

2020

OTC Markets

ANNUAL MARKET REVIEW



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MESSAGE FROM OUR EVP OF CORPORATE SERVICES



While 2020 began with promise for growth, unprecedented challenges required us to shift the way we connect with our colleagues, community of broker-dealers, advisors, and issuers across the U.S. and around the globe. We adapted new methods of communication to conduct business remotely with an operational infrastructure to engage more effectively and help clients achieve their long-term strategic goals.

From our expansion into Europe, to themes echoed during the World Economic Forum in Davos, we gained a broader international perspective to embrace rapid shifts in priorities and transition the way we do business into the next decade. Amidst travel restrictions and a global business environment that continues to adopt virtual workflows, we continued to harness the power of our technology.

2020 changed the way companies connect, but markets remained resilient. Emerging sectors such as resources and mining, digital currencies and biotech saw tremendous demand—leveraging our OTCQX and OTCQB markets to provide the transparency, disclosure and visibility to capitalize on trends. Our continued work with International IR societies and on initiatives with the ASX, TMX, Nasdaq North, Euronext, Deutsche Börse and the Canadian Securities Exchange underscore our collaboration with foreign exchanges and ongoing commitment to provide a more efficient path for global companies to access the U.S. capital markets.

Increased demand for our podcasts, video series, remote Market Opens and Virtual Investor Conferences demonstrated the strength of our visibility platforms. Real-time, client-focused solutions helped companies navigate a virtual climate, manage investor outreach and seamlessly connect with stakeholders across the globe. With a

record number of 27 events and over 20,000 attendees in 2020, the breadth of our Virtual Investor Conferences reached companies in 15 countries.

Regulatory recognitions for our markets included expanded Blue Sky Recognition, the introduction of our new Blue Sky Data product, continued progress on ESOP Fairness Act legislation and marginability for OTC issuers. Most importantly, recently approved changes to Rule 15c2-11 by the SEC formally recognize our disclosure standards and will revolutionize our markets, elevate investor experience and allow us to enhance the onboarding process for thousands of companies.

Last year, corporate services provided an unparalleled level of support to the more than 346 securities that joined our premium OTCQX and OTCQB markets. Advancing the narrative, OTC Markets Group is positioned for transformational change in the year ahead -- at the forefront of delivering contemporary solutions tailored to meet the needs of our clients.

We wish you continued success in the coming year and are grateful for your continued support as we fulfill our commitment to provide the highest level of service for your company and its investors.



Jason Paltrowitz
EVP, Corporate Services

OUR MISSION



*To create better
informed and
more efficient
financial markets*

WE OPERATE WORLD-LEADING
SECURITIES MARKETS BY:

- Sharing information widely through open networks that foster greater transparency
- Connecting broker-dealers, organizing markets and informing investors
- Delivering elegant, reliable and cost-effective subscription-based solutions

11,758

U.S. & International Securities

346

OTCQX and OTCQB Securities Added

\$445B

Annual Dollar Volume increased 35% from previous year



“The SEC’s decision to modernize Rule 15c2-11 underscores the data-driven, practical solutions OTC Markets Group has developed to transform our markets, elevate the level of disclosure companies provide and ensure the public market continues to operate efficiently for all stakeholders.”

*R. Cromwell Coulson
President and CEO, OTC Markets Group*

MODERNIZING RULE 15c2-11

In September 2020, the SEC issued a final rule adopting amendments to Exchange Act Rule 15c2-11, which governs the public quoting of securities traded on the OTCQX, OTCQB and Pink markets.

The modernized Rule 15c2-11 will require that companies provide current information in order to be publicly quoted by a broker-dealer on our markets. The amended rule also allows brokers to rely on our information review and current information designations to determine whether a company meets the public information standards under the rule and can be quoted. The new Rule 15c2-11 allows us to play a greater role as a market operator and gatekeeper by:

1. Streamlining the path for companies to begin trading on our markets;
2. Recognizing us as the record keeper for issuer disclosure; and
3. Enabling broker dealers to rely on our review of company information.

