

OTC Markets

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EQS GROUP

THE COST EFFECTIVE WAY TO ACCESS  
US INVESTORS

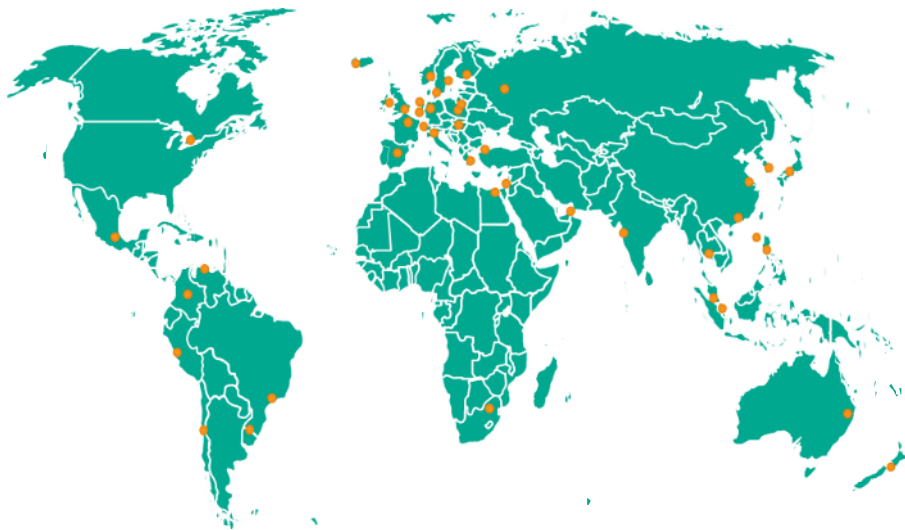
September/October 2017

# OTC MARKETS GROUP

**Our Mission: To create better informed and more efficient financial markets**

OTC Markets Group, Inc. (OTCQX: OTCM) operates the OTCQX® Best Market, the OTCQB® Venture Market, and the Pink® Open Market for 10,000 U.S. and global securities. Through OTC Link® ATS, we connect a diverse network of broker-dealers that provide liquidity and execution services. We enable investors to easily trade through the broker of their choice and empower companies to improve the quality of information available for investors.

OTC Link ATS is operated by OTC Link LLC, member FINRA/SIPC and SEC regulated ATS.



**\$10 trillion+**  
total market capitalization

**\$192 Billion**  
total dollar volume

**86%**  
total market turnover in global securities

**9,620 securities**  
connecting 45 recognized global exchanges

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# OUR MARKETS

We organize 10,000 securities into three markets to better inform investors



## The Best Market

- Established, investor-focused U.S. and global companies
- High financial standards, best practice corporate governance and compliance with U.S. securities laws
- Current public reporting
- Penny stocks, shells and companies in bankruptcy cannot qualify for OTCQX



## The Venture Market

- Early-stage and developing U.S. and international companies
- Current public reporting and an annual verification and management certification
- Must meet \$0.01 bid test and may not be in bankruptcy



## The Pink Market

- Allows broker-dealers to electronically trade all types of companies
- Companies not providing adequate information to investors
- No minimum financial standards
- Investors should research and exercise caution

# TRUSTED, INVESTOR-FOCUSED COMPANIES



# FINDING SOLUTIONS TO U.S. CAPITAL MARKET CHALLENGES FOR GLOBAL COMPANIES

OTCQX provides the core functions of a U.S. stock exchange without the cost & complexity

## Key Challenges

## OTCQX Solutions

U.S. investors may be unable or unwilling to trade securities in a company's home market

Trading  


Provides an established U.S. public market for global companies to be traded:

- as a U.S. security
- through a U.S. broker
- in U.S. dollars
- during U.S. trading hours

Arbitrage opportunity without compliance issues

Brokers place high internal risk controls on Pink and Grey securities, limiting trading

Trust  


Indicates to brokers and investors that a company:

