

OTC MARKETS GROUP INC.

A Delaware Corporation

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NAICS: 523210
SIC Code: 6289

Issuer's Quarterly Report

For the quarterly period ended March 31, 2018
(the "Reporting Period")

ISSUER'S EQUITY SECURITIES

COMMON STOCK

Class A Common Stock
\$0.01 Par Value Per Share
14,000,000 Shares Authorized
12,001,370 Shares Outstanding as of April 30, 2018
OTCQX: OTCM

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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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 the risk factors discussed under the heading “Risk Factors” in our Annual Report for the year ended December 31, 2017. 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 office

The name of the issuer is OTC Markets Group Inc.

Company description

OTC Markets Group Inc. (OTCQX: OTCM) operates the OTCQX® Best Market, the OTCQB® Venture Market, and the Pink® Open Market for 10,000 U.S. and global securities. Through OTC Link® ATS and OTC Link ECN, we connect a diverse network of broker-dealers that provide liquidity and execution services. We enable investors to easily trade through the broker of their choice and empower companies to improve the quality of information available for investors.

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.otcig.com, and www.otcdealer.com. The information contained on such websites shall not be deemed incorporated by reference herein.

Investor relations contact:

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Item 2. Shares outstanding

The Company is authorized to issue 14,000,000 shares of Class A common stock of \$0.01 par value.

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 March 31, 2018:

	March 31, 2018
(i) Number of shares authorized	14,000,000
(ii) Number of shares outstanding	11,506,948
(iii) Number of shares freely tradable (public float) ⁽¹⁾⁽²⁾	6,969,899
(iv) Total number of holders of record	184

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

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

As of March 31, 2018, there are 1,139 non-objecting beneficial shareholders owning at least 100 shares of the Company's Class A common stock.

Our Class A common stock trades on the OTCQX market under the symbol OTCM (CUSIP Number: 67106F108).

Dividends

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

During the Reporting Period, our Board of Directors authorized and approved the following cash dividend:

Declaration Date	Dividend Per Common Share	Record Date	Total Amount (in thousands)	Payment Date
March 06, 2018	\$ 0.14	March 20, 2018	\$ 1,611	March 29, 2018

On May 7, 2018, the Board of Directors authorized and approved a quarterly cash dividend of \$0.14 per share of Class A common stock. The dividend is payable on June 28, 2018 to our stockholders of record on June 14, 2018.

Stock buyback program

On March 6, 2018, 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 following table shows purchases made by the Company of the Company's Class A common stock during the Reporting Period:

Date	Number of Shares Purchased	Average Price Paid Per Share	Number of Shares Purchased as Part of Announced Repurchase Plan	Number of Shares Remaining To Be Purchased Under Announced Plan
Feb 2018	40,125	\$25.99	40,125	219,818
Mar 2018	200	\$25.98	200	300,000 ⁽¹⁾
	40,325	\$25.99	40,325	

(1) In March 2018, the Board of Directors refreshed the Company's stock repurchase program, authorizing the Company to repurchase up to 300,000 shares of the Class A common stock.

Item 3. Unaudited interim condensed consolidated financial statements

Copies of the unaudited interim condensed consolidated financial statements of OTC Markets Group for the three months ended March 31, 2018 and March 31, 2017, 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, 2017. The December 31, 2017 unaudited condensed consolidated balance sheet was derived from audited consolidated financial statements contained in our Annual Report for the year ended December 31, 2017, 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, 2018.

Item 4. Management's discussion and analysis

Overview

Our mission is to create better informed and more efficient financial markets.

We operate three business lines:

- OTC Link LLC is a broker-dealer member of the Financial Industry Regulatory Authority ("FINRA") that operates two SEC registered alternative trading systems ("ATs").
- Market Data Licensing distributes market data and financial information.
- Corporate Services operates the OTCQX and OTCQB markets and offers issuers disclosure and regulatory compliance products.

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

Our Business

Our wholly-owned subsidiary, OTC Link LLC, a FINRA member broker-dealer, operates OTC Link ATS and OTC Link ECN, both SEC registered ATs. Accordingly, OTC Link LLC, OTC Link ATS and OTC Link ECN are subject to the direct regulatory oversight of the SEC and FINRA. OTC Link ECN launched in late December 2017 and is described further in the *Recent Business Developments* section, below.

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

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

We organize the securities that trade on our platform into the OTCQX, OTCQB and Pink markets. 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, recognized corporate governance standards and timely public disclosure requirements can have their securities qualify to trade on the OTCQX Best Market.

The OTCQB Venture Market provides public trading for developing companies and applies standards that promote price transparency and facilitate public disclosure. The OTCQB Standards require companies to remain current in their disclosure and provide additional information to investors.

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

Recent Business Developments

OTC Link ECN

In December 2017, we launched OTC Link ECN, an SEC registered ATS that functions as a matching engine and router for certain OTC securities. OTC Link ECN complements our existing OTC Link ATS and provides FINRA registered broker-dealer subscribers with anonymous order matching functionality. OTC Link ECN acts as an agency intermediary in relation to all transactions executed on the ECN's platform. When orders do not match internally on OTC Link ECN's matching engine, they are routed to an external interdealer quotation system where they may appear as quotes using the market participant identifier “OTCX”. Pursuant to applicable FINRA rules, OTC Link ECN submits trade reports to FINRA's OTC Reporting Facility. All transactions executed on the OTC Link ECN are cleared and settled pursuant to a clearing agreement with Apex Clearing Corporation.

Stock Promotion and Shell Risk Flags and Stock Promotion Data and Analytics

In March 2018, we deployed a new stock promotion flag that enables investors to identify securities that are the subject of current promotional activity. This new flag, represented by a megaphone icon, appears on the promoted company's quote page on www.otcm Markets.com. Our issuer compliance team actively monitors a variety of sources and collects input from market participants to determine if a security is being promoted prior to flagging the promoted company and publishing the information on our website. We also introduced a new “Shell Risk” flag, represented by a seashell icon, that indicates that, based on our review of its financial statements, a company has characteristics common to shell companies.

The development and launch of the stock promotion flag follows the release, in November 2017, of our Policy on Stock Promotion, including Best Practices for Issuers addressing the issue of stock promotion. These initiatives were designed to improve market transparency and better address the problem of manipulative and misleading stock promotion.

In conjunction with the stock promotion flag, in April 2018 we launched our new Promotion Data File, providing broker-dealers and investment managers with an efficient tool to track promotion activity in the OTC equities market. We also released enhancements to our Compliance Analytics File to capture this new data point.