The amended rule recognizes OTC Markets Group’s disclosure standards, including the

disclosure provided by OTCQX and OTCQB companies, allowing broker-dealers to continue to publicly quote the securities on these markets, subject to certain additional requirements such as restrictions applicable to shell companies. We do not anticipate material changes to the OTCQX and OTCQB market standards.

For companies not on the OTCQX and OTCQB markets, the rule generally prohibits public broker-dealer quoting in “dark” companies that do not provide current public information. These securities may be eligible for quoting on an “Expert Market” where quote information is not made available to retail investors.

The compliance date for the new rule is September 26, 2021. As we move closer to implementation, we continue to work collaboratively with the SEC to ensure an efficient and smooth transition that prioritizes market efficiency and capital formation while enhancing investor protection.



“In 2020, we continued to work closely with lawmakers and regulators to achieve regulatory modernizations that increase transparency and improve market efficiency. These initiatives have led regulators to recognize the role of our OTCQX and OTCQB markets.”

*Dan Zinn
General Counsel, OTC Markets Group*

VIRTUAL COFFEE BREAK WITH THE SEC

In July 2020, OTC Markets Group hosted a panel discussion with the SEC’s Office of the Small Business Advocate as part of their [Virtual Coffee Break](#) series. Martha Miller, the SEC’s Small Business Advocate; Dan Zinn, OTC Markets Group’s General Counsel; and executives representing OTCQX-traded companies discussed issues impacting smaller public companies in today’s markets, including reporting and disclosure, going public and raising capital.

BLUE SKY PROGRESS

Compliance with each states’ “Blue Sky” laws is necessary for broker-dealers to recommend, solicit or discuss securities transactions on our markets with U.S. investors. OTC Markets Group continues to gain exemptions under state Blue Sky secondary trading laws: our OTCQX market is exempt in [37 states](#) and our OTCQB market is exempt in [34 states](#). We have worked closely with each of the states on a tailored approach to recognizing our markets via no-action letters, administrative orders, legislative actions and formal rule changes.

ESOP FAIRNESS ACT

On February 11, 2020, the ESOP Fairness Act (S.3270) (H.R.5851) was introduced by bi-partisan cosponsors in the House and Senate. We have long advocated for modernization of the rules regarding employee stock ownership plans (“ESOPs”), which give employees a greater opportunity to take an ownership stake in the companies they work for. The ESOP Fairness Act would put qualified companies that meet established financial and disclosure standards, such as those traded on the OTCQX market, on par with exchange listed companies by allowing them to fully access the benefits of public company ESOPs.

MARGIN ELIGIBILITY

OTC Markets Group continues to advocate for regulatory change that would designate certain qualified OTC securities as margin eligible, including those on the OTCQX market, which would allow shareholders to access additional value by borrowing against their holdings and would have a direct impact on the issuer’s ability to raise additional capital.

RETIREMENT OF THE OTC BULLETIN BOARD®

On September 24, 2020, FINRA proposed rule changes seeking to cease operating the OTCBB and enhance the regulatory obligations related to trading systems such as our OTC Link ATS. OTC Markets Group submitted comments in [October 2020](#) as well as in [January 2021](#), expressing our support for the retirement of the OTCBB and suggesting ways to improve Rule 6439 to reduce regulatory inefficiencies and enhance market integrity.

13F REPORTING REQUIREMENTS

In September 2020, OTC Markets Group submitted comments recommending that the SEC expand the scope of securities subject to 13F reporting to include all OTC-traded equities. Share ownership disclosure by institutional investment managers is an essential component of fair and efficient markets, as it allows public companies and their investors to understand who holds their securities.

VIDEOS & PODCASTS

In 2020, we collaborated with Proactive Investor, the digital financial news organization with operations in London, New York, Toronto, Sydney, Vancouver and Perth, to film OTCQX executive interviews and to expand the scope and reach of our OTCQX Video Series. More than 40 OTCQX companies participated in our Video Series during the year.

Season 4 of our OTCQB Podcast Series was our biggest to date, featuring 46 interviews with the entrepreneurs behind the companies that trade on our Venture Market.

Our new Advisor Insights podcast launched with the first four interviews. The series presents our conversations with members of our OTC Markets' Premium Provider Directory on the opportunities and challenges our issuer community often encounters.

Watch the latest [OTCQX Videos](#).

