

## **OTCQB STANDARDS RELEASE NO. 5 (PROPOSED AMENDMENTS)**

OTC Markets Group has published proposed amendments to the OTCQB Standards. The proposed amendments establish minimum standards for number of shareholders and public float for initial and ongoing qualification for the OTCQB Market. As the OTCQB Venture Market continues to mature, we look to continue improving the quality of the market by implementing qualification and investor protection standards appropriate to early-stage and developing U.S. and international companies. A sizeable public float is necessary for a transparent and liquid market and is an important factor in reducing the potential for manipulation. A requirement for public float that is too high may be a disincentive for smaller, growing companies. OTC Markets Group believes that the proposed standards are sufficient to balance the interests of venture stage companies with the interests of the investing public.

Companies currently traded on OTCQB will not be subject to the ongoing beneficial shareholder or public float requirements until May 20, 2020. For all other companies, these new standards are effective on May 20, 2018.

1. Have at least 50 Beneficial Shareholders, each owning at least 100 shares;
2. Have a freely traded Public Float of at least 10% of the total issued and outstanding of that security.

A Company with a freely traded Public Float above 5% but below 10% of the total shares issued and outstanding, and a market value of Public Float of at least \$2 million, or that has a separate class of securities traded on a national exchange, may apply in writing to OTC Markets Group for an exemption, which exemption may be granted by OTC Markets Group in its sole and absolute discretion.

3. Regarding Blue Sky laws, we have clarified OTCQB as being recognized for the purposes of many U.S. jurisdictions' securities laws governing state registration exemptions for secondary market transactions.

**You may view the proposed Standards in their entirety – [OTCQB Standards](#)**

### **Comment Period of 30 days:**

OTC Markets Group welcomes your feedback about the proposed changes. Send comments and questions to Mike Vasilios, Vice President of Issuer Compliance at [mike@otcmarkets.com](mailto:mike@otcmarkets.com) by May 19, 2018.

### **Effective Date of Proposed Changes:**

The proposed rules are scheduled to become effective May 20, 2018.