Strategic Alliance with Issuer Direct

In November 2017, we announced a strategic alliance with Issuer Direct Corporation (“Issuer Direct”), a company that provides communications and compliance services to corporate issuers. The initiative was launched in February 2018 and, via our OTCIQ user platform, companies trading on the OTCQX and OTCQB markets can now access Issuer Direct's news,

compliance, investor relations and other communications tools. It is not yet possible to determine the extent to which the strategic alliance with Issuer Direct will affect our financial results.

Transfer Agent Verified Shares Program

The number of transfer agents sharing information through our Transfer Agent Verified Shares Program continues to grow. Launched in 2016, this initiative makes current share information verified by a company's transfer agent publicly available. As of May 1, 2018, there were eighteen transfer agents participating in the program, providing timely data on approximately 64% of the U.S. companies on the OTC market.

Recent Regulatory Developments Impacting our Business

Blue Sky Secondary Trading Exemptions for OTCQX and OTCQB

As of May 1, 2018, our OTCQX and OTCQB markets are exempt from state Blue Sky laws regarding secondary trading in thirty states – Alaska, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho (OTCQX only), Indiana, Iowa, Kansas (OTCQX only), Louisiana, Maine, Mississippi, Nebraska, New Jersey, New Mexico, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont (OTCQX only), Washington, West Virginia, Wisconsin and Wyoming. State Blue Sky laws generally help investors make informed decisions by mandating that companies disclose accurate and current information when offering or marketing securities. We believe recognition of our markets by state regulators and the resulting Blue Sky exemptions will make OTCQX and OTCQB more attractive to current and prospective companies. However, the potential impact of this initiative on our financial results is indirect, and therefore difficult to determine.

Regulation SCI

Our OTC Link ATS meets the definition of an SCI Entity under the SEC's Regulation Systems Compliance and Integrity ("SCI"), which applies to certain self-regulatory organizations, ATSs, plan processors, and clearing agencies. Based on meeting certain trading volume thresholds in equity securities, OTC Link ATS and OTC Link ECN are also required to comply with the requirements imposed by Regulation ATS. Many of these requirements are incorporated in Regulation SCI. However, Regulation SCI contains a number of additional requirements, such as extensive reporting, additional internal compliance requirements and mandated coordinated testing of core processes. We have invested in personnel and IT resources to meet our Regulation SCI and Regulation ATS compliance obligations and to enhance our systems. We expect that additional investments will be required to meet our ongoing compliance obligations and believe these investments may be material.

Regulation A+

Regulation A+, an SEC offering exemption under Title IV of the Jumpstart Our Business Startups (JOBS) Act, allows qualifying companies to conduct public offerings up to \$50 million in a 12-month period. As enacted, Regulation A+ is not available to SEC reporting issuers.

In September 2017, the House of Representatives passed the Improving Access to Capital Act (H.R.2864), based in large part on our 2016 SEC Petition for Rulemaking, and on March 14, 2018, the Senate passed the Economic Growth, Regulatory Relief and Consumer Protection Act (S.2155). Each bill includes a provision allowing SEC reporting companies to use Regulation A+.

We will continue to track the progress of these bills and pursue this change through regulatory and legislative channels. The continued development of the Regulation A+ market in the

coming months and years will determine the extent to which Regulation A+ will affect our financial results.

Trends in Our Business

Over the past several quarters, we have made significant progress on our goal of gaining regulatory recognition for our OTCQX and OTCQB markets. Building on existing SEC recognition of our premium markets as “established public markets” for purposes of establishing a price when registering securities for resale, we are continuing to work with the North American Securities Administrators Association and individual state regulators to achieve Blue Sky recognition for secondary trading activities on our OTCQX and OTCQB markets. As of May 1, 2018, our OTCQX market is exempt from state Blue Sky laws regarding secondary trading in thirty states and our OTCQB market is exempt in twenty-seven states.

We intend to continue our efforts to gain regulatory recognition for our data driven market standards. Recognition of our market standards by federal, state and international regulators provides investors with a benchmark against which to measure the quality of information available to them, while providing corporate issuers with a more efficient public market for their shares.

We have continued to focus on providing enhanced disclosure and investor engagement tools to corporate issuers on our OTCQX and OTCQB markets. These include our strategic alliance with Issuer Direct, a communications and compliance company (See *Recent Business Developments*). Launched during the first quarter of 2018, this initiative provides our corporate issuers with access to a suite of news, compliance and communications solutions. In enhancing our corporate services offerings, we hope to attract additional issuers and deliver better service to our existing corporate clients. It is not yet possible to predict the impact this initiative will have on Corporate Services revenues.

As of March 31, 2018, 358 companies were traded on the OTCQX Best Market, compared to 363 companies as of March 31, 2017. Changes to the OTCQX eligibility rules during 2017, designed to elevate the quality of the market and drive increased regulatory recognition, continue to constrain the pool of target companies while also contributing to a slight increase in the number of compliance related downgrades. Also contributing to the decline, in respect of the 2018 annual subscription period, 30 companies elected not to renew their services, resulting in a retention rate for the 2018 calendar year of 91%, as compared to 93% in 2017.

As of March 31, 2018, there were 951 companies on the OTCQB Venture Market, compared to 928 companies as of March 31, 2017. Strong sales during 2017 and a decrease in voluntary non-renewals and compliance related downgrades contributed to a higher number of companies on the market at the start of the first quarter of 2018. In October 2017, we announced an increase in the OTCQB annual fee from \$10,000 to \$12,000 a year for service periods beginning on or after January 1, 2018. For those paying semi-annually, the fees increased from \$6,000 to \$6,500 for a six-month service period. This price increase has, so far, not impacted our voluntary non-renewal rates.

Our OTC Link business continues to face macro headwinds, including a continuing trend towards both consolidation and contraction in the broker-dealer industry caused by, among other factors, a general trend towards margin compression resulting from automation and the commoditization of execution and other services in the equities markets, and the increasing costs in recent years of regulatory compliance. Our OTC Link ATS had 94 broker-dealer subscribers quoting approximately 10,400 securities as of March 31, 2018, down from 99 subscribers quoting approximately 9,600 securities as of March 31, 2017. This decline in broker-dealer subscribers and a corresponding decline in OTC Dealer users and FIX

connections contributed to a period over period decline in related subscription based revenues. However, this decline was offset by an increase in message related revenues, while our OTC Link ECN also contributed modest revenues for the first quarter.

The total dollar volume of trades in OTCQX, OTCQB and Pink securities, including transactions executed away from OTC Link ATS, increased to \$100.2 billion during the quarter ended March 31, 2018, versus \$55.9 billion traded during the prior year period. This increase is in large part reflective of higher U.S. trading volumes generally, stronger investor interest in securities with exposure to certain cryptocurrencies, as well as strong trading volumes in the securities of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. Dollar volume traded in OTCQX, OTCQB and Pink companies that provide current information to investors was \$99.3 billion in the reporting period, representing 99% of total dollar volume across all of our markets, as compared to \$54.2 billion and 97% in the prior reporting period.

