

OTC MARKETS GROUP INC.

A Delaware Corporation

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

2014 Annual Report

ISSUER'S EQUITY SECURITIES

COMMON STOCK

Class A Common Stock
\$0.01 Par Value Per Share
14,000,000 Shares Authorized
11,234,871 Shares Outstanding as of February 28, 2015
OTCQX: OTCM

Class C Common Stock
\$0.01 Par Value Per Share
130,838 Shares Authorized
130,838 Shares Outstanding as of February 28, 2015

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.

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OTC MARKETS GROUP INC.

A Delaware Corporation

ANNUAL REPORT

Cautionary Note Regarding Forward-Looking Statements

Information set forth in this 2014 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 exact name of the issuer

The name of the issuer is OTC Markets Group Inc. On January 18, 2011, the Company changed its name from Pink OTC Markets to OTC Markets Group Inc.

Company description

OTC Markets Group Inc. (OTCQX: OTCM) operates Open, Transparent and Connected financial marketplaces for 10,000 U.S. and global securities. Through our OTC Link[®] ATS, we directly link a diverse network of broker-dealers that provide liquidity and execution services for a wide spectrum of securities. We organize these securities into marketplaces to inform investors of opportunities and risks: the OTCQX[®] Best Marketplace; the OTCQB[®] Venture Marketplace; and the OTC Pink[®] Open Marketplace. Our data-driven platform enables investors to easily trade through the broker of their choice at the best possible price and empowers a broad range of companies to improve the quality and availability of information for their investors.

The address of the issuer is: **304 Hudson Street, 3rd Floor
New York, NY 10013**

The telephone and facsimile is: **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.otcquote.com, and www.otcdealer.com. The information contained on such websites shall not be deemed incorporated by reference herein.**

Investor relations contact: **Wendy Fraulo, 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
17 Battery Place, 8th Floor
New York, NY 10004**

The telephone number is: **(212) 509-4000**

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

The jurisdiction and date of the issuer's incorporation or organization

The Company traces its history back to 1904 and was known as the National Quotation Bureau. On April 14, 1997, a group led by our current CEO purchased the Company. In July 2000, the Company changed its name to Pink Sheets LLC, and on March 31, 2008, Pink Sheets LLC converted from a Delaware limited liability company to a Delaware corporation and changed its name to Pink OTC Markets Inc. On January 18, 2011, the Company changed its name to OTC Markets Group Inc.

Other corporate information

OTC Markets Group's North American Industry Classification System ("NAICS") code is 523210 – Securities and Commodity Exchanges and our primary SIC Code is 6289 - Services Allied With the Exchange of Securities or Commodities, Not Elsewhere Classified (Quotation Service, Stock and Financial Reporting).

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[®]") and on June 1, 2012 began operating as an SEC registered Alternative Trading System ("ATS") known as OTC Link ATS.

The Company does not have any parents, subsidiaries or affiliated companies except for OTC Link LLC.

Our fiscal year ends on December 31.

Our securities are not, and have never been, listed on a national securities exchange, and have been quoted solely on OTC Link ATS since the commencement of their public trading.

Neither we nor any of our predecessors have been in bankruptcy, receivership, or any similar proceeding.

Part B. Share Structure

The exact title and class of securities outstanding

As of December 31, 2014, OTC Markets Group had two classes of securities outstanding: Class A Common Stock and Class C Common Stock (collectively, "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 of the reported period.

From commencement of our public trading on September 19, 2009 through January 18, 2011, the trading symbol for OTC Markets Group's Class A Common Stock assigned by FINRA was "PINK". On January 19, 2011, the Company changed its trading symbol to "OTCM". The Class C Common Stock does not have a trading symbol. As of December 31, 2014, all shares of our Class C Common Stock were held by R. Cromwell Coulson, our Chief Executive Officer, and did not have a public market.

The CUSIP numbers for OTC Markets Group's common stock prior to January 19, 2011 were: 723416103 for Class A Common Stock and 723416301 for Class C Common Stock. On January 19, 2011, the CUSIP numbers for our common stock were changed to 67106F108 for Class A Common Stock and 67106F207 for Class C Common Stock.

Our Class A Common Stock has been qualified for the OTCQX U.S. Premier[®] marketplace since March 11, 2010.

Par or stated value and description of the security

A. Par or Stated Value

All classes of OTC Markets Group's common stock have a par value of \$0.01 per share.

B. Common and Preferred Stock

Common Stock

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.

Class A

Holders of Class A Common 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 *pro rata* shares of the net assets of OTC Markets Group available for distribution in proportion to the number of Class A Common Stock held by such stockholder ("Liquidation Rights").

Class C

Holders of Class C Common Stock are not entitled to any Dividend Rights or Liquidation Rights. Each share of Class C Common Stock will automatically convert into Class A Common Stock at a ratio of one-to-one (1:1) if the price of Class A Common Stock is greater than \$19.62 per share as determined by either (i) the average price in trade reports aggregating a total of 300,000 shares consecutively reported to FINRA, provided that the Class A Common Stock has been quoted on an interdealer quotation system by at least two market makers or (ii) an Acquisition (as defined in our Certificate of Incorporation) of OTC Markets Group.

Preferred Stock

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

Provisions in the Issuer's charter or by-laws that would delay, defer, or prevent a change in control of the Issuer

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, 2014, OTC Markets Group had 14,130,838 shares of Common Stock authorized, consisting of (i) 14,000,000 shares of Class A Common Stock and (ii) 130,838 shares of Class C Common Stock. There was no Class B Common Stock or preferred shares authorized or outstanding as of the reported periods.

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

Class A Common Stock as of:

		December 31,	
		2014	2013
(i)	Number of shares authorized	14,000,000	14,000,000
(ii)	Number of shares outstanding	11,122,541	10,888,510
(iii)	Number of shares freely tradable (public float) ⁽¹⁾⁽²⁾	6,609,291	6,584,980
(vi)	Total number of holders of record	131	122

There are greater than 100 beneficial shareholders owning at least 100 shares of the Company's Class A Common Stock.

Notes:

- (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 4.3 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.

Class C Common Stock as of:

		December 31,	
		2014	2013
(i)	Number of shares authorized	130,838	130,838
(ii)	Number of shares outstanding	130,838	130,838
(iii)	Number of shares freely tradable (public float)	0	0
(vi)	Total number of holders of record	1	1

Issuer purchases of equity securities

On August 9, 2011, the Board of Directors authorized the Company to repurchase up to 300,000 shares of the Company's Class A Common Stock, solely through purchases performed in a manner that complies with Rule 10b-18.

The following table shows purchases made by the Company of the Company's common stock during the years ended December 31, 2014 and 2013:

Date	Number of Shares Purchased	Average Price Paid Per Share	Number of Shares Purchased as Part of Announced Repurchase Plan	Number of Shares Remaining To Be Purchased Under Announced Plan
8/9/2011	N/A	N/A	N/A	300,000
Purchases through 12/31/2012	36,406	5.35	36,406	263,594
8/23/2013	3,320	\$7.95	3,320	260,274
3/31/2014	7,998	\$8.20	7,998	252,276
5/8/2014	1,988	\$8.50	1,988	250,288
9/5/2014	9,942	\$12.50	9,942	240,346
9/12/2014	50,000	\$12.50	50,000	190,346

Summary of stock option activity

The following table contains a summary of all stock option activity during 2014 and 2013:

(in thousands, except W/A exercise price)	Stock options	Weighted- average exercise price
Outstanding, January 1, 2013	851	\$ 5.25
Granted	148	8.07
Exercised	(41)	4.44
Forfeited	(74)	6.22
Outstanding, January 1, 2014	884	\$ 5.68
Granted	212	11.74
Exercised	(282)	3.94
Forfeited	(57)	7.21
Outstanding, December 31, 2014	757	\$ 7.91

Summary of restricted stock award activity

In January 2012, 2013 and 2014, the Company granted 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 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 2014 and 2013:

(in thousands, except W/A fair value)	Restricted stock	Weighted- average fair value
Outstanding, January 1, 2013	250	\$ 5.99
Granted	201	7.93
Vested	(96)	6.34
Forfeited	(31)	6.91
Outstanding, January 1, 2014	324	\$ 7.00
Granted	192	8.45
Vested	(109)	7.40
Forfeited	(52)	7.06
Outstanding, December 31, 2014	355	\$ 7.65

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
2013		
First Quarter	\$ 8.10	\$ 7.55
Second Quarter	8.45	7.80
Third Quarter	8.39	7.64
Fourth Quarter	8.10	7.60
2014		
First Quarter	\$ 8.50	\$ 7.60
Second Quarter	11.25	8.50
Third Quarter	12.90	11.07
Fourth Quarter	14.89	12.90

Dividends

During 2013 and 2014, 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
2013				
February 26, 2013	\$ 0.06	March 15, 2013	\$ 652	March 28, 2013
May 13, 2013	0.06	June 13, 2013	652	June 27, 2013
August 6, 2013	0.06	September 12, 2013	654	September 26, 2013
November 11, 2013	0.06	December 12, 2013	653	December 26, 2013
2014				
February 24, 2014	\$ 0.06	March 13, 2014	\$ 663	March 27, 2014
May 5, 2014	0.06	June 10, 2014	661	June 24, 2014
August 12, 2014	0.10	September 11, 2014	1,111	September 25, 2014
November 12, 2014	0.50	November 24, 2014	5,562	December 8, 2014
November 12, 2014	0.10	December 9, 2014	1,112	December 23, 2014

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

Mission, Vision and Strategy

At OTC Markets Group Inc. (OTCQX: OTCM) our mission is to create better informed and more efficient financial marketplaces. We pursue this mission by operating Open, Transparent and Connected financial marketplaces for 10,000 U.S. and global securities. We believe in the power of shared knowledge and open networks. Being open nurtures the most diversity, choice and innovation.

Our vision is to expand the world of investment opportunities by creating the financial marketplaces of choice. By connecting brokers, organizing marketplaces and enabling investors to intelligently analyze, value and trade securities, we bring the benefits of public trading to a wide spectrum of securities and efficiently fulfill the capital formation needs of a broad range of U.S. and global companies.

Our strategy is to *Operate* a world-leading securities market. We:

- *Share* information widely through open networks that foster greater transparency
- *Connect* broker-dealers, organize marketplaces and inform investors
- *Deliver* elegant, reliable and cost effective subscription-based solutions

Through our OTC Link ATS, we directly link a diverse network of broker-dealers that provide liquidity and execution services for a wide spectrum of securities. We organize securities into marketplaces to better inform investors of opportunities and risks – the OTCQX Best Marketplace; the OTCQB Venture Marketplace; and the OTC Pink Open Marketplace, which incentivize companies to provide better information to create more efficient prices in their securities. Our data-driven platform enables investors to easily trade through the broker of their choice at the best possible price, and empowers a broad range of companies to improve the quality and availability of information for their investors.

Our mission, vision and strategy drive market transparency so brokers and investors are empowered to make intelligent choices.

Our Values

We aspire to live by a set of core values for success with our community and colleagues:

- **Be Open.** When we're open to new ideas, we encourage participation, create opportunity, and foster innovation. It's no coincidence that our open platform produces exactly the same results.
- **Be Transparent.** Sharing information enables smarter decisions. Transparency within our community, workplace, and marketplaces makes everything simpler. And all of us smarter.
- **Be Connected.** Direct connections create better understanding, stronger bonds and more valuable interactions. We grow and strengthen our connections by reliably delivering the service and support we would expect for ourselves. The better we connect with our community, the more we will be valued and the better we'll all be rewarded.
- **Be an Overachiever.** We attract the best and the brightest people by being the best and brightest company. Inspiring leadership, competitive compensation, equity participation and a stimulating work environment foster a culture that promotes initiative, rewards merit and creates opportunity for those with the capacity to fulfill it.
- **Be a Teammate.** Our enterprise is fueled and driven by a team effort of empowered individuals. We treat our colleagues with respect that is earned through collaborative contribution to our collective success. We make each other stronger by sharing our knowledge and experience.
- **Be Creative.** An insatiable curiosity inspires the investigation, critical thinking and understanding our progress requires. We're not afraid of failure as the knowledge we gain only assures our future successes. We are constantly alert to the possibility of new ideas and fresh solutions to complex problems. Just as our enterprise is the result of

bold thinking – bold thinking is the result of our enterprise.

- **Be an Owner.** We all share in the success of our company – and we all take ownership of our share of the work. We seize opportunity as it appears and solve problems before they arise. We're careful when investing our capital and spending our resources, as it's always with the best interests of our shareholders in mind.
- **Be Trusted.** Our reputation is our most valuable asset and we vigorously protect it with honesty and integrity. We are dedicated to complying with the letter and spirit of the laws, rules and ethical principles that govern us. We are meticulous in keeping accurate records with strong controls. We actively protect the confidential information with which we are entrusted and conduct ourselves privately as we would publicly.
- **Be a Capitalist.** We strive to be a successful enterprise that provides superior investment returns for our shareholders. Our growth and profitability are critical not only to building our shareholders' capital, but also to our investment in the strength of our operations, our colleagues, and our future.

Our Business

OTC Link ATS's fully attributable, network-based model offers our FINRA member broker-dealer subscribers greater choice of trading partners, control of their trade executions and more efficient trading for investors. As an SEC registered ATS and FINRA member broker-dealer, OTC Link ATS is subject to the direct regulatory oversight of the SEC and FINRA.

Due to the role OTC Link ATS plays in the broker-dealer trading process, we generate a significant amount of market data and security information. 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 OTC Pink securities.

Our premium market data, company data and security information services are designed to provide the building blocks to a better informational experience for investors by promoting price transparency, facilitating public disclosure, and enabling companies to demonstrate compliance with federal and state securities laws.

The OTCQX Best Marketplace is for established, global and growth companies with eligible securities quoted on OTC Link ATS that meet certain financial standards and disclosure requirements and choose to have their securities qualify to trade on the OTCQX marketplace. Companies traded on the OTCQX marketplace receive a package of premium services to inform investors, provide consistent disclosure, clearly convey their reputations and demonstrate regulatory compliance.

During the first half of 2014, we implemented a set of OTCQX Rules specifically tailored for the needs of U.S. community and regional banks. OTCQX for U.S. Banks allows qualified banks to utilize their existing regulatory reporting to provide easily accessible information to investors. Also in the first half of 2014, we published amendments to the OTCQX Rules for U.S. Companies that are intended to streamline the OTCQX qualification process. Specifically, the updated U.S. Rules modified the responsibilities of a Designated Advisor for Disclosure for U.S. companies to align more closely with the responsibilities of a Principal American Liaison for international companies, and required companies to release quickly to the public any news or information which might reasonably be expected to materially affect the market for their securities. At the same time, we published amendments to the OTCQX Rules for International Companies that simplified the OTCQX qualification process and made it easier for companies with American Depositary Receipts ("ADRs") trading on OTCQX to upgrade their foreign ordinary shares, or "F" shares, to OTCQX.

We introduced new standards for our OTCQB Venture Marketplace on May 1, 2014. The standards are designed to make OTCQB a better venture marketplace with fee based services. Companies that choose to join the OTCQB marketplace also receive a package of premium services that are designed to promote price transparency and facilitate public disclosure. The OTCQB standards require companies to provide additional information to investors, including management certifications with specific identification of company officers, directors and controlling shareholders; transparency of legal, accounting and investor relations advisors; and confirmation of total shares outstanding and total shares authorized. The new OTCQB standards also include a minimum bid price test that results in downgrading sub-penny securities to the OTC Pink marketplace. In addition to its original base of SEC reporting companies and banks, the OTCQB marketplace is now open to international companies that trade in the U.S. in reliance on an available exemption from SEC registration, provide the information required by Rule 12g3-2(b) under the Exchange Act, and meet the applicable OTCQB standards. The majority of companies listed on the TSX Venture, LSE AIM and other non-U.S. venture exchanges do not meet the OTCQB marketplace's high financial standards and could benefit from being traded on the OTCQB marketplace. Existing OTCQB companies have a choice of meeting the new OTCQB standards, choosing to qualify for the OTCQB marketplace or being downgraded to the OTC Pink marketplace. Companies that do not submit an OTCQB application or do not provide the annual management certifications within 120 days after their first fiscal year end subsequent to March 31, 2014 are downgraded to the OTC Pink marketplace. We expect the changes to the OTCQB marketplace to improve information availability for investors and better suit the needs of entrepreneurial and development stage companies.

The OTC Pink Open Marketplace allows broker-dealers to efficiently provide best execution for their customers in all types of securities without requiring the involvement of the company. It is a broker-quote driven marketplace that contains all securities traded on OTC Link ATS that have not met the standards of the OTCQB or OTCQB premium marketplaces. Companies on the OTC Pink marketplace are categorized as "OTC Pink Current Information," "OTC Pink Limited Information" or "OTC Pink No Information" based on the completeness and timeliness of the information they provide to investors. Companies seeking to improve their categorizations on the OTC Pink marketplace can use our OTC Disclosure & News Service[®] to make current disclosure available in accordance with our OTC Pink Basic Disclosure Guidelines.

Our marketplaces span all major sectors and industries, and are characterized by market capitalization levels ranging from micro-cap start-ups to large-cap global companies.

The following table shows the number of OTC securities traded on the OTCQB, OTCQB and OTC Pink marketplaces, for the years ended December 31, 2014, 2013 and 2012.

OTC Marketplace	Year ended December 31,		
	2014	2013	2012
OTCQB	383	370	400
OTCQB *	2,252	3,143	3,401
OTC Pink	7,276	6,498	6,173
Total	9,911	10,011	9,974

The decline in the number of OTCQB securities during 2014 is primarily a result of the implementation of the new OTCQB standards.

*Includes 312 securities that met the new OTCQB standards as of December 31, 2014.

Products and services

OTC Markets Group has three business lines that provide a variety of products and services, including trading technologies for FINRA member broker-dealers; premium marketplaces, disclosure and information services for publicly traded companies; and market information for broker-dealers, companies, investors, and market data distributors. We believe our elegant, reliable, cost-effective subscription based services allow us to maintain our leading market position as a financial and technology services provider. Each business line has distinct services and fees, including OTC Link ATS subscription service and usage based fees, Corporate Services application and annual fees, market data distribution and licensing fees, and website advertising fees. Growth from each business line tends to promote growth in the others because the services are complementary in nature. We generally derive revenues pursuant to a subscription model, whereby the significant majority of our revenues are recurring in nature.

Each of our business lines, consisting of OTC Link ATS, Market Data Licensing, and Corporate Services, is described in detail below.

OTC Link ATS

Our wholly-owned subsidiary, OTC Link LLC, a FINRA member broker-dealer and SEC registered ATS, operates OTC Link ATS. OTC Link ATS serves a diverse community of FINRA member broker-dealer subscribers that operate as market makers, agency brokers and ATSs, including electronic communications networks (“ECNs”). We offer a suite of quotation and trade-messaging services, and data products and services, as well as the QAP[®] One Statement service, which allow our subscribers to provide liquidity and execution services and best execution to investors, and help them increase trading on their systems. Providing these services is fundamental to our business model because our OTC Link ATS broker-dealer subscribers are the core of our enterprise. Our fully attributable, network based platform allows broker-dealers to directly trade with their competitors. Unlike traditional exchanges and matching engines, we are not an intermediary in competition with our broker-dealer subscribers for execution services.

