

December 7, 2023

VIA EMAIL ([REDACTED])

Greg McCabe
Chairman of the Board
Next Bridge Hydrocarbons, Inc.
[REDACTED]
[REDACTED]

Dear Mr. McCabe:

I am writing in response to your letter dated November 21, 2023, in which you raise several issues concerning Next Bridge Hydrocarbons, Inc. (NBH) common stock that was distributed last December to holders of Meta Materials, Inc. (Meta Materials) Series A Preferred Shares (formerly identified by the symbol “MMTLP”). Your letter states that investors have continued to express concerns regarding “unresolved issues from the trading halt, including the lack of clarity around potentially unsettled positions.” You also state that NBH has “received information from financial firms since the spin-off that suggests that the number of short positions may be significantly higher than FINRA’s estimated 2.65 million.” Finally, you request that “FINRA take steps to facilitate ... close-outs [of all existing short positions].” I address these issues below.

As you know, I previously corresponded with NBH regarding its common stock.¹ At that time, I reiterated the clearance and settlement concerns that arose due to the structure and timing of the NBH / MMTLP corporate action that led to the trading halt.² Because NBH chose not to obtain a CUSIP identifier or DTC-eligibility for its common stock, the structure of the corporate action did not provide for continuity in the clearance and

¹ See Letter from Robert Colby, Executive Vice President and Chief Legal Officer, FINRA, to Clifton DuBose, Jr, Chief Executive Officer, Next Bridge Hydrocarbons, Inc, dated May 19, 2023 (“May 19th Letter”), and Letter from Robert Colby, Executive Vice President and Chief Legal Officer, FINRA, to Clifton DuBose, Jr, Chief Executive Officer, Next Bridge Hydrocarbons, Inc, dated June 7, 2023 (“June 7th Letter”).

² See May 19th Letter.

settlement process for the distribution of the NBH shares. As we explained,³ FINRA halted trading to address the settlement uncertainty created by the structure and timing of the NBH / MMTLP corporate action and has since taken several steps to address the investor concerns that followed.

As we approach the one-year anniversary of your corporate action, NBH has yet to obtain a CUSIP identifier for its common stock and the shares still are not DTC-eligible; thus, it continues to be very difficult for holders to trade NBH (although NBH's common stock is widely held).⁴ If NBH were to take steps to facilitate secondary market trading and the efficient clearance and settlement of transactions in NBH common stock, some of the issues raised in your letter would be addressed. For example, you state that there are concerns regarding "potentially unsettled positions." To the extent these concerns exist, clearing transactions in NBH common stock through SEC-registered clearing agencies (*i.e.*, serving as a central counterparty and a central securities depository) would help settle positions.

You also state that you have received information from "financial firms" suggesting that the number of short positions in NBH is significantly different than FINRA's estimate of approximately 2.65 million shares (as provided in FINRA's Supplemental Frequently Asked Questions).⁵ We would like to review the information you received to understand why it is inconsistent with our estimate. We note that, if NBH were to obtain a CUSIP for its common stock and a FINRA member obtained a symbol from FINRA, FINRA members could report short interest in NBH common stock, which would be made public by FINRA.⁶

Finally, although your letter states that NBH understands from previous correspondence that FINRA cannot order the close out of all existing short positions, you request that FINRA "take steps to facilitate" close outs of open short positions. As stated previously,

³ See FAQ: MMTLP Corporate Action and Trading Halt (March 16, 2023), available at <https://www.finra.org/investors/insights/FAQ-MMTLP-corporate-action-and-trading-halt> ("March 16th FAQ"); and Supplemental FAQ: MMTLP Corporate Action and Trading Halt (November 06, 2023), available at <https://www.finra.org/investors/insights/supplemental-faq-mmtlp-corporate-action-and-trading-halt> ("November 6th FAQ").

⁴ In your letter, you describe NBH as a "privately held company." However, NBH is not "privately held" by any conventional definition of that term (*e.g.*, NBH shares were not offered through an unregistered private placement of securities). Instead, the offering of NBH common stock was filed on a Form S-1 registration statement with the SEC, and the NBH prospectus states that, following the spin-off, NBH would be a "public reporting company."

⁵ See November 6th FAQ.

⁶ See May 19th Letter.

FINRA has jurisdiction only over its members and their associated persons, not investors; and neither FINRA nor SEC rules provide authority for FINRA to require particular investors to close out short positions. Therefore, your requested action is outside the scope of FINRA's authority.⁷ However, we would again note that NBH can take steps to facilitate a market for its common stock where shares could be efficiently purchased and transactions settled to close out short positions.

We would be glad to discuss with you in more detail the steps that NBH could take to facilitate secondary market trading in, and clearance and settlement of, NBH common stock.⁸ We share your apparent desire for a fair, open, and transparent market for NBH common stock.

Very truly yours,

A handwritten signature in black ink that reads "Robert Colby". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Robert Colby

⁷ See *Id.* and June 7th Letter.

⁸ See *Id.*