As discussed above under *Recent Business Developments*, in December 2017, we launched OTC Link ECN. Our objective in launching OTC Link ECN is to provide additional and enhanced functionality to existing subscribers of OTC Link ATS, while also attracting new subscribers. Since its launch, OTC Link ECN has added 6 new subscribers and enabled 22 existing subscribers for access to the OTC Link ECN. During the Reporting Period, OTC Link ECN generated gross revenues of \$28 thousand, however, it is not yet possible to predict the impact that the OTC Link ECN will have on OTC Link revenues in the future.

In our Market Data Licensing business, we saw a 0.7% decline in professional users, from 20,700 professional users as at March 31, 2017 to 20,557 professional users as at March 31, 2018. During that same period, the number of professional subscribers to the U.S. Equities Securities Information Processor ("UTP SIP"), which includes information on securities listed on Nasdaq, increased 9.0% to 295,922 users. We continue to have a relatively modest share of UTP SIP users at 7.0% of the UTP SIP total as at March 31, 2018. This likely reflects the smaller number of financial services firms that participate in the OTC markets versus the listed equities markets.

We saw a 1.8% decrease in the number of non-professional users of our market data, from 16,022 users as at March 31, 2017 to 15,726 users as at March 31, 2018. In the normal course of business operations, we expect to see small fluctuations in users. Over the longer term, we have seen significant growth in this area with 9,352 non-professional users as at December 31, 2015, 12,839 users as at December 31, 2016 and 14,801 users as at December 31, 2017. This is in line with a continued increase in retail investor participation in the U.S. equities market, as well as the continued expansion of our market data distribution network.

We continue to focus resources on further developing and enhancing our suite of compliance analytics and compliance data products. In March 2018, we deployed new stock promotion and shell risk flags and in April 2018 launched our new Promotion Data File and enhanced our Compliance Analytics File, providing broker-dealers and investment managers with an efficient tool to track promotion activity in the OTC equities market.

We evaluate both the current and future period impact of increased costs related to our headcount and IT infrastructure and recognize the importance of attracting and retaining the talent required to develop our service offerings and manage our infrastructure. During 2018, we will continue to make investments in our personnel and in our systems and infrastructure. We believe such investment is necessary if we are to remain competitive in business and compliant with our regulatory obligations, including our obligations under Regulation SCI.

How OTC Markets Group Generates Revenues

OTC Markets Group generates a majority of its revenues through a subscription model. As a result, a significant proportion of our revenues, approximately 85% in the reporting period, are contract-based and recurring in nature. For example, once a broker-dealer decides to trade using OTC Link ATS, that broker-dealer typically continues to subscribe to our services, with variable monthly user and usage levels, until it ceases to be active in trading securities on the OTCQX, OTCQB and Pink markets. The market data redistributors that offer our market data to their subscribers have historically remained long-term clients. We pay redistribution fees to certain redistributors of our Market Data Licensing subscription licenses.

OTC Link

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

OTC Link generates revenues by offering a suite of quotation and trade messaging services to a diverse network of broker-dealers operating as market makers, agency brokers and ATSs, including ECNs.

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 and OTC Link ECN. Fees for use of the OTC Dealer application are based on the number of authorized users per subscriber and are discounted in graduated amounts in relation to total users per subscriber.

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

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

Market Data Licensing

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

Investors, traders, institutions, accountants, and regulators pay us monthly license fees to access this information. We offer a suite of market data licenses, priced at per enterprise or per subscriber rates, through direct connectivity, extranet connectivity, 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. Certain of our market data license agreements include redistribution fees and rebates, which represented 11% of Market Data Licensing gross revenue for each of the three months ended March 31, 2018 and 2017.

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

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

Corporate Services

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

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

Companies on the OTCQB market receive the OTC Disclosure & News Service, Real-Time Level 2 Quote Display, and Blue Sky Monitoring Service, and pay a one-time application fee and annual or semi-annual fees upon renewal. These fees are fixed and do not vary based on outstanding shares, market capitalization, market segment or otherwise.

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 paid on an annual or semi-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 months ended March 31, 2018 and 2017.

	Three Months Ended March 31,	
	2018	2017
OTC Link ATS		
Number of securities quoted ^{(1)/(2)}	10,448	9,638
Number of active market participants ⁽¹⁾	94	99
New Form 211 filings	94	82
<i>Dollar volume traded (in thousands):</i>		
OTCQX	\$ 20,132,205	\$ 10,584,189
OTCQB	8,670,913	7,814,446
Pink	71,450,721	37,555,610
Total	\$ 100,253,839	\$ 55,954,245
<i>Dollar volume per security (in thousands):</i>		
OTCQX	\$ 48,629	\$ 25,141
OTCQB	8,585	7,950
Pink	7,918	4,566
Corporate Services		
Graduates to a national securities exchange	21	11
<i>Number of securities: ⁽¹⁾</i>		
OTCQX	414	421
OTCQB	1,010	983
Pink	9,024	8,225
Total	10,448	9,629
<i>Number of corporate clients: ⁽¹⁾</i>		
OTCQX	358	363
OTCQB	951	928
Pink	756	676
Total	2,065	1,967
Market Data Licensing		
Market data professional users ⁽¹⁾	20,557	20,700
Market data non-professional users ⁽¹⁾	15,726	16,022

(1) Figures presented are at period end.

(2) Number of active market participants does not include 6 subscribers to OTC Link ECN that are uniquely ECN subscribers

Financial Results

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

Consolidated Results from Operations

Three Months Ended March 31, 2018 Versus Three Months Ended March 31, 2017

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

(in thousands, except shares and per share data)	Three Months Ended March 31,		% change
	2018	2017	
Gross revenues	\$ 14,342	\$ 13,376	7%
Net revenues	13,713	12,752	8%
Operating expenses	9,163	8,514	8%
Income from operations	4,550	4,238	7%
Operating profit margin	33%	33%	
Income before provision for income taxes	4,567	4,252	7%
Net income	\$ 3,747	\$ 3,050	23%
Diluted earnings per share	\$ 0.31	\$ 0.26	19%
Weighted-average shares outstanding, diluted	11,609,635	11,519,624	1%

Revenues

The following table shows OTC Markets Group's gross revenues by business line and consolidated net revenues for the three months ended March 31, 2018 and 2017.

