

OTC MARKETS GROUP INC.

A Delaware Corporation

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Federal EIN: 13-3941069
NAICS: 523999
SIC Code: 6289

Issuer's Quarterly Report

For the quarterly period ended September 30, 2015

ISSUER'S EQUITY SECURITIES

COMMON STOCK

Class A Common Stock
\$0.01 Par Value Per Share
14,000,000 Shares Authorized
11,188,894 Shares Outstanding as of October 30, 2015
OTCQX: OTCM

Class C Common Stock
\$0.01 Par Value Per Share
130,838 Shares Authorized
130,838 Shares Outstanding as of October 30, 2015

OTC Markets Group Inc. is responsible for the content of this Quarterly 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.

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QUARTERLY REPORT

Cautionary Note Regarding Forward-Looking Statements

Information set forth in this Quarterly Report (the “Quarterly 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. Factors that could cause or contribute to such differences include, but are not limited to, those discussed under the heading “Risk Factors” in our Annual Report for the year ended December 31, 2014. 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.

Item 1. The exact name of the issuer and the address and telephone number of the issuer’s principal executive offices

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 markets 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 securities into markets to inform investors of opportunities and risks: the OTCQX® Best Market; the OTCQB® Venture Market; and the OTC Pink® Open Market. 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 and www.otcdealer.com. The information contained on such websites shall not be deemed incorporated by reference herein.**

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Item 2. Shares outstanding

OTC Markets Group has 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 were no preferred shares outstanding as of the reported periods.

None of OTC Markets Group's common stock has been registered under the Securities Act of 1933, as amended (the "Securities Act"), and we have no current plans to register any of our securities. Certain shares of our common stock are currently eligible for resale in the public market pursuant to the exemption from registration offered by Rule 144 under the Securities Act ("Rule 144"). The remaining outstanding shares of our common stock are "restricted securities" within the meaning of Rule 144, and may be eligible for resale in the future.

The following table shows Class A common stock share ownership as of September 30, 2015:

	September 30, 2015
(i) Number of shares authorized	14,000,000
(ii) Number of shares outstanding	11,194,894
(iii) Number of shares freely tradable (public float) ⁽¹⁾⁽²⁾	6,737,963
(vi) Total number of holders of record	144

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 certain 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, certain former 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.

The CUSIP numbers for our common stock are 67106F108 for Class A common stock and 67106F207 for Class C common stock.

Our Class A common stock trades on the OTCQX market under the symbol OTCM. Our Class C common stock does not have a trading symbol and does not have a public market. All authorized shares of our Class C common stock are outstanding and are held by R. Cromwell Coulson, our Chief Executive Officer.

Dividends

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

During the nine months ended September 30, 2015, the Board of Directors authorized and approved the following cash dividends:

Declaration Date	Dividend Per Common Share	Record Date	Total Amount (in thousands)	Payment Date
February 24, 2015	\$ 0.10	March 17, 2015	\$ 1,123	March 31, 2015
May 5, 2015	0.10	June 9, 2015	1,121	June 23, 2015
August 5, 2015	0.14	September 8, 2015	1,567	September 22, 2015

On November 10, 2015, the Board of Directors authorized and approved a special cash dividend of \$0.60 per share of Class A Common Stock and a quarterly cash dividend of \$0.14 per share of Class A common stock. The special dividend is payable on December 7, 2015 to our stockholders of record on November 23, 2015 and the quarterly dividend is payable on December 22, 2015 to our stockholders of record as of December 8 2015.

Stock Buyback Program

On February 24, 2015, the Board of Directors refreshed the Company's stock repurchase program, giving the Company authorization to repurchase up to 300,000 shares of the Company's Class A Common Stock. The Company is authorized to purchase shares from time to time on the open market and through block trades, in accordance with the safe harbor provision of Rule 10b-18 under the Securities Exchange Act of 1934 (the "Exchange Act").

The Company repurchased 11,836 shares at \$14.10 per share in February 2015 and 32,990 shares at \$14.00 per share in July 2015, all of which are held in treasury. As of September 30, 2015 the Company was authorized to repurchase an additional 267,010 shares. In October 2015, the Company repurchased 6,000 shares at \$14.01 per share. These shares will also be held in treasury and will reduce the remaining shares authorized for repurchase.

Item 3. Unaudited interim condensed consolidated financial statements

Copies of the unaudited interim condensed consolidated financial statements of OTC Markets Group as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and September 30, 2014, including the unaudited interim Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Income, Condensed Consolidated Statements of Cash Flows, Condensed Consolidated Statements of Stockholders' Equity and Notes to the Condensed Consolidated Financial Statements, are attached hereto as Exhibit 3.1 and are hereby incorporated by reference into this Quarterly Report.

The unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The accompanying unaudited interim condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. These adjustments are of a normal recurring nature. As permitted under U.S. GAAP, certain footnotes or other financial information are condensed or omitted in the unaudited interim condensed consolidated financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report for the year ended December 31, 2014. The December 31, 2014 unaudited Condensed Consolidated Balance Sheet was derived from audited consolidated financial statements contained in our Annual Report for the year ended December 31, 2014, but does not include all disclosures required by U.S. GAAP. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2015.

Item 4. Management's discussion and analysis

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

Overview

Mission, Vision and Strategy

At OTC Markets Group Inc. (OTCQX: OTCM) our mission is to create better informed and more efficient financial markets.

Our vision is to expand the world of investment opportunities by creating the financial markets of choice. By connecting brokers, organizing markets 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* world-leading securities markets. We:

- *Share* information widely through open networks that foster greater transparency
- *Connect* broker-dealers, organize markets 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 markets to inform investors of opportunities and risks: the OTCQX Best Market; the OTCQB Venture Market; and the OTC Pink Open Market. 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 and connectivity so brokers and investors are empowered to make intelligent choices.

Our Business

OTC Link ATS's fully attributable, network-based model offers our Financial Industry Regulatory Authority, Inc. ("FINRA[®]") member broker-dealer subscribers greater choice of trading partners, control of their trade executions and more efficient trading for investors. As a Securities and Exchange Commission ("SEC") registered Alternative Trading System ("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 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 Market provides transparent and trusted public trading without the complexity and cost of a national securities exchange listing. Companies that meet high financial standards, disclosure requirements and compliance processes can have their securities qualify to trade on the OTCQX Best Market. OTCQX offers an efficient public trading market for established companies to inform investors, provide consistent disclosure, clearly convey their reputations and demonstrate regulatory compliance.

The OTCQB Venture Market provides public trading for developing companies with standards that promote price transparency and facilitate public disclosure. The OTCQB standards require companies to remain current in their reporting to the SEC or other applicable regulator, and 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 OTCQB standards also include a minimum bid price test that results in downgrading securities that do not maintain at least a penny bid price to the OTC Pink market. In addition to its original base of SEC reporting companies and banks, the OTCQB Venture Market is 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. OTCQB can efficiently serve the majority of companies listed on the TSX Venture, LSE AIM and other non-U.S. venture exchanges that do not or choose not to meet the OTCQX market's high financial standards.

