UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-38085

Ovid Therapeutics Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**46-5270895**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1460 Broadway, Suite 15044 New York, New York	**10036**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (646) 661-7661

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a small reporting company)	Small reporting company	☐
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 1, 2018, the registrant had 24,623,467 shares of common stock, $0.001 par value per share, outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "design," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "predict," "positioned," "potential," "seek," "should," "target," "will," "would" and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, including risks described in the section titled "Risk Factors" and elsewhere in this report, regarding, among other things:

- the initiation, timing, progress and results of our current and future preclinical studies and clinical trials and our research and development programs;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our ability to identify additional novel compounds with significant commercial potential to acquire or in-license;
- our ability to successfully acquire or in-license additional drug candidates on reasonable terms;
- our ability to obtain regulatory approval of our current and future drug candidates;
- our expectations regarding the potential market size and the rate and degree of market acceptance of such drug candidates;
- our ability to fund our working capital requirements;
- the implementation of our business model and strategic plans for our business and drug candidates;
- developments or disputes concerning our intellectual property or other proprietary rights;
- our ability to maintain and establish collaborations or obtain additional funding;
- our expectations regarding government and third-party payor coverage and reimbursement;
- our ability to compete in the markets we serve;
- the impact of government laws and regulations;
- developments relating to our competitors and our industry; and
- the factors that may impact our financial results.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, we are under no duty to update or revise any of the forward-looking statements, whether because of new information, future events or otherwise, after the date of this report.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

OVID THERAPEUTICS INC.
Condensed Balance Sheets

	March 31, 2018	December 31, 2017
Assets	**(unaudited)**	
Current assets:		
Cash and cash equivalents	$ 29,202,559	$ 87,125,600
Short-term investments	44,955,987	-
Prepaid expenses and other current assets	1,529,694	1,462,448
Total current assets	75,688,240	88,588,048
Long term prepaid expenses	2,638,345	604,646
Security deposit	128,405	88,940
Property, plant and equipment, net	52,083	51,775
Other assets	160,390	124,194
Total assets	$ 78,667,463	$ 89,457,603
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,396,965	$ 2,025,766
Accrued expenses	4,182,299	3,995,334
Total current liabilities	6,579,264	6,021,100
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares and no shares authorized at March 31, 2018 and December 31, 2017	-	-
Common stock, $0.001 par value; 125,000,000 shares authorized at March 31, 2018 and December 31, 2017, 24,617,979 and 24,606,256 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	24,618	24,606
Additional paid-in-capital	185,997,921	184,127,565
Accumulated other comprehensive loss	(35,914)	-
Accumulated deficit	(113,898,426)	(100,715,668)
Total stockholders' equity	72,088,199	83,436,503
Total liabilities and stockholders' equity	$ 78,667,463	$ 89,457,603

See accompanying notes to these unaudited condensed financial statements

OVID THERAPEUTICS INC.
Condensed Statements of Operations
(unaudited)

	For the Three Months Ended March 31, 2018	For the Three Months Ended March 31, 2017
Operating expenses:		
Research and development	$ 8,474,557	$ 31,284,429
General and administrative	4,955,307	2,977,864
Total operating expenses	13,429,864	34,262,293
Loss from operations	(13,429,864)	(34,262,293)
Interest income	247,106	23,483
Net loss	$ (13,182,758)	$ (34,238,810)
Net loss attributable to common stockholders	$ (13,182,758)	$ (34,238,810)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.54)	$ (3.48)
Weighted-average common shares outstanding basic and diluted	24,609,050	9,838,590

See accompanying notes to these unaudited condensed financial statements

OVID THERAPEUTICS INC.
Condensed Statements of Comprehensive Loss
(unaudited)

	For the Three Months Ended March 31, 2018	For the Three Months Ended March 31, 2017
Net loss	$ (13,182,758)	$ (34,238,810)
Other comprehensive loss:		
Unrealized loss on available-for-sale securities	(35,914)	-
Comprehensive loss	$ (13,218,672)	$ (34,238,810)

See accompanying notes to these unaudited condensed financial statements

OVID THERAPEUTICS INC.
Condensed Statements of Cash Flows
(unaudited)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities:		
Net loss	$ (13,182,758)	$ (34,238,810)
Adjustments to reconcile net loss to cash used in operating activities:		
Noncash research and development expense	-	25,861,228
Stock-based compensation expense	1,794,967	1,418,655
Depreciation and amortization	26,372	18,463
Change in accrued interest and accretion of discount on short-term investments	22,998	-
Change in operating assets and liabilities:		
Prepaid expenses and other current assets	(67,246)	(167,853)
Deferred transaction costs	-	(1,178,115)
Security deposit	(39,465)	(7,475)
Long term prepaid expenses	(2,033,699)	-
Accounts payable	365,454	718,752
Accrued expenses	186,965	411,731
Due from/ to related parties	-	7,369
Net cash used in operating activities	(12,926,412)	(7,156,055)
Cash flows from investing activities:		
Purchases of short-term investments	(45,014,899)	-
Purchase of property and equipment	(7,581)	(12,131)
Software development and other assets	(49,550)	(40,439)
Net cash used in investing activities	(45,072,030)	(52,570)
Cash flows from financing activities:		
Payments for transaction costs	-	(505,229)
Proceeds from employee stock purchase plan	62,723	-
Proceeds from exercise of options	12,678	-
Net cash provided by (used in) financing activities	75,401	(505,229)
Net decrease in cash and cash equivalents	(57,923,041)	(7,713,854)
Cash and cash equivalents, at beginning of period	87,125,600	51,939,661
Cash and cash equivalents, at end of period	$ 29,202,559	$ 44,225,807

See accompanying notes to these unaudited condensed financial statements

OVID THERAPEUTICS, INC.
NOTES TO FINANCIAL STATEMENTS
(unaudited)

NOTE 1 – NATURE OF OPERATIONS

Ovid Therapeutics Inc. (the "Company") was incorporated under the laws of the state of Delaware on April 1, 2014 and maintains its principal executive office in New York, New York. The Company commenced operations on April 1, 2014 (date of inception). The Company is a biopharmaceutical company focused exclusively on developing impactful medicines for patients and families living with rare neurological disorders.

Since its inception, the Company has devoted substantially all its efforts to business development, research and development, recruiting management and technical staff, and raising capital, and has financed its operations through issuance of convertible preferred stock ("Preferred Stock"), common stock and other equity instruments. The Company has not generated any revenue. The Company is subject to risks and uncertainties common to early-stage companies in the biotechnology industry, including, but not limited to, development by competitors of new technological innovations, dependence on key personnel, protection of proprietary technology, compliance with government regulations, and ability to secure additional capital to fund operations.

On May 10, 2017, the Company completed its initial public offering ("IPO") of 5,000,000 shares of the Company's common stock at a public offering price of $15.00 per share. The gross proceeds from the IPO were $75.0 million and the net proceeds were $66.7 million, after deducting underwriting discounts and commissions and other offering expenses. At the time of the IPO, the Series A Preferred Stock, the Series B Preferred Stock, and the Series B-1 Preferred Stock were converted into common stock (see Note 7).

The Company has incurred operating losses since inception and had an accumulated deficit of $113.9 million as of March 31, 2018. The Company expects to continue to incur net losses for at least the next several years and is highly dependent on its ability to find additional sources of funding in the form of debt or equity financing or expanded partnering arrangements to fund its operations. Management believes that the Company's existing cash, cash equivalents, and short-term investments as of March 31, 2018, will be sufficient to fund its current operating plans through at least the next 12 months from the date of filing of the Company's Quarterly Report on Form 10-Q. Adequate additional funding may not be available to the Company on acceptable terms or at all. The failure to raise capital as and when needed could have a negative impact on the Company's financial condition and ability to pursue its business strategy. The Company may be required to delay, reduce the scope of or eliminate research and development programs, or obtain funds through arrangements with collaborators or others that may require the Company to relinquish rights to certain drug candidates that the Company might otherwise seek to develop or commercialize independently.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 2, "Summary of Significant Accounting Policies," in the Company's Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 29, 2018. There have been no material changes to the significant accounting policies during the period ended March 31, 2018, except for those listed below.

(A) Unaudited Interim Condensed Financial Statements

The interim condensed balance sheet at March 31, 2018, the condensed statements of operations and comprehensive loss for the three months ended March 31, 2018 and 2017, and condensed statements of cash flows for the three months ended March 31, 2018 and 2017 are unaudited. The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), and following the requirements of the SEC for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP can be condensed or omitted. These condensed financial statements have been prepared on the same basis as the Company's annual financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments that are necessary for a fair statement of its financial information. The results of operations for the three months ended March 31, 2018 and 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2018 or for any other future annual or interim period. The balance sheet as of December 31, 2017 included herein was derived from the audited financial statements as of that date. These interim condensed financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2017 included in the Company's Annual Report on Form 10-K.

(B) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ materially from those estimates.

(C) Fair Value of Financial Instruments

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy are as follows:

- Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active). Level 2 includes financial instruments that are valued using models or other valuation methodologies.

- Level 3—Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amounts reported in the balance sheets for cash and cash equivalents approximate their fair value based on the short-term maturity of these instruments.

(D) Short-term Investments

Short-term investments consist of debt securities with maturities greater than ninety days from the date of purchase. The Company classifies all of its investments as available-for-sale securities. Accordingly, these investments are recorded at fair value with unrealized gains and losses included in other comprehensive income (loss) as a component of stockholders' equity until realized. Realized gains and losses, amortization and accretion of discounts and premiums will be included within net loss.

(E) Recent Accounting Pronouncements

Recent accounting standards which have been adopted

In May 2017, the FASB issued ASU No. 2017-09, Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting. This new standard clarifies when to account for a change to the terms or conditions of share-based payment award as a modification. Under the new guidance, modification accounting is required unless the fair value, the vesting conditions, or the classification of the modified award remain the same as the original award. The adoption of this standard on January 1, 2018, did not have a material impact on the Company's financial statements.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. This new standard clarifies the definition of a business and provides a screen to determine when an integrated set of assets and activities is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. ASU 2017-01 is effective for the Company as of January 1, 2018. The adoption of this standard on January 1, 2018, did not have a material impact on the Company's financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The new standard clarifies certain aspects of the statement of cash flows, including the classification of debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, contingent consideration payments made after a

business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees and beneficial interests in securitization transactions. In situations in which cash receipts and payments have aspects of more than one class of cash flows and cannot be separated by source or use, the appropriate classification should depend on the activity that is likely to be the predominant source or use of cash flows for the item. The adoption of this standard on January 1, 2018 did not have a material impact on the Company's statements of cash flows.

In January 2016 the FASB issued ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. This new standard amends certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in a company's results of operations. This new standard does not apply to investments accounted for under the equity method of accounting or those investments that result in consolidation of the investee. Equity investments that do not have readily determinable fair values may be measured at fair value or at cost minus impairment adjusted for changes in observable prices. A financial liability that is measured at fair value in accordance with the fair value option is required to be presented separately in other comprehensive income for the portion of the total change in the fair value resulting from change in the instrument-specific credit risk. In addition, a valuation allowance should be evaluated on deferred tax assets related to available-for-sale debt securities in combination with other deferred tax assets. The ASU makes targeted changes to the presentation requirements for financial instruments under current GAAP. All entities will be required to disclose financial assets and financial liabilities separately, grouped by measurement category (e.g., fair value, amortized cost, lower of cost or market) and form of financial asset (e.g., loans, securities). ASU 2016-01 is effective for the Company as of January 1, 2018. As the Company does not have equity investments, financial liabilities measured at fair value in accordance with the fair value option or deferred tax assets, the recognition and measurement guidance of this new standard is not applicable to the Company. However, since the Company does have financial asset investments, it has adopted the presentation and disclosure requirements of this standard.

New accounting standards which have not yet been adopted

On March 30, 2017, the FASB issued ASU 2017-08 that requires premiums on callable debt securities, that have explicit, non-contingent call features that are callable at fixed prices on preset dates, to be amortized to the earliest call date. The amortization period for callable debt securities purchased at a discount will not be impacted. Under current GAAP, premiums on callable debt securities are generally amortized over the contractual life of the security. The guidance is applicable to Ovid beginning on January 1, 2019. The Company will be impacted if it will have on January 1, 2019 callable debt purchased with a premium. However, based on the Company's current investment strategy where it purchases debt securities with maturity dates of less than a year, it does not expect to have significant premiums for callable debt. The Company is in the process of assessing the impact of this standard on its financial statements.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 (ASU 2016-13) "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost, including loans and trade and other receivables. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. The standard also amends the impairment model for AFS debt securities and requires entities to determine whether all or a portion of the unrealized loss on an AFS debt security is a credit loss. Under the new guidance, an entity will recognize an allowance for credit losses on AFS debt securities as a contra-account to the amortized cost basis rather than as a direct reduction of the amortized cost basis of the investment, as is currently required. ASU 2016-13 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2019. The Company is in the process of assessing the impact of this standard on its financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 was issued to increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about lease arrangements. ASU 2016-02 is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company does not expect ASU 2016-02 to have a material impact on its financial statements.

NOTE 3 – PRECLINICAL AND CLINICAL AGREEMENTS

On August 26, 2016, the Company contracted with a clinical research organization for the study entitled "Safety and Efficacy of Gaboxadol in Angelman Syndrome: A Phase 2 Study of OV101 in adolescents and adults." In connection with the execution of this contract, the Company provided an upfront retainer of $355,435. This retainer is reflected within current assets on the balance sheet. During the three months ended March 31, 2018 and 2017, the Company has expensed approximately $1,218,915 and $891,500 related to this contract, respectively.

NOTE 4 – CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

All short-term investments are classified as available-for-sale. The following tables summarize the fair value of cash, cash equivalents, short-term investments, and gross unrealized holding gains and losses as of March 31, 2018 and December 31, 2017:

	March 31, 2018			
	Amortized cost, as adjusted	Gross unrealized holding gains	Gross unrealized holding losses	Estimated fair value
Cash	$ 377,584	$ -	$ -	$ 377,584
Money market funds (a)	28,824,975	-	-	28,824,975
Total cash and cash equivalents	$ 29,202,559	$ -	$ -	$ 29,202,559
U.S. treasury notes (a)	$ 41,981,630	$ -	$ (26,945)	$ 41,954,685
Corporate bonds (a)	3,010,271	-	(8,969)	3,001,302
Total short-term investments	$ 44,991,901	$ -	$ (35,914)	$ 44,955,987

(a) As of March 31, 2018, the Company's Level 1 assets consisted of money market funds, U.S. treasury notes, and corporate bonds totaling $73.8 million. The Company had no level 2 or level 3 assets or liabilities as of March 31, 2018.

	December 31, 2017			
	Amortized cost, as adjusted	Gross unrealized holding gains	Gross unrealized holding losses	Estimated fair value
Cash	$ 526,648	$ -	$ -	$ 526,648
Money market funds (a)	86,598,952	-	-	86,598,952
Total cash and cash equivalents	$ 87,125,600	$ -	$ -	$ 87,125,600
U.S. treasury notes	$ -	$ -	$ -	$ -
Corporate bonds	-	-	-	-
Total short-term investments	$ -	$ -	$ -	$ -

(a) As of December 31, 2017, the Company's Level 1 assets consisted of money market funds totaling $86.6 million. The Company had no level 2 or level 3 assets or liabilities as of December 31, 2017.

As of March 31, 2018, and December 31, 2017, the aggregate fair value of securities that were in an unrealized loss position for less than 12 months was $45.0 million and zero, respectively. The Company did not hold any securities in an unrealized loss position for more than twelve months as of March 31, 2018. As of March 31, 2018, the Company did not intend to sell, and would not be more likely than not required to sell, the securities in an unrealized loss position before recovery of their amortized cost bases. Furthermore, the Company determined that there was no material change in the credit risk of these securities. As a result, the Company determined it did not hold any securities with any other-than-temporary impairment as of March 31, 2018.

There were no realized gains or losses on available-for-sale securities during the three months ended March 31, 2018.

NOTE 5 – PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Property and equipment is summarized as follows:

	March 31, 2018	December 31, 2017
Furniture and equipment	$ 112,066	$ 102,690
Less accumulated depreciation	(59,983)	(50,915)
Total property, plant and equipment, net	$ 52,083	$ 51,775

Depreciation expense was $9,068 and $5,329 for the three months ended March 31, 2018 and 2017, respectively.

Intangible assets, net of accumulated amortization, were $160,390 and $124,194 as of March 31, 2018 and December 31, 2017, respectively, and are included in other assets. Amortization expense was $17,304 and $13,134 for the three months ended March 31, 2018 and 2017, respectively.

NOTE 6 – ACCRUED EXPENSES

Accrued expenses consist of the following:

	March 31, 2018	December 31, 2017
Collaboration agreement accrual	$ 432,706	$ 754,841
Payroll and bonus accrual	850,956	1,919,120
Professional fees accrual	669,526	321,852
Clinical trials accrual	2,078,343	753,018
Other	150,768	246,503
Total	$ 4,182,299	$ 3,995,334

NOTE 7 – STOCKHOLDERS' EQUITY AND PREFERRED STOCK

The Company's capital structure consists of common stock and preferred stock.

Upon inception, the Company was initially authorized to issue 1,000 shares of common stock at $0.001 par value per share. The Company's certificate of incorporation was amended on January 6, 2017 to increase the authorized shares of common stock available for issuance to 62,000,000 at $0.001 par value, and shares of Preferred Stock to 20,991,252.

On May 10, 2017, the Company filed an amended and restated certificate of incorporation with the Secretary of the State of Delaware, which was approved by the Company's Board of Directors and stockholders on April 12, 2017 and April 24, 2017, respectively, and which went effective immediately after the closing of the Company's IPO on May 10, 2017. Pursuant to the amended and restated certificate of incorporation, the Company is authorized to issue 125,000,000 shares of common stock and 10,000,000 shares of preferred stock. Upon completion of its IPO, on May 10, 2017, the Company issued 5,000,000 shares of its common stock, and 2,382,069 shares of Series A Preferred Stock, 5,599,282 shares of Series B Preferred Stock and 1,781,996 shares Series B-1 Preferred Stock were converted into 9,763,346 shares of common stock.

NOTE 8 – STOCK-BASED COMPENSATION

On August 29, 2014, the Company's Board of Directors adopted and approved the 2014 Equity Incentive Plan (the "2014 Plan"), which authorized the Company to grant shares of common stock in the form of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock and restricted stock units. The types of stock-based awards, including share purchase rights amount, terms, and exercisability provisions of grants are determined by the Company's Board of Directors.

The Company's Board of Directors adopted and the Company's stockholders approved the 2017 equity incentive plan ("2017 Plan"), which became effective immediately prior to the execution of the underwriting agreement related to the IPO on May 4, 2017. The initial reserve of shares of common stock under the 2017 Plan was 3,052,059 shares. The 2017 Plan provides for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance-based stock awards, and other forms of stock-based awards. Additionally, the 2017 Plan provides for the grant of performance cash awards. The Company's employees, officers, directors and consultants and advisors are eligible to receive awards

under the 2017 Plan. Upon the adoption of the 2017 Plan, no further awards will be granted under the 2014 Plan. Pursuant to the terms of the 2017 Plan, on each January 1st, the plan limit shall be increased by the lesser of (x) 5% of the number of shares of common stock outstanding as of the immediately preceding December 31 and (y) such lesser number as the Board of Directors may determine in its discretion. Accordingly, on January 1, 2018, an additional 1,230,312 shares were reserved for issuance under the 2017 Plan. As of March 31, 2018, there were 3,129,454 shares of the Company's common stock reserved for issuance under the 2017 Plan.

The Company's Board of Directors adopted and the Company's stockholders approved the 2017 employee stock purchase plan (the "2017 ESPP"), which became effective immediately prior to the execution of the underwriting agreement related to the IPO on May 4, 2017. The initial reserve of shares of common stock that may be issued under the 2017 ESPP was 279,069 shares. On September 20, 2017, the Company's Compensation Committee approved an offering period under the 2017 ESPP, which began on October 20, 2017. The ESPP allows employees to purchase common stock of the Company at a 15% discount to the market price on designated purchase dates. During the three months ended March 31, 2018, 9,972 shares were purchased under the ESPP and the Company recorded expense of $16,869. The number of shares of common stock reserved for issuance under the 2017 ESPP will automatically increase on January 1 of each year, beginning on January 1, 2018 and continuing through and including January 1, 2027, by the lesser of (i) 1% of the total number of shares of the Company's capital stock outstanding on December 31 of the preceding calendar year, (ii) 550,000 shares or (iii) such lesser number of shares determined by our Board. On January 1, 2018, an additional 246,062 shares were reserved for issuance under the 2017 ESPP. As of March 31, 2018, there were 515,159 shares of the Company's common stock reserved for issuance under the 2017 ESPP.

Unless specified otherwise in an individual option agreement, stock options granted under the 2014 Plan and 2017 Plan generally have a ten-year term and a four-year graded vesting period. The vesting requirement is conditioned upon the grantee's continued service with the Company during the vesting period. Once vested, all awards are exercisable from the date of grant until they expire. The option grants are non-transferable. Vested options generally remain exercisable for 90 days subsequent to the termination of the option holder's service with the Company. In the event of option holder's death or disability while employed by or providing service to the Company, the exercisable period extends to 12 months.

Performance-based option awards generally have similar vesting terms, with vesting commencing on the date the performance condition is achieved and expire in accordance to the specific terms of the agreement. At March 31, 2018, there were 50,000 performance-based options outstanding and unvested.

The fair value of options granted during the three months ended March 31, 2018 and 2017 was estimated using the Black-Scholes option valuation model. The inputs for the Black-Scholes option valuation model require management's significant assumptions and are detailed in the table below. Prior to the IPO, the common stock price was determined by the Board of Directors. In the absence of market data for the Company's common stock, the Board of Directors considered various factors in estimating the fair value of the common stock at the time of each option grant which included but was not limited to the common stock valuation performed by a third party independent valuation firm, the Company's performance and future economic outlook, the potential financing available to the Company, and the valuation of common stock of similar companies in the industry. The risk-free interest rates were based on the rate for U.S. Treasury securities at the date of grant with maturity dates approximately equal to the expected life at the grant date. The expected life was based on the simplified method in accordance with the SEC Staff Accounting Bulletin Nos. 107 and 110. The expected volatility was estimated based on historical volatility information of peer companies that are publicly available.

All assumptions used to calculate the grant date fair value of nonemployee options are generally consistent with the assumptions used for options granted to employees. In the event the Company terminates any of its consulting agreements, the unvested options underlying the agreements would also be cancelled. Unvested nonemployee options are marked-to-market at each reporting period.

The Company granted zero and 27,906 stock options to nonemployee consultants for services rendered during the three months ended March 31, 2018 and 2017, respectively. There were 29,798, and 58,868 unvested nonemployee options outstanding as of March 31, 2018, and 2017, respectively. Total expense recognized related to the nonemployee stock options for the three months ended March 31, 2018, and 2017 was $43,843, and $233,958, respectively. Total unrecognized compensation expenses related to the nonemployee stock options was $148,200 as of March 31, 2018. During the three months ended March 31, 2018 and 2017, the Company recognized zero and $162,700 in expenses for nonemployee performance-based option awards, respectively.

The Company granted 976,476 and 1,017,441 stock options to employees during the three months ended March 31, 2018 and 2017 respectively. There were 3,043,757 and 2,794,997 unvested employee options outstanding as of March 31, 2018, and 2017, respectively. Total expense recognized related to the employee stock options for the three months ended March 31, 2018 and 2017 was $1,734,256 and $1,184,696 respectively. Total unrecognized compensation expense related to employee stock options was $16,721,386 as of March 31, 2018.

The Company's stock-based compensation expense was recognized in operating expense as follows:

	For the Three Months Ended March 31,	
	2018	2017
Research and development	$ 738,789	$ 670,175
General and administrative	1,056,178	748,479
Total	$ 1,794,967	$ 1,418,654

The fair value of employee options granted during the three months ended March 31, 2018 and 2017 was estimated by utilizing the following assumptions:

	For the Three Months Ended March 31,	
	2018	2017
	Weighted Average	Weighted Average
Volatility	82.97%	80.79%
Expected term in years	6.08	6.08
Dividend rate	0.00%	0.00%
Risk-free interest rate	2.53%	2.12%
Fair value of option on grant date	$ 6.46	$ 5.95

The fair value of nonemployee options granted and remeasured during the three months ended March 31, 2018 and 2017 was estimated by utilizing the following assumptions:

	For the Three Months Ended March 31,	
	2018	2017
	Weighted Average	Weighted Average
Volatility	90.76%	75.34%
Expected term in years	3.47	4.57
Dividend rate	0.00%	0.00%
Risk-free interest rate	2.42%	1.92%
Fair value of option on grant date	$ 5.08	$ 7.44

The following table summarizes the number of options outstanding and the weighted average exercise price:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Aggregate Intrinsic Value
Options Outstanding December 31, 2017	4,298,802	$ 8.07	8.32	$ 8,174,686
Granted	976,476	9.02	9.06	
Exercised	(1,751)	7.24		
Forfeited	(16,633)	7.63		
Options Outstanding March 31, 2018	5,256,894	$ 8.25	8.38	$ 1,043,074
Vested and exercisable at March 31, 2018	2,183,339	$ 7.78	7.79	$ 713,581

At March 31, 2018 there was approximately $16,869,586 of unamortized share–based compensation expense, which is expected to be recognized over a remaining average vesting period of 2.74 years.

NOTE 9 – INCOME TAXES

The Company did not record a federal or state income tax provision for the periods presented as it has incurred net losses since inception. In addition, the net deferred tax assets generated from the net operating losses have been fully reserved as the Company believes it is not more likely than not that the benefit will be realized.

During the three months ended March 31, 2018 and 2017, the Company recorded a $186,218 and $200,251 refundable credit towards future New York City tax expense as a reduction to operating expenses, respectively. The credit is for qualified emerging technology companies focused on biotechnology located in New York City.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

License Agreements

On March 26, 2015, the Company entered into an exclusive agreement with H. Lundbeck A/S ("Lundbeck") for a worldwide perpetual licensing right related the research, development and commercialization of OV101.

Pursuant to the Lundbeck license agreement, the Company agreed to make milestone payments totaling up to $181 million upon the achievement of certain development, regulatory and sales milestones. The first payment of $10 million is due upon the successful completion of the first Phase 3 trial for a product in which OV101 is an active ingredient. In addition, the agreement calls for the Company to pay royalties for an initial term based on a low double-digit percentage of sales and provides for the reduction of royalties in certain limited circumstances.

On December 15, 2016, the Company entered into a license agreement with Northwestern University, ("Northwestern"), pursuant to which Northwestern granted the Company an exclusive, worldwide license to patent rights in certain inventions, ("Northwestern Patent Rights"), which relate to a specific compound and related methods of use for such compound, along with certain Know-How related to the practice of the inventions claimed in the Northwestern Patents.

Under the Northwestern agreement, the Company was granted exclusive rights to research, develop, manufacture and commercialize products utilizing the Northwestern Patent Rights for all uses. The Company has agreed that it will not use the Northwestern Patent Rights to develop any products for the treatment of cancer, but Northwestern may not grant rights in the technology to others for use in cancer. The Company also has an option, exercisable during the term of the agreement to an exclusive license under certain intellectual property rights covering novel compounds with the same or similar mechanism of action as the primary compound that is the subject of the license agreement. Northwestern has retained the right, on behalf of itself and other non-profit institutions, to use the Northwestern Patent Rights and practice the inventions claimed therein for educational and research purposes and to publish information about the inventions covered by the Northwestern Patent Rights.

