

# OTC MARKETS GROUP INC.

A Delaware Corporation

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Federal EIN: 13-3941069

NAICS: 523210

SIC Code: 6289

## 2021 Annual Report

For the period ended December 31, 2021

### **ISSUER'S EQUITY SECURITIES**

#### **COMMON STOCK**

Class A Common Stock

\$0.01 Par Value Per Share

17,000,000 Shares Authorized

11,850,760 Shares Outstanding as of February 28, 2022

**OTCQX: OTCM**

**OTC Markets Group Inc. is responsible for the content of this Annual Report. The securities described in this document are not registered with, and the information contained in this report has not been filed with, or approved by, the U.S. Securities and Exchange Commission.**

Dear Shareholders,

As we look back on the events of the past year, we do so with a keen understanding of what it means to be united with a common purpose and adapt in the face of unprecedented times. Against a backdrop of global uncertainty and macroeconomic challenges, our team produced strong growth across all business lines. The team's focus and dedication demonstrated an unwavering commitment to deliver tangible results, while providing the highest level of service for broker-dealers, public companies, and our greater community of stakeholders.



This year marked a milestone achievement for OTC Markets, earning recognition as a regulated market operator and Qualified Interdealer Quotation System under modernized Securities Exchange Act Rule 15c2-11. This transformational moment marks a pivotal step on our continuing journey to drive transparency and create better-informed, more efficient markets. Our guidepost has been a focus on the data-driven disclosure standards that form the foundation of our OTCQX, OTCQB and Pink markets today. As a regulated market operator, OTC Markets has assumed a vital role in determining whether a security can be publicly quoted – becoming a trusted information source broker-dealers can rely on for monitoring ongoing issuer disclosure and compliance.

The convergence of renewed investor sentiment, continued market volatility and record trading volumes over the last year demonstrated the strength and reliability of our trading platforms. Amidst extraordinary market activity, our systems provided the critical market infrastructure that broker-dealers rely on to facilitate trading.

Building on a decade of enhanced regulation that began with the launch of OTC Link ATS, we continue to champion common-sense legislative amendments to inform investors, improve market structure, expand access to capital, and reflect the technological evolution of OTC Markets. We are committed to fostering the market efficiency that flows from data-driven markets, common sense corporate governance and a diverse community of competing broker-dealers.

Our Market Data Licensing business also experienced a record year. Uptick in user growth and the expansion of our Real-time Data and Compliance Data products highlighted the broader global and domestic interest in our markets and the services we provide.

During the past year, we also expanded our footprint with issuers throughout the UK, Western Europe, Australia, and the Nordics – providing the global gateway for international companies to access the US capital markets. From biotech, and life science leaders, to community banks, digital asset trusts, technology, manufacturing and resource companies, OTC Markets welcomed a record number of industry leaders and entrepreneurs to its OTCQX and OTCQB markets. And our suite of investor relations

offerings and our Virtual Investor Conferences platform provided companies with a meaningful way to globally connect and digitize their investor communications.

I encourage you to review the OTC Markets Group 2021 Annual Report, which provides a broader overview of our performance and a barometer for our operating strategy.

As we embark upon our next chapter, we are well-equipped to shape the future of the public markets. We will continue to focus on modernizing markets, delivering valuable service to clients and investing in long-term results for our shareholders. On behalf of myself and the entire team at OTC Markets, it is a privilege to partner with you.

We thank you for your support and look forward to the year ahead.

Sincerely,



R. Cromwell Coulson  
President, CEO and Director  
OTC Markets Group Inc.

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# OTC MARKETS GROUP INC.

A Delaware Corporation

## ANNUAL REPORT

### Cautionary Note Regarding Forward-Looking Statements

Information set forth in this 2021 Annual Report (the “Annual Report”) contains forward-looking statements, which involve a number of risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Forward-looking statements can be identified by use of the words “expect,” “project,” “may,” “might,” “potential,” and similar terms. OTC Markets Group Inc. and its subsidiaries (“OTC Markets Group,” “we” or the “Company”) cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Forward-looking statements involve a number of risks, uncertainties or other factors beyond OTC Markets Group’s control. These factors include, but are not limited to, our ability to implement our strategic initiatives, economic, political and market conditions and price fluctuations, government and industry regulation, U.S. and global competition, the impact of the COVID-19 pandemic, including changes to trading behavior broadly in the market, and other risk factors discussed under “*Risk Factors*” section in this Annual Report. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

### Part A. General Company Information

The name of the issuer is OTC Markets Group Inc.

There have been no changes in control of the Company since 1997. OTC Markets Group is currently conducting operations and it is not now, nor has it at any time been, a “shell company” as that term is defined in the OTCQX® U.S. Disclosure Guidelines or Rule 405 under the Securities Act of 1933, as amended (the “Securities Act”).

The Company is an active Delaware Corporation and has three wholly-owned subsidiaries: OTC Link® LLC, a Delaware limited liability company formed in 2010; OTC Markets Group International Ltd, incorporated with the Registrar of Companies for England and Wales and formed in 2018; and Qaravan® Inc., a Delaware limited liability company acquired in 2019. The Company does not have any other parents, subsidiaries or affiliated companies. Neither we nor any of our predecessors have been in bankruptcy, receivership, or any similar proceeding.

OTC Link LLC (“OTC Link”) is a broker-dealer member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) that operates three Securities and Exchange Commission (“SEC”) regulated Alternative Trading Systems (“ATSs”), OTC Link ATS, OTC Link ECN and OTC Link NQB. OTC Link NQB launched in the third quarter of 2021.

Our fiscal year ends on December 31.

The address of the issuer is:

**300 Vesey Street, 12<sup>th</sup> Floor  
New York, NY 10282**

The issuer's telephone: **(212) 896-4400**

The issuer's website: **OTC Markets Group's corporate website, [www.otcmarkets.com](http://www.otcmarkets.com), contains general information about us and our products and services. We also maintain [www.otciq.com](http://www.otciq.com), [www.otcdealer.com](http://www.otcdealer.com), [www.garavan.com](http://www.garavan.com), [www.virtualinvestorconferences.com](http://www.virtualinvestorconferences.com), [www.lifesciencesinvestorforum.com](http://www.lifesciencesinvestorforum.com) and [www.lifescienceinvestorforum.com](http://www.lifescienceinvestorforum.com). The information contained on such websites shall not be deemed incorporated by reference herein.**

Investor relations contact: **Antonia Georgieva, Chief Financial Officer  
300 Vesey Street, 12<sup>th</sup> Floor  
New York, NY 10282  
Telephone: (212) 220-2215  
[ir@otcmarkets.com](mailto:ir@otcmarkets.com)**

The name and address of the transfer agent is: **Continental Stock Transfer & Trust Company  
1 State Street, 30<sup>th</sup> Floor  
New York, NY 10004  
(212) 509-4000**

Continental Stock Transfer & Trust Company is registered under the Securities Exchange Act of 1934 (the "Exchange Act") and regulated by the SEC.

## **Part B. Share Structure**

### **The Exact Title and Class of Securities Outstanding**

As of December 31, 2021, OTC Markets Group had one class of securities outstanding, Class A Common Stock. None of OTC Markets Group's Class A Common Stock has been registered under the Securities Act or qualified under any state securities laws, and we have no current plans to register or qualify any of our securities. There were no preferred shares authorized or outstanding as of December 31, 2021.

The trading symbol for OTC Markets Group's Class A Common Stock assigned by FINRA is "OTCM".

The CUSIP number for our Class A Common Stock is 67106F108.

Our Class A Common Stock has traded on the OTCQX U.S. Premier<sup>®</sup> market since March 11, 2010. Our securities are not, and have never been, listed on a national securities exchange, and have been quoted solely on OTC Link ATS and its predecessor system since the commencement of their public trading.

### **Par or Stated Value and Description of the Security**

OTC Markets Group's Class A Common Stock has a par value of \$0.01 per share.

Each holder of shares of Class A Common Stock is entitled to one vote for each share of Class A Common Stock held on all matters submitted to a vote of stockholders of OTC Markets Group. The holders of Class A Common Stock vote together as a single class. Holders of Class A Common Stock are not entitled to any preemptive rights.

Holders of our Class A Common Stock, including unvested restricted stock, are entitled to receive such dividends and other distributions as may be authorized and declared by the Board of Directors from time to time (“Dividend Rights”). Upon the voluntary or involuntary liquidation, dissolution, or winding up of OTC Markets Group, holders of Class A Common Stock are entitled to a *pro rata* share of the net assets of OTC Markets Group available for distribution in proportion to the number of shares of Class A Common Stock held by each stockholder.

OTC Markets Group has not authorized any class of preferred stock.

In our Certificate of Incorporation, we elect the application of Section 203 of the Delaware General Corporation Law (“DGCL”). Section 203 of the DGCL prohibits persons deemed “interested stockholders” from engaging in a “business combination” with a Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was approved by the Board of Directors, or another prescribed exception applies. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation’s voting stock. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by our Board of Directors.

Our Certificate of Incorporation also provides that the Board of Directors may not authorize any “business combination” with a “related person” unless it (i) meets the “Fair Price” provision, which seeks to ensure that stockholders receive the highest possible price in the event of a business combination, as that provision is described in Article 10 of our Certificate of Incorporation or (ii) is approved by a majority of the outstanding shares of stock entitled to vote.

### **The Number of Shares or Total Amount of the Securities Outstanding for Each Class of Securities Authorized**

As of December 31, 2021, the Company is authorized to issue 17,000,000 shares of Class A Common Stock of \$0.01 par value. The Company increased its authorized shares from 14,000,000 to 17,000,000, effective December 9, 2021.

The following table shows the amount of the securities outstanding for our Class A Common Stock as of:

	December 31,	
	2021	2020
Number of shares authorized	17,000,000	14,000,000
Number of shares outstanding	11,801,761	11,709,857
Number of shares freely tradable (public float) <sup>(1)(2)</sup>	7,648,922	7,309,821
Total number of holders of record	191	198

As of December 31, 2021 and 2020, there are 1,390 and 1,413 non-objecting beneficial stockholders owning at least 100 shares of the Company’s Class A Common Stock, respectively.

Notes:

- (1) The number of shares freely tradable may include shares held by stockholders owning 10% or more of our Class A Common Stock. These stockholders may be considered “affiliates” within the meaning of Rule 144, and their shares may be “control shares” subject to the volume and manner of sale restrictions under Rule 144.
- (2) Our officers and directors hold approximately 4.1 million shares of our Class A Common Stock, which may be “control shares” subject to the volume and manner of sale restrictions under Rule 144. These shares are excluded from the number of shares freely tradable.

## Issuer Purchases of Equity Securities

On March 7, 2022, the Board of Directors refreshed the Company’s stock repurchase program, giving the Company authorization to repurchase up to 300,000 shares of the Company’s Class A Common Stock. The Company is authorized to purchase shares from time to time on the open market and through block trades, in accordance with the safe harbor provision of Rule 10b-18 under the Exchange Act.

The following table shows purchases made by the Company of our Class A Common Stock during the years ended December 31, 2021 and 2020:

Date	Number of Shares Purchased	Average Price Paid Per Share	Number of Shares Purchased as Part of Announced Repurchase Plan	Total Amount (in thousands)	Number of Shares Remaining To Be Purchased Under Announced Plan
<b>2020</b>					
Feb 2020	102,732	\$ 34.20	102,732	\$ 3,513	197,268
Mar 2020	206	32.98	206	7	197,062
Mar 2020 <sup>(1)</sup>	-	-	-	-	300,000
Total	<u>102,938</u>		<u>102,938</u>	<u>3,520</u>	
<b>2021</b>					
Feb 2021	44,691	\$ 34.00	44,691	\$ 1,520	255,309
Mar 2021	42	41.00	42	2	255,267
Mar 2021 <sup>(1)</sup>	-	-	-	-	300,000
Total	<u>44,733</u>		<u>44,733</u>	<u>\$ 1,522</u>	

- (1) In March 2021 and 2020, the Board of Directors refreshed the Company’s stock repurchase program, authorizing the Company to repurchase up to 300,000 shares of the Class A Common Stock.

## Summary of Stock Option Activity

The Company grants stock options to new, full-time employees as of the last date of their first month of employment, with the strike price set at the closing price on the day prior to the grant date. Stock options granted vest in equal installments, annually, over 5 years.



The following table contains a summary of all stock option activity during 2021 and 2020:

(in thousands, except W/A exercise price)	Stock options	Weighted- average exercise price
Outstanding, January 1, 2020	662	\$ 21.17
Granted	67	32.23
Exercised	(160)	11.97
Outstanding, January 1, 2021	569	\$ 25.06
Granted	157	41.76
Exercised	(136)	21.68
Forfeited	(60)	30.96
Outstanding, December 31, 2021	530	\$ 30.21

### Summary of Restricted Stock Award Activity

The Company grants to certain employees and directors shares of its Class A Common Stock subject to the terms of Restricted Stock Agreements (“RS Agreements”) between the Company and each recipient. Stock granted subject to RS Agreements is included in our calculation of shares outstanding, and holders of such stock have voting and Dividend Rights and are included in our calculation of holders of record.

The following table contains a summary of all activity relating to stock granted subject to RS Agreements during 2021 and 2020:

(in thousands, except W/A fair value)	Restricted stock	Weighted- average fair value
Outstanding, January 1, 2020	276	\$ 24.57
Granted	97	33.95
Vested	(94)	22.45
Outstanding, January 1, 2021	279	\$ 28.55
Granted	110	34.33
Vested	(97)	25.98
Forfeited	(17)	29.91
Outstanding, December 31, 2021	275	\$ 31.69

### Public Trading of Class A Common Stock

The following table sets forth for the periods indicated the high and low reported sales prices per share for our Class A Common Stock:

	High	Low
<b>2020</b>		
First Quarter	\$ 34.75	\$ 23.00
Second Quarter	32.80	26.50
Third Quarter	32.00	29.03
Fourth Quarter	36.00	29.50
<b>2021</b>		
First Quarter	\$ 41.75	\$ 33.99
Second Quarter	52.70	39.50
Third Quarter	51.95	42.40
Fourth Quarter	60.00	46.83

## Dividends

During 2021 and 2020, our Board of Directors authorized and approved the following cash dividends:

Declaration Date	Dividend Per Common Share	Record Date	Total Amount (in thousands)	Payment Date
<b>2020</b>				
March 04, 2020	\$ 0.15	March 17, 2020	\$ 1,748	March 28, 2020
May 05, 2020	0.15	June 11, 2020	1,749	June 25, 2020
August 12, 2020	0.15	September 11, 2020	1,750	September 25, 2020
November 09, 2020	0.65	November 25, 2020	7,607	December 09, 2020
November 09, 2020	0.15	December 09, 2020	1,756	December 23, 2020
Total	<u>\$ 1.25</u>		<u>\$ 14,610</u>	
<b>2021</b>				
March 12, 2021	\$ 0.15	March 23, 2021	\$ 1,765	March 31, 2021
May 03, 2021	0.15	June 11, 2021	1,766	June 24, 2021
August 02, 2021	0.18	September 08, 2021	2,120	September 22, 2021
November 05, 2021	1.50	November 24, 2021	17,686	December 09, 2021
November 05, 2021	0.18	December 09, 2021	2,122	December 23, 2021
Total	<u>\$ 2.16</u>		<u>\$ 25,459</u>	

The declaration of dividends by OTC Markets Group is subject to the discretion of our Board of Directors. Our Board of Directors will take into account such matters as general business conditions, our financial results, capital requirements, contractual, legal and regulatory restrictions on the payment of dividends and such other factors as our Board of Directors may deem relevant.

## Part C. Business Information

### Overview

Our mission is to create better informed and more efficient financial markets.

We operate three business lines:

- OTC Link LLC is a FINRA member broker-dealer that operates three SEC regulated ATSS.
- Market Data Licensing distributes market data and financial information.
- Corporate Services operates the OTCQX and OTCQB® markets and offers issuers disclosure and regulatory compliance products.

We provide critical infrastructure to the U.S. financial markets – connecting brokers, organizing markets and incentivizing disclosure. Our market data provides price transparency, assists regulated entities in meeting their compliance obligations and enables better informed investment decisions. Our platform empowers companies to be public and provides a global gateway to access U.S. investors. OTCQX and OTCQB offer companies a choice of premium markets to demonstrate their corporate governance and commitment to transparency.

## **Products and Services**

Each of our three business lines is described in detail below.

### ***OTC Link***

Our wholly owned subsidiary, OTC Link LLC, a FINRA member broker-dealer, operates OTC Link ATS, OTC Link ECN, and OTC Link NQB, each an SEC regulated ATS. OTC Link LLC provides regulated quotation, messaging, trade execution and reporting services to broker-dealers. By offering multiple market models, control of trades and choice of counterparties, OTC Link allows broker-dealer subscribers to efficiently provide best execution, attract order flow, and comply with FINRA and SEC regulations.

OTC Link ATS offers a fully attributable, network-based model for quoting and facilitating transactions in over-the-counter (“OTC”) equity securities and serves a diverse community of FINRA member broker-dealers that operate as market makers, agency brokers and ATSS, including Electronic Communication Networks (“ECNs”). OTC Link ATS consolidates broker-dealer quotations, delivers trade messages and allows subscribers to execute or negotiate trades with known counterparties.

OTC Link ECN functions as a centralized matching engine and router for certain OTC equity securities by providing subscribers with anonymous order matching functionality. OTC Link NQB operates as a fully attributable Interdealer Quotation System (“IDQS”) and a centralized matching engine, allowing distribution of depth-of-book market data. When orders do not match internally on OTC Link ECN or OTC Link NQB, they are routed to other market destinations. All transactions executed on OTC Link ECN and OTC Link NQB are cleared and settled pursuant to a clearing agreement with Apex Clearing Corporation.

As of December 31, 2021, 86 broker-dealers subscribe to our OTC Link ATS and 93 broker-dealers connect to our OTC Link ECN, as compared to 84 and 73 subscribers, respectively, as of December 31, 2020. Our OTC Link business comprised approximately 29% and 22% of our gross revenues in the years ended December 31, 2021 and 2020, respectively.

### ***Market Data Licensing***

Due to the role OTC Link plays in supporting the broker-dealer trading process, and our interaction with issuers, we generate a significant amount of market data and information. Our Market Data Licensing business provides our subscribers with access to extensive market data and financial information, which includes real-time, delayed and end-of-day quotation and trading data, as well as security master data, company data and compliance data.

We offer a suite of market data licenses, priced per enterprise or per user, through direct connectivity, extranet providers, third-party market data redistributors and Order Management Systems (“OMS”). Depending on the license type, subscribers may distribute our market data on an internal-only basis, redistribute to clients or redistribute to the public. We generate a majority of our Market Data Licensing revenues from sales through market data redistributors, and certain of our Market Data Licensing agreements include redistribution fees and rebates. As of December 31, 2021 and 2020, 67 and 61 market data redistributors, respectively, were disseminating our market data to subscribers.

We also charge for the display of advertisements on [www.otcmarkets.com](http://www.otcmarkets.com).

Our Market Data Licensing business comprised approximately 33% and 40% of our gross revenues in the years ended December 31, 2021 and 2020, respectively.

## **Corporate Services**

Our Corporate Services business includes the OTCQX Best Market, the OTCQB Venture Market, the Pink® Open Market, and our suite of disclosure and information services.

The OTCQX Best Market provides efficient public trading without the complexity and cost of a national securities exchange listing. To join OTCQX, companies must meet minimum financial, disclosure and qualitative standards set out in our OTCQX Rules. Companies pay a one-time application fee and annual fees upon renewal.

The OTCQX market is divided into OTCQX U.S. and OTCQX International. OTCQX for Banks, an expansion of the OTCQX market for U.S. companies, is specifically aimed at meeting the needs of community and regional banks. The OTCQX International market is targeted towards (i) large global companies that meet the listing standards of a qualified non-U.S. stock exchange in their primary market and do not see value in meeting multiple regulatory, compliance, disclosure, and accounting standards associated with a U.S. exchange listing, and (ii) emerging growth companies that are listed on a qualified non-U.S. stock exchange and may be working towards a U.S. exchange listing, but are not yet ready to deploy the management resources necessary to handle the operational complexity and cost burdens.

As of December 31, 2021, 570 companies were traded on the OTCQX market, comprised of 170 U.S. companies and 400 international companies, as compared to 461 companies as of December 31, 2020, comprised of 160 U.S. companies and 301 international companies.

The OTCQB Venture Market provides public trading for entrepreneurial and development-stage companies and applies standards that promote price transparency and facilitate public disclosure. OTCQB is open to international and domestic companies that meet the applicable OTCQB Standards.

There were 1,150 companies traded on the OTCQB market as of December 31, 2021, of which nearly 750 were international companies, as compared to 902 companies as of December 31, 2020, of which more than 400 were international companies.

Companies that do not meet the standards of, or choose not to apply for, the OTCQX Best Market or the OTCQB Venture Market have their securities traded on the Pink Open Market. OTC Markets Group categorizes companies on the Pink market as “Pink Current Information” or “Pink Limited Information” based on the sufficiency and timeliness of the information provided to investors. Companies on the Pink market may subscribe to our OTC Disclosure & News Service® (“DNS”) or publish information to the SEC or certain other regulatory authorities.

We publish company and security-level compliance flags to help investors identify opportunity and quantify risk. For example, companies whose stock is the subject of a public interest concern are flagged “Caveat Emptor,” or buyer beware.

We also operate an Expert Market<sup>SM</sup> tier with restricted quote distribution. The Expert Market allows broker-dealers to publish unsolicited quotes and meet their best execution responsibilities while serving the needs of sophisticated investors.

Our Corporate Services business comprised approximately 38% of our gross revenues in each of the years ended December 31, 2021 and 2020.

## Key Metrics

The table below presents key metrics for our business lines for the years ended December 31, 2021, 2020 and 2019.

	December 31,		
	2021	2020	2019
<b>OTC Link</b>			
Number of active ATS subscribers <sup>(1)</sup>	86	84	87
Number of active ECN subscribers <sup>(1)</sup>	93	73	53
New Form 211 filings	644	496	319
<i>Number of securities quoted: <sup>(1)</sup></i>			
OTCQX	623	511	489
OTCQB	1,197	948	959
Pink	10,191	10,299	9,307
Total	12,011	11,758	10,755
<i>Dollar volume traded (in thousands):</i>			
OTCQX	\$ 230,761,808	\$ 91,481,231	\$ 57,971,220
OTCQB	35,851,511	26,908,613	24,774,483
Pink	447,233,098	326,623,622	246,429,161
Total	\$ 713,846,417	\$ 445,013,466	\$ 329,174,864
<i>Dollar volume per security (in thousands):</i>			
OTCQX	\$ 370,404	\$ 179,024	\$ 118,551
OTCQB	29,951	28,385	25,834
Pink	43,885	31,714	26,478
<b>Corporate Services</b>			
Graduates to a national securities exchange	155	66	57
<i>Number of corporate clients <sup>(1)</sup></i>			
OTCQX	570	461	442
OTCQB	1,150	902	907
Pink	1,563	742	736
Total	3,283	2,105	2,085
<b>Market Data Licensing</b>			
Market data professional users <sup>(1)</sup>	26,563	23,463	22,426
Market data non-professional users <sup>(1)</sup>	28,206	20,673	12,882
Market data compliance file users <sup>(1)</sup>	49	45	41

(1) Figures presented are at period end.

