them to provide timely, high quality disclosure to their investors and stakeholders. In January 2019, we announced the acquisition of certain assets related to the Virtual Investor Conferences service previously operated by PR Newswire Association LLC and opened a small London office to support our international sales efforts (See "*Recent Business Developments*" above). During 2019, we expect to focus on continuing to grow the number of international issuers on our markets through existing and expanded initiatives with overseas exchanges and partners and on providing both global and domestic issuers with an expanded suite of products and services.

In addition to the objectives discussed above, all of which focus on initiatives designed to deliver organic revenue growth, during 2019 we will continue to explore strategic capital allocation opportunities including targeted acquisitions. In early 2019 we announced two such acquisitions, (See "*Recent Business Developments*" above) both with a view to expanding our technology enabled product suite and providing additional utility to our customers. Our acquisition of Qaravan Inc., enhances our suite of market data services and provides us with a robust, qualitative set of banking data as well as the opportunity to provide additional tools and functionality that further supports the public and private banking industry. The Virtual Investor Conferences business allows corporate issuers to interact with investors through online webcasting tools. This offering aligns with our overall objective of providing enhanced investor engagement and other tools to our corporate issuers. We intend to continue to focus our efforts on identifying and executing on similar strategic opportunities.

PART D. Management Structure and Financial Information

The name of the Chief Executive Officer, members of the Board of Directors, as well as control persons

A. Officers and Directors

R. Cromwell Coulson, President and Chief Executive Officer; Director

R. Cromwell Coulson is President, CEO and a Director of OTC Markets Group since 1997. Mr. Coulson is responsible for the Company's overall growth and strategic direction and has led the transformation of the company into an operator of regulated financial markets for U.S. and global companies. Prior to OTC Markets Group, he was a trader and portfolio manager at Carr Securities Corporation, an institutional broker-dealer and market maker. He received his BBA from Southern Methodist University in 1989 and holds an OPM from Harvard Business School. Mr. Coulson is 52 years of age.

Matthew Fuchs, Executive Vice President, Market Data

Matthew Fuchs leads the product development, distribution and sales of market data at OTC Markets Group. He is responsible for overseeing the launch of new products and enhancements to existing market data tools that help financial institutions more efficiently trade and analyze OTCQX, OTCQB, Pink and Grey market securities. Continual enhancements and improvements to our products led to the OTC Markets Compliance Data File being recognized for Best-Real Time Market Data Initiative at the 2016 Inside Market Data/Inside Reference Data Awards. Mr. Fuchs often comments and speaks on issues regarding market data and compliance for the over-the-counter equity markets, and frequently publishes on the OTC Markets Blog. Prior to joining OTC Markets Group, he served in a number of financial technology roles at the National Research Exchange, Bearing Point and Arthur Andersen. Mr. Fuchs received a BA from Columbia University. Mr. Fuchs is 43 years of age.

Lisabeth Heese, Executive Vice President, Issuer and Information Services

Lisabeth (Liz) Heese joined OTC Markets Group in 2004 as the Director of Issuer and Information Services. Since then, she has built a team responsible for collecting and maintaining corporate and securities data for over 10,000 companies; development, sales and support of company-related products and services; and monitoring company compliance with OTC Markets Group's policies and procedures. Prior to joining OTC Markets Group, Ms. Heese spent 11 years at Nasdaq, serving as a Product Manager in the Trading and Market Services Division for what is currently the FINRA OTC Bulletin Board. Ms. Heese received a BA from American University. Ms. Heese is 49 years of age.

Michael Modeski, President, OTC Link LLC

Michael Modeski joined OTC Markets Group in 2011. Mr. Modeski has over 20 years of experience in the financial markets, with a focus on the OTC markets. Previously, Mr. Modeski served as the Director of Broker-Dealer Execution Services and Sales at Citigroup as the Director of Execution Services at Lava Technology, a division of Citigroup. Before working at Citigroup, he was the Director of OTC Equities at FINRA, and held several management positions at Pershing. Mr. Modeski was President of the Security Traders Association of New York (STANY) from 2016 to 2017. He received a BS in Finance from Lehigh University. Mr. Modeski is 47 years of age.

Beatrice Ordonez, Chief Financial Officer

Beatrice (Bea) Ordonez joined OTC Markets Group in 2015 as Chief Financial Officer. Ms. Ordonez has more than 20 years of experience in the financial services industry. Prior to joining OTC Markets Group, she served for 13 years as Chief Operations Officer and Managing Director at Convergex Group, a global brokerage and trading-related services provider. Prior to this, she served as Chief Financial Officer at G-Trade Services, a broker-dealer then owned by Credit Lyonnais Securities Asia, providing global execution and clearing services. Earlier in her career, Ms. Ordonez worked at Marsh & McLennan and held tax consultant roles at both Price Waterhouse (now PWC) and Arthur Andersen. She is a member of the Institute of Chartered Accountants in England and Wales and received her Bachelor of Law degree from the University of Nottingham in England. She holds a FINRA Series 27 license. Ms. Ordonez is 46 years of age.

Bruce Ostrover, Chief Technology Officer

Bruce Ostrover joined OTC Markets Group in 2017 as Chief Technology Officer. Mr. Ostrover has over thirty years of experience in the Financial Services industry with a focus on software development and project management. Prior to joining OTC Markets Group, he served as Managing Director at Convergex Group, overseeing strategic project and product development. Before joining Convergex, he was a founding partner in a consulting firm that provided front, middle and back office solutions for the financial industry which was acquired by Convergex. Mr. Ostrover has held senior management and professional roles in software development, IT operations and systems administration with industry leaders in the financial services space including Brown Brothers Harriman, Dreyfus Corporation and Swiss Bank Corporation Investment Banking. He received a BS in Mathematics and Computer Science from Binghamton University. Mr. Ostrover is 56 years of age.

Jason Paltrowitz, Executive Vice President, Corporate Services, Director, OTC Markets Group International Ltd

In his role as EVP, Corporate Services, Jason Paltrowitz manages the company's international and domestic Corporate Services business. Leveraging his background in financial services and expertise in cross-border trading, Jason spearheads sales initiatives and alliances to provide issuers with efficient alternatives to raise capital, access U.S. investors, and help small-cap companies alleviate the cost and complexity associated with being a public company. Prior to joining OTC Markets Group in 2013, he was Managing Director and Segment Head at JP Morgan Chase responsible for the custody, clearing and collateral management business in the Corporate and Investment Bank division. Mr. Paltrowitz also held multiple senior management positions at BNY Mellon, most notably, as Head of M&A for the Financial Markets and Treasury Services Sector and 11 years as the Head of the Global Capital Markets Group in the Depositary Receipt Division. He currently serves on the Board of Directors of the Crowdfunding Professional Association (CfPA) and also served as a member of the Board of Directors at OTC Markets Group from 2008 to 2011. He received his Bachelor's degree in International Relations from Boston University and his MBA from the NYU Stern School of Business. Mr. Paltrowitz is 46 years of age.

Daniel Zinn, General Counsel

Daniel (Dan) Zinn is OTC Markets Group's General Counsel and Corporate Secretary. He leads the Company's regulatory and policy making efforts and is often a speaker on over-the-counter equity markets. Prior to joining OTC Markets Group in 2010, he served as outside counsel to OTC Markets Group beginning in 2007, as a partner at The Nelson Law Firm LLC. Previously, Mr. Zinn worked in the corporate office of AIG. He received his JD from the Benjamin N.

Cardozo School of Law, where he served as Associate Editor of the Cardozo Law Review and received his BS from Pennsylvania State University. He is a member of the American Bar Association. Mr. Zinn is 41 years of age.

Gary Baddeley, Director

Gary Baddeley holds an executive position with Ginjan Bros, Inc., a soft beverages business. Previously, Mr. Baddeley was CEO of TDC Entertainment, an independent film and video producer and distributor, and served for two years as Vice President and General Manager of Robbins Entertainment. From 1990 to 1996, Mr. Baddeley was an attorney at Phillips Nizer LLP in New York City, specializing in representation of clients in the music and television industries. Mr. Baddeley received his JD from New York University School of Law and a BS from Kingston University. Mr. Baddeley is 53 years of age.

Louisa Serene Schneider, Director

Louisa Serene Schneider currently serves as founder and CEO of Pair Piercing Inc., a direct-to-consumer jewelry manufacturing company. Louisa Serene Schneider served as the Chief Administrative Officer and Head of Investor Relations at Alder Hill Management LP from 2015 through 2017. Prior to Alder Hill, Ms. Serene Schneider was the Senior Director for the Heilbrunn Center for Graham & Dodd Investing at Columbia Business School, responsible for all operational aspects of the school's value investing activities including maintaining and developing new programs and initiatives surrounding the Graham & Dodd tradition at Columbia. She remains an Industry Advisor to the Heilbrunn Center and has taught in Columbia's Executive Education course on Value Investing since 2010. Prior to her work at Columbia, from 2000 to 2008 Ms. Serene Schneider was employed by Morgan Stanley and JPMorgan in several departments, including Mergers & Acquisitions, Fixed Income Research, and Trading. Ms. Serene Schneider received a BS from Dartmouth College in Political Science and French and an MBA from Columbia Business School. Ms. Serene Schneider is 42 years of age.

Andrew Wimpfheimer, Director

Andrew Wimpfheimer has been a private investor since 2005. Mr. Wimpfheimer served as Director of AM Capital LLC from 2002 to 2005. From 1995 to 2001, Mr. Wimpfheimer was Managing Director responsible for OTC-Non-Nasdaq Trading at Knight Securities, L.P. From 1988 to 1995 he was an equity trader for Troster Singer Inc., a division of Spear, Leeds & Kellogg, Inc. From 1985 to 1988, Mr. Wimpfheimer was employed by Spear, Leeds & Kellogg Inc., where his duties included work on the NYSE, AMEX, Futures Market and Arbitrage Department, as well as general back office work. From 1980 to 1985, Mr. Wimpfheimer was a New York Stock Exchange floor clerk, trading desk employee and back office trainee for Herzfeld & Stern LLP. Mr. Wimpfheimer received his BA from Macalester College in St. Paul, Minnesota. Mr. Wimpfheimer is 62 years of age.

Neal Wolkoff, Chairman of the Board of Directors

Neal Wolkoff is the Chairman of OTC Markets Group's Board of Directors. Mr. Wolkoff is a former executive of three exchanges and is currently a principal in Health Care Financial Services Inc., which is developing financial products for the healthcare industry. He is also a consultant and attorney focusing on futures and securities markets, exchanges, market regulation, operations and clearinghouses. From 2008 to 2012, Mr. Wolkoff was the Chief Executive Officer of ELX Futures, L.P. From 2005 to 2008, he served as Chairman and Chief Executive Officer of the American Stock Exchange (AMEX). Prior to the AMEX, Mr. Wolkoff was an executive officer at the New York Mercantile Exchange (NYMEX) from 1981 to 2003, over time serving as Acting President, Chief Operating Officer, and Senior Vice President for Regulation and Clearing. From 1980 to 1981, Mr. Wolkoff was employed as an Honors

Program Trial Attorney in the Division of Enforcement of the Commodity Futures Trading Commission. In addition to his role as a non-executive Chairman of OTC Markets Group, Mr. Wolkoff is a non-executive director of World Gold Trust Services, the sponsor of the Exchange Traded Fund “GLD,” and WGC USA Asset Management Company, LLC, the sponsor of the Exchange Traded Fund “GLDW” and “GLDM.” Mr. Wolkoff received a BA from Columbia University and a JD from Boston University School of Law and is a member of the Bar of the State of New York. Mr. Wolkoff is 62 years of age.

Board Memberships and Other Affiliations

Mr. Baddeley is an officer and director of a New York cooperative corporation and a director of Downtown United Soccer Club, Inc., a New York not-for-profit corporation.

Mr. Coulson is an officer of a small New York cooperative corporation.

Mr. Wolkoff is a non-executive director of World Gold Trust Services and WGC USA Asset Management Company, LLC.