Broker-dealers pay monthly license, subscription, and connectivity fees to use OTC Link ATS. Our OTC Dealer[®] application provides broker-dealers a user interface into OTC Link ATS. OTC Link ATS delivers trade messages electronically, allowing subscribers to execute, negotiate, or decline trade messages. Our OTC Link ATS business line made up approximately 29% and 32% of our gross revenues for the years ended December 31, 2014 and 2013, respectively.

OTC Dealer, together with separately priced add-on applications, shows a full Real-Time Level 2 quote montage for OTCQX, OTCQB and OTC Pink traded securities, providing full access to OTC Link ATS tickers, quote montages, and multiple watch lists for those securities. For automated trading and integration with third-party Order Management Systems (“OMS”) and direct access trading systems, we offer the OTC FIX Gateway, a real-time FIX Protocol based computer-to-computer interface that allows for fully-electronic submission and receipt of quotes, orders and negotiations.

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

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 Dealer also provides users access to analytics and information, including corporate action data and advanced search capabilities for broker-dealer activity, quotes, inside markets and trades, security changes, and trader open/close activity.

As of December 31, 2014, over 120 broker-dealers subscribed to our OTC Link ATS, enabling them to post quotes and send trade messages via our OTC Link ATS, as compared to over 130 as of December 31, 2013.

Market Data Licensing

OTC Markets Group provides our subscribers with access to the extensive market data, company data and security information we collect through our OTC Link ATS and Corporate Services business lines. We are able to offer more comprehensive data and data products to subscribers as more information is shared through our open networks. Our market data includes real-time data, end-of-day data, historical quotation data, company financial data, security master data, corporate reference data and compliance data for securities traded on our marketplaces. Our Market Data Licensing business line made up approximately 48% and 42% of our gross revenues for the years ended December 31, 2014 and 2013, respectively.

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 user subscription rates, through direct connectivity and third-party market data redistributors/OMS. 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, including Bloomberg, Interactive Data Corporation, and Fidessa. At both December 31, 2014 and 2013, 55 market data distributors were disseminating our market data to subscribers.

Our Market Data Licensing services include:

- *OTC Markets Level 1+ (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* - Real-time inside bid and offer quote prices and aggregate size information for OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS. This license includes information regarding trades negotiated by broker-dealers via OTC Link ATS.
- *OTC Markets Level 2+ (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* - Real-time individual bid and offer quote prices, size information, market participant identifiers and contact information in OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS. This license includes information regarding trades negotiated by broker-dealers via OTC Link ATS.
- *OTC Markets Real-Time Reference Prices (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – Real-time inside bid and offer prices in OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS. Size and market participant information is not available with this license. This license includes information regarding trades negotiated by broker-dealers via OTC Link ATS.
- *OTC Markets Internal System Application (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – Real-time quote prices, size and market participant (Level 1+ or Level 2+) data for use by a software application only.
- *OTC Markets Delayed Level 1 (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – Delayed inside bid and offer quote prices and aggregate size information in OTCQX,

OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS. This license includes delayed information regarding trades negotiated by broker-dealers via OTC Link ATS.

- *OTC Markets Derived Data (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – Real-time display or use of data derived from OTC Markets data within Internal and/or External applications.
- *OTC Markets End of Day Pricing (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – End of day bid and ask prices in OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS for regulatory reporting, audits, valuation, research and analysis.
- *OTC Markets Security & Company Data (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – Security and company attribute data in OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS for compliance, research and analysis.
- *OTC Markets Compliance Data (OTCQX, OTCQB, OTC Pink) License* – Key compliance data, including SEC Penny Stock Rule and FINRA OTC Recommendation Rule data for OTCQX, OTCQB, OTC Pink and other securities on OTC Link ATS.

We also offer OTCQuote[®], a web-based, real time, view-only quote service designed for agency traders, institutional investors, compliance officers and regulators that require visibility into market activity in OTCQX, OTCQB and OTC Pink securities.

Corporate Services

We organize marketplaces to highlight opportunities, make risks more readily apparent, and incentivize companies to provide better information. We strive to ensure that investors are well informed wherever they analyze, value or trade securities.

We operate the OTCQX Best Marketplace; the OTCQB Venture Marketplace; and offer a suite of premium services to companies trading on all of our marketplaces. These premium services include the OTC Disclosure & News Service for posting financial reports, disclosure documents and news releases, either stand-alone or through integrated third-party newswire providers; Real-Time Level 2 Quote Display, a service that companies sponsor to make Level 2 quotes available to investors on www.otcm Markets.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. Our Corporate Services business made up approximately 23% and 26% of our gross revenues for the years ended December 31, 2014 and 2013, respectively.

Our marketplaces offer companies a choice of disclosure standards to make their financial and operating information publicly available in the most efficient manner:

- **U.S. Reporting Standard:** Companies may register a class of their securities with the SEC and comply with SEC reporting requirements.
- **Alternative Reporting Standard:** When SEC registration is not required, companies generally must make certain information publicly available to facilitate compliance with securities regulations, including Rules 10b-5 and 15c2-11 under the Exchange Act and Rule 144(c)(2) under the Securities Act. The Alternative Reporting Standard may be satisfied through compliance with the OTCQX U.S. Disclosure Guidelines or the OTC Pink Basic Disclosure Guidelines, as applicable.
- **Bank Reporting Standard:** Banks can utilize their existing financial reports and regulatory disclosure to provide easily accessible information to investors and facilitate

compliance with securities regulations, including Rules 10b-5 and 15c2-11 under the Exchange Act and Rule 144(c)(2) under the Securities Act.

- International Information Standard: Rule 12g3-2(b) under the Exchange Act permits non-U.S. companies whose primary security is listed on a non-U.S. stock exchange to make publicly available to U.S. investors in English the same information that is made publicly available in their home countries as an alternative to SEC Reporting.

OTCQX Best Marketplace

The OTCQX marketplace provides established U.S. and global companies an informed and efficient U.S. public trading market for their shares and ADRs without the cost and complexity of a national securities exchange listing.

Companies that choose to have their securities traded on OTCQX do so annually, on a calendar-year basis. To have their securities traded on the OTCQX marketplace, companies must be sponsored by a professional third-party advisor, meet minimum financial, disclosure and qualitative standards, pay annual fees, and continue to meet the requirements of our OTCQX Rules on an ongoing basis. Companies traded on the OTCQX marketplace pay a one-time application fee and annual fees each year their securities are qualified to trade on the OTCQX marketplace. These fees are fixed and do not vary based on outstanding shares, market capitalization or marketplace segment. Companies on the OTCQX marketplace receive a package of premium services, including the OTC Disclosure & News Service, Real-Time Level 2 Quote Display, and Blue Sky Monitoring Service.

The OTCQX marketplace is divided into OTCQX U.S. for U.S. Companies, including U.S. banks, and OTCQX International for global companies. A majority of companies on the OTCQX marketplace are on OTCQX International. The OTCQX International marketplace 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 the value of taking on the burdens of 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 support the management resources, operational complexity and cost burdens of meeting two different regulatory, compliance, disclosure, and accounting standards.

OTCQX International companies may meet the U.S. Reporting Standard or the International Information Standard. To trade on the OTCQX U.S. marketplace, U.S. companies may meet the U.S. Reporting Standard, the Alternative Reporting Standard or, for banks, the Bank Reporting Standard.

Within the OTCQX marketplace, there are elite segments separating the largest and most liquid companies (OTCQX U.S. Premier[®] and OTCQX International Premier[®]) from smaller, growth companies. Securities traded on the OTCQX marketplace are identified by an icon designating that they are qualified for trading on the OTCQX marketplace with an additional notation if they have qualified for a Premier segment.

The professional third-party advisor for an OTCQX U.S. company is known as a Designated Advisor for Disclosure (“DAD”), while companies trading on OTCQX International must appoint a Principal American Liaison (“PAL”). Both DADs and PALs are sophisticated securities attorneys, FINRA-member investment banking firms, or, in the case of PALs only, ADR Depositary Banks. U.S. Banks are advised by qualified FINRA member market makers, known as Corporate Brokers.

By relying on a professional sponsor that is independent of OTC Markets Group, the OTCQX community-based qualification process has natural checks and balances. We believe that DADs, PALs and Corporate Brokers have reputational and financial incentives to carry out their roles with integrity, and by sponsoring their best clients they play a critical role in building trust in the quality of the OTCQX marketplace.

As of December 31, 2014, 377 companies were traded on the OTCQX Marketplace, comprising 71 OTXQX U.S. companies and 306 OTCQX International companies, as compared to 37 OTCQX U.S. companies and 331 OTCQX International companies as of December 31, 2013.

OTCQB Venture Marketplace

The OTCQB marketplace was originally created to help investors easily identify companies that reported to the SEC or a U.S. banking or insurance regulator, and that were currently in compliance with their respective disclosure obligations. On May 1, 2014, we introduced new standards to the OTCQB marketplace to make it into a premium, venture marketplace designed for the needs of entrepreneurial and development stage companies. Companies that choose to join the OTCQB marketplace receive a package of premium services that are designed to promote price transparency and facilitate public disclosure. These companies pay a one-time application fee and annual fees each year their securities are verified to be traded on the OTCQB marketplace. These fees are fixed and do not vary based on outstanding shares, market capitalization or marketplace segment.

Existing OTCQB companies have a choice of meeting the new OTCQB standards, choosing to qualify for the OTCQX marketplace or being downgraded to the OTC Pink marketplace. Companies that do not submit an OTCQB application or do not provide the annual management certifications within 120 days after their first fiscal year end subsequent to March 31, 2014 are downgraded to the OTC Pink marketplace. We expect the changes to the OTCQB marketplace to improve information availability for investors and better suit the needs of entrepreneurial and development stage companies.

As of December 31, 2014, 311 companies had completed the verification process and were approved to have their securities traded on the OTCQB Venture Marketplace.

OTC Pink Open Marketplace

OTC Markets Group places OTC Pink companies into one of three easily identifiable categories that inform investors whether a company has made adequate public information available in a timely manner: "OTC Pink Current Information", "OTC Pink Limited Information", and "OTC Pink No Information". In addition, companies whose stock is the subject of a spam campaign or other public interest concern are flagged "Caveat Emptor," or buyer beware. OTC Pink companies provide public information to be categorized as OTC Pink Current Information or OTC Pink Limited Information either through a U.S. regulator, such as the SEC or a banking regulator, a qualified non-U.S. stock exchange, or directly to OTC Markets Group through the OTC Disclosure & News Service. For companies that provide the disclosure directly under the Alternative Reporting Standard in accordance with the OTC Pink Basic Disclosure Guidelines, we require that the financial reports are audited by a Public Company Accounting Oversight Board ("PCAOB") registered audit firm, or that the company obtain a quarterly letter from a U.S. securities attorney stating that adequate current information is publicly available under Rule 144. The OTC Pink Basic Disclosure Guidelines reduce the complexity of company disclosure by aligning with Rule 15c2-11 under the Exchange Act to give an investor the basic information a broker-dealer would need to initiate a quote in a security on the OTC Pink marketplace.

We believe that segmenting OTC Pink securities into these disclosure categories has the effect of increasing the overall level of information available to OTC broker-dealers and investors, thereby strengthening all of our marketplaces.

OTC Disclosure & News Service

The OTC Disclosure & News Service provides a simple and efficient way for public companies to communicate with the market and demonstrate their compliance with securities laws. Accessed through the www.otciq.com secure web-based portal, the OTC Disclosure & News Service permits companies to post financial reports, news releases, videos, investor presentations and other investor communications on www.otcmarkets.com, and to distribute that information to market participants. The OTC Disclosure & News Service also serves as a document retention system, as all documents submitted through the service are stored and readily available to investors, regulators, and market professionals. The OTC Disclosure & News Service allows companies to ensure that their information is distributed to the broker-dealers trading their securities and to market participants, and is easily accessible. We provide a data feed including company financial reports and news releases to market data distributors, financial databases and major financial portals. OTC Disclosure & News Service is integrated with third-party newswire services that allow companies to publish news through a third-party provider and have that news distributed to market participants and appear on the www.otcmarkets.com website.

Real-Time Level 2 Quote Display Service

Companies may provide their investors with access to free real-time level 2 quotes for their securities on www.otcmarkets.com. This service also permits companies to display quotes on the investor relations portion of their corporate websites. Level 2 quotes are professional level market data, consisting of a full montage of real-time inside bid and ask quotes, a full depth-of-book quote montage, and trade data, which gives investors access to the highest level of trading transparency.

To further encourage better disclosure practices, OTC Markets Group does not offer the Real-Time Level 2 Quote Display Service to companies that are in the OTC Pink No Information tier or are flagged as Caveat Emptor. Quotes for securities of companies in the OTC Pink No Information category will be displayed with only inside quotes and trade information on a 15 minute delayed basis. Generally, there is no quote display for securities of companies flagged "Caveat Emptor;" rather, a message to investors is displayed notifying them of the Caveat Emptor designation.

Blue Sky Monitoring Service

The Blue Sky Monitoring Service provides analysis, review, and guidance to companies about compliance with each state's Blue Sky laws. OTC Markets Group and Blue Sky Data Corp. have partnered to provide the Blue Sky Monitoring Service. The service provides a determination of companies' Blue Sky status and/or available exemptions; guidance regarding additional information, filings or registrations required in states for which they are not covered by the manual or other exemptions; and distribution of a company's Blue Sky information to broker-dealers and clearing firms around the country to assist with their compliance with the various states' rules and regulations pertaining to secondary market trading. Blue Sky compliance allows brokers and investment advisers to provide professional guidance when recommending, soliciting or discussing securities with their clients or purchasing securities for managed portfolios.

Key Metrics

The table below presents key metrics for our OTC Link ATS, Corporate Services and Market Data Licensing business lines for the years ended December 31, 2014, 2013 and 2012.

	December 31,		
	2014	2013	2012
OTC Link ATS			
Number of securities quoted	9,920	10,026	9,980
Number of unique market participants	122	127	133
New Form 211 filings for year	797	760	782
<i>Dollar volume traded for year (in thousands):</i>			
OTCQX	\$ 36,118,475	\$ 29,492,402	\$ 22,944,078
OTCQB	62,650,266	74,003,325	31,473,130
OTC Pink	139,656,242	97,688,480	81,204,945
Total	\$ 238,424,983	\$ 201,184,207	\$ 135,622,153
<i>Dollar volume per security for year (in thousands):</i>			
OTCQX	\$ 94,304	\$ 79,709	\$ 57,360
OTCQB	27,820	23,545	9,254
OTC Pink	\$ 19,194	\$ 15,034	\$ 13,155
Corporate Services			
<i>Number of securities:</i>			
OTCQX	383	370	400
OTCQB	2,252	3,143	3,401
OTC Pink	7,276	6,498	6,173
Total	9,911	10,011	9,974
<i>Number of corporate clients</i>			
OTCQX	377	368	398
OTCQB	311	-	-
OTC Pink	741	732	750
Total	1,429	1,100	1,148
OTCQX upgrades to a national stock exchange	9	8	6
Market Data Licensing			
Market data professional users	21,033	19,544	18,323
Market data non-professional users	15,746	9,810	8,175

Recent Business Developments

Enhancements to OTCQX and OTCQB Marketplaces

The launch of OTCQX for Banks during 2014 resulted in thirty-four U.S. community and regional banks from fourteen states joining the OTCQX marketplace under the new bank requirements, which represented 31% of new companies that joined the OTCQX marketplace during 2014.

The OTCQB Venture Marketplace for entrepreneurial and development stage companies, introduced new standards and eligibility requirements in May 2014 with the goal of increasing the quality and quantity of information on OTCQB companies. Companies on OTCQB as of May 2014 are required to comply with the new OTCQB standards within 120 days after their 2014 fiscal year ends, which we refer to as their 'roll-off' date. Companies that do not comply by their roll-off date will be downgraded to the OTC Pink marketplace. Companies not previously trading on the OTCQB marketplace are also eligible to apply under the new OTCQB standards. As of December 31, 2014, a total 311 companies had completed the verification process and

had their securities traded on the OTCQB marketplace, approximately 70% of which had been approved to continue trading on the OTCQB marketplace. The remainder represented new entrants that upgraded from the OTC Pink marketplace, new foreign companies, downgrades from the OTCQX marketplace or delisted companies from a U.S. exchange.

We believe there continues to be an upswing in recognition and acknowledgement of the OTCQX and OTCQB premium marketplaces and the types of companies traded on each marketplace.

Recent Regulatory Developments

FINRA's OTC Bulletin Board Proposal (the "OTCBB Proposal")

On July 9, 2014, FINRA proposed rule changes that would (1) enhance its regulation of FINRA member interdealer quotation systems that facilitate quotations in OTC equity securities, (2) cease operation of FINRA's OTC Bulletin Board ("OTCBB"), and (3) result in FINRA withdrawing the QCF Proposal (summarized below under "*FINRA's QCF Proposal*"). OTC Link ATS is a FINRA member interdealer quotation system that facilitates quotes in OTC equity securities, and therefore would be impacted by the OTCBB Proposal, if approved.

OTC Markets Group filed a comment letter on August 5, 2014 in full support of the OTCBB Proposal, noting that it would improve the operation and efficiency of the quotation and trading process for OTC equity securities without overly burdening OTC Link ATS or other qualifying interdealer quotation systems. We also further support FINRA's intent to withdraw the QCF Proposal.

Specifically, the OTCBB Proposal would require OTC Link ATS to adopt and provide to FINRA (i) written standards for granting fair and non-discriminatory access to quoting and trade messaging on its systems, (ii) fair and reasonable written policies and procedures regarding the collection and dissemination of quotes on or through its systems, (iii) a written description of quotation-related data products and related pricing information, and (iv) expanded reporting related to quotation information. As an SEC registered ATS subject to the fair access provisions of Regulation ATS Rule 301, OTC Link ATS already maintains procedures for providing fair and non-discriminatory access to its systems. We also make transparent pricing information available to the public on www.otcmarkets.com, and provide widespread access to our market data to broker-dealers, investors and other interested parties through direct feeds and an extensive network of redistributors. The expanded reporting requirements in the OTCBB proposal primarily shift existing quotation reporting requirements from market makers to the system on which such quotes are published. The OTCBB Proposal acknowledges that OTC Link ATS already provides the vast majority of this information to FINRA on a regular basis.

In proposing to cease operation of the OTC Bulletin Board, FINRA noted that the amount of quotation information widely available to investors relying on OTCBB data has become negligible. Of the approximately 10,000 OTC equity securities currently eligible to be quoted on an interdealer quotation system, less than 10 are quoted solely on the OTCBB without a corresponding quote on the OTCQX, OTCQB or OTC Pink marketplaces. FINRA's proposal to devote its resources and expertise to regulating the systems that facilitate quotations in OTC equity securities, rather than trying to operate the OTCBB, is well considered and would benefit all interested market participants. On October 7, 2014, the SEC instituted proceedings to determine whether to approve or disapprove of the OTCBB Proposal. Accordingly, the SEC encouraged interested parties to comment and provide the SEC with arguments to support the analysis on whether to approve or disapprove of this rule proposal. Sidley Austin LLP filed a comment letter on our behalf on November 4, 2014, reaffirming our support and outlining why

we believe the SEC should approve the OTCBB Proposal. The SEC has designated March 12, 2015, as the date by which the SEC should either approve or disapprove the OTCBB Proposal.

