

# Increasing Visibility with U.S. Investors in the OTC Market



Q2 2011

# An Open Network

**OTC Markets is an open network of broker-dealers, agency brokers and ECNs.**

- Over 160 Market Participants
- End-to-end electronic quoting and trading capabilities
- Easy investor access
- Distribution of prices and tiers through major market data vendors
- Competitive pricing

## Top OTC Market Makers

| Market Participant           | Share Vol.     | \$ Vol.         |
|------------------------------|----------------|-----------------|
| Archipelago Trading Services | 725,744,651    | \$4,072,393,449 |
| Knight Equity Markets        | 67,992,321,660 | \$3,337,999,540 |
| Jane Street Markets          | 125,114,395    | \$2,642,390,525 |
| Automated Trading Desk       | 34,977,885,609 | \$1,898,153,680 |
| UBS                          | 39,339,984,269 | \$1,453,375,655 |

Source: OTC Markets – June 2011

# Evolution of OTC Markets a US \$13 Trillion Market

Over 100 years in the making...

**1904**  
NQB -  
quote  
publisher

**1997**  
New  
ownership  
Electronic  
transformation

**2007**  
OTCQX  
Launched  
OTC tiers  
created  
+5000 quoted  
stocks

**2010**  
+10,000 quoted  
stocks  
OTC Markets  
Group aggregate  
market cap of  
\$10 trillion

**2011\***  
Name change  
to OTC Markets  
Group  
236 companies  
traded on  
OTCQX  
\$1.17 trillion  
aggregate  
market cap of  
OTCQX

\*as of 30 June 2011

# The OTC Marketplace



- Companies meet the highest financial standards & undergo a qualitative review
- Connectivity to all broker-dealers
- Cost-effective alternative that offers the benefits of an exchange:
  - Real-time quotes, news dissemination, access & quality control - community of sponsors & PALs



- Broker-driven market
- Limited transparency
- No financial standards or reporting requirements

# Transparency & Quality Control

OTC Markets organizes the OTC market based on the quality and timeliness of disclosure

**OTC QX**

## The Quality-Controlled Marketplace

OTCQX is the top tier of the OTC market. Exclusively for companies that meet the highest financial standards and undergo a qualitative review.

**OTC QB**

## The U.S. Reporting Company Marketplace

OTCQB is the middle tier of the OTC market. OTCQB companies are current in their reporting with the SEC or a U.S. banking regulator.

**OTC Pink**

## The Speculative Trading Marketplace

OTC Pink is the third tier of the OTC market. OTC Pink is the speculative trading marketplace that has no financial standards or reporting requirements.

Average \$ Vol.  
per security

\$11.9 million

\$1.9 million

\$ 6.3 million

# OTCQX Offers Greater Visibility and Access

## Visibility

- Top tier of the OTC Market
- Highest levels of trading & liquidity

## Quality Control

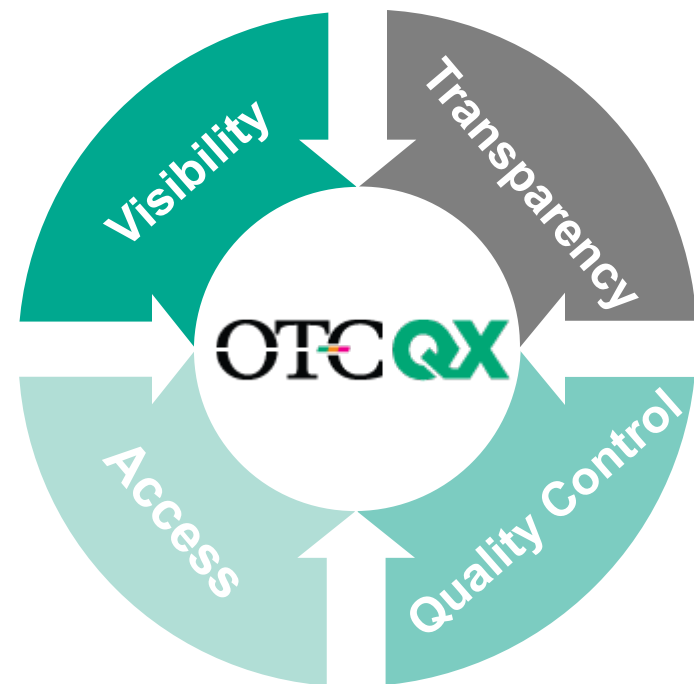
- Financial Standards
- Qualitative Review
- Sponsorship by DAD/PAL

## Transparency

- Real-Time Level 2 Quotes
- Easy investor access to company information & financial disclosure

## Access

- Blue Sky monitoring & advisory
- Broker-dealer and investment advisor compliance



# OTCQX – Leading Companies



**BNP PARIBAS**  
The bank for a changing world

**AIR FRANCE KLM**



**ZURICH**



**BASF**  
The Chemical Company



**redefining / standards**



**MARKS & SPENCER**

**Allianz**



**Walmart**  
México y Centroamérica



**HYDRO**

**OTCQX**

# OTCQX – Canadian Companies



Canada Lithium Corp.



