

OTCQB STANDARDS RELEASE NO. 3 (PROPOSED AMENDMENTS)

OTC Markets Group has published proposed amendments to the OTCQB Standards. We are proposing the addition of new eligibility criteria for companies that are not required to be SEC reporting, fine-tuning a number of continued eligibility requirements, and reorganizing several sections to improve clarity. Companies that follow the Alternative Reporting Standard may now qualify for OTCQB. These companies will be required to make public disclosure available through the OTC Disclosure & News Service pursuant to the *OTCQX and OTCQB Disclosure Guidelines*, the same disclosure guidelines used by OTCQX companies. These Alternative Reporting Companies will have certain corporate governance requirements as well.

Additional changes include the timing of removal for delinquent filers, revised due dates for International Reporting filings, annual certification of good standing in the state or jurisdiction of incorporation, and procedures under which a company is removed from OTCQB for bid price deficiency.

Highlights of Proposed Changes

1. Addition of the Alternative Reporting Standard Eligibility Criteria including;
 - a. Corporate Governance - Alternative Reporting Companies are required to meet standards of corporate governance including having;
 - A board of directors that includes at least two Independent Directors; and
 - An Audit Committee, a majority of the members of which are Independent Directors
 Note: A phase in period will be available for Companies in connection with their initial public trading.
2. Companies delinquent in their filings are granted a longer cure period of 45 calendar days from the current 30 calendar days.
3. All U.S. companies must have audits conducted by an auditor registered with the Public Company Accounting Oversight Board (PCAOB). Regulation A Reporting Companies are exempt from the PCAOB requirement at the time of application but will be required to have a PCAOB audit in subsequent years.
4. Bid Price Deficiency
 - a. The cure period for bid price deficiency will be reduced from 180 days to 90 days
 - b. If a Company's closing bid price falls below \$0.001 at any time for five consecutive trading days, the Company will automatically be removed from OTCQB.
5. Provided clarification that SEC registered Transfer Agents are only required for companies incorporated in the U.S. or Canada.
6. Provided clarification that the Annual Fee is due 30 days prior to the beginning of each new annual service period.
7. International Reporting Companies must now file annual and quarterly financial reports immediately after submission to their Primary Regulator.
8. Compliance with Blue Sky Laws. OTCQB has been designated as a "recognized securities manual" for the purposes of several U.S. jurisdictions' securities laws. Such recognition permits certain secondary market transactions of OTCQB securities where eligible. The initial and ongoing disclosure required by these OTCQB Standards includes the company information required to be published in a securities manual under the Uniform Securities Act.
9. Additional Interim Event Disclosure Requirements
 - a. Timely Disclosure of Material News Releases/Developments;

- b. An OTCQB Company should also act promptly to dispel unfounded rumors which result in unusual market activity or price variations; and
 - c. Information required to be released quickly to the public should be disclosed in a press release or through the OTC Disclosure & News Service or through an Integrated Newswire.
10. OTCQB Certification - added requirement to remain registered and in good standing with state of incorporation.

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 by May 17, 2017.

Effective Date of Proposed Changes:

The proposed rules are scheduled to become effective May 18, 2017.