- meets high financial standards – penny stocks and shells do not qualify
- follows best practice corporate governance
- demonstrates compliance with U.S. securities laws
- current in its 12g3-2(b) obligation

News and disclosure that a company distributes in its home market is not easily accessible for U.S. investors researching its security

Transparency  


Leverages current reporting standard(s) to push information to the U.S., removing duplication:

- convert financial information into a format that U.S. investors can consume and analyze
- distribute company news to U.S. investors and brokers

Complying with U.S. exchange requirements can be costly and duplicative for global IROs with a limited budget

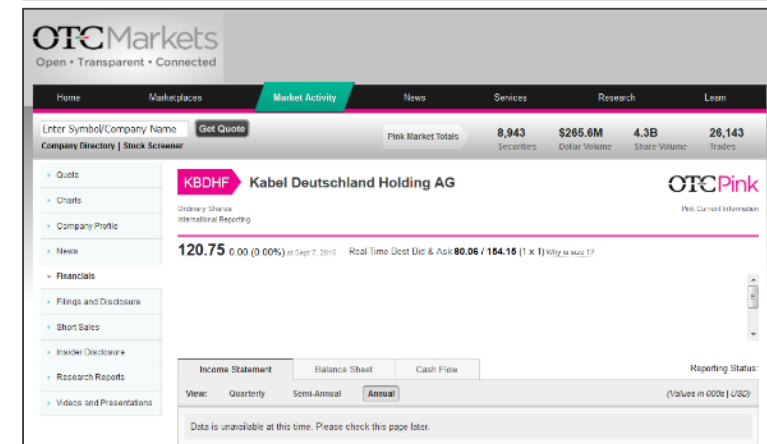
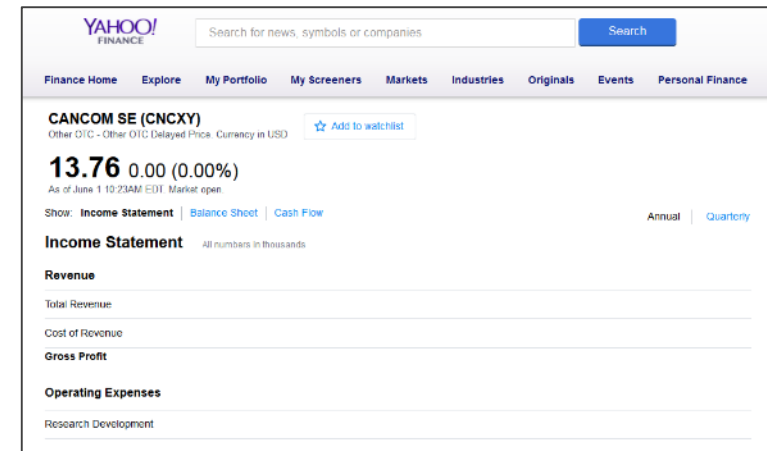
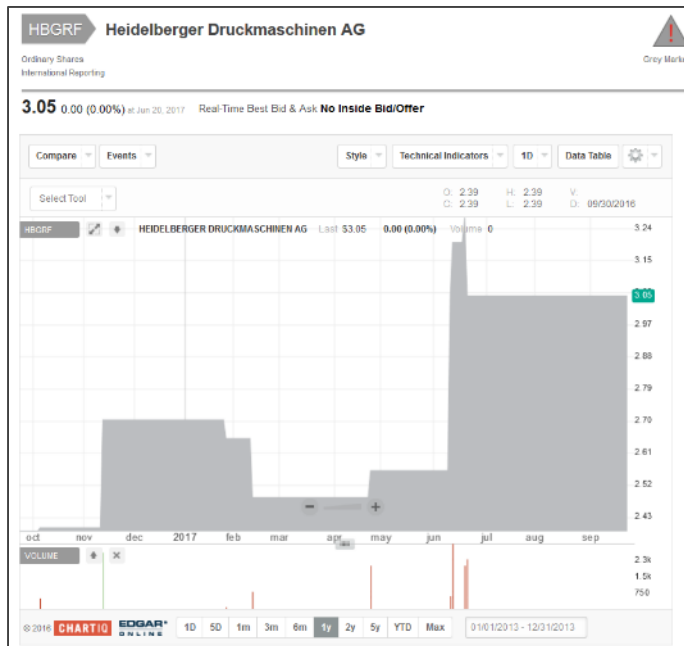
Requires fewer experts and simplified ongoing requirements