Listen to latest [OTCQB Podcast](#).

Listen to the new [Advisors Insights Podcast](#).

Access our series of [educational webinars](#).



VIRTUAL INVESTOR CONFERENCES

Virtual Investor Conferences is a leading online investor conference series, providing an interactive forum for publicly-traded companies to meet and present directly to investors. Present your company's story to a global investor audience and interact in real time with a live Q&A.

View our [2021 calendar](#) of over 25 events, featuring a diversification of industry segments and themes:

27

Investor Conferences

380

Presenting Companies

50K

Presentation Views

PREMIUM PROVIDER DIRECTORY

Our [Premium Provider Directory](#) offers access to providers tailored to meet the specific needs of the U.S. and international companies that trade on our OTCQX and OTCQB markets.

Our Premium Provider Directory categories continue to develop and now include:

- Accounting / Auditing Firm
- Audio / Visual
- Consulting
- Governance & Compliance
- Insurance
- Investment Bank
- Investor Relations
- Media & Communications
- News Dissemination
- Research Provider
- Securities Counsel
- Sustainability
- Transfer Agent

DATA DISTRIBUTION

BLUE SKY SECONDARY TRADING COMPLIANCE DATA

In 2020, we launched the Blue Sky Data Product, designed to provide the most efficient, comprehensive view of Blue Sky secondary trading compliance data for more than 16,000 OTC Equity Securities and 80,000 OTC Corporate Fixed Income Securities across 54 different rule sets. This product differentiates itself on both the depth of coverage and timeliness of accurate exemption data. By integrating these data feeds into their daily operations, broker-dealers can streamline compliance with state securities laws for secondary trading.

Leveraging Canari, our web-based compliance interface, users may conveniently drill down and view state-by-state individual Blue Sky compliance data. Additional dashboards provide a Blue Sky Compliance Map, Summary Level Data by Jurisdiction, Time Period Selection as well as download functionality.

This data reduces regulatory risks, lowers compliance costs and enables additional opportunity for advisors, brokers and research analysts to recommend and cover OTC securities.

TRANSFER AGENT VERIFIED SHARES PROGRAM

Canadian companies on the OTCQX and OTCQB Markets began providing verified share data to OTC Markets Group in 2020, through a transfer agent who participates in the Transfer Agent Verified Shares Program. OTCQX Rules and OTCQB Standards now

require that all U.S. and Canadian companies provide this data, enabling investors to access reliable information and companies to build credibility in the public market. Share data provided by transfer agents is displayed alongside a "Verified" logo indicating that the information is up-to-date and has been verified by the transfer agent. This information is also disseminated through OTC Markets Group's data products to interested parties that rely on our data for verified information on these securities.



Transfer Agent Verified

CRITICAL DATA POINTS & ADVANCED ANALYTICS

Canari, our web-based compliance interface, enables compliance and risk professionals to quickly view key data points across the OTC market and drill down into security specific elements through a web-based interface.



Our Compliance Products provides broker-dealers and investment managers with a comprehensive, quantitative tool for evaluating and automating risk processes. The Small Cap Compliance product provides a compliance specific data set for evaluating over 2,300 sub \$500 million market cap equities listed on a national stock exchange. Newly added to the file: risk scoring based

on 13 factors which provide a comprehensive view of the risk profile as well as data points that identify small cap listed securities that are categorized as a "Hot Sector" (Cannabis, Cryptocurrency/Blockchain, Covid-19).

Our suite of Compliance Data Products also includes the OTC Compliance Analytics Product, the Promotion Data File and the OTC Quote History File.

WIDER INFORMATION DISTRIBUTION

OTC Markets Group's website, otcmarkets.com, is a publicly available financial portal that provides company information, disclosure and real-time full depth of book to investors, broker-dealers and others researching securities on the OTCQX, OTCQB and Pink markets. Company quote pages also enable visitors to easily identify key compliance data points, including:

- Company Verified Profile
- Transfer Agent Verified Share Data
- Penny Stock Status
- Caveat Emptor Status
- Hot Sector Status
- Promotion
- Shell
- Shell Risk
- Two Independent Directors

U.S. BANKS RISK AND PERFORMANCE ANALYTICS

Qaravan offers intuitive online software and tools designed to give customers access to interactive versions of FDIC reports and regulatory data. Banks traded on the OTCQX market now have complimentary access to the Qaravan tools.