Securities traded on OTC Link ATS that cannot or choose not to meet the standards of the OTCQX Best Market or the OTCQB Venture Market are traded on the lighter-regulated OTC Pink Open Market. Companies on the OTC Pink market are categorized as "OTC Pink Current Information," "OTC Pink Limited Information" or "OTC Pink No Information" based on the level and timeliness of the information they provide to investors. Companies can use our OTC Disclosure & News Service[®] to make current disclosure available to their investors.

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

Recent Business Developments

Enhancements to the OTCQB Venture Market

We introduced new standards and verification requirements to the OTCQB Venture Market in May 2014. Under the new standards, companies were required to comply within 120 days after their 2014 fiscal year ends, which we referred to as their "roll-off" date. The final roll-off date was June 30, 2015 at which time all non-compliant companies had been downgraded to the OTC Pink market. As of June 30, 2015, 955 companies had completed the verification process,

approximately 20% of which represented new entrants to the OTCQB market. During the third quarter, 81 companies joined the OTCQB market, 16 upgraded to OTCQX or a national securities exchange and 61 were downgraded for non-renewal or non-compliance. There were 959 verified companies on the OTCQB market as of September 30, 2015.

Updated OTC Link ATS Pricing Structure

OTC Link ATS introduced a new pricing structure for quotes and messages effective July 1, 2015. Under the new structure, broker dealer subscribers may quote securities traded on the OTCQX Best and OTCQB Venture markets at no cost, and the fee for unpriced quotes in OTC Pink securities increased from \$0.25 to \$0.30 per security per day. Messaging fees are no longer differentiated by priced or unpriced security status, and the fee for messaging was increased from \$1.00 for a priced security and \$1.25 for an unpriced security to \$1.50 for any security per day. We anticipate that the pricing changes will encourage quoting of the securities on OTCQX and OTCQB and enhance the depth of book of our most investor focused companies.

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 by investors, broker-dealers and regulators of our OTCQX and OTCQB markets, including the information availability, compliance standards and risk profiles of companies traded on each market, which we expect in the long-term will add to the value of our markets and market data and result in increased revenues in our Market Data Licensing and Corporate Services business lines.

The introduction of the OTCQX Rules for U.S. Banks in 2014 provided a cost effective public market that leverages bank regulatory reporting standards and creates enhanced transparency. These enhancements contributed to a 141% increase in the number of OTCQX U.S. companies to 130 as of September 30, 2015, which included 75 OTCQX Banks, from 54 OTCQX U.S. companies as of September 30, 2014. The number of OTCQX International companies declined 12% to 274 companies as of September 30, 2015 from 310 companies as of September 30, 2014. The 2015 annual OTCQX subscription renewal resulted in the retention of 86% of OTCQX companies, compared to 84% of OTCQX companies during the 2014 renewal. The majority of OTCQX removals during 2015 continued to be Canadian resource and mining companies.

In November 2015, we announced amendments to the OTCQX Rules that will be effective for new OTCQX companies on January 1, 2016. For companies trading on the OTCQX market as of December 31, 2015, the new rules will begin applying on January 1, 2017. The amendments will increase certain financial qualification standards, introduce a continuing penny stock standard, and raise the bid price test standard. If the amended standards were applicable as of September 30, 2015, more than 80% of OTCQX subscribers would remain in compliance. The amended OTCQX Rules will allow investors, regulators and market participants to easily identify companies meeting established regulatory and financial standards, and for U.S. companies, corporate governance standards based on common sense best practices that we believe are followed by the majority of OTCQX U.S. companies.

The number of companies that meet the OTCQB standards and trade on the OTCQB market increased to 959 as of September 30, 2015, as compared to 118 companies as of September

30, 2014. The increase in the number of companies on the OTCQB Venture Market was the primary driver of overall revenue growth during the three and nine months ended September 30, 2015. Companies that applied to join the OTCQB Venture Market by December 31, 2014 received a two year promotional annual subscription fee rate of \$7,500. Approximately 50% of OTCQB companies receive the promotional pricing rate and the remainder are at the \$10,000 annual subscription rate.

Our OTC Link ATS subscriber base continues to trend towards more electronic trading while trading firms with less automation continue to experience significant competitive pressure. The number of market participants active on OTC Link ATS as of September 30, 2015 declined 12% as compared to September 30, 2014, primarily due to the continuing trend of industry consolidation. We have devoted significant resources to expand the functionality of services offered to broker-dealer subscribers on our OTC Link ATS, increase the breadth and depth of securities traded on our markets, and meet our compliance obligations under SEC Regulation SCI and other regulatory requirements. During 2015 we have implemented significant enhancements to our OTC Link ATS quoting and messaging platforms and connectivity services that allow our systems to reliably handle higher quote volumes with lower trade latencies.

The total dollar volume of trades in OTCQX, OTCQB and OTC Pink securities during the three and nine months ended September 30, 2015, including transactions executed away from OTC Link ATS, decreased 8% and 14% to \$47.2 billion and \$156.4 billion, respectively, as compared to the same periods in 2014. This trend contributed to the decline in OTC Link trade message volume and QAP service fees during the three and nine months ended September 30, 2015. While overall volume declined, the total dollar volume of trading on the OTCQX market during the three and nine month periods increased 26% and 20% to \$10.5 billion and \$31.7 billion, respectively. That represented 22% and 20% of the total dollar volume of trading in all of our markets during the three and nine months ended September 30, 2015, respectively.

We evaluate the current and future period impact of increased costs related to our long-term investments in our platform, products and people. These investments allow us to support our expanded corporate client base, deliver the elegant, reliable and cost effective trading services our broker-dealer subscribers depend on, and achieve necessary regulatory compliance.

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 OTC securities. The market data redistributors that offer our market data to their subscribers have historically remained long-term clients. We pay redistribution fees, the majority of which are paid to redistributors of our market data.

OTC Link ATS

Our OTC Link ATS business is operated by our wholly-owned subsidiary, OTC Link LLC. OTC Link ATS empowers broker-dealer subscribers to provide investors with a superior trading experience and 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, 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 23% and 24% of the Company's gross revenue during the three and nine months ended September 30, 2015, respectively, and 29% during each of the comparable three and nine months in 2014.

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 markets. 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 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 in applicable securities 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 in applicable securities, with volume based aggregate fee caps. Monthly OTC Link ATS message fees are based on the daily number of securities on OTC Link ATS for which trade messages are sent or received, with tiered pricing arrangements based on volume. The daily quoting and messaging fees allow subscribers to make unlimited quote updates in a single security and to send and receive an unlimited number of trade messages in a security on 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 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 markets, 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 39% and 42% of the Company's gross revenue during the three and nine months ended September 30, 2015, respectively, and 48% and 49% during each of the comparable three and nine months in 2014.

A variety of subscribers, 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% of Market Data Licensing gross revenue for each of the three and nine months ended September 30, 2015 and 2014.

