



THE “SLOW PO”

Public trading is often a key component in creating successful and sustainable enterprises over the long-term, and provides companies with access to benefits not easily available to private companies.

Companies go public to build visibility, create share liquidity, grow their valuation, gain wider access to capital and convey their reputation to investors. Public companies have the advantage of perpetual capital, competitive benchmarks and trust that is driven by transparency.

In contrast to the traditional accelerated IPO process, a “Slow PO” enables companies to enter into the public markets by making previously restricted shares available for public trading by brokers on the OTCQX[®], OTCQB[®] and OTC Pink[®] marketplaces. The longer on-ramp allows seasoned companies with an established investor base to avoid the high costs and time pressures of a traditional IPO, while growing their liquidity organically over time. The Slow PO also provides management more resources to focus on executing their business plans as they grow into the company they aspire to be.

Shareholder capital raised through private placements to angel investors, private equity firms, and venture capital has created a huge pool of value that can be unlocked and used by companies to build an informed and efficient public trading market of these freely tradable shares.

BENEFITS OF A SLOW PO

- Provides management with more resources to focus on growing the business rather than meeting externally-imposed financial targets and time pressures of a traditional IPO
- Build investor confidence in the quality of the company’s management and financials as the market in its shares expand
- Enables companies to grow liquidity organically through a slower entry to the public markets
- Allows companies to choose the market visibility and reporting status that best fits their needs whether SEC-reporting or Alternative Reporting Standard

HOW A SLOW PO WORKS

A Slow PO enables companies to enter the public markets by making previously restricted shares available for public trading on the OTCQX, OTCQB and OTC Pink marketplaces.

- 1. RAISE CAPITAL IN PRIVATE OR RESTRICTED OFFERINGS:** The Securities Act of 1933 provides several exemptions from registration for companies looking to sell shares to investors. Four of the more popular offering exemptions are:
 - Rule 506 of Regulation D
 - Rule 144A
 - Rule 701
- 2. MAKING SHARES TRADABLE AFTER REGISTRATION OR SEASONING:** Once shares have been created, a company can make those shares immediately tradable by registering them with the SEC via a Form 10 filing or by removing restrictive legends of seasoned non-affiliate shares that have been held for greater than one year under Securities Act Rule 144, which provides an exemption from registration for the resale of restricted securities into the public market
- 3. ENABLE BROKER-DEALERS TO QUOTE SHARES ON OTC LINK[®] ATS:** A FINRA-member broker-dealer must sponsor the company’s securities by filing a Form 211 with FINRA. After 30 days, those securities will become “piggyback qualified,” allowing any broker-dealer to quote them. For a list of broker-dealers willing to sponsor new securities, visit www.otcmarkets.com.

SELECTING A MARKETPLACE: OTCQX, OTCQB AND OTC PINK

OTC Markets Group operates the OTCQX®, OTCQB® and OTC Pink® financial marketplaces for 10,000 U.S. and global securities. These securities have an aggregate market cap of over \$14 trillion, and are traded on our regulated Alternative Trading System, OTC Link® ATS, by a network of 130 of the largest broker-dealers that also trade NYSE and NASDAQ securities.

Securities that brokers chose to trade without the involvement of the company are by default traded on OTC Pink, an open marketplace for broker-dealers to trade all types of securities. In order to provide a better information and trading experience for investors, companies can choose to apply to the OTCQX marketplace for established, growth and global companies or the OTCQB venture stage marketplace for entrepreneurial and development stage companies.

- ▶ **OTCQX THE BEST MARKETPLACE:** The **OTCQX best marketplace** is designed for established, growth and global companies that meet high financial and operating standards, and are committed to building visibility with the investment community. Companies on OTCQX are distinguished by the diligence with which they provide information, demonstrate compliance with U.S. securities laws, and clearly convey their qualifications to investors.
- ▶ **OTCQB THE VENTURE STAGE MARKETPLACE:** The **OTCQB venture marketplace** is designed for entrepreneurial and development stage companies that are current in their reporting. To improve transparency on OTCQB, companies are required to undergo a new annual verification and management certification process. Companies must meet a minimum bid price test of \$0.01 and may not be in bankruptcy.
- ▶ **OTCPink THE OPEN MARKETPLACE:** The **OTC Pink open marketplace** is designed for broker-dealers to electronically trade all types of securities without requiring company involvement. With no minimum financial standards, OTC Pink includes penny stocks, and shells, as well as distressed, delinquent, and dark companies, and foreign companies that limit distribution of their disclosure to their home market. OTC Pink requires sophisticated investors to dig deeper and be extra thorough in their research before making any trading decisions.

LIQUIDITY ON OTCQX, OTCQB AND OTC PINK

From an investor's perspective, the process of electronically trading OTCQX, OTCQB, and OTC Pink securities is nearly identical to that of trading a NYSE or NASDAQ security. OTC Link® ATS, an SEC-registered Alternative Trading System, directly links a diverse network of 130 leading U.S. broker-dealers that provide liquidity and execution services for 10,000 U.S. and global OTCQX, OTCQB and OTC Pink securities. Its real-time price transparency and connectivity offers broker-dealers control of trades and choice of counterparties so that they can efficiently provide best execution, attract order flow, and comply with FINRA and SEC regulations.

In 2013, \$200 billion in dollar volume was traded in OTCQX, OTCQB and OTC Pink securities. The most active market participants by dollar volume in our marketplaces are Archipelago Trading Services, Inc., Citadel Securities, Citi's Automated Trading Desk, Jane Street Markets, Knight Execution & Clearing Services LLC, and UBS Securities LLC.

In addition, investors in all OTCQX and OTCQB companies may view the full market-depth of their stock free of charge on www.otcmarkets.com through the Real-Time Level 2 Quote Display Service.

OTC Link® ATS is operated by OTC Link LLC, a FINRA member broker-dealer and wholly owned subsidiary of OTC Markets Group Inc.

ABOUT OTC MARKETS GROUP: OTC Markets Group Inc. operates Open, Transparent and Connected financial marketplaces for 10,000 U.S. and global securities. To learn how OTC Markets Group creates better informed and more efficient financial marketplaces, visit www.otcmarkets.com. OTC Link® ATS is operated by OTC Link LLC, member FINRA/SIPC and SEC registered Alternative Trading System.

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