Upon entry into the Northwestern agreement, the Company paid an upfront non-creditable one-time license issuance fee of $75,000, and is required to pay an annual license maintenance fee of $20,000, which will be creditable against any royalties payable to Northwestern following first commercial sale of licensed products under the agreement. The Company is responsible for all ongoing costs of filing, prosecuting and maintaining the Northwestern Patents, but also has the right to control such activities using its own patent counsel. In consideration for the rights granted to the Company under the Northwestern agreement, the Company is required to pay to Northwestern up to an aggregate of $5.3 million upon the achievement of certain development and regulatory milestones for the first product covered by the Northwestern Patents, and, upon commercialization of any such products, will be required to pay to Northwestern a tiered royalty on net sales of such products by the Company, its affiliates or sublicensees, at percentages in the low to mid single-digits, subject to standard reductions and offsets. The Company's royalty obligations continue on a product-by-product and country-by-country basis until the later of the expiration of the last-to-expire valid claim in a licensed patent covering the applicable product in such country and 10 years following the first commercial sale of such product in such country. If the Company sublicenses a Northwestern Patent Right, it will be obligated to pay to Northwestern a specified percentage of sublicense revenue received by the Company, ranging from the high single digits to the low-teens.

The Northwestern agreement requires that the Company use commercially reasonable efforts to develop and commercialize at least one product that is covered by the Northwestern Patent Rights.

Unless earlier terminated, the Northwestern agreement will remain in force until the expiration of the Company's payment obligations thereunder. The Company has the right to terminate the agreement for any reason upon prior written notice or for an uncured material breach by Northwestern. Northwestern may terminate the agreement for the Company's uncured material breach or insolvency.

Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. The Company is not currently involved in any legal matters arising in the normal course of business.

Under the terms of their respective employment agreements, each of our named executive officers is eligible to receive severance payments and benefits upon a termination without "cause" or due to "permanent disability," or upon "resignation for good reason," contingent upon the named executive officer's delivery to us of a satisfactory release of claims, and subject to the named executive officer's compliance with non-competition and non-solicitation restrictive covenants for two years following the termination date.

NOTE 11 – COLLABORATION AGREEMENT

Takeda Collaboration

On January 6, 2017, the Company entered into a license and collaboration agreement with Takeda, pursuant to which Takeda granted the Company an exclusive license to commercialize the compound TAK-935, which the Company now refers to as OV935, in certain territories, and a co-exclusive worldwide license, together with Takeda, to develop OV935. In consideration of certain license rights granted to the Company pursuant to the Takeda collaboration, the Company issued 1,781,996 shares of its Series B-1 Preferred Stock, pursuant to a Series B-1 preferred stock purchase agreement entered into on January 6, 2017, at an ascribed price per share of $14.513 on January 6, 2017 for an aggregate fair value of $25,861,228, which was recorded as research and development expense at the date of the transaction. Under the Takeda collaboration, the Company is obligated to pay Takeda future payments if and when certain milestones are achieved. Upon the first patient enrollment in the first Phase 3 trial for the first of the initial indications the Company and Takeda are focusing on in the Takeda collaboration, the Company is obligated to issue to Takeda the number of unregistered shares of the Company's common stock equal to the lesser of (a) 8% of the Company outstanding capital stock on the issuance date or (b) $50.0 million divided by the applicable share price, unless certain events occur. The remaining potential global commercial and regulatory milestone payments equal approximately $35.0 million and can be satisfied in cash or unregistered shares of the Company's common stock at its election, unless certain events occur. During the three months ended March 31, 2018 and 2017, the Company recognized $432,707 and $1,534,106 respectively, in research and development expenses representing research and development expenses reimbursed to Takeda in respect of this collaboration agreement. The 1,781,996 shares of Series B-1 Preferred Stock held by Takeda was automatically converted into 1,781,996 shares of the Company's common stock upon the completion of its IPO.

The Takeda collaboration will expire upon the cessation of commercialization of the products by both the Company and Takeda. Either party may terminate the Takeda collaboration because of the other party's uncured material breach or insolvency, for safety reasons, or, after completion of the first proof of mechanism clinical trial, for convenience. Takeda may terminate the Takeda collaboration for the Company's (or the Company's sublicensee's) challenge to the patents licensed under the Takeda collaboration. If the collaboration is terminated by Takeda for material breach by the Company, bankruptcy or patent challenge or by the Company for convenience or safety reasons, the Company's rights to the products will cease, the Company will transition all activities related to the products to Takeda, and the Company will grant Takeda an exclusive, royalty-bearing license under certain patents and other intellectual property controlled by the Company to commercialize OV935 and products containing OV935 for the treatment of certain rare neurological disorders. If the collaboration is terminated by the Company for Takeda's material breach or bankruptcy or by Takeda for convenience or safety reasons, Takeda's rights to the products will cease, Takeda will transition all activities related to the products to us, and Takeda will grant us an exclusive, royalty-bearing license under certain patents and other intellectual property controlled by Takeda to commercialize OV935 and products containing OV935 for the treatment of certain rare neurological disorders.

NOTE 12 – NET LOSS PER SHARE

Basic and diluted net loss per common share is determined by dividing net loss attributable to common stockholders by the weighted-average common shares outstanding during the period. For all periods presented, the common shares underlying the Preferred Stock and options have been excluded from the calculation because their effect would be anti-dilutive. Therefore, the weighted-average shares outstanding used to calculate both basic and diluted loss per common share are the same.

The following potentially dilutive securities have been excluded from the computations of diluted weighted-average shares outstanding as they would be anti-dilutive:

	For the Three Months Ended March 31,	
	2018	2017
Stock options to purchase common stock	5,256,894	3,893,542
Preferred stock convertible into common stock	-	9,763,347
Total	5,256,894	13,656,889

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with the unaudited condensed financial statements and the notes thereto included in this Quarterly Report on Form 10-Q and the audited financial information and the notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the Securities and Exchange Commission ("SEC") on March 29, 2018. In addition to historical financial information, the following discussion contains forward-looking statements based upon our current plans, expectations and beliefs that involve risks, uncertainties and assumptions. Our actual results may differ materially from those described in or implied by these forward-looking statements because of many factors, including those set forth under the section titled "Risk Factors" in Part II, Item 1A.

Overview

We are a biopharmaceutical company focused exclusively on developing impactful medicines for patients and families living with rare neurological disorders. We believe these disorders represent an attractive area for drug development as the understanding of the underlying biology has grown meaningfully over the last few years; yet has remained underappreciated by the industry. Our experienced team began with a vision to integrate the biology and symptomology of rare neurological conditions to employ innovative research and clinical strategies for the development of our drug candidates. Based on recent scientific advances in genetics and the biological pathways of the brain, we created a proprietary map of disease-relevant pathways and used it to identify and acquire novel compounds for the treatment of rare neurological disorders. We are executing on our strategy by in-licensing and collaborating with leading biopharmaceutical companies and academic institutions. We are developing a robust pipeline of clinical assets with an initial focus on neurodevelopmental disorders and developmental and epileptic encephalopathies ("dEE"). Our most advanced candidate, OV101, has completed randomization of a Phase 2 trial, which is primarily a safety trial with exploratory efficacy parameters, in adults and adolescents with Angelman syndrome. We completed a Phase 1 trial in adolescents with Angelman syndrome or Fragile X syndrome in which, OV101 was found to be generally well tolerated and its pharmacokinetic ("PK'), profile in adolescents was similar to previous data generated in young adults. Along with our collaborator, Takeda Pharmaceutical Company Limited, ("Takeda"), we initiated patient recruitment in our Phase 1b/2a trial of OV935 in adults with dEE in June 2017. We expect data from the OV101 STARS trial in the third quarter of 2018 and data from the phase 1b/2a trial of OV935 in the second half of 2018.

Since our inception in April 2014, we have devoted substantially all of our efforts to organizing and planning our business, building our management and technical team, acquiring operating assets and raising capital.

On May 1, 2017, we effected a 1-for-2.15 reverse stock split of our outstanding common stock and convertible preferred stock. Stockholders entitled to fractional shares because of the reverse stock split received a cash payment in lieu of receiving fractional shares. All of our historical share and per share information shown in the accompanying unaudited condensed financial statements and related notes have been retroactively adjusted to give effect to this reverse stock split.

On May 10, 2017, we completed our initial public offering ("IPO"), of 5,000,000 shares of our common stock at a public offering price of $15.00 per share. The gross proceeds from the IPO were $75.0 million and the net proceeds were $66.7 million, after deducting underwriting discounts and commissions and other offering expenses payable by us.

Since our inception, we have not generated any revenue and have funded our business primarily through the sale of our capital stock. Through March 31, 2018, we have raised net proceeds of $142.3 million from the sale of convertible preferred stock and our IPO. As of March 31, 2018, we had $29.2 million in cash and cash equivalents and $45.0 million in short-term investments. We recorded net losses of $13.2 million and $34.2 million for the three months ended March 31, 2018 and 2017, respectively. As of March 31, 2018, we had an accumulated deficit of approximately $113.9 million.

We expect to continue to incur significant expenses and increasing operating losses for at least the next several years. Our net losses may fluctuate significantly from period to period, depending on the timing of our planned clinical trials and expenditures on our other research and development and commercial development activities. We expect our expenses will increase substantially over time as we:

- continue the ongoing and planned preclinical and clinical development of our drug candidates;
- build a portfolio of drug candidates through the acquisition or in-license of drugs, drug candidates or technologies;
- initiate preclinical studies and clinical trials for any additional drug candidates that we may pursue in the future;
- seek marketing approvals for our current and future drug candidates that successfully complete clinical trials;
- establish a sales, marketing and distribution infrastructure to commercialize any drug candidate for which we may obtain marketing approval;
- develop, maintain, expand and protect our intellectual property portfolio;

- implement operational, financial and management systems; and
- attract, hire and retain additional administrative, clinical, regulatory and scientific personnel.

Preclinical/Clinical Development

- We completed patient enrollment in the Phase 2 STARS clinical trial of OV101 in adults and adolescents with Angelman syndrome and expect topline data from the STARS trial to be available in the third quarter of 2018.
- We plan to initiate a Phase 2 multi-dose, three-arm clinical trial evaluating OV101 for the treatment of adolescent and young adults with Fragile X syndrome in 2018. The trial is expected to enroll up to 30 males ages 13 to 22 diagnosed with Fragile X syndrome. The primary endpoint is safety and tolerability. Secondary endpoints are expected to include an evaluation of changes in behavior during 12 weeks of treatment with OV101.
- The U.S. Patent and Trademark Office ("USPTO") recently granted Ovid a new patent directed to methods of treating Fragile X syndrome using OV101. The issued patent expires in 2035 without regulatory extensions.
- OV101 was recently granted fast track designation by the U.S. Food and Drug Administration ("FDA") for the treatment of both Angelman syndrome and Fragile X syndrome.
- Enrollment of patients continues in a Phase 1b/2a clinical trial of OV935 in adults with rare developmental and/or epileptic encephalopathies. The primary endpoint of the study is to characterize the safety and tolerability of OV935. Secondary endpoints include evaluation of PK parameters. Exploratory endpoints include change from baseline in seizure frequency and 24-S-hydroxycholesterol (24HC) levels. Data from the Phase 1b/2a trial is expected in the second half of 2018.
- In 2018, Ovid and Takeda plan to initiate additional Phase 2 studies with OV935 in younger patient populations with dEE and additional rare epilepsies.
- With Takeda, we plan to study the role of 24HC as a plasma-based biomarker that can inform future clinical trial designs and help clinicians individualize the use of OV935.
- The FDA has recently granted orphan drug designations for TAK-935 for the treatment of both Dravet syndrome and Lennox-Gastaut syndrome, two types of dEE.
- Ovid plans to present preclinical data for two of its programs at the 14th Eilat Conference on New Antiepileptic Drugs and Device (EILAT XIV) taking place May 13 -16, 2018 in Madrid, Spain. The oral presentations are expected to include new preclinical data for OV935 in dEE, and the first presentation of preclinical data for OV329, a next generation GABA aminotransferase (GABA-AT) inhibitor with the potential to treat treatment-resistant epilepsy.

Financial Operations Overview

Revenue

We have not generated any revenue from commercial drug sales and do not expect to generate any revenue unless or until we obtain regulatory approval of and commercialize one or more of our current or future drug candidates. In the future, we may also seek to generate revenue from a combination of research and development payments, license fees and other upfront or milestone payments.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our product discovery efforts and the development of our product candidates, which include, among other things:

- fees related to the acquisition of the rights to OV101 and OV935;
- employee-related expenses, including salaries, benefits and stock-based compensation expense;
- fees paid to consultants for services directly related to our drug development and regulatory effort;
- expenses incurred under agreements with contract research organizations, as well as contract manufacturing organizations and consultants that conduct preclinical studies and clinical trials;
- costs associated with preclinical activities and development activities;
- costs associated with technology and intellectual property licenses;

- milestone payments and other costs under licensing agreements; and
- depreciation expense for assets used in research and development activities.

Costs incurred in connection with research and development activities are expensed as incurred. Costs for certain development activities, such as clinical trials, are recognized based on an evaluation of the progress to completion of specific tasks using data such as patient enrollment, clinical site activations or other information provided to us by our vendors.

Research and development activities are and will continue to be central to our business model. We expect our research and development expenses to increase for the foreseeable future as we advance our current and future drug candidates through preclinical studies and clinical trials. The process of conducting preclinical studies and clinical trials necessary to obtain regulatory approval is costly and time-consuming. It is difficult to determine with certainty the duration and costs of any preclinical study or clinical trial that we may conduct. The duration, costs and timing of clinical trial programs and development of our current and future drug candidates will depend on a variety of factors that include, but are not limited to, the following:

- number of clinical trials required for approval and any requirement for extension trials;
- per patient trial costs;
- number of patients that participate in the clinical trials;
- number of sites included in the clinical trials;
- countries in which the clinical trial is conducted;
- length of time required to enroll eligible patients;
- number of doses that patients receive;
- drop-out or discontinuation rates of patients;
- potential additional safety monitoring or other studies requested by regulatory agencies;
- duration of patient follow-up; and
- efficacy and safety profile of the drug candidate.

In addition, the probability of success for any of our current or future drug candidates will depend on numerous factors, including competition, manufacturing capability and commercial viability. We will determine which programs to pursue and how much to fund each program in response to the scientific and clinical success of each drug candidate, as well as an assessment of each drug candidate's commercial potential.

General and Administrative Expenses

General and administrative expenses consist primarily of employee-related expenses, including salaries, benefits and stock-based compensation expense, related to our executive, finance, business development and support functions. Other general and administrative expenses include costs associated with operating as a public company, travel expenses, conferences, professional fees for auditing, tax and legal services and facility-related costs.

We expect that general and administrative expenses will increase in the future as we expand our operating activities and incur additional costs associated with being a publicly traded company. These increases will include legal and accounting fees, costs associated with maintaining compliance with The Nasdaq Global Select Market LLC and the SEC, directors' and officers' liability insurance premiums and fees associated with investor relations. In addition, if our current or future drug candidates are approved for sale, we expect that we would incur expenses associated with building our commercial and distribution infrastructure.

Interest Income

Interest income consists of interest income earned on our cash, cash equivalents, and short-term investments maintained in money market funds, U.S. treasury notes, and corporate bonds.

Results of Operations

Comparison of the three months ended March 31, 2018 and 2017

The following table summarizes the results of our operations for the periods indicated:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Change $
		(in thousands)	
Research and development	$ 8,475	$ 31,284	$ (22,809)
General and administrative	4,955	2,978	1,977
Total operating expenses	13,430	34,262	(20,832)
Loss from operations	(13,430)	(34,262)	20,832
Interest income	247	23	224
Net Loss	$ (13,183)	$ (34,239)	$ 21,056

Research and Development Expenses

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Change $
		(in thousands)	
Preclinical and development expense	$ 4,990	$ 29,432	$ (24,442)
Payroll and payroll-related expenses	2,766	1,645	1,121
Other expenses	719	207	512
Total research and development	$ 8,475	$ 31,284	$ (22,809)

Research and development expenses were $8.5 million for the three months ended March 31, 2018 compared to $31.3 million for the three months ended March 31, 2017. The decrease of $22.8 million was primarily due to the issuance of Series B-1 Preferred Stock to Takeda as an upfront payment upon signing the collaboration agreement during the three months ended March 31, 2017. During the three months ended March 31, 2018, total research and development expenses consisted of $5.0 million in preclinical and development expenses, of which $0.4 million represents amounts reimbursable to Takeda in respect of the Takeda collaboration, $2.8 million in payroll and payroll-related expenses, of which $0.7 million related to stock-based compensation, and $0.7 million in other expenses. During the three months ended March 31, 2017, total research and development expenses consisted of $29.4 million in preclinical and development expenses of which $25.9 million related to the issuance of Series B-1 Preferred Stock associated with the collaboration rights to OV935, $1.6 million in Takeda alliance costs, $1.6 million in payroll and payroll-related expenses, of which $0.7 million related to stock-based compensation, due to increased headcount in the research and development department, and $0.2 million in other expenses.

General and Administrative Expenses

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Change $
		(in thousands)	
Payroll and payroll-related expenses	$ 2,638	$ 1,989	$ 649
Professional fees	1,532	754	778
General office expenses	785	235	550
Total general and administrative	$ 4,955	$ 2,978	$ 1,977

General and administrative expenses were $5.0 million for the three months ended March 31, 2018 compared to $3.0 million for the three months ended March 31, 2017. The increase of $2.0 million primarily consisted of increases in payroll and payroll-related expenses of $0.6 million due to increased headcount, which includes increases of $0.3 million in stock-based compensation, and an increase of $0.8 million due to increased professional fees associated with operating as a public company.

Interest Income

Interest income increased to $247 thousand for the three months ended March 31, 2018 from $23 thousand for the three months ended March 31, 2017. The increase is attributable to increased interest and investment income on our cash, cash equivalents and short-term investments due to the investment of the net proceeds received from our IPO.

Liquidity and Capital Resources

Overview

As of March 31, 2018, we had total cash, cash equivalents and short-term investments of $74.2 million as compared to $ 87.1 million of cash and cash equivalents as of December 31, 2017. The $12.9 million decrease in total cash, cash equivalents, and short-term investments was due primarily to funding of operations, which mainly consisted of research and development activities and general and administrative activities. Cash in excess of immediate requirements is invested in accordance with our investment policy, primarily with a view to liquidity and capital preservation. Currently, our funds are held in cash and money market bank accounts and short-term investments, all of which have maturities of less than one year.

We have incurred losses and experienced negative operating cash flows since our inception and anticipate that we will continue to incur losses for at least the next several years. We incurred net losses of approximately $13.2 million and $34.2 million for the three months ended March 31, 2018 and 2017, respectively. As of March 31, 2018, we had an accumulated deficit of approximately $113.9 million and working capital of $69.1 million.

We believe that our existing cash, cash equivalents, and short-term investments as of March 31, 2018 will be sufficient to fund our current operating plans through at least the next 12 months from the filing of this Quarterly Report on Form 10-Q.

Until such time, if ever, as we can generate revenue from drug sales, we expect to finance our cash needs through a combination of equity offerings, debt financings and potential collaborations, and license and development agreements. To the extent that we raise additional capital through future equity offerings or debt financings, ownership interests may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt and equity financings, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. There can be no assurance that such financings will be obtained on terms acceptable to us, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us we may have to significantly delay, scale back or discontinue our research and development programs or future commercialization efforts. If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties for one or more of our current or future drug candidates, we may be required to relinquish valuable rights to our technologies, future revenue streams, research programs or drug candidates or to grant licenses on terms that may not be favorable to us. Our failure to raise capital as and when needed would have a material adverse effect on our financial condition and our ability to pursue our business strategy.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ (12,926)	$ (7,156)
Investing activities	(45,072)	(53)
Financing activities	75	(505)
Net decrease in cash and cash equivalents	$ (57,923)	$ (7,714)

Net Cash Used in Operating Activities

Net cash used in operating activities was $12.9 million for the three months ended March 31, 2018, which consisted of net losses of $13.2 million offset by $1.8 million of net non-cash charges, compared to $7.2 million for the three months ended March 31, 2017. The increase of $5.7 million in net cash used in operating activities was primarily due to an increase in our costs related to our research and development programs and an increase in our payroll and payroll-related expenses as the result of increased headcount as we continue to build our management team and expand our operations.

Net Cash Used in Investing Activities

Net cash used in investing activities was $45.0 million for the three months ended March 31, 2018 compared to $53 thousand for the three months ended March 31, 2017. The increase in net cash used for investing activities was primarily due to purchases of investments in short-term investments.

Net Cash Provided by Financing Activities

Net cash provided by financing activities of $75 thousand for the three months ended March 31, 2018 was primarily due to the proceeds from the exercise of stock options and purchases of shares under the 2017 employee stock purchase plan. Net cash used in financing activities of $0.5 million for the three months ended March 31, 2017 was primarily for transaction costs related to our IPO.

Contractual Obligations and Commitments

As of March 31, 2018, there were no other material changes in our contractual obligations from those disclosed in our Annual Report on Form 10-K, which was filed with the SEC on March 29, 2018.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the revenue and expenses incurred during the reported periods. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses and stock-based compensation. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ from these estimates under different assumptions or conditions.

During the three months ended March 31, 2018, there were no material changes to our critical accounting policies as reported for the year ended December 31, 2017 as part of our Annual Report on Form 10-K, which was filed with the SEC on March 29, 2018. In addition, see Note 2 of our Condensed Financial Statements under the heading "Recent Accounting Pronouncements" for new accounting pronouncements or changes to the recent accounting pronouncements during the three months ended March 31, 2018.

Emerging Growth Company Status

We are an "emerging growth company" ("EGC"), as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and may remain an emerging growth company for up to five years. For so long as we remain an emerging growth company, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies.

We have taken advantage of reduced reporting requirements in this report and may continue to do so until such time that we are no longer an emerging growth company. We will remain an "emerging growth company" until the earliest of (a) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more, (b) December 31, 2022, the last day of the fiscal year following the fifth anniversary of the completion of the our IPO, (c) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years or (d) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended

transition period for complying with new or revised accounting standards. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The primary objectives of our investment activities are to ensure liquidity and to preserve capital. As of March 31, 2018, we had cash equivalents of $29.2 million that were held in an interest-bearing money market account and $45 million of short-term investments invested in treasury notes and corporate bonds. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term maturities of our cash equivalents and short-term investments and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents and short-term investments. To minimize the risk in the future, we intend to maintain our portfolio of cash equivalents and short-term investments in institutional market funds that are comprised of U.S. Treasury and U.S. Treasury-backed repurchase agreements as well as treasury notes and high quality short-term corporate bonds.

Item 4. Controls and Procedures.

Management's Evaluation of our Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

As of March 31, 2018, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our principal executive officer and principal financial officer have concluded based upon the evaluation described above that, as of March 31, 2018, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There have been no significant changes in our internal control over financial reporting during our most recent fiscal quarter that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

As previously disclosed in Part 1, Item 1 of our Quarterly Report on Form 10-Q for the period ended June 30, 2017 (the "Second Quarter 10-Q"), in July 2017, a notice of opposition and petition for cancellation was filed at the Trademark Trial and Appeal Board of the USPTO by Ovid Technologies, Inc. ("OTI"") relating to certain current and pending trademarks. We are currently in negotiations with OTI for the settlement of this matter. Please refer to the Second Quarter 10-Q for additional information.

Item 1A. Risk Factors.

An investment in our securities involves a high degree of risk. You should carefully consider the following information about these risks, together with the other information appearing elsewhere in this Quarterly Report on Form 10-Q, including our unaudited condensed financial statements and related notes hereto, before deciding to invest in our common stock. The occurrence of any of the following risks could have a material adverse effect on our business, financial condition, results of operations and future growth prospects or cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. In these circumstances, the market price of our common stock could decline and you may lose all or part of your investment. We cannot assure you that any of the events discussed below will not occur.

Risks Related to Our Financial Position and Need For Additional Capital

We have incurred significant operating losses since inception and anticipate that we will continue to incur substantial operating losses for the foreseeable future and may never achieve or maintain profitability.

Since inception in April 2014, we have incurred significant operating losses. Our net loss for the three months ended March 31, 2018 and 2017 was $13.2 million and $34.3 million, respectively. As of March 31, 2018, we had an accumulated deficit of $113.9 million. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. Since inception, we have devoted substantially all of our efforts to research and preclinical and clinical development of our drug candidates, as well as hiring employees and building our infrastructure. It could be several years, if ever, before we have a commercialized drug. The net losses we incur may fluctuate significantly from quarter to quarter and year to year. We anticipate that our expenses will increase substantially if, and as, we:

- continue the ongoing and planned preclinical and clinical development of our drug candidates;
- continue to build a portfolio of drug candidates through the acquisition or in-license of drugs, drug candidates or technologies;
- initiate preclinical studies and clinical trials for any additional drug candidates that we may pursue in the future;
- seek marketing approvals for our current and future drug candidates that successfully complete clinical trials;
- establish a sales, marketing and distribution infrastructure to commercialize any drug candidate for which we may obtain marketing approval;
- develop, maintain, expand and protect our intellectual property portfolio;
- implement operational, financial and management systems; and
- attract, hire and retain additional administrative, clinical, regulatory and scientific personnel.

In addition, because of the numerous risks and uncertainties associated with pharmaceutical products and development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. Our expenses could increase and profitability could be further delayed if we decide to or are required by the FDA, or other regulatory authorities such as the European Medicines Agency, ("EMA"), to perform studies or trials in addition to those currently expected, or if there are any delays in the development, or in the completion of any planned or future preclinical studies or clinical trials of our current and future drug candidates. Even if we complete the development and regulatory processes described above, we anticipate incurring significant costs associated with launching and commercializing our current and future drug candidates.

Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our Company and could impair our ability to raise capital, maintain our research and development efforts, expand our business or continue our operations.

We have a limited operating history and have never generated any revenue from drug sales. Our limited operating history may make it difficult to evaluate the success of our business to date and to assess our future viability.

We are a clinical-stage company founded in April 2014. Our operations have consumed substantial amounts of cash since our inception, primarily due to organizing and staffing our company, business planning, raising capital, acquiring assets and undertaking the development of OV101 and OV935. We have not yet demonstrated the ability to, obtain marketing approvals, manufacture a commercial-scale drug or conduct sales and marketing activities necessary for successful commercialization. Consequently, any predictions about our future success or viability may not be as accurate as they could be if we had more experience developing drug candidates.

Our ability to generate revenue from drug sales and achieve profitability depends on our ability, alone or with any current or future collaborative partners, to successfully complete the development of, and obtain the regulatory approvals necessary to commercialize, our current and future drug candidates. We do not anticipate generating revenue from drug sales for the next several years, if ever. Our ability to generate revenue from drug sales depends heavily on our, or any current or future collaborators', success in:

- timely and successfully completing preclinical and clinical development of our current and future drug candidates;
- obtaining regulatory approvals for our current and future drug candidates for which we successfully complete clinical trials;
- launching and commercializing any drug candidates for which we obtain regulatory approval by establishing a sales force, marketing and distribution infrastructure or, alternatively, collaborating with a commercialization partner;
- qualifying for coverage and adequate reimbursement by government and third-party payors for any drug candidates for which we obtain regulatory approval, both in the United States and internationally;
- developing, validating and maintaining a commercially viable, sustainable, scalable, reproducible and transferable manufacturing process for our current and future drug candidates that is compliant with current good manufacturing practices, or cGMP;
- establishing and maintaining supply and manufacturing relationships with third parties that can provide an adequate amount and quality of drugs and services to support clinical development, as well as the market demand for our current and future drug candidates, if approved;
- obtaining market acceptance, if and when approved, of our current or any future drug candidates as a viable treatment option by physicians, patients, third-party payors and others in the medical community;
- effectively addressing any competing technological and market developments;
- implementing additional internal systems and infrastructure, as needed;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter and performing our obligations pursuant to such arrangements;
- our ability to obtain and maintain orphan drug exclusivity for any of our current and future drug candidates for which we obtain regulatory approval;
- maintaining, protecting and expanding our portfolio of intellectual property rights, including patents, trade secrets and know-how
- avoiding and defending against third-party interference or infringement claims; and
- securing appropriate pricing in the United States, the European Union and other countries.