Our Market Data Licensing services include:

- *OTC Markets Level 1+ License* - Real-time inside bid and offer quote prices and aggregate size information for securities on OTC Link ATS. This license includes information regarding trades negotiated by broker-dealers via OTC Link ATS.
- *OTC Markets Level 2+ License* - Real-time individual bid and offer quote prices, size information, market participant identifiers and contact information in 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 License* – Real-time inside bid and offer quote prices in 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 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 License* – Delayed inside bid and offer quote prices and aggregate size information in securities on OTC Link ATS. This license includes delayed information regarding trades negotiated by broker-dealers via OTC Link ATS.
- *OTC Markets Derived Data 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 License* – End of day bid and ask quote prices in securities on OTC Link ATS for regulatory reporting, audits, valuation, research and analysis.
- *OTC Markets Security & Company Data License* – Security and Company attribute data in securities on OTC Link ATS for compliance, research and analysis.
- *OTC Markets Compliance Data License* – Key compliance data, including SEC Penny Stock Rule and FINRA OTC Recommendation Rule data for securities on OTC Link ATS.

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

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

Corporate Services

We generate Corporate Services revenues by operating the OTCQX Best Market and the OTCQB Venture Market, and offering a suite of services to companies trading on all of our markets. Our premium markets are designed to create better informed and more efficient trading by fostering greater availability of company disclosure, promoting price transparency, facilitating communication, demonstrating financial and compliance standards and empowering our corporate clients to mitigate risk.

Additional 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 sponsoring 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 38% and 34% of the Company's gross revenue during the three and nine months ended September 30, 2015,

respectively, and 23% and 22% during the comparable three and nine months in 2014, respectively.

Our markets 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.
- Regulation A Reporting Standard: A company can meet the OTCQX disclosure requirements by using its Regulation A Tier 2 disclosure in conjunction with additional quarterly disclosure and having its annual audit performed by an independent public accountant registered with the Public Company Accounting Oversight Board. A company's Regulation A Tier 2 disclosure will fully satisfy the initial and ongoing OTCQB disclosure standards.

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 market, companies must be sponsored by a professional third-party advisor, meet minimum financial, disclosure and qualitative standards, pay annual fees, and maintain compliance with the OTCQX Rules on a prospective basis. All companies traded on the OTCQX market pay a one-time application fee and annual fees each year their securities are qualified to trade on the OTCQX market. These fees are fixed and do not vary based on outstanding shares, market capitalization, market segment or otherwise. Companies on the OTCQX market also receive the OTC Disclosure & News Service, Real-Time Level 2 Quote Display, and Blue Sky Monitoring Service.

The OTCQB Venture Market provides public trading for developing companies by instituting standards that promote price transparency and facilitate public disclosure. These companies pay a one-time application fee and annual fees as long as their securities are verified to be traded on the OTCQB market. These fees are fixed and do not vary based on outstanding shares, market capitalization, market segment or otherwise. Companies on the OTCQB market also receive the OTC Disclosure & News Service and Real-Time Level 2 Quote Display.

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

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

Key Metrics

The table below presents key metrics for our OTC Link ATS, Corporate Services and Market Data Licensing business lines for the three and nine months ended September 30, 2015 and 2014.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
OTC Link ATS				
Number of securities quoted ⁽¹⁾	9,648	9,600	9,648	9,600
Number of active market participants ⁽¹⁾	112	127	112	127
New Form 211 filings	172	192	544	688
<i>Dollar volume traded (in thousands):</i>				
OTCQX	\$ 10,452,460	\$ 8,311,822	\$ 31,742,609	\$ 26,365,919
OTCQB	2,792,834	9,728,565	17,190,912	52,145,692
OTC Pink	33,921,445	33,192,392	107,436,556	102,497,735
Total	\$ 47,166,739	\$ 51,232,779	\$ 156,370,077	\$ 181,009,346
<i>Dollar volume per security (in thousands):</i>				
OTCQX	\$ 25,556	\$ 22,586	\$ 77,610	\$ 71,647
OTCQB	2,706	3,984	16,658	21,354
OTC Pink	\$ 4,021	\$ 4,681	\$ 12,734	\$ 14,455
Corporate Services				
Graduates to a national securities exchange	20	17	46	60
<i>Number of securities: ⁽¹⁾</i>				
OTCQX	409	368	409	368
OTCQB	1,032	2,442	1,032	2,442
OTC Pink	8,437	7,091	8,437	7,091
Total	9,878	9,901	9,878	9,901
<i>Number of corporate clients: ⁽¹⁾</i>				
OTCQX	404	364	404	364
OTCQB	959	118	959	118
OTC Pink	743	782	743	782
Total	2,106	1,264	2,106	1,264
Market Data Licensing				
Market data professional users ⁽¹⁾	20,931	20,956	20,931	20,956
Market data non-professional users ⁽¹⁾	9,932	9,360	9,932	9,360

(1) Figures presented are at period end.

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. 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 of Operations

Three Months Ended September 30, 2015 Versus Three Months Ended September 30, 2014

The table below presents comparative information from the Company's unaudited interim condensed consolidated statements of income for the three months ended September 30, 2015 and 2014.

(in thousands, except shares and per share data)	Three Months Ended September 30,		% change
	2015	2014	
Gross revenues	\$ 12,900	\$ 10,799	19%
Net revenues	12,298	10,206	20%
Operating expenses	7,707	6,759	14%
Income from operations	4,591	3,447	33%
Operating profit margin	37%	34%	
Income before provision for income taxes	4,597	3,448	33%
Net income	\$ 3,085	\$ 1,937	59%
Diluted earnings per share	\$ 0.26	\$ 0.17	53%
Weighted-average shares outstanding, diluted	11,367,709	11,188,086	2%

Revenues

The following table shows OTC Markets Group's gross revenues by business line and consolidated net revenues for the three months ended September 30, 2015 and 2014.

(in thousands)	Three Months Ended September 30,		% change
	2015	2014	
OTC Link ATS	\$ 2,939	\$ 3,146	(7%)
Market data licensing	5,087	5,123	(1%)
Corporate services	4,874	2,530	93%
Gross revenues	12,900	10,799	19%
Redistribution fees and rebates	(602)	(593)	2%
Net revenues	\$ 12,298	\$ 10,206	20%

Gross revenues during the three months ended September 30, 2015 increased \$2.1 million, or 19%, to \$12.9 million, compared to \$10.8 million during the same prior year period. The increase was primarily driven by the growth in verified companies on the OTCQB market.

The changes in gross revenues for the three months ended September 30, 2015, as compared to the same prior year period, are further described below:

- OTC Link ATS revenues decreased \$207 thousand, or 7%, to \$2.9 million for the three months ended September 30, 2015. The decrease was primarily due to a \$108 thousand, or 23%, decrease in fees from subscribers using FIX connections and a \$28 thousand, or 12%, decrease in license fees to quote and message due to the decline in active market participants. The updated quote and message pricing schedule introduced on July 1, 2015 also impacted revenues by eliminating quote fees for securities traded on the OTCQX Best and OTCQB Venture markets and increasing prices for other quotes and all messages. This change resulted in a decrease in revenue from quote positions of \$216 thousand, or 24%, which was partially offset by a \$192 thousand, or 30%, increase in trade message revenue.
- Market Data Licensing revenues decreased \$36 thousand, or 1%, to \$5.1 million for the three months ended September 30, 2015. The decrease was primarily due to a \$46 thousand, or 32%, decrease in advertising revenue and lower non-professional user license subscriptions of \$22 thousand, or 7%. These decreases were partially offset by a \$25 thousand, or 43% increase in revenue from compliance data files.
- Corporate Services revenues increased \$2.3 million, or 93%, to \$4.9 million for the three months ended September 30, 2015. OTCQB revenues were \$2.3 million during the three months ended September 30, 2015, as compared to \$142 thousand during the same prior year period. The increase was driven by the growth in the number of OTCQB subscribers to 959 from 118 as of September 30, 2015 and 2014, respectively. OTCQX subscription revenue grew \$214 thousand, or 15%, to \$1.6 million due to an 11% net increase in the number of OTCQX companies, concentrated in OTCQX Banks, from the same prior year period.