Compensation of Officers and Directors

Beneficial share ownership of Officers and Directors as of March 1, 2019:

Name and Business Address*	Position	Shares Beneficially Owned**		Options Outstanding	Vested Options Outstanding	Note
R. Cromwell Coulson	President, Chief Executive Officer, and Director	3,500,893	Class A	-	-	(1)
Matthew Fuchs	Executive Vice President, Market Data	96,248	Class A	2,000	2,000	(2)
Lisabeth Heese	Executive Vice President, Issuer and Information Services	74,053	Class A	4,000	4,000	(3)
Michael Modeski	President, OTC Link LLC	163,935	Class A	50,000	50,000	(4)
Beatrice Ordonez	Chief Financial Officer	15,175	Class A	12,000	-	(5)
Bruce Ostrover	Chief Technology Officer	9,746	Class A	24,000	4,800	(6)
Jason Paltrowitz	Executive Vice President, Corporate Services	24,413	Class A	6,000	-	(7)
Dan Zinn	General Counsel	63,681	Class A	5,000	5,000	(8)
Gary Baddeley	Director and Audit Committee Member	140,883	Class A	-	-	
Louisa Serene Schneider	Director and Audit Committee Member	28,173	Class A	-	-	
Andrew Wimpfheimer	Director and Audit Committee Chairman	309,549	Class A	-	-	(9)
Neal Wolkoff	Director and Chairman of the Board	28,173	Class A	-	-	
Officers and Directors as a Group		4,454,922	Class A	103,000	65,800	

* All officers and directors may be contacted at OTC Markets Group’s address.

** Beneficial share ownership includes vested options, options scheduled to vest within 60 days of March 1, 2019 and stock owned subject to a restricted stock agreement.

(1) Includes 370,000 Class A shares held by Mr. Coulson's wife and 24,800 total Class A shares held equally by two trusts for the benefit of Mr. Coulson's children. Mr. Coulson disclaims beneficial ownership of these securities and this report shall not be deemed an admission that Mr. Coulson is the beneficial owner of these securities for any purpose. Mr. Coulson's wife and children are beneficiaries of the Cromwell Coulson Family 2012 DE Trust, which owns 687,000 Class A shares of the Company. These shares are not included in the number of shares Mr. Coulson beneficially owns, and Mr. Coulson disclaims beneficial ownership of these securities. This report shall not be deemed an admission that Mr. Coulson is the beneficial owner of these securities for any purpose.

(2) Mr. Fuchs' outstanding options consist of 2,000 awarded in January 2010, at an exercise price of $5.50, all of which are vested.

(3) Ms. Heese's outstanding options consist of 4,000 awarded in January 2010, at an exercise price of $5.50, all of which are vested.

(4) Mr. Modeski's outstanding options consist of 50,000 awarded in April 2011, at an exercise price of $6.28, all of which are vested.

(5) Ms. Ordonez's outstanding options consist of 12,000 awarded in January 2016, at an exercise price of $15.15, none of which are vested.

(6) Mr. Ostrover's outstanding options consist of 24,000 awarded in November 2017, at an exercise price of $25.00, 4,800 of which are vested.

(7) Mr. Paltrowitz's outstanding options consist of 6,000 awarded in May 2014, at an exercise price of $8.65, none of which are vested and all of which are scheduled to vest within 60 days of March 1, 2019.

(8) Mr. Zinn's outstanding options consist of 5,000 awarded in November 2010, at an exercise price of $6.88, all of which are vested.

(9) Includes 304,047 Class A shares held by the Melinda Wimpfheimer 2012 Irrevocable Trust, of which Mr. Wimpfheimer is a beneficiary. The change in Mr. Wimpfheimer's beneficial ownership during the year ended December 31, 2018 reflects sales of 37,905 shares, as well as a grant of 1,258 shares of restricted stock as part of Mr. Wimpfheimer's 2018 compensation as a member of the Company's Board of Directors.

The following tables set forth the aggregate compensation paid by OTC Markets Group for services rendered by its Executive Officers, during the periods indicated:

OFFICERS

Name and Position	Year Ended	Salary	Cash Bonus	Restricted Stock Awards(1)(2)	Option Awards(3)	Restricted Stock Dollar	Option Dollar Value
R. Cromwell Coulson President, Chief Executive Officer, and Director	2018	$ 564,940	$ 224,012	7,529		$ 223,988	
	2017	$ 564,940	$ 212,003	8,160		$ 211,997	
Matthew Fuchs Executive Vice President, Market Data	2018	$ 277,500	$ 152,502	5,126		$ 152,499	
	2017	$ 259,000	$ 140,020	5,388		$ 139,980	
Lisabeth Heese Executive Vice President, Issuer and Information Services	2018	$ 275,000	$ 142,003	4,773		$ 141,997	
	2017	$ 256,500	$ 130,022	5,003		$ 129,978	
Michael Modeski President, OTC Link LLC	2018	$ 430,000	$ 210,025	7,058		$ 209,976	
	2017	$ 415,000	$ 200,000	7,698		$ 200,000	
Beatrice Ordonez Chief Financial Officer	2018	$ 290,000	$ 160,005	5,378		$ 159,996	
	2017	$ 270,400	$ 145,006	5,581		$ 144,994	
Bruce Ostrover Chief Technology Officer	2017	$ 247,500	$ 130,022	4,369		$ 129,978	
	2016	$ 240,000 (4)	$ 15,000	577	24,000	$ 14,990	$ 128,868
Jason Paltrowitz Executive Vice President, Corporate Services	2018	$ 308,000	$ 200,021	6,722		$ 199,980	
	2017	$ 280,000	$ 180,011	6,928		$ 179,989	
Dan Zinn General Counsel	2018	$ 290,000	$ 160,005	5,378		$ 159,996	
	2017	$ 270,400	$ 145,006	5,581		$ 144,994	

Notes:

(1) All restricted stock awards are Class A Common Stock. The 2018 and 2017 restricted stock awards consisted of shares of unvested stock, which vest equally over five years.

(2) The fair market value of the Class A Common Stock was $29.75 at the award date for shares related to the year 2018, and $25.98 at the award date for shares awarded related to the year 2017.

(3) The option awards are convertible into Class A Common stock and vest in equal annual installments over five years. The fair market value was determined by using the Black-Scholes valuation method at the time of issuance.

(4) The salary for Mr. Ostrover is presented on an annualized basis as he commenced employment during 2017.

DIRECTORS

Name	Year Ended	Director's Fees[1]	Share Awards[2]	Share Value[3]
Gary Baddeley	2018	$ 45,012	1,258	$ 37,488
	2017	$ 45,008	1,442	$ 37,492
Louisa Serene Schneider	2018	$ 45,012	1,258	$ 37,488
	2017	$ 45,008	1,442	$ 37,492
Andrew Wimpfheimer	2018	$ 52,512	1,258	$ 37,488
	2017	$ 52,508	1,442	$ 37,492
Neal Wolkoff	2018	$ 77,512	1,258	$ 37,488
	2017	$ 77,508	1,442	$ 37,492

Notes:

(1) Represents fees of $9,375 for each of the four regularly scheduled meetings of the Board of Directors during 2018 and 2017. In each of 2018 and 2017, an additional $7,500 was paid to Mr. Baddeley and Ms. Serene Schneider as members of the audit committee. An additional $15,000 was paid to Mr. Wimpfheimer as chairman of the audit committee in 2018 and 2017. An additional $40,000 was paid to Mr. Wolkoff as chairman of the Board of Directors in 2018 and 2017.

(2) All share awards are of Class A Common Stock that vests in equal quarterly installments over the 12 months immediately subsequent to the date of grant.

(3) The fair market value of the Class A Common Stock was $29.80 per share for the 2018 share award and $26.00 per share for the 2017 share award.

B. Legal/Disciplinary History

None of the officers, directors, promoters, or control persons of OTC Markets Group has, in the past five years, been the subject of any of the following:

- A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
- Any bankruptcy petition filed by or against any business of which such person was a general partner, or executive officer either at the time of the bankruptcy or within two years prior to that time;
- The entry of an order, judgment or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended, or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
- A finding or judgment by a court of competent jurisdiction (in a civil action), the SEC or the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
- The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

C. Disclosure of Family Relationship

None.

D. Disclosure of Related Party Transactions

None.

E. Disclosure of Conflicts of Interest

None.

Beneficial Owners

As of December 31, 2018, the following shareholders beneficially own 5% or more of OTC Markets Group's Common Stock:

Name and Address of Shareholder	Membership Class	Shares Beneficially Owned	Ownership Percentage of Class Outstanding	Note
R. Cromwell Coulson 304 Hudson Street, 3rd Floor	Class A	3,500,893	30.3%	(1)
Cromwell Coulson Family 2012 DE Trust	Class A	687,000	5.9%	

(1) Includes 370,000 Class A shares held by Mr. Coulson's wife and 24,800 total Class A shares held equally by two trusts for the benefit of Mr. Coulson's children. Mr. Coulson disclaims beneficial ownership of these securities and this report shall not be deemed an admission that Mr. Coulson is the beneficial owner of these securities for any purpose. Mr. Coulson's wife and children are beneficiaries of the Cromwell Coulson Family 2012 DE Trust, which owns 687,000 Class A shares of the Company. These shares are not included in the number of shares Mr. Coulson beneficially owns, and Mr. Coulson disclaims beneficial ownership of these securities. This report shall not be deemed an admission that Mr. Coulson is the beneficial owner of these securities for any purpose.

OTC Markets Group is not aware of any additional beneficial shareholders owning 5% or more of our Common Stock. It is possible that there are one or more additional beneficial holders of a significant percentage of our Common Stock, however the federal securities laws do not require a beneficial shareholder of 5% or more of our Common Stock to disclose that information publicly or to the Company. The table above is based on the best information available to the Company.

The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure

1. Investment Banker: None
2. Promoters: None
3. Disclosure Counsel: The Nelson Law Firm, LLC
   445 Hamilton Avenue, Suite 1102
   White Plains, NY 10601
   Tel: (914) 220-1900
   Fax: (914) 610-7456
   www.thenelsonlawfirm.com
   Email: sjnelson@nelsonlf.com

4. Auditor: Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112
Tel: (212) 492-4000
Fax: (212) 489-1687
www.deloitte.com

Preparation of OTC Markets Group's consolidated financial statements is the responsibility of OTC Markets Group management. Deloitte & Touche LLP is responsible for expressing an opinion on the consolidated financial statements for the year ended December 31, 2018, based on their audit. During 2018 and 2017, we incurred audit fees from Deloitte & Touche LLP of $297 thousand and $294 thousand, respectively, related to the audits of the financial statements of OTC Markets Group Inc. and OTC Link LLC. During 2018 and 2017, we did not incur any other audit-related or other fees from Deloitte & Touche LLP.

Deloitte & Touche LLP has confirmed to us that the firm is licensed to practice public accounting in the states in which we conduct our business. Deloitte & Touche LLP is registered with the PCAOB.

5. Public Relations Consultant: None

6. Investor Relations Consultant: None

7. Corporate Secretary: Daniel Zinn, General Counsel

8. Any Other Advisor: None

Selected Financial Data

The selected financial data set forth below should be read in conjunction with our consolidated financial statements, the notes to financial statements, and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," included in this Annual Report.

The statement of income data for the years ended December 31, 2018, 2017, 2016, 2015 and 2014 as well as the balance sheet data at December 31, 2018, 2017, 2016, 2015 and 2014 are derived from our audited consolidated financial statements.

	Year Ended December 31,				
(in thousands, except per share data)	2018	2017	2016	2015	2014
OTC Link	$ 11,175	$ 10,075	$ 10,573	$ 11,796	$ 12,019
Market data licensing	23,383	21,922	21,054	20,609	20,334
Corporate services	24,720	22,659	19,254	17,504	9,862
Gross revenues	59,278	54,656	50,881	49,909	42,215
Net revenues	56,830	52,176	48,565	47,530	39,827
Revenues less transaction-based expenses	56,455	52,176	48,565	47,530	39,827
Total operating expenses	36,810	33,872	31,638	30,664	26,925
Income from operations	19,645	18,304	16,927	16,866	12,902
Net income	$ 16,237	$ 12,559	$ 10,528	$ 10,258	$ 7,890
Net income per share					
Basic	$ 1.41	$ 1.10	$ 0.92	$ 0.91	$ 0.71
Diluted	$ 1.36	$ 1.06	$ 0.90	$ 0.88	$ 0.69
Weighted-average shares outstanding					
Basic	11,250,984	11,141,161	11,092,097	11,008,095	10,833,874
Diluted	11,622,770	11,566,086	11,339,603	11,289,185	11,137,625

	December 31,				
(in thousands)	2018	2017	2016	2015	2014
Cash and cash equivalents	$ 28,813	$ 23,683	$ 25,034	$ 23,925	$ 20,272
Working capital	13,972	11,274	12,941	13,749	13,893
Total long-term liabilities	2,459	1,351	1,101	867	954
Total stockholders' equity	$ 16,409	$ 13,791	$ 15,506	$ 17,547	$ 18,251

Management's Discussion and Analysis of Financial Condition and Results of Operations

Trends in Our Business

Over the past several years, we have made significant progress in our goal of gaining regulatory recognition for our OTCQX and OTCQB markets. Building on existing SEC recognition of our premium markets as "established public markets" for purposes of establishing a price when registering securities for resale, and as discussed further above under *Recent Regulatory Developments Impacting Our Business*, we are continuing to work with NASAA and individual state regulators to achieve Blue Sky recognition for secondary trading activities on our OTCQX and OTCQB markets.