(2) Figures presented represent the number of companies subscribing to our services.

The SEC’s amendments to Exchange Act Rule 15c2-11 (“Rule 15c2-11”) went into effect on September 28, 2021 (the “Compliance Date”). As a result of the amendments, the number of securities on the Pink market tier changed as of the Compliance Date. Companies previously designated as “Pink No Information” were moved to the Expert Market, while companies that had not been previously quoted but met one or more of the Rule’s exemptions became eligible for public quotations on the Pink market. These shifts resulted in an overall reduction in the total number of securities on the Pink market. The table below presents comparative information regarding the number of securities quoted on the Pink market immediately before and after the Compliance Date. See *Recent Regulatory Developments Impacting our Business*, below, for additional information concerning the impact of Rule 15c2-11 on securities quoted on our markets.

	As of December 31, 2020	As of September 27, 2021	As of September 30, 2021	As of December 31, 2021
<i>Number of securities quoted:</i> <sup>(1)</sup>				
Pink	10,299	11,098	9,881	10,191

(1) Figures presented are at period end.

## **Recent Business Developments**

### **OTC Link NQB**

During the third quarter of 2021, we launched OTC Link NQB, our third ATS. OTC Link NQB operates as an IDQS and offers a fully attributable matching engine model, while also allowing our Market Data Licensing business to distribute depth-of-book market data. As an SEC-regulated ATS, OTC Link NQB is subject to Consolidated Audit Trail (“CAT”) and Regulation ATS requirements. OTC Link NQB’s launch was not material to our financial results in 2021. It is not yet possible to predict OTC Link NQB’s long term success or its impact on our future financial results.

### **Virtual Investor Conferences® Business**

We have continued to devote internal resources to growing our Virtual Investor Conferences (“VIC”) business. The VIC allows issuers to communicate and engage with stockholders and potential investors through an interactive, online platform in an entirely virtual environment. During 2021, we hosted 32 VICs, with a total of 626 companies participating, compared to 2020 when we hosted 27 VICs, with a total of 387 companies participating.

## **Recent Regulatory Developments Impacting our Business**

### **SEC Exchange Act Rule 15c2-11**

Rule 15c2-11 governs the publication of quotations in securities in an IDQS such as our OTC Link ATS. Beginning on the September 28, 2021 Compliance Date, Rule 15c2-11 requires that the issuer of a security have certain current information publicly available before the security can be the subject of public broker-dealer proprietary quotations (“Public Broker-Dealer Quotations”) on OTC Link ATS.

OTC Link ATS operates as a Qualified IDQS under Rule 15c2-11. In this capacity, OTC Link ATS determines whether a security is eligible for Public Broker-Dealer Quotations under Rule 15c2-11 and makes those determinations publicly available on our website and via our market data feeds. Broker-dealers can rely on our determinations in submitting Public Broker-Dealer Quotations in securities on our OTC Link ATS. OTC Link ATS’s status as a Qualified IDQS relieves broker-dealers of the obligation to independently review company information.

OTC Link ATS also makes determinations as to other requirements of Rule 15c2-11, including whether securities meet one or more exception under the rule, such as the exemptions for quotes representing unsolicited customer orders (“Unsolicited Quotations”) and for larger issuers that meet minimum assets, shareholders’ equity and average daily trading metrics.

Where OTC Link ATS is unable to confirm that a company has current information publicly available under Rule 15c2-11 (e.g., “No Information” securities), the issuer’s securities may be eligible for Unsolicited Quotations on the Expert Market. Broker-dealers may use the Expert Market to satisfy best execution requirements and publish Unsolicited Quotations from investors that are not affiliates of the subject company. Quotations in Expert Market securities are not made publicly available.

Companies meeting the OTCQX Rules or OTCQB Standards remain eligible for Public Broker-Dealer Quotations. Companies that do not meet the standards of, or choose not to apply for, the OTCQX Best Market or the OTCQB Venture Market have their securities traded on the Pink Open Market. OTC Markets Group categorizes companies on the Pink market as “Pink Current Information” or “Pink Limited Information” based on the sufficiency and timeliness of the information provided to investors. Pink companies can (i) be SEC reporting, (ii) meet our

International Reporting Standard by complying with Exchange Act Rule 12g3-2(b), or (iii) subscribe to our OTC Disclosure & News Service to make current information publicly available to their investors on our website and through our distribution channels in accordance with the Pink Basic Disclosure Guidelines and Rule 15c2-11.

Subsequent to the Compliance Date, OTC Markets Group, on behalf of OTC Link ATS in its capacity as a Qualified IDQS, began conducting initial reviews under paragraph (a)(2) of Rule 15c2-11 ("Initial Review") for companies seeking to join the OTCQX and OTCQB markets. The Initial Review process is incorporated into the OTCQX and OTCQB application process. Companies that seek to be quoted on the Pink market may work with a broker-dealer to file a Form 211 with FINRA to initiate Public Broker-Dealer Quotations.

We have devoted, and will continue to devote, significant technology, compliance, legal, personnel and other resources towards compliance with Rule 15c2-11.

Our Corporate Services financial results have been impacted as a result of the amendments to Rule 15c2-11, with a marked increase in the number of companies subscribing to our Corporate Services products during 2021, partially offset by an increase in headcount on our Issuer Services team.

### **FINRA Rule 6432**

On September 28, 2021, FINRA's amendments to FINRA Rule 6432 (Compliance with the Information Requirements of SEA Rule 15c2-11) ("Rule 6432") became effective. The amendments to Rule 6432 establish the requirements for Qualified IDQs (such as OTC Link ATS) with respect to Initial Reviews conducted pursuant to Rule 15c2-11. Under Rule 6432, OTC Link ATS is required to submit to FINRA (i) a modified Form 211 after the publication of the Initial Review determination, and (ii) a daily data file with specified information about securities quoted on OTC Link ATS.

OTC Link has commenced conducting Initial Reviews pursuant to Rule 6432. We do not expect the ongoing costs of compliance with Rule 6432 to have a material impact on our financial results.

### **Consolidated Audit Trail**

In 2016, the SEC approved a National Market System ("NMS") plan to create a comprehensive database of trading activity, known as the Consolidated Audit Trail or CAT, for regulatory market surveillance purposes. Under the CAT plan, self-regulatory organizations ("SROs") and FINRA member broker-dealers (such as OTC Link LLC) are required to report information to, and fund the operation of, the CAT. The initial phase of CAT reporting obligations applicable to OTC Link LLC and its broker-dealer subscribers began in June 2020.

Phase 2(c) of the CAT plan became effective in April 2021 and Phase 2(d) became effective in December 2021. Our CAT reporting requirements are likely to result in increased compliance and technology costs that may eventually be material in the aggregate, however, the implementation of the CAT plan was not material to our financial results in 2021.

### **FINRA Rule 6439 and Retirement of the OTC Bulletin Board® ("OTCBB") Service**

On June 3, 2021, the SEC issued an order approving FINRA's proposed rule to cease operation of the OTCBB and enhance the regulatory obligations related to member IDQs by introducing proposed Rule 6439 ("Rule 6439").

Rule 6439 became effective on October 1, 2021, and imposes additional requirements on member IDQs, such as OTC Link ATS and OTC Link NQB, that permit quotation updates on a real-time basis. The requirements under Rule 6439 include monthly reporting obligations for



order and quotation data, timely reporting of system disruptions and the implementation of certain compliance procedures.

FINRA ceased operation of the OTCBB, and the Bulletin Board Dissemination Service (BBDS) data feed, effective November 8, 2021.

Neither Rule 6439 nor the closing of the OTCBB had a material impact on our financial results during 2021.

### **Blue Sky Secondary Trading Exemptions for OTCQX and OTCQB**

As of March 1, 2022, our OTCQX and OTCQB markets are exempt from state Blue Sky laws regarding secondary trading in 37 states: Alaska, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho (OTCQX only), Indiana, Iowa, Kansas (OTCQX only), Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Utah, Vermont (OTCQX only), Virginia (OTCQX only), Washington, West Virginia, Wisconsin and Wyoming. State Blue Sky laws generally help investors make informed decisions by mandating that companies disclose accurate and current information when offering or marketing securities. We believe recognition of our markets by state regulators and the resulting Blue Sky exemptions make OTCQX and OTCQB more attractive to current and prospective companies. However, the impact of this initiative on our financial results is indirect, and therefore difficult to determine.

### **ESOP Fairness Act**

On May 11, 2021, the ESOP Fairness Act was introduced in the Senate. 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 employee stock ownership plans ("ESOPs"). We would expect this legislation, if passed by Congress in its current form and signed into law, to have a positive effect on our financial results.

### **FINRA Order Routing Disclosure Proposal**

On October 6, 2021, FINRA published Regulatory Notice 21-35 ("RN 21-35"), seeking comment on a proposal to require members to publish quarterly order routing disclosure reports for held orders in OTC equity securities. The proposal would impose reporting obligations on OTC Link subscribers similar to those required for NMS securities under Rule 606(a) of Regulation NMS, including disclosure of order routing venues and payment for order flow arrangements.

While the proposal, if enacted in its current form, may impact OTC Link subscribers, the impact on our financial results would be indirect, and therefore difficult to determine.

## **Other Business and Regulatory Information**

### **Technology**

Our IT infrastructure is the foundation of our internal and customer facing applications and focuses on their reliability, high-availability and scalability.

We roll out new business functionality while simultaneously focusing on improving the scalability and stability of our systems. Capital expenditures during the past several years have been concentrated on the enhancement of our primary and secondary data centers and increased network resiliency and security. We will continue to invest in building out our systems monitoring capabilities and support services in order to meet the functionality and reliability needs of our subscribers.

## **The Nature and Extent of the Issuer's Facilities**

OTC Markets Group's corporate headquarters is located on the 12<sup>th</sup> floor at 300 Vesey Street, New York, NY 10282, and is composed of approximately 33,000 square feet of leased office, conference, meeting, and reception space. The Company's sublease agreement was entered into effective October 19, 2018. The term of the sublease is through December 30, 2031. The annual rental expense under the lease is approximately \$1.8 million.

We maintain an office in Washington, D.C., consisting of approximately 4,000 square feet of general office space, located at NW 100 M Street, Washington, D.C. 20003. The lease was amended in April 2021 and expires on January 31, 2028. The annual rent expense under the lease is approximately \$210 thousand.

In connection with our London office, we rent a single WeWork office space located at 30 Stamford Street, London SE1 9PY on a month-to-month basis.

We also contract with SunGard Availability Services, in Carlstadt, NJ and Philadelphia, PA, for hosting and networking services in respect of our primary and secondary data centers, including production, back-up and disaster recovery sites, and internet and telecommunication services.

## **Legal Proceedings**

There are no current, past, pending, or threatened legal proceedings or administrative actions either by or against us that could have a material effect on our business, financial condition, or operations. We are not a party to any past or pending trading suspensions by a securities regulator.

## **Contracts**

Exhibits 3 and 4 to this Annual Report provide a list of contracts important to our business, divided into two categories: material contracts and customer contracts. Negotiated material contracts include R. Cromwell Coulson's employment agreement, Change in Control agreements with certain senior executive officers and real estate leases on commercial office space used in our business. We use standardized customer contracts in each of our three business lines.

## **Regulation**

Our wholly owned subsidiary, OTC Link LLC, is a FINRA member broker-dealer that operates three SEC regulated ATSS, OTC Link ATS, OTC Link ECN, and OTC Link NQB. OTC Link LLC and each of our ATSS are subject to regulation and periodic examinations by the SEC and FINRA.

OTC Link ATS operates as a Qualified IDQS as defined in Rule 15c2-11. OTC Link ECN operates as an Electronic Communication Network (ECN). OTC Link NQB, which launched during the third quarter of 2021, operates as a fully attributable IDQS. For more information regarding OTC Link NQB, see *Recent Business Developments*, above.

FINRA member broker-dealers publish quotes and transmit trade messages on OTC Link ATS. Unlike traditional exchanges and matching engines, OTC Link ATS is not an intermediary and is not a party to any trade reports with respect to any trade executions that may result from these trade messages. All subscribers to OTC Link ATS are FINRA member broker-dealers, subject to all applicable FINRA rules.

OTC Link ECN and OTC Link NQB act as the executing party on an agency basis in relation to all transactions executed on these platforms. Pursuant to applicable FINRA rules, OTC Link ECN and OTC Link NQB submit trade reports to FINRA's OTC Reporting Facility.

OTC Link ATS meets the definition of an SCI Entity under the SEC's Regulation Systems Compliance and Integrity ("Regulation SCI"). Regulation SCI is a set of rules designed to strengthen the technology infrastructure of the U.S. securities markets and applies to national securities exchanges and certain ATSS, market data information providers and clearing agencies, subjecting these entities to comprehensive compliance obligations. OTC Link ATS and OTC Link ECN are also each required to comply with the applicable regulatory obligations under Regulation ATS and have had CAT reporting responsibilities since June 2020. OTC Link NQB has similar CAT and Regulation ATS requirements.

OTC Markets Group, and our markets generally, are not national securities exchanges. Our markets provide an alternative to national securities exchange listing for companies that either choose not to be listed on a U.S. national securities exchange or do not meet the relevant listing requirements. Our non-exchange status enables us to offer certain financial information, technology and market services that are competitive with the services offered by national securities exchanges with less complexity and lower costs, but it also inhibits our ability to provide certain other benefits that exchanges may offer.

OTC Markets Group does not have regulatory enforcement authority over companies whose securities trade on our markets. However, it is our policy to share information about ourselves and our markets proactively with regulators and, under Rule 15c2-11, companies on our markets may be required to publish financial information and other disclosure in order for their securities to be publicly quoted by broker-dealers on our markets.

Rule 15c2-11 permits OTC Link ATS, as a Qualified IDQS, to perform the required information review to determine whether a security is eligible to be publicly quoted (see *Recent Regulatory Developments Impacting our Business*, above). Our broker-dealer subscribers rely on these determinations.

The products and services we offer through OTC Link LLC must comply with applicable FINRA and SEC rules. Securities must comply with Rule 15c2-11 to be eligible for quotations on our markets.

## **Competition**

### *OTC Link*

The market for trading services in the U.S. is intensely competitive. Changes in the regulatory landscape over the past several years have contributed to an increase in the number of trading platforms in the equities markets, including numerous national securities exchanges, regional markets, ATSS and ECNs. A continued increase in new entrants and products to the market or in price competition could result in a decline in our trading activity, thereby adversely affecting our operating results.

We compete with national securities exchanges such as Nasdaq and NYSE because a portion of the companies traded on OTC Link ATS may also qualify for a national securities exchange listing. Current law prevents national securities exchanges from listing or facilitating trading in non-SEC registered securities. OTC Link would face increased competition from national securities exchanges if those laws were to change. OTC Link may also face competition if national securities exchanges are permitted to operate specialized markets for venture companies or thinly traded securities.

OTC Link competes with Global OTC, an ATS and an IDQS operated by a subsidiary of NYSE Group Inc., which offers an automatic execution venue for certain OTC equity securities.

### *Market Data Licensing*

A decline in trading on our OTC Link ATS caused by competition or otherwise, as well as other economic conditions adversely affecting our OTC Link ATS or our subscribers may result in a reduction in demand for our market data products. If competition in the OTC trading market results in fragmentation of the existing market for quoting and trading OTC equity securities, the value of our market data products, and corresponding demand for those products, may be reduced. The market data business is highly dependent on rapidly changing technology and is characterized by intense price competition. Many of our competitors have greater financial and other resources than we do. These market data providers may offer more competitive pricing and deploy new products to our detriment. Competition for our market data products may arise from, among other things, market data generated by a competing ATS or FINRA providing quote data for securities on our markets through a regulatory data feed or other mechanism.

### *Corporate Services*

Our Corporate Services business competes with national securities exchanges such as Nasdaq and NYSE and with global exchanges such as the London Stock Exchange's AIM and Canada's TSX Venture Exchange. We face competition because certain companies that join our OTCQX or OTCQB markets may also qualify for a national securities exchange listing. Similar to OTC Link, our Corporate Services business benefits from current law that prevents a national securities exchange from listing the securities of non-SEC registered companies.

It is possible that the national securities exchanges or competing ATSs could alter their business models to attempt to compete with our Corporate Services business. New entrants may, among other things, respond more quickly to competitive pressures, develop and deploy products and services more efficiently or adapt more successfully to changes in technologies and customer requirements. If we are unable to compete successfully in terms of our product offerings or pricing, our business, financial condition and results of operations could be materially adversely affected.

### **Dependence on One or a Few Major Customers**

OTC Markets Group's three business lines provide diverse products and services. The varied nature of our revenue streams generally prevents us from having material reliance on a small number of major customers. However, our Market Data Licensing business utilizes third party data redistributors to bring our data to end users, and these end users are somewhat concentrated with certain major redistribution partners. Redistribution of our market data licenses through the three largest of our redistributors accounted for 11% of our gross revenues in 2021 and 15% in 2020.

A majority of our OTC Link and Market Data Licensing customers are financial institutions. We are subject to reliance on a decreasing number of these types of customers as financial institutions are acquired, merge, restructure and dissolve. If relationships with our largest redistribution partners or a substantial number of our financial institution customers, including our OTC Link broker-dealer subscribers, are terminated, not renewed, or renegotiated on terms less favorable to us, our business could be adversely affected.

### **Employees**

As of December 31, 2021 and 2020, OTC Markets Group had a total of 107 and 102 employees, respectively, all of whom are full-time employees. Employees support one of our three business lines, or our Information Technology, Marketing, or Finance/Corporate Administration support units.

We believe great people make a great company, and we pride ourselves on attracting and retaining top talent and developing a collection of creative minds who find inspiration in their work. We have designed our compensation and benefits programs to promote the retention and growth of our employees along with their health, well-being and financial security. Our employees are eligible for medical, dental and vision insurance, a 401(k) plan, and life and disability insurance. Our short- and long-term incentive programs are designed to reward high performers with competitive compensation benchmarked against our peers, and we review the competitiveness of our compensation and benefits periodically. As an equal opportunity employer, we give consideration to all qualified applicants without regard to race, national origin, gender, gender identity, sexual orientation, protected veteran status, disability, age or any other protected class.

Career development and training opportunities are available throughout the organization, including targeted courses and self-directed instruction from a number of available resources. Our open, transparent and connected core values are incorporated into each aspect of our company, and our culture emphasizes autonomy, responsibility, innovation and self-discipline. We encourage professionally passionate discussions of opposing viewpoints and creativity.

With respect to COVID-19, we have resumed in-office operations on a flexible schedule. We will continue to apply a conservative and measured approach that balances the health and safety of our colleagues, operational effectiveness and our ability to serve our subscribers.

#### **Trademarks, Licenses, Franchises, Concessions, Royalty Agreements, or Labor Contracts**

To protect our intellectual property rights, we rely on a combination of trademark and copyright laws, trade secret protections, confidentiality agreements, and other contractual arrangements with our clients, strategic partners, and others.

We own or have licensed rights to trade names, trademarks, domain names, and service marks that we use in conjunction with our operations and services. We have registered many of our most important trademarks. Our primary trademarks and trade names include “OTCQX,” “OTCQB,” “OTC Link,” and “Pink”. As of December 31, 2021, we had 29 registered trademarks and one pending trademark application. We maintain copyright protection in our branded materials.

## **Risk Factors**

*OTC Markets Group evaluates the key enterprise risks it faces on an ongoing basis. The list of key enterprise risks and uncertainties that follows is not exhaustive. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may adversely affect our business now or in the future.*

### ***Business and Operational Risks***

- Challenging global and national economic conditions may impact our business, financial condition and operating results.
- Our operating results may fluctuate, which makes our results difficult to predict and could cause our results to fall short of expectations.
- System limitations and failures, including failures elsewhere in the financial services industry, could harm our business.
- Cyber attacks or other security incidents could harm our business.
- We rely on third party vendors that may cease to provide services or products that we use to run our business.
- The economic impact of the COVID-19 pandemic could adversely affect our financial condition and results of operations.
- We are exposed to credit risk from third parties.
- We may need additional funds to maintain and grow our business, which may not be readily available.
- We are not subject to SEC reporting requirements, which may negatively impact our ability to raise capital.

### ***Industry and Competitive Risks***

- Our industry is highly competitive.
- Our failure to attract and retain key personnel may adversely affect our ability to conduct our business.
- The success of our business depends on our ability to keep up with the significant and rapid technological and other changes that affect our industry.
- The adoption of new technologies, including the automation of trading, may impact our business model.
- We may not be successful in executing on our strategies to support our growth through acquisitions, other investments or strategic alliances.
- We are subject to reliance on a decreasing number of major customers as financial institutions are acquired, merge, restructure, and dissolve.
- The OTCQX, OTCQB and Pink markets are not national securities exchanges and this may limit the pool of available investors for these securities.
- Many OTCQX and OTCQB companies operate in Canada, are concentrated in specific industries in Canada and may be subject to economic factors in Canada that may cause them to no longer meet the OTCQX Rules or the OTCQB Standards, or choose to withdraw from OTCQX or OTCQB.

### ***Legal and Regulatory Risks***

- Regulatory changes could have a material adverse effect on our business.
- The regulatory framework under which we operate, and new regulatory requirements or new interpretations of existing requirements, could require substantial time and resources for compliance, which could make it difficult and costly for us to operate our business.
- Our compliance and risk management methods, as well as our fulfillment of our regulatory obligations, might not be effective, which could lead to enforcement actions by our regulators.
- OTC Link subscribers are highly regulated and the regulatory framework under which they operate, and new regulatory requirements or new interpretations of existing requirements, could require substantial time and resources for compliance, which could make it difficult and costly for them to operate.
- Laws and regulations regarding the handling of personal data and information may affect our services or result in increased costs, legal claims or fines against us.
- Changes in tax regulations and policies could have a material adverse impact on our financial results.

### ***Intellectual Property and Brand Reputation Risks***

- If we are not able to maintain and further enhance OTC Markets Group's reputation and brand, our ability to expand our business will be impaired and our business and operating results will be harmed.
- Our intellectual property rights are valuable and any failure to protect our intellectual property rights, or allegations that we have infringed the intellectual property rights of others, could adversely affect our business, financial condition, and operating results.
- Any infringement by us on intellectual property rights of others could result in litigation and could have a material adverse effect on our operations.

### ***Investment Risks***

- If a more active, liquid trading market for our common stock does not develop, stockholders may be unable to sell their shares quickly or at all.
- The market price and trading volume of OTC Markets Group's common stock may be volatile, and stockholders could lose some or all of their investment.
- Decisions to declare future dividends on our common stock will be at the discretion of our Board of Directors based upon a review of relevant considerations. Accordingly, there can be no guarantee that we will pay future dividends to our stockholders.
- Charges to earnings resulting from acquisition, integration and restructuring costs may adversely affect the market value of our common stock.
- Our Chief Executive Officer holds approximately 28% of our issued and outstanding common stock.

- **Provisions of our certificate of incorporation and by-laws, certain agreements with management and provisions of Delaware law could delay or prevent a change in control of the Company and entrench current management.**

### ***Business and Operational Risks***

#### **Challenging global and national economic conditions may impact our business, financial condition and operating results.**

Our business performance is impacted by a number of factors, including general economic conditions, financial market activity and other factors that are generally out of our control. A weakening of global or national economic conditions would likely negatively impact the ability of our customers and other counterparties to meet their obligations to us. Poor economic conditions could result in, among other things, declines in trading activity, or a reduction in demand for our Market Data Licensing and Corporate Services products.