We expect our financial condition and operating results to continue to fluctuate from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. We will need to eventually transition from a company with a research and development focus to a company capable of undertaking commercial activities. We may encounter unforeseen expenses, difficulties, complications and delays and may not be successful in such a transition.

We will require additional capital to finance our operations, which may not be available on acceptable terms, if at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate certain of our drug development efforts or other operations.

Our operations have consumed substantial amounts of cash since our inception. We expect our expenses to increase in connection with our ongoing and planned activities, particularly as we continue to develop and commercialize our drug candidates, in addition to costs associated with the acquisition or in-licensing of any additional drug candidates we may pursue. Our expenses could increase beyond expectations if the FDA or other regulatory authorities require us to perform clinical and other studies in addition to those that we currently anticipate. In addition, if we obtain marketing approval for our drug candidates, we expect to incur significant expenses related to manufacturing, marketing, sales and distribution. Furthermore, we expect to incur additional costs associated with operating as a public company.

As of March 31, 2018, our cash, cash equivalents and short-term investments was $74.2 million. We believe that our existing cash, cash equivalents and short-term investments, will fund our current operating plans through at least 12 months from the filing of this Quarterly Report on Form 10-Q. However, our operating plans may change because of many factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings, third-party funding, marketing and distribution arrangements, as well as other collaborations, strategic alliances and licensing arrangements, or any combination of these approaches.

In any event, we will require more capital to pursue additional preclinical and clinical activities, regulatory approval and the commercialization of our current or future drug candidates. Even if we believe we have sufficient capital for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations. Any additional capital raising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our current and future drug candidates.

If we do not raise additional capital in sufficient amounts, or on terms acceptable to us, we may be prevented from pursuing development and commercialization efforts, which will harm our business, operating results and prospects.

Raising additional capital or acquiring or licensing assets by issuing equity or debt securities may cause dilution to our stockholders, and raising funds through lending and licensing arrangements may restrict our operations or require us to relinquish proprietary rights.

Until such time as we can generate substantial revenue from drug sales, if ever, we expect to finance our cash needs through a combination of equity and debt financings, strategic alliances, and license and development agreements in connection with any collaborations. We do not have any committed external source of funds. To the extent that we issue additional equity securities, our stockholders may experience substantial dilution, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a stockholder. In addition, we may issue equity or debt securities as consideration for obtaining rights to additional compounds. For example, in our arrangement with Takeda, upon the achievement of a certain development milestone, we will be obligated to issue to Takeda additional securities equal to up to 8% of our outstanding capital stock in certain situations which will dilute our stockholders. In addition, further dilution may occur if we elect to issue shares of common stock to Takeda as payment for the remaining potential global commercial and regulatory milestone payments, which aggregate to approximately $35.0 million.

Debt and equity financings, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as redeeming our shares, making investments, incurring additional debt, making capital expenditures, declaring dividends or placing limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could negatively impact our ability to conduct our business. If we raise additional capital through future collaborations, strategic alliances or third-party licensing arrangements, we may have to relinquish valuable rights to our intellectual property, future revenue streams, research programs or drug candidates, or grant licenses on terms that may not be favorable to us.

If we are unable to raise additional capital when needed, we may be required to delay, limit, reduce or terminate our drug development or future commercialization efforts, or grant rights to develop and market drug candidates that we would otherwise develop and market ourselves.

We may be required to make significant payments in connection with our licenses of OV101 from Lundbeck and OV935 from Takeda.

We acquired rights to OV101, pursuant to a license agreement with H. Lundbeck A/S ("Lundbeck") in March 2015 (the "Lundbeck agreement"). Under the Lundbeck agreement, we are subject to significant obligations, including payment obligations upon achievement of specified milestones and royalties on drug sales, as well as other material obligations. We are obligated to pay Lundbeck milestone payments up to an aggregate of $181.0 million upon the achievement of certain development, regulatory and sales milestone events. In addition, we are obligated to pay Lundbeck tiered royalties based on net sales of OV101. If these payments become due under the terms of the Lundbeck agreement, we may not have sufficient funds available to meet our obligations and our development efforts may be harmed.

We also acquired rights to OV935 pursuant to a license and collaboration agreement with Takeda (the "Takeda collaboration") in January 2017. Under the Takeda collaboration, we are obligated to pay Takeda future payments upon achievement of specified milestones. Upon the first patient enrollment in the first Phase 3 trial for the first of the initial indications we and Takeda are focusing on pursuant to the Takeda collaboration, we are obligated to issue to Takeda the number of unregistered shares of our common stock equal to the lesser of (i) 8% of our outstanding capital stock on the issuance date or (ii) $50.0 million divided by the applicable share price, unless certain events occur. In the event such payment would cause Takeda to own over 19.99% of our outstanding capital stock or other events occur, such payment must be paid in cash. The remaining potential global commercial and regulatory milestone payments equal approximately $35.0 million and can be satisfied in cash or unregistered shares of our common stock at our election, unless certain events occur in which Takeda can require us to pay such payments in cash. If these payments become due under the terms of the Takeda collaboration and we can only pay, or choose to pay, these payments in cash, we may not have sufficient funds available to meet our obligations and our development efforts may be harmed.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

We have incurred substantial losses since inception and do not expect to become profitable in the near future, if ever. To the extent that we continue to generate taxable losses, unused losses will carry forward to offset future taxable income, if any, until such unused losses expire. Under Sections 382 and 383 of the U.S. Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change," generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three-year period, the corporation's ability to use its pre-change net operating losses ("NOLs") and other pre-change tax attributes (such as research tax credits) to offset its post-change income or taxes may be limited. We may have experienced ownership changes in the past and may experience ownership changes in the future as a result of shifts in our stock ownership (some of which shifts are outside our control). As a result, if we earn net taxable income, our ability to use our pre-change NOLs to offset such taxable income will be subject to limitations. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As a result, even if we attain profitability, we may be unable to use a material portion of our NOLs and other tax attributes, which could negatively impact our future cash flows.

Comprehensive tax reform legislation could adversely affect our business and financial condition.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was signed into law. The Tax Act, among other things, contains significant changes to corporate taxation, including (i) reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, (ii) limitation of the tax deduction for interest expense to 30% of adjusted earnings (except for certain small businesses), (iii) limitation of the deduction for net operating losses to 80% of current year taxable income in respect of net operating losses generated during or after 2018 and elimination of net operating loss carrybacks, (iv) one-time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, (v) immediate deductions for certain new investments instead of deductions for depreciation expense over time, and (vi) modifying or repealing many business deductions and credits. Any federal net operating loss incurred in 2018 and in future years may now be carried forward indefinitely pursuant to the Tax Act. It is uncertain if and to what extent various states will conform to the newly enacted federal tax law. We will continue to examine the impact the Tax Act may have on our business.

Risks Related to the Development and Commercialization of Our Drug Candidates

Our future success is dependent on the successful clinical development, regulatory approval and commercialization of our current and future drug candidates. If we are not able to obtain required regulatory approvals, we will not be able to commercialize our drug candidates, and our ability to generate revenue will be adversely affected.

We do not have any drugs that have received regulatory approval. Our business is dependent on our ability to successfully complete preclinical and clinical development of, obtain regulatory approval for, and, if approved, successfully commercialize our current and future drug candidates in a timely manner. Activities associated with the development and commercialization of our

current and future drug candidates are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and similar regulatory authorities outside the United States. Failure to obtain regulatory approval in the United States or other jurisdictions will prevent us from commercializing and marketing our current and future drug candidates.

Even if we obtain approval from the FDA and comparable foreign regulatory authorities for our current and future drug candidates, any approval might contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements. If we are unable to obtain regulatory approval, or any approval contains significant limitations, we may not be able to obtain sufficient funding or generate sufficient revenue to continue the development of that drug candidate or any other drug candidate that we may in-license, develop or acquire in the future.

Furthermore, even if we obtain regulatory approval for our current and future drug candidates, we will still need to develop a commercial organization, establish a commercially viable pricing structure and obtain approval for adequate reimbursement from third-party and government payors. If we are unable to successfully commercialize our current and future drug candidates, we may not be able to generate sufficient revenue to continue our business.

Because the results of preclinical studies or earlier clinical trials are not necessarily predictive of future results, our drug candidates may not have favorable results in planned or future preclinical studies or clinical trials, or may not receive regulatory approval.

Success in preclinical testing and early clinical trials does not ensure that later clinical trials will generate the same results or otherwise provide adequate data to demonstrate the efficacy and safety of a drug candidate. Frequently, drug candidates that have shown promising results in early clinical trials have subsequently suffered significant setbacks in later clinical trials. For instance, although OV101 was observed to have a favorable safety and oral bioavailability profile in previously conducted clinical trials in primary insomnia and in a Phase 1 study in adolescents diagnosed with Angelman syndrome or Fragile X syndrome, OV101 has not been previously tested for efficacy in patients with Angelman syndrome and Fragile X syndrome and OV935 has not been tested for efficacy in patients with dEE and the FDA has not yet made any determination regarding safety and efficacy of either OV101 or OV935 in these indications. The results from preclinical studies of OV101 and OV935 in animal models and the results from the OV101 clinical trials in primary insomnia may not be predictive of the effects of these compounds in patients with the targeted disease. Our approach of targeting the extrasynaptic GABAA receptor with OV101 and cholesterol 24-hydroxylase with OV935 are both novel and unproven and as such, the cost and time needed to develop OV101 and OV935 is difficult to predict and our efforts may not be successful. If we do not observe favorable results in clinical trials of our drug candidates, we may decide to delay or abandon clinical development of such drug candidate. Any such delay or abandonment could harm our business, financial condition, results of operations and prospects.

Risks associated with the in-licensing or acquisition of drug candidates could cause substantial delays in the preclinical and clinical development of our drug candidates.

Prior to March 2015, we had no involvement with or control over the preclinical and clinical research and development of OV101. We have relied on Lundbeck or its prior licensee to have conducted such research and development in accordance with the applicable protocol, legal, regulatory and scientific standards, having accurately reported the results of all clinical trials conducted prior to our acquisition of OV101 and having correctly collected and interpreted the data from these trials. If the research and development processes or the results of the development programs prior to our acquisition of OV101 prove to be unreliable, this could result in increased costs and delays in the development of OV101, which could adversely affect any future revenue from this drug candidate.

Similarly, we acquired rights to OV935 from Takeda in January 2017. Because we were not involved in the development of OV935 prior to January 2017, we may experience difficulties in the transition of certain development activities from Takeda and its affiliates to us, which may result in delays in clinical trials, as well as problems in our development efforts, particularly if we do not receive all of the necessary products, information, reports and data from Takeda and its affiliates in a timely manner. Further, we have had no involvement with or control over the preclinical and clinical development of OV935 to date. We have relied on Takeda having conducted such research and development in accordance with the applicable protocol, legal, regulatory and scientific standards, having accurately reported the results of all clinical trials conducted prior to our agreement with Takeda and having correctly collected and interpreted the data from these trials. To the extent any of these has not occurred, expected development time and costs may be increased which could adversely affect any future revenue from this drug candidate.

We may also acquire or in-license additional drug candidates for preclinical or clinical development in the future as we continue to build our pipeline. The risks associated with acquiring or in-licensing current or future drug candidates could result in delays in the

commencement or completion of our preclinical studies and clinical trials, if ever, and our ability to generate revenues from our drug candidates may be delayed.

We may encounter substantial delays in our clinical trials or we may fail to demonstrate safety and efficacy to the satisfaction of applicable regulatory authorities.

Before obtaining marketing approval from regulatory authorities for the sale of our drug candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of the drug candidate for its intended indications. Clinical trials are expensive, time-consuming and uncertain as to outcome. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. A failure of one or more clinical trials can occur at any stage of testing. Events that may prevent successful or timely completion of clinical development include:

- delays in reaching a consensus with regulatory authorities on trial design;
- delays in reaching agreement on acceptable terms with prospective clinical research organizations ("CROs") and clinical trial sites;
- delays in opening sites and recruiting suitable patients to participate in our clinical trials;
- imposition of a clinical hold by regulatory authorities because of a serious adverse event, concerns with a class of drug candidates or after an inspection of our clinical trial operations or trial sites;
- delays in having patients complete participation in a trial or return for post-treatment follow-up;
- occurrence of serious adverse events associated with the drug candidate that are viewed to outweigh its potential benefits; or
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols.

Further, clinical endpoints for certain diseases we are targeting, such as Angelman syndrome and Fragile X syndrome, have not been established, and accordingly we may have to develop new modalities or modify existing endpoints to measure efficacy, which may increase the time it takes for us to commence or complete clinical trials. In addition, we believe investigators in this area may be inexperienced in conducting trials in this area due to the current lack of drugs to treat these disorders, which may result in increased time and expense to train investigators and open clinical sites.

Any inability to successfully complete preclinical and clinical development could result in additional costs to us or impair our ability to generate revenue from future drug sales and regulatory and commercialization milestones. In addition, if we make manufacturing or formulation changes to our drug candidates, we may need to conduct additional testing to bridge our modified drug candidate to earlier versions. Clinical trial delays could also shorten any periods during which we may have the exclusive right to commercialize our drug candidates, if approved, or allow our competitors to bring comparable drugs to market before we do, which could impair our ability to successfully commercialize our drug candidates and may harm our business, financial condition, results of operations and prospects.

Additionally, if the results of our clinical trials are inconclusive or if there are safety concerns or serious adverse events associated with our drug candidates, we may:

- be delayed in obtaining marketing approval, if at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings;
- be subject to additional post-marketing testing requirements;
- be required to perform additional clinical trials to support approval or be subject to additional post-marketing testing requirements;
- have regulatory authorities withdraw, or suspend, their approval of the drug or impose restrictions on its distribution in the form of a modified risk evaluation and mitigation strategy ("REMS");
- be subject to the addition of labeling statements, such as warnings or contraindications;
- be sued; or
- experience damage to our reputation.

Our drug development costs will also increase if we experience delays in testing or obtaining marketing approvals. We do not know whether any of our preclinical studies or clinical trials will begin as planned, need to be restructured or be completed on schedule, if at all.

Further, we, the FDA or an institutional review board ("IRB") may suspend our clinical trials at any time if it appears that we or our collaborators are failing to conduct a trial in accordance with regulatory requirements, including the FDA's current Good Clinical Practice ("GCP") regulations, that we are exposing participants to unacceptable health risks, or if the FDA finds deficiencies in our investigational new drug ("IND") applications or the conduct of these trials. Therefore, we cannot predict with any certainty the schedule for commencement and completion of future clinical trials. If we experience delays in the commencement or completion of our clinical trials, or if we terminate a clinical trial prior to completion, the commercial prospects of our drug candidates could be negatively impacted, and our ability to generate revenues from our drug candidates may be delayed.

Angelman syndrome has no FDA-approved treatments, and the clinical endpoints to obtain approval are not well defined.

We intend to seek a broad indication for OV101 to treat Angelman syndrome. However, Angelman syndrome is characterized by a variety of signs and symptoms, such as delayed development, intellectual disability, severe speech impairment, problems with movement and balance, seizures, sleep disorders and anxiety. In order to obtain a broad indication for treatment of Angelman syndrome from the FDA, we would need to demonstrate efficacy on several of the key symptoms of Angelman syndrome. If we fail to do so, our clinical development may be delayed or our label may be limited. In addition, the FDA has not endorsed any primary efficacy endpoints with respect to development of drugs to treat Angelman syndrome. As a result, we must develop acceptable endpoints and seek the FDA's agreement before seeking approval of OV101. If we fail to reach such an agreement with the FDA as to how to measure efficacy in Angelman syndrome patients in our trials, our clinical development plan will be delayed.

While our OV101 Phase 2 trial remains on track to generate data in 2018, we may have difficulty demonstrating efficacy in this patient population.

The FDA has requested that we obtain certain PK and tolerability data in adolescents prior to enrolling them in our clinical trials. Therefore, we conducted a Phase 1 trial evaluating PK and tolerability of OV101 in adolescents with Angelman syndrome or Fragile X syndrome.

After the completion of the Phase 1 trial in adolescents, which showed that PK parameters in adolescents with Angelman and Fragile X syndrome were not significantly different from previous data generated in young adults, we subsequently amended the Phase 2 adult trial to include both adults and adolescents.

Our primary endpoint in the Phase 2 trial of OV101 in adults and adolescents with Angelman syndrome is safety and tolerability. While we are also evaluating indications of efficacy as exploratory endpoints, this is primarily a safety trial that is designed to provide a proof-of-concept on the efficacy parameters. Hence, we do not know whether we will be able to obtain a statistically significant result in any of these exploratory endpoints. The trial is now fully enrolled and we expect to release data from this trial in the third quarter of 2018.

Genetic testing for Angelman syndrome is fairly new, and most patients who have been conclusively tested for Angelman syndrome are young. Because older patients often do not undergo genetic testing since there are currently no approved therapies for this disorder, we believe that many adult Angelman syndrome patients have not received a confirmed diagnosis of Angelman syndrome.

In addition, certain aspects of Angelman syndrome, such as sleep disturbances, may change with age. As a result, demonstrating a statistically significant and clinical meaningful effect in adults with respect to these symptoms may be more difficult or may require more patients than demonstrating an effect in adolescents or pediatric patients.

We must develop a new liquid pediatric formulation of OV101 for use in young children initially, and eventually for infants and toddlers, and we may be unable to successfully develop an appropriate formulation.

Our existing formulation of OV101 is an oral capsule. We have recently developed lower strength capsules that can be opened and sprinkled on applesauce or similar semi-solid foods. However, for use in very young pediatric patients, we will need to develop an oral liquid formulation of OV101. While we have begun developing this formulation, we do not know if our efforts will be successful or if the FDA will agree that the new formulation is comparable to our current formulation. We may experience manufacturing problems such as with solubility or stability or we may discover that the new formulation is less effective than an oral capsule. In

addition, we will need to conduct bridging studies to demonstrate that the new formulation is equivalent to our oral capsule, which could result in delays in development and additional costs.

We may not be able to obtain or maintain orphan drug designations or exclusivity for our drug candidates, which could limit the potential profitability of our drug candidates.

Regulatory authorities in some jurisdictions, including the United States, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act of 1983, the FDA may designate a drug as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals in the United States. Generally, if a drug with an orphan drug designation subsequently receives the first marketing approval for an indication for which it receives the designation, then the drug is entitled to a period of marketing exclusivity that precludes the applicable regulatory authority from approving another marketing application for the same drug for the same indication for the exclusivity period except in limited situations. For purposes of small molecule drugs, the FDA defines "same drug" as a drug that contains the same active moiety and is intended for the same use as the drug in question. A designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation.

For OV101, the FDA granted orphan drug designation for the treatment of Angelman syndrome and for the treatment of Fragile X syndrome in September 2016 and October 2017, respectively, and fast track designation for the treatment of Angelman Syndrome and Fragile X syndrome in December 2017 and March 2018, respectively. The FDA granted orphan drug designation for OV935 for the treatment of Dravet syndrome and Lennox-Gastaut syndrome both in December 2017.. We intend to pursue orphan drug designation for OV101 in additional indications, as well as for OV935 and potential other future drug candidates. Obtaining orphan drug designations is important to our business strategy; however, obtaining an orphan drug designation can be difficult and we may not be successful in doing so. Even if we were to obtain orphan drug designation for a drug candidate, we may not obtain orphan exclusivity and that exclusivity may not effectively protect the drug from the competition of different drugs for the same condition, which could be approved during the exclusivity period. Additionally, after an orphan drug is approved, the FDA could subsequently approve another application for the same drug for the same indication if the FDA concludes that the later drug is shown to be safer, more effective or makes a major contribution to patient care. Orphan drug exclusive marketing rights in the United States also may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition. The failure to obtain an orphan drug designation for any drug candidates we may develop, the inability to maintain that designation for the duration of the applicable period, or the inability to obtain or maintain orphan drug exclusivity could reduce our ability to make sufficient sales of the applicable drug candidate to balance our expenses incurred to develop it, which would have a negative impact on our operational results and financial condition.

If we are not successful in discovering, developing and commercializing additional drug candidates, our ability to expand our business and achieve our strategic objectives would be impaired.

A key element of our strategy is to develop and potentially commercialize a portfolio of drug candidates to treat rare neurological disorders. We intend to do so by in-licensing and entering into collaborations with leading biopharmaceutical companies or academic institutions for new drug candidates. Identifying new drug candidates requires substantial technical, financial and human resources, whether or not any drug candidates are ultimately identified. Our approach to business development, including our efforts to map the biological pathways related to orphan disorders of the brain and our relationships among the pharmaceutical industry, may not result in viable drug candidates for clinical development. Even if we identify drug candidates that initially show promise, we may fail to in-license or acquire these assets and may also fail to successfully develop and commercialize such drug candidates for many reasons, including the following:

- the research methodology used may not be successful in identifying potential drug candidates;
- competitors may develop alternatives that render any drug candidate we develop obsolete;
- any drug candidate we develop may nevertheless be covered by third parties' patents or other exclusive rights;
- a drug candidate may, on further study, be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- a drug candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- a drug candidate may not be accepted as safe and effective by physicians, patients, the medical community or third-party payors.

We have limited financial and management resources and, as a result, we may forego or delay pursuit of opportunities with other drug candidates or for other indications that later prove to have greater market potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial drugs or profitable market opportunities. If we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we may relinquish valuable rights to that drug candidate through collaboration, licensing or other royalty arrangements in circumstances under which it would have been more advantageous for us to retain sole development and commercialization rights to such drug candidate.

If we are unsuccessful in identifying and developing additional drug candidates or are unable to do so, our key growth strategy and business will be harmed.

We are heavily dependent on our relationship with Takeda for the development and commercialization of OV935. Any disruption in our relationship with Takeda could lead to delays in, or the termination of, the development of OV935, which would materially harm our business.

We are jointly developing OV935 with Takeda pursuant to the Takeda collaboration, which also granted us intellectual property rights to OV935. The development and commercialization of OV935 is highly dependent upon our relationship with Takeda, including Takeda's submission of the IND to the FDA. If for any reason the Takeda collaboration is terminated, or we otherwise lose the intellectual property rights to OV935, our business would be adversely affected. The Takeda collaboration imposes on us rights and obligations, including but not limited to exclusivity, territorial rights, development, commercialization, funding, payment, diligence, sublicensing, insurance and intellectual property protection. After a negotiated time period, each party has the right to terminate the license for convenience upon six to twelve months' notice to the other party, which would result in us being unable to co-develop and sell OV935. Further, if we breach any material obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages to Takeda, and Takeda may have the right to terminate the license. Takeda could also breach its obligations under the agreement, or may not commit a sufficient amount of resources to satisfy its obligations, which would result in the development of OV935 being materially delayed or terminated.

We may explore additional strategic collaborations that may never materialize or may fail.

Our business strategy is based on acquiring or in-licensing compounds directed at rare neurological disorders. As a result, we intend to periodically explore a variety of possible additional strategic collaborations in an effort to gain access to additional drug candidates or resources. At the current time, we cannot predict what form such a strategic collaboration might take. We are likely to face significant competition in seeking appropriate strategic collaborators, and strategic collaborations can be complicated and time consuming to negotiate and document. We may not be able to negotiate strategic collaborations on acceptable terms, or at all. We are unable to predict when, if ever, we will enter into any additional strategic collaborations because of the numerous risks and uncertainties associated with establishing them.

Clinical trials are very expensive, time-consuming and difficult to design and implement.

Our drug candidates will require clinical testing before we are prepared to submit a new drug application ("NDA") for regulatory approval. We cannot predict with any certainty if or when we might submit an NDA for regulatory approval for any of our drug candidates or whether any such NDA will be approved by the FDA. Human clinical trials are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. For instance, the FDA may not agree with our proposed endpoints for any future clinical trial of our drug candidates, which may delay the commencement of our clinical trials. In addition, we may not succeed in developing and validating disease-relevant clinical endpoints based on insights regarding biological pathways for the disorders we are studying. The clinical trial process is also time-consuming. We estimate that the successful completion of clinical trials of our drug candidates will take at least several years to complete, if not longer. Furthermore, failure can occur at any stage and we could encounter problems that cause us to abandon or repeat clinical trials.

Enrollment and retention of patients in clinical trials is an expensive and time-consuming process and could be made more difficult or rendered impossible by multiple factors outside our control.

Identifying and qualifying patients to participate in our clinical trials is critical to our success. The number of patients suffering from Angelman syndrome, Fragile X syndrome and dEE, such as Dravet syndrome, Lennox-Gastaut syndrome and Tuberous Sclerosis Complex, is small and has not been established with precision. If the actual number of patients with these disorders is smaller than we anticipate, we may encounter difficulties in enrolling patients in our clinical trials, thereby delaying or preventing development and approval of our drug candidates. Even once enrolled we may be unable to retain a sufficient number of patients to complete any of our trials. Patient enrollment and retention in clinical trials depends on many factors, including the size of the patient population, the nature of the trial protocol, the existing body of safety and efficacy data, the number and nature of competing

treatments and ongoing clinical trials of competing therapies for the same indication, the proximity of patients to clinical sites and the eligibility criteria for the trial. Because we are focused on addressing rare neurological disorders, there are limited patient pools from which to draw in order to complete our clinical trials in a timely and cost-effective manner. Furthermore, our efforts to build relationships with patient communities may not succeed, which could result in delays in patient enrollment in our clinical trials. In addition, any negative results we may report in clinical trials of our drug candidate may make it difficult or impossible to recruit and retain patients in other clinical trials of that same drug candidate. Delays or failures in planned patient enrollment or retention may result in increased costs, program delays or both, which could have a harmful effect on our ability to develop our drug candidates, or could render further development impossible. In addition, we may rely on CROs and clinical trial sites to ensure proper and timely conduct of our future clinical trials and, while we intend to enter into agreements governing their services, we will be limited in our ability to compel their actual performance.

Our drug candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial potential or result in significant negative consequences following any potential marketing approval.

During the conduct of clinical trials, patients report changes in their health, including illnesses, injuries and discomforts, to their doctor. Often, it is not possible to determine whether or not the drug candidate being studied caused these conditions. Regulatory authorities may draw different conclusions or require additional testing to confirm these determinations, if they occur. In addition, it is possible that as we test our drug candidates in larger, longer and more extensive clinical programs, or as use of these drug candidates becomes more widespread if they receive regulatory approval, illnesses, injuries, discomforts and other adverse events that were observed in earlier trials, as well as conditions that did not occur or went undetected in previous trials, will be reported by subjects. Many times, side effects are only detectable after investigational drugs are tested in large-scale, Phase 3 trials or, in some cases, after they are made available to patients on a commercial scale after approval. For example, in one of the trials conducted by Lundbeck, there were reports of hallucinations in drug abusers at 30mg and 45mg doses of OV101, which are higher than the 10mg and 15mg doses that were effective for insomnia. In addition, some patients treated with OV101 in the Lundbeck Phase 3 trials experienced headaches, nausea and dizziness. Patients in our ongoing or planned clinical trials may experience similar or other side effects after treatment with OV101. If additional clinical experience indicates that any of our current drug candidates, including OV101 and OV935, and any future drug candidates has side effects or causes serious or life-threatening side effects, the development of the drug candidate may fail or be delayed, or, if the drug candidate has received regulatory approval, such approval may be revoked, which would harm our business, prospects, operating results and financial condition.