We intend to continue our efforts to gain federal regulatory recognition for our data driven market standards. Recognition of our market standards by federal, state and international regulators provides investors with a benchmark against which to measure the quality of information available to them, while providing corporate issuers with a more efficient public market for their shares. For the year ended December 31, 2018, the total dollar volume traded in OTCQX, OTCQB and Pink companies was $375.2 billion, an increase of $128.5 billion, or 52%, over the prior year. Approximately 93% of that overall increase was related to volume transacted in securities traded on the Pink market, with much of that increase related to trading in American Depositary Receipts. The total dollar volume traded in OTCQX, OTCQB and Pink companies that provide current information to investors was $369.2 billion, representing 98.4% of total dollar volume across all of our markets, as compared to $241.9 billion and 98.0% for the year ended December 31, 2017.

We have continued to focus on providing enhanced disclosure and investor engagement tools to corporate issuers on our OTCQX and OTCQB markets to improve market efficiency and lower the burden of being public. These initiatives include our acquisition of certain Virtual Investor Conferences assets (See "*Recent Business Developments*" above), and the addition of new providers to our Research Marketplace, a platform for companies to access best-in-class equity research firms. We have also expanded the reach of our marketing via joint efforts with the Canadian Securities Exchange and IR Magazine and plan to devote further resources to similar initiatives during 2019. We hope to attract additional issuers and deliver better service to our existing corporate clients. It is not yet possible to predict the impact these initiatives will have on Corporate Services revenues.

As of December 31, 2018, 409 companies were traded on the OTCQX Best Market, compared to 366 companies as of December 31, 2017. For the year ended December 31, 2018, significantly stronger sales and a drop in the number of downgrades, more than offset the lower starting point as at January 1, 2018 which was caused by an increase in the number of compliance related downgrades during 2017 and a 2 percentage point drop in our retention rate for the 2018 annual subscription period, to 91% from 93%. For the 2019 annual subscription period, we achieved a 94% retention rate, representing a 3 percentage point increase versus the retention rate for the 2018 annual subscription period.

International companies have been a significant driver of the growth in the number of companies on our OTCQX market, and we are continuing to devote resources to our international sales effort, including the opening in January 2019 of a sales office in London (See "*Recent Business Developments*").

As of December 31, 2018, there were 934 companies on the OTCQB Venture Market, compared to 938 companies as of December 31, 2017. For the year ended December 31, 2018, new sales were broadly in line with the prior year, with 243 companies added versus 249 new joins in 2017, voluntary non-renewals improved marginally over the prior year, while compliance related downgrades and other service cancellations showed a slight uptick versus the prior year, all contributing to the modest contraction in the number of companies on the market as at year end.

In October 2017, we announced an increase in the OTCQB annual fee from $10,000 to $12,000 for service periods beginning on or after January 1, 2018. For those paying semi-annually, the fees increased from $6,000 to $6,500 for a six-month service period. Since its introduction, this price increase has not impacted our voluntary non-renewal rates which in fact improved marginally from 93% for the year ended December 31, 2017 to 94% for the year ended December 31, 2018.

An increase in trading volumes across U.S. equity markets contributed to an increase in trade messages on our platform and in related revenues and, coupled with significant revenues from our OTC Link ECN (See discussion of our "*Financial Results*" below), drove an 11% year over year increase in revenues from our OTC Link business, more than offsetting the impact of a continued but slowing contraction in the broker-dealer industry. Our OTC Link ATS had 91 broker-dealer subscribers quoting approximately 10,000 securities as of December 31, 2018, as compared to 94 subscribers quoting approximately 10,300 securities as of December 31, 2017.

Our objective in launching OTC Link ECN was to provide additional and enhanced functionality to existing subscribers of OTC Link ATS, while also attracting new subscribers. Since its launch, OTC Link ECN has added 11 new subscribers and enabled 30 legacy OTC Link ATS subscribers. Over the course of the year ended December 31, 2018, we have seen consistent quarter over quarter increases in the average daily number of transactions on the platform and in corresponding transaction-based revenues, with the OTC Link ECN generating gross revenues of $330 thousand in the fourth quarter, $284 thousand in the third quarter, $227 thousand in the second quarter and $28 thousand in the first quarter. We expect to continue to attract new subscribers to the platform and to grow market share. However, the total addressable market is relatively limited, and we expect that in order to capture additional market share we will may to compete more aggressively on pricing.

In our Market Data Licensing business, we saw a 5% increase in professional users, from 20,390 professional users as at December 31, 2017 to 21,487 professional users as at December 31, 2018. During the same period, the number of professional subscribers to the U.S. Equities Securities Information Processor ("UTP SIP"), which includes information on securities listed on Nasdaq, increased by 3% to 289,965 users. We continue to have a relatively modest share of UTP SIP users at 7.4% of the UTP SIP total as at December 31, 2018. This likely reflects the smaller number of financial services firms that participate in the OTC markets versus the listed equities markets.

The number of non-professional users of our market data stayed broadly flat, with 14,763 non-professional users as at December 31, 2018. In the normal course of business operations, we expect to see, and have historically seen, small fluctuations in users. Over the longer term, we have seen significant growth in this area with 9,352 non-professional users as at December 31, 2015, 12,839 non-professional users as at December 31, 2016 and 14,801 non-professional users as at December 31, 2017. This is in line with an increase in retail investor participation in the U.S. equities market, as well as the continued expansion of our market data distribution network.

We continue to focus resources on developing and enhancing our suite of compliance analytics and compliance data products, including our recently launched stock promotion and shell risk flags, Promotion Data File, enhanced Compliance Analytics File and Small Cap Listed Compliance Product. As at March 1, 2019 a total of 29 firms subscribe to our Compliance Data or Compliance Analytics products, representing many of the largest banks, custodians and clearing firms. We expect the subscriber base to continue to grow and are devoting resources to achieving this objective. As noted above under *Recent Business Developments*, during the first quarter of 2019, we completed the acquisition of Qaravan Inc., and hope to provide additional services to the private and public banking community, a key growth sector for our markets.

We evaluate both the current and future period impact of increased costs related to our headcount and IT infrastructure and recognize the importance of attracting and retaining the talent required to develop our service offerings and manage our infrastructure. During 2018, we continued to make investments in our personnel and in our systems and infrastructure. These investments, combined with the full year impact of the more significant investments made in 2017, drove a 9% increase in our operating expenses versus the prior year. We believe such investment is necessary if we are to remain competitive in business and compliant with our regulatory obligations, including our obligations under Regulation SCI.

How OTC Markets Group Generates Revenues

OTC Markets Group generates a majority of its revenues through a subscription model. As a result, a significant proportion of our revenues are subscription-based and recurring in nature. For example, once a broker-dealer decides to trade using OTC Link ATS, that broker-dealer typically continues to subscribe to our services, with variable monthly user and usage levels, until it ceases to be active in trading securities on the OTCQX, OTCQB and Pink markets.

OTC Link

Our trading services business is operated by our wholly-owned subsidiary, OTC Link LLC. OTC Link LLC operates OTC Link ATS and OTC Link ECN.

Broker-dealers pay monthly subscription and connectivity fees to use OTC Link ATS. Our OTC Dealer application provides broker-dealers a user interface into OTC Link ATS. Fees for use of the OTC Dealer application are based on the number of authorized users per subscriber and are discounted in graduated amounts in relation to total users per subscriber.

OTC Link ATS's FINRA member broker-dealer subscribers pay per security usage fees to (i) publish quotes and (ii) communicate and negotiate with counterparties on OTC Link ATS. Monthly OTC Link ATS position fees are based on the number of daily quote positions in Pink securities, with tiered pricing arrangements based on volume. Monthly OTC Link ATS message fees are based on the daily number of securities on OTC Link ATS for which trade messages are sent or received, with tiered pricing arrangements based on volume. The daily quoting and messaging fees allow subscribers to make unlimited quote updates in a single security and to send and receive an unlimited number of trade messages in a security on a given day.

OTC Link ECN generates transactional revenues based on share volume executed on the ECN matching platform. Broker-dealer subscribers pay a fixed fee per share executed where their orders remove posted liquidity on the ECN, while receiving a rebate on shares executed against their own posted liquidity.

Market Data Licensing

We generate Market Data Licensing revenues by providing our subscribers with access to the extensive market data, compliance data, company data and security information collected through our OTC Link and Corporate Services business lines.

Investors, traders, institutions, accountants, and regulators pay us monthly license fees to access this information. We offer a suite of market data licenses, priced at per enterprise or per subscriber rates, through direct connectivity, extranet connectivity, third-party market data redistributors and OMS providers. Depending on the license type, subscribers may distribute the market data on an internal-only basis, to clients, or to the public. We generate a majority of our market data revenues from sales through market data redistributors. The market data redistributors that offer our market data to their subscribers have historically remained long-term clients.

Certain of our market data license agreements include redistribution fees and rebates, which represented 10% of Market Data Licensing gross revenue for 2018 and 11% for 2017.

Pricing information for each of our market data licenses is publicly available on our website.

We also charge for the right to display advertisements on www.otcmarkets.com. Website advertising revenue is included in our Market Data Licensing business line.

Corporate Services

We operate the OTCQX Best Market, the OTCQB Venture Market, and offer a suite of services to companies trading on all of our markets. These services include the OTC Disclosure & News Service for posting financial reports, disclosure documents and news releases; Real-Time Level 2 Quote Display, a service that companies sponsor to provide their investors with access to free real-time level 2 quotes on www.otcmarkets.com and the company's website; and the Blue Sky Monitoring Service for analysis, review, and guidance about a company's compliance with each U.S. state's securities laws.

Companies that choose to have their securities designated as OTCQX securities do so annually, on a calendar year basis, while companies on the OTCQB market renew their services annually or semi-annually on the anniversary of the date on which they joined the market. All companies traded on the OTCQX or OTCQB markets pay a one-time application fee and annual or semi-annual fees. These fees are fixed and do not vary based on outstanding shares, market capitalization, market segment or otherwise. Companies on both markets also receive the OTC Disclosure & News Service, Real-Time Level 2 Quote Display and the Blue Sky Monitoring Service.

Pink companies may subscribe separately to the OTC Disclosure & News Service, Real-Time Level 2 Quote Display, and the Blue Sky Monitoring Service. Companies can choose to subscribe to these services and pay fees on an annual or semi-annual basis.

Each of these services may be accessed through our www.otciq.com secure web portal.

Financial Highlights

For the year ended December 31, 2018, OTC Markets Group reported gross revenues and income from operations of $59.3 million and $19.6 million, respectively. This compares to gross revenues and income from operations of $54.7 million and $18.3 million, respectively, for the year ended December 31, 2017.

Gross revenues increased $4.6 million, or 8%, driven by 9% growth in the Corporate Services revenues, a 7% increase in revenues Market Data Licensing and an 11% increase in OTC Link revenues.

Income from operations increased $1.3 million, or 7% and operating profit margin remained flat at 35% in 2018.

Financial Results

Consolidated Results From Operations

Year Ended December 31, 2018 Versus Year Ended December 31, 2017

The table below presents comparative information from the Company's consolidated income statements for the years ended December 31, 2018 and 2017.

(in thousands, except shares and per share data)	Year Ended December 31, 2018	2017	% change
Gross Revenues	$ 59,278	$ 54,656	8%
Net revenues	56,830	52,176	9%
Revenues less transaction-based expenses	56,455	52,176	8%
Operating expenses	36,810	33,872	9%
Income from operations	19,645	18,304	7%
Operating profit margin	*34.6%*	*35.1%*	
Income before provision for income taxes	19,761	18,351	8%
Net income	$ 16,237	$ 12,559	29%
Diluted earnings per share	$ 1.36	$ 1.06	28%
Weighted-average shares outstanding, diluted	11,622,770	11,566,086	0%

Revenues and Transaction-Based Expenses

The following table presents OTC Markets Group's gross revenue by business line and consolidated net revenue for the years ended December 31, 2018 and 2017.