Reduced levels of trading activity in our markets, and in equity markets generally, may affect customer demand for our Corporate Services and Market Data Licensing products and may adversely impact transaction-based revenues. It is likely that a general decline in trading volumes would adversely affect our broker-dealer subscribers, which may adversely affect our business, financial condition and operating results. Changes in our broker-dealer subscribers' trading behavior, either in response to regulatory changes or in response to market conditions, could also adversely impact transaction-based revenues and transaction-based expenses. In addition, revenues from our OTC Link and Market Data Licensing businesses may decline due to continued business consolidation and further declines in headcount within the financial services industry.

#### **Our operating results may fluctuate, which makes our results difficult to predict and could cause our results to fall short of expectations.**

Our operating results may fluctuate as a result of a number of factors, many of which are outside of our control, including economic and political market conditions, natural disasters, pandemics, terrorism, war or other catastrophes, broad macro-economic trends, seasonal fluctuations, price performance and volatility in the stock market, the level and volatility of interest rates, global, national or local government sanctions, changes in government monetary or tax policy or other legislative and regulatory changes. Any of these factors, and others outside our control, including, for example, a prolonged conflict in Ukraine or other regions could result in a general decline in trading volumes in the equity markets, which could negatively impact our revenues. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and our past results should not be relied on as an indication of future performance.

#### **System limitations and failures, including failures elsewhere in the financial services industry, could harm our business.**

Our business depends on the continuing operation of our information technology and communications systems. If these systems cannot accommodate user demand or otherwise fail to perform, we could experience disruptions in service, slower response times, and delays in the introduction of new or updated products and services. Interruptions in service and delays could reduce revenues and profits, lead to regulatory action including fines, and result in damage to our business and reputation. We have experienced systems failures in the past, and systems failures may occur in the future. Failures could be caused by, among other things, failures at third-party vendors on which we rely, hardware or software malfunctions or defects, unusually heavy use of our systems, insufficient capacity or network bandwidth, power or telecommunications failures, natural disasters, human error, targeted attacks and computer



viruses. Any interruption in the third-party services on which we rely could be disruptive to our business and to our ability to continue to operate.

We currently maintain and expect to continue to maintain multiple computer facilities and systems that are designed to provide redundancy and backup. However, such systems and facilities may prove inadequate. The steps we have taken to increase the reliability and redundancy of our systems are expensive, reduce our operating margin and may not be successful in reducing the frequency or duration of unscheduled downtime.

We have programs in place to identify, monitor and minimize our exposure to vulnerabilities that could contribute to system failures, however we cannot guarantee that such failures will not occur in the future.

In recent years, technology-related failures have impacted several prominent securities industry participants. OTC Link relies on systems to meet its trade reporting and similar obligations, and a disruption in those systems may have an adverse effect on our OTC Link business. A disruption in OTC Link ECN's or OTC Link NQB's systems that results in incorrect transaction reporting to its subscribers or its third-party clearing firm, or omissions in such reporting or any disruption in routing functionality, may lead to OTC Link ECN or OTC Link NQB holding a position in an account at its clearing broker, and trading out of any such positions could result in our incurring trading losses. If OTC Link broker-dealer subscribers undergo significant systems failures, they may cease to operate or cease to use our services. Further, systemic failures, or failures in other areas of the U.S. or global trading markets, may erode investor confidence in the securities trading industry, which could adversely affect our business, financial condition and operating results.

#### **Cyber attacks or other security incidents could harm our business.**

The fast and secure transmission of information over public and other networks is a critical element of our operations and is the subject of significant regulatory scrutiny. Our computer systems, networks and those of our third-party service providers or open source technology may be vulnerable to security breaches, hacking, human error, denial-of-service attacks, sabotage, terrorism, computer viruses and other security problems. Some of these threats include attacks from foreign agents or insiders, and those threats may be exacerbated by global geopolitical and similar events. Bad actors could wrongfully access and use our information or our subscribers' or users' information, or cause interruptions or malfunctions in our operations. Although we have implemented security measures, our security and the security of our third-party providers may prove to be inadequate. Any system breach may go undetected for an extended period of time. Maintaining and enhancing these measures also represents additional cost, which reduces our operating margin. If our systems fail to perform or if there are security breaches, any such failures or breaches could, among other things, damage our reputation and/or cause a loss of business, trading, revenues, and lead to lawsuits and regulatory actions including fines, any of which could adversely affect our business, financial condition and operating results.

As cyber security threats continue to evolve and increase in sophistication and frequency, and as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, we may be required to devote significant additional resources to modify and enhance our security controls and to identify and remediate security vulnerabilities, which could adversely impact our business. We also expend time and resources reviewing, guarding against and monitoring for cybersecurity risks, threats and incidents involving our third-party vendors, which, if they were to occur, could adversely impact our business.

**We rely on third party vendors that may cease to provide services or products that we use to run our business.**

We rely on third party service providers to operate our business and have incorporated third party hardware, software and services into certain of our systems and offerings. Our operations and financial position could be negatively impacted in the event that these third party vendors fail to perform as expected or otherwise cease providing products or services on which we rely.

**The economic impact of the COVID-19 pandemic could adversely affect our financial condition and results of operations.**

The COVID-19 pandemic and governmental and other measures aimed at containing its spread have had a significant impact on global economic activity. If the pandemic and/or its economic impact continue, it may have a negative impact on our business.

We could be subject to various risks related to the COVID-19 pandemic, as well as additional risks not presently known to us, or that we currently deem immaterial, any one of which could have a material, adverse effect on our business, financial condition, liquidity, and results of operations. For example, existing clients and subscribers negatively impacted by a resurgence of the COVID-19 pandemic may choose to cancel or reduce the services they purchase from us and potential clients could choose to delay or defer purchasing decisions.

The reopening of our offices may create operational challenges and risks that may require us to make additional investments related to workplace health and safety protocols. Even if we follow governmental guidance and what we believe to be best practices, our efforts to bring our employees back to our offices on a flexible schedule may not be successful. The COVID-19 pandemic could also impact the productivity of our employees and third party vendors, both as a result of the challenges of working from a remote environment or as a result of illness, impacting the effectiveness of our operations and hampering our ability to deliver on strategic initiatives. The remote working environment may also introduce heightened cybersecurity and operational risks that could adversely impact our business operations.

The extent to which the COVID-19 pandemic could materially adversely affect our business and results of operations will depend on numerous evolving factors and future developments that we are not able to predict. See *Trends in Our Business*, below, for additional information on the potential impact of COVID-19 on our business.

**We are exposed to credit risk from third parties.**

We are exposed to credit risk from third parties, including subscribers and clearing providers. These parties may default on their obligations to us due to bankruptcy, lack of liquidity, or other reasons. Our subscribers are generally financial institutions whose ability to satisfy their contractual obligations may be negatively impacted by, among other things, slow or stagnant financial growth. Credit losses could adversely affect our financial position and results of operations.

**We may need additional funds to maintain and grow our business, which may not be readily available.**

We depend on the availability of adequate capital to maintain and develop our business. Although we believe that we can meet our current capital requirements from internally generated funds, cash on hand and available borrowings, there are no assurances that additional capital will not be required in the future. If we do not achieve our expected operating results, we may need to reallocate our cash resources. Our failure to fund our capital or credit requirements could have an adverse effect on our business, financial condition, and operating results.

We have no outstanding borrowings under our \$1.5 million line of credit with JPMorgan Chase Bank, N.A. (“JPMorgan Chase”) (see *Liquidity and Capital Resources*, below). In the event that we draw funds on our line of credit, or choose to enter into and draw from additional credit agreements for the purpose of making acquisitions or otherwise, we would be subject to restrictive covenants that could, among other things, restrict our ability to grant liens, incur additional indebtedness, pay dividends, sell assets, and make certain payments. Our failure to meet any of the covenants could result in an event of default. If an event of default were to occur, and we were unable to receive a waiver of default, our lenders could increase our borrowing costs, restrict our ability to obtain additional borrowings, accelerate all amounts outstanding, or enforce their interest against all collateral pledged.

If the capital and credit markets experience volatility, access to additional capital or credit may not be available on terms acceptable to us or at all.

**We are not subject to SEC reporting requirements, which may negatively impact our ability to raise capital.**

None of our common stock has been registered with the SEC under the Securities Act or the Exchange Act, or qualified under any state securities laws. This limits our ability to raise capital under certain circumstances. For example, certain investors will not invest in unregistered securities, including in private offerings of securities issued by public companies that do not provide investors with registration rights.

We avail ourselves of Blue Sky secondary trading exemptions through our inclusion on the OTCQX market, and other applicable exemptions and filings; however, not all states recognize these exemptions and there are states in which we have not qualified for an exemption or filing.

If we were to decide to issue securities in a registered public offering, we would be required to register our securities under the Exchange Act and, among other things, comply with SEC reporting requirements, which would increase our ongoing costs of operations.

***Industry and Competitive Risks***

**Our industry is highly competitive.**

We face formidable competition in every aspect of our business. We compete in a variety of ways with other market participants, including national securities exchanges, other SEC registered ATs, and other financial technology firms providing market data and data analytics products. There is the possibility that new national securities exchanges, ATs, Qualified IDQs, other trading platforms or market data providers could emerge that would further increase competition in our industry.

The leading global stock exchanges have highly developed and successful listing products and premium fee structures that can fund substantial advertising, marketing and sales efforts. There is the possibility that national securities exchanges or competing ATs could create listing venues, such as specialized venture exchanges, that compete directly with our OTCQX and OTCQB markets. If we fail to compete successfully with existing or new market participants, our business, financial condition, and operating results may be adversely affected. For additional information on the competitive environment in which we operate see *Competition*, above.

**Our failure to attract and retain key personnel may adversely affect our ability to conduct our business.**

Our success depends, in large part, upon our ability to attract and retain highly qualified personnel, which is and will be dependent on a number of factors, including market conditions and compensation and benefits offered by our competitors. For example, we may not be able to

attract or retain personnel due to remote working preferences, competitive compensation and benefits programs, and broader employment trends resulting from the COVID-19 pandemic.

Moreover, there can be no assurance that we will be able to retain our current employees. There is substantial competition for qualified and capable technologists and financial services professionals, which may make it difficult for us to retain qualified employees. We may have to incur costs to retain or replace senior executive officers or other key employees, and our ability to execute our business strategy could be impaired if we are unable to replace such persons in a timely manner. We have entered into Change in Control Agreements with certain senior executive officers, but that may not be sufficient to retain those employees.

We are highly dependent on the continued services of R. Cromwell Coulson, our Chief Executive Officer, and other executive officers and key employees who possess extensive knowledge and technology skills. We maintain a “key person” life insurance policy on Mr. Coulson in the amount of \$5 million, but the loss of the services of Mr. Coulson or other key employees could have a material adverse effect on our business, financial condition, and operating results.

**The success of our business depends on our ability to keep up with the significant and rapid technological and other changes that affect our industry.**

Our future success will depend on our ability to adapt to changing technologies, to conform our products and services to evolving industry and regulatory standards and to improve the performance and reliability of our services. Although our investments in technology are carefully scrutinized for value to the enterprise, there can be no assurance that we will generate an acceptable or any return on such investments. Our business would also be negatively affected by the failure of new products or upgrades to function as expected or at all, or by the failure of new products or upgrades with significant associated cost to generate an appropriate risk adjusted return.

Keeping pace with increasing technological requirements involves significant use of resources, and we cannot be sure that we will succeed in making these improvements in a timely manner or at all. If we are unable to anticipate and respond to the demand for new services and products in a cost-effective way, we may be unable to compete effectively, which could adversely affect our business, financial condition, and operating results.

**The adoption of new technologies, including the automation of trading, may impact our business model.**

The automation of trading has over time resulted in a general reduction in the number of broker-dealers and users of our OTC Dealer<sup>®</sup> application and other services provided by OTC Link ATS and has impacted the potential pool of users of our market data. Trading automation and the development of blockchain-based trading systems is expected to continue, and revenue growth in our OTC Link business line may depend on the success of our OTC Link ECN and our ability to innovate in line with new technologies to introduce new services, which may not be successful.

**We may not be successful in executing on our strategies to support our growth through acquisitions, other investments or strategic alliances.**

As we continue to seek strategic growth opportunities, there can be no assurance that we will be able to identify suitable investments or candidates for acquisition at acceptable prices. There may be integration risks or other risks resulting from acquired businesses.

Our ability to achieve the expected returns from acquisitions and alliances depends on many factors, including our ability to effectively integrate the technology, sales, administrative

functions and personnel into our core business lines and the ability to cross-sell new products and services to our existing customers. We cannot guarantee that businesses we acquire will perform at the levels anticipated. Further, many of the other potential acquirers of assets in our industry have far greater financial resources than we have, and we cannot be sure that we will be able to complete any future transactions on terms favorable to us.

Additionally, past and future acquisitions may subject us to unanticipated risks or liabilities, may require significant resources such as the time and attention of our management team and other key employees, or may otherwise disrupt our existing operations. Growth, such as the addition of new clients, technology and personnel, puts demands on our resources, including our internal systems and infrastructure. These needs may result in increased costs that could negatively impact results of operations.

**We are subject to reliance on a decreasing number of major customers as financial institutions are acquired, merge, restructure, and dissolve.**

A majority of our OTC Link and Market Data Licensing subscribers are financial institutions. Over the past decade, including during 2021, the number of financial institutions operating businesses that may consume our services has decreased, causing our subscriber base to shrink. If this trend continues, it could cause our subscriber base to further contract and adversely affect our operating results and financial position. Our relationships with our largest distribution partners or a substantial number of our financial institution customers may terminate, not renew, or be renegotiated on terms less favorable to us, resulting in adverse effects on our business.

**The OTCQX, OTCQB and Pink markets are not national securities exchanges and this may limit the pool of available investors for these securities.**

Some investors may only invest in securities listed on a national securities exchange. Our OTCQX market offers many services comparable to a national securities exchange, however, under current regulations, national securities exchanges have the ability to offer certain advantages to listed securities. For example, securities listed on a national securities exchange are exempt from state Blue Sky laws covering the offer or sale of securities within each state. National securities exchange listing status also confers margin eligibility to certain securities and potentially allows for their inclusion in certain exchange-traded funds and indices. Regulatory scrutiny has impacted investors' ability to deposit and clear low-priced securities and may discourage participation in the OTC market. While we have made significant progress in achieving state Blue Sky and other recognition for our premium markets, remaining differences between our markets and the national securities exchanges, perceived or actual, may act as a barrier to certain companies electing to have their securities traded on the OTCQX, OTCQB or Pink markets.

**Many OTCQX and OTCQB companies operate in Canada, are concentrated in specific industries in Canada and may be subject to economic factors in Canada that may cause them to no longer meet the OTCQX Rules or the OTCQB Standards, or choose to withdraw from OTCQX or OTCQB.**

A significant number of our OTCQX and OTCQB companies are based in Canada and many of those companies are engaged in the mining and cannabis sectors. A downturn in these sectors or in the general Canadian economy may adversely affect the operating results of those companies, causing them to no longer meet the OTCQX Rules and OTCQB Standards or to choose to withdraw in order to reduce costs. In prior years, downturns in certain industries have adversely affected our OTCQX market. The voluntary or involuntary withdrawal from OTCQX or

OTCQB by these companies could adversely affect our OTCQX and OTCQB brands as well as our financial position and results of operations.

Canada, and certain U.S. states and jurisdictions have passed laws permitting the sale and distribution of cannabis-based products and services, however the U.S. federal government has not passed any such laws. Any regulatory or criminal action brought by the U.S. federal government or any U.S. state, or the repeal of any current cannabis legalization in Canada or any U.S. state, could have an adverse effect on our OTCQX and OTCQB markets and our business, financial condition and operating results.

### ***Legal and Regulatory Risks***

#### **Regulatory changes could have a material adverse effect on our business.**

The securities markets have faced increasing governmental and public scrutiny and significant regulatory changes over the past several years (see *Recent Regulatory Developments Impacting our Business*, above). It is difficult to predict the exact nature of potential changes in the regulatory environment or to predict the resulting impact on our business. The SEC regulates us directly, and exercises regulatory authority over issuers, broker-dealers and other participants in the public markets. Our ability to comply with applicable rules and regulations depends on, among other things, our ability to establish and maintain appropriate systems and procedures, as well as our ability to attract and retain qualified personnel.

We offer certain services that are competitive with the services offered by national securities exchanges (see *Competition*, above). Any regulatory change favorable to national securities exchanges that would encourage or require more companies to list on an exchange may reduce the demand for our OTCQX and OTCQB markets. For example, if Nasdaq or other national securities exchanges are permitted to organize specialized venture exchanges for thinly traded securities or other exchange-based small company markets, companies could seek to list their securities on those markets and broker-dealers could seek to quote on those markets, rather than on our OTCQX and OTCQB markets.

In September 2021, the SEC's amendments to Exchange Act Rule 15c2-11 went into effect. Rule 15c2-11, as amended, requires companies with securities traded on our markets to make ongoing disclosure publicly available, among other requirements. The enhanced requirements for trading on our markets may result in a reduction in the number of securities on our markets, particularly our Pink market, and a reduced demand for our Corporate Services products, which may negatively impact our revenue and could cause some broker-dealers to cease quoting on our markets altogether. (see "SEC Final Rule Amending Exchange Act Rule 15c2-11" under *Recent Regulatory Developments Impacting our Business*, above).

#### **The regulatory framework under which we operate, and new regulatory requirements or new interpretations of existing requirements, could require substantial time and resources for compliance, which could make it difficult and costly for us to operate our business.**

Our wholly owned subsidiary, OTC Link LLC, is a FINRA member broker-dealer that operates three SEC registered ATSS, OTC Link ATS, OTC Link ECN and OTC Link NQB. OTC Link LLC and each of our ATSS are subject to regulation and periodic examinations by the SEC and FINRA. The regulatory status of OTC Link ATS as an SCI Entity under Regulation SCI and as a Qualified IDQS under Rule 15c2-11, increases the amount of regulatory scrutiny to which we are subjected, and the related costs. Regulation SCI requires certain critical market participants, including OTC Link ATS, to maintain comprehensive policies and procedures in relation to their systems and technology. OTC Link ECN and OTC Link NQB are subject to FINRA and SEC oversight and may be subject to Regulation SCI at some point in the future.

OTC Link LLC and our broker-dealer subscribers are also required to report to the CAT (see “Consolidated Audit Trail” under *Recent Regulatory Developments Impacting our Business*, above).

As the operator of a Qualified IDQS subject to Rule 15c2-11, OTC Link LLC makes “publicly available determinations” as to whether a security meets the requirements for public quoting under Rule 15c2-11 on an initial and ongoing basis. Our broker-dealer subscribers rely on these determinations to quote securities on our markets. OTC Link LLC and OTC Link ATS could be subject to regulatory examinations, fines and civil litigation risk related to our “publicly available determinations” made pursuant to Rule 15c2-11 and our decisions to make certain securities available for public quoting on our market. For example, crypto currencies and similar digital assets are the subject of significant regulatory scrutiny, and our publicly available determinations with respect to securities related to those instruments may lead to adverse regulatory actions against us.

The ongoing burdens associated with Regulation SCI, CAT and Rule 15c2-11 compliance could negatively impact our business by increasing our operational expenses and our regulatory risk.

OTC Link LLC is also subject to periodic examinations by the SEC and FINRA, which may result in monetary or other penalties, including possible revocation of its ATS licenses. New regulatory requirements may also subject us to additional regulatory oversight by FINRA and the SEC, which could further increase our operating costs and the possibility of other penalties and may make the development and introduction of new products and services more costly and time-consuming, possibly limiting or prohibiting such initiatives altogether. Further, the SEC and/or FINRA could impose additional transactional or other fees which could increase our operating costs or otherwise negatively impact our business.

OTC Link ATS relies on certain trade reporting exemptions under the FINRA Rules. Limitations to the nature or extent of this exemptive relief, including with respect to our CAT reporting obligations, may have a negative impact on our business.

OTC Link LLC is subject to regulatory requirements intended to ensure its general financial soundness and liquidity, including certain minimum capital requirements. An increase in our minimum capital requirements may increase our operating and compliance costs.

**Our compliance and risk management methods, as well as our fulfillment of our regulatory obligations, might not be effective, which could lead to enforcement actions by our regulators.**

Regulatory compliance requires substantial time and resources, which make it costlier to operate our OTC Link business. Our ability to comply with complex and changing laws and regulations is largely dependent on our establishing and maintaining compliance and reporting systems that can quickly adapt and respond, as well as our ability to attract and retain qualified compliance and other risk management personnel. While we have policies and procedures to identify, monitor and manage our risks and regulatory obligations, if we fail to comply with any applicable regulations or specific regulatory requests, regulators could take a variety of actions, including imposing fines, issuing cease and desist orders, or prohibiting us from engaging in certain aspects of our businesses, that could impair our ability to conduct our business and have adverse consequences for our business, financial condition and operating results.

**OTC Link subscribers are highly regulated and the regulatory framework under which they operate, and new regulatory requirements or new interpretations of existing requirements, could require substantial time and resources for compliance, which could make it difficult and costly for them to operate.**

Our broker-dealer subscribers operate in a highly regulated environment. The SEC, FINRA, or other regulatory authorities could extend the scope of Regulation SCI to include our broker-dealer subscribers, or could impose significant CAT reporting requirements with respect to OTC equity securities that could adversely affect the ability of our subscribers to use our services or result in reduced demand for our services. Recent regulatory scrutiny has led clearing firms and other third-party service providers on which certain subscribers rely to develop policies limiting those subscribers' ability to interact with low-priced OTC securities, including restrictions on clearing, depositing or facilitating customer transactions in such securities. Continued regulatory focus on low-priced securities, could adversely affect the ability of our subscribers to use our services, result in reduced demand for our services, or cause certain market participants to cease operating in our markets.

**Laws and regulations regarding the handling of personal data and information may affect our services or result in increased costs, legal claims or fines against us.**

In the course of our business, we receive, process, transmit and store certain personal data and information related to individuals in many different countries. Our treatment of such information is subject to legal and regulatory restrictions, such as those contained in the European Union's General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA), and the New York Stop Hacks and Improve Electronic Data Security Act (SHIELD Act). Compliance with these increasing and evolving data privacy laws and regulations may require changes to the way we collect, process and protect personal information, which may cause us to incur additional costs. While we take measures to handle applicable data and information in compliance with these laws, these measures may prove inadequate. Our failure to adequately protect, process and transmit confidential and personal data may subject us to contractual liability and damages, regulatory actions including fines, loss of business and harm to our reputation.

**Changes in tax regulations and policies could have a material adverse impact on our financial results.**

We are subject to taxes at the federal, state and local levels, as well as in non-U.S. jurisdictions where we operate. Changes in tax laws, regulations or policies could result in us having to pay higher taxes, which may reduce our net income, or could adversely affect our ability to continue our capital allocation program or effect strategic transactions in a tax-favorable manner.

In addition, in computing our tax obligation in jurisdictions where we operate, we take various tax positions. We cannot ensure that upon review of these positions, the applicable authorities will agree with our positions. A successful challenge by a tax authority could result in additional taxes, which could have a negative impact on our operating results.