Moreover, if we elect, or are required, to delay, suspend or terminate any clinical trial of our drug candidates, the commercial prospects of our drug candidates may be harmed and our ability to generate revenue through their sale may be delayed or eliminated. Any of these occurrences may harm our business, financial condition and prospects significantly.

Additionally, if any of our drug candidates receive marketing approval, the FDA could require us to include a black box warning in our label or adopt REMS to ensure that the benefits outweigh its risks, which may include, among other things, a medication guide outlining the risks of the drug for distribution to patients and a communication plan to health care practitioners. Furthermore, if we or others later identify undesirable side effects caused by our drug candidates, several potentially significant negative consequences could result, including:

- regulatory authorities may suspend or withdraw approvals of such drug candidate;
- regulatory authorities may require additional warnings on the label;
- we may be required to change the way a drug candidate is administered or conduct additional clinical trials;
- we could be sued and held liable for harm caused to patients;
- we may need to conduct a recall; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of our drug candidates and could significantly harm our business, prospects, financial condition and results of operations.

We may be required to relinquish important rights to and control over the development and commercialization of our drug candidates to any future collaborators.

Our current and future collaborations could subject us to a number of risks, including:

- we may be required to undertake the expenditure of substantial operational, financial and management resources;

- we may be required to issue equity securities that would dilute our stockholders' percentage of ownership;
- we may be required to assume substantial actual or contingent liabilities;
- we may not be able to control the amount and timing of resources that our strategic collaborators devote to the development or commercialization of our drug candidates;
- strategic collaborators may delay clinical trials, provide insufficient funding, terminate a clinical trial or abandon a drug candidate, repeat or conduct new clinical trials or require a new version of a drug candidate for clinical testing;
- strategic collaborators may not pursue further development and commercialization of products resulting from the strategic collaboration arrangement or may elect to discontinue research and development programs;
- strategic collaborators may not commit adequate resources to the marketing and distribution of our drug candidates, limiting our potential revenues from these products;
- we rely on our current collaborators to manufacture drug substance and drug product and may do so with respect to future collaborators, which could result in disputes or delays;
- disputes may arise between us and our strategic collaborators that result in the delay or termination of the research, development or commercialization of our drug candidates or that result in costly litigation or arbitration that diverts management's attention and consumes resources;
- strategic collaborators may experience financial difficulties;
- strategic collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in a manner that could jeopardize or invalidate our proprietary information or expose us to potential litigation;
- business combinations or significant changes in a strategic collaborator's business strategy may also adversely affect a strategic collaborator's willingness or ability to complete its obligations under any arrangement;
- strategic collaborators could decide to move forward with a competing drug candidate developed either independently or in collaboration with others, including our competitors; and
- strategic collaborators could terminate the arrangement or allow it to expire, which would delay the development and may increase the cost of developing our drug candidates.

If the market opportunities for our drug candidates are smaller than we believe they are, even assuming approval of a drug candidate, our business may suffer. Because the patient populations in the market for our drug candidates may be small, we must be able to successfully identify patients and acquire a significant market share to achieve profitability and growth.

We focus our research and drug development on treatments of rare neurological disorders. Given the small number of patients who have the disorders that we are targeting, our eligible patient population and pricing estimates may differ significantly from the actual market addressable by our drug candidates. Our projections of both the number of people who have these disorders, as well as the subset of people with these disorders who have the potential to benefit from treatment with our drug candidates, are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including the scientific literature, patient foundations, or market research, and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these disorders. The number of patients may turn out to be lower than expected. Likewise, the potentially addressable patient population for each of our drug candidates may be limited or may not be amenable to treatment with our drug candidates, and new patients may become increasingly difficult to identify or gain access to, which would adversely affect our results of operations and our business.

We face substantial competition, which may result in others developing or commercializing drugs before or more successfully than us.

The development and commercialization of new drugs is highly competitive. We face competition with respect to our current drug candidates and will face competition with respect to any other drug candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are a number of large pharmaceutical and biotechnology companies that currently market and sell drugs or are pursuing the development of drug candidates for the treatment of the indications that we are pursuing. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

More established companies may have a competitive advantage over us due to their greater size, resources and institutional experience. In particular, these companies have greater experience and expertise in securing reimbursement, government contracts, relationships with key opinion leaders, conducting testing and clinical trials, obtaining and maintaining regulatory approvals and distribution relationships to market products, and marketing approved drugs. These companies also have significantly greater research and marketing capabilities than we do. If we are not able to compete effectively against existing and potential competitors, our business and financial condition may be harmed.

As a result of these factors, our competitors may obtain regulatory approval of their drugs before we are able to, which may limit our ability to develop or commercialize our drug candidates. Our competitors may also develop therapies that are safer, more effective, more widely accepted and cheaper than ours, and may also be more successful than us in manufacturing and marketing their drugs. These appreciable advantages could render our drug candidates obsolete or non-competitive before we can recover the expenses of such drug candidates' development and commercialization.

Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific, management and commercial personnel, establishing clinical trial sites and subject registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Even if our current or future drug candidates receive marketing approval, they may fail to achieve market acceptance by physicians, patients, third-party payors or others in the medical community necessary for commercial success.

Even if our current or future drug candidates receive marketing approval, they may fail to gain sufficient market acceptance by physicians, patients, third-party payors and others in the medical community. If they do not achieve an adequate level of acceptance, we may not generate significant drug revenue and may not become profitable. The degree of market acceptance of our current or future drug candidates, if approved for commercial sale, will depend on a number of factors, including but not limited to:

- the efficacy and potential advantages compared to alternative treatments and therapies;
- effectiveness of sales and marketing efforts;
- the strength of our relationships with patient communities;
- the cost of treatment in relation to alternative treatments and therapies, including any similar generic treatments;
- our ability to offer such drug for sale at competitive prices;
- the convenience and ease of administration compared to alternative treatments and therapies;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the strength of marketing and distribution support;
- the availability of third-party coverage and adequate reimbursement;
- the prevalence and severity of any side effects; and
- any restrictions on the use of the drug together with other medications.

Our efforts to educate physicians, patients, third-party payors and others in the medical community on the benefits of our drug candidates may require significant resources and may never be successful. Such efforts may require more resources than are typically required due to the complexity and uniqueness of our drug candidates. Because we expect sales of our drug candidates, if approved, to generate substantially all of our drug revenues for the foreseeable future, the failure of our drugs to find market acceptance would harm our business and could require us to seek additional financing.

Even if we obtain regulatory approval for our current or future drug candidates, they will remain subject to ongoing regulatory oversight.

Even if we obtain any regulatory approval for our current or future drug candidates, such approvals will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping and submission of safety and other post-market information. Any regulatory approvals that we receive for our current or future drug candidates may also be subject to a REMS, limitations on the approved indicated uses for which the drug may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 trials, and surveillance to monitor the quality, safety and efficacy of the drug.

In addition, drug manufacturers and their facilities are subject to payment of user fees and continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP requirements and adherence to commitments made in the NDA or foreign marketing application. If we, or a regulatory authority, discover previously unknown problems with a drug, such as adverse events of unanticipated severity or frequency, or problems with the facility where the drug is manufactured or if a regulatory authority disagrees with the promotion, marketing or labeling of that drug, a regulatory authority may impose restrictions relative to that drug, the manufacturing facility or us, including requesting a recall or requiring withdrawal of the drug from the market or suspension of manufacturing.

If we fail to comply with applicable regulatory requirements following approval of our current or future drug candidates, a regulatory authority may:

- issue an untitled letter or warning letter asserting that we are in violation of the law;
- seek an injunction or impose administrative, civil or criminal penalties or monetary fines;
- suspend or withdraw regulatory approval;
- suspend any ongoing clinical trials;
- refuse to approve a pending NDA or comparable foreign marketing application (or any supplements thereto) submitted by us or our strategic partners;
- restrict the marketing or manufacturing of the drug;
- seize or detain the drug or otherwise require the withdrawal of the drug from the market;
- refuse to permit the import or export of drug candidates; or
- refuse to allow us to enter into supply contracts, including government contracts.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity. The occurrence of any event or penalty described above may inhibit our ability to commercialize our current or future drug candidates and harm our business, financial condition, results of operations and prospects.

In addition, the FDA's policies, and those of equivalent foreign regulatory agencies, may change and additional government regulations may be enacted that could cause changes to or delays in the drug review process, or suspend or restrict regulatory approval of our drug candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would harm our business, financial condition, results of operations and prospects.

If we are unable to establish sales and marketing capabilities, or enter into agreements with third parties to market and sell our current or any future drug candidates, we may be unable to generate any revenue from drug sales.

To successfully commercialize any drug candidate that may result from our development programs, we will need to build out our sales and marketing capabilities, either on our own or with others. The establishment and development of our own commercial team or the establishment of a contract sales force to market any drug candidate we may develop will be expensive and time-consuming and could delay any drug launch. Moreover, we cannot be certain that we will be able to successfully develop this capability. We may seek to enter into additional collaborations with other entities to utilize their established marketing and distribution capabilities, but we may be unable to enter into such agreements on favorable terms, if at all. If any current or future collaborators do not commit sufficient resources to commercialize our drug candidates, or we are unable to develop the necessary capabilities on our own, we will be unable to generate sufficient revenue to sustain our business. We compete with many companies that currently have

extensive, experienced and well-funded marketing and sales operations to recruit, hire, train and retain marketing and sales personnel. We also face competition in our search for third parties to assist us with the sales and marketing efforts of our current and future drug candidates. Without an internal team or the support of a third party to perform marketing and sales functions, we may be unable to compete successfully against these more established companies.

Even if we obtain and maintain approval for our current or future drug candidates from the FDA, we may never obtain approval for our current or future drug candidates outside of the United States, which would limit our market opportunities and could harm our business.

Approval of a drug candidate in the United States by the FDA does not ensure approval of such drug candidate by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. Sales of our current and future drug candidates outside of the United States will be subject to foreign regulatory requirements governing clinical trials and marketing approval. Even if the FDA grants marketing approval for a drug candidate, comparable regulatory authorities of foreign countries also must approve the manufacturing and marketing of the drug candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and more onerous than, those in the United States, including additional preclinical studies or clinical trials. In many countries outside the United States, a drug candidate must be approved for reimbursement before it can be approved for sale in that country. In some cases, the price that we intend to charge for any drug candidates, if approved, is also subject to approval. Obtaining approval for our current and future drug candidates in the European Union from the European Commission following the opinion of the EMA, if we choose to submit a marketing authorization application there, would be a lengthy and expensive process. Even if a drug candidate is approved, the FDA or the European Commission, as the case may be, may limit the indications for which the drug may be marketed, require extensive warnings on the drug labeling or require expensive and time-consuming additional clinical trials or reporting as conditions of approval. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our current and future drug candidates in certain countries.

Further, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries. Also, regulatory approval for our drug candidates may be withdrawn. If we fail to comply with the regulatory requirements, our target market will be reduced and our ability to realize the full market potential of our current and future drug candidates will be harmed and our business, financial condition, results of operations and prospects could be harmed.

If we seek approval to commercialize our current or future drug candidates outside of the United States, in particular in the European Union and Israel, a variety of risks associated with international operations could harm our business.

If we seek approval of our current or future drug candidates outside of the United States, we expect that we will be subject to additional risks in commercialization including:

- different regulatory requirements for approval of therapies in foreign countries;
- reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations incident to doing business in another country;
- foreign reimbursement, pricing and insurance regimes;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geopolitical actions, including war and terrorism or natural disasters including earthquakes, typhoons, floods and fires.

We have no prior experience in these areas. In addition, there are complex regulatory, tax, labor and other legal requirements imposed by both the European Union, Israel and many of the individual countries in and outside of Europe with which we will need to comply. Many biopharmaceutical companies have found the process of marketing their own products in foreign countries to be very challenging.

Product liability lawsuits against us could cause us to incur substantial liabilities and could limit commercialization of any drug candidate that we may develop.

We face an inherent risk of product liability exposure related to the testing of our current and any future drug candidates in clinical trials and may face an even greater risk if we commercialize any drug candidate that we may develop. If we cannot successfully defend ourselves against claims that any such drug candidates caused injuries, we could incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- decreased demand for any drug candidate that we may develop;
- loss of revenue;
- substantial monetary awards to trial participants or patients;
- significant time and costs to defend the related litigation;
- withdrawal of clinical trial participants;
- the inability to commercialize any drug candidate that we may develop; and
- injury to our reputation and significant negative media attention.

Although we maintain product liability insurance coverage, such insurance may not be adequate to cover all liabilities that we may incur. We anticipate that we will need to increase our insurance coverage each time we commence a clinical trial and if we successfully commercialize any drug candidate. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

Risks Related to Regulatory Compliance

Our relationships with customers, physicians, and third-party payors will be subject, directly or indirectly, to federal and state healthcare fraud and abuse laws, false claims laws, health information privacy and security laws, and other healthcare laws and regulations. If we are unable to comply, or have not fully complied, with such laws, we could face substantial penalties.

Healthcare providers, physicians and third-party payors in the United States and elsewhere will play a primary role in the recommendation and prescription of any drug candidates for which we obtain marketing approval. Our current and future arrangements with healthcare professionals, principal investigators, consultants, customers and third-party payors may subject us to various federal and state fraud and abuse laws and other health care laws, including, without limitation, the federal Anti-Kickback Statute, the federal civil and criminal false claims laws and the law commonly referred to as the Physician Payments Sunshine Act and regulations. These laws will impact, among other things, our clinical research, proposed sales, marketing and educational programs. In addition, we may be subject to patient privacy laws by both the federal government and the states in which we conduct or may conduct our business. The laws that will affect our operations include, but are not limited to:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, in return for the purchase, recommendation, leasing or furnishing of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand, and prescribers, purchasers and formulary managers on the other. The Patient Protection and Affordable Care Act, as amended (the "PPACA"), amended the intent requirement of the federal Anti-Kickback Statute. A person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it;
- federal civil and criminal false claims laws, including, without limitation, the False Claims Act, and civil monetary penalty laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid or other government payors that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. The PPACA provides, and recent government cases against pharmaceutical and medical device manufacturers support, the view that federal Anti-Kickback Statute violations and certain marketing practices, including off-label promotion, may implicate the False Claims Act;
- the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), which created new federal criminal statutes that prohibit a person from knowingly and willfully executing a scheme or making false or fraudulent statements to defraud any healthcare benefit program, regardless of the payor (e.g., public or private);

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act ("HITECH"), and its implementing regulations, and as amended again by the final HIPAA omnibus rule, Modifications to the HIPAA Privacy, Security, Enforcement, and Breach Notification Rules Under HITECH and the Genetic Information Nondiscrimination Act; Other Modifications to HIPAA, published in January 2013, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization by entities subject to the rule, such as health plans, health care clearinghouses and health care providers, and their respective business associates;
- federal transparency laws, including the federal Physician Payments Sunshine Act, which is part of the PPACA, that require certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to report annually to the Centers for Medicare & Medicaid Services ("CMS"), information related to: (i) payments or other "transfers of value" made to physicians and teaching hospitals; and (ii) ownership and investment interests held by physicians and their immediate family members;
- state and foreign law equivalents of each of the above federal laws, state laws that require manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures, and state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or to adopt compliance programs as prescribed by state laws and regulations, or that otherwise restrict payments that may be made to healthcare providers; and
- state and foreign laws that govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws.

It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws and the curtailment or restructuring of our operations.

The risk of our being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance and/or reporting requirements increases the possibility that a healthcare company may run afoul of one or more of the requirements.

Coverage and adequate reimbursement may not be available for our current or any future drug candidates, which could make it difficult for us to sell profitably, if approved.

Market acceptance and sales of any drug candidates that we commercialize, if approved, will depend in part on the extent to which reimbursement for these drugs and related treatments will be available from third-party payors, including government health administration authorities, managed care organizations and other private health insurers. Third-party payors decide which therapies they will pay for and establish reimbursement levels. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies. However, decisions regarding the extent of coverage and amount of reimbursement to be provided for any drug candidates that we develop will be made on a payor-by-payor basis. One payor's determination to provide coverage for a drug does not assure that other payors will also provide coverage, and adequate reimbursement, for the drug. Additionally, a third-party payor's decision to provide coverage for a therapy does not imply that an adequate reimbursement rate will be approved. Each payor determines whether or not it will provide coverage for a therapy, what amount it will pay the manufacturer for the therapy, and on what tier of its formulary it will be placed. The position on a payor's list of covered drugs, or formulary, generally determines the co-payment that a patient will need to make to obtain the therapy and can strongly influence the adoption of such therapy by patients and physicians. Patients who are prescribed treatments for their conditions and providers prescribing such services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use our drugs unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our drugs.

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. We cannot be sure that coverage and reimbursement will be available for any drug that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Inadequate coverage and reimbursement may impact the demand for, or the price of, any drug for which we obtain marketing approval. If coverage and adequate reimbursement are not available, or are available only to limited levels, we may not be able to successfully commercialize our current and any future drug candidates that we develop.

Healthcare legislative reform measures may have a negative impact on our business and results of operations.

In the United States and some foreign jurisdictions, there have been, and continue to be, several legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of drug candidates, restrict or regulate post-approval activities, and affect our ability to profitably sell any drug candidates for which we obtain marketing approval.

Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. In March 2010, the PPACA was passed, which substantially changed the way healthcare is financed by both the government and private insurers, and significantly impacts the U.S. pharmaceutical industry. The PPACA, among other things: (i) addresses a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected; (ii) increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extends the rebate program to individuals enrolled in Medicaid managed care organizations; (iii) establishes annual fees and taxes on manufacturers of certain branded prescription drugs; (iv) expands the availability of lower pricing under the 340B drug pricing program by adding new entities to the program; and (v) establishes a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% (and 70% commencing January 1, 2019) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D. Additionally, in the United States, the Biologics Price Competition and Innovation Act of 2009 created an abbreviated approval pathway for biologic drugs that are demonstrated to be "biosimilar or interchangeable" with an FDA-approved biologic drug. This new pathway could allow competitors to reference data from biologic drugs already approved after 12 years from the time of approval. This could expose us to potential competition by lower-cost biosimilars even if we commercialize a biologic drug candidate faster than our competitors. Some of the provisions of the PPACA have yet to be fully implemented, while certain provisions have been subject to judicial and Congressional challenges, as well as recent efforts by the Trump administration to repeal or replace certain aspects of the PPACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the PPACA or otherwise circumvent some of the requirements for health insurance mandated by the PPACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the PPACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the PPACA have been signed into law. The Tax Cuts and Jobs Act of 2017 includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the PPACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate". Additionally, on January 22, 2018, President Trump signed a

continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain PPACA-mandated fees, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans, the annual fee imposed on certain health insurance providers based on market share, and the medical device excise tax on non-exempt medical devices. Further, the Bipartisan Budget Act of 2018, or the BBA, among other things, amends the PPACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." Congress may consider additional legislation to repeal or repeal and replace elements of the PPACA. We continue to evaluate the effect that the PPACA and its possible repeal and replacement has on our business.

Other legislative changes have been proposed and adopted since the PPACA was enacted. These changes include aggregate reductions to Medicare payments to providers of up to 2% per fiscal year pursuant to the Budget Control Act of 2011, which began in 2013, and due to subsequent legislative amendment to the statute, including the BBA, will remain in effect through 2027 unless additional Congressional action is taken. The American Taxpayer Relief Act of 2012, among other things, further reduced Medicare payments to several providers, including hospitals and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have an adverse effect on customers for our drug candidates, if approved, and, accordingly, our financial operations.

Additional changes that may affect our business include the expansion of new programs such as Medicare payment for performance initiatives for physicians under the Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA"), which will be fully implemented in 2019. At this time, it is unclear how the introduction of the Medicare quality payment program will impact overall physician reimbursement. Also, there has been heightened governmental scrutiny recently over the manner in which drug manufacturers set prices for their marketed products, which have resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. At the federal level, the Trump administration's budget proposal for fiscal year 2019 contains further drug price control measures that could be enacted during the 2019 budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. While any proposed measures will require authorization through additional legislation to become effective, Congress and the Trump administration indicated that they will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures are increasingly passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, legislation designed to encourage importation from other countries and bulk purchasing.

We expect that these and other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved drug. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our drugs.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain patent protection for our current or any future drug candidates, or if the scope of the patent protection obtained is not sufficiently broad, we may not be able to compete effectively in our markets.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to our development programs and drug candidates. Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our current and any future drug candidates. We seek to protect our proprietary position by filing patent applications in the United States and abroad related to our current and future development programs and drug candidates. The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

Pursuant to the Lundbeck Agreement, we obtained an exclusive, worldwide license to develop, manufacture and commercialize OV101 for the treatment of human disease. However, the Lundbeck agreement permits Lundbeck and certain other entities to manufacture and research OV101 and, in certain situations, to perform additional non-commercial activities involving OV101, all of which could result in new patentable inventions concerning the manufacture or use of OV101. While the Lundbeck agreement prohibits Lundbeck from filing certain patent applications regarding OV101 and obligates Lundbeck to include certain newly filed patents in the license granted to us, if new patents issue that cover valuable methods for making or using OV101, we would be prohibited from employing such methods to manufacture or use OV101 unless we obtain a license to such patents.

It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. The patent applications that we own or in-license may fail to result in issued patents with claims that cover our current or any future drug candidates in the United States or in other foreign countries. There is no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found, which can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue and even if such patents cover our current or any future drug candidates, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed, invalidated, or held unenforceable. Any successful opposition to these patents or any other patents owned by or licensed to us could deprive us of rights necessary for the successful commercialization of any drug candidates or companion diagnostic that we may develop. Further, if we encounter delays in regulatory approvals, the period of time during which we could market a drug candidate and companion diagnostic under patent protection could be reduced.

If the patent applications we hold or have in-licensed with respect to our development programs and drug candidates fail to issue, if their breadth or strength of protection is threatened, or if they fail to provide meaningful exclusivity for our current or any future drug candidates, it could dissuade companies from collaborating with us to develop drug candidates, and threaten our ability to commercialize, future drugs. Any such outcome could have a negative effect on our business.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. For example, European patent law restricts the patentability of methods of treatment of the human body more than United States law does. Publications of discoveries in scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot know with certainty whether we were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued which protect our technology or drugs, in whole or in part, or which effectively prevent others from commercializing competitive technologies and drugs. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. On December 16, 2011, the Leahy-Smith America Invents Act (the "Leahy-Smith Act") was signed into law. The Leahy-Smith Act includes a number of significant changes to United States patent law. These include provisions that affect the way patent applications are prosecuted and may also affect patent litigation. The United States Patent Office recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could harm our business and financial condition.

Moreover, we may be subject to a third-party pre-issuance submission of prior art to the USPTO or become involved in opposition, derivation, reexamination, inter partes review, post-grant review or interference proceedings challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or drugs and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize drugs without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future drug candidates.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in the United States and abroad. An adverse determination in any such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and drugs, or limit the duration of the patent protection of our technology and drugs. Moreover, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years from the earliest filing date of a non-provisional patent application. Various extensions may be available; however, the life of a patent, and the protection it affords, is limited. Without patent protection for our current or future drug candidates, we may be open to competition from generic versions of such drugs. Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing drugs similar or identical to ours.

We may be unable to prevent third parties from selling, making, promoting, manufacturing, or distributing alternative polymorphic forms of our drug candidates.

We currently have issued patents directed to polymorphic forms of OV101. These patents would not prevent a third-party from creating, making and marketing alternative polymorphic forms that fall outside the scope of these patent claims. There can be no assurance that any such alternative polymorphic forms will not be therapeutically equivalent and/or commercially feasible. In the event an alternative polymorphic form of OV101 is developed and approved for use in indications that we may seek approval for, the marketability and commercial success of OV101, if approved, could be materially harmed.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and/or applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned and licensed patents and/or applications and any patent rights we may own or license in the future. We rely on our outside counsel or our licensing partners to pay these fees due to non-U.S. patent agencies. The USPTO and various non-U.S. government patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply and we are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market and this circumstance could harm our business.

Patent terms may be inadequate to protect our competitive position on our drug candidates for an adequate amount of time.

Given the amount of time required for the development, testing and regulatory review of new drug candidates such as OV101, patents protecting such candidates might expire before or shortly after such candidates are commercialized. We expect to seek extensions of patent terms in the United States and, if available, in other countries where we are prosecuting patents. In the United States, the Drug Price Competition and Patent Term Restoration Act of 1984 permits a patent term extension of up to five years beyond the normal expiration of the patent, which is limited to the approved indication (or any additional indications approved during the period of extension). However, the applicable authorities, including the FDA and the USPTO in the United States, and any equivalent regulatory authority in other countries, may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to our patents, or may grant more limited extensions than we request. If this occurs, our competitors may be able to take advantage of our investment in development and clinical trials by referencing our clinical and preclinical data and launch their drug earlier than might otherwise be the case.

Intellectual property rights do not necessarily address all potential threats to our business.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business. The following examples are illustrative:

- others may be able to make compounds or formulations that are similar to our drug candidates but that are not covered by the claims of any patents, should they issue, that we own or control;
- we or any strategic partners might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or control;

- we might not have been the first to file patent applications covering certain of our inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we own or control may not provide us with any competitive advantages, or may be held invalid or unenforceable because of legal challenges;
- our competitors might conduct research and development activities in the United States and other countries that provide a safe harbor from patent infringement claims for certain research and development activities, as well as in countries where we do not have patent rights and then use the information learned from such activities to develop competitive drugs for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on our business.

The proprietary map of disease-relevant biological pathways underlying orphan disorders of the brain that we developed would not be appropriate for patent protection and, as a result, we rely on trade secrets to protect this aspect of our business.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, or otherwise allege that they have rights in intellectual property rights we own or have in-licensed, the outcome of which would be uncertain and could have a negative impact on the success of our business.

Our commercial success depends, in part, upon our ability and the ability of our current or future collaborators to develop, manufacture, market and sell our current and any future drug candidates and use our proprietary technologies without infringing the proprietary rights and intellectual property of third parties. The biotechnology and pharmaceutical industries are characterized by extensive and complex litigation regarding patents and other intellectual property rights. We may in the future become party to, or be threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our current and any future drug candidates and technology, including interference proceedings, post grant review and inter partes review before the USPTO. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future, regardless of their merit. Third parties may also allege that they have or retain rights in patents or other intellectual property rights that are exclusively licensed to us, whether or not such a claim has any valid basis. For example, we are aware that a company involved in the development and commercialization of biopharmaceutical products in our field has alleged to Northwestern that rights to a compound exclusively licensed to us by Northwestern University fall under such company's license agreement. Northwestern believes it solely owns such compound, free from encumbrances as supported by specific representations and warranties made by Northwestern in our license agreement. There is a risk that third parties may choose to engage in litigation with us to enforce or to otherwise assert their patent rights against us. Even if we believe such claims are without merit, a court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, or, as applicable, owned by such third party, which could have a negative impact on our ability to commercialize our current and any future drug candidates. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity. As this burden is a high one requiring us to present clear and convincing evidence as to the invalidity of any such U.S. patent claim, there is no assurance that a court of competent jurisdiction would invalidate the claims of any such U.S. patent. If we are found to infringe a third party's valid and enforceable intellectual property rights, we could be required to obtain a license from such third party to continue developing, manufacturing and marketing our drug candidate(s) and technology. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. We could be forced, including by court order, to cease developing, manufacturing and commercializing the infringing technology or drug candidate. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent or other intellectual property right. A finding of infringement could prevent us from manufacturing and commercializing our current or any future drug candidates or force us to cease some or all of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business, financial condition, results of operations and prospects. See the section herein titled "Legal Proceedings" for additional information.