Operating Expenses

The following table shows OTC Markets Group's consolidated operating expenses, by category, for the three months ended September 30, 2015 and 2014.

(in thousands)	Three Months Ended September 30,		% change
	2015	2014	
Compensation and benefits	\$ 4,684	\$ 3,909	20%
IT Infrastructure and information services	1,239	1,123	10%
Professional and consulting fees	520	446	17%
Marketing and advertising	298	284	5%
Occupancy costs	397	389	2%
Depreciation and amortization	434	408	6%
General, administrative and other	135	200	(33%)
Total operating expenses	<u>\$ 7,707</u>	<u>\$ 6,759</u>	14%

Operating expenses increased \$948 thousand, or 14%, to \$7.7 million during the three months ended September 30, 2015 as compared to the same prior year period.

The changes in operating expenses for the three months ended September 30, 2015, as compared to the same prior year period, are further described below:

- Compensation and benefits expenses increased \$775 thousand, or 20%, to \$4.7 million during the three months ended September 30, 2015, primarily related to annual

compensation increases, higher salaries of new employees and a higher bonus accrual based on anticipated revenue growth, which had a combined effect of increasing salary, bonus and payroll tax expenses by \$575 thousand, or 18%, and a \$122 thousand, or 235%, increase in other employee benefits related to severance payments. The increases were partially offset by a \$41 thousand, or 33%, decrease in commission expense. As a percentage of gross revenues, compensation and benefits costs remained flat at 36% during the three months ended September 30, 2015 compared to the same prior year period.

- IT Infrastructure and information services expenses increased \$116 thousand, or 10%, to \$1.2 million during the three months ended September 30, 2015, primarily related to increases in expenses to improve monitoring and support of our applications and systems.
- Professional and consulting fees increased \$74 thousand, or 17%, to \$520 thousand during the three months ended September 30, 2015, primarily due to a \$104 thousand, or 260%, increase in legal expenses related to costs for regulatory compliance and the timing of costs for government affairs. The increase was partially offset by decrease of \$39 thousand, or 42%, in other professional fees primarily related to recruiting fees.
- General, administrative and other fees decreased \$65 thousand, or 33%, to \$135 thousand during the three months ended September 30, 2015, primarily related to a decrease in bad debt of \$80 thousand, or 163%, due to the collection of aged receivables.

Income from Operations

Income from operations increased \$1.1 million, or 33%, to \$4.6 million for the three months ended September 30, 2015, as compared to the same prior year period, and operating profit margin expanded to 37% from 34% during the same periods. The growth in Corporate Services revenue was the largest contributor to the increase in operating income and expansion in margin, although margin expansion was partially offset by increases in compensation and benefits and IT infrastructure and information services costs.

Net Income

Net income for the three months ended September 30, 2015 increased \$1.1 million, or 59%, to \$3.1 million primarily due to a \$1.1 million increase in income from operations. The Company's effective tax rate decreased to 33% primarily due to favorable provision-to-return adjustments for the federal and state tax returns filed in the quarter resulting from changes in estimates related to state and local apportionment rates.

Nine Months Ended September 30, 2015 Versus Nine Months Ended September 30, 2014

The table below presents comparative information from the Company's unaudited interim condensed consolidated statements of income for the nine months ended September 30, 2015 and 2014.

(in thousands, except shares and per share data)	Nine Months Ended September 30,		% change
	2015	2014	
Gross revenues	\$ 36,854	\$ 31,008	19%
Net revenues	35,052	29,231	20%
Operating expenses	23,217	20,318	14%
Income from operations	11,835	8,913	33%
Operating profit margin	34%	30%	
Income before provision for income taxes	11,863	8,922	33%
Net income	\$ 7,332	\$ 5,221	40%
Diluted earnings per share	\$ 0.62	\$ 0.46	35%
Weighted-average shares outstanding, diluted	11,405,141	11,101,530	3%

Revenues

The following table shows OTC Markets Group's gross revenues by business line and consolidated net revenues for the nine months ended September 30, 2015 and 2014.

(in thousands)	Nine Months Ended September 30,		% change
	2015	2014	
OTC Link ATS	\$ 8,913	\$ 8,820	1%
Market data licensing	15,489	15,229	2%
Corporate services	12,452	6,959	79%
Gross revenues	36,854	31,008	19%
Redistribution fees and rebates	(1,802)	(1,777)	1%
Net revenues	\$ 35,052	\$ 29,231	20%

Gross revenues during the nine months ended September 30, 2015 increased \$5.9 million, or 19%, to \$36.9 million, compared to \$31.0 million during the same prior year period. The increase was primarily driven by the growth in verified companies on the OTCQB market.

The changes in gross revenues for the nine months ended September 30, 2015, as compared to the same prior year period, are further described below:

- OTC Link ATS revenues increased \$93 thousand, or 1%, to \$8.9 million for the nine months ended September 30, 2015. Our combined subscription revenue consists of OTC Dealer licenses, FIX connection subscriptions and licenses to quote and message. An updated FIX connection pricing schedule, new OTC Dealer internet connection charge, increased OTC Dealer license fee introduced in the second half of 2014 and addition of the OTC Dealer View Only service in April 2015 resulted in an increase in combined subscription revenue of \$706 thousand, or 23%. This increase was partially offset by a decrease in quote position revenue of \$276 thousand, or 10%, due to the updated pricing schedule, effective July 1, 2015, which eliminated quote position fees for securities quoted on the OTCQX Best and OTCQB Venture markets, a decrease in QAP One Statement service fees of \$212 thousand, or 41%, primarily due to lower trading activity on OTC Link ATS, and a \$135 thousand, or 49%, decrease from retirement of

OTC Quote.com service. Former OTC Quote.com subscribers were transitioned to the new OTC Dealer View Only service in May 2015.

- Market Data Licensing revenues increased \$260 thousand, or 2%, to \$15.5 million for the nine months ended September 30, 2015. Revenue from user license subscriptions, which includes professional and non-professional users, increased \$211 thousand, or 2%, primarily due to an increase in reported 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 \$148 thousand, or 7%, primarily due to an increase in revenue from internal system licenses. Revenue from data license subscriptions, which included security data file, company data file, compliance data file and history data file, increased \$88 thousand, or 57%, due to an increase in compliance data file and security data file license subscriptions.
- Corporate Services revenues increased \$5.5 million, or 79%, to \$12.5 million for the nine months ended September 30, 2015. OTCQB revenues were \$5.3 million during the nine months ended September 30, 2015, as compared to \$155 thousand during the same prior year period. The increase was driven by the growth in the number of OTCQB subscribers to 959 from 118 as of September 30, 2015 and 2014, respectively. Certain of these additions had a limited revenue impact due to the timing of approvals, but will be recognized over each company's annual subscription period. OTCQX subscription revenue grew \$483 thousand, or 12%, to \$4.5 million due to a 7% net increase in the number of OTCQX companies, concentrated in OTCQX Banks, from the same prior year period. These increases were partially offset by a \$102 thousand, or 4%, decline in revenue from service subscriptions due to higher turnover of existing subscribers and transitions to the OTCQB market.