(in thousands)	Three Months Ended March 31,		% change
	2018	2017	
OTC Link	\$ 2,651	\$ 2,618	1%
Market data licensing	5,842	5,450	7%
Corporate services	5,849	5,308	10%
Gross revenues	14,342	13,376	7%
Redistribution fees and rebates	(629)	(624)	1%
Net revenues	\$ 13,713	\$ 12,752	8%

Gross revenues during the three months ended March 31, 2018 increased \$966 thousand, or 7%, to \$14.3 million, compared to \$13.4 million during the same prior year period. The increase was primarily driven by growth in our Corporate Services revenue.

The changes in gross revenues for the three months ended March 31, 2018, as compared to the same prior year period, are further described below:

- OTC Link revenues increased \$33 thousand, or 1%, to \$2.7 million for the three months ended March 31, 2018. The increase was primarily a result of a \$106 thousand, or 13%, increase in revenue from messages, in line with greater volatility in the U.S. equity markets driving higher trading volume. OTC Link ECN contributed revenues of \$28 thousand. These increases were partially offset by a decrease in combined subscription revenue from OTC Dealer, FIX connections and fees for licenses to quote and message, as well as a 7% decrease in revenue from quotes.
- Market Data Licensing revenues increased \$392 thousand, or 7%, to \$5.8 million for the three months ended March 31, 2018. Price increases effective January 1, 2018 and modest increases in usage were the primary driver of a \$127 thousand, or 24%, increase in revenues from our end of day pricing data services and a \$80 thousand, or 114% increase in revenue from delayed data licenses. An increase in revenue from data services of \$63 thousand, or 34%, was primarily due to price increases which took effect in March 2017, as well as an increase in the number of clients receiving our compliance data products to 15 from 12 as of March 31, 2018 and 2017, respectively. We saw an increase of \$58 thousand, or 15%, in revenue from non-professional users, and a \$40 thousand, or 1%, decrease in revenues from professional users, a result of a decline in reported in users.
- Corporate Services revenues increased \$541 thousand, or 10%, to \$5.8 million for the three months ended March 31, 2018. An increase of \$282 thousand, or 11%, in revenue from OTCQB is in line with the higher number of companies on the OTCQB market versus the prior period and was further impacted by price increases for new and renewing customers effective for service terms beginning on or after January 1, 2018. OTCQX revenues increased \$134 thousand, or 8%, to \$1.8 million due to certain OTCQX companies rolling off of promotional pricing, the impact of accelerated revenue recognition related to companies leaving the market as well as the impact of initial application fees for companies seeking to join the OTQX market. Our OTC Disclosure & News Service revenue increased \$118 thousand, or 13%, due to an increase in the number of active clients to 696 at March 31, 2018 versus 634 for the prior year quarter.

Operating Expenses

The following table shows OTC Markets Group's consolidated operating expenses for the three months ended March 31, 2018 and 2017.

(in thousands)	Three Months Ended March 31,		% change
	2018	2017	
Compensation and benefits	\$ 6,194	\$ 5,566	11%
IT Infrastructure and information services	1,347	1,404	(4%)
Professional and consulting fees	406	350	16%
Marketing and advertising	313	242	29%
Occupancy costs	469	395	19%
Depreciation and amortization	252	395	(36%)
General, administrative and other	182	162	12%
Total operating expenses	<u>\$ 9,163</u>	<u>\$ 8,514</u>	8%

Operating expenses increased \$649 thousand, or 8%, to \$9.2 million during the three months ended March 31, 2018, as compared to the same prior year period.

The changes in operating expenses for the three months ended March 31, 2018, as compared to the same prior year period, are further described below:

- Compensation and benefits expenses increased \$628 thousand, or 11%, to \$6.2 million during the three months ended March 31, 2018, primarily related to annual compensation increases, increased headcount and higher 2018 cash and stock awards, which had a combined effect of increasing salary, bonus and payroll tax expenses by \$451 thousand, or 10%. Stock compensation expense increased \$103 thousand, or 20%, a result of year over year increases in annual awards. As a percentage of gross revenues, compensation and benefits costs increased to 43% during the three months ended March 31, 2018, as compared to 42% during the same prior year period.
- IT Infrastructure and information services expenses decreased \$57 thousand, or 4%, to \$1.3 million during the three months ended March 31, 2018, primarily related to the elimination of certain Blue Sky data costs as well as a renegotiation of our contract with Morningstar, Inc. These decreases were partially offset by an increase in spend for continuing development and support related to OTC Link ECN and system security enhancements.
- Professional and consulting fees increased \$56 thousand, or 16%, to \$406 thousand during the three months ended March 31, 2018, primarily due to an \$106 thousand, or 76%, increase in spend related to the redesign of our www.otcmarkets.com website. The increase was partially offset by a decrease in spend for legal services.
- Marketing and advertising fees increased \$71 thousand, or 29%, to \$313 thousand during the three months ended March 31, 2018, primarily related to an increase in consulting fees for public relations initiatives, partially offset by the timing of spend on sponsorship of conferences and events.

Income from Operations

Income from operations increased \$312 thousand, or 7%, to \$4.6 million for the three months ended March 31, 2018, as compared to the same prior year period, and operating profit margin was flat at 33%, compared to the prior period.

Net Income

Net income for the Reporting Period increased \$697 thousand, or 23%, to \$3.7 million due to a \$312 thousand increase in income from operations and a decrease in the Company's effective tax rate from 28% to 18% resulting from the enactment of the Tax Cuts and Jobs Act ("TCJA").

Cash available for operations

Cash available for operations decreased \$943 thousand to \$22.7 million as of March 31, 2018, as compared to \$23.7 million as of December 31, 2017. The Company's 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, and payments related to the renewal of annual IT contracts.

Cash provided by operating activities

Cash provided by operating activities for the three months ended March 31, 2018 was \$1.9 million, as compared to \$1.7 million during the same prior year period. Cash provided by operating activities for the Reporting Period consisted of net income of \$3.7 million, adjusted for

non-cash items of \$592 thousand and changes in working capital of \$2.5 million. Adjustments for non-cash items to net income primarily consisted of depreciation and amortization expense of \$252 thousand and stock-based compensation expense of \$654 thousand, partially offset by excess tax benefits related to stock-based compensation expense of \$296 thousand. Cash used in working capital primarily consisted of a decrease in accrued expenses and other current liabilities of \$2.9 million, which was partially offset by lower prepaid income taxes of \$1.0 million.

Cash used in investing activities

Cash used in investing activities during the three months ended March 31, 2018 was \$55 thousand, as compared to \$62 thousand during the same prior year period. The cash used in both periods was primarily related to purchases of IT equipment for our data centers.

Cash used in financing activities

Cash used in financing activities during the three months ended March 31, 2018 was \$2.7 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 our shareholders and repurchases of common stock. The decrease in the amount of cash used on a quarter over quarter basis was primarily related to a decrease in the amount of the Company's share repurchases, from \$1.4 million in the quarter ended March 31, 2017 to \$1.0 million in the quarter ended March 31, 2018.