Since the OTCBB Proposal is pending SEC approval, it is therefore not possible at this time to determine the extent, if any, to which the OTCBB Proposal will affect our financial results.

FINRA's QCF Proposal

On November 13, 2009, FINRA filed with the SEC a proposed rule change to create a Quotation Consolidation Facility ("QCF") that would serve as a commercial data consolidator and disseminator for quote data in the OTC equity market (the "QCF Proposal"). Under the QCF Proposal, FINRA would provide a national best bid or offer ("NBBO") for OTC securities traded on interdealer quotation systems for inclusion in the NASDAQ UTP Level One feed. FINRA has stated its intent to withdraw the QCF Proposal if the SEC approves the FINRA OTCBB Proposal (summarized above under "*FINRA's OTC Bulletin Board Proposal*").

We believe that the QCF Proposal, if adopted in its current form, could negatively impact our revenues, including revenues from our Market Data Licensing and OTC Link ATS business lines. We currently generate a portion of our revenues by licensing the market data that we collect through our interdealer quotation system. We provide this market data, including the dissemination of an NBBO in OTC equity securities traded on OTC Link (the "OTC-BBO"), to market data redistributors, broker-dealers and other OTC market participants under subscription and enterprise license agreements.

Under the QCF Proposal, we would effectively be required to provide FINRA with our OTC-BBO and all broker-dealer quotations on our OTC Link ATS, so that FINRA could provide an NBBO for OTC securities for inclusion in the NASDAQ UTP Level One feed. Approximately 42% and 43% of our total Market Data Licensing revenues were derived from the OTC-BBO during the fiscal year ended December 31, 2014 and 2013, respectively. If the SEC approves the QCF Proposal, we expect that we will lose substantially all of this revenue.

Under the QCF Proposal, FINRA would charge its members an additional "per quote" fee of \$4.00 per month (the "FINRA Quote Fee") for each security quoted on an interdealer quotation system such as OTC Link. The FINRA Quote Fee would likely negatively impact our OTC Link ATS revenues, and could negatively affect the value of our market data by decreasing the amount and the breadth of that data.

On March 18, 2010, FINRA filed with the SEC a proposed amendment to the original QCF Proposal (the "QCF Amendment"). FINRA's QCF Amendment would eliminate, at this time, the FINRA Quote Fee, while reserving the right to re-introduce a fee in a separate rule filing in the future.

OTC Markets Group is strongly opposed to FINRA's QCF Proposal. We and our representatives submitted comment letters in opposition to the QCF Proposal on December 14, 2009, March 19, 2010 and May 5, 2010. We and our representatives submitted comment letters on June 3, 2010 and December 6, 2010 on a related issue, Amendment 21 of the NMS Plan for NASDAQ securities ("Amendment 21"). Our letters questioned the appropriateness of including FINRA OTC Equity Data in the plan.

During the fourth quarter of 2011, OTC Markets Group entered into agreements to have its market data distributed through the NYSE Technologies' SuperFeed™ and NASDAQ UltraFeed® data feeds. These data feeds allow for the provision of an NBBO for OTC securities to the same network of subscribers that would be reached through the NASDAQ UTP Level One feed.

OTC Markets Group is considering a variety of options in the event that the QCF Proposal is not withdrawn and the SEC approves the QCF Proposal or Amendment 21, including bringing a legal action against the SEC and/or FINRA. A legal action relating to the QCF Proposal would be protracted and costly, which may adversely affect our operating results.

FINRA has stated that if the SEC approves the OTCBB Proposal, FINRA intends to withdraw the QCF Proposal. (See “*FINRA’s OTC Bulletin Board Proposal*,” above). We applaud FINRA’s intent to withdraw it.

Regulation SCI

On November 19, 2014, the SEC adopted Regulation Systems Compliance and Integrity (“SCI”), which applies to certain self-regulatory organizations, alternative trading systems, plan processors, and certain clearing agencies (“SCI Entities”). OTC Link ATS falls within the definition of an SCI Entity and is required to comply with this regulation.

As adopted, Regulation SCI requires SCI Entities to establish written policies and procedures reasonably designed to ensure that their systems have levels of capacity, integrity, resiliency, availability, and security adequate to maintain their operational capability and promote the maintenance of fair and orderly markets, and that they operate in the manner intended. SCI Entities would mandate participation by designated members or participants in scheduled testing of the operation of their business continuity and disaster recovery plans, including backup systems, and coordinate such testing with other SCI Entities. Regulation SCI requires SCI Entities to provide notices and reports to the SEC on a new Form SCI regarding, among other things, systems disruptions, systems compliance issues, and systems intrusions (“SCI Events”), as well as material systems changes, and take corrective action upon any responsible SCI personnel becoming aware of SCI Events. Information regarding certain types of SCI Events must be disseminated to members or participants of SCI Entities. SCI Entities are required to conduct a review of their systems by objective personnel at least annually, and to maintain certain books and records.

OTC Link ATS is required to comply with the requirements imposed by Regulation ATS on an ATS that, during at least 4 out of 6 consecutive months, has more than 20% of the average daily volume of any equity security reported to FINRA. Many of these requirements are incorporated in Regulation SCI. However, Regulation SCI also contains a number of additional requirements, such as extensive reporting requirements, internal compliance processes and coordinated testing with our OTC Link ATS broker-dealer subscribers and other SCI Entities that will be costly to implement and maintain for OTC Link ATS but should improve the reliability and integrity of our core trading systems.

Regulation SCI became effective on February 3, 2015, with a compliance date of November 3, 2015. We have not yet determined the extent to which Regulation SCI will affect our financial results.

Jumpstart Our Business Startups Act (“JOBS Act”)

Enacted on April 5, 2012, the JOBS Act’s stated goals include easing the burdens on capital raising for small and mid-sized companies. To achieve its purpose, the JOBS Act includes several provisions that we expect will have a significant impact on our marketplaces. These provisions include, among other things, (i) eliminating the prohibition on general solicitation related to private offerings of securities relying on Rule 144A and Rule 506 under the Securities Act, (ii) authorizing the SEC to create a new regulation under the Securities Act to permit private offerings of tradable securities for amounts up to \$50 million (the “Regulation A+ Exemption”) in addition to the current \$5 million threshold for offerings of securities relying on Regulation A, (iii) raising the shareholder threshold requiring mandatory registration under the Exchange Act from

500 holders of record to 2,000 holders of record, with a limit of 499 holders that are not “accredited investors” as that term is defined in Rule 501 under the Securities Act, and allowing banks to deregister if they have fewer than 1,200 holders of record, rather than the 300 holder of record threshold that applies to non-bank issuers, (iv) creating a “crowdfunding” exemption that will allow companies to raise up to \$1 million over 12 months from an unlimited number of investors, each limited to an investment of \$10,000 or 10% of their annual income or net worth, whichever is less, and (v) increasing flexibility for broker-dealers to issue research reports on emerging growth companies.

On July 10, 2013, the SEC issued a final rule giving effect to the JOBS Act requirement to end the ban on general solicitation and general advertising in Rule 506 and Rule 144A offerings, which became effective on September 23, 2013 (the “General Solicitation Rule”).

Also on July 10, 2013, the SEC proposed additional consumer protection rules that would apply to private placement offerings under Rule 506, including requiring certain additional filings with the SEC, additional requirements for written solicitation materials, and increased penalties for failure to comply with the rules. On September 23, 2013, we submitted a comment letter opposing the portion of the proposed rules that would require issuers to file a Form D at least 15 days prior to engaging in an offer involving general solicitation and advertising.

On October 23, 2013, the SEC proposed crowdfunding rules that would, among other things, establish a new registered intermediary called an “information portal,” and an ongoing disclosure regime for issuers of securities that use the new crowdfunding exemption. Information portals would also be required to become FINRA members, and FINRA has proposed new rules that would regulate crowdfunding services. Securities issued pursuant to the crowdfunding rules, if adopted as proposed, would be publicly tradable 12 months after issuance.

On December 18, 2013 the SEC proposed its “Regulation A+” amendments to Regulation A under the Securities Act, providing for an expanded Regulation A small offering exemption. Currently, Regulation A permits unregistered offerings of up to \$5 million of securities annually, including no more than \$1.5 million of securities offered by security-holders of the company. The proposed Regulation A+ Exemption would create a “Tier 2” offering type that would expand the exemption to permit unregistered public offerings of up to \$50 million of securities annually, with up to \$15 million of securities offered by security-holders of the company. On March 24, 2014, we submitted a comment letter in which we supported a majority of the proposed Regulation A+ rules. Our comment letter also made several recommendations for improving the final Regulation A+ rules, most prominently by including preemption of Regulation A securities from state Blue Sky laws for secondary trading.

We expect that, following the issuance of final Regulation A+ rules, securities issued in reliance on Regulation A+ will trade on our marketplaces. If adopted as proposed, the new Regulation A+ Exemption may create additional capital raising opportunities for companies with securities eligible to trade on the OTCQX, OTCQB and OTC Pink marketplaces. While we do not expect to offer “information portal” services, the crowdfunding exemption ultimately should make additional securities available for secondary trading on our marketplaces.

On December 18, 2014, the SEC proposed amendments to implement the increased thresholds established by the JOBS Act for registration, termination of registration, and suspension of reporting under Section 12(g) of the Exchange Act. Among other things, the SEC has proposed a non-exclusive safe harbor for calculating “held of record” that would exclude shareholders if they received their shares under a compensation plans in a transaction that meets the conditions of Securities Act Rule 701(c). The SEC has proposed that issuers have a “reasonable belief” as to accredited investor status at the end of each fiscal year, which involves

some issuer due diligence, and may not rely on a prior year's determination. The comment period for the proposed rules ended on March 2, 2015.

In general, the JOBS Act changes to Section 12(g) of the Exchange Act enable companies to remain non-SEC reporting for a longer period of time. The changes allowing banks to deregister with more holders of record has allowed smaller community banks to deregister, and some of these bank issuers have elected to participate in our OTCQX marketplace for banks. We believe these rules ultimately may increase the pool of companies who remain unregistered and utilize our marketplaces.

We will continue to follow the progress of the SEC's JOBS Act related rulemaking efforts to assess its ultimate effect on OTCQX, OTCQB and OTC Pink traded companies and our marketplaces generally.

Other Business and Regulatory Information

Technology

Our IT infrastructure is the foundation of our business-critical applications and ensures their reliability, high-availability and scalability in order to support the expansion of our systems as well as the growth of our subscribers and performance.

The IT team works in conjunction with our business lines to deliver products and services that meet the needs of our subscribers in an elegant, reliable and cost effective manner. Performance, uptime, functional depth, and the usability of our products and services drive our technology decisions and product direction.

We consistently roll out new business functionality while simultaneously focusing on improving the scalability and stability of our systems. Capital expenditures during 2013 and 2014 were concentrated on the enhancement of our primary and secondary data centers and increased network resiliency. 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 underlying systems are built around a common information architecture, shared database design, reusable components, best-of-breed architectural frameworks, and standard design patterns and implementation. These systems facilitate rapid deployment and introduction of new services, as well as lower overall development, operational, and maintenance costs.

Our stable of services includes quoting and trade messaging via OTC Link ATS, desktop applications for traders, incoming and outgoing market data feeds, multiple website portals, and a number of other data related products. We are able to provide all of our subscribers with a service based on a single version of our applications, with the exception of the OTC Dealer Application that resides on each trader's desktop, and do not have to maintain multiple versions of our applications. Consequently, we are able to upgrade all of the web-based services used by our subscribers at the same time with each release.

Websites

OTC Markets Group operates a number of websites, each targeting specific market participants, such as traders, companies and investors. Our websites provide a broad range of information about our marketplaces and the issuers of OTCQX, OTCQB and OTC Pink securities.

- **www.otcmarkets.com** – Designed for retail and institutional investors, as well as the general public, our corporate website is the premier source of financial and corporate information for OTCQX, OTCQB, and OTC Pink securities. This website is a unique

destination for free delayed and real-time quotes, trade data, financial news and reports. It also provides detailed company profile and corporate action information about OTCQX, OTCQB and OTC Pink traded companies.

- **www.otciq.com** – This website is our secure, web-based portal for investor relations and market intelligence. It provides subscribing corporate clients with access to the OTC Disclosure & News Service, Real-Time Level 2 Quote Display Service, the OTC Market Report, and the Blue Sky Monitoring Service.
- **www.otcquote.com** – This is a subscription-based website targeting agency traders, compliance officers, institutional investors and other financial professionals who desire access to detailed, real-time data for OTCQX, OTCQB and OTC Pink securities.
- **www.otcdealer.com** – This is the technical support and training site for OTC Dealer customers. All training and technical documentation for OTC Dealer, which includes the current versions of the user manual and the detailed specification document, is available on this website.

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 12,500 square feet of general office space on the second floor and approximately 12,500 square feet of office, conference, meeting, and reception space that comprises the OTCQX Market Center on the third floor. We lease all of our space in this building. The lease expires in 2017 and the annual rental expense is approximately \$954 thousand.

During 2011, the Company commenced a lease agreement for our Washington, D.C. office, located at NW 100 M Street, Washington, D.C. 20003, which is approximately 4,000 square feet of general office space. The lease expires in 2016 and annual rent expense is approximately \$165 thousand.

We also contract with SunGard Availability Services, in Carlstadt, New Jersey and Philadelphia, Pennsylvania, for computer hosting and networking services that comprise our primary and secondary data centers, including production, back-up and disaster recovery, as well as internet and telecommunications services.

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 contracts include Mr. 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 OTC Link ATS business line is operated by our wholly-owned subsidiary, OTC Link LLC, a FINRA member broker-dealer and an SEC registered ATS. Our OTC Link ATS operations are therefore subject to regulation and periodic examinations by the SEC and FINRA.

FINRA member broker-dealers publish quotes and transmit trade messages on OTC Link ATS, and we are not a reporting party to any trade executions that may result. FINRA rules require broker-dealers to comply with the firm quote rule (FINRA Rule 5220), which requires that a broker-dealer's published quotes be firm and include minimum sizes, and prohibits backing away from such quotes. FINRA's reporting rules also apply, including the requirement that broker-dealers report all transactions within 10 seconds to FINRA's OTC Reporting Facility.

Other than having OTC Link ATS regulated by the SEC as an ATS, including through Regulation SCI, and by FINRA as a broker-dealer, we do not expect to be directly regulated by the FINRA or the SEC in any other capacity, although we cannot be sure that this status will continue. OTC Markets Group, and our marketplaces generally, provide an alternative to national securities exchange listing for the U.S. quoting and trading of securities of companies that either choose not to be listed on a national securities exchange or do not meet the relevant listing requirements. Our non-exchange status enables us to offer certain financial information, technology and marketplace 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.

We believe that we have a good working relationship with the SEC, FINRA and state securities regulators. It is our policy to share information about ourselves pro-actively 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.

Our services facilitate transparency and provide a repository of information regarding activities by broker-dealers and companies. We believe that the transparency and automation our products and services facilitate, as well as the information we make available to regulators, increases regulatory surveillance and oversight of market participants and improves the quality of our OTCQX, OTCQB and OTC Pink marketplaces.

OTC Markets Group does not have regulatory authority over companies whose securities trade on our marketplaces, 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 OTC Link ATS. Companies that make financial information and disclosure widely available may see improved market efficiency and increased liquidity as a result of their transparency and engagement with investors and their wider stakeholder community of customers, employees and suppliers.

The effect of SEC regulation on our business would depend on its form. Recent regulatory developments have applied rules developed in the markets for national securities exchange listed securities, such as rules related to Regulation NMS, to the trading of OTC equity securities. Any regulatory change that would enable registered national securities exchanges to compete with us in the market for OTC equity securities or, on the other hand, that would limit our ability to offer certain services, can be expected to have a material adverse effect on our business.

From time to time, the SEC has considered regulatory changes that would affect broker-dealers that use our OTC Link ATS, and it is possible that changes in the regulation of our broker-dealer customers would have a material adverse effect on our business. For example, SEC approval of FINRA's QCF Proposal could negatively impact our revenues by, among other things, (i) significantly reducing our ability to license our OTC Link NBBO and (ii) reducing our Market Data Licensing revenue. See "*Recent Regulatory Developments – FINRA's QCF Proposal.*"

Other than the OTCBB Proposal, QCF Proposal, Regulation SCI, and the various rule proposals promulgated under the JOBS Act, as described in “*Recent Regulatory Developments*,” we are not aware of any public proposals for regulatory reform that would have a direct impact on the market for OTC equity securities, but there can be no assurance that any regulations eventually adopted will not have a material adverse effect on our business.

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

OTC Link LLC is a broker-dealer member of FINRA and an SEC registered ATS, known as OTC Link ATS. FINRA membership and SEC registration subject our OTC Link ATS to FINRA and SEC rules. At the present time, we believe all of the products and services we offer through OTC Link ATS fully comply with applicable FINRA and SEC rules.

We work closely with securities regulators to promote rulemaking that benefits transparent and efficient OTC markets and to provide data and information to them in conjunction with enforcement activities.

The SEC has updated its Compliance and Disclosure Interpretations stating that it considers the OTCQX and OTCQB marketplaces 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 marketplace trading to complete an equity line financing registration statement.

Competition

OTC Link ATS

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. The SEC’s regulation of national securities exchanges has been in a state of flux for several years. The JOBS Act includes provisions aimed at making it easier for emerging companies to achieve a national securities exchange listing. We benefit from current SEC regulations that prevent a national securities exchange from listing the securities of non-SEC registered foreign companies. We would face increased competition for the quotation of OTC equity securities if national securities exchanges were permitted to list or quote non-SEC registered foreign securities. Any regulatory change that would better enable registered national securities exchanges to compete with us for the quotation of international and other non-SEC registered equity securities or that would limit our ability to provide our services can be expected to have a material adverse effect on our business.

We could also face competition from, among other things, an industry consortium that launches a competing interdealer quotation system, if we are unable to provide our clients with high quality products and services at competitive prices. At the present time, NYSE Arca and certain other registered ATS’s provide execution services, rather than quotation services, and are considered our subscribers rather than our competitors, although any one of them may change their business model to offer an interdealer quotation system that directly competes with the services offered by OTC Link ATS.

Market Data Licensing

We compete with third parties who provide market data to market participants, including NASDAQ UTP Level 1 market data. Because the market data business is highly dependent on rapidly changing technology, to remain competitive we must constantly invest in innovative product design and development. 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 and business methods to our detriment. Competition may arise from, among other things, FINRA providing quote data for securities on our marketplaces through the NASDAQ UTP Level 1 data feed, in the event that the QCF Proposal is approved.

Corporate Services

It is possible that the NASDAQ Private Market could alter its business model in an attempt to compete with our Corporate Services, or that a new market for venture stage companies may develop as a result of the JOBS Act or otherwise. The SEC's recent Regulation A+ and Crowdfunding proposals that would allow unregistered issuers to publish disclosure on the SEC's EDGAR system, may, if adopted, compete with the OTC Disclosure & News Service. See "*Recent Regulatory Developments – Jumpstart Our Business Startups Act ("JOBS Act").*" We would face competition from any marketplace offering any of our Corporate Services for non-exchange listed company shares.