Operating Expenses

The following table shows OTC Markets Group's consolidated operating expenses, by category, for the nine months ended September 30, 2015 and 2014.

(in thousands)	Nine Months Ended September 30,		% change
	2015	2014	
Compensation and benefits	\$ 14,405	\$ 11,960	20%
IT Infrastructure and information services	3,542	3,218	10%
Professional and consulting fees	1,455	1,379	6%
Marketing and advertising	905	954	(5%)
Occupancy costs	1,101	1,104	-
Depreciation and amortization	1,259	1,151	9%
General, administrative and other	550	552	-
Total operating expenses	<u>\$ 23,217</u>	<u>\$ 20,318</u>	14%

Operating expenses increased \$2.9 million, or 14%, to \$23.2 million during the nine months ended September 30, 2015 as compared to the same prior year period.

The changes in operating expenses for the nine months ended September 30, 2015, as compared to the same prior year period, are further described below:

- Compensation and benefits expenses increased \$2.4 million, or 20%, to \$14.4 million during the nine months ended September 30, 2015, primarily related to annual compensation increases, higher salaries of new employees and a higher bonus accrual based on anticipated revenue growth, which had a combined effect of increasing salary,

bonus and payroll tax expenses by \$1.7 million, or 17%. Increased Corporate Services sales resulted in a \$221 thousand, or 91%, increase in commission expense. The increase in restricted stock awards and options outstanding and growth in our stock price contributed to the \$261 thousand, or 37%, increase in employee stock based compensation expense. As a percentage of gross revenues, compensation and benefits costs were flat at 39% during the nine months ended September 30, 2015 and same prior year period.

- IT Infrastructure and information services expenses increased \$324 thousand, or 10%, to \$3.5 million during the nine months ended September 30, 2015, primarily related to increases in expenses related to third party information services and costs to improve monitoring and support of our applications and systems.

Income from Operations

Income from operations increased \$2.9 million, or 33%, to \$11.8 million for the nine months ended September 30, 2015, as compared to the same prior year period, and operating profit margin expanded to 34% from 30% during the same periods. The growth in Corporate Services revenue was the largest contributor to the increase in operating income and expansion in margin, although margin expansion was partially offset by increases in compensation and benefits and IT infrastructure and information services costs.

Net Income

Net income for the nine months ended September 30, 2015 increased \$2.1 million, or 40%, to \$7.3 million primarily due to a \$2.9 million increase in income from operations that was partially offset by a \$830 thousand increase in the provision for income taxes. The Company's effective tax rate decreased to 38% primarily due to favorable provision-to-return adjustments for the federal and state tax returns filed in the quarter resulting from changes in estimates related to state and local apportionment rates.

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 presents cash available for operations, which consists of cash, as of September 30, 2015 and December 31, 2014, as well as sources and uses of cash flows during the nine months ended September 30, 2015 and 2014.

(in thousands)	September 30, 2015	December 31, 2014	% change
Cash available for operations	\$ 24,376	\$ 20,272	20%

	Nine Months Ended September 30,		% change
	2015	2014	
Cash provided by operating activities	\$ 9,029	\$ 4,488	101%
Cash used in investing activities	(861)	(1,134)	(24%)
Cash used in financing activities	(4,064)	(3,154)	29%

Cash available for operations

Cash available for operations increased \$4.1 million to \$24.4 million as of September 30, 2015, as compared to \$20.3 million as of December 31, 2014. The use of cash during the first half of the fiscal year is typically higher than the second half due to the timing of payments for accrued compensation and benefits from the prior year, estimated income tax payments, payments for annual IT contracts and capital expenditures.

Cash provided by operating activities

Cash provided by operating activities for the nine months ended September 30, 2015 was \$9.0 million, as compared to \$4.5 million during the same prior year period. Cash provided by operating activities was higher during the nine months ended September 30, 2015 primarily due to the increase in cash collected from OTCQB subscriptions, which increased net income and deferred revenue, partially offset by the timing of cash used for recurring expenses.

Cash used in investing activities

Cash used in investing activities during the nine months ended September 30, 2015 was \$861 thousand, as compared to \$1.1 million during the same prior year period. The cash used in both periods was primarily related to purchases of IT equipment for our upgraded data centers.

Cash used in financing activities

Cash used in financing activities during the nine months ended September 30, 2015 was \$4.1 million, as compared to \$3.2 million during the same prior year period. The cash used in both periods was primarily related to dividends paid to holders of our Class A common stock. The increased use of cash in the current period was related to higher dividends paid and purchases of treasury stock, partially offset by an increased tax benefit related to stock based compensation.

Capital resources and working capital

OTC Markets Group's working capital at September 30, 2015 was \$18.7 million, an increase of \$4.6 million, or 33%, from \$14.1 million at December 31, 2014. Working capital includes certain non-operating assets and liabilities, such as prepaid income taxes, deferred tax assets and liabilities, and income taxes payable. The improvement in working capital during the nine months ended September 30, 2015 was primarily attributable to the increase in cash flows from operating activities during the nine months ended September 30, 2015 as described above.

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 29, 2016. 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 September 30, 2015, 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 terms of the leases.

Off-Balance Sheet Arrangements

None.

Recent Regulations Impacting our Business

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”). Companies that meet the definition of an SCI Entity, including OTC Link ATS, were required to comply with this regulation beginning on November 3, 2015.

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.

We have invested in personnel and IT resources to meet our compliance obligations, but have not yet determined the extent to which Regulation SCI will affect our ongoing financial results.

Regulation A+

On March 25, 2015 the SEC approved final “Regulation A+” rule amendments to Regulation A under the Securities Act, providing for an expanded Regulation A small offering exemption. The “Regulation A+” final rules provide for two tiers of unregistered public offerings: Tier 1, for offerings of up to \$20 million in a 12-month period, with no more than \$6 million in offers by selling security-holders that are affiliates of the issuer; and Tier 2, for offerings of up to \$50 million in a 12-month period, with up to \$15 million of securities offered by security-holders that are affiliates of the issuer. The rules limit sales by all selling security-holders to no more than 30% of an initial Regulation A offering and all subsequent Regulation A offerings in the next 12 months. Both tiers are subject to eligibility and disclosure requirements, including filings with the SEC prior to commencing the offering. Tier 2 offerings require audited financial statements and periodic reports, but are preempted from state Blue Sky regulation. Non-accredited investors in a Tier 2 offering are subject to purchase limitations based on their income or net worth. The new rules became effective on June 19, 2015.

The SEC has begun to qualify Regulation A+ offerings, and we expect that securities issued in reliance on Regulation A+ will trade on our OTCQX, OTCQB and OTC Pink markets. We

anticipate that the new Regulation A+ exemption tiers will create additional capital raising opportunities for companies with securities eligible to trade on the OTCQX, OTCQB and OTC Pink markets. It is not yet possible to determine the extent to which Regulation A+ 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 had stated its intent to withdraw the QCF Proposal if the SEC approved a separate proposal allowing FINRA to cease operation of the OTC Bulletin Board (the "OTCBB Proposal"). However, the OTCBB Proposal was withdrawn by FINRA in March 2015.

