



January 19, 2017

VIA Electronic Submission

Mr. William Francis Galvin
Secretary of the Commonwealth
Massachusetts Securities Division
McCormack Building
One Ashburton Place, 17th Floor
Boston, Massachusetts 02108
securitiesregs-comments@sec.state.ma.us

RE: OTC Markets Group Inc. Comments to Proposed Amendments to 950 CMR 14.400

Dear Mr. Galvin,

OTC Markets Group Inc. (“OTC Markets Group”)¹ respectfully submits to the Massachusetts Securities Division (the “Division”) the following comments on the Division’s proposed revisions to 950 CMR 14.400. We request that the Division (i) amend 950 CMR §14.402(A)(8) to include the OTCQX market as an “exempt market”, and (ii) amend 950 CMR §14.402(B)(2)(a) to include as a “Designated Securities Manual” the OTCQX and OTCQB markets operated by OTC Markets Group Inc.

OTC Markets Group operates the OTCQX Best and OTCQB Venture markets with over 1,200 companies meeting financial standards and providing current disclosure to investors, including many innovative startup companies, community banks and large international companies. State regulators across 28 states have recognized the disclosure required by the OTCQX market, and 25 states have recognized OTCQB, and have made those markets exempt from their blue sky secondary trading registration requirements. The vast majority of those states have done so by recognizing OTCQX and OTCQB as designated securities manuals for purposes of their respective manual exemptions. The Securities and Exchange Commission (the “SEC”) has recognized our OTCQX and OTCQB markets as “Established Public Markets” for the purpose of determining a public market price when registering securities for resale in equity line financings.

We support the Division’s various proposals to align Massachusetts law with industry standards and federal regulations. In connection with this review, and under the overarching goal of allowing Massachusetts investors the ability to access investments in well-established companies while ensuring their protection, we encourage the Division to recognize our premiere OTCQX and OTCQB markets and exempt transactions in securities that trade on these markets pursuant to Section 402 of the Massachusetts Uniform Securities Act (the “Act”).

OTCQX and OTCQB as Recognized Secondary Marketplaces

Transactions in securities on the OTCQX and OTCQB markets should be recognized under the Act due to the disclosure and qualitative standards that OTCQX and OTCQB issuers must meet. The free public disclosure offered by OTC Markets Group’s website, www.otcmarkets.com, allows investors to

¹OTC Markets Group Inc. (OTCQX: OTCM) operates Open, Transparent and Connected financial markets for 10,000 U.S. and global securities. Through our OTC Link® ATS, we directly link a diverse network of broker-dealers that provide liquidity and execution services for a wide spectrum of securities. We organize these securities into markets to inform investors of opportunities and risks: the OTCQX® Best Market; the OTCQB® Venture Market; and the Pink® Open Market. Our data-driven platform enables investors to easily trade through the broker of their choice at the best possible price and empowers a broad range of companies to improve the quality and availability of information for their investors. To learn more about how we create better informed and more efficient financial markets, visit www.otcmarkets.com. OTC Link ATS is operated by OTC Link LLC, member FINRA/SIPC and SEC regulated ATS.

easily access current information about thousands of issuers, including large, global companies such as Roche and Adidas.

Massachusetts securities law, like those of other states and jurisdictions, requires registration of securities transactions in the absence of an applicable exemption. Our experience with secondary trading regulation throughout the country indicates that when a company's compliance with Blue Sky laws cannot be easily confirmed, broker-dealers, clearing firms and third-party compliance providers do not give effect to the jurisdiction's registration exemptions, and in fact operate as though the exemptions do not exist. The inability to comply is an area of major concern for broker-dealer compliance departments, OTCQX and OTCQB issuers, and their investors in Massachusetts.

We understand that the Division periodically updates regulations under the Act with the goal of ensuring that Massachusetts investors are adequately protected and that unreasonable burdens on legitimate capital raising activities are avoided. By providing current company disclosure online, in an easily accessible format, and at no fee, the OTCQX and OTCQB markets exemplify this policy. Affirmative recognition of these markets and the online access they provide would benefit Massachusetts investors and provide broker-dealers with sufficient assurance that they can rely on the exemptions set forth under Section 402.

OTCQX and OTCQB Markets Are Well-Regulated and Provide Adequate Public Disclosure

All OTCQX and OTCQB securities trade via OTC Link ATS, our alternative trading system ("ATS") operated by OTC Link LLC, a wholly-owned subsidiary of OTC Markets Group. OTC Link LLC is registered with the SEC and the Financial Industry Regulatory Authority ("FINRA") and is subject to SEC and FINRA regulatory and enforcement jurisdiction. All broker-dealers that trade on OTC Link ATS are FINRA members, registered with the SEC, and are also subject to state securities regulations.

Broker-dealers begin quoting new OTCQX and OTCQB securities by submitting a Form 211 with FINRA containing detailed information about the company and the security, in compliance with Rule 15c2-11 under the Securities Exchange Act of 1934 (the "Exchange Act").² The information available to investors on our website is not limited solely to public filings or information specified in Rule 15c2-11. The website also features real-time pricing, a repository of each company's prior public disclosures, the company's corporate action history, independent research from third parties, contact information and other tools and information investors may use in their due diligence processes.