Capital resources and working capital

OTC Markets Group's working capital at March 31, 2018 was \$13.1 million, an increase of \$1.8 million, or 16%, from \$11.3 million at December 31, 2017. Working capital includes certain non-operating assets and liabilities, such as prepaid income taxes and income taxes payable. The increase in working capital during the Reporting Period was primarily a result of cash generated from operations.

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 28, 2018. 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 March 31, 2018, the Company was in compliance with all of the covenants and other terms of the Line of Credit.

Operating Leases

We have entered into operating lease agreements for our offices and recognize rent expense on a straight-line basis over the terms of the leases.

Off-Balance Sheet Arrangements

None.

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)

	March 31, 2018	December 31, 2017
Assets		
Current assets		
Cash	\$ 22,740	\$ 23,683
Accounts receivable, net of allowance for doubtful accounts of \$145 and \$146	6,266	6,450
Prepaid expenses and other current assets	1,661	1,013
Prepaid income taxes	262	1,303
Total current assets	30,929	32,449
Property and equipment, net	1,873	2,018
Deferred tax assets, net	801	796
Goodwill	251	251
Intangible assets, net	99	111
Long-term restricted cash	500	500
Security deposits	192	192
Total Assets	\$ 34,645	\$ 36,317
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 782	\$ 786
Accrued expenses and other current liabilities	1,994	4,858
Income taxes payable	11	-
Deferred revenue	15,033	15,531
Total current liabilities	17,820	21,175
Deferred rent	218	246
Income tax reserve	1,160	1,105
Total Liabilities	19,198	22,526
Commitments and contingencies		
Stockholders' equity		
Common stock - par value \$0.01 per share		
Class A - 14,000,000 authorized, 11,993,733 issued, 11,506,948 outstanding at		
March 31, 2018; 11,891,366 issued, 11,444,706 outstanding at December 31, 2017	120	119
Additional paid-in capital	14,716	14,150
Retained earnings	7,818	5,682
Treasury stock - 486,785 shares at March 31, 2018 and 446,660 shares at December 31, 2017	(7,207)	(6,160)
Total Stockholders' Equity	15,447	13,791
Total Liabilities and Stockholders' Equity	\$ 34,645	\$ 36,317

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 March 31,	
	2018	2017
Gross revenues	\$ 14,342	\$ 13,376
Redistribution fees and rebates	(629)	(624)
Net revenues	<u>13,713</u>	<u>12,752</u>
Operating expenses		
Compensation and benefits	6,194	5,566
IT Infrastructure and information services	1,347	1,404
Professional and consulting fees	406	350
Marketing and advertising	313	242
Occupancy costs	469	395
Depreciation and amortization	252	395
General, administrative and other	<u>182</u>	<u>162</u>
Total operating expenses	<u>9,163</u>	<u>8,514</u>
Income from operations	4,550	4,238
Other income		
Interest income	7	3
Other income, net	<u>10</u>	<u>11</u>
Income before provision for income taxes	4,567	4,252
Provision for income taxes	<u>820</u>	<u>1,202</u>
Net income	<u><u>\$ 3,747</u></u>	<u><u>\$ 3,050</u></u>
Net income per share		
Basic	\$ 0.33	\$ 0.27
Diluted	\$ 0.31	\$ 0.26

See accompanying notes to unaudited condensed consolidated financial statements

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

	Three Months Ended March 31,	
	2018	2017
Beginning balance	\$ 13,791	\$ 15,506
Increase from net income	3,747	3,050
Dividends paid	(1,611)	(1,599)
Stock-based compensation	654	551
Issuance of restricted and common shares, net	(87)	(172)
Purchases of treasury stock	(1,047)	(1,408)
Ending balance	<u>\$ 15,447</u>	<u>\$ 15,928</u>

See accompanying notes to unaudited condensed consolidated financial statements

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

	Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities		
Net income	\$ 3,747	\$ 3,050
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	252	395
Provision for bad debts	(2)	6
Stock-based compensation	654	551
Excess tax benefits related to stock-based compensation	(296)	(454)
Deferred rent	(11)	(52)
Deferred income taxes	(5)	(111)
Changes in working capital:		
Accounts receivable	186	403
Prepaid expenses and other current assets	(648)	(841)
Prepaid income taxes	1,041	196
Accounts payable	(42)	199
Accrued expenses and other current liabilities	(2,883)	(2,818)
Income tax payable	307	1,212
Income tax reserve	55	46
Deferred revenue	(498)	(92)
Net cash provided by operating activities	1,857	1,690
Cash flows from investing activities		
Purchases of property and equipment	(55)	(62)
Net cash used in investing activities	(55)	(62)
Cash flows from financing activities		
Dividends paid	(1,611)	(1,599)
Issuance of restricted and common shares, net	(87)	(172)
Purchases of treasury stock	(1,047)	(1,408)
Net cash used in financing activities	(2,745)	(3,179)
Net decrease in cash and restricted cash	(943)	(1,551)
Cash and restricted cash at beginning of period	24,375	25,244
Cash and restricted cash at end of period	\$ 23,432	\$ 23,693
Cash paid during period for:		
Income taxes, net of refund	\$ 8	\$ 313
Non-cash investing activities:		
Property and equipment included in accounts payable or accrued expenses	\$ 57	\$ 64

See accompanying notes to unaudited condensed consolidated financial statements

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Note 1. Description of Business

Overview

OTC Markets Group Inc. (“OTC Markets Group” or the “Company”) (OTCQX: OTCM) operates the OTCQX® Best Market; the OTCQB® Venture Market; and the Pink® Open Market for 10,000 U.S. and global securities. Through OTC Link® ATS and OTC Link ECN, each a Securities and Exchange Commission (“SEC”) registered Alternative Trading System (“ATS”) operated by the Company’s wholly-owned subsidiary OTC Link LLC, a Financial Industry Regulatory Authority, Inc. (“FINRA®”) registered broker-dealer, the Company enables investors to easily trade through the broker of their choice and empowers companies to improve the quality and availability of information for their investors.

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

- OTC Link– OTC Link LLC operates two ATSs, OTC Link ATS and OTC Link ECN, which provide trading services to FINRA member broker-dealer subscribers.
- Market Data Licensing – OTC Markets Group 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 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 (“OMSs”).
- Corporate Services – OTC Markets Group operates the OTCQX Best Market and the OTCQB Venture Market and offers companies a suite of services that are designed to create a better informational experience for investors by facilitating public disclosure and communication with investors, promoting greater transparency and allowing companies to demonstrate regulatory compliance and mitigate market risk. These services include the OTC Disclosure & News Service, Real-Time Level 2 Quote Display and Blue Sky Monitoring Service.