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 17% and 18% of our gross revenues were derived from the OTC-BBO during the three and nine months ended September 30, 2015, respectively, and 20% for both the comparable three and nine months in 2014. If the SEC approves the QCF Proposal, we expect that we will lose substantially all of this revenue.

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.

Item 5. Legal proceedings

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 our business, financial condition or operations. Our securities are not a party to any past or pending trading suspensions by a securities regulator.

Item 6. Defaults upon senior securities

None

Item 7. Other information

None

Item 8. Exhibits

Exhibit 3.1 Unaudited interim condensed consolidated financial statements

Exhibit 9.1 Certification of principal executive officer

Exhibit 9.2 Certification of principal financial officer

Item 9. Certifications

Current certifications are filed as Exhibits 9.1 and 9.2 to this Quarterly Report.

Exhibit 3.1

OTC MARKETS GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share information)
(Unaudited)

	September 30, 2015	December 31, 2014
Assets		
Current assets		
Cash	\$ 24,376	\$ 20,272
Accounts receivable, net of allowance for doubtful accounts of \$132 and \$138	5,661	5,674
Prepaid expenses and other current assets	1,745	1,395
Prepaid income taxes	278	523
Deferred tax assets	177	177
Total current assets	32,237	28,041
Property and equipment, net	3,873	4,357
Non-current deferred tax assets, net	558	277
Goodwill	251	251
Intangible assets, net	40	40
Security deposits	210	210
Total Assets	<u>\$ 37,169</u>	<u>\$ 33,176</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 780	\$ 562
Accrued expenses and other current liabilities	3,839	3,888
Income taxes payable	60	-
Deferred revenue	8,860	9,521
Total current liabilities	13,539	13,971
Deferred rent	208	391
Income tax reserve	695	563
Total Liabilities	14,442	14,925
Commitments and contingencies		
Stockholders' equity		
Common stock - par value \$0.01 per share		
Class A - 14,000,000 authorized, 11,427,543 issued, 11,194,894 outstanding at		
September 30, 2015; 11,310,364 issued, 11,122,541 outstanding at December 31, 2014	114	113
Class C - 130,838 shares authorized, issued and outstanding at September 30, 2015		
and December 31, 2014	1	1
Additional paid-in capital	10,420	8,838
Retained earnings	14,274	10,752
Treasury stock - 232,649 shares at September 30, 2015 and 187,823 shares at December 31, 2014	(2,082)	(1,453)
Total Stockholders' Equity	22,727	18,251
Total Liabilities and Stockholders' Equity	<u>\$ 37,169</u>	<u>\$ 33,176</u>

See accompanying notes to unaudited condensed consolidated financial statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Gross revenues	\$ 12,900	\$ 10,799	\$ 36,854	\$ 31,008
Redistribution fees and rebates	(602)	(593)	(1,802)	(1,777)
Net revenues	12,298	10,206	35,052	29,231
Operating expenses				
Compensation and benefits	4,684	3,909	14,405	11,960
IT Infrastructure and information services	1,239	1,123	3,542	3,218
Professional and consulting fees	520	446	1,455	1,379
Marketing and advertising	298	284	905	954
Occupancy costs	397	389	1,101	1,104
Depreciation and amortization	434	408	1,259	1,151
General, administrative and other	135	200	550	552
Total operating expenses	7,707	6,759	23,217	20,318
Income from operations	4,591	3,447	11,835	8,913
Other income				
Other income	6	1	28	9
Income before provision for income taxes	4,597	3,448	11,863	8,922
Provision for income taxes	1,512	1,511	4,531	3,701
Net income	<u>\$ 3,085</u>	<u>\$ 1,937</u>	<u>\$ 7,332</u>	<u>\$ 5,221</u>
Net income per share				
Basic	\$ 0.27	\$ 0.17	\$ 0.65	\$ 0.47
Diluted	\$ 0.26	\$ 0.17	\$ 0.62	\$ 0.46

See accompanying notes to unaudited condensed consolidated financial statements

OTC MARKETS GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
Beginning balance	\$ 18,251	\$ 18,704
Increase from net income	7,332	5,221
Dividends paid	(3,810)	(2,435)
Stock-based compensation	1,208	896
Issuance of restricted and common shares, net	(91)	(99)
Purchases of treasury stock	(629)	(832)
Tax benefits related to stock-based compensation	466	212
Ending balance	\$ 22,727	\$ 21,667

See accompanying notes to unaudited condensed consolidated financial statements

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

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities		
Net income	\$ 7,332	\$ 5,221
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,259	1,151
Provision for bad debts	75	111
Stock-based compensation	1,208	896
Excess tax benefits related to stock-based compensation	(466)	(212)
Deferred rent	(163)	(129)
Deferred income taxes	(281)	(303)
Loss on disposal of fixed assets	-	3
Changes in working capital:		
Accounts receivable	(62)	(408)
Prepaid expenses and other current assets	(350)	(511)
Prepaid income taxes	245	10
Accounts payable	208	(94)
Accrued expenses and other current liabilities	27	(61)
Income tax payable	526	373
Income tax reserve	132	154
Deferred revenue	(661)	(1,713)
Cash provided by operating activities	9,029	4,488
Cash flows from investing activities		
Purchases of property and equipment	(861)	(1,134)
Cash used in investing activities	(861)	(1,134)
Cash flows from financing activities		
Dividends paid	(3,810)	(2,435)
Issuance of restricted and common shares, net	(91)	(99)
Tax benefits related to stock-based compensation	466	212
Purchases of treasury stock	(629)	(832)
Cash used in financing activities	(4,064)	(3,154)
Net increase (decrease) in cash	4,104	200
Cash at beginning of period	20,272	18,936
Cash at end of period	\$ 24,376	\$ 19,136
Cash paid during period for:		
Income taxes	\$ 3,909	\$ 3,467
Non-cash investing activities:		
Property and equipment included in accounts payable or accrued expenses	\$ 51	\$ -

See accompanying notes to unaudited condensed consolidated financial statements

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements

(in thousands, except share and per share information)

Note 1. Description of Business

OTC Markets Group Inc. (“OTC Markets Group” or the “Company”) (OTCQX: OTCM) operates Open, Transparent and Connected financial markets for 10,000 U.S. and global securities. 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 markets to inform investors of opportunities and risks: the OTCQX[®] Best Market; the OTCQB[®] Venture Market; and the OTC Pink[®] Open Market. 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, corporate reference data and compliance data for securities traded on the OTCQX, OTCQB and OTC Pink markets. The Market Data Licensing business line provides investors, traders, institutions, and regulators with a suite of enterprise and user market data licenses, offered via direct or extranet connectivity, through third party market data redistributors or order management systems.
- Corporate Services – OTC Markets Group offers companies the OTCQX Best Market, OTCQB Venture Market and a suite of services that are designed to create a better informational experience for investors by facilitating public disclosure and communication with investors, promoting greater transparency and allowing companies to demonstrate regulatory compliance and mitigate market risk. These services include the OTC Disclosure & News Service, Real-Time Level 2 Quote Display and Blue Sky Monitoring Service.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”), include the accounts of the Company and its wholly-owned subsidiary, OTC Link LLC, and reflect all adjustments, consisting of normal recurring adjustments, that are, in the opinion of management, necessary for a fair statement of the results for the period. All significant intercompany accounts and transactions are eliminated in consolidation. As permitted under U.S. GAAP, certain information and footnote disclosures are condensed or omitted in the interim condensed consolidated financial statements. Refer to Note 2, *Summary of Significant Accounting Policies*, from the Company’s Annual Report for the year ended December 31, 2014 for a full discussion of significant accounting policies. For the three and

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

nine months ended September 30, 2015 and 2014, the Company did not have comprehensive income adjustments.

