

Securities Lawyer 101

OTC Markets Pink Sheets Q & A



Published by:
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Boca Raton, Florida 33432
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In May of 2014, the [OTC Markets](#) Group approved new listing requirements for companies seeking quotation of their securities on the [OTCQB](#)[®] Venture Stage Marketplace. To be quoted on the OTCQB[®] issuers must have an initial and ongoing \$0.01 per share minimum bid price, submit an initial OTCQB application, pay annual fees, and submit annual certifications to the OTC Markets. Companies that do not meet all of these requirements are demoted to the OTC Markets Pink[®] Marketplace. While the number of issuers listing on the OTCQB will decrease, there will be an increase in the number of issuers quoted with the OTC Pink listing tier.

This Securities Lawyer 101 Q &A discusses the most common questions we receive from our clients about the OTC Markets OTC Pink Tier.

Q. What are the benefits of listing on the OTC Markets Pink Sheets?

A. There are a couple of benefits for companies opting to list on the OTC Pink Sheets.

Pink Sheet listings are much less expensive and the disclosure requirements are less stringent than a listing on the OTC Markets OTCQB because audited financial statements are not required. Despite that audited financial statements are not required, issuers who publish the information required by the OTC Markets Pink Sheet Disclosure Guidelines provide transparency to investors and comply with SEC [Rule 15c-211](#).

Q. Is the OTC Markets OTC Pink Sheets a stock exchange?

A. No. The OTC Markets Group operates an electronic inter-dealer quotation system called OTC Link, which broker-dealers use to trade OTC Pink Sheet and other securities not listed on national securities-related exchanges.

Q. How are companies categorized on the OTC Pink Sheets?

A. OTC Markets categorizes issuers in tiers based upon the level of disclosure a company provides.

Q. Can my Company go public and list directly on the OTC Pink Sheets?

A. Yes, a company can [go public](#) and list directly on the Pink Sheets. It must locate a sponsoring market maker to file an application on its behalf pursuant to Rule 15c2-11 of the Securities Exchange Act (the "Exchange Act") with the Financial Industry Regulatory Authority ("FINRA").

Q. How is the information required by Rule 15c-211 provided?

A. The information required by Rule 15c-211 is provided on [Form 211](#).

Q. Will FINRA automatically declare the Form 211 effective?

A. No, FINRA will review the filing and render comments to the Form 211 which the sponsoring market maker and company must respond to.

Q. What happens after the sponsoring market maker submits the Form 211?

A. Once FINRA is satisfied that the disclosures satisfy the requirements of Rule 15c2-11, it will assign a trading symbol and the market maker can quote the company's securities.

Q. What are the other requirements for FINRA Approval?

A. The Company should have at least 25 non-affiliate shareholders who hold at least 250,000 shares and who paid cash consideration for their shares at least 12 months prior to the Form 211 filing date. Additionally, the company must never have been a shell company.

Q. How does a Pink Sheet Current company provide adequate public information after its Form 211 is approved?

A. OTC Pink Sheet companies file reports through the OTC Markets website which are posted for viewing by the general public. These reports must be made on the OTC Markets designated forms for annual, quarterly and current information reports

Q. What disclosure tier of the Pink Sheets will my Company list on when its Form 211 is approved?

Companies who go public using Form 211 qualify for the OTC Pink "Current Information" tier. The Pink Current Information tier is available to issuers who do not file reports with the SEC, but voluntarily provide specific disclosures required by OTC Markets.

For further information about the [OTCMarkets Pink Sheets](#), please contact [Brenda Hamilton](#), Securities Attorney at 101 Plaza Real South, Suite 202 North, Boca Raton, Florida, (561) 416-8956, or by email at info@securitieslawyer101.com. This securities law Q&A is provided as a general informational service to clients and friends of [Hamilton & Associates Law Group, P.A.](#) and should not be construed as, and does not constitute legal advice on any specific matter, nor does this create an attorney-client relationship. Please note that the prior results discussed herein do not guarantee similar results.