To initially qualify for each market and remain compliant, OTCQX and OTCQB companies are required to meet minimum eligibility requirements, remain current under the applicable reporting regime and comply with published standards. The objective financial criteria and disclosure standards are fully set forth in the OTCQX Rules³ and OTCQB Standards⁴, as applicable. For transparency, the OTCQX Rules and OTCQB Standards are also made available to the public via www.otcm Markets.com, and are open for public comment when revisions are introduced.

² Rule 15c2-11 under the Exchange Act governs the submission and publication of quotations by brokers and dealers for OTC equity securities. Pursuant to the Rule, brokers and dealers are required to review and maintain specified information about the issuer of the security before publishing a quotation. Brokers can meet the requirements of Rule 15c2-11 by filing a Form 211 pursuant to FINRA Rule 6432. See, 17 CFR 240.15c2-11.

³ Copies of the OTCQX Rules for U.S. Companies, International Companies, and U.S. Banks are available at the following links:

- http://www.otcm Markets.com/content/doc/qx/Rules/OTCQX_US.pdf,
- http://www.otcm Markets.com/content/doc/qx/Rules/OTCQX_Intl.pdf
- http://www.otcm Markets.com/content/doc/qx/Rules/OTCQX_Banks.pdf

⁴ The OTCQB Standards are available at <http://www.otcm Markets.com/content/doc/otcqb/standards.pdf>.

A summary of each market follows:

OTCQX – Best Market

The OTCQX Best Market is our top-tier market, designed for established, investor-focused U.S. and global companies that meet high financial standards, demonstrate compliance with U.S. securities laws, and provide current disclosure. The OTCQX market also includes “Premiere” segments which impose a more stringent set of financial criteria to help investors separate the largest and most established companies from smaller, growth companies.

To qualify for the OTCQX market, companies must meet high financial standards. OTCQX does not admit Penny Stocks (as defined under Rule 3a51-1 under the Exchange Act), Shell companies, Blank Check companies, and companies subject to bankruptcy or reorganization proceedings. Additionally, OTCQX issuers must provide ongoing disclosure and meet other requirements, summarized below:

- U.S. companies must provide PCAOB annual audited financials and interim financial reports prepared in accordance with U.S. GAAP
- International companies must be listed on a Qualified Foreign Exchange
- Must follow best practice corporate governance standards, including having at least two independent directors, an independent audit committee and annual shareholder meetings
- Must have a professional third-party sponsor introduction that is a qualified law firm, FINRA-member broker-dealer or ADR depository bank
- Must meet initial and ongoing minimum financial qualifications, including bid price, market capitalization and shareholder base

A summary of the OTCQX financial requirements is attached hereto as Exhibit A.

OTCQB – Venture Market

The OTCQB Venture Market provides public trading for developing companies with standards that promote price transparency and ensure current public disclosure. The streamlined OTCQB Standards, summarized below, enable companies not yet ready for the OTCQX market to provide a strong baseline of transparency to inform and engage U.S. investors.

To be eligible for the OTCQB market, companies must be current in their reporting, must meet the \$0.01 bid test and may not be in bankruptcy. All OTCQB companies must provide annual audited financial statements, have an authorized transfer agent and undergo initial and annual verification and management certification process to confirm company data, officers, directors, controlling shareholders, and advisors. Foreign issuers must be listed on a Qualified Foreign Exchange and must have a professional third-party sponsor introduction.

Disclosure Requirements

In addition to the requirements discussed above, all OTCQX and OTCQB issuers must remain current in their applicable reporting requirements. Given the variety of issuers in our markets – from community banks to large international issuers to crowdfunded companies under Regulation A – the OTCQX Rules and OTCQB Standards are tailored to provide investors with high-quality information while leveraging commonly-used reporting regimes. OTCQX and OTCQB companies can remain current in their disclosure obligations by meeting one of the following five disclosure standards:

1. filing periodic reports with the SEC on the EDGAR system,
2. making required filings under the SEC’s Regulation A, Tier 2,

3. reporting to their applicable banking regulator,
4. for foreign issuers, remaining current with their home country disclosure requirements and making the information available in English in the U.S. in compliance with Securities and Exchange Act Rule 12g3-2(b), or,
5. following the OTCQX U.S. and OTCQB Disclosure Guidelines, which were originally developed based on the North American Securities Administrators Association's ("NASAA") Uniform Securities Act.

OTC Markets Group makes all OTCQX and OTCQB company disclosure publicly available for free on the OTC Markets Group website at www.otcmarkets.com.⁵ A visitor to the www.otcmarkets.com website can search for information about an individual security by typing in the company name or stock symbol in the search bar. The "Company Profile" tab for each company includes a business description and the names of the issuer's officers and directors. Audited balance sheet information and audited income statements, required to be published at least annually, are available on each company's "Financials" tab. Financial statement information is available for the most recent year end and the immediately preceding three years or the period of existence of the issuer if less than four years. The information available for OTCQX and OTCQB companies also includes applicable SEC and bank regulatory filings.

Exhibit B, attached, details how OTCQX and OTCQB company information is made publicly available for free on www.otcmarkets.com.