(in thousands)	Year Ended December 31, 2018	2017	% change
OTC Link	$ 11,175	$ 10,075	11%
Market data licensing	23,383	21,922	7%
Corporate services	24,720	22,659	9%
Gross revenues	59,278	54,656	8%
Redistribution fees and rebates	(2,448)	(2,480)	(1%)
Net revenues	56,830	52,176	9%
Transaction-based expenses	(375)	-	100%
Revenues less transaction-based expenses	$ 56,455	$ 52,176	8%

Gross revenues increased $4.6 million, or 8%, to $59.3 million during the year ended December 31, 2018. The changes in gross revenues during 2018, as compared to the same prior year period, are further described below:

- OTC Link revenues increased $1.1 million, or 11%, to $11.2 million. The increase resulted primarily from the launch in December 2017 of OTC Link ECN, which for 2018 generated revenues of $869 thousand. The increase in OTC Link revenues was further impacted by a $339 thousand, or 11%, increase in revenue from messages and a $94 thousand, or 21%, increase in QAP One Service Fee revenue, both primarily a result of increased trade volume. The increase was partially offset by a $170 thousand, or 4%, decrease in combined subscription revenues from OTC Dealer and from license fees to quote and message, a result of continued contraction in the subscriber base.

- Market Data Licensing revenues increased $1.5 million, or 7%, to $23.4 million during 2018. The increase in revenues was largely a result of a $1.1 million, or 26%, increase in revenues related to end of day pricing services, data and internal licenses, a result of price increases which took effect in the first quarter of 2018 as well as an uptick in reported usage. Revenue from user license subscriptions, which includes professional and non-professional user licenses, increased $288 thousand, or 2%, primarily a result of an 8% increase in revenue from non-professional user licenses and a 1% increase in revenue from professional user licenses. These increases were partially offset by a $251 thousand, or 55%, decrease in revenue from website advertising.
- Corporate Services revenues increased $2.1 million, or 9%, to $24.7 million during 2018. OTCQB revenues increased $1.2 million, or 12%. The average number of companies on the OTCQB market during 2018 increased slightly versus 2017, with a higher starting point at the beginning of the year offsetting moderately weaker sales as well as an increase in churn. As at December 31, 2018 and 2017 there were 934 and 938 companies on the OTCQB market, respectively. Price increases for new and renewing companies effective on January 1, 2018, an increase in the number of companies electing semi-annual payment plans and the introduction of certain additional fees for companies undergoing a significant change of control, all contributed to the increase in revenues from our OTCQB market. Revenues from our OTCQX market increased $793 thousand, or 11%, to $8.3 million during 2018, primarily due to the addition of 119 new OTCQX companies during 2018, resulting in a 12% increase in the total number of companies on the market at period end. The number of OTCQX Banks increased by 11% and the number of OTCQX International Tier companies increased by 16%, with these increases partially offset by a 3% decrease in the number of Domestic Tier companies, resulting in 409 companies on the OTCQX market at period end, compared to 366 as at the prior year end. The increase in Corporate Services revenue was further affected by an increase in revenue from the OTC Disclosure & News Service of $175 thousand, or 5%, partially offset by a $100 thousand, or 33%, decrease in the number of companies posting and distributing press releases through our service.
- The launch of our OTC Link ECN resulted in transaction-based expenses for the year ended December 31, 2018 of $375 thousand, representing payments made to subscribers posting liquidity on the OTC Link ECN.

Operating Expenses

The following table presents OTC Markets Group's consolidated operating expenses for 2018 and 2017.

(in thousands)	Year Ended December 31, 2018	2017	% change
Compensation and benefits	$ 23,820	$ 21,481	11%
IT Infrastructure and information services	5,554	5,895	(6%)
Professional and consulting fees	2,110	1,732	22%
Marketing and advertising	1,148	902	27%
Occupancy costs	2,107	1,776	19%
Depreciation and amortization	1,042	1,361	(23%)
General, administrative and other	1,029	725	42%
Total operating expenses	$ 36,810	$ 33,872	9%

Operating expenses increased $2.9 million, or 9%, to $36.8 million in 2018.

The changes in operating expenses during 2018, as compared to the same prior year period, are further described below:

- Compensation and benefits costs increased $2.3 million, or 11%, to $23.8 million, primarily due to the impact of a 10% increase in salary expense, a result of an increase in headcount and the impact of annual salary increases, as well as an increase in annual incentive cash and stock awards. The increase was further impacted by a $194 thousand, or 39%, increase in sales commissions resulting from an increase in commissionable sales during the year. As a percentage of gross revenues, compensation and benefits costs were 40% and 39% during each of 2018 and 2017.
- IT Infrastructure and information services costs decreased $341 thousand, or 6%, to $5.6 million, primarily due to a $869 thousand, or 32%, decrease in spend for information services, primarily related to the cancellation of our contract with Blue Sky Data Corp as of December 2017 and the renegotiation of our contract with Morningstar Data, as well as a decrease in spend related to the distribution of news releases. The decrease was partially offset by $363 thousand, or 43%, increase in spend related to software licenses, primarily a result of build out and support costs related to OTC Link ECN, enhanced security software and new contract management software introduced for our Market Data business. Infrastructure costs saw a $105 thousand, or 12%, increase, related to expanded use of cloud-based data storage and solutions.
- Professional and consulting fees increased $378 thousand, or 22% to $2.1 million, primarily due to $392 thousand, or 46%, increase in spend related to consulting fees incurred in respect of support of our website and web-based applications, due diligence costs incurred in respect of a potential M&A transaction and clearing fees related to the OTC Link ECN. The increase was partially offset by a decrease of $52 thousand, or 13%, in legal fees.
- Occupancy costs increased $331 thousand, or 19%, to $2.1 million during 2018, a result of the commencement of our new lease at 300 Vesey Street.
- General, administrative and other costs increased $304 thousand, or 42%, to $1.0 million during 2018, primarily related to consulting and project management services in connection with the upcoming move to our new corporate headquarters.

- Marketing and advertising costs increased $246 thousand, or 27%, to $1.1 million during 2018, primarily related to increased spend on public relations efforts related to both domestic and international sales initiatives for our Corporate Services business line.
- Depreciation & Amortization decreased $319 thousand, or 23%, to $1.0 million during 2018, related to leasehold improvements being fully depreciated during the second half of 2017.

Income from Operations

	Year Ended December 31,		
(in thousands)	**2018**	**2017**	**% change**
Income from operations	$ 19,645	$ 18,304	7%
Operating profit margin	34.6%	35.1%	(1%)

Income from operations increased $1.3 million, or 7%, to $19.6 million during 2018, and operating profit margin remained flat at 35%. The growth is primally a result of revenue growth combined with decreases in IT infrastructure and information services, partially offset by higher compensation expenses and an increase in consulting fees and marketing spend.

Net Income

	Year Ended December 31,		
(in thousands, except shares and per share data)	**2018**	**2017**	**% change**
Income before provision for income taxes	$ 19,761	$ 18,351	8%
Provision for income taxes	3,524	5,792	(39%)
Effective income tax rate	17.8%	31.6%	(43%)
Net income	$ 16,237	$ 12,559	29%

Net income increased $3.7 million, or 29%, to $16.2 million during 2018, primarily due to a $1.3 million increase in income from operations and a $2.3 million, or 39%, decrease in the provision for income taxes. The Company's effective tax rate decreased to 17.8% for 2018, as compared to 31.6% during 2017, primarily due to the impact of the Tax Cuts and Jobs Act as well as the impact of the higher research and development tax credit claimed for 2018 (See Note 13, "*Income Taxes"* for further discussion).

Liquidity and Capital Resources

Our liquidity is primarily derived from our working capital and cash flows from operations. We require cash to support our current operating levels, fund strategic growth initiatives, develop new services and enhance existing services, make capital expenditures, fund dividends, and pay federal, state and local corporate taxes. We expect that our operations will provide sufficient cash to fund our strategic initiatives. We have no outstanding debt and $1.5 million available under our Line of Credit, described further below.

Cash Available for Operations

The following table summarizes our cash available for operations, which consists of cash, as of December 31, 2018 and 2017.

	December 31,		
(in thousands)	2018	2017	% change
Cash available for operations	$ 28,813	$ 23,683	22%

Cash available for operations increased by $5.1 million, or 22%, to $28.8 million as of December 31, 2018. The Company generated $22.6 million of cash from operations during the year ended December 31, 2018, which was used in part to fund our dividend payments of $14.2 million, our investments in infrastructure of $549 thousand and our stock buybacks of $1.0 million.

Cash Flow

The following table presents sources and uses of cash flows during 2018 and 2017.

	Year Ended December 31,		
	2018	2017	% change
Net Cash provided by operating activities	$ 22,590	$ 16,483	37%
Net Cash used in investing activities	(549)	(1,165)	(53%)
Net Cash used in financing activities	(15,882)	(16,187)	(2%)
Net Increase (decrease) in cash and restricted cash	$ 6,159	$ (869)	809%

Net Cash Provided by Operating Activities

Net cash provided by operating activities during 2018 was $22.6 million, as compared to $16.5 million during 2017. Cash flows from operations increased versus 2017, primarily due to the $3.7 million increase in net income and year over year changes in assets and liabilities.

Net Cash Used in Investing Activities

Net cash used in investing activities during 2018 was $549 thousand, as compared to $1.2 million during 2017. The cash used in 2018 was primarily related to purchases of IT hardware and software as well as costs related to the build out of our new corporate headquarters. The decrease in cash used is a result of a decrease in year over year spend related to the launch of our OTC link ECN and the re-platforming our company website as well as one-time costs related to the acquisition of theOTC.today in 2017.

Net Cash Used in Financing Activities

Net cash used in financing activities during 2018 was $15.9 million, as compared to $16.2 million during 2017. The cash used in both fiscal years was for dividends paid to holders of our Class A Common Stock, repurchases of our Class A Common Stock via our stock buyback program and federal and state withholding taxes paid related to cashless exercises of options by existing employees. Cash used for dividends increased $933 thousand to $14.2 million during 2018. Repurchases of our Class A Common Stock via our stock buyback program amounted to $1.0 million, a decrease of $1.2 million over 2017. Cash used in respect of withholding taxes related to cashless exercises amounted to $694 thousand, a decrease of $153 thousand over 2017.

Capital Resources and Working Capital

OTC Markets Group's working capital at December 31, 2018 was $14.0 million, which increased $2.7 million, or 24%, from $11.3 million at December 31, 2017. Working capital includes certain non-operating assets and liabilities, such as prepaid income taxes and income taxes payable. The improvement in working capital during the year ended December 31, 2018 was primarily attributable to an increase in cash provided by operating activities.

Line of Credit

On July 7, 2012, the Company entered into a line of credit with JPMorgan Chase (the "Line of Credit") that made up to $1.5 million available. The effective interest rate of the Line of Credit is benchmarked to the London Inter Bank Offered Rate ("LIBOR"). The Line of Credit has been extended through June 28, 2019. We have not drawn funds on the Line of Credit. Under the terms of the Line of Credit, we agreed to fulfill certain affirmative and negative covenants and other specified terms. At December 31, 2018, the Company was in compliance with all of the covenants and other terms of the Line of Credit.

Operating Leases

We have entered into operating lease agreements for our offices and recognize rent expense on a straight-line basis over the term of the lease (See "*Nature and Extent of the Issuer's Facilities*").

Off-Balance Sheet Arrangements

None.