We may be subject to claims asserting that our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Certain of our employees, consultants or advisors are currently, or were previously, employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our

employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that these individuals or we have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property.

We may be involved in lawsuits to protect or enforce our patents, the patents of our licensors or our other intellectual property rights, which could be expensive, time consuming and unsuccessful.

Competitors may infringe or otherwise violate our patents, the patents of our licensors or our other intellectual property rights. To counter infringement or unauthorized use, we may be required to file legal claims, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours or our licensors is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing. The initiation of a claim against a third party may also cause the third party to bring counter claims against us such as claims asserting that our patents are invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, non-enablement or lack of statutory subject matter. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant material information from the USPTO, or made a materially misleading statement, during prosecution. Third parties may also raise similar validity claims before the USPTO in post-grant proceedings such as ex parte reexaminations, inter partes review, or post-grant review, or oppositions or similar proceedings outside the United States, in parallel with litigation or even outside the context of litigation. The outcome following legal assertions of invalidity and unenforceability is unpredictable. We cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. For the patents and patent applications that we have licensed, we may have limited or no right to participate in the defense of any licensed patents against challenge by a third party. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of any future patent protection on our current or future drug candidates. Such a loss of patent protection could harm our business.

We may not be able to prevent, alone or with our licensors, misappropriation of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States. Our business could be harmed if in litigation the prevailing party does not offer us a license on commercially reasonable terms. Any litigation or other proceedings to enforce our intellectual property rights may fail, and even if successful, may result in substantial costs and distract our management and other employees.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have an adverse effect on the price of our common stock.

Changes in U.S. patent law or the patent law of other countries or jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our current and any future drug candidates.

The United States has recently enacted and implemented wide-ranging patent reform legislation. The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce patents that we have licensed or that we might obtain in the future. Similarly, changes in patent law and regulations in other countries or jurisdictions or changes in the governmental

bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce patents that we have licensed or that we may obtain in the future.

We may not be able to protect our intellectual property rights throughout the world, which could negatively impact our business.

Filing, prosecuting and defending patents covering our current and any future drug candidates throughout the world would be prohibitively expensive. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and, further, may export otherwise infringing drugs to territories where we may obtain patent protection, but where patent enforcement is not as strong as that in the United States. These drugs may compete with our drugs in jurisdictions where we do not have any issued or licensed patents and any future patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing.

Reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed.

If we rely on third parties to manufacture or commercialize our current or any future drug candidates, or if we collaborate with additional third parties for the development of our current or any future drug candidates, we must, at times, share trade secrets with them. We may also conduct joint research and development programs that may require us to share trade secrets under the terms of our research and development partnerships or similar agreements. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements with our advisors, employees, third-party contractors and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, including our trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor's discovery of our trade secrets or other unauthorized use or disclosure could have an adverse effect on our business and results of operations.

In addition, these agreements typically restrict the ability of our advisors, employees, third-party contractors and consultants to publish data potentially relating to our trade secrets. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of our agreements with third parties, independent development or publication of information by any third-party collaborators. A competitor's discovery of our trade secrets would harm our business.

Risks Related to Our Dependence on Third Parties

We do not have our own manufacturing capabilities and will rely on third parties to produce clinical and commercial supplies of our current and any future drug candidates.

We do not own or operate, and we do not expect to own or operate, facilities for drug manufacturing, storage and distribution, or testing. We will be dependent on third parties to manufacture the clinical supplies of our drug candidates. The drug substance for OV101 was manufactured by Lundbeck. We believe that the drug substance transferred from Lundbeck under the Lundbeck agreement will be sufficient for us to complete our ongoing and future clinical trials. We will also continue to rely on Takeda to provide the drug product supply for our planned clinical trials of OV935.

Further, we also will rely on third-party manufacturers to supply us with sufficient quantities of our drug candidates, including OV101 and OV935, to be used, if approved, for commercialization. Any significant delay in the supply of a drug candidate, or the raw material components thereof, for an ongoing clinical trial due to the need to replace a third-party manufacturer could considerably delay completion of our clinical trials, product testing and potential regulatory approval of our drug candidates.

Further, our reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured drug candidates ourselves, including:

- inability to meet our drug specifications and quality requirements consistently;
- delay or inability to procure or expand sufficient manufacturing capacity;
- issues related to scale-up of manufacturing;
- costs and validation of new equipment and facilities required for scale-up;
- failure to comply with cGMP and similar foreign standards;

- inability to negotiate manufacturing agreements with third parties under commercially reasonable terms, if at all;
- termination or nonrenewal of manufacturing agreements with third parties in a manner or at a time that is costly or damaging to us;
- reliance on single sources for drug components;
- lack of qualified backup suppliers for those components that are currently purchased from a sole or single source supplier;
- operations of our third-party manufacturers or suppliers could be disrupted by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier; and
- carrier disruptions or increased costs that are beyond our control.

Any of these events could lead to clinical trial delays, failure to obtain regulatory approval or impact our ability to successfully commercialize our current or any future drug candidates once approved. Some of these events could be the basis for FDA action, including injunction, request for recall, seizure, or total or partial suspension of production.

We intend to rely on third parties to conduct, supervise and monitor our preclinical studies and clinical trials, and if those third parties perform in an unsatisfactory manner, it may harm our business.

We do not currently have the ability to independently conduct any clinical trials. We intend to rely on CROs and clinical trial sites to ensure the proper and timely conduct of our preclinical studies and clinical trials, and we expect to have limited influence over their actual performance. We intend to rely upon CROs to monitor and manage data for our clinical programs, as well as the execution of future nonclinical studies. We expect to control only certain aspects of our CROs' activities. Nevertheless, we will be responsible for ensuring that each of our preclinical studies or clinical trials are conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and our reliance on the CROs does not relieve us of our regulatory responsibilities.

We and our CROs will be required to comply with good laboratory practices ("GLPs") and good clinical practices ("GCPs"), which are regulations and guidelines enforced by the FDA and are also required by the Competent Authorities of the Member States of the European Economic Area and comparable foreign regulatory authorities in the form of International Conference on Harmonization guidelines for any of our drug candidates that are in preclinical and clinical development. The regulatory authorities enforce GCPs through periodic inspections of trial sponsors, principal investigators and clinical trial sites. Although we will rely on CROs to conduct GCP-compliant clinical trials, we remain responsible for ensuring that each of our GLP preclinical studies and clinical trials is conducted in accordance with its investigational plan and protocol and applicable laws and regulations, and our reliance on the CROs does not relieve us of our regulatory responsibilities. If we or our CROs fail to comply with GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. Accordingly, if our CROs fail to comply with these regulations or fail to recruit a sufficient number of subjects, we may be required to repeat clinical trials, which would delay the regulatory approval process.

While we will have agreements governing their activities, our CROs will not be our employees, and we will not control whether or not they devote sufficient time and resources to our future clinical and nonclinical programs. These CROs may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials, or other drug development activities which could harm our business. We face the risk of potential unauthorized disclosure or misappropriation of our intellectual property by CROs, which may reduce our trade secret protection and allow our potential competitors to access and exploit our proprietary technology. If our CROs do not successfully carry out their contractual duties or obligations, fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for any other reasons, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize any drug candidate that we develop. As a result, our financial results and the commercial prospects for any drug candidate that we develop would be harmed, our costs could increase, and our ability to generate revenue could be delayed.

If our relationship with these CROs terminates, we may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms. Switching or adding additional CROs involves substantial cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can negatively impact our ability to meet our desired clinical development timelines. Though we intend to carefully manage our relationships with our CROs, there can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have a negative impact on our business, financial condition and prospects.

In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, we may be required to report some of these relationships to the FDA. The FDA may conclude that a financial relationship between us and a principal investigator has created a

conflict of interest or otherwise affected interpretation of the trial. The FDA may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA and may ultimately lead to the denial of marketing approval of our current and future drug candidates.

Risks Related to Our Business Operations, Employee Matters and Managing Growth

We are highly dependent on the services of our senior management team, including our Chairman and Chief Executive Officer, Dr. Jeremy Levin, and if we are not able to retain these members of our management team or recruit and retain additional management, clinical and scientific personnel, our business will be harmed.

We are highly dependent on our senior management team, including our Chairman and Chief Executive Officer, Dr. Levin. The employment agreements we have with these officers do not prevent such persons from terminating their employment with us at any time. The loss of the services of any of these persons could impede the achievement of our research, development and commercialization objectives.

In addition, we are dependent on our continued ability to attract, retain and motivate highly qualified additional management, clinical and scientific personnel. If we are not able to retain our management and to attract, on acceptable terms, additional qualified personnel necessary for the continued development of our business, we may not be able to sustain our operations or grow. This risk may be further amplified given the particularly competitive hiring market in New York City, the location of our corporate headquarters.

We may not be able to attract or retain qualified personnel in the future due to the intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses. Many of the other pharmaceutical companies that we compete against for qualified personnel and consultants have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates and consultants than what we have to offer. If we are unable to continue to attract, retain and motivate high-quality personnel and consultants to accomplish our business objectives, the rate and success at which we can discover and develop drug candidates and our business will be limited and we may experience constraints on our development objectives.

Our future performance will also depend, in part, on our ability to successfully integrate newly hired executive officers into our management team and our ability to develop an effective working relationship among senior management. Our failure to integrate these individuals and create effective working relationships among them and other members of management could result in inefficiencies in the development and commercialization of our drug candidates, harming future regulatory approvals, sales of our drug candidates and our results of operations. Additionally, we do not currently maintain “key person” life insurance on the lives of our executives or any of our employees.

We will need to expand our organization, and we may experience difficulties in managing this growth, which could disrupt our operations.

As of March 31, 2018, we had 46 full-time employees. As our development and commercialization plans and strategies develop, we expect to need additional managerial, operational, sales, marketing, financial, legal and other resources. Our management may need to divert a disproportionate amount of its attention away from our day-to-day operations and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational inefficiencies, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of our current and potential future drug candidates. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate and grow revenue could be reduced and we may not be able to implement our business strategy. Our future financial performance, our ability to commercialize drug candidates, develop a scalable infrastructure and compete effectively will depend, in part, on our ability to effectively manage any future growth.

Our employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of fraud or other misconduct by our employees, principal investigators, consultants and commercial partners. Misconduct by these parties could include intentional failures to comply with FDA regulations or the regulations applicable in other jurisdictions, provide accurate information to the FDA and other regulatory authorities, comply with healthcare fraud and

abuse laws and regulations in the United States and abroad, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such misconduct also could involve the improper use of information obtained in the course of clinical trials or interactions with the FDA or other regulatory authorities, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from government investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could have a negative impact on our business, financial condition, results of operations and prospects, including the imposition of significant fines or other sanctions.

Significant disruptions of our information technology systems or data security incidents could result in significant financial, legal, regulatory, business and reputational harm to us.

We are increasingly dependent on information technology systems and infrastructure, including mobile technologies, to operate our business. In the ordinary course of our business, we collect, store, process and transmit large amounts of sensitive information, including intellectual property, proprietary business information, personal information and other confidential information. It is critical that we do so in a secure manner to maintain the confidentiality, integrity and availability of such sensitive information. We have also outsourced elements of our operations (including elements of our information technology infrastructure) to third parties, and as a result, we manage a number of third-party vendors who may or could have access to our computer networks or our confidential information. In addition, many of those third parties in turn subcontract or outsource some of their responsibilities to third parties. While all information technology operations are inherently vulnerable to inadvertent or intentional security breaches, incidents, attacks and exposures, the accessibility and distributed nature of our information technology systems, and the sensitive information stored on those systems, make such systems potentially vulnerable to unintentional or malicious, internal and external attacks on our technology environment. Potential vulnerabilities can be exploited from inadvertent or intentional actions of our employees, third-party vendors, business partners, or by malicious third parties. Attacks of this nature are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organized criminal groups, "hacktivists," nation states and others. In addition to the extraction of sensitive information, such attacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information. In addition, the prevalent use of mobile devices increases the risk of data security incidents.

Significant disruptions of our, our third-party vendors' and/or business partners' information technology systems or other similar data security incidents could adversely affect our business operations and/or result in the loss, misappropriation, and/or unauthorized access, use or disclosure of, or the prevention of access to, sensitive information, which could result in financial, legal, regulatory, business and reputational harm to us. In addition, information technology system disruptions, whether from attacks on our technology environment or from computer viruses, natural disasters, terrorism, war and telecommunication and electrical failures, could result in a material disruption of our development programs and our business operations. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data.

There is no way of knowing with certainty whether we have experienced any data security incidents that have not been discovered. While we have no reason to believe this to be the case, attackers have become very sophisticated in the way they conceal access to systems, and many companies that have been attacked are not aware that they have been attacked. Any event that leads to unauthorized access, use or disclosure of personal information, including but not limited to personal information regarding our patients or employees, could disrupt our business, harm our reputation, compel us to comply with applicable federal and/or state breach notification laws and foreign law equivalents, subject us to time consuming, distracting and expensive litigation, regulatory investigation and oversight, mandatory corrective action, require us to verify the correctness of database contents, or otherwise subject us to liability under laws, regulations and contractual obligations, including those that protect the privacy and security of personal information. This could result in increased costs to us, and result in significant legal and financial exposure and/or reputational harm. In addition, any failure or perceived failure by us or our vendors or business partners to comply with our privacy, confidentiality or data security-related legal or other obligations to third parties, or any further security incidents or other inappropriate access events that result in the unauthorized access, release or transfer of sensitive information, which could include personally identifiable information, may result in governmental investigations, enforcement actions, regulatory fines, litigation, or public statements against us by advocacy groups or others, and could cause third parties, including clinical sites, regulators or current and potential partners, to lose trust in us or we could be subject to claims by third parties that we have breached our privacy- or confidentiality-related

obligations, which could materially and adversely affect our business and prospects. Moreover, data security incidents and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. While we have implemented security measures intended to protect our information technology systems and infrastructure, there can be no assurance that such measures will successfully prevent service interruptions or security incidents.

Risks Related to the Ownership of Our Common Stock

The market price of our common stock may be volatile and fluctuate substantially, and you could lose all or part of your investment.

The market price of our common stock is likely to be volatile. The stock market in general and the market for biopharmaceutical or pharmaceutical companies in particular, has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may lose all or part of your investment in our common stock since you might be unable to sell your shares at or above the price you paid for the shares. The market price for our common stock may be influenced by many factors, including:

- results of clinical trials of our current and any future drug candidates or those of our competitors;
- the success of competitive drugs or therapies;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to our current and any future drug candidates or clinical development programs;
- the results of our efforts to discover, develop, acquire or in-license additional drug candidates;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- our inability to obtain or delays in obtaining adequate drug supply for any approved drug or inability to do so at acceptable prices;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- significant lawsuits, including patent or stockholder litigation;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry and market conditions; and
- the other factors described in this “Risk Factors” section.

In addition, in the past, stockholders have initiated class action lawsuits against companies following periods of volatility in the market prices of these companies’ stock. Such litigation, if instituted against us, could cause us to incur substantial costs and divert management’s attention and resources.

Concentration of ownership of our common stock among our existing executive officers, directors and principal stockholders may prevent new investors from influencing significant corporate decisions.

Based upon our shares of our common stock outstanding as of May 1, 2018, our executive officers, directors and stockholders who owned more than 5% of our outstanding common stock will, in the aggregate, beneficially own shares representing approximately 56.3% of our outstanding common stock.

Takeda, a greater than 5% holder, may receive additional securities upon the achievement of certain development, commercial and regulatory milestones pursuant to the Takeda collaboration. Specifically, we will be obligated to issue additional securities to Takeda equal to the lesser of 8% of our outstanding capital stock or $50.0 million unless certain events occur, and may issue, at our discretion, additional securities to Takeda upon the achievement of other milestones. Further, pursuant to the Series B-1 preferred stock purchase agreement entered into with Takeda in January 2017, or the Takeda stock purchase agreement, Takeda has agreed to, among other things, (i) a standstill provision, (ii) restrictions on its ability to sell or otherwise transfer it shares of our stock, (iii) vote its shares on certain matters in accordance with the holders of a majority of shares of our common stock and (iv) restrictions on the percentage of our outstanding common stock it may own.

If our executive officers, directors and stockholders who owned more than 5% of our outstanding common stock acted together, they may be able to significantly influence all matters requiring stockholder approval, including the election and removal of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. The concentration of voting power, Takeda standstill provisions, voting obligations and transfer restrictions could delay or prevent an acquisition of our company on terms that other stockholders may desire or result in the management of our company in ways with which other stockholders disagree with.

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.

The trading market for our common stock relies, in part, on the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts begin coverage of our business and subsequently downgrade their evaluations, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, the terms of any future debt agreements may preclude us from paying dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

If we engage in future acquisitions or strategic partnerships, this may increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

Our business plan is to continue to evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary drugs, intellectual property rights, technologies, or businesses. Any potential acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- assimilation of operations, intellectual property and drugs of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing drug programs and initiatives in pursuing such a strategic partnership, merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing drugs or drug candidates and regulatory approvals; and
- our inability to generate revenue from acquired technology and/or drugs sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

In addition, if we engage in future acquisitions or strategic partnerships, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or drugs that may be important to the development of our business.

A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is performing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. All of the stockholders who held shares of our capital stock prior to our IPO are subject to lock-up agreements with the underwriters of our IPO that restrict such stockholders' ability to transfer shares of our common stock that they held prior to the consummation of our IPO. Moreover, holders of an aggregate of approximately 19,601,936 shares of our common stock will have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We recently registered all shares of common stock that we may issue under our equity compensation plans. They can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an EGC, as defined in the JOBS Act. We will remain an EGC until the earlier of: (i) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; (ii) December 31, 2022, the last day of the fiscal year following the fifth anniversary of the date of the completion of our IPO; (iii) the date on which we have issued more than $1.07 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. For so long as we remain an EGC, we are permitted and intend to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404");
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced ''Management's Discussion and Analysis of Financial Condition and Results of Operations'' disclosure;
- reduced disclosure obligations regarding executive compensation arrangements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We currently intend to take advantage of some, but not all, of the reduced regulatory and reporting requirements that will be available to us so long as we qualify as an EGC. For example, our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an EGC, which may increase the risk that material weaknesses or significant deficiencies in our internal control over financial reporting go undetected. Likewise, so long as we qualify as an EGC, we may elect not to provide you with certain information, including certain financial information and certain information regarding compensation of our executive officers, that we would otherwise have been required to provide in filings we make with the SEC, which may make it more difficult for investors and securities analysts to evaluate our company. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile and may decline.

In addition, the JOBS Act provides that an EGC may take advantage of an extended transition period for complying with new or revised accounting standards. This allows an EGC to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not an EGC.

We incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company, and particularly after we are no longer an EGC, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002 and rules subsequently implemented by the SEC and The Nasdaq Stock Market LLC have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these and other compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance.

Pursuant to Section 404, we will be required to furnish a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. However, while we remain an EGC, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that neither we nor our independent registered public accounting firm will be able to conclude within the prescribed timeframe that our internal control over financial reporting is effective as required by Section 404. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our corporate charter and our bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions also could limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions:

- establish a classified board of directors such that not all members of the board are elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from the board;
- establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- limit who may call stockholder meetings;
- authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a stockholder rights plan, or so-called “poison pill,” that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and
- require the approval of the holders of at least 66 2/3% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Additionally, the Takeda standstill provisions and transfer restrictions in the Takeda Stock Purchase Agreement may delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares.

We may be subject to securities litigation, which is expensive and could divert management attention.

The market price of our common stock may be volatile, and in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

If we fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately report our financial condition, results of operations or cash flows, which may adversely affect investor confidence in us and, as a result, the value of our common stock.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure controls and procedures. We are required, under Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting that results in more than a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. Section 404 also generally requires an attestation from our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. However, for as long as we remain an emerging growth company as defined in the JOBS Act, we intend to take advantage of the exemption permitting us not to comply with the independent registered public accounting firm attestation requirement.

Our compliance with Section 404 will require that we incur substantial expense and expend significant management efforts. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge, and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting once that firm begins its Section 404 reviews, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by The Nasdaq Global Select Market, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would benefit our stockholders and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders, or remove our current management. These provisions include:

- authorizing the issuance of "blank check" preferred stock, the terms of which we may establish and shares of which we may issue without stockholder approval;
- prohibiting cumulative voting in the election of directors, which would otherwise allow for less than a majority of stockholders to elect director candidates;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- eliminating the ability of stockholders to call a special meeting of stockholders; and

- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, who are responsible for appointing the members of our management. Because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL"), which may discourage, delay or prevent someone from acquiring us or merging with us whether or not it is desired by or beneficial to our stockholders. Under the DGCL, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. Any provision of our amended and restated certificate of incorporation or amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change of control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Equity Securities

None.

Use of Proceeds from Initial Public Offering of Common Stock

On May 10, 2017, we completed our IPO and sold 5,000,000 shares of common stock at the initial public offering price of $15.00 per share, for an aggregate offering of $75.0 million, before underwriting discounts, commissions and offering expenses. We received $66.7 million in net proceeds after deducting underwriting discounts and commissions and other offering expenses payable by us. None of these expenses consisted of payments made by us to directors, officers or persons owning 10% or more of our common stock or to their associates, or to our affiliates.

The offer and sale of the shares in our IPO were registered pursuant to our Registration Statement on Form S-1 (File No. 333-217245), which was declared effective by the SEC on May 4, 2017. Citigroup Global Markets Inc. and Cowen and Company, LLC acted as joint book-running managers for the offering, and William Blair & Company, L.L.C. and JMP Securities LLC acted as co-managers for the offering.

As of March 31, 2018, we consumed approximately $31.2 million of net proceeds from the IPO, primarily to advance OV101 and OV935 through clinical trials, and for working capital and general corporate purposes. We hold the remaining net proceeds from the IPO in cash, cash equivalents, and short-term investments in accordance with our investment policy.

There has been no material change in the planned use of proceeds from our IPO as described in our Prospectus that forms a part of the Company's Registration Statement on Form S-1 (File No. 333-217245), which was filed with the SEC pursuant to Rule 424 on May 5, 2017.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-38085), filed with the Commission on May 10, 2017).
3.2	Amended and Restated Bylaws (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (File No. 001-38085), filed with the Commission on May 10, 2017).
4.1	Form of Common Stock Certificate of the Company (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1/A (File No. 333-217245), filed with the Commission on April 25, 2017).
4.2	Second Amended and Restated Investors' Rights Agreement, by and among the Company and certain of its stockholders, dated January 6, 2017 (incorporated herein by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1 (File No. 333-217245), filed with the Commission on April 10, 2017).
10.1	Amended and Restated Executive Employment Agreement between the Registrant and Matthew During.
10.2	Amended and Restated Executive Employment Agreement between the Registrant and Yaron Werber.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OVID THERAPEUTICS INC.

Date: May 8, 2018

By: /s/ Jeremy M. Levin
Jeremy M. Levin
Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2018

By: /s/ Timothy Daly
Timothy Daly
Senior Vice President, Finance and Corporate Controller
(Principal Financial and Accounting Officer)

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

Matthew During ("***Executive***") is currently employed by **OVID THERAPEUTICS INC.** (the "***Company***") as its President and Chief Scientific Officer ("***CSO***") pursuant to the terms of an Executive Employment Agreement with the Company dated June 5, 2015 (the "***Prior Agreement***"). Executive and the Company hereby agree to amend and restate the Prior Agreement. The terms and conditions set forth in this **AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT** (this "***Agreement***") shall become effective as of the effective date of the first registration statement filed by the Company to register shares of its common stock for sale to the public through one or more underwriters (the "***Effective Date***"), and shall supersede and replace the terms and conditions set forth in the Prior Agreement. Certain capitalized terms used in this Agreement are defined in Section 6.

WHEREAS, the Company is a biopharmaceutical company;

WHEREAS, the Company desires for Executive to continue to provide services to the Company, and wishes to provide Executive with certain compensation and benefits in return for such services, as set forth in this Agreement; and

WHEREAS, Executive wishes to continue to be employed by the Company and to provide personal services to the Company in return for certain compensation and benefits, as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Executive agree as follows:

1. TERMS OF EMPLOYMENT

1.1. Position, Duties and Location. Executive shall continue to serve as President and CSO, reporting to the Company's Chief Executive Officer ("***CEO***"). Executive shall perform those duties and responsibilities as are customary for such positions and as may be directed by the Company and the Board from time to time, including: (1) establishing and maintaining the Company's strategic clinical and regulatory development roadmap in order to support the overall corporate strategy set by the Board; (2) maintaining the highest quality of scientific foundations of the Company's development process; (3) providing members of the Company's executive team with scientific input in the areas of business development, clinical development and commercialization, financial planning and execution, regulatory matters, manufacturing, funding processes and initiatives; (4) providing strategic input from a scientific standpoint for the Company's mid- and long-term goals; (5) recommending membership of, managing and insuring effective output from the Company's Scientific Advisory Board; (6) expansion and management of intellectual property related to medicines in the Company's pipeline; (7) hiring, managing and retaining key scientific staff; and (8) where appropriate, participating and representing the Company at scientific conferences or public venues as requested by the Company. During Executive's employment with the Company, Executive shall devote Executive's best efforts and substantially all of Executive's business time and attention to the business of the Company, except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company's general employment policies. Executive's primary office location will be the Company's offices in New York, New York. Notwithstanding the foregoing, the Company reserves the right to reasonably require Executive to perform Executive's duties at places other than Executive's primary office location from time to time, and to require reasonable business travel. During Executive's employment with the Company, Executive shall not engage in any activity that conflicts with or is detrimental to the Company's best interests, as determined by the CEO.

1.2. Employment Term. Executive will be employed by the Company on an "at-will" basis. This means that either the Company or Executive may terminate Executive's employment at any time, for any reason, with or without Cause, and with or without advance notice (provided that Resignation for Good Reason (as defined below) requires certain advanced notice by Executive of Executive's termination of employment). Subject to the terms herein, it also means that Executive's job title, duties, responsibilities, reporting level, compensation and benefits, as well as the Company's personnel policies and procedures, may be changed with or without notice at any time in the Company's sole discretion. This at-will employment relationship shall not be modified by any conflicting actions or representations of any Company employee or other party before or during the term of Executive's employment.