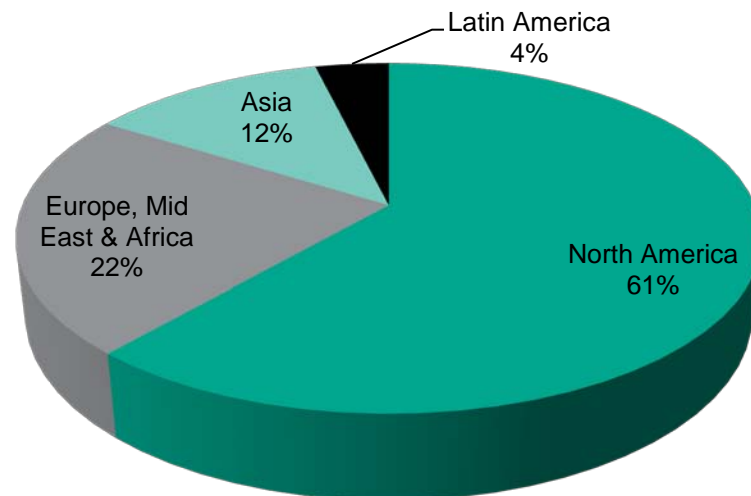


# OTCQX Marketplace Portfolio

| Industry Market Cap Segmentation |                             |              |
|----------------------------------|-----------------------------|--------------|
| Industry                         | Market Cap                  | Market Cap % |
| Financial Services               | \$ 260,355                  | 22%          |
| Materials                        | \$ 215,712                  | 18%          |
| Energy                           | \$ 156,648                  | 13%          |
| Pharma, Biotech, Life Sciences   | \$ 118,281                  | 10%          |
| Food, Beverage & Tobacco         | \$ 116,335                  | 10%          |
| Retail                           | \$ 75,260                   | 6%           |
| Telecom                          | \$ 71,757                   | 6%           |
| Media                            | \$ 24,064                   | 2%           |
| Utilities                        | \$ 22,871                   | 2%           |
| Consumer Durables                | \$ 22,725                   | 2%           |
| Capital Goods                    | \$ 22,711                   | 2%           |
| IT, Software, IT Hardware        | \$ 15,589                   | 1%           |
| Transportation                   | \$ 12,943                   | 1%           |
| Commercial & Professional Svcs   | \$ 12,962                   | 1%           |
| Semiconductors                   | \$ 12,738                   | 1%           |
| Automobiles                      | \$ 10,492                   | 1%           |
| Paper                            | \$ 9,625                    | 1%           |
| Healthcare, Equip & Svcs         | \$ 138                      | 0.01%        |
| Real Estate                      | \$ 114                      | 0.01%        |
| Household & Personal Goods       | \$ 36                       | 0.00%        |
| <b>Total</b>                     | <b>\$ 1,181,479,749,982</b> |              |

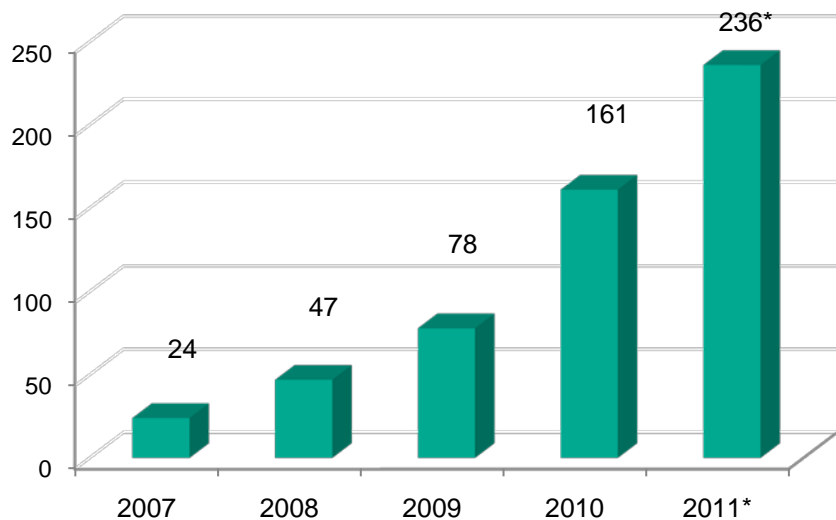
- 236 OTCQX companies
- \$1.18 trillion market capitalization