Part E. Issuance History and Financial Information

List of the securities offerings and shares issued for services in the past two years

CLASS A COMMON STOCK AND OPTIONS ISSUED

The following table sets forth information concerning the equity securities issued during the fiscal years 2017 and 2018:

Month of Grant	Award Type	Awards Issued	Weighted Average Exercise or Grant Price	Grant Class
2017				
January	Restricted Stock	103,099	$21.15	Employee
April	Option Grant	15,000	$21.50	Employee
May	Option Grant	8,000	$22.50	Employee
June	Option Grant	19,500	$23.75	Employee
July	Option Grant	14,000	$24.01	Employee
August	Restricted Stock	5,768	$26.00	Director
August	Option Grant	4,500	$29.30	Employee
September	Option Grant	15,000	$29.50	Employee
November	Option Grant	42,000	$25.00	Employee
2018				
January	Restricted Stock	95,076	$25.98	Employee
January	Option Grant	13,250	$26.15	Employee
February	Option Grant	13,000	$24.15	Employee
April	Option Grant	22,000	$27.56	Employee
July	Option Grant	4,500	$29.98	Employee
August	Restricted Stock	5,032	$29.80	Director
September	Option Grant	6,000	$28.75	Employee
October	Option Grant	30,500	$30.00	Employee
December	Option Grant	30,000	$29.00	Employee

Notes:

a. All awards are of Class A Common Stock.

b. All option grants are issued pursuant to the Company's 2009 Equity Incentive Plan and vest 20% each year the employee remains employed with OTC Markets Group.

c. Shares issued pursuant to a restricted stock award contain a legend stating that the shares have not been registered under the Securities Act or any state securities laws and setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

d. Shares issued to Directors were part of each Director's annual compensation.

Financial information for the issuer's most recent fiscal period and for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence

Copies of the audited Consolidated Financial Statements of OTC Markets Group as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, including the Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated

Statements of Stockholders' Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements, are attached hereto as Exhibit 1.1. The attached Consolidated Financial Statements and the notes thereto are hereby incorporated by reference into this Annual Report.

Part F. Exhibits

1 Consolidated Financial Statements

1.1 Financial information for the years ended December 31, 2018, December 31, 2017 and December 31, 2016

2 Issuer's Certifications

2.1 Certification of principal executive officer

2.2 Certification of principal financial officer

3 Material Contracts

3.2 Lease Agreement by and between Pink Sheets LLC and The Rector, Church-Wardens and Vestrymen of Trinity Church in the City of New York for space at 304 Hudson Street, New York, NY (incorporated herein by reference to Exhibit 3.2 to the Initial Disclosure Statement filed on September 15, 2009)

3.3 Lease Agreement by and between OTC Markets Group Inc. and NW 100 M Street LLC for space at NW 100 M Street, Washington, D.C. (incorporated by reference to Exhibit 3.5 to the 2010 Annual Report filed on March 31, 2011)

3.4 Employment Agreement dated as of May 1, 2011, and amended as of May 5, 2014 and May 5, 2015, and May 2, 2017, by and between OTC Markets Group Inc. and R. Cromwell Coulson (Chief Executive Officer); (incorporated herein by reference to Exhibit 3.4 to the Annual Report filed on March 6, 2018)

3.5 "Key Man" Life Insurance Policy for R. Cromwell Coulson (incorporated herein by reference to Exhibit 3.5 to the Initial Disclosure Statement filed on September 15, 2009)

3.9 Sublease Agreement for offices at 300 Vesey Street, New York, NY (incorporated herein by reference to Exhibit 3.9 to the Quarterly Report filed on November 11, 2018)

3.10 Form of Senior Management Employment and Change in Control Agreement, by and between OTC Markets Group Inc. and each of Matthew Fuchs, Kristie Harkins, Lisabeth Heese, Michael Modeski, Beatrice Ordonez, Bruce Ostrover, Jason Paltrowitz and Dan Zinn

4 Customer Contracts

The following documents may be found on our website at www.otcmarkets.com

4.3 Market Data Distribution Agreement

4.4 Market Data Subscription Agreement

4.5 OTCQX Application for U.S. Companies

4.6 OTCQX Company Agreement

4.7 OTCQX Application for U.S. Banks

4.8 OTCQX Application for International Companies

4.9 OTCQB Application and Agreement

4.10 OTCIQ Order Form

4.11 OTCIQ Agreement

4.12 Application to Serve as an OTCQX Sponsor

4.13 Agreement to Serve as an OTCQX Sponsor

5 Certificate of Incorporation and By-laws

5.1 Certificate of Incorporation (incorporated herein by reference to Exhibit 5.1 to the Initial Disclosure Statement filed on September 15, 2009)

5.2 By-laws (incorporated herein by reference to Exhibit 5.1 to the Initial Disclosure Statement filed on September 15, 2009)

6 Equity Incentive Plans

6.1 2009 Equity Incentive Plan (incorporated herein by reference to Exhibit 6.1 to the 2009 Annual Report filed on March 31, 2010)

Deloitte.

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112-0015
USA

Tel: +1 212 492 4000
Fax: +1 212 489 1687

www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
OTC Markets Group Inc.

We have audited the accompanying consolidated balance sheets of OTC Markets Group Inc. and its subsidiary (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of income, changes in stockholders' equity, and cash flows, for each of the three years in the period ended, and the related notes (collectively referred to as the "consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the three years in the period then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 6, 2019

EXHIBIT 1.1

OTC MARKETS GROUP INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except number of shares)

	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash	$ 28,813	$ 23,683
Short-term restricted cash	160	-
Accounts receivable, net of allowance for doubtful accounts of $169 and $146	4,942	6,450
Prepaid income taxes	478	1,013
Prepaid expenses and other current assets	2,360	1,303
Total current assets	36,753	32,449
Property and equipment, net	1,980	2,018
Deferred tax assets, net	1,043	796
Goodwill	251	251
Intangible assets, net	61	111
Long-term restricted cash	1,561	692
Total Assets	$ 41,649	$ 36,317
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 693	$ 786
Accrued expenses and other current liabilities	6,018	4,858
Deferred revenue	16,070	15,531
Total current liabilities	22,781	21,175
Deferred rent	1,001	246
Income tax reserve	1,458	1,105
Total Liabilities	25,240	22,526
Commitments and contingencies		
Stockholders' equity		
Common stock - par value $0.01 per share		
Class A - 14,000,000 authorized, 12,035,941 issued, 11,548,956 outstanding at December 31, 2018; 11,891,366 issued, 11,444,706 outstanding at December 31, 2017	120	119
Additional paid-in capital	15,772	14,150
Retained earnings	7,724	5,682
Treasury stock - 486,985 shares at December 31, 2018 and 446,660 shares at December 31, 2017	(7,207)	(6,160)
Total Stockholders' Equity	16,409	13,791
Total Liabilities and Stockholders' Equity	$ 41,649	$ 36,317

See accompanying notes to consolidated financial statements

OTC MARKETS GROUP INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except earnings per share)

	Year Ended December 31, 2018	2017	2016
Gross Revenues	$ 59,278	$ 54,656	$ 50,881
Redistribution fees and rebates	(2,448)	(2,480)	(2,316)
Net revenues	56,830	52,176	48,565
Transaction-based expenses	(375)	-	-
Revenues less transaction-based expenses	56,455	52,176	48,565
Operating expenses			
Compensation and benefits	23,820	21,481	19,591
IT Infrastructure and information services	5,554	5,895	5,470
Professional and consulting fees	2,110	1,732	1,732
Marketing and advertising	1,148	902	848
Occupancy costs	2,107	1,776	1,625
Depreciation and amortization	1,042	1,361	1,606
General, administrative and other	1,029	725	766
Total operating expenses	36,810	33,872	31,638
Income from operations	19,645	18,304	16,927
Other income			
Interest income	76	21	3
Other income	40	26	5
Income before provision for income taxes	19,761	18,351	16,935
Provision for income taxes	3,524	5,792	6,407
Net Income	$ 16,237	$ 12,559	$ 10,528
Net income per share			
Basic	$ 1.41	$ 1.10	$ 0.92
Diluted	$ 1.36	$ 1.06	$ 0.90

See accompanying notes to consolidated financial statements

OTC MARKETS GROUP INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands)

		Par Value - $0.01				
	Total	Class A	Class C	Paid in Capital	Retained Earnings	Treasury Stock
Balance, January 1, 2016	$ 17,547	$ 114	$ 1	$ 10,786	$ 8,916	$ (2,270)
Comprehensive income:						
Net income	10,528	-	-	-	10,528	-
Total comprehensive income	10,528					
Stock-based compensation	1,647	-	-	1,647	-	-
Issuance of restricted and common shares, net	(45)	2	-	(47)	-	-
Tax benefit on stock-based compensation expense	602	-	-	602	-	-
Dividends	(13,059)	-	-	-	(13,059)	-
Repurchase of common stock for treasury stock	(1,714)	-	-	-	-	(1,714)
Balance, December 31, 2016	15,506	116	1	12,988	6,385	(3,984)
Comprehensive income:						
Net income	12,559	-	-	-	12,559	-
Total comprehensive income	12,559					
Stock-based compensation	1,913	-	-	1,913	-	-
Issuance of restricted and common shares, net	(749)	2	-	(751)	-	-
Conversion of Class C shares to Class A shares	-	1	(1)		-	-
Dividends	(13,262)	-	-	-	(13,262)	-
Repurchase of common stock for treasury stock	(2,176)	-	-	-	-	(2,176)
Balance, December 31, 2017	13,791	119	-	14,150	5,682	(6,160)
Comprehensive income:						
Net income	16,237	-	-	-	16,237	-
Total comprehensive income	16,237					
Stock-based compensation	2,263	-	-	2,263	-	-
Issuance of restricted and common shares, net	(640)	1	-	(641)	-	-
Dividends	(14,195)	-	-	-	(14,195)	-
Repurchase of common stock for treasury stock	(1,047)	-	-	-	-	(1,047)
Balance, December 31, 2018	$ 16,409	$ 120	$ -	$ 15,772	$ 7,724	$ (7,207)

See accompanying notes to consolidated financial statements

OTC MARKETS GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2018	**2017**	**2016**
Cash flows from operating activities			
Net income	$ 16,237	$ 12,559	$ 10,528
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	1,042	1,361	1,606
Provision for bad debts	126	38	9
Stock-based compensation	2,263	1,913	1,647
Excess tax benefits related to stock-based compensation	(668)	(1,089)	(602)
Deferred rent	675	(22)	(42)
Deferred income taxes	(247)	90	(229)
Loss on disposal of fixed assets	11	7	-
Changes in assets and liabilities:			
Accounts receivable	1,382	(226)	(189)
Prepaid expenses and other current assets	(1,057)	(57)	274
Prepaid income taxes	535	(578)	(413)
Accounts payable	(83)	268	(67)
Accrued expenses and other current liabilities	814	175	492
Income tax payable	668	986	613
Income tax reserve	353	191	186
Deferred revenue	539	867	1,927
Net Cash provided by operating activities	22,590	16,483	15,740
Cash flows from investing activities			
Purchases of property and equipment	(549)	(1,065)	(415)
Purchase of intangible assets	-	(100)	-
Net Cash used in investing activities	(549)	(1,165)	(415)
Cash flows from financing activities			
Dividends paid	(14,195)	(13,262)	(13,059)
Proceeds from the exercise of stock options	54	98	152
Issuance of restricted stock	-	-	1
Withholding taxes paid related to cashless exercise of stock options	(694)	(847)	(198)
Excess tax benefits related to stock-based compensation	-	-	602
Purchase of treasury stock	(1,047)	(2,176)	(1,714)
Net Cash used in financing activities	(15,882)	(16,187)	(14,216)
Net (decrease) increase in cash and restricted cash	6,159	(869)	1,109
Cash and restricted cash at beginning of year	24,375	25,244	24,135
Cash and restricted cash at end of year	$ 30,534	$ 24,375	$ 25,244
Cash paid during period for:			
Income taxes, net of refunds	$ 2,883	$ 6,192	$ 6,249
Non-cash investing and financing activities:			
Property and equipment included in accounts payable and accrued expenses	$ 434	$ 17	$ 4

See accompanying notes to consolidated financial statements

Note 1. Description of Business

Overview

OTC Markets Group Inc. (“OTC Markets Group” or the “Company”) (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 and OTC Link ECN, each a Securities and Exchange Commission (“SEC”) registered Alternative Trading System (“ATS”) operated by the Company’s wholly-owned subsidiary OTC Link LLC, a Financial Industry Regulatory Authority, Inc. (“FINRA”) and SEC registered broker-dealer, the Company enables investors to easily trade through the broker of their choice and empowers companies to improve the quality and availability of information for their investors.

The Company has three business lines: OTC Link, Market Data Licensing and Corporate Services.