Corporate Form

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

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) and include the accounts of the Company and its wholly-owned subsidiary, OTC Link LLC, 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 intercompany transactions have been eliminated in consolidation. Management has assessed the segment reporting standards, analyzed how the chief operating decision maker (the Chief Executive Officer) manages the businesses, assesses performance and allocates resources; and has concluded that the Company has one reportable segment. Refer to Note 2, *Summary of Significant Accounting Policies*, from the Company’s Annual

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Report for the year ended December 31, 2017 for a full discussion of significant accounting policies.

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, 2017. Operating results for the Reporting Period are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Estimates included in the consolidated financial statements include allowance for doubtful accounts, certain accrued expenses, stock-based compensation expense, income tax reserve and provision for income taxes. Actual results could differ from those estimates.

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 2014-09 became effective for annual reporting periods beginning after December 15, 2017. On January 1, 2018, the Company adopted ASU 2014-09 using the modified retrospective method in respect of those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning after adoption date are presented under Topic 606, while prior periods amounts are appropriately not adjusted and continue to be reported in accordance with the existing revenue recognition standard under Topic 605. Because the Company generates a majority of its revenue through contracts based on a subscription model, which recognize revenue ratably over subscription periods that are one year or less, the adoption of ASU 2014-09 had no material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which amended guidance for both lessees and lessors. This ASU results in lease assets and lease liabilities being recognized on the balance sheet for both capital and operating leases in order to increase the transparency and comparability of financial statements. The amendments in this ASU are effective for public companies in interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company is in the process of evaluating the impact of adoption of this ASU.

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

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

a reconciliation of cash, restricted cash, and security deposits reported on our consolidated balance sheets to the beginning and ending balance shown on our consolidated statements of cash flows.

	Three Months Ended March 31,	
	2018	2017
Cash	\$ 22,740	\$ 23,501
Restricted Cash	500	-
Security deposits	192	192
Total Cash and restricted cash	<u>\$ 23,432</u>	<u>\$ 23,693</u>

Note 3. Revenue Recognition

On January 1, 2018, the Company adopted Accounting Standards Codification ("ASC") Topic 606 ("Topic 606") using the modified retrospective method. The adoption of Topic 606 did not have a material impact on our consolidated financial statements and did not impact revenue and expense recognition for any of our three business lines, either at the time of adoption or in any prior reporting period. The majority of our revenues are derived from contracts with customers. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. In accordance with Topic 606, we evaluate our contracts with customers based on a five-step methodology. We: (1) Identify the contract with the customer; (2) Identify the performance obligations under the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when each performance obligation is satisfied. Certain of our ancillary Market Data and Corporate Services, including news release and advertising services which are not a material source of revenues, are usage based offerings and are delivered at a point in time. Accordingly, we recognize revenue upon completion of the service in line with the contractual agreement.

OTC Link

OTC Link LLC operates two ATSS, OTC Link ATS and OTC Link ECN. Broker-dealers pay monthly license, subscription, and connectivity fees to use OTC Link ATS and OTC Link ECN. Our OTC Dealer application provides broker-dealers a user interface into OTC Link ATS and OTC Link ECN. Fees for use of the OTC Dealer application are based on the number of authorized users per subscriber and are calculated based on a tiered pricing arrangement. License, subscription and connectivity fees are invoiced monthly and in advance of the monthly service period. The Company satisfies its performance obligations and records revenue from these fees ratably over the month, as services are performed, with the unrealized portion recorded as deferred revenue on the consolidated balance sheets.

In addition to these monthly fees, broker-dealer subscribers to OTC Link ATS pay usage fees to publish quotes and deliver trade messages electronically to counterparties. The Company satisfies its performance obligations in respect of these fees when quotes are posted and messages are delivered.

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

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

execution of a trade, when the Company's obligations are substantially met. Similarly, payments made to subscribers providing liquidity are recorded as a reduction in gross revenues upon execution of the trade.

OTC Link ATS pays rebates to certain OMS ("Order Management System") resellers of OTC Link ATS services, which are invoiced monthly based on the contractual fixed rate and recorded as a reduction of gross revenues.

Market Data Licensing

Market Data Licensing generates revenues by providing our subscribers with access to the market data, company data and security information collected through our OTC Link and Corporate Services business lines. Subscribers pay us monthly license fees to access this information via a suite of market data licenses, priced at per enterprise or per subscriber rates. Market data license subscription revenues are recognized ratably over the term of the contract period, as services are performed, beginning on the date that the data is made available to the customer. The majority of Market Data Licensing revenues result from sales through redistributors, some of whom earn redistribution fees based on a contractual fixed rate. These fees are invoiced monthly based on the contractual period and are recognized as a reduction of gross revenues. The vast majority of our redistribution fees and rebates are related to these arrangements with market data redistributors.

Corporate Services

Corporate Services generates revenues from the OTCQX Best Market and OTCQB Venture Market and from a suite of other services, such as Disclosure & News, Real-Time Level 2 Quote Display and Blue Sky Monitoring services. Issuers pay annual or semi-annual subscription fees upfront to have their securities traded on the OTCQX or OTCQB markets and to subscribe to our various other services. We recognize these revenues ratably over the subscription period as the performance obligations are met and the transfer of services occurs. Issuers pay one-time nonrefundable application fees. These fees are not related to distinct performance obligations and are recognized ratably over the contractual service period, which is one year or shorter.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

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

(in thousands)	Three Months Ended March 31, 2018		
	Point in Time	Over Time	Total
OTC Link	\$ 1,629	\$ 1,022	\$ 2,651
Market data licensing	168	5,674	5,842
Corporate services	75	5,774	5,849
Gross revenues	1,872	12,470	14,342
Redistribution fees and rebates	(48)	(581)	(629)
Net revenues	\$ 1,824	\$ 11,889	\$ 13,713

(in thousands)	Three Months Ended March 31, 2017		
	Point in Time	Over Time	Total
OTC Link	\$ 1,516	\$ 1,102	\$ 2,618
Market data licensing	131	5,319	5,450
Corporate services	61	5,247	5,308
Gross revenues	1,708	11,668	13,376
Redistribution fees and rebates	(50)	(574)	(624)
Net revenues	\$ 1,658	\$ 11,094	\$ 12,752

The following tables present our revenues disaggregated by geography:

(in thousands)	Three Months Ended March 31, 2018		
	U.S	International	Total
OTC Link	\$ 2,651	\$ -	\$ 2,651
Market data licensing	4,903	939	5,842
Corporate services	3,532	2,317	5,849
Gross revenues	11,086	3,256	14,342
Redistribution fees and rebates	(611)	(18)	(629)
Net revenues	\$ 10,475	\$ 3,238	\$ 13,713

(in thousands)	Three Months Ended March 31, 2017		
	U.S	International	Total
OTC Link	\$ 2,618	\$ -	\$ 2,618
Market data licensing	4,709	741	5,450
Corporate services	3,459	1,849	5,308
Gross revenues	10,786	2,590	13,376
Redistribution fees and rebates	(590)	(34)	(624)
Net revenues	\$ 10,196	\$ 2,556	\$ 12,752

Accounts receivable

As of March 31, 2018, and December 31, 2017, accounts receivable net of allowance for doubtful accounts, were \$6.3 million and \$6.5 million, respectively. The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. The Company determines the allowance based on historical experience, specific account information and other currently available evidence.