Breakdown by Region



# OTCQX Growth

## OTCQX Company Count



\*OTCQX market cap at quarter end was \$1.18 Trillion

## OTCQX Growth Statistics

- OTCQX portfolio has grown to represent nearly 21% of OTC Markets US\$ volume in the 1<sup>st</sup> quarter
- OTCQX portfolio grew by 106% year-over-year
- OTCQX market cap has averaged 15% growth quarter-over-quarter

## Total Trading Volumes (in millions)

|                | OTCQX \$ Volume |          | OTC Pink \$ Volume |           |
|----------------|-----------------|----------|--------------------|-----------|
| <b>1Q 2010</b> | \$              | 2,717.02 | \$                 | 25,849.18 |
| <b>2Q 2010</b> | \$              | 3,574.69 | \$                 | 35,541.95 |
| <b>3Q 2010</b> | \$              | 3,880.20 | \$                 | 31,595.70 |
| <b>4Q 2010</b> | \$              | 5,095.50 | \$                 | 24,712.61 |
| <b>1Q 2011</b> | \$              | 6,331.55 | \$                 | 31,272.16 |

# The U.S. Marketplace for Unlisted Securities

OTC Markets Group is building a **LEADING** marketplace for unlisted securities.

## OTCQX

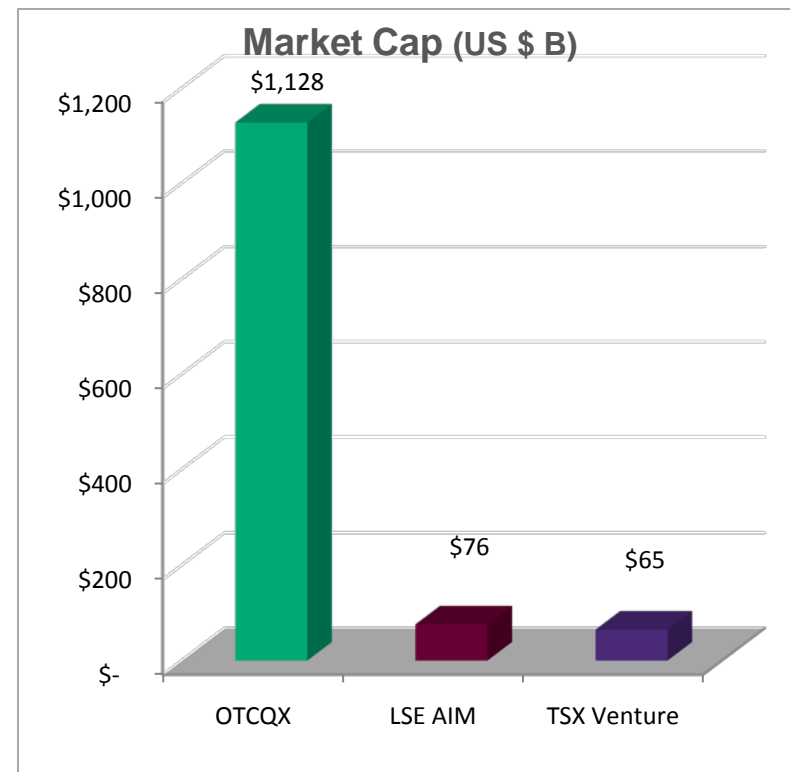
|                      |            |
|----------------------|------------|
| Number of Securities | 236        |
| YTD \$ Volume        | \$ 13.39 B |
| 2Q \$ Volume         | \$ 7.06 B  |

## OTCQB

|                      |            |
|----------------------|------------|
| Number of Securities | 3,724      |
| YTD \$ Volume        | \$ 33.83 B |
| 2Q \$ Volume         | \$ 12.73 B |

## OTC Pink

|                      |             |
|----------------------|-------------|
| Number of Securities | 6,121       |
| YTD \$ Volume        | \$ 110.16 B |
| 2Q \$ Volume         | \$ 78.39 B  |



Source: Bloomberg Q1 2011


*OTCQX represents 12% of the \$ volume of the OTC marketplace*

Source: OTC Markets June 2011



# OTCQX Qualification Requirements

- Listing on a qualified non-U.S. exchange (such as TSX or TSX Venture)
- \$2 million in Assets, plus one of the following:
  - \$1 million in Net Tangible Assets
  - \$500,000 in Revenues
  - \$500,000 in Net Income
  - \$5 million Market cap
- Sponsorship by a Principal American Liaison (PAL)
- Inclusion in S&P or Mergent Manual for Blue Sky



# OTCQX Summary

- The U.S. OTC market is evolving at a rapid pace and can offer many of the benefits of a traditional U.S. exchange
- The OTC market can be better utilized by non-U.S. companies to meet their IR goals than a traditional exchange
- OTCQX is a separately branded, premium marketplace with higher liquidity
- OTCQX closes the information gap for non-U.S. issuers by delivering efficiency, transparency and connectivity to investors

A background image showing a financial market data display with various numbers and green and red triangles indicating price movements.

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