Ongoing Compliance Monitoring

OTC Markets Group's issuer compliance department oversees a company's initial and ongoing compliance with the OTCQX Rules and OTCQB Standards. We maintain an automated process for determining when an issuer is current in its disclosure requirements and in compliance with the ongoing financial and qualitative requirements. Similar to the New York Stock Exchange and Nasdaq, we use an established compliance notification and action process for companies that do not meet the ongoing compliance provisions. Companies that become delinquent in providing the required information are removed from OTCQX or OTCQB, as applicable.⁶

Public availability of adequate current disclosure is a core principal of the requirements for companies trading on our markets. All OTCQX and OTCQB companies are required to timely disclose material news and information and are subject to the OTC Markets Group Stock Promotion Policy.⁷ OTC Markets Group also designates certain securities as "Caveat Emptor" and places a skull and crossbones icon next to the stock symbol when it becomes aware of certain suspicious activities, including promotional activities without adequate disclosure, fraudulent or criminal investigations, trading suspensions, undisclosed corporate actions and other public interest concerns.

⁵ For example, see OTC Markets Group's public disclosure, including annual, quarterly and current reports, available at <http://www.otcmarkets.com/stock/OTCM/filings>. Additional information is publicly available on the company profile page for each OTCQX and OTCQB company. See OTC Markets Group's company profile, available at <http://www.otcmarkets.com/stock/OTCM/profile>.

⁶ Additional information regarding OTCQX and OTCQB requirements and compliance is available at <http://www.otcmarkets.com/services/companies/services-overview>.

⁷ OTC Markets Group Policy on Stock Promotion is available at: https://www.otcmarkets.com/content/doc/OTC_Markets_Group_Policy_on_Stock_Promotion.pdf.

Recognition Under Massachusetts Law

When a security or transaction is deemed out of compliance with Blue Sky laws for secondary trading, it restricts the functions and services that broker-dealers and investment professionals can provide to investors, ultimately impacting the liquidity in that security's secondary market. For example, without clear Blue Sky compliance in Massachusetts, broker-dealers are unable provide investment advice, distribute research to retail customers or facilitate trading in managed accounts on behalf of investors in Massachusetts.

The Division has proposed numerous amendments "to align the Division's regulations with changes to federal securities laws and the regulations of the [SEC] and to make regulations consistent with industry practice and nomenclature." Recognizing the OTCQX and OTCQB markets under Section 402 of the Act would not only benefit Massachusetts investors by allowing them to access companies that provide adequate current disclosure and, in the case of OTCQX, meet high financial standards, but it would also serve to bring Massachusetts' regulations in line with industry practice and remove unnecessary barriers to capital formation.

OTCQX Market Exemption under 950 CMR §14.402(A)(8)

The amendments to 950 CMR §14.402(A)(8), as proposed, seek to update the current list of exchanges and markets for the purpose of registration exemptions under Section 402(a)(8) of the Act. The robust financial standards and disclosure requirements that govern the OTCQX Best Market warrant it to be included in this list as an exempt market.

The language of the proposed amendment contemplates ten "exchanges *or markets*" as candidates for the exemption, and we propose OTCQX be qualified under the "markets" category. We note that pursuant to M.G.L. c. 110A, § 402(b)(13), the Secretary may exempt from registration any transaction upon a finding that registration is not necessary or appropriate in the public interest or for the protection of investors.

The policy objectives underpinning this registration exemption support including the OTCQX market. In 2011, the Division amended its regulations to explicitly exclude the NASDAQ OMX BX Venture Market from this exemption on the basis that it was a market for "penny stocks" with low listing standards.⁸ The OTCQX market, on the other hand, does not permit "Penny Stocks," as this term is defined in Exchange Act Rule 3a51-1. Rather, the high financial standards and extensive disclosure obligations under the OTCQX Rules make securities on this market investor-friendly. A summary of the makeup of the companies trading on the various segments of the OTCQX market is below:

| | Number of Securities | Median Market Cap | Average Market Cap |
|-----------------------------|----------------------|---------------------|------------------------|
| <i>All OTCQX</i> | 406 | \$93,646,348 | \$4,354,797,299 |
| OTCQX International Premier | 95 | \$10,660,000,000 | \$23,677,891,764 |
| OTCQX International | 165 | \$71,154,149 | \$252,464,972 |
| OTCQX U.S. Premier | 12 | \$126,200,200 | \$200,663,051 |
| OTCQX U.S. | 58 | \$29,102,011 | \$138,855,532 |
| OTCQX Banks | 76 | \$84,736,067 | \$102,182,281 |

**The data presented above is as of January 17, 2018.*

Accordingly, the Division should add the OTCQX market to the proposed list of exempt markets and exchanges under 950 CMR §14.402(A)(8).

⁸ See, Adopting Release (August 8, 2011) available here: https://www.sec.state.ma.us/sct/sctnewregs/description_of_changes_to_proposed_regs.pdf.

OTCQX and OTCQB Markets as Recognized Securities Manuals Under 950 CMR §14.402(B)(2)(a)

Although not currently under consideration as a proposed amendment, the Division should take this time to review the non-issuer transaction exemption under M.G.L. c. 110A, § 402(b)(2)(A) and 950 CMR §14.402(B)(2)(a) so that it comports with current industry practice and nomenclature.