# WHAT DOES IT MEAN TO TRADE ON THE PINK AND GREY MARKET?

Indicates U.S. brokers and investor interest even if a company was not involved in creating the U.S. symbol

No company engagement, however, can mean

- Lower information distribution and visibility
- Lower liquidity
- Lower trading volumes



# OTC LINK® ATS: WELL-REGULATED TRADING

## Network Model: Broker-dealer communication and trading

- SEC-registered Alternative Trading System
- 100+ leading FINRA member and SEC regulated broker-dealers that trade on exchanges and off-exchanges and connect to the German market
- Transparency on comprehensive full depth of book, ensuring National Best Bid and Offer (NBBO) where best price is assured and best execution regulations are met

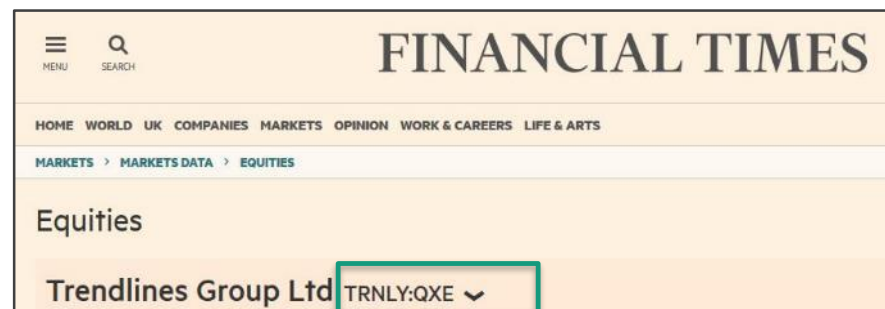
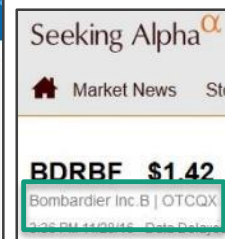
The screenshot displays the OTC LINK trading interface for the symbol BASFY. The top navigation bar includes menu items like Setup, View, Quote, Market Info, and Help. The main header shows the symbol BASFY, its venue OTC Link, and various market statistics including PBBO, CBBO, Last price, and Volume. Below the header is a table of market orders with columns for Bid/Ask status, Price, Change, Size, and Time. The table is split into two columns, showing the full depth of the order book.

Side	Symbol	Price	Change	Size	Time
Bid	JANE	105.22		1,500	10:08
Bid	VFCM	105.22		200	10:08
Bid	ARCA	105.22	-30	1,100	10:08
Bid	CDEL	105.20	-30	200	10:08
Bid	NITE	105.13	-30	100	10:08
Bid	INTL	105.10	-30	100	10:08
Bid	MCAP	105.06	-30	100	10:08
Bid	CSTI	104.90	-30	100	10:08
Bid	CANT	104.85	-30	100	09:56
Bid	ETRF	101.75	-30	100	09:07
Bid	MAXM	100.16	-30	100	08:43
Bid	BARD	99.20	-30	100	10:07
Bid	VNDM	96.06		100	09:22
Bid	VFIN	93.57	-30	100	09:27
Bid	PUMA	91.50	-25	100	08:36
Bid	VERT	90.00	-30	100	09:01
Bid	BGCE	60.04	-30	100	09:10
Ask	NITE	105.27	-30	100	10:08
Ask	VFCM	105.27		100	10:08
Ask	ARCA	105.27	-30	100	10:08
Ask	JANE	105.28		1,500	10:08
Ask	INTL	105.30	-30	100	10:08
Ask	MCAP	105.50	-25	100	10:08
Ask	CSTI	105.50	-30	100	10:08
Ask	VNDM	105.83	-30	100	09:22
Ask	CDEL	107.00	-30	2,000	10:08
Ask	PUMA	107.12	-25	100	09:22
Ask	CANT	107.12	-30	100	09:54
Ask	ETRF	108.75	-30	100	10:02
Ask	MAXM	110.46	-30	100	08:43
Ask	BARD	111.25	-30	100	10:06
Ask	VFIN	116.81	-30	100	09:29
Ask	VERT	155.52	-30	100	09:07
Ask	BGCE	184.12	-30	1	09:10