Dependence on One or a Few Major Customers

OTC Markets Group's three business lines produce a diverse offering of products and services. The varied nature of our revenue streams generally prevents us from 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, who are somewhat concentrated among certain major redistribution partners. During 2014 and 2013, redistribution of our market data licenses through Bloomberg LP accounted for 15% and 13% of our gross revenues, respectively.

A majority of our OTC Link ATS 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, 2014 and 2013, OTC Markets Group had a total of 85 and 81 employees, respectively, all of whom are full-time employees. Employees are staffed in one of our three business lines: OTC Link ATS, Market Data Licensing and Corporate Services, or one of our two support units: Information Technology and Finance and Corporate Administration. The Information Technology group includes our core development, web development, IT Infrastructure and quality assurance teams. Our core and web development teams design, create, enhance, and release our various suites of products and services, manage our various databases and maintain our websites. The IT Infrastructure group ensures operational and system efficiencies. The Finance and Corporate Administration group is responsible for our finance, legal, corporate marketing and human resources functions.

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 Pink," "OTC Link," "Pink," "Pink Sheets" and "QAP". We currently have 3

pending United States trademark applications, 36 registered trademarks, and 1 pending patent. We maintain copyright protection in our branded materials.

Risk Factors

The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business. If any of the following risks actually occur, our business, financial condition, or operating results could be adversely affected.

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. We believe that there will continue to be increased demand for more regulation and stricter oversight of the financial markets, including the implementation of regulations, such as Regulation SCI, that will impact our business. Regulation SCI, scheduled to become effective in November 2015, will impose significant compliance burdens on our OTC Link ATS business. We cannot predict the nature of other potential changes in regulation or their impact on our business. Our ability to comply with Regulation SCI or other laws and regulations will, among other things, depend on our ability to establish and maintain appropriate systems and procedures, as well as our ability to attract and retain qualified personnel. Our subscribers also operate in a highly regulated industry. 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 changes that could adversely affect the ability of our subscribers to use our services or result in reduced demand for our services. In addition, the SEC has the ability to suspend trading in securities trading on our marketplaces. The SEC has traditionally exercised this power with respect to fraudulent activity, inactive securities or securities of companies that cease to provide any information to the market for long periods of time. SEC trading suspensions may adversely affect our business.

Our wholly-owned subsidiary, OTC Link LLC, operates OTC Link ATS and is registered with FINRA as a broker-dealer and with the SEC as an ATS. Additional changes to FINRA's regulation of broker-dealers or the SEC's regulation of ATSs could significantly increase our costs relating to regulatory compliance or cause us to be subject to penalties for non-compliance. Subscribers to our OTC Link ATS are also FINRA member broker-dealers. Changes in FINRA's regulation of broker-dealers may adversely impact our subscribers, causing them to terminate their use of our service or cease trading OTCQX, OTCQB and OTC Pink securities.

As discussed in "*Recent Regulatory Developments—FINRA's QCF Proposal*", the QCF Proposal, if adopted by the SEC, could have an adverse effect on our operating results, including a significant negative impact on revenues from our Market Data Licensing and OTC Link ATS lines of business. If this proposal is adopted, we may decide to bring legal action against the SEC and/or FINRA. A legal action relating to the QCF Proposal could be protracted and costly and could adversely affect our operating results, whether or not we prevail in any such legal action.

We are not a national securities exchange, which enables us to offer certain services that are competitive with the services offered by national securities exchanges with lower complexity and less cost to subscribers. We benefit from SEC regulations that prevent U.S. national securities exchanges from listing or quoting the securities of companies that are not registered with the SEC as well as securities of smaller SEC registered companies that do not meet the exchange

listing standards or are not current in their reporting obligations. We would be negatively impacted by any regulatory change that would enable registered national securities exchanges to compete with us for the trading of OTCQX, OTCQB and OTC Pink securities or that would limit our ability to provide competitive products and services.

Companies targeted by our Corporate Services include some companies that choose to deregister with the SEC. In recent years, the JOBS Act and other SEC initiatives have had the effect of causing issuers of registered securities to terminate their registration. The SEC's proposed Regulation A+ and Crowdfunding rules would allow companies issuing unregistered securities under these rules to publish ongoing disclosure on the SEC's EDGAR site. See *"Recent Regulatory Developments – Jumpstart Our Business Startups Act ("JOBS Act")."* Any regulatory change that would encourage or require more companies to undertake SEC registration and reverse the deregistration trend, or provide competitive venues for publishing disclosure, may reduce the demand for our OTC Disclosure & News Service and our OTCQX marketplace. If national securities exchanges are permitted to specialize in venture exchanges or other exchange based small company markets, companies could seek to trade on those markets and broker-dealers could seek to quote companies on those markets, rather than on our OTCQB marketplace. In addition, companies could seek alternative trading venues to our OTCQX marketplace, causing our business to be adversely affected.

We increased the standards for participation in the OTCQB marketplace in 2014, and began charging a fee to companies wishing to have the OTCQB marketplace designation. The large influx of OTCQB companies choosing to pay a fee may give rise to competitors offering similar venture market services to OTCQB companies.

Computer system limitations and failures 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 discipline including fines, and our brand could be damaged if people believe our system is unreliable.

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 and computer viruses. We also rely on third parties for systems support. Any interruption in these third-party services could be disruptive to our business. Although we currently maintain and expect to maintain multiple computer facilities that are designed to provide redundancy and back-up to reduce the risk of system disruptions and have facilities in place that are expected to maintain service during a system disruption, 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 and minimize our exposure to vulnerabilities and work in collaboration with the technology industry to share corrective measures with our business partners, however we cannot guarantee that such events will not occur in the future. Any system issue that causes an interruption in services, decreases the responsiveness of our services or otherwise affects our services could impair our reputation and regulatory standing, damage our brand name and negatively impact our business, financial condition and operating results.

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. 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. 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. 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, quote and message volumes and revenues, any of which could adversely affect our business, financial condition and operating results.

Systems failures elsewhere in the securities trading industry could also negatively impact us.

In recent years, technology-related failures impacted several prominent securities industry participants. These failures have resulted in costly new regulations for trading systems, such as Regulation SCI, which impact OTC Link ATS. If broker-dealer subscribers to OTC Link ATS undergo significant systems failures they may cease to use our services, and those failures may erode investor confidence in the securities trading industry, which could adversely affect our business, financial condition and operating results.

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. Any failure to adapt and evolve would harm our business.

The markets in which we operate are characterized by rapid technological development, frequent enhancements to existing products and services, the introduction of new services and products, and rapidly changing customer demands. To remain competitive in business and compliant with our regulatory obligations, we must continue to improve the functionality, scalability, capacity, accessibility, and features of the technology for each of our three lines of business, especially technology relating to OTC Link ATS. We have made significant investments in the development of our software applications and technology infrastructure. Although investments in technology are carefully scrutinized for value to the enterprise, there can be no assurance that we will generate an acceptable return on such investments. Ultimately, we may not realize any, or may realize only small amounts of, revenues for these technological improvements. Our business would be negatively affected by the failure of new products or upgrades to function as expected.

Keeping pace with increasing technological requirements is expensive, and we cannot be sure that we will succeed in making these improvements in a timely manner or at all. Many of our potential competitors have much greater resources that, if applied to the development of technology to compete with our marketplaces, could make it difficult for us to provide competitive products and services. If we are unable to anticipate and respond to the demand for new services, products, and technologies on a timely and cost-effective basis and to adapt to technological advancements, we may be unable to compete effectively, which could adversely affect our business, financial condition, and operating results.

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, lenders, and other counterparties to meet their obligations to us. Poor economic conditions could result in declines in trading activity, deterioration of the economic condition of our customers, and a reduction in demand for our market data.

We are subject to varying levels of trading activity in our marketplaces and the number of broker-dealers in the market, which in turn may affect the number of new OTCQX and OTCQB companies, the demand for corporate services and the quality and demand for our market data. We have no control over the broker-dealers that use our OTC Link ATS or other variables affecting the demand for our products. These variables are influenced by economic, political and market conditions and factors such as business and capital market trends, terrorism and war, concerns over inflation and the level of institutional or retail confidence, and changes in government policies. Because broker-dealer revenues are related to the level of trading activity in OTCQX, OTCQB and OTC Pink securities, 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. Further, excessive market volatility could drive investors away from the OTCQX, OTCQB and OTC Pink marketplaces and lower our revenues.

Reductions in trading activity could also lower the value of our market data and impact our Market Data Licensing business. In addition, demand for our market data may decline due to a decline in employment throughout the financial services industry.

The effect of weak economic conditions on our Corporate Services business may cause the OTCQX and OTCQB marketplaces to shrink or grow less than we expect or cease their recent growth. Reductions in trading activity may result in less demand by companies for our Corporate Services, including a reduction in the number of companies who choose to have their securities designated as OTCQX and OTCQB.

OTC Link ATS is subject to FINRA and SEC oversight.

Our wholly-owned subsidiary, OTC Link LLC, is a FINRA member broker-dealer and an SEC registered ATS. OTC Link LLC operates the OTC Link ATS trading system. Regulation of OTC Link ATS as an ATS increases our costs. Regulatory compliance requires substantial time and resources, which make it more costly to operate our OTC Link ATS business. The operation of OTC Link ATS is also subject to time-consuming periodic examinations by the SEC and FINRA, which may result in monetary or other penalties.

OTC Link LLC is subject to regulatory requirements intended to ensure its general financial soundness and liquidity, which require it to comply with certain minimum capital requirements. The SEC and FINRA impose rules that require notification when a broker-dealer's net capital falls below certain predefined criteria, dictate the ratio of debt to equity in the regulatory capital composition of a broker-dealer and may constrain the ability of a broker-dealer to expand its business under certain circumstances. The Uniform Net Capital Rule and FINRA rules also impose certain requirements that may have the effect of limiting the ability of OTC Link LLC to distribute or withdraw capital and that require prior notice to the SEC and FINRA for certain withdrawals of capital. Any failure to comply with these broker-dealer regulations could have a material adverse effect on the operation of our business, financial condition and operating results.

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. Trading automation is expected to continue, and revenue growth in our OTC Link ATS business line may depend on our ability to introduce new services, which may not be successful.

The securities market business is highly competitive.

The industry in which we operate is highly competitive. We face formidable competition in every aspect of our business. We compete with other market participants, including national securities exchanges and other SEC-registered ATS's, in a variety of ways, including the cost of products and services, functionality, ease of use and performance of trading systems, the range of products and services offered to customers, technological innovation, and reputation. We face competition in each of our business lines. There is the possibility that new national securities exchanges or ATS's 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. The availability of global stock exchanges may limit the number of companies that are willing to consider using our premium corporate services. The fees charged for companies to join the OTCQX and OTCQB marketplaces cannot support the same level of sales, marketing and advertising efforts as NYSE, NASDAQ, London Stock Exchange or others. There is also the possibility that national securities exchanges could create listing venues that compete directly with our OTCQB and OTCQX marketplaces. (See the discussion on the risks related to "Regulatory Changes," above.) The NASDAQ Private Market, a joint venture between NASDAQ and SharePost, is also a competitor. The SEC's Regulation A+ and Crowdfunding proposals that would allow unregistered issuers to publish disclosure on the SEC's EDGAR system, could, if adopted, compete with the OTC Disclosure & News Service. See "*Recent Regulatory Developments – Jumpstart Our Business Startups Act ("JOBS Act")*." To continue growing, we may be forced to enter into more competitive 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" below.

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

A significant number of our OTCQX companies are based in Canada and many of those companies are engaged in the resource sector. A prolonged downturn in the resource sector may continue to adversely affect the operating results of those companies, causing them to no longer meet the OTCQX standards or to choose to withdraw from OTCQX to reduce costs. A downturn in the general Canadian economy may also adversely affect the operating results of Canadian OTCQX companies, causing them to no longer meet the OTCQX standards or to choose to withdraw from OTCQX. The voluntary or involuntary withdrawal from OTCQX by these companies could adversely affect our OTCQX brand as well as our financial position and results of operations.

OTCQB companies vary in financial strength, and may not be willing or able to pay the OTCQB annual fee or meet the OTCQB standards over time.

The OTCQB standards include a \$0.01 minimum bid price standard, but do not impose additional financial standards. The economic condition of OTCQB companies may be volatile

and a number of current OTCQB companies may not be willing or able to pay the OTCQB annual fee upon renewal. The OTCQB marketplace is intended for entrepreneurial and development companies that may, by their nature, choose not to join a premium marketplace. If early and development stage companies choose not to renew their OTCQB status or not to apply for OTCQB, the growth of the OTCQB marketplace could slow, which would adversely affect our financial position and operating results.

The OTCQX, OTCQB and OTC Pink marketplaces are not national securities exchanges and this may limit the pool of available investors for OTCQX and OTCQB companies and may cause some investors to choose not to invest in OTCQX, OTCQB and OTC Pink securities.

Some investors may only invest in securities listed on a national securities exchange. Our OTCQX marketplace 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 the state. National securities exchange also offer the ability to margin certain listed securities and the potential inclusion of listed securities in certain exchange-traded funds and indices. These differences between our marketplaces and the national securities exchanges may make companies reluctant to pursue having their securities traded on the OTCQX, OTCQB or OTC Pink marketplaces.

Our OTCQX marketplace relies on the DAD/PAL community of third-party advisors, and the behavior of these advisors is outside of our control.

OTCQX companies are required to work with an investment bank or securities attorney qualified as a DAD or PAL (See the discussion of the OTCQX marketplace in “*Products and Services*,” above). We rely on the DAD/PAL community to advise OTCQX companies and to work with us to ensure company compliance with the OTCQX Rules. Fraud or misconduct by members of the DAD/PAL community could erode investor confidence in OTCQX or affected OTCQX companies.

Certain DADs and PALs advise a large number of OTCQX companies. These or other DADs or PALs may decide not to provide this service or may cease to do business altogether, leaving one or more OTCQX companies without a required DAD or PAL. We would assist affected OTCQX companies to obtain services from another qualified DAD or PAL, but it is possible some companies will not be successful, or may choose not to work with another DAD or PAL, and may withdraw from OTCQX.

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 ATS and Market Data Licensing subscribers are financial institutions. Over the past decade the financial markets decreased. If this trend continues, it could cause our subscriber base to shrink. 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.

If we are not able to maintain and 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.

Among our competitive advantages are our strong reputation and brand name. 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. Maintaining and enhancing our brands will depend largely on our ability to be a technology leader and to continue to provide high quality products and services, which we may not do successfully.

Our OTCQX Best Marketplace needs to be a trusted designation associated with established, high quality companies. Our OTCQB Venture Marketplace must be a trusted designation for entrepreneurial and development stage companies. Our OTC Pink Open Marketplace must convey electronic trading services for broker-dealers and opportunity for sophisticated investors while alerting unsophisticated investors to the potential risks of speculating in OTC Pink securities.

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;
- any inaccuracy of our financial statements or other public disclosure;
- any failure to comply with regulatory requirements or negative public statements by regulators;
- the inability to execute our business plan, key initiatives or new business ventures;
- the inability to continue paying dividends on our common stock;
- the inability to keep up with changing customer demand;
- the inability to compete with new entrants into the markets for our services;
- any diminishment in the quality of our products and services;
- negative publicity, misconduct or fraudulent activity by OTC Link ATS subscribers;
- negative publicity surrounding us or OTCQX, OTCQB or OTC Pink companies;
- unsuccessful implementation or acceptance of new product and service offerings; and
- extreme volatility in our marketplaces.

Damage to our reputation could harm our business in many ways, including causing broker-dealers to discontinue their use of our OTC Link ATS, 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 regulations on our operations. Any of these events could 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 trends in industry and finance, price levels 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, the perceived attractiveness of the U.S. markets, and inflation. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of future performance.

Our inability to attract new subscribers or retain current subscribers would negatively impact the Company's operating results. It is possible that our operating results may fail to meet our expectations or the expectations of stock market analysts and investors. If this happens, the market price of our common stock may be adversely affected.

If we are unable to maintain effective risk management, our business, reputation and operating results may be adversely affected.

We have a variety of ways to identify, monitor and manage our risks. However, some of our risk management methods rely on information that may not always be complete, up-to-date or properly evaluated. These methods may not always be effective and our business, reputation, financial condition and operating results could be adversely affected.

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. Competition for highly qualified individuals is intense. Our ability to attract and retain highly qualified personnel 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. We may have to incur costs to replace senior executive officers or other key employees who leave, and our ability to execute our business strategy could be impaired if we are unable to replace such persons in a timely manner.

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. Other than Mr. Coulson, we do not have any employment agreements. 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 for any reason could have a material adverse effect on our business, financial condition, and operating results.

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. We also have credit risk related to usage fees that are billed to our subscribers in arrears as well as our QAP One Statement service. 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.

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, customers, and others. We may be unable to detect the unauthorized use of, or take appropriate steps to

enforce, our intellectual property rights, including with respect to our market data. Failure to protect our intellectual property adequately could harm our reputation and affect our ability to compete effectively. Further, defending our intellectual property rights may require significant financial and other resources.

Third parties may assert intellectual property rights claims against us, which may be costly to defend, could require the payment of damages, and could limit our ability to use certain of our intellectual property or other current functionality. Any such claims, with or without merit, could be expensive to litigate or settle, and could divert management resources and attention. Successful challenges against us could require us to modify or discontinue our use of technology or business processes or require us to purchase licenses from third parties, any of which could adversely affect our business, financial condition and operating results.

There has been considerable controversy in recent years over ownership of market data. We vigorously defend our rights to own and license the use of market data. However, U.S. intellectual property laws continue to be the subject of significant dispute. 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.

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 "*Liquidity and Capital Resources—Line of Credit*." In the event that we draw funds on our line of credit, 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 are 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. On the other hand, if we were to raise funds through issuing additional equity, our equity holders will suffer dilution.

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 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. We do not file annual, quarterly, or current reports or proxy statements with the SEC. 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.

Moreover, our securities are not listed on a national securities exchange. Many states require securities not listed on a national securities exchange to comply with state Blue Sky laws before such securities may be traded within the state. We avail ourselves of the Blue Sky “manual exemption” through our inclusion in S&P’s Corporation Records, Market Access Program and Mergent’s OTC Industrial and OTC Unlisted Manuals, and other applicable exemptions and filings; however not all states recognize the manual exemption and there are states in which we have not qualified for an exemption or filing.

If we decide to issue securities in a registered public offering, we will also 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 always been thinly traded. Prices of thinly traded securities, such as OTC Markets Group’s common stock, 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 the factors listed below, could affect the market price of our common stock, and stockholders may lose some or all of their investment:

- quarterly variations in our results of operations or the results of operations of our competitors;
- additions or departures of key personnel;
- changes in earnings estimates, investors’ perceptions, recommendations by securities analysts or failure to achieve analysts’ earnings estimates;
- the inability to continue to pay quarterly dividends;
- the announcement of new products or service enhancements by us or our competitors;
- developments in the financial services industry;
- regulatory changes;
- technology failures or outages;
- harm to our brand or reputation; and
- general economic, market and political conditions and other factors.

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

As of December 31, 2014, our Chief Executive Officer, R. Cromwell Coulson, owns 31% of the voting power of our outstanding capital stock. Since he owns a large percentage of our capital stock, he will have 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, 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. As a result, the market price of our common stock could be adversely affected.