***Intellectual Property and Brand Reputation Risks***

**If we are not able to maintain and further enhance OTC Markets Group's reputation and brand, our ability to expand our business will be impaired and our business and operating results will be harmed.**

We believe that our brand identity has significantly contributed to the success of our business. We also believe that maintaining and enhancing the "OTC Markets Group" brand as an innovative provider of financial information and technology services is critical to expanding our business. Maintaining and enhancing our brands may require us to make substantial investments and these investments may not be successful. If we fail to promote and maintain our brands, or if we incur excessive expenses in this effort, our business, operating results, and financial condition will be materially and adversely affected.



Our reputation could be harmed by, among other things, issues related to technology-related failures, misconduct or fraudulent activity by current or past employees, companies traded on our OTCQX and OTCQB markets, OTCQX Sponsors, any inaccuracy of the data that we distribute, any inaccuracy of our financial statements or other public disclosure and any failure to comply with regulatory requirements or negative public statements by regulators, including further regulatory scrutiny of OTC, low-priced or thinly traded securities. The occurrence of these events, or the mere perception of a breach of confidence on our part, could have an adverse effect on our business.

Damage to our reputation could harm our business in many ways, including reducing investor demand for OTC securities, causing broker-dealers to discontinue their use of OTC Link products and services, causing companies not to choose to trade their securities on, or to remove their securities from, OTCQX or OTCQB, causing current or potential customers to refrain from purchasing market data and causing regulators to scrutinize or impose additional regulations on our operations. Any of these events could adversely affect our business, financial condition and operating results.

**Our intellectual property rights are valuable and any failure to protect our intellectual property rights, or allegations that we have infringed the intellectual property rights of others, could adversely affect our business, financial condition, and operating results.**

Our trademarks, trade secrets, copyrights, pending patents and all of our other intellectual property rights are important assets. Our intellectual property rights are subject to a combination of trademark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements, and other contractual arrangements with our affiliates, subscribers, vendors and others. We rely on certain open source software to run our business and there is a risk that such open source licenses could impose unanticipated conditions or restrictions on our ability to commercialize or continue offering our products and services. We also make certain of our market data publicly available on our website, making it vulnerable to unauthorized scraping and redistribution.

Failure to protect our intellectual property adequately could harm our reputation and affect our ability to compete effectively. Further, defending our intellectual property rights, or third-party intellectual property claims against us, may require significant financial and other resources, limit our ability to use certain intellectual property, or require us to purchase licenses from third parties.

We vigorously defend our rights to own and license the use of market data. However, any change in existing law that would place in question our intellectual property rights in our commercialized data products would have a material adverse effect on this aspect of our business.

**Any infringement by us on intellectual property rights of others could result in litigation and could have a material adverse effect on our operations.**

Our competitors, as well as others, have obtained, or may obtain, trademarks, copyright, patents or may otherwise hold intellectual property rights that are related to our technology or the types of products and services we offer or plan to offer. We may not be aware of all intellectual property that may pose a risk of infringement by our products, services or technologies. In addition, some patent applications in the U.S. are confidential until a patent is issued, and therefore we cannot evaluate the extent to which our products and services may be covered or asserted to be covered in pending patent applications. Thus, we cannot be sure that our products and services do not infringe on the rights of others or that others will not make

claims of infringement against us. We may also face liability for third party content contained in our data products and services.

Claims of infringement are sometimes made in our industry, and even if we believe that such claims are without merit, they can be time-consuming and costly to defend and divert management resources and attention. If one or more of our products, services or technologies were determined to infringe a patent or other intellectual property right held by another party, we may be required to pay damages, stop using, developing or marketing those products, services or technologies, obtain a license from the holders of the intellectual property right or redesign those products, services or technologies to avoid infringing the patent or intellectual property right. If we were required to stop using, developing or marketing certain products, our business, financial condition and operating results could be materially harmed. Moreover, if we were unable to obtain required licenses, we may not be able to redesign our products, services or technologies to avoid infringement, which could materially adversely affect our business, financial condition and operating results.

### ***Investment Risks***

#### **If a more active, liquid trading market for our common stock does not develop, stockholders may be unable to sell their shares quickly or at all.**

Historically, our shares have been thinly traded. Prices of thinly traded securities tend to be more volatile than those traded more actively because just a few trades may affect the market price substantially. Stockholders may not be able to sell their shares quickly or at all, or obtain an expected price, and it may be especially difficult to sell shares during a slow period in the financial markets.

#### **The market price and trading volume of OTC Markets Group's common stock may be volatile, and stockholders could lose some or all of their investment.**

A variety of market and industry factors may affect the market price of our common stock, regardless of our actual operating performance. This market volatility, as well as other factors including, but not limited to, quarterly variations in our financial results, results that fail to meet investor or analyst expectations, departures of key personnel, liquidation by significant stockholders, our inability to continue to pay quarterly dividends or year-end special dividends, changes to the regulatory environment in which we operate, developments in the competitive landscape, technology failures or changes in the macroeconomic environment more generally, could adversely affect the market price of our common stock.

#### **Decisions to declare future dividends on our common stock will be at the discretion of our Board of Directors based upon a review of relevant considerations. Accordingly, there can be no guarantee that we will pay future dividends to our stockholders.**

The declaration of dividends by OTC Markets Group is subject to the discretion of our Board of Directors. Our Board of Directors will take into account such matters as general business conditions, our financial results, capital requirements, contractual, legal and regulatory restrictions on the payment of dividends and such other factors as our Board of Directors may deem relevant. Based on an evaluation of these factors, the Board of Directors may determine not to declare future dividends at all or to declare future dividends at a reduced amount. Accordingly, there can be no assurance that we will pay future dividends to our stockholders.

#### **Charges to earnings resulting from acquisition, integration and restructuring costs may adversely affect the market value of our common stock.**

Our financial results could be adversely affected by the amount of additional amortization or depreciation expense incurred over the useful economic life of assets acquired, by any

impairment charges that may be required to be recorded and by the amount of any additional costs from integrating or restructuring the operations of any businesses acquired. This could, in turn, adversely affect the market price of our common stock.

**Our Chief Executive Officer holds approximately 28% of our issued and outstanding common stock.**

As of December 31, 2021, our Chief Executive Officer, R. Cromwell Coulson, owned approximately 28% of the voting power of our outstanding common stock. This gives Mr. Coulson significant influence over all matters requiring stockholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of the Company or our assets, and he will have such influence for the foreseeable future. This concentrated control may limit the ability of other stockholders to influence corporate matters, and as a result we may take actions that our other stockholders do not view as beneficial. Consequently, the market price of our common stock could be adversely affected.

**Provisions of our certificate of incorporation and by-laws, certain agreements with management and provisions of Delaware law could delay or prevent a change in control of the Company and entrench current management.**

Our organizational documents contain provisions that may be deemed to have an anti-takeover effect and may delay, deter, or prevent a change of control, such as a takeover proposal that might result in a premium over the market price for our common stock. Additionally, certain of these provisions make it more difficult to bring about a change in the composition of our Board of Directors, which could result in entrenchment of current management.

Our certificate of incorporation and by-laws:

- authorize our Board of Directors to elect directors to fill a vacancy created by the expansion of the Board of Directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board of Directors;
- require supermajority stockholder approval to remove directors;
- do not permit stockholders to act by written consent or to call special meetings; and
- authorize the Board of Directors, in the event of a tender or other offer for our shares, to advise stockholders not to accept the offer, to create a preferred stock rights agreement and to obtain a more favorable offer from another individual or entity.

Our certificate of incorporation elects the application of DGCL Section 203, under which a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the Board of Directors has approved the transaction. Accordingly, our Board of Directors could rely on Delaware law to prevent or delay an acquisition of the Company (see *Share Structure*, above).

We have entered into Change in Control agreements with certain senior executive officers, which may have the effect of discouraging potential acquirers of our business or reduce the price they are willing to pay common stockholders in connection with an acquisition.

## **2022 Outlook**

*This section is comprised primarily of forward-looking statements (see Cautionary Note Regarding Forward-Looking Statements, above).*

During 2022, the Company expects to focus on:

- (1) Driving sustainable revenue growth through strategic initiatives, including: marketing and selling efforts focused on growing the number of issuers on our OTCQX and OTCQB markets and providing additional services to those issuers; continued efforts to grow our OTC Link business, improve functionality and expand the breadth of products that subscribers can trade on our markets; and growing and enhancing our suite of Market Data Licensing products and expanding the number of users of those products;
- (2) Continuing to commercialize our enhanced regulatory status under Rule 15c2-11 by owning our role as a regulated market operator and further developing and enhancing our scalable infrastructure to continue to develop cost-effective, technology-enabled solutions;
- (3) Advocating for additional regulatory recognition of our markets to more efficiently serve the needs of issuers, investors and other market participants; and
- (4) Pursuing corporate development efforts by sourcing and evaluating potential acquisitions and other strategic transactions with a view to growing and diversifying our product suite and subscriber base.

Our role as a Qualified IDQS under Rule 15c2-11, including our ability to perform Initial Reviews, allows us to streamline the onboarding of securities onto our markets and engage with additional companies regarding our products. We plan to continue devoting significant commercial, technology, compliance, legal and other resources to further commercialize the opportunity under Rule 15c2-11 across all our businesses. It is not yet possible to predict if these efforts would be successful or to determine the effect on our financial results.

During 2021, in our Corporate Services business, we added 212 issuers to our OTCQX market and 451 issuers to our OTCQB market, including 164 international issuers on OTCQX and 379 international issuers on OTCQB. We also grew the number of Pink companies subscribing to our DNS and other Corporate Services products by 821. We intend to continue to focus on growing the number of issuers on our markets, and in particular the number of international issuers and community banks, and intend to devote marketing, PR and sales resources to doing so. We plan to continue enhancing our disclosure and investor engagement tools, including growing our VIC business and the number of companies that use our DNS disclosure tools to comply with Rule 15c2-11.

In our OTC Link business, we have continued to attract new subscribers to OTC Link ECN and increase OTC Link ECN's market share. We intend to continue to focus our efforts in 2022 on adding subscribers, attracting more order flow from existing and new subscribers and building out enhanced functionality. We may choose to compete on pricing as we look to continue gaining market share. We intend to continue our efforts to monetize the market data and trading opportunities created by the launch of OTC Link NQB. It is not yet possible to predict how successful OTC Link NQB will be or the impact it will have on our financial results.

We intend to continue to develop and enhance our Market Data Licensing offerings in 2022, and, in particular, our market data compliance offerings. We continue to focus resources on our suite of compliance analytics and compliance data products, including our Canari® Compliance Tool.

During 2021, we continued to devote resources to growing the users of our Blue Sky Secondary Trading Compliance Data Product. Launched in September 2020, this data file allows subscribers to automate their Blue Sky compliance processes for over 96,000 OTC securities. The sales cycle for this product is long and we will continue to devote internal resources to onboarding subscribers to this product and to growing the number of subscribers during 2022.

We will continue to invest in our platform, infrastructure and people in order to ensure we have reliable and compliant systems, policies and procedures, and to allow us to further expand our network. During 2021, we continued to make investments in our core and cloud-based infrastructures and in developing our internal expertise. We expect that future investments with respect to our compliance with Regulation SCI and CAT reporting obligations will be material to our financial results (see *Recent Regulatory Developments Impacting our Business*, above).

We believe that the significant regulatory recognitions achieved to date have marked important milestones in establishing our data-driven market standards as a strong and accepted baseline for corporate governance, investor engagement, disclosure and transparency, as evidenced by our status as a Qualified IDQS under Rule 15c2-11. As of March 1, 2022, our OTCQX and OTCQB markets are exempt from secondary trading regulations in 37 and 33 states, respectively (see *Recent Regulatory Developments Impacting our Business*, above). During 2022, we intend to continue our efforts to gain additional regulatory recognition for our OTCQX and OTCQB markets in respect of state Blue Sky laws. We have made some progress in advancing legislation that would ease restrictions on OTC issuers wishing to offer their employees access to an ESOP (see *Recent Regulatory Developments Impacting our Business*, above), and are also advocating for changes to federal regulations concerning margin eligibility for qualifying OTC equity securities, such as those on our OTCQX market.

During 2022, we will continue to explore strategic capital allocation opportunities including targeted acquisitions and other transactions. We intend to focus our efforts on identifying and executing on strategic opportunities with a view to expand our technology enabled product suite and provide additional utility to our customers.

## **PART D. Management Structure and Financial Information**

### **The Name of the Chief Executive Officer, Members of the Board of Directors, as well as Control Persons**

#### **A. Officers and Directors**

**R. Cromwell Coulson**, President and Chief Executive Officer; Director

R. Cromwell Coulson has been President, CEO and a Director of OTC Markets Group since 1997. Mr. Coulson is responsible for the Company's overall growth and strategic direction and has led the transformation of the company into an operator of regulated financial markets for U.S. and global companies. Prior to OTC Markets Group, he was a trader and portfolio manager at Carr Securities Corporation, an institutional broker-dealer and market maker. He received his BBA from Southern Methodist University in 1989 and holds an OPM from Harvard Business School. Mr. Coulson is 55 years of age.

**Matthew Fuchs**, Executive Vice President, Market Data Licensing

Matthew Fuchs leads the product development, distribution and sales of market data at OTC Markets Group. He is responsible for overseeing the launch of new products and enhancements to existing market data tools that help financial institutions more efficiently trade and analyze a broad array of securities. Prior to joining OTC Markets Group, he served in a number of financial technology roles at the National Research Exchange, Bearing Point and Arthur Andersen. Mr. Fuchs received a BA from Columbia University. Mr. Fuchs is 46 years of age.

**Lisabeth Heese**, Executive Vice President, Issuer Services

Lisabeth (Liz) Heese joined OTC Markets Group in 2004 as the Director of Issuer and Information Services. Since then, she has built a team responsible for collecting and maintaining corporate and securities data for over 10,000 companies; development, sales and support of company-related products and services; and monitoring company compliance with OTC Markets Group's policies and procedures. Prior to joining OTC Markets Group, Ms. Heese spent 11 years at Nasdaq, serving as a Product Manager in the Trading and Market Services Division for over-the-counter securities. Ms. Heese received a BA from American University. Ms. Heese is 52 years of age.

**Michael Modeski**, President, OTC Link LLC

Michael Modeski joined OTC Markets Group in 2011. Mr. Modeski has over 20 years of experience in the financial markets, with a focus on the OTC markets. Previously, Mr. Modeski served as the Director of Broker-Dealer Execution Services and Sales at Citigroup and the Director of Execution Services at Lava Technology, a division of Citigroup. Before working at Citigroup, he was the Director of OTC Equities at FINRA, and held several management positions at Pershing. Mr. Modeski was President of the Security Traders Association of New York (STANY) from 2016 to 2017. He received a BS in Finance from Lehigh University. He holds various FINRA securities licenses, including the Series 24. Mr. Modeski is 50 years of age.

**Antonia Georgieva**, Chief Financial Officer

Antonia Georgieva joined OTC Markets Group in January 2021 as Chief Financial Officer. Ms. Georgieva has more than 17 years of M&A and capital markets experience in fintech and financial services. Prior to joining OTC Markets Group, Ms. Georgieva was a Partner at Drake Star Partners, a global investment banking firm. Previously, Ms. Georgieva was a Managing Director at BMO Capital Markets Corp. Ms. Georgieva holds a bachelor's degree in Finance from the University of National and World Economy in Bulgaria and received her MBA from The Wharton School at the University of Pennsylvania. She holds a FINRA Series 7, Series 27 and Series 63 licenses. Ms. Georgieva is 47 years of age.

**Bruce Ostrover**, Chief Technology Officer

Bruce Ostrover joined OTC Markets Group in 2017 as Chief Technology Officer. Mr. Ostrover has over thirty years of experience in the financial services industry with a focus on software development and project management. Prior to joining OTC Markets Group, he served as Managing Director at Convergenx Group, overseeing strategic project and product development. Before joining Convergenx, he was a founding partner in a consulting firm that provided front, middle and back office solutions for the financial industry which was acquired by Convergenx. Mr. Ostrover has held senior management and professional roles in software development, IT operations and systems administration with industry leaders in the financial services space including Brown Brothers Harriman, Dreyfus Corporation and Swiss Bank Corporation Investment Banking. He received a BS in Mathematics and Computer Science from Binghamton University. Mr. Ostrover is 59 years of age.

**Jason Paltrowitz**, Director, OTC Markets Group International Ltd; Executive Vice President, Corporate Services

In his dual role as Director, OTC Markets Group International Ltd and EVP, Corporate Services, Jason Paltrowitz manages the company's international and domestic Corporate Services business. Prior to joining OTC Markets Group in October 2013, he was Managing Director and Segment Head at JPMorgan Chase responsible for the custody, clearing and collateral

management business in the Corporate and Investment Bank division. Mr. Paltrowitz also held multiple senior management positions at BNY Mellon, most notably, as Head of M&A for the Financial Markets and Treasury Services Sector and 11 years as the Head of the Global Capital Markets Group in the Depositary Receipt Division. He served as a member of the Board of Directors at OTC Markets Group from 2008 to 2011. He received his Bachelor's degree in International Relations from Boston University and his MBA from the NYU Stern School of Business. Mr. Paltrowitz is 49 years of age.

**Daniel Zinn**, General Counsel & Chief of Staff

Daniel (Dan) Zinn is OTC Markets Group's General Counsel, Chief of Staff and Corporate Secretary. He leads the Company's regulatory and policy making efforts and is a frequent speaker on over-the-counter equity markets. As Chief of Staff, Mr. Zinn also oversees the Company's Human Resources and Administrative functions. Prior to joining OTC Markets Group in 2010, he served as outside counsel to OTC Markets Group beginning in 2007, as a partner at The Nelson Law Firm LLC. Previously, Mr. Zinn worked in the corporate office of AIG. He received his JD from the Benjamin N. Cardozo School of Law, where he served as Associate Editor of the Cardozo Law Review and received his BS from Pennsylvania State University. He is a member of the American Bar Association. Mr. Zinn is 44 years of age.

**Gary Baddeley**, Director

Gary Baddeley holds an executive position with Ginjan Bros, Inc., a soft beverages business. Previously, Mr. Baddeley was CEO of TDC Entertainment, an independent film and video producer and distributor, and served for two years as Vice President and General Manager of Robbins Entertainment. From 1990 to 1996, Mr. Baddeley was an attorney at Phillips Nizer LLP in New York City, specializing in representation of clients in the music and television industries. Mr. Baddeley received his JD from New York University School of Law and a BS from Kingston University. Mr. Baddeley is 56 years of age.

**Louisa Serene Schneider**, Director

Louisa Serene Schneider currently serves as founder and CEO of Rowan Inc., a consumer products and services company. Ms. Serene Schneider served as the Chief Administrative Officer and Head of Investor Relations at Alder Hill Management LP from 2015 through 2017. Prior to Alder Hill, Ms. Serene Schneider was the Senior Director for the Heilbrunn Center for Graham & Dodd Investing at Columbia Business School, responsible for all operational aspects of the school's value investing activities including maintaining and developing new programs and initiatives surrounding the Graham & Dodd tradition at Columbia. She also served as an Industry Advisor to the Heilbrunn Center and taught a Columbia Executive Education course on Value Investing from 2010 through 2019. Prior to her work at Columbia, from 2000 to 2008 Ms. Serene Schneider was employed by Morgan Stanley and JPMorgan in several departments, including Mergers & Acquisitions, Fixed Income Research, and Trading. Ms. Serene Schneider received a BS from Dartmouth College in Political Science and French and an MBA from Columbia Business School. Ms. Serene Schneider is 45 years of age.

**Andrew Wimpfheimer**, Director

Andrew Wimpfheimer has been a private investor since 2005. Mr. Wimpfheimer served as Director of AM Capital LLC from 2002 to 2005. From 1995 to 2001, Mr. Wimpfheimer was Managing Director responsible for OTC-Non-Nasdaq Trading at Knight Securities, L.P. From 1988 to 1995 he was an equity trader for Troster Singer Inc., a division of Spear, Leeds & Kellogg, Inc. From 1985 to 1988, Mr. Wimpfheimer was employed by Spear, Leeds & Kellogg Inc., where his duties included work on the NYSE, AMEX, Futures Market and Arbitrage Department, as well as general back office work. From 1980 to 1985, Mr. Wimpfheimer was a

New York Stock Exchange floor clerk, trading desk employee and back office trainee for Herzfeld & Stern LLP. Mr. Wimpfheimer received his BA from Macalester College in St. Paul, Minnesota. Mr. Wimpfheimer is 65 years of age.

**Neal Wolkoff**, Chairman of the Board of Directors

Neal Wolkoff is the Chairman of OTC Markets Group's Board of Directors. Mr. Wolkoff is a former executive of three exchanges. He is also a consultant and attorney focusing on futures and securities markets, exchanges, market regulation, operations and clearinghouses. From 2008 to February 2012, Mr. Wolkoff was the Chief Executive Officer of ELX Futures, L.P. From 2005 to 2008, he served as Chairman and Chief Executive Officer of the American Stock Exchange (AMEX). Prior to the AMEX, Mr. Wolkoff was an executive officer at the New York Mercantile Exchange (NYMEX) from 1981 to 2003, over time serving as Acting President, Chief Operating Officer, and Senior Vice President for Regulation and Clearing. From 1980 to 1981, Mr. Wolkoff was employed as an Honors Program Trial Attorney in the Division of Enforcement of the Commodity Futures Trading Commission. In addition to his role as a non-executive Chairman of OTC Markets Group, Mr. Wolkoff is a non-executive director of World Gold Trust Services, the sponsor of the Exchange Traded Fund "GLD," and WGC USA Asset Management Company, LLC, the sponsor of the Exchange Traded Fund "GLDM." Mr. Wolkoff received a BA from Columbia University and a JD from Boston University School of Law and is a member of the Bar of the State of New York. Mr. Wolkoff is 65 years of age.

***Board Memberships and Other Affiliations***

Mr. Baddeley is an officer and director of a New York cooperative corporation and a director of Downtown United Soccer Club, Inc., a New York not-for-profit corporation.

Mr. Coulson is an officer of a small New York cooperative corporation.

Mr. Wolkoff is a non-executive director of World Gold Trust Services and WGC USA Asset Management Company, LLC.



## Compensation of Officers and Directors

Beneficial share ownership of Officers and Directors as of March 1, 2022:

Name and Business Address*	Position	Shares Beneficially Owned**	Options Outstanding	Vested Options Outstanding	Note
R. Cromwell Coulson	President, Chief Executive Officer, and Director	3,260,800 Class A	-	-	(1)
Matthew Fuchs	Executive Vice President, Market Data Licensing	101,757 Class A	-	-	
Lisabeth Heese	Executive Vice President, Issuer Services	78,141 Class A	-	-	
Michael Modeski	President, OTC Link LLC	125,240 Class A	-	-	
Antonia Georgieva	Chief Financial Officer	11,628 Class A	30,500	-	(2)
Bruce Ostrover	Chief Technology Officer	17,762 Class A	4,800	-	(3)
Jason Paltrowitz	Executive Vice President, Corporate Services	35,446 Class A	-	-	
Dan Zinn	General Counsel & Chief of Staff	70,753 Class A	-	-	
Gary Baddeley	Director and Audit Committee Member	144,222 Class A	-	-	
Louisa Serene Schneider	Director and Audit Committee Member	31,512 Class A	-	-	
Andrew Wimpfheimer	Director and Audit Committee Chairman	224,334 Class A	-	-	(4)
Neal Wolkoff	Director and Chairman of the Board	31,512 Class A	-	-	
Officers and Directors as a Group		4,133,107 Class A	35,300	-	

\* All officers and directors may be contacted at OTC Markets Group's address.