# COMPLIANCE

OTC Market designations are used by financial institutions, such as BNP Paribas, HSBC, JP Morgan, and UBS

- Leading financial institutions, brokers and advisors subscribe to award-winning OTC Compliance Products to monitor key data points on OTC securities
- Brokers place restrictions on trading Pink and Grey securities
- OTC Market designations are displayed on major financial portals and online brokerages used by U.S. investors to research and trade securities





# INFORMATION DISTRIBUTION

Company information directly feeds the investing audience, including U.S. market data distributors, investment databases, media outlets and broker-dealers

## Market Data Distributors

ActivFinancial ADVFN  
 Bloomberg  
 DAS  
 DevExperts  
 Direct AccessFinancial  
 DirectFN  
 Essex/Radez  
 Etrade  
 Factset  
 Fidelity  
 Fidessa  
 Firstrate FlexTrade  
 Instinet  
 Interactive Brokers  
 Interactive Data  
 IRESS  
 ITG  
 LEK Securities  
 Markit On Demand  
 MB Trading  
 Morningstar  
 Neovest  
 Penson  
 Questrade  
 Quodd  
 Quote Media  
 Real Tick  
 Schwab  
 Scottrade  
 Six FinancialInformation  
 Sterling Trader  
 Stockwatch  
 Sungard  
 TD Ameritrade  
 Telvent DTN  
 Thomson/Reuters  
 TrackData  
 TradeKing TradeMonster  
 TradeStation  
 TradingScreen

## Financial Portals

AOL Daily Finance  
 Bloomberg  
 CNBC  
 CNN Money  
 Fidelity  
 FinancialTimes  
 The Motley Fool  
 MSN Money  
 Seeking Alpha  
 Reuters  
 Yahoo! Finance  
 Wall StreetJournal

**Balance Sheet** | [Income Statement](#) | [Cash Flow](#) | [Sec Filings](#)  
**BALANCE SHEET** • QUARTERLY • ANNUAL

	2016 12/31/16	2015 12/31/15	2014 12/31/14	2013 12/31/13
Cash	1,666	1,134	1,421	1,187
Short Term Investments	322	328	220	104
<b>ASSETS</b>				
Cash & Short Term Investments	1,987	1,461	1,641	1,291
Receivables - Net	6,257	6,027	6,320	5,718
Raw Materials	704	654	637	613
Work in Progress	654	571	545	444
	2,156	1,997	1,741	1,805
	(150)	(116)	(103)	(93)
	3,364	3,105	2,821	2,768
	119	117	140	102
	660	617	644	560

**Ameritrade** Keywords or Stocks Client Login  
**BASF SE** Change company [Symbol lookup](#)  
 Based in Germany BFFAF

Price **\$104.74** Day's Change **↑ 0.52 (0.50%)** Bid Ask B/A Size Day's High Day's Low Volume  
 104.74 104.74 400  
 September 25, 2017 9:30am ET

Summary News Social Signals Charts Earnings Fundamentals Valuation Calendar Peer Comparison SEC Filings  
 Overview [Balance sheet](#) [Income statement](#) [Cash flow](#) View:  Quarter  Annual This page reports **GAAP earnings**.

