

## **OTCQB STANDARDS RELEASE NO. 8 (AMENDMENT)**

OTC Markets Group has published amendments to the OTCQB Standards related to the disclosure of convertible debt, notification procedures for companies undergoing a change in control, updated criteria for determining independence of directors, and additional transfer agent requirements for Canadian Companies.

### ***Amendments***

As of January 23, 2020, OTC Markets Group has made the following amendments to the [OTCQB Standards](#) which will become effective February 22, 2020.

1. Companies will be required to provide Disclosure of Convertible Debt Arrangements. A Company will promptly disclose issuance of any promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities. Such disclosure should include copies of the securities purchase agreement(s) or similar agreement(s) setting forth the terms of such arrangement, any related promissory notes or similar evidence of indebtedness, and any irrevocable transfer agent instructions. Companies should make such disclosure either through the SEC's EDGAR system or the OTC Disclosure & News Service, as applicable.
2. When completing the OTCQB Certification, Companies will be required to list and describe any outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.
3. The Company shall notify OTC Markets Group upon the completion of any transactions resulting in a Change in Control. Subsequent to each Change in Control, the Company must submit to OTC Markets Group a Change in Control notification as well as a new OTCQB Application, Application Materials, and Application Fee within 20 calendar days. A Company that fails to submit the required documentation and fees subsequent to a Change in Control may be suspended or removed from OTCQB in OTC Markets Group's sole and absolute discretion.
4. We have amended the definition of "Independent Director" to read as follows: A Person other than an executive officer or employee of the Company or any other Person having a relationship which, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following Persons shall not be considered independent: (A) a director who is, or at any time during the past three years was, employed by the Company; (B) a director who accepted or has a Family Member who accepted any compensation from the Company in excess of \$120,000 during any fiscal year within the three years preceding the Page 2 of 2 determination of independence, other than compensation for board or board committee service; compensation paid to a Family Member who is an employee (other than an executive officer) of the Company; or benefits under a tax-qualified retirement plan, or non-discretionary compensation; or (C) A director who is the Family Member of a Person who is, or at any time during the past three years was, employed by the Company as an executive officer.

5. Canadian Companies must retain a transfer agent that participates in the Transfer Agent Verified Shares Program as of April 1, 2020.

**Effective Date of Amendment:**

The new OTCQB Standards are scheduled to become effective for all OTCQB companies on February 22, 2020.