\*\* Beneficial share ownership includes vested options, options scheduled to vest within 60 days of March 1, 2022, and stock owned subject to an RS Agreement.

- (1) Includes 370,000 Class A shares held by Mr. Coulson's wife and 24,800 total Class A shares held equally by two trusts for the benefit of Mr. Coulson's children. Mr. Coulson disclaims beneficial ownership of these securities and this Annual Report shall not be deemed an admission that Mr. Coulson is the beneficial owner of these securities for any purpose. Mr. Coulson's wife and children are beneficiaries of the Cromwell Coulson Family 2012 DE Trust, which owns 884,000 Class A shares of the Company. These shares are not included in the number of shares Mr. Coulson beneficially owns, and Mr. Coulson disclaims beneficial ownership of these securities. This Annual Report shall not be deemed an admission that Mr. Coulson is the beneficial owner of these securities for any purpose. The change in Mr. Coulson's beneficial ownership as of March 1, 2022, reflects the repurchase by the Company on January 29, 2022, of 13,944 Class A shares at a price of \$61.50 per share.
- (2) Ms. Georgieva's outstanding options consist of 30,500 awarded in January 2021, at an exercise price of \$33.99, 6,100 of which are vested.
- (3) Mr. Ostrover's outstanding options consist of 4,800 awarded in November 2017, at an exercise price of \$25.00, none of which are vested.
- (4) Includes 221,498 Class A shares held by the Melinda Wimpfheimer 2012 Irrevocable Trust, of which Mr. Wimpfheimer is a beneficiary.

The following tables set forth the aggregate compensation paid by OTC Markets Group for services rendered by its Executive Officers, during the periods indicated:

## OFFICERS

Name and Position	Year Ended	Salary	Cash Bonus	Restricted Stock Awards <sup>(1)(2)</sup>	Option Awards	Restricted Stock Dollar Value	Option Dollar Value
R. Cromwell Coulson President, Chief Executive Officer, and Director	2021	\$ 576,200	\$ 300,000	-		\$ -	
	2020	\$ 564,940	\$ 190,008	5,588		\$ 189,992	
Matthew Fuchs Executive Vice President, Market Data Licensing	2021	\$ 303,700	\$ 288,000	4,682		\$ 287,943	
	2020	\$ 292,000	\$ 180,004	5,294		\$ 179,996	
Lisabeth Heese Executive Vice President, Issuer Services	2021	\$ 298,700	\$ 264,000	4,292		\$ 263,958	
	2020	\$ 290,000	\$ 165,032	4,852		\$ 164,968	
Michael Modeski President, OTC Link LLC	2021	\$ 459,400	\$ 416,000	6,764		\$ 415,986	
	2020	\$ 446,000	\$ 260,002	7,647		\$ 259,998	
Antonia Georgieva <sup>(3)</sup> Chief Financial Officer	2021	\$ 305,000	\$ 340,000	5,528	30,500	\$ 339,972	\$ 223,433
	2020	\$ -	\$ -	-		\$ -	
Bruce Ostrover Chief Technology Officer	2021	\$ 267,800	\$ 224,000	3,642		\$ 223,983	
	2020	\$ 260,000	\$ 140,022	4,117		\$ 139,978	
Jason Paltrowitz Executive Vice President, Corporate Services	2021	\$ 345,100	\$ 360,000	5,853		\$ 359,960	
	2020	\$ 335,000	\$ 225,022	6,617		\$ 224,978	
Dan Zinn General Counsel & Chief of Staff	2021	\$ 350,800	\$ 384,000	6,243		\$ 383,945	
	2020	\$ 305,000	\$ 240,028	7,058		\$ 239,972	

### Notes:

- (1) All restricted stock awards are Class A Common Stock. The 2021 and 2020 restricted stock awards consisted of shares of unvested stock, which vest equally over five years.
- (2) The fair market value of the Class A Common Stock was \$61.50 at grant date for shares awarded related to the year 2021, and \$34.00 at grant date for shares awarded related to the year 2020.
- (3) Ms. Georgieva joined OTC Markets Group in January 2021.

## DIRECTORS

Name	Year Ended	Director's Fees <sup>(1)</sup>	Share Awards <sup>(2)</sup>	Share Value <sup>(3)</sup>
Gary Baddeley	2021	\$ 47,535	1,058	\$ 44,965
	2020	\$ 45,028	1,275	\$ 37,472
Louisa Serene Schneider	2021	\$ 47,535	1,058	\$ 44,965
	2020	\$ 45,028	1,275	\$ 37,472
Andrew Wimpfheimer	2021	\$ 55,035	1,058	\$ 44,965
	2020	\$ 52,528	1,275	\$ 37,472
Neal Wolkoff	2021	\$ 80,035	1,058	\$ 44,965
	2020	\$ 77,528	1,275	\$ 37,472

### Notes:

- (1) Represents fees of \$10,000 for each of the two regularly scheduled meetings of the Board of Directors during the third and fourth quarter of 2021, and \$9,375 for each of the two regularly scheduled meetings during the first and second quarter of 2021 and four regularly scheduled meetings during 2020. In each of 2021 and 2020, an additional \$7,500 was paid to Mr. Baddeley and Ms. Serene Schneider as members of the audit committee. An additional \$15,000 was paid to Mr. Wimpfheimer as chairman of the audit committee in 2021 and 2020. An additional \$40,000 was paid to Mr. Wolkoff as chairman of the Board of Directors in 2021 and 2020.
- (2) All share awards are of Class A Common Stock that vests in equal quarterly installments over the 12 months immediately subsequent to the date of grant.
- (3) The fair market value of the Class A Common Stock was \$42.50 per share for the 2021 share award and \$29.39 per share for the 2020 share award.

## B. Legal/Disciplinary History

None of the officers, directors, promoters, or control persons of OTC Markets Group has, in the past five years, been the subject of any of the following:

- A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
- Any bankruptcy petition filed by or against any business of which such person was a general partner, or executive officer either at the time of the bankruptcy or within two years prior to that time;
- The entry of an order, judgment or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended, or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
- A finding or judgment by a court of competent jurisdiction (in a civil action), the SEC or the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
- The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

### C. Disclosure of Family Relationship

None.

### D. Disclosure of Related Party Transactions

None.

### E. Disclosure of Conflicts of Interest

None.

### Beneficial Owners

As of December 31, 2021, the following shareholders beneficially own 5% or more of OTC Markets Group's Class A Common Stock:

Name and Address of Shareholder	Membership Class	Shares Beneficially Owned	Ownership Percentage of Class Outstanding	Note
R. Cromwell Coulson 300 Vesey, 12th Floor	Class A	3,274,744	27.7%	(1)
Cromwell Coulson Family 2012 DE Trust	Class A	884,000	7.5%	

- (1) Includes 370,000 Class A shares held by Mr. Coulson's wife and 24,800 total Class A shares held equally by two trusts for the benefit of Mr. Coulson's children. Mr. Coulson disclaims beneficial ownership of these securities and this Annual Report shall not be deemed an admission that Mr. Coulson is the beneficial owner of these securities for any purpose. Mr. Coulson's wife and children are beneficiaries of the Cromwell Coulson Family 2012 DE Trust, which owns 884,000 Class A shares of the Company. These shares are not included in the number of shares Mr. Coulson beneficially owns, and Mr. Coulson disclaims beneficial ownership of these securities. This Annual Report shall not be deemed an admission that Mr. Coulson is the beneficial owner of these securities for any purpose.

OTC Markets Group is not aware of any additional beneficial stockholders owning 5% or more of our Class A Common Stock. It is possible that there are one or more additional beneficial holders of a significant percentage of our Class A Common Stock, however the federal securities laws do not require a beneficial stockholder of 5% or more of our Class A Common Stock to disclose that information publicly or to the Company. The table above is based on the best information available to the Company.

### The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure

1. Investment Banker: None
2. Promoters: None
3. Disclosure Counsel: The Nelson Law Firm, LLC  
445 Hamilton Avenue, Suite 1102  
White Plains, NY 10601  
Tel: (914) 220-1900  
Fax: (914) 610-7456  
www.thenelsonlawfirm.com  
Email: sjnelson@nelsonlf.com

4. Auditor: Deloitte & Touche LLP  
30 Rockefeller Plaza  
New York, NY 10112  
Tel: (212) 492-4000  
Fax: (212) 489-1687  
www.deloitte.com

Preparation of OTC Markets Group's consolidated financial statements is the responsibility of OTC Markets Group management. Deloitte & Touche LLP is responsible for expressing an opinion on the consolidated financial statements for the year ended December 31, 2021, based on their audit. During 2021 and 2020, we incurred audit fees from Deloitte & Touche LLP of \$308 thousand and \$310 thousand, respectively, related to the audits of the financial statements of OTC Markets Group Inc. and OTC Link LLC. During 2021 and 2020, we did not incur any other audit-related or other fees from Deloitte & Touche LLP.

Deloitte & Touche LLP has confirmed to us that the firm is licensed to practice public accounting in the states in which we conduct our business. Deloitte & Touche LLP is registered with the PCAOB.

5. Public Relations Consultant: None  
6. Investor Relations Consultant: None  
7. Corporate Secretary: Daniel Zinn, General Counsel & Chief of Staff  
8. Any Other Advisor: None

## Selected Financial Data

The selected financial data set forth below should be read in conjunction with our consolidated financial statements, the notes to consolidated financial statements, and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” included in this Annual Report.

The statement of income data for the years ended December 31, 2021, 2020, 2019, 2018 and 2017 as well as the balance sheet data as of December 31, 2021, 2020, 2019, 2018 and 2017 are derived from our audited consolidated financial statements.

	Year Ended December 31,				
(in thousands, except per share data)	2021	2020	2019	2018	2017
OTC Link	\$ 29,665	\$ 15,890	\$ 11,676	\$ 11,175	\$ 10,075
Market data licensing	33,751	28,133	24,447	23,383	21,922
Corporate services	39,516	27,206	26,716	24,720	22,659
Gross revenues	102,932	71,229	62,839	59,278	54,656
Net revenues	99,911	68,419	60,350	56,830	52,176
Revenues less transaction-based expenses	90,638	65,397	59,604	56,455	52,176
Total operating expenses	52,622	43,963	41,722	36,810	33,872
Income from operations	38,016	21,434	17,882	19,645	18,304
Net income	\$ 30,476	\$ 18,274	\$ 14,942	\$ 16,237	\$ 12,559

Earnings per share					
Basic	\$ 2.59	\$ 1.56	\$ 1.28	\$ 1.41	\$ 1.10
Diluted	\$ 2.52	\$ 1.53	\$ 1.25	\$ 1.36	\$ 1.06

Weighted-average shares outstanding					
Basic	11,506,294	11,402,703	11,364,217	11,250,984	11,141,161
Diluted	11,811,320	11,630,685	11,702,863	11,622,770	11,566,086

	December 31,				
(in thousands)	2021	2020	2019	2018	2017
Cash and cash equivalents	\$ 50,394	\$ 33,733	\$ 28,217	\$ 28,813	\$ 23,683
Working capital	18,187	12,108	9,641	13,972	11,274
Total long-term liabilities	15,537	15,267	17,293	2,459	1,351
Total stockholders' equity	\$ 24,954	\$ 19,546	\$ 17,673	\$ 16,409	\$ 13,791

## Management's Discussion and Analysis of Financial Condition and Results of Operations

### Trends in Our Business

The *2022 Outlook* section, above, outlines our key areas of focus for 2022. Information related to trends in these areas, and other trends we saw during 2021, are discussed below.

The full scope and extent of the impact of COVID-19 on our business in future quarters is dependent on a number of factors that are highly uncertain and cannot be predicted. In response to the COVID-19 pandemic, businesses throughout the economy introduced more flexible working arrangements, including hybrid in-office and remote work, which we expect will persist. During 2021, we resumed in-office operations on a hybrid schedule and continue to manage our operations with a measured approach balancing our ability to serve our subscribers, operational effectiveness and the wellbeing of our colleagues.

The COVID-19 pandemic did not have an adverse effect on the Company's revenues and financial results during 2021. Our OTC Link business experienced elevated volumes on OTC Link ATS and OTC Link ECN, which led to strong growth in transaction-based revenues and a corresponding increase in transaction-based expenses. Our Corporate Services business experienced substantial growth in the number of companies joining our OTCQX and OTCQB markets, as well as a significant increase in the number of companies applying for and subscribing to our DNS product. The Corporate Services growth resulted from strong sales and increased demand for our products and services as issuers sought to comply with Rule 15c2-11. Our Market Data Licensing business continued to benefit from growth in users (see *Financial Results*, below).

The surge in trading volumes that we experienced in the early parts of 2021 moderated over the course of the year and we continue to see volumes remaining at those moderate levels in early 2022. Trading volumes are highly unpredictable and could decline further, adversely impacting our OTC Link and Market Data Licensing revenues. A decline in trading volumes could also adversely impact our OTC Link broker-dealer subscribers, as well as enterprise level and other users of our Market Data Licensing products, which could adversely impact the demand for our OTC Link and Market Data Licensing products and services. Changes in our broker-dealer subscribers' trading behavior, such as the mix of securities they trade or the volume tier they transact at, either in response to regulatory changes or in response to market conditions, could also impact the transaction-based revenues and transaction-based expenses that OTC Link generates.

For the year ended December 31, 2021, 73% of our revenues were derived from subscription-based arrangements that are recurring in nature and 27% were transaction-based revenues, compared to 82% and 18%, respectively, for the prior year. Both components of our revenues increased substantially by 30% and 109%, respectively, compared to 2020.

#### *OTC Link*

Our OTC Link business saw an increased number of trades on OTC Link ECN and an increased number of quotes and trade messages on OTC Link ATS during 2021, compared to the prior year. We executed an average of approximately 48,000 transactions per day on our OTC Link ECN during 2021, compared to approximately 11,500 transactions per day during the prior year. This contributed to significant revenue growth from our OTC Link ECN and was the primary driver of the 87% year over year increase in revenues from OTC Link. In addition, we increased the subscribers to OTC Link ECN to 93 as of December 31, 2021, up 20 from 73 subscribers as of December 31, 2020. The volume of trading on OTC Link ECN moderated substantially over

the course of 2021, from an all-time high of over 70,000 transactions per day in the first quarter to approximately 37,000 transactions per day in the fourth quarter. Our trading volumes have remained at more moderate levels in early 2022.

We expect to continue to attract new subscribers to the platform and to grow our market share, however the total addressable market is relatively limited. OTC Link ECN generated \$16.5 million in revenues in the year ended December 31, 2021, and paid \$9.3 million in transaction-based expenses in the form of rebates for posted liquidity, up from \$5.0 million in revenues and \$3.0 million in transaction-based expenses for the year ended December 31, 2020. The transaction-based revenues and transaction-based expenses that OTC Link generates, as well as OTC Link's regulatory and clearing costs included in professional and consulting fees, are correlated with the volume of activity on our markets; however, future trading volumes are highly uncertain and cannot be predicted.

The incremental expenses we incurred in launching OTC Link NQB have not been material to our overall financial results in 2021. Furthermore, we do not expect the operating expenses of running OTC Link NQB on an ongoing basis to be material.

### *Market Data Licensing*

In our Market Data Licensing business, the number of professional users subscribing to our data products increased 13% to reach 26,563 as of December 31, 2021, up from 23,463 as of December 31, 2020. The growth in the number of users helped drive a 12% year over year increase in revenues derived from professional users.

The number of non-professional users of our market data saw continued year over year growth in 2021 compared to 2020, increasing by 36% to reach 28,206 users as of December 31, 2021, up from 20,673 users as of December 31, 2020. This trend started at the outset of the COVID-19 pandemic in March 2020 and continued throughout 2021. The increased number of non-professional users of our market data generally correlates to increased retail participation in the U.S. equity markets. Non-professional users' interest in our data tends to fluctuate significantly in response to volatility in the markets and changes in retail trading activity and we may experience a decline in the number of users in the coming months.

We continue to focus resources on developing and enhancing the relevance of our compliance analytics and compliance data products for our market data subscribers. Our Canari compliance tool provides users with a comprehensive view of quantitative compliance data for a wide spectrum of securities. As of December 31, 2021, a total of 49 firms subscribe to our Compliance Data or Compliance Analytics products, up from 45 firms as of December 31, 2020.

Effective January 1, 2021, we introduced fee increases for certain of our real-time, delayed and end-of-day data offerings.

### *Corporate Services*

During 2021, our Corporate Services business experienced strong sales and issuer demand for our products and services. Our premium OTCQX and OTCQB markets, as well as our DNS product help issuers to meet their current public disclosure requirements under federal and state securities laws. As a result of the amendments to Rule 15c2-11, during 2021 a significant number of companies subscribed to our Corporate Services products, notably DNS.

The OTCQX Best Market reached 570 companies as of December 31, 2021, up from 461 companies as of December 31, 2020. A robust pace of OTCQX sales drove the increase in companies on the OTCQX market, while downgrades and other service cancellations remained broadly consistent with our historical experience. Additionally, effective January 1, 2021, we raised our annual fees for our OTCQX market from \$20 thousand to \$23 thousand. Companies



on our OTCQX market choose to renew their services at the end of each calendar year. For the annual OTCQX subscription period beginning January 1, 2022, we achieved a 96% retention rate, up versus the 94% retention rate achieved for the annual subscription period beginning January 1, 2021.

As of December 31, 2021, there were 1,150 companies on the OTCQB Venture Market, up from 902 companies as of December 31, 2020. Strong new sales and issuer demand related to Rule 15c2-11 drove the increase in companies on OTCQB. OTCQB companies renew on an annual or semi-annual basis, based on the date they joined the market. Effective January 1, 2021, we raised the annual fees for our OTCQB market from \$12 to \$14 thousand for those paying annually, and from \$13 to \$15 thousand for those paying semi-annually. We also raised our OTCQB application fee and certain other Corporate Services fees. Historically, over 90% of OTCQB companies that remain in compliance with our OTCQB Standards choose to renew their services at the end of their service terms.

International issuers continued to be a significant driver of the growth in the number of companies on our OTCQX and OTCQB markets, with 164 international companies joining OTCQX and 379 international companies joining OTCQB during 2021, compared to 78 and 160 international companies joining OTCQX and OTCQB during 2020, respectively. We saw increased sales from our U.K. office as well as higher sales in the Canadian and Australian markets.

Effective October 1, 2021, we increased our DNS application fee. Beginning January 2022, we introduced annual, incremental pricing adjustments to our fees for the OTCQX and OTCQB markets. We plan to adjust our pricing for certain other Corporate Services products during 2022.

For the year ended December 31, 2021, the total dollar volume traded in OTCQX, OTCQB and Pink securities was \$713.8 billion, an increase of 60% when compared to the prior year. Our OTC Link ATS had 86 broker-dealer subscribers quoting 12,011 securities as of December 31, 2021, as compared to 84 subscribers quoting 11,758 securities as of December 31, 2020.

### *General Business Matters*

We continue to evaluate both the current and future period impact of increasing costs related to our personnel, IT infrastructure and expense base more generally. Consistent with other companies in the financial technology sector, compensation and information technology costs comprise a significant proportion of our overall expenses, representing approximately 80% of our total operating expenses in each of the years ended December 31, 2021 and 2020.

We recognize the importance of attracting and retaining the talent required to develop our service offerings and manage our infrastructure. We have added headcount where we believe those additional resources can drive future earnings growth or are necessary to process the increased volume of business and provide reliable services to our clients. Adding headcount also allows us to comply with our regulatory obligations, including those under Regulation SCI, Rule 15c2-11 and our CAT reporting responsibilities. We expect that future investments related to our regulatory compliance obligations will be material to our financial results. Our headcount as of December 31, 2021, was 107, an increase of five versus our headcount of 102 employees as of December 31, 2020.

### **How OTC Markets Group Generates Revenues**

OTC Markets Group generates a significant proportion of its revenues pursuant to subscription arrangements that are recurring in nature. Each of our three business lines offers a distinct fee structure designed to serve its constituents. OTC Link operates OTC Link ATS, with a

subscription model and usage-based fees, and OTC Link ECN and OTC Link NQB, with transaction-based fees. Corporate Services charges application fees, and subscription fees on an annual and semi-annual basis. Market Data Licensing charges distribution and licensing fees. The revenue model for each of our business lines is described in detail below.

### *OTC Link*

OTC Link generates revenues through subscription arrangements and transaction-based fees to broker-dealer subscribers.

Broker-dealers pay monthly subscription and connectivity fees to use OTC Link ATS. Our OTC Dealer<sup>®</sup> application provides broker-dealers a user interface into OTC Link ATS. Fees for the use of the OTC Dealer application are based on the number of authorized users per subscriber and are discounted in graduated amounts in relation to total users per subscriber.

OTC Link ATS's FINRA member broker-dealer subscribers pay per security usage fees to (i) publish quotes and (ii) communicate and negotiate with counterparties on OTC Link ATS. Monthly OTC Link ATS position fees are based on the number of daily quote positions in Pink securities, with tiered pricing arrangements based on volume. Monthly OTC Link ATS message fees are based on the daily number of securities on OTC Link ATS for which trade messages are sent or received, with tiered pricing arrangements based on volume. The daily quoting and messaging fees allow subscribers to make unlimited quote updates in a single security and to send and receive an unlimited number of trade messages in a security on a given day. OTC Link ATS also generates revenues from its QAP service.

OTC Link ECN generates transactional revenues based on share volume executed. Broker-dealer subscribers pay a fixed fee per share executed where their orders remove posted liquidity on OTC Link ECN, while receiving a rebate on shares executed against their own posted liquidity. To the extent that OTC Link ECN routes orders to OTC Link ATS, OTC Link ECN may earn fees for orders that provide liquidity, while paying a fee for those orders that remove liquidity. OTC Link NQB generates transactional revenues and incurs transaction-based expenses in a manner similar to OTC Link ECN. Fees earned are recognized as transaction-based revenues, while fees paid are recognized as transaction-based expenses.

### *Market Data Licensing*

Market Data Licensing generates revenues by licensing, on a subscription basis, our extensive market data, compliance data, company data and security information collected through OTC Link and our Corporate Services business.

Market Data Licensing subscribers include investors, traders, institutions, accountants, and regulators that pay monthly license fees to access this information. We offer a suite of market data licenses, priced at per enterprise or per subscriber rates, through direct connectivity, extranet connectivity, third-party market data redistributors and OMS providers. Depending on the license type, subscribers may distribute the market data on an internal-only basis, to clients or to the public. We generate a majority of our Market Data Licensing revenues from sales through market data redistributors.

Certain of our Market Data Licensing agreements include redistribution fees and rebates, which represented 9% and 10% of Market Data Licensing gross revenues in the years ended December 31, 2021 and 2020, respectively.

Pricing information for each of our market data licenses is publicly available on our website.

We also charge for the right to display advertisements on [www.otcmarkets.com](http://www.otcmarkets.com). Website advertising revenue is included in our Market Data Licensing business line.