**Assets** Values displayed are in millions.

	Q3 2016 09/30/16	Q4 2016 12/31/16	Q1 2017 03/31/17	Q2 2017 06/30/17
Cash & Equivalents	3,460	1,375	1,843	1,849
Short Term Investments	41	536	34	29
Cash and Short Term Invs	3,501	1,911	1,877	1,878
Trade Accts Recvble, Net	9,842	10,952	13,123	11,520
Other Receivables	3,478	3,078	3,457	3,880
<b>Total Receivables, Net</b>	<b>13,320</b>	<b>14,030</b>	<b>16,580</b>	<b>15,400</b>
Invent - Work In Progress	--	6,808	--	6,743

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# KEYS TO A SUCCESSFUL U.S. FOOTPRINT: TRADABILITY AND VISIBILITY

## Tradability

- Home Market Bias – U.S. investors may be unwilling or unable to trade without a U.S. security
- Restrictions on Pink Market
  - Little to no engagement
  - Wide variety of securities including penny stocks, shells, dark, delinquent, financially distressed & bankrupt companies
  - High internal risk controls for brokers, limiting trading
- Blue Sky Recognition = More Efficient Trading
  - Blue Sky compliance impacts how information, research and advice is distributed to your investors
  - OTCQX helps companies address Blue Sky challenges
  - OTCQX is now recognized by 26 states for Blue Sky manual exemption based on information companies make available

# VISIBILITY: ENSURING YOUR MESSAGE REACHES THE U.S. MARKET

## Information Feeds the Investing Audience

- Including the conversions of financials

The image shows three overlapping screenshots of financial data feeds. The top-left screenshot is from Fidelity, displaying the stock price for Roche Holding AG (RHHBY) at 30.53, up 0.38 (+1.24%). It also shows a financial statement with Revenue of 10,000,000 and Operating Expenses of 3,000,000. The middle screenshot is from Scottrade, showing the stock price for BNP Paribas SA (BNP) at 25.01, down 0.34 (-1.29%). The bottom screenshot is from E\*TRADE, showing the stock price for Continental AG (CTTAY) at 42.66, up 0.10 (+0.22%).

## Market Recognition



## OTCQX Indices



### OTCQX index data

- Bloomberg
- Google Finance
- Interactive Data
- Thomson Reuters
- OTC Markets Group

## OTC Markets Events



# OTC QX VISIBILITY PROGRAM



OTCQX Market Center in New York City  
Available to all OTCQX companies to hold conferences and events

OTCQX Best 50  
An Annual Ranking



OTCQX Video Series & Community Spotlight  
with Executives of OTCQX Companies



OTC Markets

Join our Virtual Investor Conference  
for OTCQX Companies



OTCQX Virtual Investor Conferences  
Live webcast investor presentations

Morningstar Quantitative Equity Research  
Leading provider of independent research

## Deutsche Lufthansa AG ADR DLAKY ★★★ 21 Sep 2017 02:00 UTC

Last Close 21 Sep 2017 27.41	Fair Value* 21 Sep 2017 02:00 UTC 26.29	Market Cap 21 Sep 2017 12,603.0 Mill	Sector Inc
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There is no analysis in which a Quantitative Fair Value Estimate and Quantitative Fair Rating are attributed to, however, Vix Lee Davidson, Head of Quantitative Research at Morningstar, Inc. is responsible for reviewing the methodology that supports the quantitative fair value. As an employee of Morningstar, Inc., the Division is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out the research. See: <http://www.morningstar.com/disclosure>

Company Profile	
Deutsche Lufthansa AG holds hub airlines, point-to-point airlines, and aviation service companies. The company organizes its operations in four segments: The Passenger Airline Group, Logistics, Maintenance, Repair and Overhaul, and Catering.	

