



To: Participating Institutions
From: Market Operations
Date: August 06 2018
Market Circular 031: INTRODUCING THE VALUE WEIGHTED AVERAGE PRICING MODEL (VWAP) FOR CLOSING PRICE/PRICE MOVEMENT.

In order to ensure smoother price movements that is representative of total market activity, the NASD OTC securities exchange from August 06, 2018, will employ the Value Weighted Average pricing model to determine daily closing prices for trading securities. This is a change from the current "Last 5000-unit deal" method. This daily VWAP method has been proven to take account of activity levels and frequency / timing of trade.

Relevant definitions:

Daily opening price = Closing price of previous day

Closing VWAP = total value of trades in the day /total volume of trades in the day

Daily price band = Remains 10% above and below Daily opening price

Impact on Negotiated deals: Negotiated - deals priced outside the 10% range can still be executed by following the procedure below

- i. Download and fill form 7a, 7b or 7c as applicable from our website (http://www.nasdng.com/process/form_downloads)
- ii. The form must be signed by the PI Chief Executive officer and the Compliance officer.
- iii. Accompany the form with a signed client mandate(s) indicating that your client(s) is (are) aware of market opening price on date of deal.

We thank you for your cooperation in this regard and look forward to a smoother and more transparent OTC market.

Best Regards

NASD PLC.

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