The interim condensed consolidated financial statements are unaudited and should be read in conjunction with the audited financial statements of the Company as of and for the year ended December 31, 2014. Operating results for the three and nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

Use of estimates

The preparation of these unaudited interim condensed 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 unaudited interim condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Estimates included in the unaudited interim condensed 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.

Recently Issued Accounting Standards

In August 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-14, *Revenue from Contracts with Customers*, which defers the effective date of FASB ASU 2014-09, *Revenue from Contracts with Customers*, by one year for all entities and permits early adoption on a limited basis. The ASU will be effective for annual reporting periods beginning after December 15, 2017. The Company is in the process of evaluating the impact of adoption of this ASU but does not expect it to have a material effect on the consolidated financial statements.

Note 3. Concentrations and Uncertainties

During each of the three and nine months ended September 30, 2015, market data revenues earned through one market data redistributor amounted to approximately 12% of gross revenues, as compared to 10% and 15% during the same prior year periods, respectively. As of September 30, 2015 and December 31, 2014, accounts receivable from that same subscriber amounted to 30% and 23% of accounts receivable, respectively.

In November 2009, FINRA filed with the SEC a proposed rule change to create a Quotation Consolidation Facility 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. If the QCF Proposal was adopted it would have negatively impacted gross revenues by approximately 17% and 18% for the three and nine months ended September 30, 2015, respectively, and 20% for each of the comparable three and nine months in 2014.

Note 4. Fair Value of Financial Instruments

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:

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

- Level 1 – Inputs that reflect quoted prices for identical instruments in active markets;
- Level 2 – Observable inputs for similar instruments in active markets, or identical or similar instruments in inactive markets; and
- Level 3 – Unobservable inputs that are supported by little or no market activity.

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

Assets and liabilities on the unaudited interim condensed consolidated balance sheets that are measured at carrying value, which approximates fair value due to the short term nature of these balances, include prepaid expenses, accrued expenses and deferred revenue. These balances are classified as Level 1 in the fair value hierarchy.

Note 5. Property and Equipment

Property and equipment consisted of the following:

(in thousands)	September 30, 2015	December 31, 2014	Estimated useful life (years)
Computer software	\$ 909	\$ 838	2 - 3
Computer equipment	5,441	4,799	3 - 5
Furniture and fixtures	1,233	1,170	5 - 7
Leasehold improvements	4,352	4,352	Term of lease
Total property and equipment	11,935	11,159	
Accumulated depreciation and amortization	(8,062)	(6,802)	
Total property and equipment, net	\$ 3,873	\$ 4,357	

Depreciation and amortization on property and equipment included in the unaudited interim condensed consolidated statements of income amounted to \$434 and \$408 for the three months ended September 30, 2015 and 2014, respectively, and \$1,259 and \$1,151 for the nine months ended September 30, 2015 and 2014, respectively.

Note 6. Goodwill and Intangible Assets

Goodwill and intangible assets consisted of the following:

(in thousands)	September 30, 2015	December 31, 2014	Estimated useful life (years)
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 three and nine months ended September 30, 2015 or 2014 as the assets were fully amortized. The Company considered the need to update the most recent annual goodwill and indefinite-lived asset

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

impairment test and did not identify any impairment indicators that would trigger a revised impairment analysis. There was no impairment of goodwill or indefinite-lived intangible assets during the three and nine months ended September 30, 2015 or 2014.

Note 7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	September 30, 2015	December 31, 2014
Payroll and employee withholdings	\$ 2,903	\$ 2,839
Deferred compensation	68	89
Accrued operating expenses	626	743
Deferred rent	242	217
Total accrued expenses and other current liabilities	\$ 3,839	\$ 3,888

Payroll and employee withholdings primarily consisted of accrued discretionary bonus, discretionary employer 401(k) contribution, vacation and sales commission. The balance of payroll and employee withholdings as of December 31, 2014 represents a full year of accrual, which was paid out during the first quarter of 2015.

Note 8. Stock-Based Compensation

OTC Markets Group grants stock options and restricted stock awards ("RSAs") to employees. The grant date fair value of each stock option is estimated using the Black-Scholes option pricing model and is 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. These charges are included in compensation and benefits expense and professional and consulting fees on the unaudited interim condensed consolidated statements of income.

A summary of the Company's option activity for the nine months ended September 30, 2015 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, 2015	757	\$ 7.91	\$ 4,890	7.48
Granted	163	15.50	7	
Exercised	(70)	5.75	675	
Forfeited	(30)	9.74	167	
Outstanding, September 30, 2015	820	\$ 9.53	\$ 3,993	7.37
Exercisable, September 30, 2015	319	\$ 6.46	\$ 2,440	5.69

The Company recognized compensation expense related to stock options, net of estimated forfeitures, of \$133 and \$98 for the three months ended September 30, 2015 and 2014, respectively, and \$353 and \$248 for the nine months ended September 30, 2015 and 2014,

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

respectively. Management has estimated forfeiture rates of 5% for stock options granted to management and 30% for stock options granted to other employees.

At September 30, 2015, unrecognized compensation cost related to non-vested stock options was \$1.2 million, which will be recognized over approximately 3.8 years.

A summary of the Company's restricted stock activity for the nine months ended September 30, 2015 is as follows:

(in thousands, except W/A fair value)	Restricted stock	Weighted-average fair value	Aggregate intrinsic value
Outstanding, January 1, 2015	355	\$ 7.65	\$ 5,105
Granted	116	14.12	1,630
Vested	(112)	8.17	1,604
Forfeited	(37)	7.69	569
Outstanding, September 30, 2015	322	\$ 9.80	\$ 4,542

The Company recognized compensation expense, net of estimated forfeitures, of \$184 and \$162 for the three months ended September 30, 2015 and 2014, respectively, and \$606 and \$450 for the nine months ended September 30, 2015 and 2014, respectively. Management has estimated forfeiture rates of 9% for RSAs granted to management and 17% for RSAs granted to other employees. In addition, the Company also recognized professional fees of \$66 and \$76 for the three months ended September 30, 2015 and 2014, respectively, and \$249 and \$198 for the nine months ended September 30, 2015 and 2014, respectively, related to the issuance of restricted stock awards to the Board of Directors.

At September 30, 2015, unrecognized compensation cost related to non-vested RSAs totaled \$2.3 million, which will be recognized over approximately 3.3 years.

Note 9. Commitments and Contingencies

Operating Leases

The Company has two non-cancelable operating leases for office space. One for 304 Hudson Street, New York, NY that was amended in August 2008 and expires on June 30, 2017, and one for 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 rent holiday. 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 in deferred rent.