Specifically, the Division should amend 950 CMR §14.402(B)(2)(a) so that the OTCQX and OTCQB markets are “recognized securities manuals.” The information made publicly available for free on the OTC Markets Group website, www.otcmarkets.com, satisfies the informational requirements set forth in under M.G.L. c. 110A, § 402(b)(2)(A)(iv) (the “Massachusetts Manual Exemption”).

As investment activity continues to move online, trading platforms like OTC Markets Group are increasingly recognized as information repositories and publishers of company information. Currently, the Massachusetts Manual Exemption recognizes only securities manuals published by Standard & Poor’s (“S&P”) and Moody’s. S&P ceased publication of its securities manual in May 2016 and it may no longer be relied upon for the purposes of a Blue Sky Manual Exemption.⁹ This leaves Moody’s as the only recognized securities manual in Massachusetts.

Following S&P’s announcement, OTC Markets Group began working with NASAA and individual state administrators to designate the OTCQX and OTCQB markets as recognized securities manuals.

The Massachusetts Manual Exemption aims to ensure that potential investors have easy access to important company information. By requiring companies to meet qualification standards and provide current company disclosure online, in an easily accessible format, at no fee, the OTCQX and OTCQB markets exemplify the intended function of a securities manual for the purposes of the Massachusetts Manual Exemption. Affirmative recognition of these markets and the online access they provide would give effect to the Massachusetts Manual Exemption in light of S&P ceasing to publish a manual.

Conclusion

For the reasons set forth above, and exemplified in Exhibits A and B, OTC Markets Group believes that recognition of the OTCQX and OTCQB markets would provide quality issuers a sensible path towards compliance and mark an important step in the modernization of Massachusetts’ securities laws.

We thank the Division for the opportunity to submit this letter and look forward to maintaining an open dialogue. Please contact me at dan@otcmarkets.com or (212) 896-4413 if you have any questions or would like any additional information.

Sincerely,



Daniel Zinn
General Counsel
OTC Markets Group Inc.

⁹ Letter from Michael Thompson, Managing Director of S&P Global Market Intelligence, dated March 3, 2016. The letter announces S&P’s discontinuation of its S&P Capital IQ Corporation Descriptions and states, “effective May 2, 2016, the companies that rely on the S&P Manual for Blue Sky Law Manual Exemption can no longer rely on the S&P Manual to obtain the exemption.”

EXHIBIT A

Attached as Exhibit A, please find a summary of the following OTCQX financial requirements:

- 1) OTCQX U.S. Premiere
- 2) OTCQX U.S.
- 3) OTCQX International Premiere
- 4) OTCQX International

EXHIBIT B

Attached as Exhibit B, please find:

- 1) Screen shots from the www.otcmarkets.com website highlighting the information for Roche Holding Ltd. that is made publicly available for free.
- 2) Excerpts from the Annual Report of Roche Holding Ltd., including Roche Holding Ltd.'s audit letter, and consolidated financial statement. The entire Roche Holding Ltd. Annual Report, as well as annual reports for all OTCQX and OTCQB companies, is available for free on the www.otcmarkets.com website.

OTCQX U.S. Premier

| | | Initial | Ongoing |
|---|------------------------------|---|--------------------|
| Penny Stock Rule | | Meet one of the following exemptions detailed below: Net Tangible Assets: \$2 million OR Revenue: \$6 million average for last 3 years | |
| Bid Price | | \$4.00 | \$1.00 |
| Stockholders' Equity | | \$4 million | \$1 million |
| Public Float | | 500,000 shares | |
| Priced Quotes by Market Makers on OTC Link | | 1 | 4 (within 90 days) |
| Shareholders | | 100 beneficial shareholders each owning at least 100 shares | |
| Operating History | | 3 Years | |
| Meet one of the following Standards | | | |
| Market Value Standard | Market Value of Public Float | \$15 million | \$15 million |
| | Market Capitalization | \$50 million | \$35 million |
| OR | | | |
| Net Income Standard | Market Value of Public Float | \$1 million | \$1 million |
| | Net Income | \$750,000 | \$500,000 |
| | Market Capitalization | \$10 million | \$5 million |

OTCQX U.S.

| | Initial | Ongoing |
|---|--|--------------------|
| Penny Stock Rule | Meet one of the following exemptions detailed below: Net Tangible Assets: \$5 million: Less Than 3 Years Operations \$2 million: 3+ Years Operations OR Revenue: \$6 million average for last 3 years OR Bid: \$5; and One of the below: Net Income: \$500,000 Net Tangible Assets: \$1 million Revenues: \$2 million Total Assets: \$5 million | |
| Bid Price | \$0.25 | \$0.10 |
| Market Capitalization | \$10 million | \$5 million |
| Priced Quotes by Market Makers on OTC Link | 1 | 2 (within 90 days) |
| Shareholders | 50 beneficial shareholders each owning at least 100 shares | |