- OTC Link – OTC Link LLC operates two ATSs, OTC Link ATS and OTC Link ECN, which provide trading services to FINRA member broker-dealer subscribers.
- Market Data Licensing – OTC Markets Group provides real-time data, delayed and historical market data, company financial data, security master data, corporate reference data and compliance data for securities traded on the OTCQX, OTCQB and Pink markets. The Market Data Licensing business line provides investors, traders, institutions and regulators with a suite of enterprise and user market data licenses, offered via direct or extranet connectivity, through third party market data redistributors or Order Management Systems (“OMS”).
- Corporate Services – OTC Markets Group operates the OTCQX Best Market and the OTCQB Venture Market and offers companies a suite of services that are designed to create a better informational experience for investors by facilitating public disclosure and communication with investors, promoting greater transparency and allowing companies to demonstrate regulatory compliance and mitigate market risk. These services include the OTC Disclosure & News Service, Real-Time Level 2 Quote Display and Blue Sky Monitoring Service.

Corporate Form

OTC Markets Group Inc. is a Delaware corporation. The Company is a “C” Corporation for federal, state, and local income tax purposes.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP") and include the accounts of the Company and its wholly-owned subsidiary, OTC Link LLC. All intercompany transactions have been eliminated in consolidation. Management assessed the segment reporting standards, analyzed how the chief operating decision maker (the Chief Executive Officer) manages the businesses and the availability of discrete financial information, and concluded that the Company's three business lines aggregate to one reportable segment.

Use of Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Estimates included in the consolidated financial statements include allowance for doubtful accounts, certain accrued expenses, stock-based compensation expense, income tax reserve and provision for income taxes. Actual results could differ from those estimates.

Revenue Recognition

We recognize revenues when we transfer control of promised goods or services to our customers in an amount that reflects the consideration to which we expect to be entitled to in exchange for those goods or services (See Note 3, "*Revenue Recognition")*.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, the carrying amount of which approximates fair value. The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits.

Short-Term and Long-Term Restricted Cash

The Company considers all cash deposits that are held for a specific purpose and therefore not available for general business use as restricted cash. Restricted cash is comprised of cash set aside as security deposits on the Company's office leases and cash held at clearing organizations as collateral against obligations of the Company arising from clearing agreements in place to support the Company's OTC Link business.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is maintained at a level that management believes to be sufficient to absorb probable losses among all subscribers across all business lines. The allowance is based on several factors, including a continuous assessment of the collectability of subscriber accounts. When it is known that a specific customer will not meet its financial obligations, management will reduce the receivable balance to the amount that is expected to be collected.

Property and Equipment

Property and equipment are stated at cost and depreciated over the estimated useful lives of the assets (generally ranging from two to five years) utilizing the straight-line method. Leasehold improvements are amortized using the straight-line method over the term of the lease or the estimated useful lives of the assets, whichever is shorter. Computer software is included in property and equipment and consists of purchased software and capitalized website development costs. Capitalized website development costs consist primarily of external direct costs in developing the Company's website.

Expenditures for maintenance, repairs, and renewals are expensed as incurred, unless they materially add to the value of the property or appreciably extend its useful life. Gains or losses are recorded from a sale or retirement of property and equipment at the time of disposal.

Long-lived Asset Impairments

OTC Markets Group reviews long-lived assets, including property, plant and equipment and amortizable intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the asset may not be fully recoverable. An impairment loss is recognized when the estimated discounted future cash flows expected to be generated from the use of the asset, including disposition, is less than the carrying amount of the assets.

Goodwill and Indefinite-Lived Intangible Asset Impairment

OTC Markets Group reviews the carrying amounts of both goodwill and indefinite-lived intangible assets for impairment annually and more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. When testing for impairment, the Company first assesses qualitative factors, such as operating results, business plans, anticipated future cash flows, industry data, and other potential risks to the projected financial results, to determine whether it is more likely than not that the fair value of the asset is less than the carrying amount. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. Quantitative testing, consisting of a determination of implied fair value of the goodwill, is only performed if the qualitative assessment concludes it is more likely than not that the fair value of the asset is less than its carrying amount. If the implied fair value of the goodwill is less than the carrying amount, an impairment is recorded in the amount of the difference.

For indefinite-lived intangible assets an impairment is recorded for any excess of carrying amount over the estimated fair value.

There are inherent uncertainties related to these impairment tests which require management's judgment in applying them including the evaluation of qualitative factors and estimates of future business results.

Operating Leases

We expense rent due in respect of non-cancellable operating leases on a straight-line basis, based on future minimum lease payments. Rental expense is included in occupancy expense in the consolidated statements of income (See Note 10, "*Commitments and Contingencies*", "*Operating Leases*").

Stock-based Compensation

The Company measures share-based awards given to employees at the grant-day fair value of the equity award and records stock-based compensation expense over the related service period. OTC Markets Group estimates an expected forfeiture rate while recognizing the expense associated with these awards (See Note 8, "*Stock-based Compensation"*).

Fair Value Measurement

The Company accounts for certain financial instruments at fair value, in accordance with the provisions of the standard for fair value measurement, which utilizes a three-tier hierarchy to determine the fair value of financial assets and liabilities based on the quality of observable inputs and enhances disclosure requirements for fair value measurement. The three tiers are:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in an active market;
- Level 2 – Other inputs that are directly or indirectly observable in the market; and
- Level 3 – Unobservable inputs that are supported by little or no market activity.

The fair value of a financial instrument is the amount that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

Assets and liabilities on the condensed Consolidated Balance Sheets that are measured at carrying value, which approximates fair value due to the short term nature of these balances, include prepaid expenses, accrued expenses and other current liabilities and deferred revenue. These balances are classified as Level 1 and Level 2 in the fair value hierarchy.

Income Taxes

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, which generally requires the recognition of deferred tax assets and liabilities for the expected future tax benefits or consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting carrying values and the tax basis of assets and liabilities and are measured by applying enacted tax rates and laws for the taxable years in which those differences are expected to reverse.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon settlement with the relevant tax authority, and is net of a valuation allowance to the extent that the Company determines that it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods.

In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP where a company does not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting for certain income tax effects of the Tax Cuts and Jobs Act ("the Act"). It allows companies to record provisional amounts during a measurement period, which is not to extend beyond one year. As of December 31, 2018, the Company has completed our accounting for the tax impact of the Act and concluded no further adjustments are needed related to the remeasurement of deferred tax assets recorded in 2017.

Recently Issued Accounting Standards

In August 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-14, *Revenue from Contracts with Customers*, which defers the effective date of FASB ASU 2014-09, *Revenue from Contracts with Customers*, by one year for all entities and permits early adoption on a limited basis. ASU 2014-09 became effective for annual reporting periods beginning after December 15, 2017. On January 1, 2018, the Company adopted ASU 2014-09, using the modified retrospective method in respect of those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after the adoption date are presented under *Accounting Standards Codification ("ASC") Topic 606 ("*Topic 606"), while prior periods amounts are appropriately not adjusted and continue to be reported in accordance with the revenue recognition standard that existed under ASC Topic 605. Since the Company generates a majority of its revenue through contracts based on a subscription model, recognizing revenue ratably over subscription periods that are one year or less, the adoption of ASU 2014-09 had no material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the existing guidance in respect of lease accounting *(Topic 840)*. ASU 2016-02 requires lessees to recognize lease liabilities arising from operating leases and corresponding right-of-use assets and modifies accounting and disclosure requirements for both lessors and lessees. ASU 2016-02 requires a modified retrospective approach for all leases existing at, or entered into after the date of initial application, with an option to elect to adopt certain practical expedients during the transition. ASU 2016-02 is effective for interim and annual periods beginning after December 15, 2018, with early adoption permitted. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which amended ASU 2016-02, to provide the option for an alternative transitional methodology allowing companies to adopt and apply the guidance at the effective date without adjusting the comparative periods presented. The Company has substantially completed the evaluation of the impact of its adoption and plans to adopt the standard for the first quarter of 2019 using the alternative transitional methodology allowed in ASU 2018-11. Based on lease contracts in existence as of December 31, 2018, upon adoption of ASU 2016-02, the Company expects to recognize between $15 and $16 million in right-to-use assets and corresponding lease liabilities on our Consolidated Balance Sheets. The Company does not expect the adoption to have a material impact on our Consolidated Statements of Income and Consolidated Statements of Cash Flows.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, amending guidance for share-based payments to employees. The Company elected to adopt this ASU on a prospective basis on January 1, 2017. Under the new guidance, excess tax benefits from share-based compensation are reflected in the consolidated statements of income as a component of the provision for income taxes, whereas they were previously recognized under additional paid-in capital. As a result of the adoption of ASU 2016-09, the provision for income taxes for the year ended December 31, 2018 included a discrete tax benefit of $668 within the consolidated statement of cash flows for 2018, and the excess tax benefits related to stock-based compensation were presented as a net decrease to the cash flow from operating activities.

(in thousands, except per share information)

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which amends the guidance on classification and presentation of changes in restricted cash on the statement of cash flows. This ASU requires restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. ASU 2016-18 will be effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company early adopted this ASU retrospectively in the fourth quarter of 2017 and reclassified changes in restricted cash from cash flow used in investing activities to the beginning of the year and end of year balance shown on the Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016. The following table provides a reconciliation of cash, short-term restricted cash, and long-term restricted cash reported on our consolidated balance sheets to the beginning and ending balance shown on our Consolidated Statements of Cash Flows.

	Year Ended December 31,		
	2018	2017	2016
Cash	$ 28,813	$ 23,683	$ 25,034
Short-term restricted cash	160	-	-
Long-term restricted cash	1,561	692	210
Total Cash and restricted cash	$ 30,534	$ 24,375	$ 25,244

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement,* which amends Topic 820 to modify, remove, and add certain fair value measurement disclosure requirements. ASU 2018-13 is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. The Company is in the process of evaluating the impact of adoption of this ASU, but does not expect it to have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract,* which clarifies the accounting for implementation costs in cloud computing arrangements. ASU 2018-15 requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance under Subtopic 350-40 to determine which implementation costs to capitalize as assets. ASU 2018-15 is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. The Company is in the process of evaluating the impact of adoption of this ASU, but does not expect it to have a material impact on the consolidated financial statements.

Note 3. Revenue Recognition

On January 1, 2018, the Company adopted Topic 606 using the modified retrospective method. The adoption of Topic 606 did not have a material impact on our consolidated financial statements and did not impact revenue and expense recognition for any of our three business lines, either at the time of adoption or in any prior reporting period. Substantially all of our revenues are derived from contracts with customers. Revenues are recognized when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. In accordance with Topic 606, we evaluate our contracts with customers based on a five-step methodology. We: (1) Identify the contract with the customer; (2) Identify the performance obligations under the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the separate performance obligations; and (5) Recognize revenue when each performance obligation is satisfied. Certain of our ancillary Market Data and Corporate Services offerings, including news release and advertising services, are usage-based and are delivered at a point in time. Accordingly, we recognize revenue upon delivery of the service in line with the contractual agreement. Neither represent a material source of revenues.

OTC Link

OTC Link LLC operates two ATSs, OTC Link ATS and OTC Link ECN. Broker-dealers pay monthly subscription fees that permit access to the trading system, including the OTC Dealer application and related support and updates, if applicable, during the contract term. Fees for such access are based on the number of authorized users per subscriber and are calculated based on a tiered pricing arrangement. These fees are invoiced monthly and in advance of the monthly service period. The Company satisfies its performance obligations over the contract term and records revenue from these fees ratably over the month, with the unrealized portion recorded as deferred revenue on the Company's Balance Sheet. The Company pays rebates to certain resellers of OTC Link ATS services. These are invoiced monthly based on the fixed rate specified in the applicable contract and recorded as a reduction of gross revenues.

In addition to the aforementioned monthly access fees, broker-dealer subscribers to OTC Link ATS pay usage-based fees to publish quotes and deliver trade messages electronically to counterparties. Those fees are recognized at the point in time when the performance obligation, the publication of the quote or delivery of the message, is satisfied. OTC Link ECN generates revenues based on share volume executed on the ECN matching platform. Broker-dealer counterparties pay a fixed fee per share executed where their orders remove posted liquidity on the ECN, while receiving a rebate on shares executed against their own posted liquidity. These fees are invoiced monthly, in arrears and are due upon receipt. The Company recognizes transactional based revenue earned upon the execution of a trade, when the Company's obligations are substantially met. Similarly, payments made to subscribers providing liquidity are recognized upon execution and are recorded as transaction-based expenses within the Consolidated Statements of Income.