1.3. Compensation.

a) Annual Base Salary. Executive's annual base salary shall be paid at the rate of $463,500 per year ("***Annual Base Salary***"), payable in equal installments, less applicable payroll deductions and withholdings, on the Company's ordinary payroll cycle. Executive's Annual Base Salary shall be subject to annual review by the Board and may be adjusted from time to time; *provided*, *however*, that if the Board determines, as set forth in Section 1.3(c), that one hundred percent (100%) of the written Company and individual objectives have been achieved for a given calendar year, then the Annual Base Salary shall be adjusted for the following calendar year such that it is approximately equal to the seventy-fifth (75th) percentile of base salaries of peer group public company chief scientific officers and/or presidents, as determined by Radford or another reputable compensation consultant selected by the Board in its sole discretion. As an exempt salaried employee, Executive will be required to work the Company's normal business hours, and such additional time as appropriate for Executive's work assignments and position, and Executive will not be entitled to overtime compensation.

b) Benefits. Executive will continue to be eligible to participate in all of the Company's employee benefits and benefit plans that the Company generally makes available to its full-time employees and executives in accordance with the terms and conditions of the benefit plans and applicable policies as in effect from time to time. In accordance with the Company's policies and procedures, as in effect from time to time, Executive will be eligible to accrue four (4) weeks of paid vacation and paid sick leave per year.

c) Bonus. Executive shall be eligible to earn an annual performance bonus of at least forty percent (40%) of Executive's Annual Base Salary (the "***Target Performance Bonus***"). The Target Performance Bonus shall be based upon the Company's assessment of Executive's attainment of written Company and individual objectives as set by the Company in its sole discretion. The Company may increase the Target Performance Bonus in its sole discretion. Bonus payments, if any, shall be subject to applicable payroll deductions and withholdings. Following the close of each calendar year, the Company shall determine whether Executive has earned a Target Performance Bonus, and the amount of any such bonus, based on the achievement of such objectives. Except as provided in Sections 2.2 and 3.2, Executive must be an employee of the Company in good standing on the Target Performance Bonus payment date to be eligible to receive a Target Performance Bonus, and no partial or prorated bonuses shall be provided. The Target Performance Bonus, if earned, shall be paid on or before March 15th of the calendar year after the applicable bonus year. Executive's bonus eligibility is subject to change in the discretion of the Company.

d) Equity Compensation. Executive has already been granted options to purchase shares of the Company's common stock, which shall continue to be governed by the terms of the applicable stock option agreements, grant notices and the Company's 2014 Equity Incentive Plan, as amended (the "***Equity Plan***"). At the discretion of the Board, Executive shall be eligible to receive additional options to purchase shares of the Company's common stock.

1.4. Reimbursement of Expenses. Subject to Section 4.8(c), the Company shall reimburse Executive for Executive's necessary and reasonable business expenses incurred in connection with Executive's duties in accordance with the Company's generally applicable expense reimbursement policies as in effect from time to time.

1.5. Board Seat. Executive's membership on the Board will depend on the Company's governance practices, stockholder vote, and applicable rules of the Company, as is the case with all other members of the Board; *provided*, *however*, that once the Company's securities become publicly traded on a national securities exchange or in the over the counter market, no director, including Executive, will be permitted to serve as a member of the Board longer than ten (10) consecutive years.

1.6. Indemnification Agreement. Executive and Company shall enter into an Indemnity Agreement (the "Indemnification Agreement"), which shall be effective as of the Effective Date and is incorporated herein by reference.

1.7. Compliance with Confidentiality Agreement and Company Policies. Executive and the Company have executed the Confidentiality Agreement, which is incorporated herein by reference. In addition, Executive is required to continue to abide by the Company's policies and procedures, including but not limited to the Company's Employee Handbook, as adopted or modified from time to time within the Company's discretion; *provided*, *however*, that in the event the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

2. COVERED TERMINATION SEVERANCE BENEFITS

2.1. Severance Benefits. Upon a Covered Termination, then subject to Section 4 below and Executive's continued compliance with the terms of this Agreement, the Company shall provide Executive with the severance benefits set forth in this Section 2 (the "***Severance Benefits***").

2.2. Salary and Pro-Rata Bonus Payment. The Company shall pay Executive, as cash severance, (i) the sum of Executive's Monthly Base Salary and Pro-Rata Bonus, multiplied by (ii) the number of months in the Covered Termination Severance Period, less applicable payroll deductions and withholdings (the "***Severance***"). The Severance shall be paid (except as set forth in Section 4) in equal installments on the Company's ordinary payroll cycle commencing on the first regularly-scheduled payroll date occurring on or after the Release Deadline Date (as set forth in Section 4.1).

2.3. Health Continuation Payments.

a) The Company will pay Executive on the first day of each month a fully taxable cash payment equal to the applicable premium for Executive, his spouse and any dependents for the group health plan maintained by the Company for the month in which the Covered Termination occurs, subject to applicable tax withholdings but grossed up for all taxes owed by the Executive on such payment, for the duration of the Covered Termination Benefits Period. Such coverage shall be counted as coverage pursuant to COBRA. The Company shall have no obligation in respect of any premium payments following the effective date of the Executive's coverage by a health insurance plan of a subsequent employer. Executive shall be required to notify the Company immediately if Executive becomes covered by a health insurance plan of a subsequent employer.

b) For purposes of this Section 2.3, (i) references to COBRA shall be deemed to include analogous provisions of state law, and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by Executive under a Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of Executive.

2.4. Covered Termination Vesting Acceleration Benefit. Upon a Covered Termination, (i) the vesting and exercisability of all outstanding options to purchase the Company's common stock (or

stock appreciation rights or other rights with respect to the stock of the Company issued pursuant to any equity incentive plan of the Company) that are held by Executive on the Termination Date shall be accelerated in full, (ii) each such option shall be exercisable and to the extent not exercised, expire on the latest date permitted under the Equity Plan and (iii) any reacquisition or repurchase rights held by the Company with respect to common stock issued or issuable (or with respect to other rights with respect to the stock of the Company issued or issuable) pursuant to any other stock award granted to Executive pursuant to any equity incentive plan of the Company shall lapse.

2.5. Reimbursement of Legal Fees. The Company will reimburse Executive for actual legal fees incurred, up to a maximum of $50,000, in connection with the review of the Release, subject to and in accordance with the Company's expense reimbursement policies as in effect from time to time.

3. CHANGE IN CONTROL SEVERANCE BENEFITS

3.1. Change in Control Severance Benefits. Upon a Change in Control Termination, then subject to Section 4 below and Executive's continued compliance with the terms of this Agreement, the Company shall provide Executive with the severance benefits set forth in this Section 3 (the "***Change in Control Severance Benefits***").

3.2. Salary and Pro-Rata Bonus Payment. The Company shall pay Executive, as cash severance, (i) the sum of Executive's Monthly Base Salary and Pro-Rata Bonus, multiplied by (ii) the number of months in the Change in Control Severance Period, less applicable payroll deductions and withholdings (the "***Change in Control Severance***"). The Change in Control Severance shall be paid (except as set forth in Section 4) in equal installments on the Company's ordinary payroll cycle commencing on the first regularly-scheduled payroll date occurring on or after the Release Deadline Date.

3.3. Health Continuation Payments.

a) The Company will pay Executive on the first day of each month a fully taxable cash payment equal to the applicable premium for Executive, his spouse and any dependents for the group health plan maintained by the Company for the month in which the Change in Control Termination occurs, subject to applicable tax withholdings but grossed up for all taxes owed by the Executive on such payment, for the duration of the Change in Control Benefits Period. Such coverage shall be counted as coverage pursuant to COBRA. The Company shall have no obligation in respect of any premium payments following the effective date of the Executive's coverage by a health insurance plan of a subsequent employer. Executive shall be required to notify the Company immediately if Executive becomes covered by a health insurance plan of a subsequent employer.

b) For purposes of this Section 3.3, (i) references to COBRA shall be deemed to include analogous provisions of state law, and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by Executive under a Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of Executive.

3.4. Change in Control Termination Vesting Acceleration Benefits. Upon a Change in Control Termination, (i) the vesting and exercisability of all outstanding options to purchase the Company's common stock (or stock appreciation rights or other rights with respect to the stock of the Company issued pursuant to any equity incentive plan of the Company) that are held by Executive on the Termination Date shall be accelerated in full, (ii) each such option shall be exercisable and to the extent not exercised, expire on the latest date permitted under the Equity Plan and (iii) any reacquisition or repurchase rights held by the Company with respect to common stock issued or issuable (or with respect to other rights with respect to the stock of the Company issued or issuable) pursuant to any other stock award granted to Executive pursuant to any equity incentive plan of the Company shall lapse.

3.5. Reimbursement of Legal Fees. The Company shall reimburse Executive for actual legal fees incurred, up to a maximum of $50,000, in connection with the review of the Release, subject to and in accordance with the Company's expense reimbursement policies as in effect from time to time.

4. LIMITATIONS AND CONDITIONS ON BENEFITS

4.1. Release Prior to Payment of Severance Benefits and Change in Control Severance Benefits. The receipt of any Severance Benefits or Change in Control Severance Benefits pursuant to this Agreement is subject to Executive signing and not revoking a separation agreement and general release of claims (the "***Release***"), in substantially the form attached hereto and incorporated herein as **Exhibit A** or **Exhibit B**, as appropriate, which Release must become effective and irrevocable no later than the sixtieth (60th) day following Executive's Termination Date (the "***Release Deadline Date***"). If the Release does not become effective and irrevocable by the Release Deadline Date, Executive will forfeit any right to any Severance Benefits or Change in Control Severance Benefits under this Agreement. In no event will Severance Benefits or Change in Control Severance Benefits be paid or provided until after the Release Deadline Date. On the first regularly-scheduled payroll date occurring on or after the Release Deadline Date, the Company will pay Executive the Severance or Change in Control Severance amount that Executive would otherwise have received on or prior to such date but for the delay in payment related to the effectiveness of the Release, with the balance of the Severance or Change in Control Severance amount being paid as originally scheduled. The Company may modify the Release in its discretion to comply with changes in applicable law at any time prior to Executive's execution of such Release.

4.2. Return of Company Property. Not later than the Termination Date, or earlier if requested by the Company, Executive shall return to the Company all documents (and all copies thereof) and other property belonging to the Company that Executive has in his or her possession or control. The documents and property to be returned include, but are not limited to, all files, correspondence, email, memoranda, notes, notebooks, records, plans, forecasts, reports, studies, analyses, compilations of data, proposals, agreements, financial information, research and development information, marketing information, operational and personnel information, databases, computer-recorded information, tangible property and equipment (including, but not limited to, computers, facsimile machines, mobile telephones and servers), credit cards, entry cards, identification badges and keys, and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions thereof in whole or in part). Executive agrees to make a diligent search to locate any such documents, property and information. If Executive has used any personally owned computer, server or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, then within ten (10) business days after the Termination Date, or earlier if requested by the Company, Executive shall provide the Company with a computer-useable copy of all such information and then permanently delete and expunge such confidential or proprietary information from those systems. Executive agrees to provide the Company with a certification that the necessary copying and/or deletion is done.

4.3. Cooperation and Continued Compliance with Restrictive Covenants.

a) After the Termination Date, Executive shall cooperate fully with the Company, at reasonable times as agreed between Executive and the Company, in connection with its actual or contemplated defense, prosecution or investigation of any existing or future litigation, arbitrations, mediations, claims, demands, audits, government or regulatory inquiries, or other matters arising from events, acts or failures to act that occurred during the time period in which Executive was employed by the Company (including any period of employment with an entity acquired by the Company). Such cooperation includes, without limitation, being available upon reasonable notice, without subpoena, to provide accurate and complete advice, assistance and information to the Company, including offering and explaining evidence, providing truthful and accurate sworn statements, and participating in discovery and trial preparation and testimony. Executive also agrees to promptly send the Company copies of all

correspondence (for example, but not limited to, subpoenas) received by Executive in connection with any such legal proceedings, unless Executive is expressly prohibited by law from so doing. Nothing in this Agreement prohibits Executive from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this Agreement is intended to prohibit or restrain Executive in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation. The Company will reimburse Executive for reasonable out-of-pocket expenses incurred in connection with any such cooperation (excluding foregone wages, salary or other compensation) within thirty (30) days of Executive's timely presentation of appropriate documentation thereof, in accordance with the Company's standard reimbursement policies and procedures. The Company will reasonably accommodate Executive's scheduling needs with respect to any such cooperation after the Termination Date.

b) After the Termination Date, Executive shall continue to abide by Executive's continuing obligations under the Confidentiality Agreement.

c) From the Effective Date until two (2) years after the effective date of a Change in Control Termination, Covered Termination or termination for Cause, as applicable, Executive shall not, without the Company's prior written consent: (i) directly or indirectly, in the area of neurology, be employed, under contract with or involved with any business or not-for-profit organization that is (A) supporting patients or (B) researching, developing, manufacturing, selling or otherwise exploiting any products or technologies, that are directed towards treating rare or orphan neurological conditions or diseases and compete or might compete with products and/or services then under research or development by the Company or that are being sold by the Company; or (ii) directly or indirectly, hire or retain, or attempt to hire or retain, any of the Company's then-existing board members, employees, advisors, consultants or agents and shall not induce any such to give up employment with or to cease providing services to the Company, and shall not otherwise interfere with, or attempt to interfere with, the relationship of any such person with the Company.

d) Nothing in Section 4.3(c) shall prohibit Executive from investing as a less than five percent (5%) shareholder in securities of any company listed on a national securities exchange or quoted on an automated quotation system.

e) Executive acknowledges and agrees that Executive's obligations under this Section 4.3 are an essential part of the consideration Executive is providing hereunder in exchange for which and in reliance upon which the Company has agreed to provide the payments and benefits under this Agreement. Executive further acknowledges and agrees that Executive's violation of this Section 4.3 inevitably would involve use or disclosure of the Company's proprietary and confidential information. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 4.3 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

4.4. Parachute Payments.

a) Parachute Payment Limitation. If any payment or benefit (including payments and benefits pursuant to this Agreement) Executive would receive in connection with a Change in Control from the Company or otherwise ("***Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this paragraph, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then the Company shall cause to be determined, before any amounts of the Payment are paid to Executive, which of the following two alternative forms of payment shall be paid to Executive: (A) payment in full of the entire amount of the Payment (a "***Full Payment***"), or

(B) payment of only a part of the Payment so that Executive receives the largest payment possible without the imposition of the Excise Tax (a "***Reduced Payment***"). A Full Payment shall be made in the event that the amount received by the Executive on a net after-tax basis is greater than what would be received by the Executive on a net after-tax basis if the Reduced Payment were made, otherwise a Reduced Payment shall be made. If a Reduced Payment is made, (i) the Payment shall be paid only to the extent permitted under the Reduced Payment alternative, and Executive shall have no rights to any additional payments and/or benefits constituting the Payment, and (ii) reduction in payments and/or benefits shall occur in the following order: (A) reduction of cash payments; (B) cancellation of accelerated vesting of equity awards other than stock options; (C) cancellation of accelerated vesting of stock options; and (D) reduction of other benefits paid to Executive. In the event that acceleration of compensation from Executive's equity awards is to be reduced, such acceleration of vesting shall be canceled in the reverse order of the date of grant.

b) The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control shall make all determinations required to be made under this Section 4.4. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder.

c) The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within fifteen (15) calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by the Company or Executive) or such other time as requested by the Company or Executive. If the independent registered public accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish the Company and Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

4.5. Certain Reductions and Offsets. To the extent that any federal, state or local laws, including, without limitation, the Worker Adjustment and Retraining Notification Act or any other so-called "plant closing" laws, require the Company to give advance notice or make a payment of any kind to Executive because of Executive's involuntary termination due to a layoff, reduction in force, plant or facility closing, sale of business, change in control or any other similar event or reason, the benefits payable under this Agreement shall be correspondingly reduced. The benefits provided under this Agreement are intended to satisfy any and all statutory obligations that may arise out of Executive's involuntary termination of employment for the foregoing reasons, and the parties shall construe and enforce the terms of this Agreement accordingly.

4.6. Mitigation. Except as otherwise specifically provided herein, Executive shall not be required to mitigate damages or the amount of any payment provided under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for under this Agreement be reduced by any compensation earned by Executive as a result of employment by another employer or by any retirement benefits received by Executive after the date of a Covered Termination or Change in Control Termination (except as expressly provided in Sections 2.3 and 3.3 above).

4.7. Indebtedness of Executive. If Executive is indebted to the Company on the effective date of a Covered Termination or Change in Control Termination Date, the Company reserves the right to offset any Severance Benefits or Change in Control Severance Benefits under this Agreement by the amount of such indebtedness, subject to the requirements of Section 409A of the Code and applicable law.

4.8. Application of Section 409A.

a) Separation from Service. Notwithstanding any provision to the contrary in this Agreement, no amount deemed deferred compensation subject to Section 409A of the Code shall be payable pursuant to Section 2 or Section 3 unless Executive's termination of employment constitutes a "separation from service" with the Company within the meaning of Section 409A of the Code and the Department of Treasury Regulations and other guidance promulgated thereunder and, except as provided under Section 4.8(b) hereof, any such amount shall not be paid, or in the case of installments, commence payment, until the first regularly-scheduled payroll date occurring on or after the sixtieth (60th) day following Executive's separation from service. Any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence shall be paid to Executive on the first regularly-scheduled payroll date occurring on or after the sixtieth (60th) day after Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

b) Specified Executive. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed at the time of his or her separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of Executive's "separation from service" with the Company (as such term is defined in the Treasury Regulations issued under Section 409A of the Code) or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 4.8(b) shall be paid in a lump sum to Executive, and any remaining payments due under this Agreement shall be paid as otherwise provided herein.

c) Expense Reimbursements. To the extent that any reimbursement payable pursuant to this Agreement is subject to the provisions of Section 409A of the Code, any such reimbursement payable to Executive pursuant to this Agreement shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred; the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year; and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

d) Installments. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment.

4.9. Tax Withholding. All payments under this Agreement shall be subject to applicable withholding for federal, state and local income and employment taxes.

4.10. No Duplication of Severance Benefits. The Severance Benefits and Change in Control Severance Benefits provided in Section 2 and Section 3 are mutually exclusive of each other, and in no event shall Executive receive any Severance Benefits or Change in Control Severance Benefits pursuant to both Section 2 and Section 3.

5. TERMINATION WITH CAUSE OR BY VOLUNTARY RESIGNATION; OTHER RIGHTS AND BENEFITS

5.1. Termination for Cause; Resignation Without Good Reason; Death or Disability. If, at any time, the Company terminates Executive's employment with the Company for Cause, or upon a

voluntary resignation by Executive that is not a Resignation for Good Reason, or Executive's employment terminates for any reason not entitling Executive to the Severance Benefits or Change in Control Severance Benefits, or if Executive's employment terminates as a result of Executive's death or disability (other than a Permanent Disability in the case of a Covered Termination), then the Company shall have no further obligation to Executive hereunder except for the payment or provision, as applicable, of (i) the portion of the Annual Base Salary accrued through Executive's last day of employment, (ii) all unreimbursed expenses (if any), subject to Sections 1.4 and 4.8(c), and (iii) any unused vacation (if applicable) accrued through Executive's last day of employment. Under these circumstances, Executive will not be entitled to any other form of compensation, including any Severance Benefits or Change in Control Severance Benefits, other than Executive's rights to the vested portion of Executive's Option and any other rights to which Executive is entitled under the Company's benefit programs.

5.2. Other Rights and Benefits. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any benefit, bonus, incentive or other plans, programs, policies or practices provided by the Company and for which Executive may otherwise qualify, nor shall anything herein limit or otherwise affect such rights as Executive may have under other agreements with the Company except as provided in Section 4 and Section 5.1 above. Except as otherwise expressly provided herein, amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company at or subsequent to the date of a Change in Control shall be payable in accordance with such plan, policy, practice or program.

6. DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

6.1."***Board***" means the Board of Directors of the Company, or the compensation committee thereof, as determinations or responsibilities may be delegated by the Board to the compensation committee.

6.2. "***Cause***" shall mean a determination by the Company based upon reasonably available information of Executive's: (i) unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes harm to the Company; (ii) material breach of any agreement to which the Executive and the Company are a party resulting in harm to the Company; (iii) failure to comply with the Company's written policies or rules resulting in material harm to the Company; (iv) conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State; (v) negligence or willful misconduct relating to Executive's performance of his duties on behalf of the Company resulting in material harm to the Company; (vi) continuing failure to perform material and lawful assigned duties after receiving written notification of the failure from the CEO; (vii) failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested Executive's cooperation without prejudice or personal liability to Executive; (viii) violation of employee or ethical guidelines including, without limitation, violations of business practices and ethics commonly in place in similar companies in the United States; or (ix) violation of the code of conduct as stipulated and agreed to in the signed License Agreement, dated as of March 25, 2015, with H. Lundbeck A/S. With respect to clause (vi), Executive will be given written notice and a 30-day period in which to cure such breach. Executive agrees that the breach of any confidentiality obligation to the Company or any subsidiary shall not be curable to any extent.

6.3. "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

a) Any natural person, entity or group within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended ("***Exchange Act Person***"), becomes the owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined

voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (i) on account of the acquisition of securities of the Company by any institutional investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions that are primarily a private financing transaction for the Company or (ii) solely because the level of ownership held by any Exchange Act Person (the "***Subject Person***") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

b) There is consummated a merger, consolidation or similar transaction involving, directly or indirectly, the Company if, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not own, directly or indirectly, either (i) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (ii) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction; or

c) There is consummated a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportion as their ownership of the Company immediately prior to such sale, lease, license or other disposition.

The term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company. Notwithstanding the foregoing or any other provision of this Agreement, the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any affiliate and the participant shall supersede the foregoing definition with respect to stock awards subject to such agreement (it being understood, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply).

6.4. "***Change in Control Benefits Period***" means the period of thirty-six (36) months commencing on the Termination Date.

6.5. "***Change in Control Severance Period***" means the period of thirty-six (36) months commencing on the Termination Date.

6.6. "***Change in Control Termination***" means an "***Involuntary Termination Without Cause***" or "***Resignation for Good Reason,***" either of which occurs within three (3) months prior to or upon or within twelve (12) months following the closing of a Change in Control or Dissolution Event, provided that any such termination is a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h). Death and disability shall not be deemed Change in Control Terminations.

6.7. "***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

6.8. "***Code***" means the Internal Revenue Code of 1986, as amended.

6.9. "***Company***" means Ovid Therapeutics Inc. or, following a Change in Control, the surviving entity resulting from such transaction, or any subsequent surviving entity resulting from any subsequent Change in Control.

6.10. "***Confidentiality Agreement***" means Executive's Confidential Information and Invention Assignment Agreement with the Company, dated August 8, 2014 (or any successor agreement thereto).

6.11. "***Covered Termination***" means an "***Involuntary Termination Without Cause***" or "***Resignation for Good Reason,***" provided that any such termination is a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h). Death and disability, other than a Permanent Disability, shall not be deemed Covered Terminations. If an Involuntary Termination Without Cause or Resignation for Good Reason qualifies as a Change in Control Termination, it shall not constitute a Covered Termination.

6.12. "***Covered Termination Benefits Period***" means the period of thirty-six (36) months commencing on the Termination Date.

6.13. "***Covered Termination Severance Period***" means the period of thirty-six (36) months commencing on the Termination Date.

6.14. "***Dissolution Event***" means the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur.

6.15. "***Involuntary Termination Without Cause***" means Executive's dismissal or discharge by the Company for reasons other than Cause and other than as a result of death or disability; *provided*, *however*, that for purposes of a Covered Termination, Involuntary Termination Without Cause shall include Executive's dismissal or discharge by the Company for reasons of Permanent Disability.

6.16. "***IPO***" means the Company's first firm commitment underwritten public offering of its common stock pursuant to a registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission under the Securities Act of 1933, as amended.

6.17. "***Monthly Base Salary***" means 1/12th of Executive's Annual Base Salary (excluding incentive pay, premium pay, commissions, overtime, bonuses and other forms of variable compensation) as in effect on the date of a Covered Termination or Change in Control Termination.

6.18. "***Permanent Disability***" means total and permanent disability as defined in Code Section 22(e)(3).

6.19. "***Pro-Rata Bonus***" means 1/12th of the Target Performance Bonus paid to Executive for the calendar year preceding the calendar year in which a Covered Termination or Change in Control Termination occurs.

6.20. "***Resignation for Good Reason***" means Executive's resignation from all employee positions Executive then holds with the Company within ninety (90) days following any of the following events taken without Executive's consent, provided Executive has given the Company written notice of such event within thirty (30) days after the first occurrence of such event and the Company has not cured such event within thirty (30) days thereafter:

a) A material decrease in Executive's Annual Base Salary, other than in connection with a decrease in compensation for all comparable executives of the Company;

b) Executive's duties or responsibilities are materially diminished (not simply a change in title or reporting relationships); provided that Executive shall not be deemed to have a "***Resignation for Good Reason***" if the Company survives as a separate legal entity or business unit following the Change in Control and Executive holds materially the same position in such legal entity or business unit as Executive held before the Change in Control;

c) A relocation of Executive's principal place of work outside of a fifty (50) mile radius of its current location; or

d) The Company's material breach of this Agreement.

6.21. "***Termination Date***" means the effective date of a Covered Termination, a Change in Control Termination, a termination for Cause or any other circumstance under which the employment relationship between Executive and the Company terminates, as applicable.

7. GENERAL PROVISIONS

7.1. Employment Status. This Agreement does not constitute a contract of employment or impose upon Executive any obligation to remain as an employee, or impose on the Company any obligation (i) to retain Executive as an employee, (ii) to change the status of Executive as an at-will employee or (iii) to change the Company's policies regarding termination of employment.

7.2. Notices. Any notices provided hereunder must be in writing, and such notices or any other written communication shall be deemed effective upon the earlier of personal delivery (including personal delivery by facsimile or email transmission (to a facsimile number or email address designated in advance by the receiving party)) or the third day after mailing by first class mail, to the Company at its primary office location and to Executive at Executive's address as listed in the Company's payroll records. Any payments made by the Company to Executive under the terms of this Agreement shall be delivered to Executive either in person or at the address as listed in the Company's payroll records.

7.3. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law.

7.4. Waiver. If either party should waive any breach of any provisions of this Agreement, he, she or it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

7.5. Complete Agreement. This Agreement, together with **Exhibits A** and **B**, the Confidentiality Agreement and the Indemnification Agreement, forms the complete and exclusive statement of Executive's employment agreement with the Company, and supersedes and replaces any other agreements or promises made to Executive by anyone, whether oral or written (including but not limited to the Prior Agreement).

7.6. Amendment or Termination of Agreement; Continuation of Agreement. Except for those changes expressly reserved to the Company's or the Board's discretion in this Agreement, this Agreement may be changed or terminated only upon the mutual written consent of the Company and Executive. The written consent of the Company to a change or termination of this Agreement must be signed by an executive officer of the Company (other than Executive) after such change or termination has been approved by the Board. Unless so terminated, this Agreement shall continue in effect for as long as Executive continues to be employed by the Company or by any surviving entity following any Change in

Control. In other words, if, following a Change in Control, Executive continues to be employed by the surviving entity without a Change in Control Termination and the surviving entity then undergoes a Change in Control, following which Executive is terminated by the subsequent surviving entity in a Change in Control Termination, then Executive shall receive the benefits described in Section 3 hereof.

7.7. Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement. Facsimile and electronic image copies of signatures shall be equivalent to original signatures.

7.8. Headings. The headings of the Sections hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

7.9. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, and the Company, and any surviving entity resulting from a Change in Control and upon any other person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by the Company, and their respective successors, assigns, heirs, executors and administrators, without regard to whether or not such person actively assumes any rights or duties hereunder; *provided*, *however*, that Executive may not assign any duties hereunder and may not assign any rights hereunder without the written consent of the Company, which consent shall not be withheld unreasonably.

7.10. Choice of Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New York without regard to conflicts of law principles.

