



**March 1, 2011**

**The sudden change in IVOB stock listings as of February 24, 2011**

**Dear INVO Bioscience Shareholders, potential shareholders and friends,**

A few shareholders noticed that we were not showing up on Yahoo Finance as we had been and it was brought to my attention. I did not see a change in any of the stock websites that I use in reviewing IVOB's activity and we had not received any notification from any governing body, such as OTC, FINRA or the SEC. I started to look into the situation and saw that on the OTC website, on 2/23/2011 our symbol was on a Daily Change Listing "Failure to comply with Rule 15c2-11", I had no idea what that meant or why it happened. After continued research, I was guided to call the FINRA Compliance Unit for inquiries. I did and went straight into voicemail and have not received a call back, after reading below I now understand why. It has nothing to do with us as a company and our reporting but with market makers. Currently we are compliant with our SEC filings, our next filing is due March 31, 2011 for the filing of our Annual Report on Form 10-K. I hope the information below clears up the confusion caused by this change by the OTC.

**Following is an explanation found by a shareholder from the Red Chip Company's website blog:**

**OTCBB Delistings and Rule 15c2-11: What Happened?**

On February 15, 2011, below the radar of the financial community and with no publicity, they started dropping. First it was 48, then 4 on the following two days. Then on February 22, the floodgates opened and 569 companies were delisted from the OTC Bulletin Board and moved to the relatively new OTCQB, officially part of the OTC Market Group's [OTC Link](#) quotation system. The reason given in each case? "Failure to comply with Rule 15c2-11." What has changed so drastically in the past week, and why has it resulted in the sudden delisting of [622 OTCBB companies](#)?

The reason isn't that these companies have failed to meet certain quality standards or are delinquent in their reporting to the SEC. Quite the opposite – the OTCQB is a new market (launched in April 2010) for OTC-traded companies that are registered and current in their reporting obligations to the SEC, so a move from the BB to the QB by no means signals delinquency or lower reporting quality.

The root cause, as with almost any aspect of the financial world, comes down to money. All companies quoted on the OTCBB must maintain [at least one registered market maker](#) (see *FAQ #14*) to remain on the OTCBB. The issuer can't voluntarily withdraw from the OTCBB, but when the last market maker withdraws from the stock, it is removed from the OTCBB after 4 days pursuant to Rule 15c2-11.

When this happens, the stock is usually quoted solely on the OTC Link system, rather than the typical dual BB/OTC Link quotation. The stock will trade on the OTCQB, the middle tier of the OTC marketplace reserved for fully reporting issuers that are quoted on one or both quotation platforms (Bulletin Board and OTC Link). The new OTC tier system classifies all OTC companies, whether quoted on the BB, OTC Link or both, into one of three tiers (OTCQX, OTCQB, or OTC Pink) based on the amount and quality of information

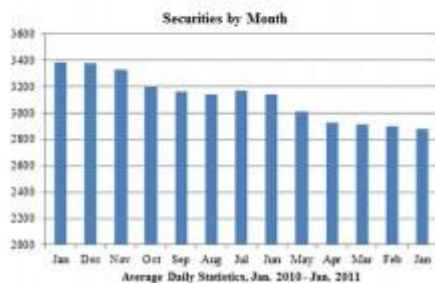
they provide to investors. This tier system separates SEC-compliant issuers in the OTCQB tier from the speculative marketplace known as the “Pink Sheets” (now called “OTC Pink”), which is the bottom of the three tiers.

FINRA’s fee for OTCBB market makers is [\\$6.00 per security](#) traded during a given month. For market makers quoting hundreds of securities per month, these costs can quickly become prohibitive. According to the [CCH Washington Service Bureau](#):

OTC Bulletin Board market makers [sic] are billed participation fees by The Financial Industry Regulatory Authority (FINRA) based on the number of positions during a given month. Because such fees have made it challenging for market maker firms to maintain markets in stocks that are not active, such firms are increasingly moving market making in OTCBB stocks from the OTCBB, which is a telephonic only market, to a new electronic interdealer quotation system [OTC Link] created by Pink OTC Markets, Inc. that lacks any participation fees. [\[Full article here\]](#)

One possible reason for the mass Bulletin Board delistings in the past week is that a large broker-dealer acting as the sole market maker for a number of stocks completely withdrew from the OTCBB, leaving hundreds of stocks, like [this one](#), with no market maker and sending them to the OTC Markets four days later. This is difficult to prove, but a similar situation happened last year when major broker-dealer Knight Equity Markets stopped quoting securities on the phone-based, fee-laden OTCBB and switched primarily to the no-fee, electronic OTC Link.

The accompanying graphs, with data provided by [www.otcbb.com](#), show a consistent and meaningful trend away from Bulletin Board quotations both in terms of the number of market makers participating and the number of securities quoted. More and more, it simply makes financial sense for market makers who quote a large number of securities to quote solely on the electronic OTC Markets and avoid the OTCBB participation fees.



Ted Campbell, CEO of GrowPublic, Inc., [sums up](#) the situation well:

It may take awhile for investors and issuers to come to the conclusion there is no real difference between an OTCBB® listed security and a Fully Reporting Issuer trading on the Pink Sheets now under the OTCQB designation. The recent move by many market makers to pull quotes on the OTCBB® platform causing a mass delisting to the Pink Sheets may be a precursor to the end of the importance of being listed on the OTCBB.

**UPDATE (2/28/11):** [From OTCBB.com](#) – FINRA™ is updating the comment on the OTCBB Daily List used to indicate an issue is no longer eligible for quotation on the OTCBB due to a lack of quotation activity. The new comment will be “Ineligible for quotation on OTCBB due to quoting inactivity under SEC Rule 15c2-11”. This replaces the previous comment “Failure to comply with Rule 15c2-11”.

To see actual blog please see the following link:

<http://blog.redchip.com/index.php/stocks/otcbb-delistings-and-rule-15c2-11-what-happened>

Sincerely,



Robert J. Bowdring  
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INVO Bioscience Inc.