- Customized bank regulatory call reports
- Custom reports, queries and dashboards for bank executives, regulators and analysts
- More relevant, targeted peer groups
- CECL module provides banks with a turnkey approach in alignment with the latest FASB and regulator guidance

OTC Markets Group has continued to add to its publicly available repository of bank disclosure: Call Reports, Bank Holding Company Annual Reports ("Y-6") and Bank Holding Company corporate data ("Y-9") and historical charts as well as Corporate Structure data for the more than 550 U.S. community banks trading on the OTCQX, OTCQB, and Pink markets are available on otcmarkets.com.



GLOBAL JOURNEYS



“Hosting remote interviews with our issuers and advisors, digital conferences to share insights, and virtual market opens to celebrate companies around the world on their first day of trading on OTCQX – we continued our dialogue and stayed connected with our global community this year.”

*Jason Paltrowitz
EVP, OTC Markets Group*

Our travels took us from Vancouver to Davos and onto the Nordic countries at the start of 2020. In March, as we put our travel plans on hold, we quickly moved to embrace new platforms to reach our network of issuers, advisors and industry counterparts in Australia, Asia, Africa, Europe, Canada and across the U.S.





“The OTCQX market simplifies access to the U.S. capital markets for companies already reporting through their home country exchange. Eligible international companies that make their home country exchange filings publicly available to U.S. investors may utilize Rule 12g3-2(b) under the U.S. Securities Exchange Act to qualify for the OTCQX market, providing international issuers with a more cost-effective way to trade their securities in the U.S. through either American Depositary Shares or ordinary shares.”

*Andrew Reilly
Partner, Rimon*

THE OTCQX ADVANTAGE

BENEFITS FOR INTERNATIONAL COMPANIES

A study by Oxford Metrica showed an increase in market value, liquidity, and U.S. ownership for international companies that cross-trade on OTCQX.

26%

Liquidity increase in the home market

2x

U.S. ownership increase in the first year

128

Basis points value created

OTC Markets Group makes headlines in the industry

“While bank stocks have been volatile throughout the pandemic, we have seen recent activity on our market that suggests going public will remain a viable path to continued growth for private community banks once economic uncertainties stabilize. Moving into 2021, management teams are thinking about making strategic moves to capitalize on the expected increase in M&A activity.”

Laura Hamilton, Vice President Corporate Services
Why Going Public Is Still an Option
Independent Banker



“The electronic nature of today’s marketplace requires coordination between the business-facing aspects of an organization with technology, legal and compliance is essential.”

Chris Bok, CCO, OTC Link
Alternative Trading Platform OTC Link Hires New CCO
Law 360

“Unbeknownst to many, the direct listing isn’t a novel concept – this process has paved the road to the public markets for countless small cap companies for nearly a decade. Dozens of companies – from community banks, gold mines and robotics developers – have avoided the high cost and time pressures of the traditional IPO by entering the public markets more gradually, with OTC Markets’ direct-to-market listing, more colloquially known as the “Slow-PO.”

Jason Paltrowitz, EVP Corporate Services
Should Unicorns Take a Page from the Small Cap Playbook?
Traders Magazine

“Blue Sky data is a way to simplify and automate a complex, manual, and costly regulatory regime, reduce costs, and help issuers leverage broker and wealth management platforms to help tell their story.”

Matthew Fuchs, EVP Market Data
OTC Markets Unveils ‘Blue Sky’ Compliance Dataset for OTC Securities
Waters Technology