Provisions of our certificate of incorporation, by-laws, 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 *“Provisions in the Issuer’s charter or by-laws that would delay, defer or prevent a change in control of the Issuer.”*

2015 Outlook

This section is comprised primarily of forward-looking statements. See “Cautionary Note Regarding Forward-Looking Statements.”

The Company expects to focus its 2015 strategic initiatives on three primary objectives: 1) Reliability of our core systems, processes and data to achieve full compliance with Regulation SCI; 2) Enhancing the broker dealer trading experience on OTC Link ATS and the corporate client offering on the OTCQX and OTCQB premium marketplaces; and 3) Increasing the breadth and reach of our market data so investors can make better informed decisions.

OTC Link ATS is subject to the requirements of Regulation SCI. The implementation of our Regulation SCI compliance will be a coordinated effort between the OTC Link ATS team and our infrastructure and development teams and will be primarily focused on the refinement and enhancement of existing policies and procedures. The Regulation SCI standards are in line with our priority to develop and maintain reliable core systems, processes and data for our subscribers. We will continue to increase our investment in our platform and people in order to ensure we have reliable and compliant systems, policies and procedures. We expect that operating expense growth will be primarily concentrated in compensation and benefits and continuous upgrades to our IT and compliance infrastructure. Based on business and strategic requirements, we expect to continue to offer competitive compensation packages to attract additional employees and retain existing employees.

Our goal is to make existing corporate clients more successful by facilitating their ability to be more transparent and trusted by offering solutions that demonstrate compliance with securities regulations and empower investors with the information required to make intelligent choices. During 2015, more than 1,900 securities on the OTCQB marketplace will have to apply to meet the new OTCQB marketplace standards, qualify for the OTCQX marketplace or downgrade to the OTC Pink marketplace. We believe the completion of the OTCQB standards compliance roll-off will continue to alter the composition of the OTCQX, OTCQB and OTC Pink marketplaces. Our ability to assist companies in using our services to engage with their investors and demonstrate compliance with securities regulations is important to their long-term success on our marketplaces. In addition, we will enhance our systems and processes to allow us to scale with the increased number of securities that will be subject to compliance and monitoring.

We plan to expand the breadth and types of securities traded on OTC Link ATS and continue to expand the content and distribution of our market data. Our focus is to improve the trading experience for our broker-dealer subscribers by deploying features that facilitate their ability to trade more securities via OTC Link ATS. The increase in consumption of our market data will stem from new types of securities being traded on OTC Link ATS and expanding our market data distribution network. As part of this initiative, we will continue working to increase the number of financial information portals that correctly display our marketplace designations. In order to achieve this, we will continue implementing significant upgrades to our IT architecture and infrastructure to ensure uptime and provide new products and services. We expect this investment in our technology to allow us to leverage our increased bandwidth to complement the growth of our core business lines, and ensure high quality service delivery and customer satisfaction. These improvements will also allow our business lines to continue to develop and enhance current services through a more scalable network.

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. In 1997, Cromwell led a group of investors in acquiring OTC Markets Group's predecessor business, the National Quotation Bureau (NQB). Mr. Coulson led the transformation of what was an opaque and inefficient market into a technology-driven, Open, Transparent and Connected financial marketplace platform. Today, OTC Markets Group operates the OTCQX, OTCQB and OTC Pink marketplaces for over 10,000 securities. Prior to the acquisition of NQB, Mr. Coulson was a trader and portfolio manager specializing in distressed and value-oriented investments at Carr Securities Corporation, an institutional market maker. Mr. Coulson received a BBA from Southern Methodist University in Dallas, TX and graduated from the Owner/President Management Program at Harvard Business School. Mr. Coulson is 48 years of age.

Wendy Fraulo, Chief Financial Officer

Wendy Fraulo joined OTC Markets Group as CFO in July 2011. Ms. Fraulo has 16 years of accounting and finance experience, including M&A Transaction Services at Deloitte & Touche LLP, working with major private equity firms and strategic buyers, and in Deloitte's Audit and Enterprise Risk Services group, where the majority of her clients were large SEC registrants. Ms. Fraulo holds a Bachelor of Science from Fairfield University. She is a CPA in New York, the District of Columbia, and Massachusetts and is a member of the AICPA and the New York State Society of CPA's. Ms. Fraulo is 37 years of age.

Matthew Fuchs, Executive Vice President, Market Data

Matthew Fuchs joined OTC Markets Group in 2007 to help build out the growing product development team. He has over 14 years of experience in the financial technology industry. Prior to OTC Markets Group, he served as the Director of Product Development for The National Research Exchange (NRE), an equity research start-up. Before NRE he was a Manager/Technology Consultant for Bearing Point and Arthur Andersen. Mr. Fuchs received a BA from Columbia University. Mr. Fuchs is 39 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 degree from American University. Ms. Heese is 45 years of age.

Michael Modeski, President, OTC Link LLC

Mike Modeski joined OTC Markets Group in 2011. Mr. Modeski has over 19 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 and 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 graduated from Lehigh University with a Bachelor of Science in Finance. Mr. Modeski is a member of the Board of Directors of the Security Traders Association of New York (STANY). Mr. Modeski is 43 years of age.

Jason Paltrowitz, Executive Vice President, Corporate Services

Jason Paltrowitz joined OTC Markets Group in 2013 as a consultant and was hired in April 2014 as Executive Vice President, Corporate Services. He is responsible for all international and domestic Corporate Services new business and relationship management. Prior to joining OTC Markets Group, Mr. Paltrowitz was Managing Director and Segment Head at JP Morgan Chase & Co. where he managed the custody, clearing and collateral management business in the Corporate and Investment Bank division. He began his career at Bank of New York Mellon Corp. serving in multiple senior management positions, most notably as Head of Mergers and Acquisitions for the Financial Markets and Treasury Services Sector and Head of the Global Capital Markets Group in the Depositary Receipt Division where he served 11 years. Mr. Paltrowitz was a member of the Board of Directors of OTC Markets Group from 2008 to 2011. Mr. Paltrowitz holds a bachelor's degree in International Relations from Boston University and received his MBA from New York University's Stern School of Business. Mr. Paltrowitz is 42 years of age.

Daniel Zinn, General Counsel

Dan Zinn joined OTC Markets Group as General Counsel and Corporate Secretary in November of 2010. Prior to joining OTC Markets Group, he was a partner at The Nelson Law Firm, LLC, outside counsel to the Company. Mr. Zinn also previously worked in the corporate office of the American International Group (AIG). He received a BS degree from the Pennsylvania State University and earned his JD at the Benjamin N. Cardozo School of Law in New York City, where he served as Associate Editor of the Cardozo Law Review. Mr. Zinn is a member of the American Bar Association. Mr. Zinn is 37 years of age.

Gary Baddeley, Director

Gary Baddeley has served as CEO of TDC Entertainment, a diversified entertainment company, since 1997. TDC's core businesses are home entertainment and electronic publishing. Previously, Mr. Baddeley served for two years as Vice President and General Manager of a leading dance music label, 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 holds a JD from New York University School of Law and a B.Sc. from Kingston University. Mr. Baddeley is 49 years of age.

Louisa Serene Schneider, Director

Louisa Serene Schneider is 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. Ms. Serene Schneider 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 B.S. from Dartmouth College in Political Science and French and an M.B.A. from Columbia Business School. Ms. Serene Schneider is 38 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. He attended the Taft School in Watertown, Connecticut as well as the Collegiate School in New York City. Mr. Wimpfheimer is 58 years of age.

Neal Wolkoff, Chairman of the Board of Directors

Neal Wolkoff is a former executive of three exchanges, and is currently a consultant and attorney focusing on futures and securities markets, exchanges, market regulation, operations and clearinghouses. From 2008 to February 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 director of OTC Markets Group, Mr. Wolkoff is a non-executive director of World Gold Trust Services, the sponsor of the Exchange Traded Fund "GLD." Mr. Wolkoff is also a member of the not-for-profit board of The Golda Och Academy in West Orange, NJ. Mr. Wolkoff received a B.A. from Columbia University and a J.D. from Boston University School of Law. Mr. Wolkoff is a member of the Bar of the State of New York. Mr. Wolkoff is 59 years of age.

Board Memberships and Other Affiliations

Mr. Baddeley is the president and a 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 a member of the not-for-profit board of The Golda Och Academy in West Orange, NJ.

Compensation of Officers and Directors

Beneficial share ownership of Officers and Directors as of March 1, 2015:

Name and Business Address*	Position	Shares Beneficially Owned**	Options Outstanding	Vested Options Outstanding	Note
R. Cromwell Coulson	President, Chief Executive Officer, and Director	3,433,988 Class A 130,838 Class C	-	-	(1)
Wendy Fraulo	Chief Financial Officer	64,737 Class A	30,000	18,000	(2)
Matthew Fuchs	Executive Vice President, Market Data	93,871 Class A	29,000	29,000	(3)
Lisabeth Heese	Executive Vice President, Issuer and Information Services	79,756 Class A	5,000	5,000	(4)
Michael Modeski	President, OTC Link LLC	122,202 Class A	50,000	30,000	(5)
Jason Paltrowitz	Executive Vice President, Corporate Services	19,828 Class A	30,000	-	(6)
Dan Zinn	General Counsel	57,137 Class A	20,000	16,000	(7)
Gary Baddeley	Director and Audit Committee Member	133,335 Class A	-	-	
Louisa Serene Schneider	Director and Audit Committee Member	20,625 Class A	-	-	
Andrew Wimpfheimer	Director and Audit Committee Chairman	400,310 Class A	-	-	(8)
Neal Wolkoff	Director and Chairman of the Board	20,625 Class A	-	-	
Officers and Directors as a Group		4,446,414 Class A 130,838 Class C	164,000	98,000	

* 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, 2015 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) Ms. Fraulo's outstanding options consist of 30,000 awarded in August 2011, at an exercise price of \$5.72, 18,000 of which are vested.
- (3) Mr. Fuchs' outstanding options consist of (i) 17,000 awarded in November 2007, at an exercise price of \$2.76, all of which are vested, (ii) 7,000 awarded in May 2009, at an exercise price of \$2.44, all of which are vested, and (iii) 5,000 awarded in January 2010, at an exercise price of \$5.50, all of which are vested.
- (4) Ms. Heese's outstanding options consist of 5,000 awarded in January 2010, at an exercise price of \$5.50, all of which are vested.

- (5) Mr. Modeski's outstanding options consist of 50,000 awarded in April 2011, at an exercise price of \$6.28, 30,000 of which are vested and an additional 10,000 of which are scheduled to vest within 60 days of March 1, 2015.
- (6) Mr. Paltrowitz's outstanding options consist of 30,000 awarded in May 2014, at an exercise price of \$8.65, none of which are vested and 6,000 of which are scheduled to vest within 60 days of March 1, 2015.
- (7) Mr. Zinn's outstanding options consist of 20,000 awarded in November 2010, at an exercise price of \$6.88, 16,000 of which are vested.
- (8) Includes 377,810 Class A shares held by the Melinda Wimpfheimer 2012 Irrevocable Trust, of which Mr. Wimpfheimer is a beneficiary.

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	Bonus	Restricted Stock Awards ⁽¹⁾⁽²⁾	Option Awards ⁽³⁾	Restricted Stock Dollar Value	Option Dollar Value
R. Cromwell Coulson President, Chief Executive Officer, and Director	2014	\$ 532,510	\$ 126,000	10,000	-	\$ 141,000	\$ -
	2013	\$ 532,510	\$ 60,000	10,000	-	\$ 77,500	\$ -
Wendy Fraulo Chief Financial Officer	2014	\$ 220,500	\$ 95,008	6,737	-	\$ 94,992	\$ -
	2013	\$ 212,000	\$ 80,000	10,000	-	\$ 77,500	\$ -
Matthew Fuchs Executive Vice President, Market Data	2014	\$ 215,000	\$ 97,006	6,879	-	\$ 96,994	\$ -
	2013	\$ 187,408	\$ 80,000	10,000	-	\$ 77,500	\$ -
Lisabeth Heese Executive Vice President, Issuer and Information Services	2014	\$ 215,000	\$ 86,004	6,099	-	\$ 85,996	\$ -
	2013	\$ 205,504	\$ 65,000	8,000	-	\$ 62,000	\$ -
Michael Modeski President, OTC Link LLC	2014	\$ 350,000	\$ 165,002	11,702	-	\$ 164,998	\$ -
	2013	\$ 281,216	\$ 145,000	18,000	-	\$ 139,500	\$ -
Jason Paltrowitz Executive Vice President, Corporate Services	2014	\$ 225,000 ⁽⁴⁾	\$ 112,510	7,978	30,000	\$ 112,490	\$ 88,726
	2013	N/A ⁽⁴⁾	N/A	N/A	N/A	N/A	N/A
Dan Zinn General Counsel	2014	\$ 220,500	\$ 95,008	6,737	-	\$ 94,992	\$ -
	2013	\$ 212,000	\$ 80,000	10,000	-	\$ 77,500	\$ -

Notes:

- (1) All restricted stock awards are Class A Common Stock. The 2014 and 2013 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 \$14.10 at the award date for shares related to the year 2014, and \$7.75 at the award date for shares awarded related to the year 2013.
- (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) Prior to becoming an employee, Mr. Paltrowitz served as an independent consultant to OTC Markets Group during 2014 and 2013 and was paid \$57,068 and \$60,617, respectively.

DIRECTORS

Name	Year Ended	Director's Fees ⁽¹⁾	Share Awards ⁽²⁾	Share Value ⁽³⁾
Gary Baddeley	2014	\$ 22,500	7,500	\$ 80,644
	2013	\$ 22,500	7,500	\$ 61,125
Louisa Serene Schneider	2014	\$ 22,500	7,500	\$ 80,644
	2013	\$ 22,500	7,500	\$ 61,125
Andrew Wimpfheimer	2014	\$ 25,000	7,500	\$ 80,644
	2013	\$ 25,000	7,500	\$ 61,125
Neal Wolkoff	2014	\$ 33,750	7,500	\$ 80,644
	2013	\$ 15,000	7,500	\$ 61,125

Notes:

- (1) Represents fees of \$3,750 for each of four regularly scheduled meetings of the Board of Directors during 2014 and 2013. In each of 2014 and 2013, an additional \$7,500 was paid to Mr. Baddeley and Ms. Serene Schneider as members of the audit committee and an additional \$10,000 was paid to Mr. Wimpfheimer as chairman of the audit committee. In 2014, an additional \$18,750 was paid to Mr. Wolkoff as chairman of the Board of Directors.
- (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 \$12.25 per share for the 2014 share award and \$8.15 per share for the 2013 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 Commission 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, 2014, 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 New York, NY 10013	Class A	3,433,988	30.9%	(1)
	Class C	130,838	100.0%	
Cromwell Coulson Family 2012 DE Trust	Class A	687,000	6.2%	
Claudia Carucci	Class A	562,582	5.1%	

- (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
One North Broadway, Suite 712
White Plains, NY 10601
Tel: (914) 220-1900
Fax: (914) 220-1911
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, 2014, based on their audit.

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, 2014, 2013, 2012, 2011 and 2010 as well as the balance sheet data at December 31, 2014, 2013, 2012, 2011 and 2010 are derived from our audited consolidated financial statements.

(in thousands, except per share data)	Year Ended December 31,				
	2014	2013	2012	2011	2010
OTC Link ATS	\$ 12,019	\$ 11,437	\$ 11,640	\$ 11,773	\$ 11,378
Market data licensing	20,334	14,741	14,081	13,680	12,093
Corporate services	9,862	9,331	9,305	7,498	4,568
Gross revenues	42,215	35,509	35,026	32,951	28,039
Net revenues	39,827	33,640	33,184	30,763	25,871
Total operating expenses	26,925	25,342	24,228	23,657	20,740
Income from operations	12,902	8,298	8,956	7,106	5,131
Net income	\$ 7,890	\$ 5,631	\$ 5,477	\$ 4,852	\$ 2,935
Net income per share					
Basic	\$ 0.71	\$ 0.51	\$ 0.51	\$ 0.46	\$ 0.28
Diluted	\$ 0.69	\$ 0.51	\$ 0.51	\$ 0.45	\$ 0.28

Weighted-average shares outstanding

Basic	10,833,874	10,677,340	10,539,142	10,473,811	10,419,555
Diluted	11,137,625	10,763,773	10,608,516	10,540,818	10,529,508

(in thousands)	December 31,				
	2014	2013	2012	2011	2010
Cash and cash equivalents	\$ 20,272	\$ 18,936	\$ 13,611	\$ 10,170	\$ 6,703
Working capital	14,070	14,679	10,125	8,827	5,720
Total long-term liabilities	954	974	1,176	1,598	1,016
Total stockholders' equity	\$ 18,251	\$ 18,704	\$ 14,515	\$ 12,872	\$ 9,260

Note: For purposes of comparative presentation, website advertising revenues for the years ended December 31, 2012, 2011 and 2010 have been reclassified to the Market Data Licensing business line from the Corporate Services business line.

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

You should read the following discussion and analysis of financial condition and results of operations of OTC Markets Group Inc. ("OTC Markets Group") in conjunction with Parts A, B and C of this Annual Report and our consolidated financial statements and notes thereto that are attached as Exhibit 1.1 to this Annual Report. In addition to historical information, this discussion 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 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. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under the heading "Risk Factors" in this Annual Report. 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.

Trends in Our Business

Our revenue streams are influenced by macroeconomic events and conditions affecting the broader global financial markets and in particular the U.S. equity markets, including investor sentiment and outlook, the regulatory environment, the risk/return and volatility factors of equity securities versus other financial investments and assets, and rapidly changing technologies in the capital markets.

There continues to be an upswing in recognition and acknowledgement of our OTCQX, OTCQB and OTC Pink marketplaces and the types of companies traded on each marketplace, which we expect in the long-term will add to the value of our marketplaces and market data and result in increased revenues in our Market Data Licensing and Corporate Services (formerly known as Issuer Services) business lines.

The OTCQX Best Marketplace for established, global and growth companies, has continued to increase the visibility of qualified companies' securities. During the first half of 2014, we updated the OTCQX Rules to further encourage companies to improve the quality and availability of information to investors. The introduction of the OTCQX Rules for U.S. Banks provided a cost effective marketplace that leverages bank regulatory reporting standards and creates enhanced visibility. These enhancements contributed to a 92% increase in the number of OTCQX U.S. companies to 71 as of December 31, 2014, which included 34 OTCQX Banks, from 37 OTCQX U.S. companies as of December 31, 2013. The number of OTCQX International companies has declined to 296 companies as of December 31, 2014 from 331 companies as of December 31, 2013.

The OTCQB Venture Marketplace for entrepreneurial and development stage companies, introduced new standards and eligibility requirements in May 2014 with the goal of increasing the quality and quantity of information on OTCQB companies. Companies on OTCQB as of May 2014 are required to comply with the new OTCQB standards within 120 days after their 2014 fiscal year ends, which we refer to as their "roll-off" date.