Market Data Licensing

Market Data Licensing generates revenues by providing our subscribers with continuous access to the market data, compliance data, company data and security information collected through our OTC Link and Corporate Services business lines. Subscribers pay monthly fees to access this information priced at per enterprise or per subscriber rates. Market data revenues are recognized ratably over the term of the contract period, beginning on the date on which the data is made available to the customer, as our continuing performance obligations are met.

The majority of Market Data Licensing revenues result from sales through redistributors, some of whom earn redistribution fees based on a contractual fixed rate. These fees are invoiced monthly based on the contractual period and are recognized as a reduction of gross revenues.

(in thousands, except per share information)

The vast majority of our redistribution fees and rebates are related to these arrangements with market data redistributors.

Corporate Services

Corporate Services generates revenues from the OTCQX Best Market and OTCQB Venture Market and from a suite of other services. Issuers pay annual or semi-annual subscription fees upfront to have their securities traded on the OTCQX or OTCQB markets and to subscribe to our various other services. We recognize these revenues ratably over time based on the subscription period as the performance obligations are met and the transfer of services occurs. Issuers pay one-time non-refundable application fees. These fees are not related to distinct performance obligations and are recognized ratably over the contractual service period, which is one year or shorter.

The following tables present our revenues disaggregated by timing of revenue recognition:

	Year Ended December 31,					
	2018			2017		
	Point in Time	Over Time	Total	Point in Time	Over Time	Total
OTC Link	$ 7,119	$ 4,056	$ 11,175	$ 5,839	$ 4,236	$ 10,075
Market data licensing	321	23,062	23,383	532	21,390	21,922
Corporate services	235	24,485	24,720	301	22,358	22,659
Gross revenues	7,675	51,603	59,278	6,672	47,984	54,656
Redistribution fees and rebates	(82)	(2,366)	(2,448)	(183)	(2,297)	(2,480)
Net revenues	7,593	49,237	56,830	6,489	45,687	52,176
Transaction-based expenses	(375)	-	(375)	-	-	-
Revenues less transaction-based expenses	$ 7,218	$ 49,237	$ 56,455	$ 6,489	$ 45,687	$ 52,176

The following tables present our revenues disaggregated by geography:

	Year Ended December 31,					
	2018			2017		
	U.S	International	Total	U.S	International	Total
OTC Link	$ 11,175	$ -	$ 11,175	$ 10,075	$ -	$ 10,075
Market data licensing	19,439	3,944	23,383	18,761	3,161	21,922
Corporate services	14,274	10,446	24,720	14,200	8,459	22,659
Gross revenues	44,888	14,390	59,278	43,036	11,620	54,656
Redistribution fees and rebates	(2,309)	(139)	(2,448)	(2,316)	(164)	(2,480)
Net revenues	42,579	14,251	56,830	40,720	11,456	52,176
Transaction-based expenses	(375)	-	(375)	-	-	-
Revenues less transaction-based expenses	$ 42,204	$ 14,251	$ 56,455	$ 40,720	$ 11,456	$ 52,176

(in thousands, except per share information)

Accounts Receivable

As of December 31, 2018 and 2017, accounts receivable net of allowance for doubtful accounts, were $4.9 million and $6.5 million, respectively. The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. The Company determines the allowance based on historical experience, the age of the accounts receivable balances, specific account information and other currently available information that may affect our customers' ability to pay.

Deferred Revenue

Deferred revenue primarily represents our contractual performance obligations related to annual and semi-annual Corporate Services subscription fees, as well as monthly Market Data and OTC Link license subscription fees. The following table presents the changes in deferred revenue during the year ended December 31, 2018:

Balance at January 1, 2018	$	15,531
Net changes		539
Balance at December 31, 2018	$	16,070

During 2018, we recognized $15.5 million of revenue that was included in the balance of our deferred revenue at the beginning of the year.

Payment Terms

Our payment terms vary by business line and the products or services offered and range from due upon receipt to net 45 days. For certain products, we require payment before services are rendered.

Practical Expedients Elected

- The Company elected to expense sales commissions paid when incurred instead of capitalizing those costs, because the amortization period would be less than one year. Commission expense is recorded in the compensation and benefits section of the Consolidated Income Statements.
- The Company elected not to disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.
- The Company elected to exclude all sales and use taxes that are assessed by government authority from transaction prices.

Note 4. Concentrations and Uncertainties

During the years ended December 31, 2018, 2017 and 2016, market data revenues earned through one market data distributor amounted to approximately 10%, 11% and 12% of the Company's gross revenues, respectively. Additionally, at December 31, 2018 and 2017, accounts receivable from that same distributor amounted to 20% and 18%, respectively, of the Company's accounts receivable.

Note 5. Property and Equipment

Property and equipment consisted of the following:

(in thousands)	December 31, 2018	December 31, 2017	Estimated useful life (years)
Computer software	$ 1,476	$ 1,304	2 - 3
Computer equipment	5,386	5,343	3 - 5
Furniture and fixtures	1,307	1,259	5 - 7
Leasehold improvements	4,880	4,352	Term of lease
Total property and equipment	13,049	12,258	
Accumulated depreciation and amortization	(11,069)	(10,240)	
Total property and equipment, net	**$ 1,980**	**$ 2,018**	

Depreciation and amortization on property and equipment, included in the consolidated statements of income, amounted to $992, $1,332 and $1,606 for the years ended December 31, 2018, 2017 and 2016, respectively. During the year ended December 31, 2018, the Company recorded a reduction of $174 to gross book value and $163 to accumulated depreciation resulting from the decommissioning of Computer software and Computer equipment.

Computer software includes approximately $439 and $443 (in unamortized website development costs), as of December 31, 2018 and 2017, respectively.

Note 6. Goodwill and Intangible Assets

Intangible assets consisted of the following:

(in thousands)	December 31, 2018	December 31, 2017	Estimated useful life (years)
Goodwill	$ 251	$ 251	Indefinite
Intangible assets:			
Website	100	100	2
Subscription services	150	150	8-15
Distributor relations	27	27	15
Intellectual property	40	40	Indefinite
Total intangible assets	317	317	
Accumulated amortization	(256)	(206)	
Intangible assets, net	**$ 61**	**$ 111**	

Amortization expense for finite-lived intangible assets was $50 and $29 for year ended December 2018 and 2017, respectively, and no amortization of finite-lived intangible assets was recognized for year ended December 31, 2016. The increase in amortization expense in 2018 compared with prior years was due to the acquisition of certain intangible assets in the second quarter of 2017. No impairment charges were recorded to goodwill or intangible assets for the years ended December 31, 2018, 2017 and 2016.

Note 7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31, 2018		December 31, 2017	
Payroll and employee withholdings	$	4,976	$	4,370
Deferred compensation		-		2
Accrued operating expenses		1,042		406
Deferred rent		-		80
Total accrued expenses and other	**$**	**6,018**	**$**	**4,858**

Payroll and employee withholdings primarily consisted of accrued discretionary bonus, discretionary employer 401(k) contribution, vacation and sales commission.

Note 8. Stock-Based Compensation

OTC Markets Group grants stock options and restricted stock awards ("RSAs") to employees. The grant date fair value of each stock option is estimated using the Black-Scholes option pricing model and is then amortized into compensation expense on a straight-line basis over the requisite service period, which is generally the vesting period. The grant date fair value of each RSA is based on the closing stock price on the day prior to the grant date. These charges are included in compensation and benefits expense and professional and consulting fees on the Consolidated Statements of Income.

A summary of the Company's option activity for the year ended December 31, 2018 is as follows:

(in thousands, except W/A exercise price)	Stock options	Weighted-average exercise price		Aggregate intrinsic value		Remaining contractual term (years)
Outstanding, January 1, 2018	708	$	14.46	$	10,338	6.98
Granted	119		28.17		30	
Exercised	(119)		10.88		2,076	
Forfeited	(27)		19.04		201	
Outstanding, December 31, 2018	681	$	17.31	$	8,031	6.71
Exercisable, December 31, 2018	312	$	12.22	$	5,252	5.07

The Company recognized compensation expense related to stock options, net of estimated forfeitures of $549, $503 and $501 for the years ended December 31, 2018, 2017 and 2016, respectively. During 2018, management estimated forfeiture rates of 5% for stock options granted to management and 23% for stock options granted to other employees. Such charges are included in compensation and benefits expense on the Consolidated Statements of Income.

At December 31, 2018, unrecognized compensation cost related to non-vested options awards totaled $1,216, which will be recognized over approximately 3.5 years.

The weighted-average assumptions used in the Black-Scholes option pricing model for 2018, 2017 and 2016 are as follows:

	Year ended December 31,		
	2018	2017	2016
Risk free interest rate	2.79%	2.11%	1.54%
Expected life in years	6.50	6.50	6.50
Expected volatility	23%	24%	30%
Expected annual dividend per share	2.06%	2.22%	3.29%
Weighted average fair value of options granted	$ 6.11	$ 5.19	$ 3.53

A summary of the Company's non-vested stock option activity for the year ended December 31, 2018 is as follows:

(in thousands, except W/A fair value)	Number of options	Weighted-average fair value
Non-vested balance at January 1, 2018	405	$ 4.33
Granted	119	6.11
Vested	(130)	4.19
Forfeited	(26)	4.33
Non-vested options at December 31, 2018	368	$ 4.95

A summary of the Company's RSA activity for the year ended December 31, 2018 is as follows:

(in thousands, except W/A fair value)	Restricted stock	Weighted-average fair value	Aggregate intrinsic value
Outstanding, January 1, 2018	289	$ 16.15	$ 8,401
Granted	100	26.17	2,653
Vested	(101)	14.51	2,636
Forfeited	(6)	22.43	185
Outstanding, December 31, 2018	282	$ 20.15	$ 8,185

The Company recognized compensation expense related to RSAs, net of estimated forfeitures, of $1,563, $1,261 and $996 for the years ended December 31, 2018, 2017 and 2016, respectively. During 2018, management estimated forfeiture rates of 9% for RSAs granted to management and 15% for RSAs granted to other employees. In addition, the Company also recognized professional fees of $151, $148 and $150 for the years ended December 31, 2018, 2017 and 2016, respectively, related to the issuance of RSAs to the Board of Directors.

A summary of the Company's non-vested RSA activity for the year ended December 31, 2018 is as follows:

(in thousands, except W/A fair value)	Number of RSAs	Weighted-average fair value
Non-vested balance at January 1, 2018	289	$ 16.15
Granted	100	26.17
Vested	(101)	14.51
Forfeited	(6)	22.43
Non-vested RSAs at December 31, 2018	282	$ 20.15

At December 31, 2018, unrecognized compensation cost related to non-vested awards totaled $3,684, which will be recognized over approximately 3.2 years.

(in thousands, except per share information)

Note 9. Debt

OTC Markets Group maintains a commercial banking relationship with JPMorgan Chase. On July 7, 2012, the Company entered into a line of credit agreement with JPMorgan Chase (the "Line of Credit"). Pursuant to various extensions, the Line of Credit makes up to $1.5 million available for business operations through June 28, 2019. Since inception, we have not drawn funds on the Line of Credit. Under the terms of the Line of Credit, we agreed to fulfill certain affirmative and negative covenants and other specified terms.

Note 10. Commitments and Contingencies

Operating Leases

The Company has two non-cancelable operating leases. One is for office space at 300 Vesey Street, New York, NY that was executed in October 2018 and expires on December 30, 2031. The other is for office space at 100 M Street SE, Washington, D.C. that was amended in May 2016 and expires on June 30, 2021. The New York lease provides for contingent rental payments consisting of a proportionate share of any increases in real estate taxes. Both leases contain rent escalation provisions. Rental expense is recognized on a straight-line basis over the term of the lease, and the difference between the actual rent paid and the expense charged is reflected as an increase or decrease to deferred rent.

As of December 31, 2018, future minimum lease payments under the leases are as follows:

Fiscal year	Payments due
2019	1,455
2020	1,988
2021	1,875
2022	1,759
Thereafter	17,553
Total	**$ 24,630**

Occupancy expense included in the Consolidated Statements of Income was $2,107, $1,776 and $1,625 for the years ended December 31, 2018, 2017 and 2016, respectively.

At December 31, 2018, the Company had three open letters of credit of approximately $1.2 million, with $1 million securing its obligation under the Sublease Agreement for office space at 300 Vesey Street in New York, and the balance related to our lease at 100 M Street SE in Washington, D.C and to our use of space at 304 Hudson Street in New York. The letters of credit are collateralized by a money market balance.

