

OTC MARKETS IPO/DIRECT LISTING PROCESS FOR U.S. COMPANIES

AMENDMENTS TO SEC RULE 15C2-11

Amendments to SEC Rule 15c2-11, which became effective September 28, 2021, now enable OTC Markets to play a greater role in onboarding companies directly on its OTCQX and OTCQB markets. Through SEC recognition of our information review and disclosure standards, the new rule streamlines the pathway for companies to raise capital and provide liquidity for their shareholders.

FOLLOWING THE RULE CHANGE:

- OTCQX and OTCQB applicants that do not have a public market may become publicly traded and assigned a trading symbol by undergoing an "Initial Review" by OTC Markets Group.
- Broker-dealers may rely on our OTCQX and OTCQB qualifications in lieu of submitting a Form 211 with FINRA.

WHY IPO/DIRECT LIST ON OTCQX/OTCQB

- **Flexible Reporting Standards:** Companies can leverage OTC Markets' Alternative Reporting Standard or Regulation A to complete their Reg D or registered offering and trade on OTCQX or OTCQB. NASDAQ and NYSE require full SEC registration pursuant to Section 12(b) of the '34 Act, which can be costly and burdensome.
- **Liquidity:** OTC Markets offers a diverse network of 90+ broker-dealers that transacted \$713BN in annual dollar volume for 2021. Some of largest subscribers include Virtu, Citadel, Jane Street, and StoneX Financial.
- **Blue Sky Recognition:** OTCQX and OTCQB are recognized by the SEC as Established Public Markets, providing a manual exemption in the majority of U.S. states for secondary trading.

OTC MARKETS IPO/DIRECT LISTING PROCESS

THE IPO PROCESS FOR REG A/SEC REPORTING COMPANIES

Draft Registration Statement

IPO PREP

OTCQX/OTCQB &
INITIAL REVIEW
APPLICATION PROCESS

IPO PRICING
& TRADING

- Complete PCAOB Audit
- Engage underwriter/broker-dealer, attorney, etc.
- Secure Verified Transfer Agent
- Begin DTC Eligibility Process

Determine Eligibility

[OTCQX](#) [OTCQB](#)

Submit OTC Application

- Shareholder List
- Background Check Authorization
- Personal Information Forms

OTC Compliance Review*

- Press Release: 2 weeks prior to pricing
- Reserve Ticker Symbol
- Registration Statement declared effective
- Underwriter/Broker-dealer Prices Security

FIRST DAY OF TRADING

THE DIRECT LISTING PROCESS

Draft Initial Disclosure Statement
(OTC Markets Alternative Reporting Standard)

DIRECT
LISTING
PREP

OTCQX/OTCQB &
INITIAL REVIEW
APPLICATION PROCESS

DIRECT LISTING
PRICING &
TRADING

- Complete PCAOB Audit
- Secure Verified Transfer Agent
- Begin DTC Eligibility Process

Determine Eligibility

[OTCQX](#) [OTCQB](#)

Submit OTC Application

- Shareholder List
- Background Check Authorization
- Personal Information Forms

OTC Compliance Review*

- Press Release: 2 weeks prior to launch
- Reserve Ticker Symbol
- Market maker enters quote in OTC Link

FIRST DAY OF TRADING

**Please note that OTC Markets will not perform an initial review for all companies.*

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