Deferred revenue

Deferred revenue primarily represents our contractual performance obligations related to annual and semi-annual Corporate Services subscription fees, as well as monthly Market Data and

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

OTC Link license subscription fees. The following table presents the changes in deferred revenue during the Reporting Period:

(in thousands)

Balance at January 1, 2018	\$ 15,531
Net changes	(498)
Balance at March 31, 2018	15,033

During the Reporting Period, we recognized \$5.8 million of revenue that was included in the balance of our deferred revenue at the beginning of the year.

Payment terms

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

Practical Expedients Elected

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

Note 4. Concentrations and Uncertainties

During the Reporting Period, market data revenues earned through one market data redistributor amounted to approximately 10% of gross revenues, as compared to 11% during the same prior year period. As of March 31, 2018 and 2017, accounts receivable from that same subscriber amounted to 19% and 20% of accounts receivable.

Note 5. 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:

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

The fair value of a financial instrument is the amount that would be received to sell an 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.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

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 other current liabilities and deferred revenue. These balances are classified as Level 1 and Level 2 in the fair value hierarchy.

Note 6. Property and Equipment

Property and equipment consisted of the following:

	March 31, 2018	December 31, 2017	Estimated useful life (years)
Computer software	\$ 1,372	\$ 1,304	2 - 3
Computer equipment	5,370	5,343	3 - 5
Furniture and fixtures	1,259	1,259	5 - 7
Leasehold improvements	4,352	4,352	Term of lease
Total property and equipment	12,353	12,258	
Accumulated depreciation and amortization	(10,480)	(10,240)	
Total property and equipment, net	\$ 1,873	\$ 2,018	

Depreciation and amortization on property and equipment included in the unaudited interim condensed consolidated statements of income amounted to \$240 and \$395 for the three months ended March 31, 2018 and 2017, respectively.

Computer software includes approximately \$513 and \$443 website development costs, as of March 31, 2018 and December 31, 2017, respectively.

Note 7. Goodwill and Intangible Assets

Goodwill and intangible assets consisted of the following:

	March 31, 2018	December 31, 2017	Estimated useful life (years)
Goodwill	\$ 251	\$ 251	Indefinite
Intangible assets:			
Website	\$ 100	\$ 100	2
Subscription services	150	150	8-15
Distributor relations	27	27	15
Intellectual property	40	40	Indefinite
Total intangible assets	317	317	
Accumulated amortization	(218)	(206)	
Intangible assets, net	\$ 99	\$ 111	

Amortization expense for finite-lived intangible assets was \$12 and \$0 for three months ended March 31, 2018 and 2017, respectively. The increase in amortization expense in 2018 compared with prior year was due to the acquisition of certain intangible assets in the second quarter of 2017. No impairment charges were recorded to goodwill or intangible assets during the three months ended March 31, 2018 or 2017.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Note 8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2018	December 31, 2017
Payroll and employee withholdings	\$ 1,434	\$ 4,370
Deferred compensation	-	2
Accrued operating expenses	463	406
Deferred rent	97	80
Total accrued expenses and other current liabilities	\$ 1,994	\$ 4,858

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, 2017 represents a full year of accrual, which was paid out during the three months ended March 31, 2018.

Note 9. 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 Reporting Period is as follows:

(in thousands, except W/A exercise price)	Stock options	Weighted-average exercise price	Aggregate intrinsic value	Remaining contractual term (years)
Outstanding, January 1, 2018	708	\$ 14.46	\$ 10,338	6.98
Granted	26	25.16	1	
Exercised	(20)	13.62	284	
Forfeited	(14)	24.01	23	
Outstanding, March 31, 2018	700	\$ 14.70	\$ 8,527	6.80
Exercisable, March 31, 2018	308	\$ 10.50	\$ 5,023	5.27

The Company recognized compensation expense related to stock options, net of estimated forfeitures, of \$126 and \$125 for the three months ended March 31, 2018 and 2017, respectively. Management has estimated forfeiture rates of 5% for stock options granted to management and 23% for stock options granted to other employees.

At March 31, 2018, unrecognized compensation cost related to non-vested stock options was \$1.1 million, which will be recognized over approximately 3.3 years.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

A summary of the Company's restricted stock activity for the Reporting Period is as follows:

(in thousands, except W/A fair value)	Restricted stock	Weighted-average fair value	Aggregate intrinsic value
Outstanding, January 1, 2018	289	\$ 16.15	\$ 8,401
Granted	95	25.98	2,500
Vested	(96)	13.97	2,514
Outstanding, March 31, 2018	288	\$ 20.13	\$ 7,705

The Company recognized compensation expense, net of estimated forfeitures, of \$491 and \$389 for the three months ended March 31, 2018 and 2017, respectively. Management has estimated forfeiture rates of 9% for RSAs granted to management and 15% for RSAs granted to other employees. In addition, the Company also recognized professional fees of \$37 for each of the three months ended March 31, 2018 and 2017, respectively, related to the issuance of restricted stock awards to the Board of Directors.

At March 31, 2018, unrecognized compensation cost related to non-vested RSAs totaled \$4.8 million, which will be recognized over approximately 3.8 years.

Note 10. Commitments and Contingencies

Operating Leases

The Company has two noncancelable operating leases. One is for the office space at 304 Hudson Street, New York, NY that was amended in April 2017 and expires on June 30, 2020. The other is for office space at 100 M Street SE, Washington, D.C. that was amended in May 2016 and expires on June 30, 2021. The New York lease provides for contingent rental payments consisting of a proportionate share of any increases in real estate taxes. Both leases contain rent escalation provisions. Rental expense is recognized on a straight-line basis over the term of the lease, and the difference between the actual rent paid and the expense charged is reflected as an increase or decrease to deferred rent. As of March 31, 2018, future minimum lease payments are as follows:

Fiscal year	Payments due
Remainder of 2018	\$ 1,182
2019	1,621
2020	939
2021	116
Total	\$ 3,858

Occupancy expense included in the unaudited interim condensed consolidated statements of income was \$469 and \$395 for the three months ended March 31, 2018 and 2017, respectively.

