

April 2, 2019

OTCQX RULES RELEASE NO. 16 (PROPOSED AMENDMENT)

OTC Markets Group has published for comment proposed amendments to the OTCQX Rules for U.S. Companies, OTCQX Rules for International Companies, and OTCQX Rules for U.S. Banks. These proposed Rules are scheduled to become effective May 2, 2019.

Proposed Amendments

Proposed amendments include the addition of a 10% freely traded Public Float test applicable to U.S. Companies and Banks; an available Sponsor exemption for International Companies moving from the OTCQB market to OTCQX, as well as the requirement for International Companies that file Form 20Fs or Form 40Fs to make semi-annual reports available.

You may select a specific rule set to view the proposed Rule changes in redline format:

- [OTCQX Rules for U.S. Companies](#)
- [OTCQX Rules for International Companies](#)
- [OTCQX Rules for U.S. Banks](#)

Summary of Amendments:

OTCQX Rules for U.S. Companies:

- Have a freely traded Public Float of at least 10%. Companies on OTCQX as of May 2, 2019 will not be subject to the ongoing public float requirements until May 2, 2021. All other companies are subject to these requirements effective May 2, 2019.
- Special Purpose Acquisition Companies (“SPACs”) must have \$20 million in Public Float, replacing the former requirement of \$25 million in net tangible assets.
- In the event that the Company’s closing bid price falls below \$0.01 at any time for five consecutive trading days, the Company shall be removed from OTCQX effective immediately.
- The definition of a “U.S. Company” now includes certain companies incorporated outside of the U.S. where the majority of the company’s shareholders, officers, operations, assets and trading activity are in the U.S.

OTCQX Rules for International Companies:

- A Company with a class of securities quoted on the OTCQB market may request an exemption from the requirement to select an OTCQX Sponsor when upgrading to OTCQX.
- SEC Reporting Companies that are required to file Forms 20-F or 40-F, are required to disclose an interim balance sheet and an income statement as of the end of its second quarter, within six months from its second quarter end, using SEC Form 6-K.
- In the event that the Company’s closing bid price falls below \$0.01 at any time on each of five consecutive trading days, the Company shall be removed from OTCQX effective immediately.

OTCQX Rules for U.S. Banks:

- Have a freely traded Public Float of at least 10%. Companies on OTCQX as of May 2, 2019 will not be subject to the ongoing public float requirements until May 2, 2021. All other companies are subject to these requirements effective May 2, 2019.
- In the event that the Company's closing bid price falls below \$0.01 at any time on each of five consecutive trading days, the Company shall be removed from OTCQX effective immediately.

Comment Period of 30 days:

OTC Markets Group welcomes your feedback about the proposed changes. Send comments and questions to Mike Vasilios, SVP of Issuer Compliance at mike@otcmarkets.com by May 2, 2019.

Effective Date of Proposed Amendments:

The proposed rules are scheduled to become effective for all OTCQX U.S. companies, OTCQX International Companies, and OTCQX Banks on May 2, 2019.