### *Corporate Services*

We generate revenue from the OTCQX Best Market and the OTCQB Venture Market, as well as a suite of services including DNS; Real-Time Level 2 Quote Display, a service that companies sponsor to provide their investors with access to free real-time level 2 quotes on [www.otcmarkets.com](http://www.otcmarkets.com) and the issuer's website; the Blue Sky Monitoring Service for analysis, review, and guidance about a company's compliance with each U.S. state's securities laws; and our Virtual Investor Conferences (VIC) product, which allows issuers to communicate and engage with investors and potential investors.

Companies that choose to have their securities designated as OTCQX securities do so annually, on a calendar year basis, while companies on the OTCQB market renew their services annually or semi-annually on the anniversary of the date on which they joined the market. All companies traded on the OTCQX or OTCQB markets pay a one-time application fee and annual or semi-annual fees. These fees are fixed and do not vary based on outstanding shares, market capitalization, market segment or otherwise. Companies on both markets also receive access to DNS, Real-Time Level 2 Quote Display and the Blue Sky Monitoring Service.

Pink companies may subscribe separately to these services and pay one-time application fees, and annual or semi-annual subscription fees, as applicable.

Our VIC product is available on a per event basis to companies that choose to participate in our virtual conferences.

Each of these services may be accessed through [www.otciq.com](http://www.otciq.com).

### **Financial Highlights**

For the year ended December 31, 2021, OTC Markets Group reported gross revenues and income from operations of \$102.9 million and \$38.0 million, respectively. This compares to gross revenues and income from operations of \$71.2 million and \$21.4 million, respectively, for the year ended December 31, 2020.

Gross revenues increased \$31.7 million, or 45%, driven by 87% growth in revenues from our OTC Link business, 20% growth from our Market Data Licensing business and a 45% increase in revenues from our Corporate Services business.

Income from operations increased \$16.6 million, or 77%, and operating profit margin expanded to 38.0% from 31.3%.

## Financial Results

### Consolidated Results From Operations

#### Year Ended December 31, 2021 Versus Year Ended December 31, 2020

The table below presents comparative information from the Company's consolidated income statements for the years ended December 31, 2021 and 2020.

(in thousands, except shares and per share data)	Year Ended December 31,		% change
	2021	2020	
Gross Revenues	\$ 102,932	\$ 71,229	45%
Net revenues	99,911	68,419	46%
Revenues less transaction-based expenses	90,638	65,397	39%
Operating expenses	52,622	43,963	20%
Income from operations	38,016	21,434	77%
Operating profit margin	38.0%	31.3%	
Income before provision for income taxes	37,965	21,407	77%
Net income	\$ 30,476	\$ 18,274	67%
Diluted earnings per share	\$ 2.52	\$ 1.53	65%
Weighted-average shares outstanding, diluted	11,811,320	11,630,685	2%

### Revenues

The following table presents OTC Markets Group's gross revenue by business line and consolidated revenues less transaction-based expenses for the years ended December 31, 2021 and 2020.

(in thousands)	Year Ended December 31,		% change
	2021	2020	
OTC Link	\$ 29,665	\$ 15,890	87%
Market data licensing	33,751	28,133	20%
Corporate services	39,516	27,206	45%
Gross revenues	102,932	71,229	45%
Redistribution fees and rebates	(3,021)	(2,810)	8%
Net revenues	99,911	68,419	46%
Transaction-based expenses	(9,273)	(3,022)	207%
Revenues less transaction-based expenses	\$ 90,638	\$ 65,397	39%

Gross revenues increased \$31.7 million, or 45%, to \$102.9 million during 2021, compared to the prior year.

- OTC Link revenues increased \$13.8 million, or 87%, to \$29.7 million, primarily driven by growth in revenues from our OTC Link ECN, which increased \$11.5 million, or 228%. Growth in revenues from messages on our OTC Link ATS of \$872 thousand, or 22%, and QAP One Statement fees of \$1.1 million, or 150%, also contributed to the increase in OTC Link revenues. An active U.S. equities market environment and new subscribers led to a significant increase in trading volumes on OTC Link ECN and OTC Link ATS, which drove the growth in the related transaction-based and usage-based revenues.
- Market Data Licensing revenues increased \$5.6 million, or 20%, to \$33.8 million, primarily driven by growth in revenues from professional and non-professional user licenses, which

increased \$1.8 million, or 12%, and \$1.5 million, or 68%, respectively, as a result of higher user counts. Internal system license revenues, which increased by \$636 thousand, or 47%, also contributed to the growth in Market Data Licensing revenues.

- Corporate Services revenues increased \$12.3 million, or 45%, to \$39.5 million, primarily driven by an increase of \$4.2 million, or 44%, in OTCQX revenues and \$4.4 million, or 37%, in OTCQB revenues. The growth in OTCQX and OTCQB revenues was a result of higher number of companies on both markets and price increases effective at the beginning of 2021. Revenues from DNS increased by \$3.2 million, or 74%, driven by a higher number of companies subscribing, which was related to the implementation of amendments to Rule 15c2-11. Our premium OTCQX and OTCQB markets, as well as our DNS product help issuers to meet their current public disclosure requirements under federal and state securities laws. Revenues from the VIC product increased by \$502 thousand, or 66%, driven by an increased demand for virtual investor events.
- Transaction-based expenses, which consist of rebates paid to subscribers providing liquidity on our OTC Link ECN, increased by \$6.3 million, or 207%, primarily due to an increase in volumes traded on OTC Link ECN.

### **Operating Expenses**

The following table presents OTC Markets Group's consolidated operating expenses for 2021 and 2020.

(in thousands)	Year Ended December 31,		% change
	2021	2020	
Compensation and benefits	\$ 34,049	\$ 28,896	18%
IT Infrastructure and information services	7,633	6,452	18%
Professional and consulting fees	4,495	2,704	66%
Marketing and advertising	1,028	807	27%
Occupancy costs	2,348	2,303	2%
Depreciation and amortization	1,796	1,761	2%
General, administrative and other	1,273	1,040	22%
Total operating expenses	<u>\$ 52,622</u>	<u>\$ 43,963</u>	20%

Operating expenses increased \$8.7 million, or 20%, to \$52.6 million during 2021, compared to the prior year.

- Compensation and benefits costs increased \$5.2 million, or 18%, to \$34.0 million, primarily due to a \$2.4 million, or 49%, increase in cash bonus awards, and an \$898 thousand, or 5%, increase in base salaries, driven by improvement in earnings performance and higher headcount. The increase in compensation and benefits expenses was further impacted by a \$949 thousand, or 119% increase in sales commissions related to strong OTCQX and OTCQB sales. As a percentage of gross revenues, compensation and benefits costs decreased from 41% for the year ended December 31, 2020, to 33% for the year ended December 31, 2021.
- IT Infrastructure and information services costs increased \$1.2 million, or 18%, to \$7.6 million, primarily due to an increase in spend to support the growth of our OTC Link ECN. The increase was further impacted by higher spending on data licenses in connection with the implementation of Rule 15c2-11. Higher spending on system security and workstation equipment updates as well as VIC platform license fees also contributed to the overall

increase, partially offset by a decrease in spending related to telecommunication expenses.

- Professional and consulting fees increased \$1.8 million, or 66%, to \$4.5 million, primarily due to higher OTC Link ECN clearing and regulatory costs, resulting from the larger number of transactions, and higher VIC support costs related to an increase in the number of VIC events and participating companies. Further contributing to the overall increase were consulting fees incurred for temporary personnel added to assist with the processing of the high number of applications for Corporate Services products in advance of the Rule 15c2-11 Compliance Date. These increases were partially offset by savings from payroll processing fees as a result of switching payroll providers and lower legal fees incurred resulting from certain non-material litigation matters and legal fees related to CAT compliance, unique to 2020.
- Marketing and advertising expenses increased \$221 thousand, or 27%, to \$1 million during 2021, primarily due to higher public relations spending.
- Occupancy costs increased \$45 thousand, or 2%, and amounted to \$2.3 million during 2021 as a result of the extension of our lease agreement for our Washington, D.C. office.
- Depreciation and amortization expense increased \$35 thousand, or 2%, and amounted to \$1.8 million during 2021, primarily related to IT infrastructure enhancements in 2021 and 2020.
- General, administrative and other costs increased \$233 thousand, or 22%, to \$1.3 million during 2021, primarily related to higher payment processing fees driven by higher payment volume.

### ***Income from Operations***

(in thousands)	Year Ended December 31,		% change
	2021	2020	
Income from operations	\$ 38,016	\$ 21,434	77%
Operating profit margin	38.0%	31.3%	21%

Income from operations increased \$16.6 million, or 77%, to \$38.0 million during 2021, and operating profit margin expanded to 38.0%, primarily benefiting from higher revenue, while the majority of the expenses remained less variable in nature and did not correlate to revenue growth.

### ***Net Income***

(in thousands, except shares and per share data)	Year Ended December 31,		% change
	2021	2020	
Income before provision for income taxes	\$ 37,965	\$ 21,407	77%
Provision for income taxes	7,489	3,133	139%
Effective income tax rate	19.7%	14.6%	35%
Net income	\$ 30,476	\$ 18,274	67%

Net income increased \$12.2 million, or 67%, to \$30.5 million during 2021, primarily due to the increase in income from operations, partially offset by an increase in the Company's effective tax rate. The Company's effective tax rate for 2021 increased to 19.7%, as compared to 14.6% for 2020, primarily as a result of the reversal of previously recorded uncertain state tax

expenses in 2020. These reversals were premised on the Company being accepted into the Voluntary Disclosure Agreement (“VDA”) programs of certain U.S. states in 2020. (see *Notes to Consolidated Financial Statements, Note 15, Income Taxes*).

### **Liquidity and Capital Resources**

Our liquidity is primarily derived from our working capital and cash flows from operations. We require cash to support our current operating levels, fund strategic growth initiatives, develop new services and enhance existing services, make capital expenditures, fund dividends and stock repurchases, and pay federal, state and local corporate taxes. We expect that our operations will provide sufficient cash to fund our strategic initiatives. We have no outstanding debt and, as described further below, \$1.5 million available for business operations under our line of credit, which gives us additional flexibility in managing our cash flows (see *Line of Credit*, below).

### **Cash Available for Operations**

The following table summarizes our cash available for operations, which consists of cash, as of December 31, 2021 and 2020.

(in thousands)	December 31,		% change
	2021	2020	
Cash available for operations	\$ 50,394	\$ 33,733	49%

Cash available for operations increased by \$16.7 million to \$50.4 million as of December 31, 2021. The Company generated \$46.5 million of cash from operations during the year ended December 31, 2021. During 2021, the Company used operating cash flows and cash on hand to fund \$1.4 million investments in IT infrastructure enhancements, \$25.5 million to pay quarterly dividends and a special dividend, and \$1.5 million in respect of repurchases of our Class A Common Stock.

### **Cash Flow**

The following table presents sources and uses of cash flows during 2021 and 2020.

	Year Ended December 31,		% change
	2021	2020	
Net Cash provided by operating activities	\$ 46,456	\$ 26,013	79%
Net Cash used in investing activities	(1,395)	(1,034)	35%
Net Cash used in financing activities	(28,400)	(19,460)	46%
Net Increase (decrease) in cash and restricted cash	\$ 16,661	\$ 5,519	202%

### **Net Cash Provided by Operating Activities**

Net cash provided by operating activities during 2021 was \$46.5 million, as compared to \$26.0 million during 2020. Net cash provided by operating activities for 2021 consisted of net income of 30.5 million, adjusted for non-cash items of \$4.2 million and changes in assets and liabilities of \$11.8 million. Adjustments for non-cash items to net income primarily consisted of depreciation and amortization expense of \$1.8 million and stock-based compensation expense of \$3.3 million. The increase in cash provided by operating activities was mainly a result of the \$16.6 million increase in income from operations and a \$6.7 million increase in deferred revenue. This was partially offset by timing of accounts payable and prepaid income taxes.

***Net Cash Used in Investing Activities***

Cash used in investing activities for the year ended December 31, 2021 was \$1.4 million, as compared to \$1.0 million for the year ended December 31, 2020. The cash used in investing activities for both periods primarily consisted of purchases of IT equipment for our data centers.

***Net Cash Used in Financing Activities***

Net cash used in financing activities during 2021 was \$28.4 million, as compared to \$19.5 million during 2020. The cash used in both fiscal years was for dividends paid to holders of our Class A Common Stock, repurchases of our Class A Common Stock via our stock buyback program, and federal and state withholding taxes paid related to cashless exercises of stock options by employees. Cash used for dividends increased \$10.8 million. Repurchases of our Class A Common Stock amounted to \$1.5 million, a decrease of \$2.0 million from \$3.5 million in 2020. Cash used in respect of withholding taxes related to cashless exercises amounted to \$1.4 million, an increase of \$55 thousand over 2020.

***Capital Resources and Working Capital***

OTC Markets Group's working capital at December 31, 2021 was \$18.2 million, an increase of \$6.1 million, or 50%, from \$12.1 million at December 31, 2020. Working capital includes certain non-operating assets and liabilities, such as prepaid income taxes and income taxes payable. The improvement in working capital during the year ended December 31, 2021 was primarily attributable to a \$16.7 million increase in cash and restricted cash balance, and a \$823 thousand increase in net accounts receivable balance, partially offset by a \$9.7 million increase in deferred revenue and a \$2.4 million increase in accrued expenses and other current liabilities.

***Line of Credit***

On July 7, 2012, the Company entered into a line of credit agreement with JPMorgan Chase (the "Line of Credit") that provided up to \$1.5 million of available borrowing capacity to fund business operations. The effective interest rate of the Line of Credit is benchmarked to the London Inter Bank Offered Rate ("LIBOR"). The Line of Credit has been extended through June 24, 2022. We have not drawn funds on the Line of Credit. Under the terms of the Line of Credit, we agreed to fulfill certain affirmative and negative covenants and other specified terms. At December 31, 2021, the Company was in compliance with all of the covenants and other terms of the Line of Credit.

***Operating Leases***

We have entered into operating lease agreements for our offices and recognize rent expense on a straight-line basis over the term of the lease (see *Nature and Extent of the Issuer's Facilities*, above).

***Off-Balance Sheet Arrangements***

None.



## Part E. Issuance History and Financial Information

### List of the Securities Offerings and Shares Issued for Services in the Past Two Years

The following tables set forth information concerning Class A Common Stock and options issued during the fiscal years 2020 and 2021:

Month of Issuance	Issuance Type	Shares Issued	Price at Issuance	Issuance Class
<b>2020</b>				
January	Restricted Stock	92,113	\$34.20	Employee
January	Option Grant	29,500	\$34.50	Employee
February	Option Grant	5,200	\$32.98	Employee
April	Option Grant	9,500	\$27.48	Employee
July	Option Grant	17,500	\$30.00	Employee
August	Restricted Stock	5,100	\$29.39	Director
November	Option Grant	5,300	\$34.73	Employee
<b>2021</b>				
January	Restricted Stock	105,483	\$34.00	Employee
January	Option Grant	36,000	\$33.99	Employee
February	Option Grant	15,500	\$38.00	Employee
March	Option Grant	8,500	\$39.00	Employee
April	Option Grant	29,350	\$40.25	Employee
June	Option Grant	18,250	\$48.90	Employee
July	Option Grant	11,800	\$42.50	Employee
August	Restricted Stock	4,232	\$42.50	Director
August	Option Grant	7,500	\$45.00	Employee
September	Option Grant	19,500	\$49.50	Employee
October	Option Grant	10,500	\$50.50	Employee

#### Notes:

- (1) All awards are of Class A Common Stock.
- (2) All option grants are issued pursuant to the Company's 2019 Equity Incentive Plan, as applicable. Grants vest 20% each year the employee remains employed with OTC Markets Group.
- (3) Shares issued pursuant to RS Agreements contain a legend stating that the shares have not been registered under the Securities Act or any state securities laws and setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.
- (4) Shares issued to Directors are part of each Director's annual compensation.

### Financial Information for the Issuer's Most Recent Fiscal Period and for Such Part of the Two Preceding Fiscal Years as the Issuer or its Predecessor has been in Existence

Copies of the audited Consolidated Financial Statements of OTC Markets Group as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, including the Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Stockholders' Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements, are attached hereto as Exhibit 1.1. The

attached Consolidated Financial Statements and the notes thereto are hereby incorporated by reference into this Annual Report.

## **Part F. Exhibits**

### **1 Consolidated Financial Statements**

- 1.1 Financial information for the years ended December 31, 2021, December 31, 2020 and December 31, 2019

### **2 Issuer's Certifications**

- 2.1 Certification of principal executive officer
- 2.2 Certification of principal financial officer

### **3 Material Contracts**

- 3.3 Lease Agreement by and between OTC Markets Group Inc. and LHREV Washington M Street, LLC (incorporated by reference to Exhibit 3.12 to the Quarterly Report filed on May 5, 2021)
- 3.4 Employment Agreement dated November 5, 2021, by and between OTC Markets Group Inc. and R. Cromwell Coulson (Chief Executive Officer)
- 3.5 "Key Man" Life Insurance Policy for R. Cromwell Coulson (incorporated herein by reference to Exhibit 3.5 to the Initial Disclosure Statement filed on September 15, 2009)
- 3.9 Sublease Agreement for offices at 300 Vesey Street, New York, NY (incorporated herein by reference to Exhibit 3.9 to the Quarterly Report filed on November 11, 2018)
- 3.10 Form of Senior Management Employment and Change in Control Agreement, by and between OTC Markets Group Inc. and each of Matthew Fuchs, Antonia Georgieva, Kristie Harkins, Lisabeth Heese, Michael Modeski, Bruce Ostrover, Jason Paltrowitz and Dan Zinn (incorporated herein by reference to Exhibit 3.10 to the Annual Report filed on March 6, 2019)

### **4 Customer Contracts**

*The following documents may be found on our website at [www.otcmarkets.com](http://www.otcmarkets.com):*

- 4.1 OTC Link Broker-Dealer Subscriber Agreement
- 4.2 OTC Link ECN Subscription Agreement
- 4.3 Market Data Distribution Agreement
- 4.4 Market Data File Subscription Agreement
- 4.5 OTCQX Application for U.S. Companies
- 4.6 OTCQX Company Agreement
- 4.7 OTCQX Application for U.S. Banks
- 4.8 OTCQX Application for International Companies
- 4.9 OTCQB Application and Agreement

- 4.10 OTCIQ Order Form
- 4.11 OTCIQ Agreement
- 4.12 Application to Serve as an OTCQX Sponsor
- 4.13 Agreement to Serve as an OTCQX Sponsor
- 4.14 Virtual Investor Conferences Agreement

## **5 Certificate of Incorporation and By-laws**

- 5.1 Certificate of Incorporation (incorporated herein by reference to Exhibit 5.1 to the Initial Disclosure Statement filed on September 15, 2009)
- 5.2 By-laws (incorporated herein by reference to Exhibit 5.1 to the Initial Disclosure Statement filed on September 15, 2009)

## **6 Equity Incentive Plans**

- 6.1 2019 Equity Incentive Plan, adopted by the Board of Directors on May 7, 2019, and approved by stockholder vote on December 19, 2019 (incorporated herein by reference to Exhibit 6.1 to the Annual Report filed March 4, 2020)



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders of OTC Markets Group Inc.

### **Opinion**

We have audited the consolidated financial statements of OTC Markets Group Inc. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the three years in the period ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

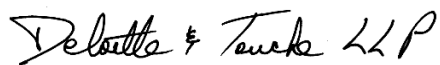
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Other Information Included in the Annual Report**

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

March 9, 2022

**EXHIBIT 1.1**

**OTC MARKETS GROUP INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share information)

	December 31,	
	2021	2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 50,394	\$ 33,733
Short-term restricted cash	-	32
Accounts receivable, net of allowance for credit losses of \$244 and \$194	7,404	6,609
Prepaid income taxes	790	356
Prepaid expenses and other current assets	1,363	1,375
<b>Total current assets</b>	59,951	42,105
Property and equipment, net	5,049	5,367
Operating lease right-of-use assets	14,889	14,844
Deferred tax assets, net	387	343
Goodwill	251	251
Intangible assets, net	40	40
Long-term restricted cash	1,564	1,532
Other assets	124	328
<b>Total Assets</b>	<u>\$ 82,255</u>	<u>\$ 64,810</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Accounts payable	\$ 962	\$ 1,251
Income taxes payable	13	16
Accrued expenses and other current liabilities	12,357	9,965
Deferred revenue	28,432	18,765
<b>Total current liabilities</b>	41,764	29,997
Income tax reserve	989	801
Operating lease liabilities	14,548	14,466
<b>Total Liabilities</b>	57,301	45,264
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
Common stock - par value \$0.01 per share		
Class A - 17,000,000 authorized, 12,483,128 issued, 11,801,761 outstanding at		
December 31, 2021; 12,346,491 issued, 11,709,857 outstanding at December 31, 2020	125	123
Additional paid-in capital	21,681	19,770
Retained earnings	16,787	11,770
Treasury stock - 681,367 shares at December 31, 2021 and 636,634 shares at December 31, 2020	(13,639)	(12,117)
<b>Total Stockholders' Equity</b>	24,954	19,546
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 82,255</u>	<u>\$ 64,810</u>

See accompanying notes to consolidated financial statements

**OTC MARKETS GROUP INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except earnings per share)

	Year Ended December 31,		
	2021	2020	2019
<b>Gross Revenues</b>	\$ 102,932	\$ 71,229	\$ 62,839
Redistribution fees and rebates	(3,021)	(2,810)	(2,489)
Net revenues	99,911	68,419	60,350
Transaction-based expenses	(9,273)	(3,022)	(746)
<b>Revenues less transaction-based expenses</b>	<b>90,638</b>	<b>65,397</b>	<b>59,604</b>
<b>Operating expenses</b>			
Compensation and benefits	34,049	28,896	26,994
IT Infrastructure and information services	7,633	6,452	6,383
Professional and consulting fees	4,495	2,704	1,982
Marketing and advertising	1,028	807	1,117
Occupancy costs	2,348	2,303	2,548
Depreciation and amortization	1,796	1,761	1,492
General, administrative and other	1,273	1,040	1,206
<b>Total operating expenses</b>	<b>52,622</b>	<b>43,963</b>	<b>41,722</b>
<b>Income from operations</b>	<b>38,016</b>	<b>21,434</b>	<b>17,882</b>
<b>Other income (expense)</b>			
Interest income	1	19	109
Other (expense) income	(52)	(46)	(6)
<b>Income before provision for income taxes</b>	<b>37,965</b>	<b>21,407</b>	<b>17,985</b>
Provision for income taxes	7,489	3,133	3,043
<b>Net Income</b>	<b>\$ 30,476</b>	<b>\$ 18,274</b>	<b>\$ 14,942</b>
<b>Earnings per share</b>			
Basic	\$ 2.59	\$ 1.56	\$ 1.28
Diluted	\$ 2.52	\$ 1.53	\$ 1.25