Total security deposits on the Company's office leases were \$192 as of both March 31, 2018 and December 31, 2017.

Partial Self-Insurance Reserves

Effective January 1, 2018, the Company switched from a fully insured employee health insurance policy to a partially self-insured plan. Under the new plan, the Company contracted a third-party administrator ("TPA") to access healthcare carriers, process claims, and facilitate the provision of specific and aggregate stop-loss coverage to limit our total exposure under the program. Accordingly, we record the TPA's administrative fees, insurance carrier fees, and stop-loss coverage premiums, as well as expected claims costs, on a straight-line basis over the

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

annual coverage period. The Company's total cost of claims represents 80% of the Company's maximum liability for claims based on coverage provided under our specific and aggregate stop-loss policies. As claims are reported and paid, the liability is relieved. As of March 31, 2018, the estimated claims, fees and premiums accrued was higher than the premiums and fees paid to TPA by \$50. This amount was recorded as a current liability in the accrued operating expenses on our Consolidated Balance Sheet.

Legal Matters

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

Note 11. Stockholders' Equity

Common Stock

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

The Company is authorized to issue 14,000,000 shares of common stock at \$0.01 par value. As of March 31, 2018 there were a total of 11,993,733 shares issued and 11,506,948 shares outstanding. As of December 31, 2017 there were a total of 11,891,366 shares issued and 11,444,706 shares outstanding.

Treasury Stock

In August 2011, the Board of Directors authorized the Company to repurchase up to 300,000 shares of Class A common stock in compliance with Rule 10b-18 under the Securities Exchange Act of 1934 (the "Exchange Act"). On March 6, 2018, the Board of Directors refreshed the Company's stock repurchase program, authorizing the repurchase of up to 300,000 shares of Class A common stock.

During the Reporting Period, the Company repurchased 40,325 shares of Class A common stock at average price of \$25.99 per share for a total of \$1,047. During the same prior year period, the Company repurchased 67,165 shares at \$20.97 per share, for a total of \$1,408. All repurchased shares are held in treasury. Under the stock repurchase program, there are 300,000 shares remaining to be purchased.

Dividends

The Company declared a cash dividend of \$0.14 and \$0.14 per Class A share during the three months ended March 31, 2018 and 2017, respectively, totaling \$1,611 and \$1,599, 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,

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares, and bonus shares, and governs options awarded (Refer to Note 8, *Stock-Based Compensation*). In each of November 2017 and 2016, the Board of Directors authorized the increase in the number of shares available for issuance under the Plan by 200,000 shares.

Note 12. Income Taxes

The Company's effective tax rates were 18% and 28% for the three months ended March 31, 2018 and 2017, respectively. The rates reflect the inclusion of state and local income taxes at the federal statutory rate of 21% for 2018 and 35% for 2017. The effective tax rates for the three months ended March 31, 2018 differed from the federal statutory rate primarily due to the recognition of the U.S. federal research and development credit and excess tax benefits from share-based compensation, as result of adoption of ASU 2016-09 in the first quarter of 2017. During the first quarter of 2018 and 2017, we recognized an income tax benefit related to the excess tax benefit on stock based compensation of \$296 and \$454, respectively. The decrease in the effective tax rate for the three months ended March 31, 2018, as compared to the same period in 2017, was primarily due to the enactment of the Tax Cuts and Jobs Act("TCJA") that reduced the U.S. statutory corporate tax rate from 35% to 21%.

We have not revised any of our 2017 provisional estimates during the first quarter, but will continue to evaluate the recorded amounts in the context of evolving analyses and interpretations of law, including the issuance of guidance by the Internal Revenue Service and others, the status of state tax conformity to federal changes, as well as interpretations of how accounting for income taxes should be applied. Any future changes to these estimates will be reflected in the financial statements in the period in which they are identified.

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 March 31, 2018 and December 31, 2017 was \$932 and \$888, 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 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 \$10 and \$6 for the three months ended March 31, 2018 and 2017, respectively. Interest and penalties accrued as of March 31, 2018 and December 31, 2017 were \$232 and \$222, respectively.

Note 13. 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 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

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

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 March 31,	
	2018	2017
Net income available to common shareholders	\$ 3,747	\$ 3,050
Less: Undistributed earnings allocated to unvested RSAs	(53)	(38)
Less: Dividend equivalents on unvested RSAs	(40)	(41)
Net income allocated to common shareholders	<u>\$ 3,654</u>	<u>\$ 2,971</u>
Shares of common stock and common stock equivalents		
Weighted-average common shares outstanding	<u>11,234,150</u>	<u>11,155,667</u>
Basic earnings per share	\$ 0.33	\$ 0.27

Diluted Earnings per common share

(in thousands, except shares and per share data)	Three Months Ended March 31,	
	2018	2017
Net income available to common shareholders	\$ 3,747	\$ 3,050
Less: Undistributed earnings allocated to unvested RSAs	(52)	(37)
Less: Dividend equivalents on unvested RSAs	(40)	(41)
Net income allocated to common shareholders	<u>\$ 3,655</u>	<u>\$ 2,972</u>
Shares of common stock and common stock equivalents		
Weighted-average common shares outstanding	11,234,150	11,155,667
Dilutive effect of employee stock options and RSAs	<u>375,485</u>	<u>363,957</u>
Weighted-average shares used in diluted computation	<u>11,609,635</u>	<u>11,519,624</u>
Diluted earnings per share	\$ 0.31	\$ 0.26

Note 14. Regulatory Authorities

OTC Link LLC is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. Rule 15c3-1 requires the maintenance of net capital, as defined, which shall be the greater of \$5 or 6-2/3% of aggregate indebtedness, as defined. OTC Link LLC's regulatory net capital as of March 31, 2018 and December 31, 2017 was \$3,829 and \$3,837, respectively, which exceeded the minimum net capital requirement by \$3,718 and \$3,709, respectively.

OTC MARKETS GROUP INC.

Notes to Unaudited Condensed Consolidated Financial Statements (continued)

(in thousands, except share and per share information)

Note 15. Subsequent Events

For purposes of disclosure in the unaudited condensed consolidated financial statements, the Company has evaluated subsequent events through May 8, 2018, the date the financial statements were available to be issued.

On May 7, 2018, the Board of Directors authorized and approved a quarterly cash dividend of \$0.14 per share of Class A common stock. The quarterly dividend is payable on June 28, 2018 to our stockholders of record as of June 14, 2018.

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

May 8, 2018
Date

EXHIBIT 9.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Beatrice Ordonez, Chief Financial 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/ Beatrice Ordonez
Beatrice Ordonez
Chief Financial Officer

May 8, 2018
Date