As of December 31, 2014, 311 companies had completed the verification process and were traded on the OTCQB marketplace, approximately 70% of which had been approved to continue trading on the OTCQB marketplace. Before the completion of the OTCQB standards compliance roll-off in July 2015, more than 1,900 securities on the OTCQB marketplace will have to apply to meet the new OTCQB marketplace standards, qualify for the OTCQX marketplace or downgrade to the OTC Pink marketplace. Therefore, the majority of the revenue impact from companies that pay the annual fee and meet the new OTCQB marketplace standards is expected to occur during 2015.

More than 120 broker-dealer subscribers actively quoted approximately 10,000 securities on OTC Link ATS during 2014. The total dollar volume of trades in OTCQX, OTCQB and OTC Pink securities, including transactions executed away from OTC Link ATS, increased 19% to \$238.4 billion during the year ended 2014. The total dollar volume of trading on the OTCQX marketplace alone increased 22% to \$36.1 billion, which represented 15% of the total dollar volume of trading in all marketplaces during the year.

OTC Link ATS introduced an updated FIX connection pricing schedule, new internet connection charge and increased the OTC Dealer license fee, effective July 1, 2014, which contributed to higher subscription revenue during the third and fourth quarters of 2014. Our subscriber base continues to trend towards more electronic trading while trading firms with less automation continue to experience significant competitive pressure. We expect these trends to continue and have devoted significant focus to expanding the functionality of services offered to broker-dealer subscribers on our OTC Link ATS and increasing the breadth and depth of securities traded on our marketplaces.

We introduced price increases for the majority of market data license subscriptions effective January 1, 2014. The price increases drove approximately 64% of the \$5.6 million increases in Market Data Licensing revenues during the year ended December 31, 2014, as compared to the same prior year period. Retention of existing subscribers and continued expansion of our distribution network and end-user base comprised the remaining increase in revenue.

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, which are necessary to grow revenues in each of our business lines. A significant portion of our capital expenditures and higher IT infrastructure costs during 2014 have been focused on our primary and secondary data centers to improve stability and increase the scalability and security of our network.

How OTC Markets Group Generates Revenues

OTC Markets Group generates a majority of its revenues through a subscription model. As a result, the majority of our revenues are contract 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 OTC Pink marketplaces. The market data redistributors that offer our market data to their subscribers, including our largest redistributors, have historically remained long-term clients. We pay redistribution fees, the majority of which are paid to redistributors of our Market Data Licensing subscription licenses.

OTC Link ATS

Our OTC Link ATS business is operated by our wholly-owned subsidiary, OTC Link LLC, an SEC registered ATS that empowers broker-dealer subscribers to provide investors with a

superior trading experience. OTC Link ATS directly links a diverse network of leading U.S. broker-dealers providing liquidity and execution services in a wide spectrum of U.S. and global securities. OTC Link ATS's real-time price transparency and connectivity offers 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.

OTC Link ATS generates revenues by offering a suite of quotation and trade-messaging services, and data products and services, as well as the QAP One Statement service, to a diverse network of broker-dealers operating as market makers, agency brokers and ATSS, including Electronic Communication Networks. Gross revenues from our OTC Link ATS business line accounted for approximately 29% and 32% of the Company's gross revenue during 2014 and 2013, respectively.

Broker-dealers pay monthly license, subscription, and connectivity fees to use OTC Link ATS. Our OTC Dealer[®] application provides broker-dealers a user interface into OTC Link ATS. OTC Link ATS delivers quote and trade messages electronically, which allows broker-dealer subscribers to execute, negotiate or decline trade messages and automate their liquidity and execution services for investors.

OTC Dealer provides full access to OTC Link ATS tickers, quote montages, and multiple watch lists for securities traded on the OTCQX, OTCQB and OTC Pink marketplaces. For automated trading and integration with third party order management systems ("OMS") and direct access trading systems, we offer the OTC FIX Gateway, a real-time Financial Information eXchange ("FIX") Protocol that allows fully-electronic submission and receipt of quotes, trade messages, and drop copy confirmations.

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 priced and unpriced quote positions, with tiered pricing arrangements based on volume. Monthly OTC Link ATS message fees are based on the daily number of priced and unpriced 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 allows 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 that day.

Fees for use of the OTC Dealer application are per user with tiered pricing arrangements and are discounted in graduated amounts as a function of total users per subscriber. OTC Dealer also provides users access to analysis and information, including corporate action data and advanced search capabilities for broker-dealer activity, quotes, inside markets and trades, and security changes.

Market Data Licensing

We generate Market Data Licensing revenues by providing our subscribers with access to the extensive market data, company data and security information collected through our OTC Link ATS and Corporate Services business lines. We provide market data for securities traded on our marketplaces, including real-time data, end-of-day data, historical quotation data, company financial data, security master data, company reference data and compliance data. Gross revenues from our Market Data Licensing business line accounted for approximately 48% and 42% of the Company's gross revenue during 2014 and 2013, respectively.

A variety of users, including 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, and

third party market data redistributors/OMS. 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, including Bloomberg. Certain of our market data license agreements include redistribution fees and rebates, which represented 12% and 13% of Market Data Licensing gross revenue for 2014 and 2013, respectively.

Our Market Data Licensing services include:

- *OTC Markets Level 1+ (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* - Real-time inside bid and offer quote prices and aggregate size information for OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS. This license includes information regarding trades negotiated by broker-dealers via OTC Link ATS.
- *OTC Markets Level 2+ (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* - Real-time individual bid and offer quote prices, size information, market participant identifiers and contact information in OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS. This license includes information regarding trades negotiated by broker-dealers via OTC Link ATS.
- *OTC Markets Real-Time Reference Prices (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – Real-time inside bid and offer quote prices in OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS. Size and market participant information is not available with this license. This license includes information regarding trades negotiated by broker-dealers via OTC Link ATS.
- *OTC Markets Internal System Application (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – Real-time quote prices, size and market participant (Level 1+ or Level 2+) data for use by a software application only.
- *OTC Markets Delayed Level 1 (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – Delayed inside bid and offer quote prices and aggregate size information in OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS. This license includes delayed information regarding trades negotiated by broker-dealers via OTC Link ATS.
- *OTC Markets Derived Data (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – Real-time display or use of data derived from OTC Markets data within Internal and/or External applications.
- *OTC Markets End of Day Pricing (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – End of day bid and ask quote prices in OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS for regulatory reporting, audits, valuation, research and analysis.
- *OTC Markets Security & Company Data (OTCQX, OTCQB, OTC Pink, OTC Bonds) License* – Security and Company attribute data in OTCQX, OTCQB, OTC Pink, OTC Bonds and other securities on OTC Link ATS for compliance, research and analysis.
- *OTC Markets Compliance Data (OTCQX, OTCQB, OTC Pink) License* – Key compliance data, including SEC Penny Stock Rule and FINRA OTC Recommendation Rule data for OTCQX, OTCQB, OTC Pink and other securities on OTC Link ATS.

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

We also offer OTCQuote®; a web-based, real-time, view-only quote service designed for agency traders, institutional investors, compliance officers and regulators that need to stay abreast of market activity in OTCQX, OTCQB and OTC Pink securities.

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

Corporate Services

We generate Corporate Services revenues by offering services that are designed to create better informed and more efficient trading by fostering greater availability of company disclosure, promoting price transparency, facilitating communication, demonstrating compliance and mitigating risk for our corporate clients. We operate the OTCQX Best Marketplace; the OTCQB Venture Marketplace; and offer a suite of premium services to companies trading on all of our marketplaces. These premium services include the OTC Disclosure & News Service for posting financial reports, disclosure documents and news releases, either stand-alone or through integrated third-party newswire providers; 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. Gross revenues from our Corporate Services business line accounted for approximately 23% and 26% of the Company's gross revenue during 2014 and 2013, respectively.

Our marketplaces offer established, global and growth companies a choice of disclosure standards to make their financial and operating information publicly available in the most efficient manner:

- U.S. Reporting Standard: Companies may register a class of their securities with the SEC and comply with SEC reporting requirements.
- Alternative Reporting Standard: When SEC registration is not required, companies generally must make certain information publicly available to facilitate compliance with securities regulations, including Rules 10b-5 and 15c2-11 under the Exchange Act and Rule 144(c)(2) under the Securities Act. The Alternative Reporting Standard may be satisfied through compliance with the OTCQX U.S. Disclosure Guidelines or the OTC Pink Basic Disclosure Guidelines, as applicable.
- Bank Reporting Standard: Banks can utilize their existing financial reports and regulatory disclosure to provide easily accessible information to investors and facilitate compliance with securities regulations, including Rules 10b-5 and 15c2-11 under the Exchange Act and Rule 144(c)(2) under the Securities Act.
- International Information Standard: Rule 12g3-2(b) under the Exchange Act permits non-U.S. companies whose primary security is listed on a non-U.S. stock exchange to make publicly available to U.S. investors in English the same information that is made publicly available in their home countries as an alternative to SEC Reporting.

Companies that choose to have their securities designated as OTCQX securities do so annually, on a calendar-year basis. To have their securities traded on the OTCQX marketplace, companies must be sponsored by a professional third-party advisor, meet minimum financial, disclosure and qualitative standards, pay annual fees, and continue to meet the requirements of our OTCQX Rules on a prospective basis. All companies traded on the OTCQX marketplace pay a one-time application fee and annual fees each year their securities are qualified to trade on the OTCQX marketplace. These fees are fixed and do not vary based on outstanding shares, market capitalization, marketplace segment or otherwise. Companies on the OTCQX

marketplace receive a package of premium services, including the OTC Disclosure & News Service, Real-Time Level 2 Quote Display, and Blue Sky Monitoring Service.

The OTCQB marketplace was originally created to help investors easily identify companies that report to the SEC or a U.S. banking or insurance regulator, and that are currently in compliance with their respective disclosure obligations. On May 1, 2014, we introduced new standards to the OTCQB marketplace to make it a premium, venture marketplace designed for the needs of entrepreneurial and development stage companies. Companies that choose to join the OTCQB marketplace receive a package of premium services that are designed to promote price transparency and facilitate public disclosure. These companies pay a one-time application fee and annual fees each year their securities are verified to be traded on the OTCQB marketplace. These fees are fixed and do not vary based on outstanding shares, market capitalization, marketplace segment or otherwise.

OTC Pink companies may subscribe separately to our premium services including the OTC Disclosure & News Service, Real-Time Level 2 Quote Display, and Blue Sky Monitoring Service. Companies can choose to subscribe to these premium services through subscription fees primarily paid on an annual basis.

Each of these premium services is available to companies that sign up to receive free access to our www.otcqb.com secure web portal.

Financial Highlights

For the year ended December 31, 2014, OTC Markets Group reported gross revenues and income from operations of \$42.2 million and \$12.9 million, respectively. This compares to gross revenues and income from operations of \$35.5 million and \$8.3 million, respectively, for the year ended December 31, 2013.

Gross revenues increased \$6.7 million, primarily driven by a 38% growth in the Market Data Licensing business line from higher user subscription revenue and enterprise subscription revenue. In addition, the Corporate Services business line generated 6% higher revenues and OTC Link ATS generated 5% higher revenues during 2014.

Income from operations increased \$4.6 million, or 55%, and operating profit margin expanded to 32% in 2014 from 25% in 2013. The increase in income from operations and expansion in operating profit margin was primarily driven by higher Market Data Licensing revenues and controlled increases in operating expenses.

Financial Results

Our three business lines – OTC Link ATS, Market Data Licensing and Corporate Services – provide a wide variety of services to broker-dealers, corporate clients, investors, market data distributors and regulators. We believe our elegant, reliable and cost-effective subscription-based services allow us to maintain our leading market position as a financial and technology services provider. Each business line has distinct services and fees, including OTC Link ATS subscription service and usage based fees, Market Data distribution and licensing fees and Corporate Services application and annual fees. Growth from each business line promotes growth in the others because our services are complementary in nature.

Consolidated Results From Operations

Year Ended December 31, 2014 Versus Year Ended December 31, 2013

The table below presents comparative information from the Company's consolidated income statements for the years ended December 31, 2014 and 2013.

(in thousands, except shares and per share data)	Year Ended December 31,		% change
	2014	2013	
Gross revenues	\$ 42,215	\$ 35,509	19%
Net revenues	39,827	33,640	18%
Operating expenses	26,925	25,342	6%
Income from operations	12,902	8,298	55%
Operating profit margin	32%	25%	
Income before provision for income taxes	12,911	8,296	56%
Net income	\$ 7,890	\$ 5,631	40%
Diluted earnings per share	\$ 0.69	\$ 0.51	35%
Weighted-average shares outstanding, diluted	11,137,625	10,763,773	3%

Revenues

The following table presents OTC Markets Group's gross revenue by business line and consolidated net revenue for the years ended December 31, 2014 and 2013.

(in thousands)	Year Ended December 31,		% change
	2014	2013	
OTC Link ATS	\$ 12,019	\$ 11,437	5%
Market data licensing	20,334	14,741	38%
Corporate services	9,862	9,331	6%
Gross revenues	42,215	35,509	19%
Redistribution fees and rebates	(2,388)	(1,869)	28%
Net revenues	\$ 39,827	\$ 33,640	18%

Gross revenues increased \$6.7 million, or 19%, to \$42.2 million during 2014 from \$35.5 million during 2013. The increase was primarily related to growth in Market Data Licensing revenues.

The changes in gross revenues during 2014, as compared to the same prior year period, are further described below:

- OTC Link ATS revenues increased \$582 thousand, or 5%, to \$12.0 million during 2014. An updated FIX connection pricing schedule, new internet connection charge and increased OTC Dealer license fee implemented on July 1, 2014 resulted in an increase in combined subscription revenue of \$734 thousand, or 20%. This increase was partially offset by a \$145 thousand, or 4%, decrease in revenue from quote positions due to a shift to priced from unpriced quote positions.
- Market Data Licensing revenues increased \$5.6 million, or 38%, to \$20.3 million during 2014. Effective January 1, 2014, we instituted price increases for the majority of market data license subscriptions that contributed approximately 64% of the \$5.6 million revenue increase. Revenue from user license subscriptions, which includes professional and non-professional user licenses, increased \$3.8 million, or 39%, primarily due to the combined impact of the price increase and a 10% growth in the number of professional

user licenses. Revenue from enterprise license subscriptions, which includes broker-dealer enterprise licenses, internal system licenses, derived data licenses and real-time delayed licenses, increased \$972 thousand, or 47%, and end of day pricing services revenue increased \$485 thousand, or 28%. Increases in enterprise license subscriptions were concentrated in broker-dealer enterprise licenses, internal system licenses and derived data licenses.

- Corporate Services revenues increased \$531 thousand, or 6%, to \$9.9 million during 2014. The addition of 311 OTCQB corporate clients paying subscription fees under the OTCQB standards, launched on May 1, 2014, generated \$576 thousand of OTCQB subscription revenue. Premium service subscription revenue increased \$345 thousand, or 10%, primarily related to improved retention efforts, growth in the number of corporate clients subscribing to our OTC Disclosure & News Service and increased subscriber use of integrated third-party newswire providers. These increases were partially offset by a decrease in OTCQX subscription revenue of \$390 thousand, or 7%, primarily due to the lower average number of OTCQX companies during 2014.

Operating Expenses

The following table presents OTC Markets Group's consolidated operating expenses for 2014 and 2013.

(in thousands)	Year Ended December 31,		% change
	2014	2013	
Compensation and benefits	\$ 15,632	\$ 14,339	9%
IT Infrastructure and information services	4,319	3,757	15%
Professional and consulting fees	1,825	1,937	(6%)
Marketing and advertising	1,330	1,633	(19%)
Occupancy costs	1,465	1,429	3%
Depreciation and amortization	1,543	1,642	(6%)
General, administrative and other	811	605	34%
Total operating expenses	<u>\$ 26,925</u>	<u>\$ 25,342</u>	6%

Operating expenses increased \$1.6 million, or 6%, to \$26.9 million in 2014.

The changes in operating expenses during 2014, as compared to the same prior year period, are further described below:

- Compensation and benefits costs increased \$1.3 million, or 9%, to \$15.6 million during 2014. The increase was primarily related to a 2% increase in headcount, annual compensation increases and a higher bonus accrual, which had a combined effect of increasing salary, bonus and payroll tax expenses by \$873 thousand, or 7%. Higher commissions expense, medical insurance costs and other employee benefits also contributed to the increase in compensation and benefits costs. As a percentage of gross revenues, compensation and benefits costs decreased to 37% during 2014, as compared to 40% during 2013.
- IT Infrastructure and information services costs increased \$562 thousand, or 15%, to \$4.3 million during 2014, primarily due to increased expenses related to purchased data feeds and higher monthly run rates to operate, monitor and support the updated data centers, cloud based services, and our software applications.
- Marketing and advertising costs decreased \$303 thousand, or 19%, to \$1.3 million during 2014. The decrease was primarily related to a \$333 thousand, or 69%, decrease

in outside agency fees and a \$75 thousand, or 24%, decrease in the level of spending for sponsorship of industry events. These decreases were partially offset by a \$169 thousand, or 209%, increase in spending on corporate client outreach.

- Professional and consulting fees decreased \$112 thousand, or 6%, to \$1.8 million during 2014. The decrease was primarily related to a \$351 thousand, or 86%, reduction in IT consultant fees, which was partially offset by a \$263 thousand, or 30%, increase in the use of other professional and technical specialists.
- Depreciation and amortization expense decreased \$99 thousand, or 6%, to \$1.5 million primarily related to older assets that became fully depreciated during 2014.
- General, administrative and other expenses increased \$206 thousand, or 34%, to \$811 thousand during 2014, primarily related to adjustments to bad debt expense due to the timing of collections and increased spending on travel between our offices and data centers.

Income from operations

Income from operations increased \$4.6 million, or 55%, to \$12.9 million during 2014 from \$8.3 million during 2013, and operating profit margin expanded to 32% in 2014 from 25% in 2013. The increase in income from operations and expansion in operating profit margin was primarily attributable to the increase in Market Data Licensing revenues and controlled increases in operating expenses.

Net Income

Net income increased \$2.3 million, or 40%, to \$7.9 million during 2014, primarily due to a \$4.6 million increase in income from operations that was partially offset by a \$2.4 million increase in the provision for income taxes. The Company's effective tax rate increased to 39% primarily because the 2012 R&D tax credit was not enacted until 2013 resulting in two years of tax credits being recognized during the 2013 tax year, while only a single year of R&D tax credits was recognized in 2014.

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 for business operations under our line of credit, which gives us additional flexibility in managing our cash flows.

The following table summarizes our cash available for operations, which consists of cash, as of December 31, 2014 and 2013, and sources and uses of cash flows during 2014 and 2013.

(in thousands)	December 31,		% change
	2014	2013	
Cash available for operations	\$ 20,272	\$ 18,936	7%

	Year Ended December 31,		% change
	2014	2013	
Cash provided by operating activities	\$ 12,502	\$ 8,328	50%
Cash used in investing activities	(1,582)	(472)	235%
Cash used in financing activities	(9,584)	(2,531)	279%

Cash available for operations

Cash available for operations increased by \$1.3 million to \$20.3 million as of December 31, 2014, as compared to \$18.9 million at December 31, 2013. The Company generated \$12.5 million of cash from operations during the year ended December 31, 2014, which was used in part to fund our dividend payments of \$9.1 million, our investments in infrastructure of \$1.6 million and our stock buybacks of \$832 thousand.