As of September 30, 2015, future minimum lease payments are as follows:

Fiscal year	Payments due
Remainder of 2015	\$ 339
2016	1,289
2017	616
2018	-
2019	-
Total	\$ 2,244

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Occupancy expense included in the unaudited interim condensed consolidated statements of income was \$397 and \$389 for the three months ended September 30, 2015 and 2014, respectively, and \$1.1 million and \$1.1 million for the nine months ended September 30, 2015 and 2014, respectively.

Total security deposits on the Company's office leases were \$210 as of both September 30, 2015 and December 31, 2014.

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

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 September 30, 2015 there were a total of 11,558,381 shares issued and 11,325,732 shares outstanding; the latter was comprised of 11,194,894 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.

Treasury stock

In August 2011, the Board of Directors authorized the Company to repurchase up to 300,000 shares of Class A Common Stock in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). On February 24, 2015, the Board of Directors refreshed the Company's stock repurchase program, authorizing the repurchase of up to 300,000 shares of Class A Common Stock. During the nine months ended September 30, 2015 and 2014 the Company repurchased 32,990 shares at \$14.00 per share in July 2015, 11,836 shares at \$14.10 per share in February 2015, 7,998 shares at \$8.20 per share in April

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

2014 and 1,988 shares at \$8.50 per share in May 2014, all of which are held in treasury. Under the stock repurchase program, there are 267,010 shares remaining to be purchased.

Dividends

The Company declared a cash dividend of \$0.14 and \$0.10 per Class A share during the three months ended September 30, 2015 and 2014, respectively, totaling \$1,567 and \$1,111, respectively, and declared cash dividends totaling \$0.34 and \$0.22 per Class A share during the nine months ended September 30, 2015 and 2014, respectively, totaling \$3,810 and \$2,435, respectively.

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, performance shares and bonus shares, and governs options awarded (Refer to Note 8, *Stock-Based Compensation*). The Board of Directors authorized the increase in the number of shares available for issue under the Plan by 200,000 shares in November 2014.

Note 11. Income Taxes

The Company's effective tax rates were 33% and 44% for the three months ended September 30, 2015 and 2014, respectively, and 38% and 41% for the nine months ended September 30, 2015 and 2014, respectively. The rates reflect the inclusion of state and local income taxes to the federal statutory rate of 35% for 2015 and 34% for 2014. The effective tax rates for the three and nine months ended September 30, 2015 decreased primarily due to favorable provision-to-return adjustments for the federal and state tax returns filed in the quarter resulting from changes in estimates related to state and local apportionment rates.

As required by the uncertain tax position guidance in FASB Accounting Standards Codification 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 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. The gross amount of unrecognized tax benefits as of September 30, 2015 and December 31, 2014 was \$477 and \$386, respectively, and was classified in income tax reserve in the unaudited interim condensed consolidated balance sheets. It is not reasonably possible that any unrecognized tax benefits related to state nexus will reverse within the next twelve months from settlements with taxing authorities.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of tax expense. The Company recognized interest and penalties of \$3 and \$9 for the three months ended September 30, 2015 and 2014, respectively, and \$31 and \$16 for the nine months ended September 30, 2015 and 2014, respectively. Interest and penalties accrued as of September 30, 2015 and December 31, 2014 were \$123 and \$92, respectively.

Note 12. Earnings 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

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

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 8, *Stock-Based Compensation*) participate in dividends on the same basis as common shares and such dividends are nonforfeitable by the holder. As a result, these RSAs meet the definition of a participating security.

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

Basic Earnings per common share

(in thousands, except shares and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income available to common shareholders	\$ 3,085	\$ 1,937	\$ 7,332	\$ 5,221
Less: Undistributed earnings allocated to unvested RSAs	(43)	(27)	(100)	(90)
Less: Dividend equivalents on unvested RSAs	(45)	(36)	(110)	(80)
Net income allocated to common shareholders	<u>\$ 2,997</u>	<u>\$ 1,874</u>	<u>\$ 7,122</u>	<u>\$ 5,051</u>
Shares of common stock and common stock equivalents				
Weighted-average common shares outstanding	<u>10,989,747</u>	<u>10,852,255</u>	<u>10,994,685</u>	<u>10,818,390</u>
Basic earnings per share	\$ 0.27	\$ 0.17	\$ 0.65	\$ 0.47

Diluted Earnings per common share

(in thousands, except shares and per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income available to common shareholders	\$ 3,085	\$ 1,937	\$ 7,332	\$ 5,221
Less: Undistributed earnings allocated to unvested RSAs	(42)	(26)	(97)	(88)
Less: Dividend equivalents on unvested RSAs	(45)	(36)	(110)	(80)
Net income allocated to common shareholders	<u>\$ 2,998</u>	<u>\$ 1,875</u>	<u>\$ 7,125</u>	<u>\$ 5,053</u>
Shares of common stock and common stock equivalents				
Weighted-average common shares outstanding	10,989,747	10,852,255	10,994,685	10,818,390
Dilutive effect of employee stock options and RSAs	377,962	335,831	410,456	283,140
Weighted-average shares used in diluted computation	<u>11,367,709</u>	<u>11,188,086</u>	<u>11,405,141</u>	<u>11,101,530</u>
Diluted earnings per share	\$ 0.26	\$ 0.17	\$ 0.62	\$ 0.46

Note 13. Regulatory Authorities

OTC Link LLC is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 (the "Net Capital Rule") under the Exchange Act. The Net Capital Rule requires the maintenance of "net capital," as defined therein, which shall be the greater of \$5 or 6⅔% of aggregate indebtedness, as defined. OTC Link LLC's regulatory net capital as of September 30, 2015 and December 31, 2014 was \$4.0 million and \$4.8 million, respectively, which exceeded the minimum net capital requirement by \$3.9 million and \$4.7 million, respectively.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Note 14. Subsequent Events

For purposes of disclosure in the unaudited condensed consolidated financial statements, the Company has evaluated subsequent events through November 11, 2015, the date the financial statements were available to be issued.

On November 10, 2015, the Board of Directors authorized and approved a special cash dividend of \$0.60 per share of Class A Common Stock and a quarterly cash dividend of \$0.14 per share of Class A common stock. The special dividend is payable on December 7, 2015 to our stockholders of record on November 23, 2015 and the quarterly dividend is payable on December 22, 2015 to our stockholders of record as of December 8 2015.

The Company repurchased 6,000 shares of Class A Common Stock at \$14.01 per share in October 2015, which will be held in treasury.

EXHIBIT 9.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

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

1. I have reviewed this Quarterly Report of OTC Markets Group Inc.;
2. Based on my knowledge, this Quarterly 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 Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly 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 Quarterly Report.

/s/ R. Cromwell Coulson

R. Cromwell Coulson
Chief Executive Officer

November 11, 2015

Date

EXHIBIT 9.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, John W. Byers, Corporate Controller of OTC Markets Group Inc., certify that:

1. I have reviewed this Quarterly Report of OTC Markets Group Inc.;
2. Based on my knowledge, this Quarterly 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 Quarterly Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Quarterly 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 Quarterly Report.

/s/ John W. Byers
John W. Byers
Corporate Controller

November 11, 2015
Date