7.11. Arbitration. To ensure the rapid and economical resolution of any disputes that may arise under or relate to this Agreement or Executive's employment relationship, Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the performance, enforcement, execution, or interpretation of this Agreement, Executive's employment with the Company, or the termination of Executive's employment (collectively, " ***Claims***"), shall be resolved by final, binding, and (to the extent permitted by law) confidential arbitration before a single arbitrator in New York, New York. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. Section 1 *et seq.*, as amended, and shall be administered by the Judicial Arbitration & Mediation Services, Inc. ("***JAMS***"), in accordance with its then-current Employment Arbitration Rules & Procedures (the "***JAMS Rules***"). The JAMS Rules are available online at http://www.jamsadr.com/rules-employment-arbitration/. The parties or their representatives may also call JAMS at 800.352.5267 if they have questions about the arbitration process. If the JAMS Rules are inconsistent with the terms of this Agreement, the terms of this Agreement shall govern. Notwithstanding the foregoing, this provision shall exclude Claims that by law are not subject to arbitration. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of all Claims and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. The Company shall pay all JAMS fees in excess of the amount of filing and other court-related fees Executive would have been required to pay if the Claims were asserted in a court of law. EXECUTIVE AND THE COMPANY UNDERSTAND AND FULLY AGREE THAT BY ENTERING INTO THIS AGREEMENT, BOTH EXECUTIVE AND THE COMPANY ARE GIVING UP THE CONSTITUTIONAL RIGHT TO HAVE A TRIAL BY JURY, AND ARE GIVING UP THE NORMAL RIGHTS OF APPEAL FOLLOWING THE RENDERING OF A DECISION, EXCEPT AS THE FEDERAL ARBITRATION ACT AND APPLICABLE FEDERAL LAW ALLOW FOR JUDICIAL REVIEW OF ARBITRATION PROCEEDINGS. Nothing in this Agreement shall prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or final orders in such arbitrations may be entered and enforced as

judgments or orders in the federal and state courts of any competent jurisdiction in compliance with Section 7.11 of this Agreement.

7.12. Construction of Agreement. In the event of a conflict between the text of this Agreement and any summary, description or other information regarding this Agreement, the text of this Agreement shall control.

7.13. Circular 230 Disclaimer. **THE FOLLOWING DISCLAIMER IS PROVIDED IN ACCORDANCE WITH THE INTERNAL REVENUE SERVICE'S CIRCULAR 230 (21 C.F.R. PART 10). ANY TAX ADVICE CONTAINED IN THIS AGREEMENT IS INTENDED TO BE PRELIMINARY, FOR DISCUSSION PURPOSES ONLY AND NOT FINAL. ANY SUCH ADVICE IS NOT INTENDED TO BE USED FOR MARKETING, PROMOTING OR RECOMMENDING ANY TRANSACTION OR FOR THE USE OF ANY PERSON IN CONNECTION WITH THE PREPARATION OF ANY TAX RETURN. ACCORDINGLY, THIS ADVICE IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON.**

REVIEWED, UNDERSTOOD AND ACCEPTED:

OVID THERAPEUTICS INC.	**EXECUTIVE**
By: /s/ Jeremy Levin	By: /s/ Matthew During
Name: Jeremy Levin	Name: Matthew During
Title: Chief Executive Officer	

Exhibit A: Release (Individual Termination – Age 40 or Older)

Exhibit B: Release (Group Termination – Age 40 or Older)

EXHIBIT A

RELEASE

(INDIVIDUAL TERMINATION – AGE 40 OR OLDER)

Certain capitalized terms used in this Release are defined in the Amended and Restated Executive Employment Agreement between me and Ovid Therapeutics Inc. (the "***Company***") (the "***Agreement***"), which I have executed and of which this Release is a part.

I hereby acknowledge and reaffirm my continuing obligations under the Confidentiality Agreement.

In exchange for the consideration provided to me under the Agreement, to which I would not otherwise be entitled, I hereby generally and completely release the Company, its parents and subsidiaries, and its and their current and former officers, directors, agents, servants, employees, shareholders, partners, attorneys, insurers, predecessors, successors, assigns and affiliates (collectively, the "***Released Parties***") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct or omissions occurring prior to or on the date I sign this Release (collectively, the "***Released Claims***"). The Released Claims include but are not limited to: (A) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (B) all claims related to compensation or benefits from the Company, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity or profits interests in the Company; (C) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress and discharge in violation of public policy; and (E) all federal, state and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees or other claims arising under the federal Civil Rights Act of 1964, the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (the "***ADEA***"), the New York Human Rights Laws, the New York City Human Rights Law, the New York Civil Rights Act, the New York Minimum Wage Law, the Equal Pay Law for New York, the Massachusetts Wage Act and the Massachusetts Fair Employment Practices Act.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA, and that the consideration given for the waiver and release in this Release is in addition to anything of value to which I am already entitled. I further acknowledge that I have been advised, as required by the ADEA, that: (A) my waiver and release do not apply to any rights or claims that may arise after the date that I sign this Release; (B) I should consult with an attorney prior to signing this Release (although I may choose voluntarily to sign it earlier); (C) I have twenty-one (21) days to consider this Release (although I may choose voluntarily to sign it earlier); (D) I have seven (7) days following the date I sign this Release to revoke it (by providing written notice of my revocation to the CEO); and (E) this Release shall not be effective until the date upon which the revocation period has expired, which shall be the eighth (8th) day after the date that I sign this Release provided that I do not revoke it.

I UNDERSTAND THAT THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, EVEN THOSE CLAIMS THAT, IF KNOWN BY ME, WOULD AFFECT MY DECISION TO ACCEPT THIS AGREEMENT. In giving the releases set forth in this Release, which include claims which may be unknown to me at present, I hereby expressly waive and relinquish all rights and benefits under any law or legal principle of similar effect in any jurisdiction with

respect to my release of claims herein, including but not limited to the release of unknown and unsuspected claims.

Notwithstanding the foregoing, I understand that the following are not included in the Released Claims (the "***Excluded Claims***"): (i) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party or under applicable law; (ii) any rights which cannot be waived as a matter of law; (iii) any rights I have to file or pursue a claim for workers' compensation or unemployment insurance; and (iv) any claims for breach of this Agreement. **In addition, nothing in this Release shall prevent me from filing, cooperating with or participating in any proceeding before any federal, state or other government agency, except that I acknowledge and agree and hereby waive my right to any monetary benefits in connection with any such claim, charge or proceeding before the Equal Employment Opportunity Commission, the Department of Labor, or any analogous federal, state or other government agency with regard to any claim released herein.** I represent that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I hereby represent that I have been paid all compensation owed and for all time worked; I have received all the leave and leave benefits and protections for which I am eligible pursuant to the federal Family and Medical Leave Act, any applicable law or Company policy; and I have not suffered any on-the-job injury or illness for which I have not already filed a workers' compensation claim.

I agree not to disparage the Company, and the Company's officers, directors, employees, shareholder, members and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. Similarly, I understand that the Company agrees to direct its directors and officers not to disparage me in any manner likely to be harmful to my business reputation or personal reputation. Nothing in this provision, however, shall prevent either me or the Company from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this provision or this Release is intended to prohibit or restrain me in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation.

EXECUTIVE:

_____

Signature

_____

Printed Name

Date: _____

EXHIBIT B

RELEASE

(GROUP TERMINATION – AGE 40 OR OLDER)

Certain capitalized terms used in this Release are defined in the Amended and Restated Executive Employment Agreement between me and Ovid Therapeutics Inc. (the "***Company***") (the "***Agreement***"), which I have executed and of which this Release is a part.

I hereby acknowledge and reaffirm my continuing obligations under the Confidentiality Agreement.

In exchange for the consideration provided to me under the Agreement, to which I would not otherwise be entitled, I hereby generally and completely release the Company, its parents and subsidiaries, and its and their current and former officers, directors, agents, servants, employees, shareholders, partners, attorneys, insurers, predecessors, successors, assigns and affiliates (collectively, the "***Released Parties***") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct or omissions occurring prior to or on the date I sign this Release (collectively, the "***Released Claims***"). The Released Claims include but are not limited to: (A) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (B) all claims related to compensation or benefits from the Company, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity or profits interests in the Company; (C) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress and discharge in violation of public policy; and (E) all federal, state and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees or other claims arising under the federal Civil Rights Act of 1964, the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (the "***ADEA***"), the New York Human Rights Laws, the New York City Human Rights Law, the New York Civil Rights Act, the New York Minimum Wage Law, the Equal Pay Law for New York, the Massachusetts Wage Act and the Massachusetts Fair Employment Practices Act.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA, and that the consideration given for the waiver and release in this Release is in addition to anything of value to which I am already entitled. I further acknowledge that I have been advised, as required by the ADEA, that: (A) my waiver and release do not apply to any rights or claims that may arise after the date that I sign this Release; (B) I should consult with an attorney prior to signing this Release (although I may choose voluntarily to sign it earlier); (C) I have forty-five (45) days to consider this Release (although I may choose voluntarily to sign it earlier); (D) I have seven (7) days following the date I sign this Release to revoke it (by providing written notice of my revocation to the CEO); and (E) this Release shall not be effective until the date upon which the revocation period has expired, which shall be the eighth (8th) day after the date that I sign this Release provided that I do not revoke it. I further acknowledge that the Company has provided me with ADEA disclosure information (under 29 U.S.C. § 626(f)(1)(H)).

I UNDERSTAND THAT THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, EVEN THOSE CLAIMS THAT, IF KNOWN BY ME, WOULD AFFECT MY DECISION TO ACCEPT THIS AGREEMENT. In giving the releases set forth in this Release, which include claims which may be unknown to me at present, I hereby expressly waive and

relinquish all rights and benefits under any law or legal principle of similar effect in any jurisdiction with respect to my release of claims herein, including but not limited to the release of unknown and unsuspected claims.

Notwithstanding the foregoing, I understand that the following are not included in the Released Claims (the "***Excluded Claims***"): (i) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party or under applicable law; (ii) any rights which cannot be waived as a matter of law; (iii) any rights I have to file or pursue a claim for workers' compensation or unemployment insurance; and (iv) any claims for breach of this Agreement. **In addition, nothing in this Release shall prevent me from filing, cooperating with or participating in any proceeding before any federal, state or other government agency, except that I acknowledge and agree and hereby waive my right to any monetary benefits in connection with any such claim, charge or proceeding before the Equal Employment Opportunity Commission, the Department of Labor, or any analogous federal, state or other government agency with regard to any claim released herein.** I represent that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I hereby represent that I have been paid all compensation owed and for all time worked; I have received all the leave and leave benefits and protections for which I am eligible pursuant to the federal Family and Medical Leave Act, any applicable law or Company policy; and I have not suffered any on-the-job injury or illness for which I have not already filed a workers' compensation claim.

I agree not to disparage the Company, and the Company's officers, directors, employees, shareholder, members and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. Similarly, I understand that the Company agrees to direct its directors and officers not to disparage me in any manner likely to be harmful to my business reputation or personal reputation. Nothing in this provision, however, shall prevent either me or the Company from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this provision or this Release is intended to prohibit or restrain me in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation.

EXECUTIVE:

_____

Signature

_____

Printed Name

Date: _____

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

Yaron Werber ("***Executive***") is currently employed by **OVID THERAPEUTICS INC.** (the "***Company***") as its Chief Business and Financial Officer pursuant to the terms of an Executive Employment Agreement with the Company dated May 31, 2015 (the "***Prior Agreement***"). Executive and the Company hereby agree to amend and restate the Prior Agreement. The terms and conditions set forth in this **AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT** (this "***Agreement***") shall become effective as of the effective date of the first registration statement filed by the Company to register shares of its common stock for sale to the public through one or more underwriters (the "***Effective Date***"), and shall supersede and replace the terms and conditions set forth in the Prior Agreement. Certain capitalized terms used in this Agreement are defined in Section 6.

WHEREAS, the Company is a biopharmaceutical company;

WHEREAS, the Company desires for Executive to continue to provide services to the Company, and wishes to provide Executive with certain compensation and benefits in return for such services, as set forth in this Agreement; and

WHEREAS, Executive wishes to continue to be employed by the Company and to provide personal services to the Company in return for certain compensation and benefits, as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Executive agree as follows:

1. TERMS OF EMPLOYMENT

1.1. Position, Duties and Location. Executive shall continue to serve as Chief Business and Financial Officer, reporting to the Company's Chief Executive Officer ("***CEO***"). Executive shall perform those duties and responsibilities as are customary for such position and as may be directed by the Company and the Board from time to time, including: (1) planning, implementing, managing and controlling all financial-related activities of the Company, including being directly responsible for accounting, finance, forecasting, strategic planning, job costing, legal, property management, deal analysis, investor relationships and partnership compliance and private and institutional financing; (2) giving active consideration and input to all major decisions of the Company; (3) evaluating and advising on the impact of long range planning, introduction of new programs/strategies and regulation action; (4) providing leadership in the development of continuous evaluations of short and long-term strategic financial objectives; (5) being actively involved in assessing and negotiating deals; (6) developing strong relationships with all of the Company's current investor groups, cultivating additional strategic investors, managing investor relations and setting standards for the industry; (7) providing executive management with advice on the financial implications of business activities; (8) providing recommendations to strategically enhance financial performance and business opportunities; (9) directing and overseeing all aspects of the Company's finance and accounting functions; (10) ensuring credibility of the Company's finance group by providing timely and accurate analyses of budgets, financial trends and forecasts; (11) establishing and maintaining strong relationships with senior executives so as to identify their needs and the full range of business solutions; (12) managing processes for financial forecasting, budgets and consolidation, and reporting to the Company; (13) ensuring that effective internal controls are in place and ensuring compliance with GAAP and applicable federal, state and local regulatory laws and rules for financial and tax reporting; (14) managing business development activities, including in-licensing, acquisitions of products and technologies, mergers and acquisitions and entering into collaborations; (15) running alliance management; (16) furthering pipeline development; (17) assisting with general operations

and IT activities; (18) coordinating and developing strategies for the Company; and (19) managing investor relations, the media and social media. During Executive's employment with the Company, Executive shall devote Executive's best efforts and substantially all of Executive's business time and attention to the business of the Company, except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company's general employment policies. Executive's primary office location will be the Company's offices in New York, New York. Notwithstanding the foregoing, the Company reserves the right to reasonably require Executive to perform Executive's duties at places other than Executive's primary office location from time to time, and to require reasonable business travel. During Executive's employment with the Company, Executive shall not engage in any activity that conflicts with or is detrimental to the Company's best interests, as determined by the CEO. Provided that Executive obtains the CEO's prior written consent for each of the following activities, which consent shall not be unreasonably withheld, and that none of the following activities involve activities in the area of neurology, detract from Ovid's reputation, impact Executive's full time duties to the Company, or could reasonably result in the disclosure or use of the Company's proprietary or confidential information, Executive may sit on the board of one company, advise venture capital or similar funds and invest in biotechnology stocks. The CEO may rescind the CEO's consent to Executive's service as a director of all other companies, or participation in other business or public activities, if the CEO, in the CEO's sole discretion, determines that such activities compromise or threaten to compromise the Company's business interests or conflict with Executive's duties to the Company.

1.2. Employment Term. Executive will be employed by the Company on an "at-will" basis. This means that either the Company or Executive may terminate Executive's employment at any time, for any reason, with or without Cause, and with or without advance notice (provided that Resignation for Good Reason (as defined below) requires certain advanced notice by Executive of Executive's termination of employment). Subject to the terms herein, it also means that Executive's job title, duties, responsibilities, reporting level, compensation and benefits, as well as the Company's personnel policies and procedures, may be changed with or without notice at any time in the Company's sole discretion. This at-will employment relationship shall not be modified by any conflicting actions or representations of any Company employee or other party before or during the term of Executive's employment.

1.3. Compensation.

a) Annual Base Salary. Executive's annual base salary shall be paid at the rate of $412,000 per year ("***Annual Base Salary***"), payable in equal installments, less applicable payroll deductions and withholdings, on the Company's ordinary payroll cycle. Executive's Annual Base Salary shall be subject to annual review by the Board and may be adjusted from time to time; *provided*, *however*, that if the Board determines, as set forth in Section 1.3(c), that one hundred percent (100%) of the written Company and individual objectives have been achieved for a given calendar year, then the Annual Base Salary shall be adjusted for the following calendar year such that it is approximately equal to the seventy-fifth (75^{th}) percentile of base salaries of peer group public company chief financial officers, as determined by Radford or another reputable compensation consultant selected by the Board in its sole discretion. As an exempt salaried employee, Executive will be required to work the Company's normal business hours, and such additional time as appropriate for Executive's work assignments and position, and Executive will not be entitled to overtime compensation.

b) Benefits. Executive will continue to be eligible to participate in all of the Company's employee benefits and benefit plans that the Company generally makes available to its full-time employees and executives in accordance with the terms and conditions of the benefit plans and applicable policies as in effect from time to time. In accordance with the Company's policies and procedures, as in effect from time to time, Executive will be eligible to accrue fourteen (14) days of paid vacation per year and ten (10) days of paid sick leave per year.

c) **Bonus**. Executive shall be eligible to earn an annual performance bonus of at least thirty percent (30%) of Executive's Annual Base Salary (the "***Target Performance Bonus***"). The Target Performance Bonus shall be based upon the Company's assessment of Executive's attainment of written Company and individual objectives as set by the Company in its sole discretion. The Company may increase the Target Performance Bonus in its sole discretion. Bonus payments, if any, shall be subject to applicable payroll deductions and withholdings. Following the close of each calendar year, the Company shall determine whether Executive has earned a Target Performance Bonus, and the amount of any such bonus, based on the achievement of such objectives. Except as provided in Sections 2.2 and 3.2, Executive must be an employee of the Company in good standing on the Target Performance Bonus payment date to be eligible to receive a Target Performance Bonus, and no partial or prorated bonuses shall be provided. The Target Performance Bonus, if earned, shall be paid on or before March 15th of the calendar year after the applicable bonus year. Executive's bonus eligibility is subject to change in the discretion of the Company.

d) **Equity Compensation**. Executive has already been granted options to purchase shares of the Company's common stock, which shall continue to be governed by the terms of the applicable stock option agreements, grant notices and the Company's 2014 Equity Incentive Plan, as amended (the "***Equity Plan***"). At the discretion of the Board, Executive shall be eligible to receive additional options to purchase shares of the Company's common stock.

1.4. **Reimbursement of Expenses**. Subject to Section 4.8(c), the Company shall reimburse Executive for Executive's necessary and reasonable business expenses incurred in connection with Executive's duties in accordance with the Company's generally applicable expense reimbursement policies as in effect from time to time.

1.5. **Board Attendance**. Executive shall attend all meetings of the Board upon invitation by the Board's Chairman. Executive will be expected to attend all meetings of the Audit Committee of the Board (the "***Audit Committee***"), unless Executive is asked by the Chairman of the Audit Committee to excuse himself from such meeting.

1.6. **Indemnification Agreement**. Executive and Company shall enter into an Indemnity Agreement (the "Indemnification Agreement"), which shall be effective as of the Effective Date and is incorporated herein by reference.

1.7. **Compliance with Confidentiality Agreement and Company Policies.** Executive and the Company have executed the Confidentiality Agreement, which is incorporated herein by reference. In addition, Executive is required to continue to abide by the Company's policies and procedures, including but not limited to the Company's Employee Handbook, as adopted or modified from time to time within the Company's discretion; *provided*, *however*, that in the event the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

2. COVERED TERMINATION SEVERANCE BENEFITS

2.1. **Severance Benefits**. Upon a Covered Termination, then subject to Section 4 below and Executive's continued compliance with the terms of this Agreement, the Company shall provide Executive with the severance benefits set forth in this Section 2 (the "***Severance Benefits***").

2.2. **Salary and Pro-Rata Bonus Payment**. The Company shall pay Executive, as cash severance, (i) the sum of Executive's Monthly Base Salary and Pro-Rata Bonus, multiplied by (ii) the number of months in the Covered Termination Severance Period, less applicable payroll deductions and withholdings (the "***Severance***"). The Severance shall be paid (except as set forth in Section 4) in equal installments on the Company's ordinary payroll cycle commencing on the first regularly-scheduled payroll date occurring on or after the Release Deadline Date (as set forth in Section 4.1).

2.3. Health Continuation Payments.

a) The Company will pay Executive on the first day of each month a fully taxable cash payment equal to the applicable premium for Executive, his spouse and any dependents for the group health plan maintained by the Company for the month in which the Covered Termination occurs, subject to applicable tax withholdings but grossed up for all taxes owed by the Executive on such payment, for the duration of the Covered Termination Benefits Period. Such coverage shall be counted as coverage pursuant to COBRA. The Company shall have no obligation in respect of any premium payments following the effective date of the Executive's coverage by a health insurance plan of a subsequent employer. Executive shall be required to notify the Company immediately if Executive becomes covered by a health insurance plan of a subsequent employer.

b) For purposes of this Section 2.3, (i) references to COBRA shall be deemed to include analogous provisions of state law, and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by Executive under a Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of Executive.

2.4. Covered Termination Vesting Acceleration Benefit. Upon a Covered Termination, (i) the vesting and exercisability of all outstanding options to purchase the Company's common stock (or stock appreciation rights or other rights with respect to the stock of the Company issued pursuant to any equity incentive plan of the Company) that are held by Executive on the Termination Date shall be accelerated in full, (ii) each such option shall be exercisable and to the extent not exercised, expire on the latest date permitted under the Equity Plan and (iii) any reacquisition or repurchase rights held by the Company with respect to common stock issued or issuable (or with respect to other rights with respect to the stock of the Company issued or issuable) pursuant to any other stock award granted to Executive pursuant to any equity incentive plan of the Company shall lapse.

2.5. Reimbursement of Legal Fees. The Company will reimburse Executive for actual legal fees incurred, up to a maximum of $25,000, in connection with the review of the Release, subject to and in accordance with the Company's expense reimbursement policies as in effect from time to time.

3. CHANGE IN CONTROL SEVERANCE BENEFITS

3.1. Change in Control Severance Benefits. Upon a Change in Control Termination, then subject to Section 4 below and Executive's continued compliance with the terms of this Agreement, the Company shall provide Executive with the severance benefits set forth in this Section 3 (the "***Change in Control Severance Benefits***").

3.2. Salary and Pro-Rata Bonus Payment. The Company shall pay Executive, as cash severance, (i) the sum of Executive's Monthly Base Salary and Pro-Rata Bonus, multiplied by (ii) the number of months in the Change in Control Severance Period, less applicable payroll deductions and withholdings (the "***Change in Control Severance***"). The Change in Control Severance shall be paid (except as set forth in Section 4) in equal installments on the Company's ordinary payroll cycle commencing on the first regularly-scheduled payroll date occurring on or after the Release Deadline Date.

3.3. Health Continuation Payments.

a)The Company will pay Executive on the first day of each month a fully taxable cash payment equal to the applicable premium for Executive, his spouse and any dependents for the group health plan maintained by the Company for the month in which the Change in Control Termination occurs, subject to applicable tax withholdings but grossed up for all taxes owed by the Executive on such payment, for the duration of the Change in Control Benefits Period. Such coverage shall be counted as coverage pursuant to COBRA. The Company shall have no obligation in respect of any premium payments following

the effective date of the Executive's coverage by a health insurance plan of a subsequent employer. Executive shall be required to notify the Company immediately if Executive becomes covered by a health insurance plan of a subsequent employer.

b) For purposes of this Section 3.3, (i) references to COBRA shall be deemed to include analogous provisions of state law, and (ii) any applicable insurance premiums that are paid by the Company shall not include any amounts payable by Executive under a Code Section 125 health care reimbursement plan, which amounts, if any, are the sole responsibility of Executive.

3.4. Change in Control Termination Vesting Acceleration Benefits. Upon a Change in Control Termination, (i) the vesting and exercisability of all outstanding options to purchase the Company's common stock (or stock appreciation rights or other rights with respect to the stock of the Company issued pursuant to any equity incentive plan of the Company) that are held by Executive on the Termination Date shall be accelerated in full, (ii) each such option shall be exercisable and to the extent not exercised, expire on the latest date permitted under the Equity Plan and (iii) any reacquisition or repurchase rights held by the Company with respect to common stock issued or issuable (or with respect to other rights with respect to the stock of the Company issued or issuable) pursuant to any other stock award granted to Executive pursuant to any equity incentive plan of the Company shall lapse.

3.5. Reimbursement of Legal Fees. The Company shall reimburse Executive for actual legal fees incurred, up to a maximum of $25,000, in connection with the review of the Release, subject to and in accordance with the Company's expense reimbursement policies as in effect from time to time.

4. LIMITATIONS AND CONDITIONS ON BENEFITS

4.1. Release Prior to Payment of Severance Benefits and Change in Control Severance Benefits. The receipt of any Severance Benefits or Change in Control Severance Benefits pursuant to this Agreement is subject to Executive signing and not revoking a separation agreement and general release of claims (the "***Release***"), in substantially the form attached hereto and incorporated herein as **Exhibit A** or **Exhibit B**, as appropriate, which Release must become effective and irrevocable no later than the sixtieth (60th) day following Executive's Termination Date (the "***Release Deadline Date***"). If the Release does not become effective and irrevocable by the Release Deadline Date, Executive will forfeit any right to any Severance Benefits or Change in Control Severance Benefits under this Agreement. In no event will Severance Benefits or Change in Control Severance Benefits be paid or provided until after the Release Deadline Date. On the first regularly-scheduled payroll date occurring on or after the Release Deadline Date, the Company will pay Executive the Severance or Change in Control Severance amount that Executive would otherwise have received on or prior to such date but for the delay in payment related to the effectiveness of the Release, with the balance of the Severance or Change in Control Severance amount being paid as originally scheduled. The Company may modify the Release in its discretion to comply with changes in applicable law at any time prior to Executive's execution of such Release.

4.2. Return of Company Property. Not later than the Termination Date, or earlier if requested by the Company, Executive shall return to the Company all documents (and all copies thereof) and other property belonging to the Company that Executive has in his or her possession or control. The documents and property to be returned include, but are not limited to, all files, correspondence, email, memoranda, notes, notebooks, records, plans, forecasts, reports, studies, analyses, compilations of data, proposals, agreements, financial information, research and development information, marketing information, operational and personnel information, databases, computer-recorded information, tangible property and equipment (including, but not limited to, computers, facsimile machines, mobile telephones and servers), credit cards, entry cards, identification badges and keys, and any materials of any kind which contain or embody any proprietary or confidential information of the Company (and all reproductions thereof in whole or in part). Executive agrees to make a diligent search to locate any such documents, property and

information. If Executive has used any personally owned computer, server or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, then within ten (10) business days after the Termination Date, or earlier if requested by the Company, Executive shall provide the Company with a computer-useable copy of all such information and then permanently delete and expunge such confidential or proprietary information from those systems. Executive agrees to provide the Company with a certification that the necessary copying and/or deletion is done.