OTCQX International Premier

| | Initial | Ongoing |
|---|--|-----------------------------|
| Penny Stock Rule | Meet one of the following exemptions detailed below: Net Tangible Assets: \$ 2 million OR Revenue: \$6 million average for last 3 years | |
| Global Market Capitalization | \$1 billion | \$500 million |
| Average Weekly Volume for previous 6 months* | 200,000 shares or \$1 million | 100,000 shares or \$500,000 |
| Priced Quotes by Market Makers on OTC Link | 1 | 4 (within 90 days) |
| Operating History | 5 years | |

* Average Weekly Volume is based on the security or underlying security on the Company's Qualified Foreign Stock Exchange

OTCQX International

| | Initial | Ongoing |
|---|---|--------------------|
| Penny Stock Rule | <p>Meet one of the following exemptions detailed below:</p> <p>Net Tangible Assets: \$5 million: Less Than 3 Years Operations \$2 million: 3+ Years Operations</p> <p style="text-align: center;">OR</p> <p>Revenue: \$6 million average for last 3 years</p> <p style="text-align: center;">OR</p> <p>Bid: \$5; and One of the below: Net Income: \$500,000 Net Tangible Assets: \$1 million Revenues: \$2 million Total Assets: \$5 million</p> | |
| Bid Price | \$0.25 | \$0.10 |
| Market Capitalization | \$10 million | \$5 million |
| Priced Quotes by Market Makers on OTC Link | 1 | 2 (within 90 days) |
| Shareholders | 50 beneficial shareholders each owning at least 100 shares | |

Enter Symbol/Company Name OTC Market Totals **9,923** Securities **\$528.8M** Dollar Volume **4.1B** Share Volume **94,101** Trades

- Quote
- Charts
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- News
- Financials
- Filings and Disclosure
- Short Sales
- Insider Disclosure
- Research Reports
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RHHBY Roche Holding Ltd



Sponsored ADR (1 ADS = 0.125 Ordinary)
International Reporting

30.40 + 0.021 (0.07%) at 15:50:59 EST Real-Time Best Bid & Ask **30.38 / 30.45** (1300 x 100)

Company Updated Profile

Contact Info

Grenzacherstrasse 124
Basel 4070
Switzerland

Website: <http://www.roche.com>
Phone: +41 61 888 1111
Email: roche@na.tiempo.com

Find us on [in](#)

Business Description

Headquartered in Basel, Switzerland, Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche is the world's largest biotech company with truly differentiated medicines in oncology, immunology, infectious diseases, ophthalmology and neuroscience. Roche is also the world leader in in vitro diagnostics and tissue-based cancer diagnostics, and a frontrunner in diabetes management. Roche's personalised healthcare strategy aims at providing...

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Financial Reporting/Disclosure

| Reporting Status | International Reporting: SIX Swiss Exchange |
|--------------------|---|
| Audited Financials | Reported |
| Latest Report | Dec 31, 2015 Annual Report |
| CIK | 0000896566 |
| Fiscal Year End | 12/31 |
| OTC Marketplace | OTCQX International Premier |

Profile Data

| | |
|-------------------------------|------------------------------------|
| SIC - Industry Classification | 2834 - Pharmaceutical preparations |
| Incorporated In: | Switzerland |
| Year of Inc. | 1896 |
| Employees | 88508 a/o Dec 31, 2014 |

Company Officers/Contacts

| | |
|--------------------|-----------------|
| Severin Schwan | CEO |
| Gottlieb A. Keller | General Counsel |
| Alan Rippe | CFO, CTO |
| Karl Mähler | Head of IR |

Company Directors

| | |
|-------------------------------|---------------|
| Christoph Franz | Chairman |
| Andre Hoffmann | Vice Chairman |
| Pius Baschera | |
| John Irving Bell | |
| Julie Brown | |
| Paul Bulcke | |
| Claudia Sussemuth Dyrckerhoff | |
| Fritz Gerber | |
| Gottlieb A. Keller | |
| Richard P. Lifton | |
| Andrea Gati | |
| Bernard Poussot | |
| Severin Schwan | |
| Peter R. Voser | |

Service Providers

OTCQX Advisor
J.P. Morgan
4 New York Plaza
14th Floor
New York, NY, 10004
USA

Accounting/Auditing Firm

KPMG AG
Ganghoferstrasse 29
Munich, 80339
Germany

Legal Counsel

Not Available

RHHBY Security Details [Other Company Securities](#)

Share Structure

| | | |
|---------------------------|-------------------|------------------|
| Market Value ¹ | \$207,068,189,287 | a/o Mar 21, 2016 |
| Authorized Shares | Not Available | |
| Outstanding Shares | 852,020,286 | a/o Dec 31, 2015 |
| -Restricted | Not Available | |
| -Unrestricted | Not Available | |
| Held at DTC | Not Available | |
| Float | 702,582,700 | a/o Dec 31, 2014 |
| Par Value | No Par Value | |

Transfer Agent(s)

J.P. Morgan Depository Receipts

Shareholders

Shareholders of Record: Not Available

Corporate Actions

| | Ex. Date | Record Date | Pay Date |
|--------------------|--------------|--------------|--------------|
| Dividend (0.8494) | Mar 02, 2016 | Mar 04, 2016 | |
| Dividend (0.8258) | Mar 04, 2015 | Mar 06, 2015 | Apr 20, 2015 |
| Dividend (0.91513) | Mar 06, 2014 | Mar 10, 2014 | Apr 22, 2014 |