Cash provided by operating activities

Cash provided by operating activities during 2014 was \$12.5 million, as compared to \$8.3 million during 2013. Cash flows from operations were higher during 2014 as compared to 2013, primarily due to the \$2.3 million increase in net income, increased deferred revenue, mainly due to OTCQB subscriptions, and the timing of accounts receivables collections, partially offset by increased prepayments of new annual IT contracts.

Cash used in investing activities

Cash used in investing activities during 2014 was \$1.6 million, as compared to \$472 thousand during 2013. The cash used during both fiscal years was primarily related to purchases of IT equipment for our upgraded data centers.

Cash used in financing activities

Cash used in financing activities during 2014 was \$9.6 million, as compared to \$2.5 million during 2013. The cash used in both fiscal years was primarily for dividends paid to holders of our Class A common stock, which increased \$6.5 million to \$9.1 million during 2014, primarily related to a special \$0.50 dividend during the fourth quarter of 2014, which used \$5.6 million of cash. In addition, there was a \$0.04 increase to the quarterly dividend during the third and fourth quarters of 2014, as compared to the first and second quarters of 2014 and each of the four quarterly dividends that were paid during fiscal year 2013. Cash used to buy back shares during 2014 increased \$806 thousand to \$832 thousand, as compared to \$26 thousand during 2013. Lastly, the increase in cashless exercises of stock options during 2014 created a higher withholding tax obligation and used \$355 thousand more cash than in 2013.

Capital resources and working capital

OTC Markets Group's working capital at December 31, 2014 was \$14.1 million, which decreased \$609 thousand, or 4%, from \$14.7 million at December 31, 2013. Working capital includes certain non-operating assets and liabilities, such as prepaid income taxes, deferred tax assets and liabilities and income taxes payable. The decline in working capital during the year ended December 31, 2014 was primarily attributable to the Company's increase in deferred revenue generated from an increase in corporate clients, which contributed to the \$3.7 million

increase in current liabilities as of December 31, 2014. This increase in current liabilities was partially offset by the \$1.3 million increase in cash and \$694 thousand increase in accounts receivable related to higher sales in 2014, as well as a \$684 thousand increase in prepaid expenses and other current assets primarily related to IT software and support agreements.

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 for business operations. The Line of Credit has been extended through June 30, 2015. 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, 2014, 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 2013 and 2014:

Month of Grant	Award Type	Awards Issued	Weighted Average Exercise or Grant Price	Grant Class
2013				
January	Restricted Stock	163,274	\$7.88	Employee
January	Option Grant	16,000	\$7.90	Employee
March	Option Grant	15,500	\$8.00	Employee
April	Option Grant	6,000	\$8.15	Employee
May	Option Grant	29,500	\$8.20	Employee
June	Option Grant	49,500	\$8.10	Employee
July	Option Grant	12,500	\$8.39	Employee
August	Restricted Stock	37,500	\$8.15	Director
August	Option Grant	4,000	\$7.75	Employee
September	Option Grant	15,500	\$7.75	Employee
2014				
January	Restricted Stock	161,885	\$7.75	Employee
January	Option Grant	5,000	\$7.61	Employee
March	Option Grant	6,000	\$8.45	Employee
May	Option Grant	61,500	\$8.80	Employee
June	Option Grant	14,500	\$11.25	Employee
July	Option Grant	12,000	\$12.00	Employee
August	Restricted Stock	30,000	\$12.25	Director
August	Option Grant	3,950	\$12.65	Employee
September	Option Grant	50,500	\$12.90	Employee
October	Option Grant	13,000	\$14.34	Employee
November	Option Grant	28,500	\$14.44	Employee
December	Option Grant	16,750	\$14.41	Employee

Notes:

- All awards are of Class A Common Stock.
- 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.
- 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.
- 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, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012, including the Consolidated Balance Sheets, Consolidated Statements of Income and Other Comprehensive 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, 2014, December 31, 2013 and December 31, 2012

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, by and between OTC Markets Group Inc. and R. Cromwell Coulson (Chief Executive Officer)
- 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)
- 3.6 Comprehensive Services Agreement dated as of October 24, 2012 between ADP, Inc. and OTC Markets Group Inc. (incorporated herein by reference to Exhibit 3.8 to the 2012 Annual Report filed on March 12, 2013)

4 Customer Contracts

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

- 4.1 OTC Link BD Subscriber Agreement
- 4.2 OTCQuote.com Subscriber Agreement
- 4.3 Market Data Distribution Agreement
- 4.4 Market Data Subscription Agreement
- 4.5 OTCQX Application for U.S. Companies

- 4.6 OTCQX Agreement for U.S. Companies
- 4.7 OTCQX Application for U.S. Banks
- 4.8 OTCQX Agreement for U.S. Banks
- 4.9 OTCQX Application for International Companies
- 4.10 OTCQX Agreement for International Companies
- 4.11 OTCQB Application and Agreement
- 4.12 OTCIQ Basic – Order Form
- 4.13 Application to Serve as an Attorney DAD or PAL or Investment Bank DAD or PAL
- 4.14 Agreement to Serve as an Attorney DAD or PAL or Investment Bank DAD or PAL
- 4.15 Application to Serve as a Corporate Broker
- 4.16 Agreement to Serve as a Corporate Broker
- 4.17 Issuer Appointment of Attorney Designated Advisor for Disclosure; Issuer Appointment of Attorney Principal American Liaison; Issuer Appointment of Investment Bank Designated Advisor for Disclosure; Issuer Appointment of Investment Bank Principal American Liaison; Issuer Appointment of ADR Depositary Principal American Liaison
- 4.18 Advertising Agreement

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)

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of OTC Markets Group Inc. and subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income and other comprehensive income, cash flows and changes in stockholders' equity for the three years in the period then ended, and the related notes to 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 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, 2014 and 2013, 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 4, 2015

EXHIBIT 1.1

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

	December 31,	
	2014	2013
Assets		
Current assets		
Cash	\$ 20,272	\$ 18,936
Accounts receivable, net of allowance for doubtful accounts of \$138 and \$130	5,674	4,980
Prepaid income taxes	523	179
Prepaid expenses and other current assets	1,395	711
Deferred tax assets	177	173
Total current assets	28,041	24,979
Property and equipment, net	4,357	4,184
Non-current deferred tax assets, net	277	314
Goodwill	251	251
Intangible assets, net	40	40
Security deposits	210	210
Total Assets	<u>\$ 33,176</u>	<u>\$ 29,978</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 562	\$ 509
Accrued expenses and other current liabilities	3,888	3,400
Deferred revenue	9,521	6,391
Total current liabilities	13,971	10,300
Deferred rent	391	608
Income tax reserve	563	366
Total Liabilities	<u>14,925</u>	<u>11,274</u>
Commitments and contingencies		
Stockholders' equity		
Common stock - par value \$0.01 per share		
Class A - 14,000,000 authorized, 11,310,364 issued, 11,122,541 outstanding at		
December 31, 2014; 11,006,405 issued, 10,888,510 outstanding at December 31, 2013	113	110
Class C - 130,838 shares authorized, issued and outstanding at December 31, 2014		
and December 31, 2013	1	1
Additional paid-in capital	8,838	7,243
Retained earnings	10,752	11,971
Treasury stock - 187,823 shares at December 31, 2014 and 117,895 shares at December 31, 2013	(1,453)	(621)
Total Stockholders' Equity	18,251	18,704
Total Liabilities and Stockholders' Equity	<u>\$ 33,176</u>	<u>\$ 29,978</u>

See accompanying notes to consolidated financial statements

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

	Year Ended December 31,		
	2014	2013	2012
Gross revenues	\$ 42,215	\$ 35,509	\$ 35,026
Redistribution fees and rebates	(2,388)	(1,869)	(1,842)
Net revenues	<u>39,827</u>	<u>33,640</u>	<u>33,184</u>
Operating expenses			
Compensation and benefits	15,632	14,339	12,908
IT Infrastructure and information services	4,319	3,757	3,318
Professional and consulting fees	1,825	1,937	2,387
Marketing and advertising	1,330	1,633	1,743
Occupancy costs	1,465	1,429	1,411
Depreciation and amortization	1,543	1,642	1,622
General, administrative and other	811	605	839
Total operating expenses	<u>26,925</u>	<u>25,342</u>	<u>24,228</u>
Income from operations	<u>12,902</u>	<u>8,298</u>	<u>8,956</u>
Other income (expense)			
Interest income	-	2	14
Other income (expense)	9	(4)	16
Income before provision for income taxes	<u>12,911</u>	<u>8,296</u>	<u>8,986</u>
Provision for income taxes	5,021	2,665	3,509
Net Income	<u>\$ 7,890</u>	<u>\$ 5,631</u>	<u>\$ 5,477</u>
Other comprehensive income:			
Unrealized gain on marketable securities	-	-	6
Total comprehensive income	<u>\$ 7,890</u>	<u>\$ 5,631</u>	<u>\$ 5,483</u>
Net income per share			
Basic	\$ 0.71	\$ 0.51	\$ 0.51
Diluted	\$ 0.69	\$ 0.51	\$ 0.51

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	Accumulated Other Comprehensive Loss
Balance, January 1, 2012	<u>\$ 12,872</u>	<u>\$ 106</u>	<u>\$ 1</u>	<u>\$ 5,027</u>	<u>\$ 8,276</u>	<u>\$ (532)</u>	<u>\$ (6)</u>
Comprehensive income:							
Net income	5,477	-	-	-	5,477	-	
Unrealized gain on marketable securities	6	-	-	-	-	-	6
Total comprehensive income	<u>5,483</u>						
Stock-based compensation	956	-	-	956	-	-	-
Issuance of restricted and common shares, net	(9)	2	-	(11)	-	-	-
Tax benefit on stock-based compensation expense	78	-	-	78	-	-	-
Dividends	(4,802)	-	-	-	(4,802)	-	-
Repurchase of common stock for treasury stock	(63)	-	-	-	-	(63)	-
Balance, December 31, 2012	<u>\$ 14,515</u>	<u>\$ 108</u>	<u>\$ 1</u>	<u>\$ 6,050</u>	<u>\$ 8,951</u>	<u>\$ (595)</u>	<u>\$ -</u>
Comprehensive income:							
Net income	5,631	-	-	-	5,631	-	
Total comprehensive income	<u>5,631</u>						
Stock-based compensation	1,089	-	-	1,089	-	-	-
Issuance of restricted and common shares, net	28	2	-	26	-	-	-
Tax benefit on stock-based compensation expense	78	-	-	78	-	-	-
Dividends	(2,611)	-	-	-	(2,611)	-	-
Repurchase of common stock for treasury stock	(26)	-	-	-	-	(26)	-
Balance, December 31, 2013	<u>\$ 18,704</u>	<u>\$ 110</u>	<u>\$ 1</u>	<u>\$ 7,243</u>	<u>\$ 11,971</u>	<u>\$ (621)</u>	<u>\$ -</u>
Comprehensive income:							
Net income	7,890	-	-	-	7,890	-	
Total comprehensive income	<u>7,890</u>						
Stock-based compensation	1,241	-	-	1,241	-	-	-
Issuance of restricted and common shares, net	(319)	3	-	(322)	-	-	-
Tax benefit on stock-based compensation expense	676	-	-	676	-	-	-
Dividends	(9,109)	-	-	-	(9,109)	-	-
Repurchase of common stock for treasury stock	(832)	-	-	-	-	(832)	-
Balance, December 31, 2014	<u>\$ 18,251</u>	<u>\$ 113</u>	<u>\$ 1</u>	<u>\$ 8,838</u>	<u>\$ 10,752</u>	<u>\$ (1,453)</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements

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

	Year Ended December 31,		
	2014	2013	2012
Cash flows from operating activities			
Net income	\$ 7,890	\$ 5,631	\$ 5,477
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	1,543	1,642	1,622
Provision for bad debts	190	88	219
Stock-based compensation	1,241	1,089	958
Excess tax benefits related to stock-based compensation	(676)	(78)	(78)
Deferred rent	(178)	(141)	(122)
Deferred income taxes	33	(397)	(272)
Loss on disposal of fixed assets	4	7	3
Other non-cash items	-	-	6
Changes in working capital:			
Accounts receivable	(884)	1,413	494
Prepaid expenses and other current assets	(684)	33	(327)
Prepaid income taxes	(344)	166	(38)
Accounts payable	53	(212)	(110)
Accrued expenses and other current liabilities	311	199	(216)
Income tax payable	676	78	78
Income tax reserve	197	89	(29)
Deferred revenue	3,130	(1,279)	1,042
Cash provided by operating activities	12,502	8,328	8,707
Cash flows from investing activities			
Purchases of property and equipment	(1,582)	(477)	(1,346)
Proceeds from sale of equipment	-	6	-
Sales of short-term investments	-	-	1,297
Security deposits	-	(1)	-
Cash used in investing activities	(1,582)	(472)	(49)
Cash flows from financing activities			
Dividends paid	(9,109)	(2,611)	(5,221)
Proceeds from the exercise of stock options	66	59	83
Issuance of restricted stock	1	-	-
Withholding taxes paid related to cashless exercise of stock options	(386)	(31)	(94)
Excess tax benefits related to stock-based compensation	676	78	78
Purchase of treasury stock	(832)	(26)	(63)
Cash used in financing activities	(9,584)	(2,531)	(5,217)
Net increase in cash	1,336	5,325	3,441
Cash at beginning of period	18,936	13,611	10,170
Cash at end of period	<u>\$ 20,272</u>	<u>\$ 18,936</u>	<u>\$ 13,611</u>
Cash paid during period for:			
Income taxes	\$ 4,459	\$ 2,730	\$ 3,839
Non-cash investing and financing activities:			
Property and equipment included in accounts payable or accrued expenses	\$ 138	\$ 296	\$ 202

See accompanying notes to consolidated financial statements

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements
(in thousands, except per share information)

Note 1. Description of Business

Overview

OTC Markets Group Inc. (“OTC Markets Group” or the “Company”) (OTCQX: OTCM) operates Open, Transparent and Connected marketplaces for 10,000 U.S. and global securities with a mission to create better informed and more efficient financial marketplaces. OTC Link[®] ATS directly links a diverse network of broker-dealers that provide liquidity and execution services for a wide spectrum of securities. These securities are organized into marketplaces to better inform investors of opportunities and risks – the OTCQX[®] Best Marketplace; the OTCQB[®] Venture Marketplace; and the OTC Pink[®] Open Marketplace. The Company’s marketplaces incentivize companies to provide better information to create more efficient prices in their securities. OTC Link ATS is operated by the Company’s wholly-owned subsidiary OTC Link LLC, a Financial Industry Regulatory Authority, Inc. (“FINRA[®]”) member broker-dealer regulated by the Securities and Exchange Commission (“SEC”) as an Alternative Trading System (“ATS”). The Company’s data-driven platform enables investors to easily trade through the broker of their choice at the best possible price and empowers a broad range of companies to improve the quality and availability of information for their investors.

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

- OTC Link ATS – OTC Link ATS provides electronic communication and connectivity technology to its FINRA member broker-dealer subscribers.
- Market Data Licensing – OTC Markets Group is a central source of real-time data, delayed and historical market data, company financial data, security master data and corporate reference data for securities traded on the OTCQX, OTCQB and OTC Pink marketplaces. 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 connectivity or through third party market data redistributors or order management systems.
- Corporate Services – OTC Markets Group offers companies the OTCQX and OTCQB premium marketplaces and a suite of premium 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. The premium services include the OTC Disclosure & News Service, Real-Time Level 2 Quote Display and Blue Sky Monitoring Service.

Corporate Form

Prior to March 31, 2008, the Company was organized and operated as a limited liability company under the name Pink Sheets LLC (the “LLC”). On March 31, 2008, the LLC was converted, via a “formless conversion” under Section 265 of the Delaware General Corporation Law, from a Delaware limited liability company to a Delaware corporation named Pink OTC Markets Inc. On January 18, 2011, Pink OTC Markets Inc. changed its name to OTC Markets Group Inc. The Company is a “C” Corporation for federal, state, and local income tax purposes.

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

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

The Company generates a majority of its revenues from each of its three business lines through contracts based on a subscription model. Subscribers typically purchase a variety of services when commencing a contract. Therefore, the majority of the Company's contracts constitute an arrangement with multiple deliverables. Management has determined that most services can be accounted for separately because these services have value to subscribers on a standalone basis and there is vendor specific objective and reliable evidence of selling price for each deliverable. The sale prices for all services are based on contracted price list, which is the Company's determination of the best estimate that the item would be sold for in a stand-alone transaction with a subscriber. Services that are bundled are recognized ratably over the subscription period. Revenue is recognized net of any taxes collected from customers and subsequently remitted to governmental authorities.

The OTC Link ATS business line collects monthly license, subscription and connectivity fees to use OTC Link ATS. License fees for use of the proprietary OTC Dealer application are based on the number of authorized users per subscriber and are calculated based on a tiered pricing arrangement. The unrealized portion of monthly invoiced subscription fees are recorded as deferred revenue on the consolidated balance sheets. Broker-dealers also pay usage fees, based on a tiered pricing arrangement, to publish quotes and deliver trade messages electronically to counterparties on OTC Link ATS. These fees are recognized over the service period and as transactions occur. OTC Link ATS pays rebates to Order Management System resellers of OTC Link ATS services, which are recorded as a reduction of gross revenues.

Market Data Licensing revenue is generated from charging subscribers to access the extensive market data, company data and security information collected through OTC Link ATS. Investors, traders, institutions, and others pay monthly license fees to access the Company's market data. The majority of Market Data Licensing revenues result from sales through major market data redistributors, who earn redistribution fees for the resale of the Company's proprietary information. These fees are recognized as services are provided and are recorded as a reduction of gross revenues. OTC Markets Group records revenues from certain market data license subscription agreements on a pro rata basis over the term of the subscription

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

agreement; the unrealized portion is recorded as deferred revenue on the consolidated balance sheets.

The Corporate Services business line generates revenue from the OTCQX and OTCQB premium marketplaces and a suite of premium services. Fees paid by companies to trade on the OTCQX marketplace are recognized on a pro rata basis over the calendar year in which the services are provided. Fees for the OTCQB marketplace and premium services offered by the Company's Corporate Services business line are recognized on a straight-line basis over the service period. The unrealized portion of invoiced subscription and application fees are recorded as deferred revenue on the consolidated balance sheets.

OTC Markets Group charges for the right to display advertisements on www.otcmarkets.com. Advertising fees are recognized based on the reported number of impressions to the advertiser's website or another pass through traffic based measurement noted in the contract. Fees are recognized as services are rendered.

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.

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.

Certain software development costs, including modifications or upgrades to the internal-use software, are capitalized to the extent they allow the software to perform a task previously not performed. These costs are amortized on a straight-line basis over the software's estimated useful life, which is generally three years.

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.

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

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 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.

For goodwill, the quantitative impairment test is a two-step process performed at the reporting unit level. First the fair value of the reporting unit is estimated and compared to its corresponding carrying amount, including goodwill. If the first step indicates that the carrying amount exceeds the fair value, then the second step is completed to determine the amount of goodwill impairment that should be recorded, if any. In the second step, the implied fair value of the reporting unit's goodwill is determined in a manner similar to a purchase price allocation. 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, the impairment test is similar to the first step of the goodwill test discussed previously. 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 judgment in applying them including the evaluation of qualitative factors and estimates of future business results.