See accompanying notes to consolidated financial statements

**OTC MARKETS GROUP INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(in thousands)

		Par Value - \$0.01				
	Total	Class A	Class C	Additional paid-in capital	Retained Earnings	Treasury Stock
<b>Balance, January 1, 2019</b>	<b>\$ 16,409</b>	<b>\$ 120</b>	<b>\$ -</b>	<b>\$ 15,772</b>	<b>\$ 7,724</b>	<b>\$ (7,207)</b>
<b>Comprehensive income:</b>						
Net income	14,942	-	-	-	14,942	-
<b>Total comprehensive income</b>	<b>14,942</b>					
Stock-based compensation	2,703	-	-	2,703	-	-
Issuance of restricted and common shares, net	(703)	2	-	(705)	-	-
Issuance of common stock for the acquisition of Qaravan	272			272		
Dividends	(14,560)	-	-	-	(14,560)	-
Repurchase of common stock for treasury stock	(1,390)	-	-	-	-	(1,390)
<b>Balance, December 31, 2019</b>	<b>17,673</b>	<b>122</b>	<b>-</b>	<b>18,042</b>	<b>8,106</b>	<b>(8,597)</b>
<b>Comprehensive income:</b>						
Net income	18,274	-	-	-	18,274	-
<b>Total comprehensive income</b>	<b>18,274</b>					
Stock-based compensation	3,059	-	-	3,059	-	-
Issuance of restricted and common shares, net	(1,330)	1	-	(1,331)	-	-
Dividends	(14,610)	-	-	-	(14,610)	-
Repurchase of common stock for treasury stock	(3,520)	-	-	-	-	(3,520)
<b>Balance, December 31, 2020</b>	<b>19,546</b>	<b>123</b>	<b>-</b>	<b>19,770</b>	<b>11,770</b>	<b>(12,117)</b>
<b>Comprehensive income:</b>						
Net income	30,476	-	-	-	30,476	-
<b>Total comprehensive income</b>	<b>30,476</b>					
Stock-based compensation	3,332	-	-	3,332	-	-
Issuance of restricted and common shares, net	(1,419)	2	-	(1,421)	-	-
Dividends	(25,459)	-	-	-	(25,459)	-
Repurchase of common stock for treasury stock	(1,522)	-	-	-	-	(1,522)
<b>Balance, December 31, 2021</b>	<b>\$ 24,954</b>	<b>\$ 125</b>	<b>\$ -</b>	<b>\$ 21,681</b>	<b>\$ 16,787</b>	<b>\$ (13,639)</b>

See accompanying notes to consolidated financial statements



**OTC MARKETS GROUP INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
<b>Cash flows from operating activities</b>			
Net income	\$ 30,476	\$ 18,274	\$ 14,942
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	1,796	1,761	1,492
Provision for credit losses	52	30	108
Stock-based compensation	3,332	3,059	2,703
Excess tax benefits related to stock-based compensation	(949)	(950)	(744)
Deferred income taxes	(44)	361	129
Loss (Gain) on disposal of fixed assets	-	(10)	15
Changes in assets and liabilities:			
Accounts receivable	(847)	(1,482)	(323)
Prepaid expenses and other current assets	12	(37)	1,022
Prepaid income taxes	(434)	(38)	160
Accounts payable	(277)	917	(372)
Accrued expenses and other current liabilities	2,214	1,336	1,204
Income tax payable	946	867	843
Income tax reserve	188	(963)	306
Deferred revenue	9,667	2,950	(255)
Net change in other assets and liabilities	324	(62)	183
<b>Net Cash provided by operating activities</b>	<b>46,456</b>	<b>26,013</b>	<b>21,413</b>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	(1,395)	(1,034)	(4,852)
Acquisition of Qaravan assets	-	-	(664)
<b>Net Cash used in investing activities</b>	<b>(1,395)</b>	<b>(1,034)</b>	<b>(5,516)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	(25,459)	(14,610)	(14,560)
Proceeds from the exercise of stock options	8	43	85
Issuance of restricted stock	1	-	-
Withholding taxes paid related to cashless exercise of stock options	(1,428)	(1,373)	(788)
Purchase of treasury stock	(1,522)	(3,520)	(1,390)
<b>Net Cash used in financing activities</b>	<b>(28,400)</b>	<b>(19,460)</b>	<b>(16,653)</b>
Net (decrease) increase in cash, cash equivalents and restricted cash	16,661	5,519	(756)
Cash, cash equivalents and restricted cash at beginning of year	35,297	29,778	30,534
Cash, cash equivalents and restricted cash at end of year	<u>\$ 51,958</u>	<u>\$ 35,297</u>	<u>\$ 29,778</u>
<b>Reconciliation of cash and restricted cash:</b>			
Cash and cash equivalents	\$ 50,394	\$ 33,733	\$ 28,217
Short-term restricted cash	-	32	-
Long-term restricted cash	1,564	1,532	1,561
Total cash, cash equivalents and restricted cash	<u>\$ 51,958</u>	<u>\$ 35,297</u>	<u>\$ 29,778</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>			
Income taxes, net of refunds	\$ 7,821	\$ 3,857	\$ 2,344
Non-cash investing and financing activities:			
Property and equipment included in accounts payable and accrued expenses	108	25	427
Common stock issued for the acquisition of Qaravan	-	-	272

See accompanying notes to consolidated financial statements

## OTC MARKETS GROUP INC.

### Notes to Consolidated Financial Statements

(in thousands, except shares and per share information)

#### Note 1. Description of Business

##### *Overview*

OTC Markets Group Inc. (OTCQX: OTCM) operates regulated markets for trading 12,000 U.S. and international securities. Our data-driven disclosure standards form the foundation of our three public markets: OTCQX® Best Market, OTCQB® Venture Market and Pink® Open Market.

Our OTC Link® Alternative Trading Systems (ATs) provide critical market infrastructure that broker-dealers rely on to facilitate trading. Our innovative model offers companies more efficient access to the U.S. financial markets.

OTC Link ATS, OTC Link ECN and OTC Link NQB are each a Securities and Exchange Commission ("SEC") regulated ATS, operated by the Company's wholly owned subsidiary OTC Link LLC ("OTC Link"), a Financial Industry Regulatory Authority, Inc. ("FINRA") and SEC registered broker-dealer.

The Company has three business lines: OTC Link, Market Data Licensing and Corporate Services.

- OTC Link – OTC Link LLC operates three ATs, OTC Link ATS, OTC Link ECN, and OTC Link NQB, which provide trading services to FINRA member broker-dealer subscribers.
- Market Data Licensing – OTC Markets Group provides market data and compliance data for a wide spectrum of securities and companies. The Market Data Licensing business provides investors, traders, institutions, accountants and regulators with a suite of enterprise and user market data licenses, offered via direct or extranet connectivity, through third party market data redistributors or Order Management Systems ("OMS").
- Corporate Services – OTC Markets Group operates the OTCQX Best Market and the OTCQB Venture Market and offers companies access to a suite of services that are designed to facilitate public disclosure and communication with investors, promote greater transparency and allow companies to demonstrate regulatory compliance and mitigate market risk. These services include the OTC Disclosure & News Service® ("DNS"), Real-Time Level 2 Quote Display, Blue Sky Monitoring Service and our Virtual Investor Conferences® ("VIC") product.

##### Corporate Form

OTC Markets Group Inc. is a Delaware corporation. The Company is a "C" Corporation for federal, state, and local income tax purposes.

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

**Note 2. Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") and include the accounts of the Company and its wholly owned subsidiaries, OTC Link LLC, OTC Markets Group International Ltd and Qaravan® Inc. ("Qaravan"). All intercompany transactions have been eliminated in consolidation. Management assessed the segment reporting standards, analyzed how the chief operating decision maker (the Chief Executive Officer) manages the businesses and the availability of discrete financial information, and concluded that the Company's three business lines aggregate to one reportable segment.

*Use of Estimates*

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Estimates included in the consolidated financial statements include allowance for credit losses, certain accrued expenses, stock-based compensation expense, the incremental borrowing rate used to calculate the present value of the operating lease liabilities, income tax reserve and provision for income taxes. Actual results could differ from those estimates. As the impact of the COVID-19 pandemic continues to unfold and additional information becomes available, some of our estimates and assumptions may change in future periods.

*Revenue Recognition*

We recognize revenues when we transfer control of promised goods or services to our customers in an amount that reflects the consideration to which we expect to be entitled to in exchange for those goods or services (see Note 3, *Revenue Recognition*).

*Cash and Cash Equivalents*

The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, the carrying amount of which approximates fair value. The Company maintains cash in bank deposit accounts which, at times, may exceed federally insured limits.

*Short-Term and Long-Term Restricted Cash*

The Company considers all cash deposits that are held for a specific purpose and therefore not available for general business use as restricted cash. Restricted cash is comprised of cash set aside as security deposits on the Company's office leases and cash held at clearing organizations as collateral against obligations of the Company arising from clearing agreements in place to support the Company's OTC Link business.

*Allowance for Credit Losses*

The allowance for credit losses is maintained at a level that management believes to be sufficient to absorb expected losses among all subscribers across all business lines. The allowance is based on several factors, including management's continuous assessment of the collectability of subscriber accounts using an aging schedule. Management applies loss rates based on historical loss information and adjusted for differences in nature and our estimates of current and future economic conditions of the receivables. When it is known that a specific customer will not meet its financial obligations, management will reduce the receivable balance to the amount that is expected to be collected.

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

*Property and Equipment, net*

Property and equipment are stated at cost and depreciated over the estimated useful lives of the assets (generally ranging from two to eleven years) utilizing the straight-line method. Leasehold improvements are amortized using the straight-line method over the term of the lease or the estimated useful lives of the assets, whichever is shorter. Computer software is included in property and equipment and consist of purchased software and capitalized website development costs. Capitalized website development costs consist primarily of external direct costs in developing the Company's website.

Expenditures for maintenance, repairs, and renewals are expensed as incurred, unless they add to the value of the property or appreciably extend its useful life. Gains or losses are recorded from a sale or retirement of property and equipment at the time of disposal.

*Long-lived Asset Impairments*

The Company reviews long-lived assets, including property, plant and equipment and amortizable intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the asset may not be fully recoverable. An impairment loss is recognized when the estimated discounted future cash flows expected to be generated from the use of the asset, including disposition, is less than the carrying amount of the asset.

*Goodwill and Indefinite-Lived Intangible Asset Impairment*

The Company reviews the carrying amounts of both goodwill and indefinite-lived intangible assets for impairment annually and more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. When testing for impairment, the Company first assesses qualitative factors, such as operating results, business plans, anticipated future cash flows, industry data, and other potential risks to the projected financial results, to determine whether it is more likely than not that the fair value of the asset is less than the carrying amount. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. Quantitative testing, consisting of a determination of implied fair value of the goodwill, is only performed if the qualitative assessment concludes it is more likely than not that the fair value of the asset is less than its carrying amount. If the implied fair value of the goodwill is less than the carrying amount, an impairment is recorded in the amount of the difference.

For indefinite-lived intangible assets an impairment is recorded for any excess of carrying amount over the estimated fair value.

There are inherent uncertainties related to these impairment tests which require management's judgment in applying them including the evaluation of qualitative factors and estimates of future business results.

*Leases*

The Company determines if an arrangement is a lease at inception, and records operating lease right-of-use ("ROU") assets and liabilities on the commencement date based on the present value of future lease payments over the lease term. The Company has operating leases in respect of its office space. ROU assets include an adjustment for any prepaid rent and lease incentives. When the rate implicit in the operating lease is not readily determinable, the Company uses its incremental borrowing rate as the discount rate to determine its lease assets and the present value of its lease liabilities. The incremental borrowing rate approximates the

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

rate the Company would pay to borrow on a collateralized basis for the weighted-average life of the lease. ROU assets and liabilities are included on our Consolidated Balance Sheet beginning January 1, 2019. The current portion of our operating lease liabilities is included in accrued expenses and other current liabilities and the long-term portion is included in operating lease liabilities.

The Company's lease agreements generally contain lease and non-lease components. Payments under lease arrangements are primarily fixed. Non-lease components are primarily comprised of payments due for maintenance and utilities. The Company has elected to account for fixed lease payments and non-lease components as a single lease component that increases the amount of our operating lease assets and liabilities. Any changes in payments due to changes in inflation rates are recognized as variable lease expenses as they are incurred.

Operating lease expense is recognized on a straight-line basis over the lease term (see Note 10, *Leases*).

*Stock-based Compensation*

The Company measures share-based awards given to employees at the grant-day fair value of the equity award and records stock-based compensation expense over the related service period. OTC Markets Group estimates an expected forfeiture rate while recognizing the expense associated with these awards (see Note 8, *Stock-based Compensation*).

*Fair Value Measurement*

The Company accounts for certain financial instruments at fair value, in accordance with the provisions of the standard for fair value measurement, which utilizes a three-tier hierarchy to determine the fair value of financial assets and liabilities based on the quality of observable inputs and enhances disclosure requirements for fair value measurement. The three tiers are:

- Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in an active market;
- Level 2 – Other inputs that are directly or indirectly observable in the market; and
- Level 3 – Unobservable inputs that are supported by little or no market activity.

The fair value of a financial instrument is the amount that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

Assets and liabilities on the Consolidated Balance Sheets that are measured at carrying value, which approximates fair value due to the short-term nature of these balances, include prepaid expenses, accrued expenses and other current liabilities and deferred revenue. These balances are classified as Level 1 and Level 2 in the fair value hierarchy.

*Income Taxes*

The Company accounts for income taxes under the provisions of Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, which generally requires the recognition of deferred tax assets and liabilities for the expected future tax benefits or consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting carrying values and the tax basis of assets and liabilities and are measured

**OTC MARKETS GROUP INC.**

**Notes to Consolidated Financial Statements (continued)**

(in thousands, except shares and per share information)

by applying enacted tax rates and laws for the taxable years in which those differences are expected to reverse.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon settlement with the relevant tax authority, and is net of a valuation allowance to the extent that the Company determines that it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods.

**Note 3. Revenue Recognition**

Substantially all of our revenues are derived from contracts with customers. Revenues are recognized when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. In accordance with Topic 606, we evaluate our contracts with customers based on a five-step methodology. We: (1) identify the contract with the customer; (2) identify the performance obligations under the contract; (3) determine the transaction price; (4) allocate the transaction price to the separate performance obligations; and (5) recognize revenue when each performance obligation is satisfied. Certain of our ancillary Market Data Licensing and Corporate Services offerings, including VIC, news release and advertising services, are usage-based and are delivered at a point in time. Accordingly, we recognize revenue upon delivery of the service in line with the contractual agreement. Neither represent a material source of revenues.

*OTC Link*

OTC Link LLC operates three ATSS, OTC Link ATS, OTC Link ECN, and OTC Link NQB. Broker-dealers pay monthly subscription fees that permit access to the trading system, including the OTC Dealer<sup>®</sup> application and related support and updates, if applicable, during the contract term. Fees for such access are based on the number of authorized users per subscriber and are calculated based on a tiered pricing arrangement. These fees are invoiced monthly and in advance of the monthly service period. The Company satisfies its performance obligations over the contract term and records revenue from these fees ratably over the month, with the unrealized portion recorded as deferred revenue on the Company's Consolidated Balance Sheets. The Company pays rebates to certain resellers of OTC Link ATS services. These are invoiced monthly based on the fixed rate specified in the applicable contract and recorded as a reduction of gross revenues.

In addition to the aforementioned monthly access fees, broker-dealer subscribers to OTC Link ATS pay usage-based fees to publish quotes and deliver trade messages electronically to counterparties. Those fees are recognized at the point in time when the performance obligation, the publication of the quote or delivery of the message, is satisfied. OTC Link ECN generates revenues based on share volume executed on the ECN matching platform. Broker-dealer counterparties pay a fixed fee per share executed where their orders remove posted liquidity on the ECN, while receiving a rebate on shares executed against their own posted liquidity. To the extent that OTC Link ECN routes orders to OTC Link ATS, OTC Link ECN may earn fees for orders that provide liquidity, while paying a fee for orders that remove liquidity. OTC Link NQB generates revenues in a manner similar to OTC Link ECN. Fees earned are recognized as transaction-based revenues, while fees paid are recognized as transaction-based expenses.

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

These fees are invoiced monthly, in arrears, and are due upon receipt. The Company recognizes transaction-based revenue earned upon the execution of a trade, when the Company's obligations are substantially met. Similarly, payments made to subscribers providing liquidity are recognized upon execution and are recorded as transaction-based expenses within the Consolidated Statements of Income.

*Market Data Licensing*

Market Data Licensing generates revenues by providing our subscribers with continuous access to the market data, compliance data, company data and security information collected through our OTC Link and Corporate Services business lines. Subscribers pay monthly fees to access this information priced at per enterprise or per subscriber rates. Market Data Licensing revenues are recognized ratably over the term of the contract period, beginning on the date on which the data is made available to the customer, as our continuing performance obligations are met.

The majority of Market Data Licensing revenues result from sales through redistributors, some of whom earn redistribution fees based on a contractual fixed rate. These fees are invoiced monthly based on the contractual period and are recognized as a reduction of gross revenues. The vast majority of our redistribution fees and rebates are related to these arrangements with market data redistributors.

*Corporate Services*

Corporate Services generates revenues from the OTCQX Best Market, OTCQB Venture Market and a suite of other services. Issuers pay annual or semi-annual subscription fees upfront to have their securities traded on the OTCQX or OTCQB markets and subscribe to our various other services. We recognize these revenues ratably over time based on the subscription period as the performance obligations are met and the transfer of services occurs. Issuers pay one-time non-refundable application fees. These fees are not related to distinct performance obligations and are recognized ratably over the contractual service period, which is one year or shorter. The Company also charges for the right to host webcast presentations and online events on our VIC platform. VIC presentation fees are recognized at the point in time when the services are rendered, which corresponds to the date of the webcast and the point in time that the performance obligation is satisfied.

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

The following tables present our revenues disaggregated by timing of revenue recognition:

<b>Year Ended December 31, 2021</b>			
	<b>Point in Time</b>	<b>Over Time</b>	<b>Total</b>
OTC Link	\$ 25,596	\$ 4,069	\$ 29,665
Market data licensing	523	33,228	33,751
Corporate services	1,642	37,874	39,516
Gross revenues	27,761	75,171	102,932
Redistribution fees and rebates	(129)	(2,892)	(3,021)
Net revenues	27,632	72,279	99,911
Transaction-based expenses	(9,273)	-	(9,273)
Revenues less transaction-based expenses	<u>\$ 18,359</u>	<u>\$ 72,279</u>	<u>\$ 90,638</u>

<b>Year Ended December 31, 2020</b>			
	<b>Point in Time</b>	<b>Over Time</b>	<b>Total</b>
OTC Link	\$ 12,077	\$ 3,813	\$ 15,890
Market data licensing	155	27,978	28,133
Corporate services	1,053	26,153	27,206
Gross revenues	13,285	57,944	71,229
Redistribution fees and rebates	(53)	(2,757)	(2,810)
Net revenues	13,232	55,187	68,419
Transaction-based expenses	(3,022)	-	(3,022)
Revenues less transaction-based expenses	<u>\$ 10,210</u>	<u>\$ 55,187</u>	<u>\$ 65,397</u>

<b>Year Ended December 31, 2019</b>			
	<b>Point in Time</b>	<b>Over Time</b>	<b>Total</b>
OTC Link	\$ 7,674	\$ 4,002	\$ 11,676
Market data licensing	207	24,240	24,447
Corporate services	216	26,500	26,716
Gross revenues	8,097	54,742	62,839
Redistribution fees and rebates	(80)	(2,409)	(2,489)
Net revenues	8,017	52,333	60,350
Transaction-based expenses	(746)	-	(746)
Revenues less transaction-based expenses	<u>\$ 7,271</u>	<u>\$ 52,333</u>	<u>\$ 59,604</u>



**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

The following tables present our revenues disaggregated by geography:

<b>Year Ended December 31, 2021</b>			
	<b>U.S</b>	<b>International</b>	<b>Total</b>
OTC Link	\$ 29,665	\$ -	\$ 29,665
Market data licensing	26,749	7,002	33,751
Corporate services	19,221	20,295	39,516
Gross revenues	75,635	27,297	102,932
Redistribution fees and rebates	(2,752)	(269)	(3,021)
Net revenues	72,883	27,028	99,911
Transaction-based expenses	(9,273)	-	(9,273)
Revenues less transaction-based expenses	<u>\$ 63,610</u>	<u>\$ 27,028</u>	<u>\$ 90,638</u>

<b>Year Ended December 31, 2020</b>			
	<b>U.S</b>	<b>International</b>	<b>Total</b>
OTC Link	\$ 15,890	\$ -	\$ 15,890
Market data licensing	22,884	5,249	28,133
Corporate services	14,695	12,511	27,206
Gross revenues	53,469	17,760	71,229
Redistribution fees and rebates	(2,536)	(274)	(2,810)
Net revenues	50,933	17,486	68,419
Transaction-based expenses	(3,022)	-	(3,022)
Revenues less transaction-based expenses	<u>\$ 47,911</u>	<u>\$ 17,486</u>	<u>\$ 65,397</u>

<b>Year Ended December 31, 2019</b>			
	<b>U.S</b>	<b>International</b>	<b>Total</b>
OTC Link	\$ 11,676	\$ -	\$ 11,676
Market data licensing	20,281	4,166	24,447
Corporate services	14,829	11,887	26,716
Gross revenues	46,786	16,053	62,839
Redistribution fees and rebates	(2,286)	(203)	(2,489)
Net revenues	44,500	15,850	60,350
Transaction-based expenses	(746)	-	(746)
Revenues less transaction-based expenses	<u>\$ 43,754</u>	<u>\$ 15,850</u>	<u>\$ 59,604</u>

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

*Accounts Receivable, net*

As of December 31, 2021 and 2020, accounts receivable net of allowance for credit losses, were \$7,404 and \$6,609, respectively. The allowance for credit losses reflects our best estimate of expected losses inherent in the accounts receivable balance. The Company determines the allowance based on historical experience, the age of the accounts receivable balances, specific account information, and our estimates of current and future economic conditions that may affect our customers' ability to pay.

*Deferred Revenue*

Deferred revenue primarily represents our contractual performance obligations related to annual and semi-annual Corporate Services subscription fees, as well as monthly Market Data Licensing and OTC Link license subscription fees. The following table presents the changes in deferred revenue during the year ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Balance at beginning of period	\$ 18,765	\$ 15,815
Net changes	9,667	2,950
Balance at end of period	<u>\$ 28,432</u>	<u>\$ 18,765</u>

During the year ended December 31, 2021 and 2020, we recognized \$18,576 and \$15,765 of revenues, respectively, that were included in the balance of our deferred revenue at the beginning of each year.

*Payment Terms*

Our payment terms vary by business line and the products or services offered and range from due upon receipt to net 45 days. For certain products and services, we require payment before services are rendered.

**Note 4. Concentrations and Uncertainties**

During the years ended December 31, 2021, 2020 and 2019, Market Data Licensing revenues earned through one market data redistributor amounted to approximately 8%, 10% and 10% of the Company's gross revenues, respectively. Additionally, at each of December 31, 2021 and 2020, accounts receivable from that same redistributor amounted to 22% of the Company's accounts receivable.

**Note 5. Property and Equipment, net**

Property and equipment consisted of the following:

(in thousands)	December 31,		Estimated useful life (years)
	2021	2020	
Computer software	\$ 2,758	\$ 2,704	2 - 3
Computer equipment	6,417	5,092	3 - 5
Furniture and fixtures	691	691	5 - 7
Leasehold improvements	2,820	2,804	Term of lease
Total property and equipment	12,686	11,291	
Accumulated depreciation and amortization	(7,637)	(5,924)	
<b>Total property and equipment, net</b>	<b>\$ 5,049</b>	<b>\$ 5,367</b>	

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

Depreciation and amortization on property and equipment, included in the Consolidated Statements of Income, amounted to \$1,796, \$1,761 and \$1,471 for the years ended December 31, 2021, 2020 and 2019, respectively.