Quantitative Scores		2013				2014				2015				2016			
	Score	All	Rel	Factor	Rel	Country	All	Rel	Factor	Rel	Country	All	Rel	Factor	Rel	Country	
Quantitative Moat	None	13	10	3	10.9	-19.2	-6.7	-14									
Valuation	Fairly Valued	30	23	46	-5.0	-16.0	-2.8	-20									
Quantitative Uncertainty	High	55	53	43	—	3.76	—	4.3									
Financial Health	Moderate	64	57	45	—	—	—	—									
		13.1	11.5	5.0	3												
		0.2	0.2	0.2	0												

Download Fairly Valued Download  
Source: Morningstar Equity Research

OTC Markets

June 19, 2017



**Community Spotlight**  
**Markus Georgi,**  
Senior Vice President - Head of Investor Relations  
Fresenius SE & Co. KGaA (OTCQX: [FSNUY](#), [FSNUF](#))

*"2016 was an extraordinarily successful year for Fresenius, and that is reflected in our business results. In fact, we are looking back on another record year, our 13th straight! Sales reached €29.1 billion, a year-over-year increase of 5 percent. Our operating profit increased 9 percent to €4.3 billion and our net income, at almost €1.6 billion was 12 percent higher than in the previous year."*

[Read the full interview](#)



## INDEPENDENT STUDY FINDINGS – ENHANCED LIQUIDITY FOR PUBLIC COMPANIES

**“The evidence reveals a clear & consistent picture that liquidity is enhanced by a move to the OTCQX market.”**

### 5 Key Takeaways from a commissioned independent study by Oxford Metrica on companies that are already traded in the U.S.

1. Trading volume by number of shares increases by 53% on average following a move to the OTCQX market
2. Dollar volumes increase similarly by 57% on average
3. Bid-ask spreads narrow by 4% on average
4. The number of broker-dealers per security rises on average by 16%
5. Institutional investors familiar with OTCQX value the market, citing its information quality and service, and the voluntary openness by members that signals confident management

*“We have found that OTCQX is a perfect substitute for an NYSE listing for international companies; we receive excellent information without some of the restrictions and costs.”*

**-Institutional investor, managing  
over \$10BN in assets**

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## FROM OUR OTCQX COMPANIES



"Next to holding or joining conferences, roadshows, webcasts and other activities to communicate with our investors, being on OTCQX is an opportunity for us to present ourselves to a bigger community. Lufthansa uses OTCQX as a **platform to inform U.S. shareholders of news releases and financial reports** on Lufthansa. Furthermore, Lufthansa regularly updates its Company Profile to present its latest development to U.S. shareholders. OTCQX is also a useful and helpful tool to obtain and **analyze news on the trading flows of Lufthansa's U.S. shares.**"

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## FROM OUR OTCQX COMPANIES



“The U.S. market is very important for the Fresenius Group and the U.S. investor base historically plays a significant role. Consequently, we launched our **U.S. program to reach an even broader investor base** by enabling **direct investing in Fresenius via an U.S. traded instrument.**”

Our U.S. IR program comprises regular roadshowing and attendance on conferences in different U.S. regions. The U.S. ticker is included on all presentation materials to highlight our U.S. program. The OTCQX platform complements our strategy by **improving visibility and awareness for Fresenius in the U.S. investor community. Upgrading to OTCQX led to a substantial increase in U.S. volume.**”

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## FROM OUR OTCQX COMPANIES



“Being traded on OTCQX provides **a recognized, transparent trading platform** for our shares and helps position our company as we continue to build our US shareholder base. The **OTCQX Visibility initiatives** have also helped increase awareness of our company in the US. Since joining in 2011, **our US institutional ownership has grown nearly 70%**. This year we presented our story during an OTCQX Virtual Investor Conference and found that it was an effective way to reach a broader **range of potential retail and institutional investors that we would not normally have access to** during a traditional roadshow.”



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# CONCLUSION

## Integrated Solutions

- Diversify shareholder base and expand corporate presence in the U.S. in a cost-efficient manner
- Reduce trading frictions and improve marketability of securities in the U.S.
- Create an information-rich and efficient market for U.S. investors
- Support your existing U.S. IR effort via increased daily exposure where U.S. investors research your company
- Own the market on which you trade – your U.S. market should reflect your home market prestige

# CONTACT

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