Dividends are not adjusted for stock splits

Security Notes

- Ratio Change-1 ADR to 0.25 Ord from 1 ADR to 0.5 Ord. Basis: 2 for 1 forward split. Rec date=1-05-09. Pay date=1-08-09.
- Ratio Change-1 ADR to 0.5 Ord from 1 ADR to 1 Ord. Basis: 2 for 1 forward split. Rec date=1-21-05. Pay date=1-24-05.
- Capital Change-shs increased by 2 for 1 split Ex-date=01/25/2005. Rec date=01/21/2005. Pay date=01/24/2005.
- Capital Change-shs increased by 2 for 1 split Ex-date=01/09/2009. Rec date=01/05/2009. Pay date=01/08/2009.
- Ratio Change-1 ADR to 0.25 Ord from 1 ADR to 0.125 Ord. Basis: 2 for 1 forward split. ex-date = 2-27-14 Rec date=2-20-14. Pay date=2-26-14.
- Capital Change-shs increased by 2 for 1 split. Ex-date=02/27/2014. Rec date=02/20/2014. Pay date=02/26/2014.

Non US Stock Exchange Listing

ROG - SIX Swiss Exchange - Qualified

Short Selling Data

| | |
|---------------------------------|------------------|
| Short Interest | 956,534 (24.63%) |
| | Feb 12, 2016 |
| Significant Failures to Deliver | No |

Our Marketplaces



Market Info

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- Advertising
- Market Hours/Holidays

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Enter Symbol/Company Name **Get Quote**
 OTC Market Totals **9,823** Securities **\$535.1M** Dollar Volume **4.2B** Share Volume **97,708** Trades

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RHHBY Roche Holding Ltd



Sponsored ADR (1 ADS : 0.125 Ordinary)
 International Reporting

30.40 +0.021 (0.07%) at 15:59:58 EST Real-Time Best Bid & Ask **30.38 / 30.45** (1300 x 100)

| | Reporting Status: International Reporting | | | |
|---|---|--------------|---------------|--------------|
| | (Values in 000s USD) | | | |
| View: | Quarterly | Semi-Annual | Annual | |
| Period Ending | Dec 31, 2015 | Dec 31, 2014 | Dec 31, 2013 | Dec 31, 2012 |
| Total Revenue | 50,353,000 | 50,185,000 | 54,660,000 | 51,832,000 |
| Cost of Revenue | 15,445,000 | 13,467,000 | 13,435,000 | 13,301,000 |
| Gross Profit | 34,908,000 | 36,718,000 | 41,226,000 | 38,531,000 |
| Operating Expenses | | | | |
| Research and Development | 9,571,000 | 9,958,000 | 10,423,000 | 10,435,000 |
| Sales, General and Admin: | 11,529,000 | 12,580,000 | 12,389,000 | 12,664,000 |
| Non-Recurring Items | - | - | - | - |
| Other | - | - | - | - |
| Operating Income | 13,807,000 | 14,180,000 | 18,413,000 | 15,431,000 |
| Income From Continuing Operations | | | | |
| Add'l Income/Expense Items | (260,000) | 248,000 | (134,000) | (47,000) |
| Earnings Before Interest and Tax | 13,547,000 | 14,428,000 | 18,280,000 | 15,384,000 |
| Interest Expense | 1,572,000 | 1,833,000 | 1,777,000 | 2,101,000 |
| Earnings Before Tax | 11,975,000 | 12,595,000 | 16,503,000 | 13,283,000 |
| Income Tax | 2,928,000 | 2,999,000 | 3,715,000 | 2,730,000 |
| Minority Interest | - | - | - | - |
| Equity Earnings Unconsolidated Subsidiary | - | - | - | - |
| Net Income Cont. Operations | 9,047,000 | 9,596,000 | 12,788,000 | 10,553,000 |
| Non Recurring Events | | | | |
| Discontinued Operations | - | - | - | - |
| Extraordinary Items | - | - | - | - |
| Effect of Accounting Changes | - | - | - | - |
| Other Items | - | - | - | - |
| Net Income | 9,047,000 | 9,596,000 | 12,788,000 | 10,553,000 |
| Preferred Stock and Other Adjustments | - | - | - | - |
| Net Income Applicable to Common Shareholders | 9,047,000 | 9,596,000 | 12,788,000 | 10,553,000 |

For information not originally reported in U.S. Dollars, conversion is based on applicable exchange rate on the last day of the period reported.