\$91.48B

Total Dollar Volume

461

Companies

\$1.6T

Market Capitalization

307

International
Companies

113

New Companies

10.9%

Total Return
of the OTCQX
International Index

25

Countries
Represented

7

Companies that went
public on OTCQX

48.9%

Total Return of the
OTCQX U.S. Index

59

U.S. Companies

94

Companies that upgraded
from Pink or
OTCQB to OTCQX

121

Companies that paid
a dividend

95

U.S. Banks

10

Companies that
moved from an exchange
to OTCQX

136

Companies traded
on OTCQX for
more than 5 years

RANK	SYMBOL	COMPANY
1	ACUIF	AcuityAds Hldgs Inc.
2	LOMLF	Nouveau Monde Graphite Inc.
3	GDLC	Grayscale Digital Large Cap Fund
4	HVBTF	HIVE Blockchain Technologies Ltd.
5	PBTHF	PointsBet Holdings Limited
6	CTSDF	Converge Technology Solutions Corporation
7	SKREF	Skeena Resources Limited
8	BRGGF	Bragg Gaming Group Inc.
9	NNXPF	Nanoplore Inc.
10	VQSLF	VIQ Solutions Inc.
11	HUTMF	Hut 8 Mining Corp.
12	AMXEF	Amex Exploration Inc.
13	CXBMF	Calibre Mining Corp.
14	CCHWF	Columbia Care Inc.
15	ISENF	IsoEnergy Ltd.
16	LMGDF	Lumina Gold Corp.
17	RIOFF	RIO2 Limited
18	NTTHF	Neo Lithium Corp.
19	STLHF	Standard Lithium Ltd.
20	PBNC	PB Financial Corporation
21	MACE	Mace Security International, Inc.
22	PLNHF	Planet 13 Holdings Inc.
23	TRSSF	TerrAscend Corp.
24	GLATF	Global Atomic Corp.
25	HEOFF	H2O Innovation Inc.

RANK	SYMBOL	COMPANY
26	DSVMF	Discovery Metals Corp.
27	KNTNF	K92 Mining Inc
28	XEBEF	Xebec Adsorption Inc.
29	GBTC	Grayscale Bitcoin Trust (BTC)
30	WPTIF	Midas Gold Corp.
31	GLGDF	GoGold Resources, Inc.
32	ANXGF	Anaconda Mining Inc.
33	AOTVF	Ascot Resources Ltd.
34	ALMTF	Almonty Industries Inc.
35	PFBX	Peoples Financial Corp.
36	STWRY	Software AG
37	FTSSF	First Cobalt Corp.
38	TGCDF	Teranga Gold Corporation
39	CRECF	Critical Elements Lithium Corporation
40	SILEF	Silver Elephant Mng Corp.
41	NXGWF	Next Green Wave
42	POETF	POET Technologies Inc.
43	SGSVF	Sabina Gold & Silver Corp
44	CHPGF	Chesapeake Gold Corp.
45	ADVZF	Adventus Mng Corp.
46	QTRHF	Quarterhill Inc.
47	DYLLF	Deep Yellow Ltd.
48	GTBIF	Green Thumb Industries Inc.
49	TAKOF	Drone Delivery CDA Corp.
50	WLMS	Williams Industrial Services Group Inc.

\$26.91B

Total Dollar Volume

903

Companies

\$56.0B

Market Capitalization

519

International
Companies

24

Countries
Represented

363

U.S. Companies

21

U.S. Banks

234

New Companies

6

Companies that went
public on OTCQB

188

Companies that
upgraded from
Pink to OTCQB

8

Companies that moved
from an exchange
to OTCQB

OUR OFFICES



OTC Markets Group operates offices in three locations: New York, Washington DC and London.

Our headquarters in the heart of New York's Financial District also hosts our OTC Market Center where we welcome our issuers, broker-dealer network and community of industry counterparts.

The OTC Market Center serves as an elegant venue for companies to meet with their investors or for associations and industry groups to host meetings and conferences.



OTC MARKET CENTER



NEW YORK



WASHINGTON DC



LONDON



CORPORATE SERVICES TEAM



Jason Paltrowitz
EVP, Corporate Services



Chris King
SVP, International



Joseph Oltmanns
SVP, U.S.



Bob Power
SVP, Client Relations



John Viglotti
SVP, Investor Access



Andy Kzyk
SVP, Advisor Relations



Joe Coveney
VP, International



Laura Hamilton
VP, U.S. Banks



Cecilia Schoenbaum
VP, Client Relations



Matt Liteplo
Associate, Investor Access



Jonathan Dickson
VP, International



Rachel Nussbaum
VP, U.S.



Cody Maldonado
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Violet Pagan
VP, International

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