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 (Refer to Note 7, *Stock-based Compensation*).

Comprehensive Income

Other comprehensive income includes changes in unrealized gains and losses on available-for-sale securities.

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 – Observable inputs that reflect quoted prices (unadjusted) for identical assets and liabilities in an active market
- Level 2 – Include other inputs that are directly or indirectly observable in the marketplace
- Level 3 – Unobservable inputs that are supported by little or no market activity

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

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 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 deferred revenue.

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.

Recently Adopted Accounting Standards

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-11, *Income Taxes*, which clarifies the guidance for financial statement presentation of an unrecognized tax benefit when a net operating loss ("NOL") carryforward, a similar tax loss, or a tax credit carryforward exists. The amendments require that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a NOL carryforward, a similar tax loss, or a tax credit carryforward. To the extent a NOL carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This standards update was effective prospectively for interim periods and fiscal years beginning after December 15, 2013. The adoption of this standards update on January 1, 2014 did not have a material impact on the consolidated financial statements.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which amended revenue recognition guidance. The amendment's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This amendment will be effective for interim and annual periods beginning after December 15, 2016 and early adoption is not permitted. The Company is in the process of evaluating the impact of adoption of this amendment but it does not expect the adoption to have a material effect on the consolidated financial statements.

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern*, which provided guidance on disclosing going-concern uncertainties. This ASU requires management to perform interim and annual assessments of a company's ability to continue as a going concern within one year of the date of issuance of the company's financial statements and provide disclosures if there is substantial doubt about the company's ability to continue as a going concern. This ASU will be effective for interim and annual periods ending after December 15, 2016 and early adoption is permitted. The Company is in the process of evaluating the impact of adoption of this ASU but it does not expect the adoption to have a material effect on the consolidated financial statements.

Note 3. Concentrations and Uncertainties

During the years ended December 31, 2014, 2013 and 2012, market data revenues earned through one market data distributor amounted to approximately 15%, 13% and 13% of the Company's gross revenues, respectively. Additionally, at December 31, 2014 and 2013, accounts receivable from that same subscriber amounted to 23% and 20%, respectively, of the Company's accounts receivable.

During 2014, amounts earned in any individual foreign country were less than 10% of the Company's gross revenues. During both 2013 and 2012, revenues earned from Canadian companies amounted to approximately 11% of the Company's gross revenues.

In November 2009, FINRA filed with the SEC a proposed rule change to create a Quotation Consolidation Facility ("QCF") that would serve as a commercial data consolidator and disseminator for quote data in the OTC equity market (the "QCF Proposal"), which, if approved, would reduce the Company's ability to generate revenues from market data licensing. Market data licensing represented approximately 48%, 42% and 40% of the Company's revenues for the years ended December 31, 2014, 2013 and 2012, and if the QCF Proposal had been adopted it would have negatively impacted approximately 42%, 43% and 45% of the Company's 2014, 2013 and 2012 market data licensing revenues, respectively.

Note 4. Property and Equipment

Property and equipment consisted of the following:

(in thousands)	December 31,		Estimated useful life (years)
	2014	2013	
Computer software	\$ 838	\$ 728	2 - 3
Computer equipment	4,799	3,336	3 - 5
Furniture and fixtures	1,170	1,078	5 - 7
Leasehold improvements	4,352	4,321	Term of lease
Total property and equipment	11,159	9,463	
Accumulated depreciation and amortization	(6,802)	(5,279)	
Total property and equipment, net	\$ 4,357	\$ 4,184	

Depreciation and amortization on property and equipment, included in the consolidated statements of income and other comprehensive income, amounted to \$1.5 million, \$1.6 million and \$1.6 million for the years ended December 31, 2014, 2013 and 2012, respectively.

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

Note 5. Goodwill and Intangible Assets

Intangible assets consisted of the following:

(in thousands)	December 31,		Estimated useful life (years)
	2014	2013	
Goodwill	\$ 251	\$ 251	Indefinite
Intangible assets:			
Subscription services	150	150	8-15
Distributor relations	27	27	15
Intellectual property	40	40	Indefinite
Total intangible assets	217	217	
Accumulated amortization	(177)	(177)	
Intangible assets, net	\$ 40	\$ 40	

No amortization of finite-lived intangible assets was recognized for the years ended December 31, 2014, 2013 and 2012 as the assets were fully amortized. No impairment charges were recorded to goodwill or intangible assets for the years ended December 31, 2014, 2013 and 2012.

Note 6. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31,	
	2014	2013
Payroll and employee withholdings	\$ 2,839	\$ 2,376
Deferred compensation	89	114
Accrued operating expenses	743	732
Deferred rent	217	178
Total accrued expenses and other	\$ 3,888	\$ 3,400

Payroll and employee withholdings primarily consisted of accrued discretionary bonuses, discretionary employer 401(k) contributions, accrued vacation and accrued sales commissions.

Note 7. 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. For share-based awards granted prior to the establishment of a public market in the Company's Common Stock on September 16, 2009, determining the fair value of share-based awards at the grant date required more significant judgments to determine the expected volatility rate.

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

A summary of the Company's option activity for the year ended December 31, 2014 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, 2014	884	\$ 5.68	\$ 1,897	6.78
Granted	212	11.74	-	
Exercised	(282)	3.94	2,303	
Forfeited	(57)	7.21	231	
Outstanding, December 31, 2014	757	\$ 7.91	\$ 4,890	7.48
Exercisable, December 31, 2014	288	\$ 5.73	\$ 2,483	5.90

The Company recognized compensation expense related to stock options, net of estimated forfeitures, of \$355, \$333 and \$400 for the years ended December 31, 2014, 2013 and 2012, respectively. Management has estimated forfeiture rates of 5% for stock options granted to management and 30% 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, 2014, unrecognized compensation cost related to non-vested awards totaled \$1,053, which will be recognized over approximately 3.8 years.

The weighted-average assumptions used in the Black-Scholes option pricing model for 2014, 2013 and 2012 are as follows:

	Year ended December 31,		
	2014	2013	2012
Risk free interest rate	2.01%	1.59%	1.04%
Expected life in years	6.50	6.50	6.50
Expected volatility	46%	59%	53%
Expected annual dividend per share	2.76%	2.67%	2.67%
Weighted average fair value of options granted	\$ 4.19	\$ 3.61	\$ 2.61

A summary of the Company's non-vested stock option activity for the year ended December 31, 2014 is as follows:

(in thousands, except W/A fair value)	Number of options	Weighted- average fair value
Non-vested balance at January 1, 2014	431	\$ 2.93
Granted	212	4.19
Vested	(125)	2.86
Forfeited	(49)	2.98
Non-vested options at December 31, 2014	469	\$ 3.51

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

A summary of the Company's restricted stock award activity for the year ended December 31, 2014 is as follows:

(in thousands, except W/A fair value)	Restricted stock	Weighted- average fair value	Aggregate intrinsic value
Outstanding, January 1, 2014	324	\$ 7.00	\$ 2,510
Granted	192	8.45	1,622
Vested	(109)	7.40	935
Forfeited	(52)	7.06	450
Outstanding, December 31, 2014	355	\$ 7.65	\$ 5,105

The Company recognized compensation expense, net of estimated forfeitures, of \$596, \$512 and \$394 for the years ended December 31, 2014, 2013 and 2012, respectively. During 2014, management has estimated forfeiture rates of 9% for RSAs granted to management and 17% for RSA's granted to other employees. In addition, the Company also recognized professional fees of \$290, \$244 and \$164 for the years ended December 31, 2014, 2013 and 2012, respectively, related to the issuance of restricted stock awards to the Board of Directors.

A summary of the Company's non-vested RSA activity for the year ended December 31, 2014 is as follows:

(in thousands, except W/A fair value)	Number of RSAs	Weighted- average fair value
Non-vested balance at January 1, 2014	324	\$ 7.00
Granted	192	8.45
Vested	(109)	7.40
Forfeited	(52)	7.06
Non-vested RSAs at December 31, 2014	355	\$ 7.65

At December 31, 2014, unrecognized compensation cost related to non-vested awards totaled \$1.8 million, which will be recognized over approximately 2.9 years.

Note 8. 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") that made up to \$1.5 million available for business operations through June 30, 2015. 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. At December 31, 2014, the Company was in compliance with all of the financial covenants and other terms of the Line of Credit.

Note 9. Commitments and Contingencies

Operating leases

The Company has two non-cancelable operating leases. One is for the office space at 304 Hudson Street, New York, NY that was amended in August 2008 and expires on June 30, 2017 and the other is for office space at 100 M Street SE, Washington D.C. that commenced in July 2011 and expires on June 30, 2016. The New York lease provides for contingent rental payments consisting of a proportionate share of any increases in real estate taxes. The amendment to the office space in New York provided for additional space with an eight-month

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

rent holiday on the additional space. The Washington D.C. lease included a tenant allowance that was fully utilized and recorded in the deferred rent balance in the third quarter of 2011. 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, 2014, future minimum lease payments under the leases are as follows:

<u>Fiscal year</u>	<u>Payments due</u>
2015	1,336
2016	1,289
2017	616
2018	-
2019	-
Total	\$ 3,241

Occupancy expense included in the consolidated statements of income and other comprehensive income was \$1.5 million, \$1.4 million and \$1.4 million for the years ended December 31, 2014, 2013 and 2012, respectively.

At December 31, 2014, the Company had an open letter of credit of approximately \$180, which secures its obligation under the New York City office lease. The letter of credit is collateralized by a money market balance and all other assets, as defined in the security agreement. Total security deposits on the Company's office leases were \$210 as of both December 31, 2014 and 2013.

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 10. 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 \$256, \$253 and \$224 for the annual periods ended December 31, 2014, 2013 and 2012, respectively.

Note 11. Stockholders' Equity

Common Stock

The Company has two classes of common stock: Class A and Class C (collectively, "Common Stock") outstanding. Holders of Class A Common Stock, which include holders of unvested RSA's, 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

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

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").

Holders of Class C Common Stock are not entitled to any Dividend Rights or Liquidation Rights. Each share of Class C Common Stock will automatically convert into Class A Common Stock at a ratio of one-to-one if the price of Class A Common Stock is greater than \$19.62 per share as determined by either (i) the average price in trade reports aggregating a total of 300,000 shares reported to FINRA under Rule 6600, provided that the Class A Common Stock has been quoted upon an interdealer quotation system by at least two market makers, or (ii) an Acquisition of the Company.

The Company is authorized to issue an aggregate of 14,130,838 shares of Common Stock at \$0.01 par value, comprised of: 14,000,000 Class A shares and 130,838 Class C shares. As of December 31, 2014 there were a total of 11,441,202 shares issued and 11,253,379 shares outstanding; the latter was comprised of 11,122,541 Class A shares and 130,838 Class C shares. As of December 31, 2013 there were a total of 11,137,243 shares issued and 11,019,348 shares outstanding; the latter was comprised of 10,888,510 Class A shares and 130,838 Class C shares.

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 Exchange Act.

The Company repurchased 69,928 shares of Class A Common Stock during the year ended December 31, 2014, including 7,998 shares at \$8.20 per share in April 2014, 1,988 at \$8.50 per share in May 2014, and 59,942 shares at \$12.50 per share in September 2014. In August 2013, the Company repurchased 3,320 shares of Class A Common Stock at a price of \$7.95 per share and in February 2012, the Company repurchased 10,000 shares of Class A Common Stock at a price of \$6.27 per share. All repurchased shares are held in treasury.

Dividends

The Company paid quarterly cash dividends on its Class A common stock of \$0.10 per share during the third and fourth quarter of 2014, \$0.06 per share during the first and second quarter of 2014 and each of the four quarters for the year ended December 31, 2013, and \$0.05 per share during each of the four quarters for the year ended December 31, 2012. The Company also paid special dividends of \$0.50 per share of Class A common stock during the fourth quarter of 2014 and \$0.25 per share during the fourth quarter of 2012.

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 (Refer to Note 7, *Stock-Based Compensation*). In each of November 2014 and 2013, the Board of Directors authorized the increase in the number of shares available for issuance under the Plan by 200,000 shares.

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

Note 12. Income Taxes

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

(in thousands)	Year Ended December 31,		
	2014	2013	2012
Current:			
Federal	\$ 3,453	\$ 2,339	\$ 2,940
State and local	1,564	723	840
Total current	\$ 5,017	\$ 3,062	\$ 3,780
Deferred:			
Federal	\$ (22)	\$ (366)	\$ (222)
State and local	26	(31)	(49)
Total deferred	\$ 4	\$ (397)	\$ (271)
Provision for income taxes	\$ 5,021	\$ 2,665	\$ 3,509

The following table presents the key reconciling items from the federal statutory rate of 34% to the Company's effective income tax rate of 39%, 32% and 39% for fiscal years 2014, 2013 and 2012, respectively.

(in thousands)	Year Ended December 31,		
	2014	2013	2012
State and local income taxes	7%	5%	6%
R&D tax credits	(2%)	(7%)	-
All other, net	-	-	(1%)
	<u>5%</u>	<u>(2%)</u>	<u>5%</u>

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

(in thousands)	Year Ended December 31,	
	2014	2013
Current deferred tax assets:		
Allowance for doubtful accounts	\$ 56	\$ 51
Deferred rent	87	70
Deferred compensation	34	45
Other reserves	-	7
Current deferred tax assets:	177	173
Non-current deferred tax assets:		
Share-based compensation	\$ 597	\$ 702
Deferred rent	157	238
Deferred tax asset on income tax reserve	178	114
Other reserves	5	6
Non-current deferred tax assets	937	1,060
Non-current deferred tax liabilities:		
Property and equipment	(660)	(746)
Non-current deferred tax liabilities	(660)	(746)
Net, non-current deferred tax assets	\$ 277	\$ 314

As required by the uncertain tax position guidance in ASC Topic 740, 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

OTC MARKETS GROUP INC.

Notes to Consolidated Financial Statements (continued)

(in thousands, except per share information)

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, 2014 and 2013 is as follows:

(in thousands)	Year Ended December 31,	
	2014	2013
Beginning balance	\$ 294	\$ 226
Increases based on tax positions taken during the current period	139	63
Increases based on tax position taken during a prior period	38	5
Ending balance	\$ 471	\$ 294

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, 2014 and 2013, is \$386 and \$253, 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 \$20 and \$22 during the years ended December 31, 2014 and 2013, respectively, and reduced the amount of interest and penalties due on income tax reserves by \$4 during the year ended December 31, 2012. As of December 31, 2014 and 2013, the Company had \$92 and \$72 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 the interpretation of the related tax laws and regulations and require significant judgment to apply. The 2011, 2012 and 2013 tax years remain subject to examination by the Internal Revenue Service (IRS) and the 2010, 2011, 2012 and 2013 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 13. Net Income Per Share

The Company calculates earnings per share pursuant to 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 (Refer to Note 7, *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.

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

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

Basic Earnings per common share

(in thousands, except shares and per share data)	Year Ended December 31,		
	2014	2013	2012
Net income available to common shareholders	\$ 7,890	\$ 5,631	\$ 5,477
Less: Undistributed earnings allocated to unvested RSAs	39	(87)	(3)
Less: Dividend equivalents on unvested RSAs	(291)	(78)	(113)
Net Income allocated to common shareholders	<u>\$ 7,638</u>	<u>\$ 5,466</u>	<u>\$ 5,361</u>
Shares of common stock and common stock equivalents			
Weighted-average common shares outstanding	<u>10,833,874</u>	<u>10,677,340</u>	<u>10,539,142</u>
Basic earnings per share	\$ 0.71	\$ 0.51	\$ 0.51

Diluted Earnings per common share

(in thousands, except shares and per share data)	Year Ended December 31,		
	2014	2013	2012
Net income available to common shareholders	\$ 7,890	\$ 5,631	\$ 5,477
Less: Undistributed earnings allocated to unvested RSAs	38	(86)	(3)
Less: Dividend equivalents on unvested RSAs	(291)	(78)	(113)
Net Income allocated to common shareholders	<u>\$ 7,637</u>	<u>\$ 5,467</u>	<u>\$ 5,361</u>
Shares of common stock and common stock equivalents			
Weighted-average common shares outstanding	10,833,874	10,677,340	10,539,142
Dilutive effect of employee stock options and restricted stock units	303,751	86,433	69,374
Weighted-average shares used in diluted computation	<u>11,137,625</u>	<u>10,763,773</u>	<u>10,608,516</u>
Diluted earnings per share	\$ 0.69	\$ 0.51	\$ 0.51

As of December 31, 2014, 2013 and 2012, 355, 324 and 250 restricted stock awards, respectively, and stock options to purchase 757, 884 and 851 shares of common stock, respectively, were outstanding. For the years ended December 31, 2014, 2013 and 2012, 27, 171 and 106 awards, respectively, were excluded from the diluted earnings per share computation because their effect would have been anti-dilutive.

Note 14. Quarterly Financial Data (unaudited)

The following represents OTC Markets Group's unaudited quarterly results for the years ended December 31, 2014 and 2013. 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.

OTC MARKETS GROUP INC.
Notes to Consolidated Financial Statements (continued)
(in thousands, except per share information)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2014				
Net revenues	\$ 9,367	\$ 9,658	\$ 10,206	\$ 10,596
Operating Income	2,790	2,676	3,447	3,989
Net Income	1,664	1,619	1,937	2,669
Basic earnings per share	\$ 0.15	\$ 0.15	\$ 0.17	\$ 0.24
Diluted earnings per share	\$ 0.15	\$ 0.14	\$ 0.17	\$ 0.23
2013				
Net revenues	\$ 8,150	\$ 8,485	\$ 8,483	\$ 8,523
Operating Income	1,712	1,892	2,260	2,433
Net Income	1,199	1,433	1,432	1,566
Basic earnings per share	\$ 0.11	\$ 0.13	\$ 0.13	\$ 0.14
Diluted earnings per share	\$ 0.11	\$ 0.13	\$ 0.13	\$ 0.14

Note 15. Subsequent Events

For purposes of disclosure in the consolidated financial statements, the Company has evaluated subsequent events through March 4, 2015, the date the financial statements were available to be issued.

In January 2015, the Company granted approximately 106 RSAs to certain employees subject to the terms of Restricted Stock Agreements between the Company and each employee.

On February 24, 2015, the Board of Directors authorized and approved a quarterly cash dividend of \$0.10 per share of Class A common stock.

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 Securities Exchange Act of 1934 as amended (the "Exchange Act"). Rule 15c3-1 requires the maintenance of net capital, as defined, which shall be the greater of \$5 or 6 $\frac{2}{3}$ % of aggregate indebtedness, as defined. OTC Link LLC's regulatory net capital as of December 31, 2014 and 2013 was \$4,805 and \$5,541, respectively, which exceeded the minimum net capital requirement by \$4,675 and \$5,420, respectively.

EXHIBIT 2.1

CERTIFICATION OF PRINCIPAL EXECUTIVE

I, R. Cromwell Coulson, Chief Executive 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 4, 2015
Date

EXHIBIT 2.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Wendy E. Fraulo, 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/ Wendy E. Fraulo
Wendy E. Fraulo
Chief Financial Officer

March 4, 2015
Date