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Income Statement Balance Sheet Cash Flow Reporting Status: International Reporting

| View: | Quarterly | Semi-Annual | Annual | (Values in 000s USD) | | | |
|---------------------------------------|--------------------|--------------------|-------------------|------------------------|--|--|--|
| Period Ending | Dec 31, 2015 | Dec 31, 2014 | Dec 31, 2013 | Dec 31, 2012 | | | |
| Assets | | | | | | | |
| Current Assets | | | | | | | |
| Cash and Cash Equivalents | 3,727,000 | 3,766,000 | 4,498,000 | 4,949,000 | | | |
| Short Term Investments | 5,435,000 | 8,012,000 | 8,922,000 | 10,336,000 | | | |
| Net Receivables | 8,559,000 | 9,306,000 | 10,149,000 | 10,711,000 | | | |
| Inventory | 7,640,000 | 7,792,000 | 6,641,000 | 6,055,000 | | | |
| Other Current Assets | 2,792,000 | 2,436,000 | 2,583,000 | 2,222,000 | | | |
| Total Current Assets | 28,154,000 | 31,313,000 | 32,792,000 | 34,272,000 | | | |
| Long Term Investments | - | - | - | - | | | |
| Property Plant and Equipment | 18,455,000 | 17,305,000 | 17,721,000 | 16,826,000 | | | |
| Goodwill | 11,071,000 | 9,993,000 | 8,034,000 | 8,172,000 | | | |
| Intangible Assets | 13,847,000 | 12,881,000 | 4,435,000 | 4,603,000 | | | |
| Accumulated Amortization | - | - | - | - | | | |
| Other Assets | 1,599,000 | 1,684,000 | 1,627,000 | 1,630,000 | | | |
| Deferred Long Term Asset Charges | 2,561,000 | 2,847,000 | 5,293,000 | 5,297,000 | | | |
| Total Assets | 75,687,000 | 76,023,000 | 69,902,000 | 70,801,000 | | | |
| Liabilities | | | | | | | |
| Current Liabilities | | | | | | | |
| Accounts Payable | 5,982,000 | 5,534,000 | 4,461,000 | 4,539,000 | | | |
| Short Term and Current Long Term Debt | 6,145,000 | 6,408,000 | 2,496,000 | 7,352,000 | | | |
| Other Current Liabilities | 11,617,000 | 11,314,000 | 10,764,000 | 10,186,000 | | | |
| Total Current Liabilities | 23,744,000 | 23,256,000 | 17,721,000 | 22,078,000 | | | |
| Long Term Debt | 17,083,000 | 19,471,000 | 18,466,000 | 19,512,000 | | | |
| Other Liabilities | 11,039,000 | 11,093,000 | 8,389,000 | 9,387,000 | | | |
| Deferred Long Term Liability Charges | 544,000 | 507,000 | 1,442,000 | 1,526,000 | | | |
| Minority Interest | 2,319,000 | 1,985,000 | 2,189,000 | 2,443,000 | | | |
| Negative Goodwill | - | - | - | - | | | |
| Total Liabilities | 54,730,000 | 56,312,000 | 48,207,000 | 54,945,000 | | | |
| Stockholders' Equity | | | | | | | |
| Misc. Stock Options Warrants | - | - | - | - | | | |
| Redeemable Preferred Stock | - | - | - | - | | | |
| Preferred Stock | - | - | - | - | | | |
| Common Stock | - | - | - | - | | | |
| Retained Earnings | - | - | - | - | | | |
| Treasury Stock | - | - | - | - | | | |
| Capital Surplus | - | - | - | - | | | |
| Other Stockholder Equity | - | - | - | - | | | |
| Total Stockholder Equity | 20,958,000 | 19,711,000 | 21,694,000 | 15,856,000 | | | |
| Net Tangible Assets | (3,960,000) | (3,163,000) | 9,225,000 | 3,081,000 | | | |

For information not originally reported in U.S. Dollars, conversion is based on applicable exchange rate on the last day of the period reported.



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Report of the Statutory Auditor to the General Meeting of Shareholders of Roche Holding Ltd, Basel

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Roche Holding Ltd, which comprise the income statement, statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes on pages 36 to 124 for the year ended 31 December 2015.

Board of Directors' Responsibility. The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS), and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.



Ian Starkey
Licensed Audit Expert, Auditor in Charge

Marc Ziegler
Licensed Audit Expert

Basel, 26 January 2016

Roche Group

Consolidated Financial Statements

Roche Group consolidated income statement for the year ended 31 December 2015 in millions of CHF

| | Pharmaceuticals | Diagnostics | Corporate | Group |
|---|-----------------|---------------|--------------|---------------|
| Sales² | 37,331 | 10,814 | - | 48,145 |
| Royalties and other operating income ² | 2,119 | 139 | - | 2,258 |
| Cost of sales | (10,249) | (5,211) | - | (15,460) |
| Marketing and distribution | (6,154) | (2,660) | - | (8,814) |
| Research and development ² | (8,367) | (1,214) | - | (9,581) |
| General and administration | (1,677) | (579) | (471) | (2,727) |
| Operating profit² | 13,003 | 1,289 | (471) | 13,821 |
| Financing costs ³ | | | | (1,574) |
| Other financial income (expense) ³ | | | | (260) |
| Profit before taxes | | | | 11,987 |
| Income taxes ⁴ | | | | (2,931) |
| Net income | | | | 9,056 |
| Attributable to | | | | |
| - Roche shareholders ²¹ | | | | 8,863 |
| - Non-controlling interests ²³ | | | | 193 |
| Earnings per share and non-voting equity security²⁷ | | | | |
| Basic (CHF) | | | | 10.42 |
| Diluted (CHF) | | | | 10.28 |