Legal Matters

There are no current, past, pending or threatened legal proceedings or administrative actions either by or against OTC Markets Group that could have a material effect on its business, financial condition or operations. OTC Markets Group is not a party to any past or pending trading suspensions by a securities regulator.

Note 11. Employee Benefit Plan

The Company has a 401(k) Plan for all eligible employees. Subject to federal contribution limits, the Plan permits each participant to contribute up to 15% of the participant's annual compensation and allows the Company to make discretionary contributions. In 2008, the

Company established an "Employer Non-Elective Discretionary Contribution" feature for its 401(k) Plan. The Company elected to contribute $390, $353 and $324 for the annual periods ended December 31, 2018, 2017 and 2016, respectively.

Note 12. Stockholders' Equity

Common Stock

The Company has one class of shares, Class A common stock, outstanding. Holders of Class A Common Stock, which include holders of unvested RSAs, are entitled to receive such dividends and other distributions in cash, stock of any corporation or property of the Company as may be authorized and declared by the Board of Directors from time to time out of the assets or funds of the Company legally available for the payment of dividends ("Dividend Rights"). Upon the voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of Class A Common Stock are entitled to a pro rata share of the net assets of the Company available for distribution in proportion to the number of shares of Class A Common Stock held by each ("Liquidation Rights").

The Company is authorized to issue 14,000,000 shares of Common Stock at $0.01 par value. As of December 31, 2018 there were a total of 12,035,941 shares issued and 11,548,956 shares outstanding. As of December 31, 2017 there were a total of 11,891,366 shares issued and 11,444,706 shares outstanding.

Treasury Stock

In August 2011, the Board of Directors authorized the Company to repurchase up to 300,000 shares of Class A Common Stock in compliance with Rule 10b-18 under the Securities Exchange Act of 1934 (the "Exchange Act"). In February 2017 and March 2018, the Board of Directors refreshed the Company's stock repurchase program, authorizing the repurchase of up to 300,000 shares of Class A Common Stock.

During the year ended December 31, 2018, the Company repurchased 40,325 shares of Class A Common Stock at average price of $25.99 per share for a total of $1,048. During the year ended December 31, 2017, the Company repurchased 99,302 shares of Class A Common Stock at an average price of $21.91 per share for a total of $2,176. All repurchased shares are held in treasury.

Dividends

The Company paid quarterly cash dividends on its Class A Common Stock of $0.15 per share during the third and fourth quarter of 2018, $0.14 per share during the first and second quarter of 2018, and 2017. The Company also paid special dividends of $0.65 per share of Class A Common Stock during the fourth quarter of 2018 and $0.60 per share during the fourth quarter of 2017.

Equity Incentive Plan

The Company's Equity Incentive Plan (the "Plan"), as approved by the Board of Directors on June 2, 2009, provides for the grant of incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares, and bonus shares, and governs options awarded (See Note 8, "*Stock-Based Compensation"*). In each of November 2018 and 2017, the Board of Directors authorized the increase in the number of shares available for issuance under the Plan by 200,000 shares.

Note 13. Income Taxes

The components of the provision for income taxes consist of the following:

(in thousands)	Year Ended December 31, 2018	2017	2016
Current:			
Federal	$ 2,512	$ 4,753	$ 5,491
State and local	1,259	949	1,145
Total current	$ 3,771	$ 5,702	$ 6,636
Deferred:			
Federal	(227)	80	(257)
State and local	(20)	10	28
Total deferred	$ (247)	$ 90	$ (229)
Provision for income taxes	$ 3,524	$ 5,792	$ 6,407

The Act was enacted on December 22, 2017 and introduces significant changes to U.S. income tax law. For tax years beginning after December 31, 2017, the Act reduces the U.S. statutory tax rate from 35% to 21%. Due to the timing of the enactment and the complexity involved in applying the provisions of the Act, we made reasonable estimates of the effects and remeasured our deferred taxes as of December 31, 2017 to reflect the reduced effective tax rate that would apply in future periods. The additional tax expense recognized in the fourth quarter of 2017 related to the remeasurement of net deferred tax assets and amounted to $378. As of December 31, 2018, we have completed our accounting for the tax impact of the Act and concluded no further adjustments are needed in connection with the remeasurement of deferred tax assets.

The reconciliation of federal statutory income tax rate to our effective income tax rate is as follows:

	Year Ended December 31, 2018	2017	2016
Federal Statutory rate	21.0%	35.0%	35.0%
State and local income taxes, net	3.5%	2.5%	3.7%
R&D tax credits	(3.3%)	(1.7%)	(1.1%)
Tax Cuts and Jobs Act rate change	-	2.1%	-
Stock-based compensation	(2.8%)	(4.9%)	-
Other	(0.6%)	(1.5%)	0.2%
	17.8%	31.6%	37.9%

The Company's effective income tax rates for fiscal years 2018, 2017 and 2016 were 17.8%, 31.6% and 37.9%, respectively.

The decrease in our effective tax rate for 2018 is mainly due to the lower U.S. corporate income tax rate in effect following the enactment of the Act. Our effective tax rate was further reduced by the higher U.S. federal research and development tax credit and the benefit of the Foreign-Derived Intangible Income Deduction claimed in 2018 pursuant to the Act.

The significant components of the Company's deferred tax assets and liabilities are as follows:

(in thousands)	Year Ended December 31, 2018	2017
Deferred tax assets:		
Allowance for doubtful accounts	$ 43	$ 37
Deferred rent	254	82
Share-based compensation	529	445
Property and equipment	-	13
Deferred tax asset on income tax reserve	290	217
Other reserves	3	2
Deferred tax assets	1,119	796
Deferred tax liabilities:		
Property and equipment	(66)	-
Other reserves	(10)	-
Deferred tax liabilities	(76)	-
Net deferred tax assets	$ 1,043	$ 796

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon settlement with the relevant tax authority. In connection with the assessment of certain tax positions, a reconciliation of the gross unrecognized tax liabilities for the years ended December 31, 2018 and 2017 is as follows:

(in thousands)	Year Ended December 31, 2018	2017
Beginning balance	$ 883	$ 737
Increase for tax positions taken during the current period	239	155
increase(Decrease) for tax positions taken during a prior period	47	(9)
Ending balance	$ 1,169	$ 883

It is not reasonably possible that any unrecognized tax benefits related to state nexus will reverse within the next twelve months due to expected settlements with taxing authorities. The total amount of uncertain tax positions, that if recognized would impact the Company's effective tax rate as of December 31, 2018 and 2017, is $1,168 and $888, respectively.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of tax expense. The Company increased the amount of interest and penalties due on income tax reserves by $68, $46 and $45 during the years ended December 31, 2018, 2017 and 2016, respectively. As of December 31, 2018 and 2017, the Company had $290 and $222 of interest and penalties accrued, respectively.

The Company is subject to income taxes in the U.S. federal jurisdiction and various state jurisdictions. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. The 2013, 2014, 2015, 2016 and 2017 tax years remain subject to examination by the IRS and the 2013, 2014, 2015, 2016 and 2017 tax years remain subject to examination by various state taxing authorities. The Company does not believe that the outcome of any examination will have a material impact on its consolidated financial statements.

Note 14. Earnings Per Share

The Company calculates earnings per share using the two-class method, which is an earnings allocation formula that determines earnings per share for common stock and participating securities according to dividends declared and participation rights in undistributed earnings. Under this method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights to receive dividends. RSAs granted to employees (See Note 8, "*Stock-Based Compensation*") participate in dividends on the same basis as common shares and such dividends are nonforfeitable by the holder. As a result, these RSAs meet the definition of a participating security.

The tables below present the calculations of earnings per share using the two-class method:

Basic Earnings per common share

	Year Ended December 31,		
(in thousands, except shares and per share data)	2018	2017	2016
Net income available to common shareholders	$ 16,237	$ 12,559	$ 10,528
Less: Undistributed earnings allocated to unvested RSAs	(50)	18	65
Less: Dividend equivalents on unvested RSAs	(347)	(335)	(340)
Net Income allocated to common shareholders	$ 15,840	$ 12,242	$ 10,253
Shares of common stock and common stock equivalents			
Weighted-average common shares outstanding	11,250,984	11,141,161	11,092,097
Basic earnings per share	$ 1.41	$ 1.10	$ 0.92

Diluted Earnings per common share

	Year Ended December 31,		
(in thousands, except shares and per share data)	2018	2017	2016
Net income available to common shareholders	$ 16,237	$ 12,559	$ 10,528
Less: Undistributed earnings allocated to unvested RSAs	(48)	17	64
Less: Dividend equivalents on unvested RSAs	(347)	(335)	(340)
Net Income allocated to common shareholders	$ 15,842	$ 12,241	$ 10,252
Shares of common stock and common stock equivalents			
Weighted-average common shares outstanding	11,250,984	11,141,161	11,092,097
Dilutive effect of employee stock options and restricted stock units	371,786	424,925	247,506
Weighted-average shares used in diluted computation	11,622,770	11,566,086	11,339,603
Diluted earnings per share	$ 1.36	$ 1.06	$ 0.90

As of December 31, 2018, 2017 and 2016, 282, 289 and 293 RSAs, respectively, and stock options to purchase 681, 708 and 792 shares of common stock, respectively, were outstanding. For the years ended December 31, 2018, 2017 and 2016, 11, 9 and 22 awards, respectively, were excluded from the diluted earnings per share computation because their effect would have been anti-dilutive.

(in thousands, except per share information)

Note 15. Quarterly Financial Data (unaudited)

The following represents OTC Markets Group's unaudited quarterly results for the years ended December 31, 2018 and 2017. These quarterly results were prepared in accordance with GAAP and reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results. These adjustments are of a normal recurring nature.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2018				
Revenues less transaction-based expenses	$ 13,713	$ 14,056	$ 14,036	$ 14,650
Operating Income	4,550	4,996	5,291	4,808
Net Income	3,747	3,987	4,385	4,118
Basic earnings per share	$ 0.33	$ 0.35	$ 0.37	$ 0.36
Diluted earnings per share	$ 0.31	$ 0.34	$ 0.37	$ 0.34
2017				
Revenues less transaction-based expenses	$ 12,752	$ 13,143	$ 13,038	$ 13,243
Operating Income	4,238	4,824	4,590	4,652
Net Income	3,050	3,105	3,488	2,916
Basic earnings per share	$ 0.27	$ 0.27	$ 0.31	$ 0.25
Diluted earnings per share	$ 0.26	$ 0.26	$ 0.30	$ 0.24

Note 16. Regulatory Authorities

OTC Link LLC is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. Rule 15c3-1 requires the maintenance of net capital, as defined, which shall be the greater of $5 or 6⅔% of aggregate indebtedness, as defined. OTC Link LLC's regulatory net capital as of December 31, 2018 and 2017 was $3,305 and $3,837, respectively, which exceeded the minimum net capital requirement by $3,153 and $3,709, respectively.

Note 17. Subsequent Events

For purposes of disclosure in the consolidated financial statements, the Company has evaluated subsequent events through March 6, 2019, the date the consolidated financial statements were available to be issued.

In January 2019, the Company granted approximately 101 RSAs to certain employees subject to the terms of Restricted Stock Agreements between the Company and each employee.

On February 5, 2019, the Company announced the acquisition of Qaravan Inc., a provider of software, and risk and performance analytics for the banking and finance industry.

On March 5, 2019, the Board of Directors authorized and approved a quarterly cash dividend of $0.15 per share of Class A Common Stock. The quarterly cash dividend is payable on March 28, 2019 to stockholders of record on March 18, 2019. The ex-dividend date is March 15, 2019.

On March 5, 2019, the Board of Directors refreshed the Company's stock repurchase program, giving the Company authorization to repurchase up to 300,000 shares of the Company's Class A Common Stock.

EXHIBIT 2.1

CERTIFICATION OF PRINCIPAL EXECUTIVE

I, R. Cromwell Coulson, Chief Executive Officer of OTC Markets Group Inc., certify that:

1. I have reviewed this Annual Report of OTC Markets Group Inc.;

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

/s/ R. Cromwell Coulson
R. Cromwell Coulson
Chief Executive Officer

March 6, 2019
Date

EXHIBIT 2.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Beatrice Ordonez, Chief Financial Officer of OTC Markets Group Inc., certify that:

1. I have reviewed this Annual Report of OTC Markets Group Inc.;

2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

/s/ Beatrice Ordonez
Beatrice Ordonez
Chief Financial Officer

March 6, 2019
Date