Computer software includes approximately \$0, \$34 and \$236 in unamortized website development costs, as of December 31, 2021, 2020 and 2019, respectively.

**Note 6. Goodwill and Intangible Assets**

Intangible assets consisted of the following:

(in thousands)	December 31,		Estimated useful life (years)
	2021	2020	
Goodwill	\$ 251	\$ 251	Indefinite
<b>Intangible assets:</b>			
Website	100	100	2
Subscription services	150	150	8-15
Distributor relations	27	27	15
Intellectual property	40	40	Indefinite
Total intangible assets	317	317	
Accumulated amortization	(277)	(277)	
<b>Intangible assets, net</b>	<b>\$ 40</b>	<b>\$ 40</b>	

Amortization expense for finite-lived intangible assets was \$0, \$0 and \$21 for the years ended December 2021, 2020 and 2019, respectively. The decrease in amortization expense in 2021 and 2020 compared to 2019 was due to certain intangible assets being fully amortized. No impairment charges were recorded to goodwill or intangible assets for the years ended December 31, 2021, 2020 and 2019.

**Note 7. Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities consisted of the following:

(in thousands)	December 31,	
	2021	2020
Payroll and employee withholdings	\$ 9,342	\$ 6,740
Accrued operating expenses	1,104	1,397
Current operating lease liabilities	1,911	1,828
<b>Total accrued expenses and other</b>	<b>\$ 12,357</b>	<b>\$ 9,965</b>

Payroll and employee withholdings primarily consisted of accrued discretionary bonus, discretionary employer 401(k) contribution, vacation and sales commission.

**Note 8. Stock-Based Compensation**

OTC Markets Group grants stock options to employees and restricted stock awards ("RSAs") to employees and directors. The grant date fair value of each stock option is estimated using the Black-Scholes option pricing model and is then amortized into compensation expense on a straight-line basis over the requisite service period, which is generally the vesting period. The grant date fair value of each RSA is based on the closing stock price on the day prior to the grant date. These charges are included in compensation and benefits expense and, in respect of compensation for our Board of Directors, professional and consulting fees on the Consolidated Statements of Income.

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

A summary of the Company's option activity for the year ended December 31, 2021 is as follows:

(in thousands, except W/A exercise price)	Stock options	Weighted-average exercise price	Aggregate intrinsic value	Remaining contractual term (years)
Outstanding, January 1, 2021	569	\$ 25.06	\$ 5,164	5.40
Granted	157	41.76	98	
Exercised	(136)	21.68	3,622	
Outstanding, December 31, 2021	530	\$ 30.21	\$ 15,317	6.93
Exercisable, December 31, 2021	210	\$ 21.45	\$ 7,914	4.89

The Company recognized compensation expense related to stock options, net of estimated forfeitures of \$610, \$612 and \$628 for the years ended December 31, 2021, 2020 and 2019, respectively. During 2021, management estimated forfeiture rates of 5% for stock options granted to management and 23% for stock options granted to other employees. Such charges are included in compensation and benefits expense on the Consolidated Statements of Income.

At December 31, 2021, unrecognized compensation cost related to non-vested options awards totaled \$1,750, which will be recognized over approximately 3.6 years.

The weighted-average assumptions used in the Black-Scholes option pricing model for 2021, 2020 and 2019 are as follows:

	Year ended December 31,		
	2021	2020	2019
Risk free interest rate	1.07%	0.89%	2.11%
Expected life in years	6.88	6.50	6.50
Expected volatility	27%	25%	23%
Expected annual dividend per share	1.51%	1.85%	1.85%
Weighted average fair value of options granted	\$ 10.13	\$ 6.45	\$ 6.73

A summary of the Company's non-vested stock option activity for the year ended December 31, 2021 is as follows:

(in thousands, except W/A fair value)	Number of options	Weighted- average fair value
Non-vested balance at January 1, 2021	304	\$ 6.20
Granted	157	10.13
Vested	(94)	5.72
Forfeited	(47)	7.09
Non-vested options at December 31, 2021	320	\$ 8.14

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

A summary of the Company's RSA activity for the year ended December 31, 2021 is as follows:

(in thousands, except W/A fair value)	Restricted stock	Weighted- average fair value	Aggregate intrinsic value
Outstanding, January 1, 2021	279	\$ 28.55	\$ 9,475
Granted	110	34.33	3,769
Vested	(97)	25.98	3,345
Forfeited	(17)	29.91	590
Outstanding, December 31, 2021	275	\$ 31.69	\$ 16,223

The Company recognized compensation expense related to RSAs, net of estimated forfeitures, of \$2,559, \$2,297 and \$1,925 for the years ended December 31, 2021, 2020 and 2019, respectively. During 2021, management estimated forfeiture rates of 8% for RSAs granted to management and 13% for RSAs granted to other employees. In addition, the Company also recognized professional fees of \$163, \$150 and \$150 for the years ended December 31, 2021, 2020 and 2019, respectively, related to the issuance of RSAs to the Board of Directors.

A summary of the Company's non-vested RSA activity for the year ended December 31, 2021 is as follows:

(in thousands, except W/A fair value)	Number of RSAs	Weighted- average fair value
Non-vested balance at January 1, 2021	279	\$ 28.55
Granted	110	34.33
Forfeited	(17)	29.91
Vested	(97)	25.98
Non-vested RSAs at December 31, 2021	275	\$ 31.69

At December 31, 2021, unrecognized compensation cost related to non-vested awards totaled \$5,660, which will be recognized over approximately 3.1 years.

#### **Note 9. Debt**

OTC Markets Group maintains a commercial banking relationship with JPMorgan Chase. On July 7, 2012, the Company entered into a line of credit agreement with JPMorgan Chase (the "Line of Credit"). Pursuant to various extensions, the Line of Credit provides up to \$1,500 of available borrowing capacity to fund business operations through June 24, 2022. Since inception, we have not drawn funds on the Line of Credit. Under the terms of the Line of Credit, we agreed to fulfill certain affirmative and negative covenants and other specified terms.

#### **Note 10. Leases**

The Company has two non-cancelable operating leases. One is for office space at 300 Vesey Street, New York, NY that was executed in October 2018 and expires on December 30, 2031. The other is for office space at 100 M Street SE, Washington, D.C. that was amended in April 2021 and expires on January 31, 2028. These operating leases are recorded as operating lease right-of-use assets on the Company's Consolidated Balance Sheet as of December 31, 2021, and represent the Company's right to use of the underlying asset during the lease term. The Company's obligation in respect of future payments due under the leases is included in accrued expenses and other current liabilities and in the operating lease liabilities section on the Company's Consolidated Balance Sheet as of December 31, 2021.

**OTC MARKETS GROUP INC.**

**Notes to Consolidated Financial Statements (continued)**

(in thousands, except shares and per share information)

The Company recognized right-of-use assets and lease liabilities, based on the present value of lease payments over the lease terms at commencement date. When the rate implicit in the operating lease is not readily determinable, the Company uses its incremental borrowing rate as the discount rate to determine its right-of-use assets and the present value of its lease liabilities. The incremental borrowing rates approximate the rate the Company would pay to borrow on a collateralized basis for the weighted-average life of the lease. Operating right-of-use assets include prepaid lease payments and lease incentives. The Company elected not to record short-term operating leases with an initial term of twelve months or less on its Consolidated Balance Sheet. The Company also elected to account for the fixed payments for the lease and non-lease components (such as common-area maintenance and utility charges) as a single lease component that increases the amount of our lease assets and liabilities.

All operating lease expense is recognized on a straight-line basis over the lease term. Any change in payments due to changes in inflation rates are recognized as variable lease expenses as they are incurred.

*The components of lease expenses were as follows:*

	December 31, 2020,	
	2021	2020
Operating Lease cost	\$ 1,995	\$ 1,988
Short-term Lease cost	20	18
Total lease cost	<u>\$ 2,015</u>	<u>\$ 2,006</u>

Supplemental cash flow information related to leases was as follows:

	December 31,	
	2021	2020
Cash Paid for operating lease liabilities	\$ 1,875	\$ 1,988
Right-of-use assets obtained in exchange for operating lease obligations	-	-

Supplemental balance sheet information related to leases was as follows:

	December 31,	
	2021	2020
Operating lease right-of use assets	\$ 14,889	\$ 14,844
Other current liabilities	1,911	1,829
Operating lease liabilities	<u>14,548</u>	<u>14,466</u>
Total operating lease liabilities	<u>16,459</u>	<u>16,295</u>
Weighted-average remaining lease term	10 Years	11 Years
Weighted-average discount rate	4.7%	4.8%

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

*Maturities of lease liabilities were as follows:*

2022	\$	1,959
2023		1,982
2024		2,104
2025		2,160
2026		2,165
Thereafter		10,339
Total lease payments		20,709
Less imputed interest		( 4,250 )
Total	\$	16,459

Occupancy expense included in the Consolidated Statements of Income was \$2,348, \$2,303 and \$2,548 for the years ended December 31, 2021, 2020 and 2019, respectively.

**Note 11. Commitments and Contingencies**

*Legal Matters*

There are no current, past, pending or threatened legal proceedings or administrative actions either by or against OTC Markets Group that could have a material effect on its business, financial condition or operations. OTC Markets Group is not a party to any past or pending trading suspensions by a securities regulator.

*Letters of Credit*

As of December 31, 2021, the Company had two open letters of credit of approximately \$1,059 which secure its lease obligations in connection with its New York City and Washington D.C. office space operating leases. The letters of credit are collateralized by a money market balance.

**Note 12. Acquisitions**

In February 2019, the Company acquired 100% of the outstanding equity of Qaravan, a provider of software, and risk and performance analytics for the banking and finance industry.

The purchase price was \$851, comprised of \$579 in cash, \$272 in the form of 8,213 shares of Class A common stock, plus contingent consideration. The Company determined that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar, identifiable assets and based on this determination, and in accordance with ASC 805, accounted for the acquisition as an asset purchase. The purchase price of \$851, \$85 of transaction-related expenses and \$137 of acquisition tax basis difference have been allocated to Computer Software. No contingent consideration was earned in connection with the Qaravan acquisition.

**Note 13. Employee Benefit Plan**

The Company has a 401(k) Plan for all eligible employees. Subject to federal contribution limits, the 401(k) Plan permits each participant to contribute up to 15% of the participant's annual compensation and allows the Company to make discretionary contributions. In 2008, the Company established an "Employer Non-Elective Discretionary Contribution" feature for its 401(k) Plan. The Company elected to contribute \$480, \$467 and \$429 for the annual periods ended December 31, 2021, 2020 and 2019, respectively.

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

**Note 14. Stockholders' Equity**

*Common Stock*

The Company has one class of shares, Class A Common Stock, outstanding. Holders of Class A Common Stock, which include holders of unvested RSAs, are entitled to receive such dividends and other distributions in cash, stock of any corporation or property of the Company as may be authorized and declared by the Board of Directors from time to time out of the assets or funds of the Company legally available for the payment of dividends. Upon the voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of Class A Common Stock are entitled to a pro rata share of the net assets of the Company available for distribution in proportion to the number of shares of Class A Common Stock held by each.

The Company is authorized to issue 17,000,000 shares of Class A Common Stock at \$0.01 par value. As of December 31, 2021 there were a total of 12,483,128 shares issued and 11,801,761 shares outstanding. As of December 31, 2020 there were a total of 12,346,491 shares issued and 11,709,857 shares outstanding.

*Treasury Stock*

In August 2011, the Board of Directors authorized the Company to repurchase up to 300,000 shares of Class A Common Stock in compliance with Rule 10b-18 under the Securities Exchange Act of 1934 (the "Exchange Act"). In March 2021 and 2020, the Board of Directors refreshed the Company's stock repurchase program, authorizing the repurchase of up to 300,000 shares of Class A Common Stock.

During the year ended December 31, 2021, the Company repurchased 44,733 shares of Class A Common Stock at average price of \$34.01 per share for a total of \$1,522. During the year ended December 31, 2020, the Company repurchased 102,938 shares of Class A Common Stock at average price of \$34.20 per share for a total of \$3,520. All repurchased shares are held in treasury.

*Dividends*

The Company paid quarterly cash dividends on its Class A Common Stock of \$0.18 per share during the third and fourth quarter of 2021 and \$0.15 per share during the first and second quarter of 2021 as well as during each quarter of 2020. The Company also paid special dividends of \$1.50 per share of Class A Common Stock during the fourth quarter of 2021 and \$0.65 per share of Class A Common Stock during the fourth quarter of 2020.

*Equity Incentive Plan*

The Company's Equity Incentive Plan (the "Plan"), as adopted by the Board of Directors on May 7, 2019, and approved by a vote of the Company's stockholders on December 19, 2019, provides for the grant of incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares, and governs options awarded (see Note 8, *Stock-Based Compensation*). In November 2021 and 2020, the Board of Directors authorized the increase in the number of shares available for issuance under the Plan by 190,000 and 200,000 shares, respectively.



**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

**Note 15. Income Taxes**

The components of the provision for income taxes consist of the following:

(in thousands)	Year Ended December 31,		
	2021	2020	2019
<b>Current:</b>			
Federal	\$ 4,988	\$ 2,199	\$ 1,794
State and local	2,543	564	1,114
Foreign	2	10	-
<b>Total current</b>	<b>\$ 7,533</b>	<b>\$ 2,773</b>	<b>\$ 2,908</b>
<b>Deferred:</b>			
Federal	(74)	374	176
State and local	33	(12)	(41)
Foreign	(3)	(2)	-
<b>Total deferred</b>	<b>\$ (44)</b>	<b>\$ 360</b>	<b>\$ 135</b>
<b>Provision for income taxes</b>	<b>\$ 7,489</b>	<b>\$ 3,133</b>	<b>\$ 3,043</b>

The reconciliation of federal statutory income tax rate to our effective income tax rate is as follows:

	Year Ended December 31,		
	2021	2020	2019
Federal Statutory rate	21.0%	21.0%	21.0%
State and local income taxes, net	5.0%	3.9%	3.4%
R&D tax credits	(2.3%)	(2.7%)	(3.4%)
Stock-based compensation	(2.0%)	(3.6%)	(3.4%)
Foreign derived intangible income	(2.4%)	(2.3%)	(2.1%)
Other	0.4%	(1.7%)	1.5%
	<b>19.7%</b>	<b>14.6%</b>	<b>16.9%</b>

The Company's effective income tax rates for fiscal years 2021, 2020 and 2019 were 19.7%, 14.6% and 16.9%, respectively.

The increase in the Company's effective tax rate for 2021 primarily resulted from the reversal of previously recorded uncertain state tax expenses in 2020 that did not recur in 2021. These reversals were premised on the Company being accepted into the Voluntary Disclosure Agreement ("VDA") programs of certain U.S. states. The release of tax expense reserves in respect of years prior to the VDA period had the effect of decreasing the Company's effective tax rate for 2020 by approximately 3%. Higher state and local income taxes due to additional reporting states also impacted the increase in the effective tax rate for 2021.

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

The significant components of the Company's deferred tax assets and liabilities are as follows:

(in thousands)	Year Ended December 31,	
	2021	2020
<b>Deferred tax assets:</b>		
Allowance for credit losses	\$ 66	\$ 54
Operating leases liability	4,336	3,733
Share-based compensation	735	715
Deferred tax asset on income tax reserve	196	156
Net operating loss carryforward	49	53
Other reserves	27	84
<b>Deferred tax assets</b>	<b>5,409</b>	<b>4,795</b>
<b>Deferred tax liabilities:</b>		
Right-of-use assets	(3,923)	(3,359)
Property and equipment	(1,080)	(983)
Basis difference in acquisition of Qaravan	(19)	(110)
<b>Deferred tax liabilities</b>	<b>(5,022)</b>	<b>(4,452)</b>
<b>Net deferred tax assets</b>	<b>\$ 387</b>	<b>\$ 343</b>

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon settlement with the relevant tax authority. In connection with the assessment of certain tax positions, a reconciliation of the gross unrecognized tax liabilities for the years ended December 31, 2021 and 2020 is as follows:

(in thousands)	Year Ended December 31,	
	2021	2020
<b>Beginning balance</b>	<b>\$ 601</b>	<b>\$ 1,382</b>
Increase for tax positions taken during the current period	169	112
increase (Decrease) for tax positions taken during a prior period	(21)	(893)
<b>Ending balance</b>	<b>\$ 749</b>	<b>\$ 601</b>

It is not reasonably possible that any unrecognized tax benefits related to state nexus will reverse within the next twelve months due to expected settlements with taxing authorities. The total amount of uncertain tax positions that, if recognized, would impact the Company's effective tax rate as of December 31, 2021 and 2020, is \$749 and \$601, respectively.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of tax expense. The Company recorded an increase in the amount of interest and penalties due on income tax reserves by \$40 during the year ended December 31, 2021, recorded a reduction of \$182 during the year ended December 31, 2020, and an increase of 92 during the year ended December 31, 2019. As of December 31, 2021 and 2020, the Company had \$240 and \$200 of interest and penalties accrued, respectively.

The Company is subject to income taxes in the U.S. federal jurisdiction and various state jurisdictions. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. Tax years from 2015 through 2020 remain subject to examination by the U.S. federal and various state taxing authorities. The Company is not currently under audit in any tax jurisdictions and does not

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

believe that the outcome of any examination will have a material impact on its consolidated financial statements.

**Note 16. Earnings Per Share**

The Company calculates earnings per share using the two-class method, which is an earnings allocation formula that determines earnings per share for common stock and participating securities according to dividends declared and participation rights in undistributed earnings. Under this method, all earnings (distributed and undistributed) are allocated to common shares and participating securities based on their respective rights to receive dividends. RSAs granted to employees (see Note 8, *Stock-Based Compensation*) participate in dividends on the same basis as common shares and such dividends are nonforfeitable by the holder. As a result, these RSAs meet the definition of a participating security.

The tables below present the calculations of earnings per share using the two-class method:

*Basic Earnings per common share*

(in thousands, except shares and per share data)	Year Ended December 31,		
	2021	2020	2019
Net income available to common shareholders	\$ 30,476	\$ 18,274	\$ 14,942
Less: Undistributed earnings allocated to unvested RSAs	(117)	(87)	(9)
Less: Dividend equivalents on unvested RSAs	(593)	(348)	(345)
Net Income allocated to common shareholders	<u>\$ 29,766</u>	<u>\$ 17,839</u>	<u>\$ 14,588</u>
Shares of common stock and common stock equivalents			
Weighted-average common shares outstanding	<u>11,506,294</u>	<u>11,402,703</u>	<u>11,364,217</u>
Basic earnings per share	\$ 2.59	\$ 1.56	\$ 1.28

*Diluted Earnings per common share*

(in thousands, except shares and per share data)	Year Ended December 31,		
	2021	2020	2019
Net income available to common shareholders	\$ 30,476	\$ 18,274	\$ 14,942
Less: Undistributed earnings allocated to unvested RSAs	(114)	(86)	(9)
Less: Dividend equivalents on unvested RSAs	(593)	(348)	(345)
Net Income allocated to common shareholders	<u>\$ 29,769</u>	<u>\$ 17,840</u>	<u>\$ 14,588</u>
Shares of common stock and common stock equivalents			
Weighted-average common shares outstanding	11,506,294	11,402,703	11,364,217
Dilutive effect of employee stock options and restricted stock awards	<u>305,026</u>	<u>227,982</u>	<u>338,646</u>
Weighted-average shares used in diluted computation	<u>11,811,320</u>	<u>11,630,685</u>	<u>11,702,863</u>
Diluted earnings per share	\$ 2.52	\$ 1.53	\$ 1.25

As of December 31, 2021, 2020 and 2019, 275, 279 and 276 RSAs, respectively, and stock options to purchase 530, 569 and 662 shares of Class A Common Stock, respectively, were outstanding. For the years ended December 31, 2021, 2020 and 2019, 7, 32 and 15 awards, respectively, were excluded from the diluted earnings per share computation because their effect would have been anti-dilutive.

**OTC MARKETS GROUP INC.**  
**Notes to Consolidated Financial Statements (continued)**  
(in thousands, except shares and per share information)

**Note 17. Quarterly Financial Data (unaudited)**

The following represents OTC Markets Group's unaudited quarterly results for the years ended December 31, 2021 and 2020. These quarterly results were prepared in accordance with U.S. GAAP and reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results. These adjustments are of a normal recurring nature.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
<b>2021</b>				
Revenues less transaction-based expenses	\$ 21,796	\$ 22,217	\$ 22,808	\$ 23,819
Operating Income	8,419	9,143	9,676	10,778
Net Income	6,838	7,072	7,512	9,054
Basic earnings per share	\$ 0.58	\$ 0.60	\$ 0.64	\$ 0.77
Diluted earnings per share	\$ 0.57	\$ 0.59	\$ 0.62	\$ 0.74
<b>2020</b>				
Revenues less transaction-based expenses	\$ 15,465	\$ 15,786	\$ 16,444	\$ 17,702
Operating Income	4,483	4,792	5,478	6,681
Net Income	3,855	4,231	4,459	5,728
Basic earnings per share	\$ 0.33	\$ 0.36	\$ 0.38	\$ 0.49
Diluted earnings per share	\$ 0.32	\$ 0.36	\$ 0.37	\$ 0.48

**Note 18. Regulatory Authorities**

OTC Link LLC is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. Rule 15c3-1 requires the maintenance of net capital, as defined, which shall be the greater of \$5 or 6 ⅔% of aggregate indebtedness, as defined. OTC Link LLC's regulatory net capital as of December 31, 2021 and 2020 was \$5,052 and \$2,871, respectively, which exceeded the minimum net capital requirement by \$4,837 and \$2,659, respectively.

**Note 19. Subsequent Events**

For purposes of disclosure in the consolidated financial statements, the Company has evaluated subsequent events through March 9, 2022, the date the consolidated financial statements were available to be issued.

In January 2022, the Company granted approximately 85,820 RSAs to certain employees subject to the terms of Restricted Stock Agreements between the Company and each employee.

In February 2022, the Company repurchased a total of 45,140 shares of Class A Common Stock at an average price of \$61.50 per share, which will be held in treasury.

On March 7, 2022, the Board of Directors authorized and approved a quarterly cash dividend of \$0.18 per share of Class A Common Stock. The quarterly cash dividend is payable on March 31, 2022 to stockholders of record on March 23, 2022. The ex-dividend date is March 22, 2022.

On March 7, 2022, the Board of Directors refreshed the Company's stock repurchase program, giving the Company authorization to repurchase up to 300,000 shares of the Company's Class A Common Stock.

## **EXHIBIT 2.1**

### **CERTIFICATION OF PRINCIPAL EXECUTIVE**

I, R. Cromwell Coulson, Chief Executive Officer of OTC Markets Group Inc., certify that:

1. I have reviewed this Annual Report of OTC Markets Group Inc.;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

/s/ R. Cromwell Coulson  
R. Cromwell Coulson  
Chief Executive Officer

March 9, 2022  
Date

## **EXHIBIT 2.2**

### **CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, Antonia Georgieva, Chief Financial Officer of OTC Markets Group Inc., certify that:

1. I have reviewed this Annual Report of OTC Markets Group Inc.;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

/s/ Antonia Georgieva  
Antonia Georgieva  
Chief Financial Officer

March 9, 2022  
Date