

FAQ on Ordinary Shares

What is an Ordinary Share?

An Ordinary Share of a foreign exchange listed company may be traded under a US ticker symbol and is used to facilitate trade reporting in the US and to provide access for investors to trade the company's shares during US trading hours and in US dollars.

These tickers are 5 letters long and end with the letter "F". As such, they are traditionally called F shares. More than 6,000 companies with primary listings on more than 60 global markets, such as London, Frankfurt, Paris, Madrid, Milan, Toronto and Tokyo, have an Ordinary Share on OTC Markets.

Why does a company have an Ordinary Share?

The creation of an Ordinary Share indicates that US broker-dealers and investors are interested in trading a company's shares. An Ordinary Share is established in the US when a broker-dealer files with FINRA to create a US ticker symbol in order to facilitate reporting trades in the US in the company's security. While a company may not have been involved in this process, the creation of an Ordinary Share indicates that there is already demand for the shares and is valuable to facilitating global liquidity.

Companies that have an Ordinary Share may also have an ADR that is either traded on the OTC Markets or that is listed on a US exchange. Holders of the ordinary share may convert their shares to ADRs under the terms set by the Depositary Bank.

How is an Ordinary Share traded?

US broker-dealers continuously price Ordinary Shares in accordance with local market share price movements and available liquidity. While trades are executed in US dollars by US broker-dealers, the shares are settled, cleared and custodied in the company's local market or, under certain conditions, in the US (Canadian or DTC eligible Ordinary Shares). As such, trading of an Ordinary Share in the US increases the company's overall global liquidity.

What does an Ordinary Share mean for US investors?

When a US investor researches and trades a non-US security, it is frequently through the US ticker as US brokerage accounts often only display US ticker symbols.

Ordinary Shares are traded on the OTC Markets irrespective of where the company's ADR is traded. Companies that elect to trade their Ordinary Share on OTCQX, a premium tier on the OTC Markets, help minimize trading restrictions and improve the flow of information for investors by trading on a market that is recognized by brokers and investors as having stronger standards for compliance.

From the perspective of an investor, trading an Ordinary Share on OTCQX is similar to trading a US security. US investors can trade in US dollars during US trading hours through the retail, online or institutional broker-dealer of their choice.

How are investors that trade through the ordinary share recorded on Shareholder Lists?

US investors that purchase the Ordinary Share appear on a company's shareholder list based on the local disclosure requirements in the same manner as an investor that purchases shares in the home market.

How can I improve the visibility and liquidity of my Ordinary Share?

While a company may make high quality disclosure available through its home country exchange, its prestige, company news and financials do not automatically flow to US investors. Companies must take steps to ensure that their overseas financials are available to key audiences in the US or that company news is available in places where investors conduct research.