Roche Group consolidated income statement for the year ended 31 December 2014 in millions of CHF

| | Pharmaceuticals | Diagnostics | Corporate | Group |
|---|-----------------|---------------|--------------|---------------|
| Sales² | 36,696 | 10,766 | - | 47,462 |
| Royalties and other operating income ² | 2,273 | 131 | - | 2,404 |
| Cost of sales | (8,013) | (5,368) | - | (13,381) |
| Marketing and distribution | (6,130) | (2,527) | - | (8,657) |
| Research and development ² | (8,380) | (1,515) | - | (9,895) |
| General and administration | (2,142) | (1,242) | (459) | (3,843) |
| Operating profit² | 14,304 | 245 | (459) | 14,090 |
| Financing costs ³ | | | | (1,821) |
| Other financial income (expense) ³ | | | | 246 |
| Profit before taxes | | | | 12,515 |
| Income taxes ⁴ | | | | (2,980) |
| Net income | | | | 9,535 |
| Attributable to | | | | |
| - Roche shareholders ²¹ | | | | 9,332 |
| - Non-controlling interests ²³ | | | | 203 |
| Earnings per share and non-voting equity security²⁷ | | | | |
| Basic (CHF) | | | | 10.99 |
| Diluted (CHF) | | | | 10.81 |

Roche Group consolidated statement of comprehensive income in millions of CHF

| | Year ended 31 December | |
|--|------------------------|----------------|
| | 2015 | 2014 |
| Net income recognised in income statement | 9,056 | 9,535 |
| Other comprehensive income | | |
| Remeasurements of defined benefit plans ²¹ | 229 | (2,012) |
| Items that will never be reclassified to the income statement | 229 | (2,012) |
| Available-for-sale investments ²¹ | (6) | 37 |
| Cash flow hedges ²¹ | (55) | (41) |
| Currency translation of foreign operations ²¹ | (1,007) | (255) |
| Items that are or may be reclassified to the income statement | (1,068) | (259) |
| Other comprehensive income, net of tax | (839) | (2,271) |
| Total comprehensive income | 8,217 | 7,264 |
| Attributable to | | |
| - Roche shareholders ²¹ | 8,051 | 7,108 |
| - Non-controlling interests ²³ | 166 | 156 |
| Total | 8,217 | 7,264 |

Roche Group consolidated balance sheet in millions of CHF

| | 31 December 2015 | 31 December 2014 | 31 December 2013 |
|---|------------------|------------------|------------------|
| Non-current assets | | | |
| Property, plant and equipment ⁷ | 18,473 | 17,195 | 15,760 |
| Goodwill ^{5, 8} | 11,082 | 9,930 | 7,145 |
| Intangible assets ^{5, 9} | 13,861 | 12,799 | 3,944 |
| Deferred tax assets ⁴ | 2,564 | 2,829 | 4,707 |
| Defined benefit plan assets ²⁹ | 642 | 691 | 636 |
| Other non-current assets ¹⁴ | 959 | 982 | 811 |
| Total non-current assets | 47,581 | 44,426 | 33,003 |
| Current assets | | | |
| Inventories ¹⁰ | 7,648 | 7,743 | 5,906 |
| Accounts receivable ¹¹ | 8,329 | 9,003 | 8,808 |
| Current income tax assets ⁴ | 239 | 244 | 218 |
| Other current assets ¹⁵ | 2,795 | 2,421 | 2,297 |
| Marketable securities ¹² | 5,440 | 7,961 | 7,935 |
| Cash and cash equivalents ¹³ | 3,731 | 3,742 | 4,000 |
| Total current assets | 28,182 | 31,114 | 29,164 |
| Total assets | 75,763 | 75,540 | 62,167 |
| Non-current liabilities | | | |
| Long-term debt ²⁰ | (17,100) | (19,347) | (16,423) |
| Deferred tax liabilities ^{4, 5} | (545) | (504) | (1,282) |
| Defined benefit plan liabilities ²⁵ | (8,341) | (8,994) | (6,062) |
| Provisions ¹⁹ | (2,204) | (1,778) | (1,097) |
| Other non-current liabilities ¹⁷ | (505) | (251) | (302) |
| Total non-current liabilities | (28,695) | (30,874) | (25,166) |
| Current liabilities | | | |
| Short-term debt ²⁰ | (6,151) | (6,367) | (2,220) |
| Current income tax liabilities ³ | (2,781) | (2,616) | (1,805) |
| Provisions ¹⁹ | (2,432) | (2,465) | (2,148) |
| Accounts payable ¹⁶ | (3,207) | (2,883) | (2,162) |
| Other current liabilities ¹⁸ | (9,197) | (8,777) | (7,425) |
| Total current liabilities | (23,768) | (23,108) | (15,760) |
| Total liabilities | (52,463) | (53,982) | (40,926) |
| Total net assets | 23,300 | 21,558 | 21,241 |
| Equity | | | |
| Capital and reserves attributable to Roche shareholders ²¹ | 20,979 | 19,586 | 19,294 |
| Equity attributable to non-controlling interests ²³ | 2,321 | 1,972 | 1,947 |
| Total equity | 23,300 | 21,558 | 21,241 |

As disclosed in Note 5, the balance sheet at 31 December 2014 has been restated following the finalisation of the valuation of the net assets acquired related to the InterMune, Dutalys and Bina acquisitions in 2014. A reconciliation to the previously published balance sheet is provided in Note 5.