

**OTCQX RULES RELEASE NO. 21 (PROPOSED AMENDMENT)**

OTC Markets Group has published for comment proposed amendments to the OTCQX Rules. Notably, we have eliminated the requirement for an issuer to engage an OTCQX Sponsor. This change reduces the cost and complexity of trading on OTCQX. Eliminating the OTCQX Sponsor requirement reflects the maturation of the OTCQX market, as compliance standards have evolved and as OTC Markets Group has enhanced our due diligence and taken on increased regulatory responsibility.

The OTCQX Rules have been streamlined and restructured and the OTCQX Rules for U.S. Banks have been incorporated into the OTCQX Rules for U.S. Companies. OTCQX Rules for International Companies remains its own standalone rule set. All notable changes are listed below. These Proposed Amendments are scheduled to become effective October 23, 2024.

**Proposed Amendments****OTCQX Rules for U.S. Companies:**

1. Companies applying for OTCQX will no longer be required to engage an approved Sponsor to provide a Letter of Introduction. U.S. Banks will still be required to select a Corporate Broker, however they will not need to provide a Letter of Introduction.
2. Companies will no longer be designated as OTCQX U.S. or OTCQX U.S. Premier. All Companies will be designated as OTCQX.
3. Companies applying for admission to OTCQX immediately subsequent to delisting from a U.S. exchange must meet the initial eligibility criteria for bid price and market capitalization rather than the ongoing eligibility criteria.
4. Cure periods for certain deficiencies have been amended, including:
  - Periodic Financial Report Delinquency: 45 days from 30 days
  - Penny Stock Exemption Deficiency: 90 days from 30 days
  - Minimum Bid price, Market Capitalization and Number of Market Makers Deficiencies: 90 days from 180 days.
5. The exemption provision applying to certain companies with a public float between 5 and 10% has been removed.
6. The notice period to voluntarily withdraw from OTCQX has been extended from 24 hours to three (3) business days.
7. A security that has no priced quotations for four (4) consecutive trading days will be removed from OTCQX effective immediately, in accordance with Exchange Act Rule 15c2-11.
8. SPAC rules have been amended to specify that a SPAC must enter into an agreement with a target company to engage in a de-SPAC transaction and complete such transaction within 18 months of initial quotation in the over-the-counter market.
9. Companies must comply with Exchange Act Rule 10b-17, which requires timely notice to FINRA of certain corporate actions.
10. The amended Rules establish a streamlined process to requalify companies that meet initial eligibility criteria within six months of being removed.

## **OTCQX Rules for International Companies:**

1. Companies applying for OTCQX will no longer be required to engage an approved Sponsor to provide a Letter of Introduction.
2. Companies will no longer be designated as OTCQX International or OTCQX International Premier. All Companies will be designated as OTCQX.
3. Companies applying for admission to OTCQX immediately subsequent to delisting from a U.S. exchange must meet the initial eligibility criteria for bid price and market capitalization rather than the ongoing eligibility criteria.
4. Cure periods for certain deficiencies have been amended, including:
  - Periodic Financial Report Delinquency: 45 days from 30 days.
  - Penny Stock Exemption Deficiency: 90 days from 30 days.
  - Minimum Bid price, Market Capitalization and Number of Market Maker Deficiencies: 90 days from 180 days.
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8. Companies must comply with Exchange Act Rule 10b-17, which requires timely notice to FINRA of certain corporate actions.
9. The amended Rules establish a streamlined process to requalify companies that meet initial eligibility criteria within six months of being removed.

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

OTC Markets Group welcomes your feedback about the proposed changes. Note that because the rules documents were reorganized, we are not able to provide a redline version of the changes. Please send comments and questions to Mike Vasilios, SVP of Issuer Compliance at [mike@otcmarkets.com](mailto:mike@otcmarkets.com) by October 22, 2024.

## **Effective Date of Proposed Amendments:**

The proposed rules are scheduled to become effective on October 23, 2024.