4.3. Cooperation and Continued Compliance with Restrictive Covenants.

a) After the Termination Date, Executive shall cooperate fully with the Company, at reasonable times as agreed between Executive and the Company, in connection with its actual or contemplated defense, prosecution or investigation of any existing or future litigation, arbitrations, mediations, claims, demands, audits, government or regulatory inquiries, or other matters arising from events, acts or failures to act that occurred during the time period in which Executive was employed by the Company (including any period of employment with an entity acquired by the Company). Such cooperation includes, without limitation, being available upon reasonable notice, without subpoena, to provide accurate and complete advice, assistance and information to the Company, including offering and explaining evidence, providing truthful and accurate sworn statements, and participating in discovery and trial preparation and testimony. Executive also agrees to promptly send the Company copies of all correspondence (for example, but not limited to, subpoenas) received by Executive in connection with any such legal proceedings, unless Executive is expressly prohibited by law from so doing. Nothing in this Agreement prohibits Executive from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this Agreement is intended to prohibit or restrain Executive in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation. The Company will reimburse Executive for reasonable out-of-pocket expenses incurred in connection with any such cooperation (excluding foregone wages, salary or other compensation) within thirty (30) days of Executive's timely presentation of appropriate documentation thereof, in accordance with the Company's standard reimbursement policies and procedures. The Company will reasonably accommodate Executive's scheduling needs with respect to any such cooperation after the Termination Date.

b) After the Termination Date, Executive shall continue to abide by Executive's continuing obligations under the Confidentiality Agreement.

c) From the Effective Date until two (2) years after the effective date of a Change in Control Termination, Covered Termination or termination for Cause, as applicable, Executive shall not, without the Company's prior written consent: (i) directly or indirectly, in the area of neurology, be employed, under contract with or involved with any business or not-for-profit organization that is (A) supporting patients or (B) researching, developing, manufacturing, selling or otherwise exploiting any products or technologies, that are directed towards treating rare or orphan neurological conditions or diseases and compete or might compete with products and/or services then under research or development by the Company or that are being sold by the Company; or (ii) directly or indirectly, hire or retain, or attempt to hire or retain, any of the Company's then-existing board members, employees, advisors, consultants or agents and shall not induce any such to give up employment with or to cease providing services to the Company, and shall not otherwise interfere with, or attempt to interfere with, the relationship of any such person with the Company.

d) Nothing in Section 4.3(c) shall prohibit Executive from investing as a less than five percent (5%) shareholder in securities of any company listed on a national securities exchange or quoted on an automated quotation system.

e) Executive acknowledges and agrees that Executive's obligations under this Section 4.3 are an essential part of the consideration Executive is providing hereunder in exchange for which and in reliance upon which the Company has agreed to provide the payments and benefits under this Agreement. Executive further acknowledges and agrees that Executive's violation of this Section 4.3 inevitably would involve use or disclosure of the Company's proprietary and confidential information. If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 4.3 is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

4.4. Parachute Payments.

a) Parachute Payment Limitation. If any payment or benefit (including payments and benefits pursuant to this Agreement) Executive would receive in connection with a Change in Control from the Company or otherwise ("***Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this paragraph, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then the Company shall cause to be determined, before any amounts of the Payment are paid to Executive, which of the following two alternative forms of payment shall be paid to Executive: (A) payment in full of the entire amount of the Payment (a "***Full Payment***"), or (B) payment of only a part of the Payment so that Executive receives the largest payment possible without the imposition of the Excise Tax (a "***Reduced Payment***"). A Full Payment shall be made in the event that the amount received by the Executive on a net after-tax basis is greater than what would be received by the Executive on a net after-tax basis if the Reduced Payment were made, otherwise a Reduced Payment shall be made. If a Reduced Payment is made, (i) the Payment shall be paid only to the extent permitted under the Reduced Payment alternative, and Executive shall have no rights to any additional payments and/or benefits constituting the Payment, and (ii) reduction in payments and/or benefits shall occur in the following order: (A) reduction of cash payments; (B) cancellation of accelerated vesting of equity awards other than stock options; (C) cancellation of accelerated vesting of stock options; and (D) reduction of other benefits paid to Executive. In the event that acceleration of compensation from Executive's equity awards is to be reduced, such acceleration of vesting shall be canceled in the reverse order of the date of grant.

b) The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control shall make all determinations required to be made under this Section 4.4. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder.

c) The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within fifteen (15) calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by the Company or Executive) or such other time as requested by the Company or Executive. If the independent registered public accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish the Company and Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

4.5. Certain Reductions and Offsets. To the extent that any federal, state or local laws, including, without limitation, the Worker Adjustment and Retraining Notification Act or any other so-called

"plant closing" laws, require the Company to give advance notice or make a payment of any kind to Executive because of Executive's involuntary termination due to a layoff, reduction in force, plant or facility closing, sale of business, change in control or any other similar event or reason, the benefits payable under this Agreement shall be correspondingly reduced. The benefits provided under this Agreement are intended to satisfy any and all statutory obligations that may arise out of Executive's involuntary termination of employment for the foregoing reasons, and the parties shall construe and enforce the terms of this Agreement accordingly.

4.6. Mitigation. Except as otherwise specifically provided herein, Executive shall not be required to mitigate damages or the amount of any payment provided under this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for under this Agreement be reduced by any compensation earned by Executive as a result of employment by another employer or by any retirement benefits received by Executive after the date of a Covered Termination or Change in Control Termination (except as expressly provided in Sections 2.3 and 3.3 above).

4.7. Indebtedness of Executive. If Executive is indebted to the Company on the effective date of a Covered Termination or Change in Control Termination Date, the Company reserves the right to offset any Severance Benefits or Change in Control Severance Benefits under this Agreement by the amount of such indebtedness, subject to the requirements of Section 409A of the Code and applicable law.

4.8. Application of Section 409A.

a) Separation from Service. Notwithstanding any provision to the contrary in this Agreement, no amount deemed deferred compensation subject to Section 409A of the Code shall be payable pursuant to Section 2 or Section 3 unless Executive's termination of employment constitutes a "separation from service" with the Company within the meaning of Section 409A of the Code and the Department of Treasury Regulations and other guidance promulgated thereunder and, except as provided under Section 4.8(b) hereof, any such amount shall not be paid, or in the case of installments, commence payment, until the first regularly-scheduled payroll date occurring on or after the sixtieth (60th) day following Executive's separation from service. Any installment payments that would have been made to Executive during the sixty (60) day period immediately following Executive's separation from service but for the preceding sentence shall be paid to Executive on the first regularly-scheduled payroll date occurring on or after the sixtieth (60th) day after Executive's separation from service and the remaining payments shall be made as provided in this Agreement.

b) Specified Executive. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed at the time of his or her separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six (6)-month period measured from the date of Executive's "separation from service" with the Company (as such term is defined in the Treasury Regulations issued under Section 409A of the Code) or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 4.8(b) shall be paid in a lump sum to Executive, and any remaining payments due under this Agreement shall be paid as otherwise provided herein.

c) Expense Reimbursements. To the extent that any reimbursement payable pursuant to this Agreement is subject to the provisions of Section 409A of the Code, any such reimbursement payable to Executive pursuant to this Agreement shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred; the amount of expenses reimbursed in one year shall

not affect the amount eligible for reimbursement in any subsequent year; and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

d) Installments. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment.

4.9. Tax Withholding. All payments under this Agreement shall be subject to applicable withholding for federal, state and local income and employment taxes.

4.10. No Duplication of Severance Benefits. The Severance Benefits and Change in Control Severance Benefits provided in Section 2 and Section 3 are mutually exclusive of each other, and in no event shall Executive receive any Severance Benefits or Change in Control Severance Benefits pursuant to both Section 2 and Section 3.

5. TERMINATION WITH CAUSE OR BY VOLUNTARY RESIGNATION; OTHER RIGHTS AND BENEFITS

5.1. Termination for Cause; Resignation Without Good Reason; Death or Disability. If, at any time, the Company terminates Executive's employment with the Company for Cause, or upon a voluntary resignation by Executive that is not a Resignation for Good Reason, or Executive's employment terminates for any reason not entitling Executive to the Severance Benefits or Change in Control Severance Benefits, or if Executive's employment terminates as a result of Executive's death or disability (other than a Permanent Disability in the case of a Covered Termination), then the Company shall have no further obligation to Executive hereunder except for the payment or provision, as applicable, of (i) the portion of the Annual Base Salary accrued through Executive's last day of employment, (ii) all unreimbursed expenses (if any), subject to Sections 1.4 and 4.8(c), and (iii) any unused vacation (if applicable) accrued through Executive's last day of employment. Under these circumstances, Executive will not be entitled to any other form of compensation, including any Severance Benefits or Change in Control Severance Benefits, other than Executive's rights to the vested portion of Executive's Option and any other rights to which Executive is entitled under the Company's benefit programs.

5.2. Other Rights and Benefits. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any benefit, bonus, incentive or other plans, programs, policies or practices provided by the Company and for which Executive may otherwise qualify, nor shall anything herein limit or otherwise affect such rights as Executive may have under other agreements with the Company except as provided in Section 4 and Section 5.1 above. Except as otherwise expressly provided herein, amounts that are vested benefits or that Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company at or subsequent to the date of a Change in Control shall be payable in accordance with such plan, policy, practice or program.

6. DEFINITIONS

For purposes of this Agreement, the following definitions shall apply:

6.1."***Board***" means the Board of Directors of the Company, or the compensation committee thereof, as determinations or responsibilities may be delegated by the Board to the compensation committee.

6.2. "***Cause***" shall mean a determination by the Company based upon reasonably available information of Executive's: (i) unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes harm to the Company; (ii) material breach of any agreement

to which the Executive and the Company are a party resulting in harm to the Company; (iii) failure to comply with the Company's written policies or rules resulting in material harm to the Company; (iv) conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State; (v) negligence or willful misconduct relating to Executive's performance of his duties on behalf of the Company resulting in material harm to the Company; (vi) continuing failure to perform material and lawful assigned duties after receiving written notification of the failure from the CEO; (vii) failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested Executive's cooperation without prejudice or personal liability to Executive; (viii) violation of employee or ethical guidelines including, without limitation, violations of business practices and ethics commonly in place in similar companies in the United States; or (ix) violation of the code of conduct as stipulated and agreed to in the signed License Agreement, dated as of March 25, 2015, with H. Lundbeck A/S. With respect to clause (vi), Executive will be given written notice and a 30-day period in which to cure such breach. Executive agrees that the breach of any confidentiality obligation to the Company or any subsidiary shall not be curable to any extent.

6.3. "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

a) Any natural person, entity or group within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended ("***Exchange Act Person***"), becomes the owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (i) on account of the acquisition of securities of the Company by any institutional investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions that are primarily a private financing transaction for the Company or (ii) solely because the level of ownership held by any Exchange Act Person (the "***Subject Person***") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

b) There is consummated a merger, consolidation or similar transaction involving, directly or indirectly, the Company if, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not own, directly or indirectly, either (i) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (ii) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction; or

c) There is consummated a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportion as their ownership of the Company immediately prior to such sale, lease, license or other disposition.

The term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company. Notwithstanding the foregoing or

any other provision of this Agreement, the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any affiliate and the participant shall supersede the foregoing definition with respect to stock awards subject to such agreement (it being understood, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply).

6.4. "***Change in Control Benefits Period***" means the period of twenty-four (24) months commencing on the Termination Date.

6.5. "***Change in Control Severance Period***" means the period of twenty-four (24) months commencing on the Termination Date.

6.6. "***Change in Control Termination***" means an "***Involuntary Termination Without Cause***" or "***Resignation for Good Reason,***" either of which occurs within three (3) months prior to or upon or within twelve (12) months following the closing of a Change in Control or Dissolution Event, provided that any such termination is a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h). Death and disability shall not be deemed Change in Control Terminations.

6.7. "***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

6.8. "***Code***" means the Internal Revenue Code of 1986, as amended.

6.9. "***Company***" means Ovid Therapeutics Inc. or, following a Change in Control, the surviving entity resulting from such transaction, or any subsequent surviving entity resulting from any subsequent Change in Control.

6.10. "***Confidentiality Agreement***" means Executive's Confidential Information and Invention Assignment Agreement with the Company, dated June 22, 2015 (or any successor agreement thereto).

6.11. "***Covered Termination***" means an "***Involuntary Termination Without Cause***" or "***Resignation for Good Reason,***" provided that any such termination is a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h). Death and disability, other than a Permanent Disability, shall not be deemed Covered Terminations. If an Involuntary Termination Without Cause or Resignation for Good Reason qualifies as a Change in Control Termination, it shall not constitute a Covered Termination.

6.12. "***Covered Termination Benefits Period***" means the period of twenty-four (24) months commencing on the Termination Date.

6.13. "***Covered Termination Severance Period***" means the period of twenty-four (24) months commencing on the Termination Date.

6.14. "***Dissolution Event***" means the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur.

6.15. "***Involuntary Termination Without Cause***" means Executive's dismissal or discharge by the Company for reasons other than Cause and other than as a result of death or disability; *provided*, *however*, that for purposes of a Covered Termination, Involuntary Termination Without Cause shall include Executive's dismissal or discharge by the Company for reasons of Permanent Disability.

6.16. "***IPO***" means the Company's first firm commitment underwritten public offering of its common stock pursuant to a registration statement on Form S-1 filed with the U.S. Securities and Exchange Commission under the Securities Act of 1933, as amended.

6.17. "***Monthly Base Salary***" means 1/12th of Executive's Annual Base Salary (excluding incentive pay, premium pay, commissions, overtime, bonuses and other forms of variable compensation) as in effect on the date of a Covered Termination or Change in Control Termination.

6.18. "***Permanent Disability***" means total and permanent disability as defined in Code Section 22(e)(3).

6.19. "***Pro-Rata Bonus***" means 1/12th of the Target Performance Bonus paid to Executive for the calendar year preceding the calendar year in which a Covered Termination or Change in Control Termination occurs.

6.20. "***Resignation for Good Reason***" means Executive's resignation from all employee positions Executive then holds with the Company within ninety (90) days following any of the following events taken without Executive's consent, provided Executive has given the Company written notice of such event within thirty (30) days after the first occurrence of such event and the Company has not cured such event within thirty (30) days thereafter:

a) A material decrease in Executive's Annual Base Salary, other than in connection with a decrease in compensation for all comparable executives of the Company;

b) Executive's duties or responsibilities are materially diminished or Executive no longer reports directly to the CEO; provided that Executive shall not be deemed to have a "***Resignation for Good Reason***" if the Company survives as a separate legal entity or business unit following the Change in Control and Executive holds materially the same position in such legal entity or business unit as Executive held before the Change in Control;

c) A relocation of Executive's principal place of work outside of a fifty (50) mile radius of its current location;

d) Executive's title is changed other than in connection with a promotion; or

e) The Company's material breach of this Agreement.

6.21. "***Termination Date***" means the effective date of a Covered Termination, a Change in Control Termination, a termination for Cause or any other circumstance under which the employment relationship between Executive and the Company terminates, as applicable.

7. GENERAL PROVISIONS

7.1. **Employment Status.** This Agreement does not constitute a contract of employment or impose upon Executive any obligation to remain as an employee, or impose on the Company any obligation (i) to retain Executive as an employee, (ii) to change the status of Executive as an at-will employee or (iii) to change the Company's policies regarding termination of employment.

7.2. **Notices**. Any notices provided hereunder must be in writing, and such notices or any other written communication shall be deemed effective upon the earlier of personal delivery (including personal delivery by facsimile or email transmission (to a facsimile number or email address designated in advance by the receiving party)) or the third day after mailing by first class mail, to the Company at its primary office location and to Executive at Executive's address as listed in the Company's payroll records. Any

payments made by the Company to Executive under the terms of this Agreement shall be delivered to Executive either in person or at the address as listed in the Company's payroll records.

7.3. Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law.

7.4. Waiver. If either party should waive any breach of any provisions of this Agreement, he, she or it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

7.5. Complete Agreement. This Agreement, together with **Exhibits A** and **B**, the Confidentiality Agreement and the Indemnification Agreement, forms the complete and exclusive statement of Executive's employment agreement with the Company, and supersedes and replaces any other agreements or promises made to Executive by anyone, whether oral or written (including but not limited to the Prior Agreement).

7.6. Amendment or Termination of Agreement; Continuation of Agreement. Except for those changes expressly reserved to the Company's or the Board's discretion in this Agreement, this Agreement may be changed or terminated only upon the mutual written consent of the Company and Executive. The written consent of the Company to a change or termination of this Agreement must be signed by an executive officer of the Company (other than Executive) after such change or termination has been approved by the Board. Unless so terminated, this Agreement shall continue in effect for as long as Executive continues to be employed by the Company or by any surviving entity following any Change in Control. In other words, if, following a Change in Control, Executive continues to be employed by the surviving entity without a Change in Control Termination and the surviving entity then undergoes a Change in Control, following which Executive is terminated by the subsequent surviving entity in a Change in Control Termination, then Executive shall receive the benefits described in Section 3 hereof.

7.7. Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement. Facsimile and electronic image copies of signatures shall be equivalent to original signatures.

7.8. Headings. The headings of the Sections hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

7.9. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, and the Company, and any surviving entity resulting from a Change in Control and upon any other person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by the Company, and their respective successors, assigns, heirs, executors and administrators, without regard to whether or not such person actively assumes any rights or duties hereunder; *provided*, *however*, that Executive may not assign any duties hereunder and may not assign any rights hereunder without the written consent of the Company, which consent shall not be withheld unreasonably.

7.10. Choice of Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New York without regard to conflicts of law principles.

7.11. Arbitration. To ensure the rapid and economical resolution of any disputes that may arise under or relate to this Agreement or Executive's employment relationship, Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to the performance, enforcement, execution, or interpretation of this Agreement, Executive's employment with the Company, or the termination of Executive's employment (collectively, " ***Claims***"), shall be resolved by final, binding, and (to the extent permitted by law) confidential arbitration before a single arbitrator in New York, New York. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. Section 1 *et seq.*, as amended, and shall be administered by the Judicial Arbitration & Mediation Services, Inc. ("***JAMS***"), in accordance with its then-current Employment Arbitration Rules & Procedures (the "***JAMS Rules***"). The JAMS Rules are available online at http://www.jamsadr.com/rules-employment-arbitration/. The parties or their representatives may also call JAMS at 800.352.5267 if they have questions about the arbitration process. If the JAMS Rules are inconsistent with the terms of this Agreement, the terms of this Agreement shall govern. Notwithstanding the foregoing, this provision shall exclude Claims that by law are not subject to arbitration. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of all Claims and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. The Company shall pay all JAMS fees in excess of the amount of filing and other court-related fees Executive would have been required to pay if the Claims were asserted in a court of law. EXECUTIVE AND THE COMPANY UNDERSTAND AND FULLY AGREE THAT BY ENTERING INTO THIS AGREEMENT, BOTH EXECUTIVE AND THE COMPANY ARE GIVING UP THE CONSTITUTIONAL RIGHT TO HAVE A TR IAL BY JURY, AND ARE GIVING UP THE NORMAL RIGHTS OF APPEAL FOLLOWING THE RENDERING OF A DECISION, EXCEPT AS THE FEDERAL ARBITRATION ACT AND APPLICABLE FEDERAL LAW ALLOW FOR JUDICIAL REVIEW OF ARBITRATION PROCEEDINGS. Nothing in this Agreement shall prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any awards or final orders in such arbitrations may be entered and enforced as judgments or orders in the federal and state courts of any competent jurisdiction in compliance with Section 7.11 of this Agreement.

7.12. Construction of Agreement. In the event of a conflict between the text of this Agreement and any summary, description or other information regarding this Agreement, the text of this Agreement shall control.

7.13. Circular 230 Disclaimer. **THE FOLLOWING DISCLAIMER IS PROVIDED IN ACCORDANCE WITH THE INTERNAL REVENUE SERVICE'S CIRCULAR 230 (21 C.F.R. PART 10). ANY TAX ADVICE CONTAINED IN THIS AGREEMENT IS INTENDED TO BE PRELIMINARY, FOR DISCUSSION PURPOSES ONLY AND NOT FINAL. ANY SUCH ADVICE IS NOT INTENDED TO BE USED FOR MARKETING, PROMOTING OR RECOMMENDING ANY TRANSACTION OR FOR THE USE OF ANY PERSON IN CONNECTION WITH THE PREPARATION OF ANY T AX RETURN. ACCORDINGLY, THIS ADVICE IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON.**

REVIEWED, UNDERSTOOD AND ACCEPTED:

OVID THERAPEUTICS INC.	**EXECUTIVE**
By: /s/ Jeremy Levin	By: /s/ Yaron Werber
Name: Jeremy Levin	Name: Yaron Werber
Title: Chief Executive Officer	

Exhibit A: Release (Individual Termination – Age 40 or Older)

Exhibit B: Release (Group Termination – Age 40 or Older)

EXHIBIT A

RELEASE

(INDIVIDUAL TERMINATION – AGE 40 OR OLDER)

Certain capitalized terms used in this Release are defined in the Amended and Restated Executive Employment Agreement between me and Ovid Therapeutics Inc. (the "***Company***") (the "***Agreement***"), which I have executed and of which this Release is a part.

I hereby acknowledge and reaffirm my continuing obligations under the Confidentiality Agreement.

In exchange for the consideration provided to me under the Agreement, to which I would not otherwise be entitled, I hereby generally and completely release the Company, its parents and subsidiaries, and its and their current and former officers, directors, agents, servants, employees, shareholders, partners, attorneys, insurers, predecessors, successors, assigns and affiliates (collectively, the "***Released Parties***") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct or omissions occurring prior to or on the date I sign this Release (collectively, the "***Released Claims***"). The Released Claims include but are not limited to: (A) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (B) all claims related to compensation or benefits from the Company, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity or profits interests in the Company; (C) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress and discharge in violation of public policy; and (E) all federal, state and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees or other claims arising under the federal Civil Rights Act of 1964, the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (the "***ADEA***"), the New York Human Rights Laws, the New York City Human Rights Law, the New York Civil Rights Act, the New York Minimum Wage Law, the Equal Pay Law for New York, the Massachusetts Wage Act and the Massachusetts Fair Employment Practices Act.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA, and that the consideration given for the waiver and release in this Release is in addition to anything of value to which I am already entitled. I further acknowledge that I have been advised, as required by the ADEA, that: (A) my waiver and release do not apply to any rights or claims that may arise after the date that I sign this Release; (B) I should consult with an attorney prior to signing this Release (although I may choose voluntarily to sign it earlier); (C) I have twenty-one (21) days to consider this Release (although I may choose voluntarily to sign it earlier); (D) I have seven (7) days following the date I sign this Release to revoke it (by providing written notice of my revocation to the CEO); and (E) this Release shall not be effective until the date upon which the revocation period has expired, which shall be the eighth (8th) day after the date that I sign this Release provided that I do not revoke it.

I UNDERSTAND THAT THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, EVEN THOSE CLAIMS THAT, IF KNOWN BY ME, WOULD AFFECT MY DECISION TO ACCEPT THIS AGREEMENT. In giving the releases set forth in this Release, which include claims which may be unknown to me at present, I hereby expressly waive and relinquish all rights and benefits under any law or legal principle of similar effect in any jurisdiction with

respect to my release of claims herein, including but not limited to the release of unknown and unsuspected claims.

Notwithstanding the foregoing, I understand that the following are not included in the Released Claims (the "***Excluded Claims***"): (i) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party or under applicable law; (ii) any rights which cannot be waived as a matter of law; (iii) any rights I have to file or pursue a claim for workers' compensation or unemployment insurance; and (iv) any claims for breach of this Agreement. **In addition, nothing in this Release shall prevent me from filing, cooperating with or participating in any proceeding before any federal, state or other government agency, except that I acknowledge and agree and hereby waive my right to any monetary benefits in connection with any such claim, charge or proceeding before the Equal Employment Opportunity Commission, the Department of Labor, or any analogous federal, state or other government agency with regard to any claim released herein.** I represent that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I hereby represent that I have been paid all compensation owed and for all time worked; I have received all the leave and leave benefits and protections for which I am eligible pursuant to the federal Family and Medical Leave Act, any applicable law or Company policy; and I have not suffered any on-the-job injury or illness for which I have not already filed a workers' compensation claim.

I agree not to disparage the Company, and the Company's officers, directors, employees, shareholder, members and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. Similarly, I understand that the Company agrees to direct its directors and officers not to disparage me in any manner likely to be harmful to my business reputation or personal reputation. Nothing in this provision, however, shall prevent either me or the Company from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this provision or this Release is intended to prohibit or restrain me in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation.

EXECUTIVE:

_____

Signature

_____

Printed Name

Date: _____

EXHIBIT B

RELEASE

(GROUP TERMINATION – AGE 40 OR OLDER)

Certain capitalized terms used in this Release are defined in the Amended and Restated Executive Employment Agreement between me and Ovid Therapeutics Inc. (the "***Company***") (the "***Agreement***"), which I have executed and of which this Release is a part.

I hereby acknowledge and reaffirm my continuing obligations under the Confidentiality Agreement.

In exchange for the consideration provided to me under the Agreement, to which I would not otherwise be entitled, I hereby generally and completely release the Company, its parents and subsidiaries, and its and their current and former officers, directors, agents, servants, employees, shareholders, partners, attorneys, insurers, predecessors, successors, assigns and affiliates (collectively, the "***Released Parties***") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct or omissions occurring prior to or on the date I sign this Release (collectively, the "***Released Claims***"). The Released Claims include but are not limited to: (A) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (B) all claims related to compensation or benefits from the Company, including salary, bonuses, commissions, vacation, paid time off, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity or profits interests in the Company; (C) all claims for breach of contract, wrongful termination and breach of the implied covenant of good faith and fair dealing; (D) all tort claims, including claims for fraud, defamation, emotional distress and discharge in violation of public policy; and (E) all federal, state and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees or other claims arising under the federal Civil Rights Act of 1964, the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (the "***ADEA***"), the New York Human Rights Laws, the New York City Human Rights Law, the New York Civil Rights Act, the New York Minimum Wage Law, the Equal Pay Law for New York, the Massachusetts Wage Act and the Massachusetts Fair Employment Practices Act.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the ADEA, and that the consideration given for the waiver and release in this Release is in addition to anything of value to which I am already entitled. I further acknowledge that I have been advised, as required by the ADEA, that: (A) my waiver and release do not apply to any rights or claims that may arise after the date that I sign this Release; (B) I should consult with an attorney prior to signing this Release (although I may choose voluntarily to sign it earlier); (C) I have forty-five (45) days to consider this Release (although I may choose voluntarily to sign it earlier); (D) I have seven (7) days following the date I sign this Release to revoke it (by providing written notice of my revocation to the CEO); and (E) this Release shall not be effective until the date upon which the revocation period has expired, which shall be the eighth (8th) day after the date that I sign this Release provided that I do not revoke it. I further acknowledge that the Company has provided me with ADEA disclosure information (under 29 U.S.C. § 626(f)(1)(H)).

I UNDERSTAND THAT THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, EVEN THOSE CLAIMS THAT, IF KNOWN BY ME, WOULD AFFECT MY DECISION TO ACCEPT THIS AGREEMENT. In giving the releases set forth in this Release, which include claims which may be unknown to me at present, I hereby expressly waive and

relinquish all rights and benefits under any law or legal principle of similar effect in any jurisdiction with respect to my release of claims herein, including but not limited to the release of unknown and unsuspected claims.

Notwithstanding the foregoing, I understand that the following are not included in the Released Claims (the "***Excluded Claims***"): (i) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party or under applicable law; (ii) any rights which cannot be waived as a matter of law; (iii) any rights I have to file or pursue a claim for workers' compensation or unemployment insurance; and (iv) any claims for breach of this Agreement. **In addition, nothing in this Release shall prevent me from filing, cooperating with or participating in any proceeding before any federal, state or other government agency, except that I acknowledge and agree and hereby waive my right to any monetary benefits in connection with any such claim, charge or proceeding before the Equal Employment Opportunity Commission, the Department of Labor, or any analogous federal, state or other government agency with regard to any claim released herein.** I represent that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I hereby represent that I have been paid all compensation owed and for all time worked; I have received all the leave and leave benefits and protections for which I am eligible pursuant to the federal Family and Medical Leave Act, any applicable law or Company policy; and I have not suffered any on-the-job injury or illness for which I have not already filed a workers' compensation claim.

I agree not to disparage the Company, and the Company's officers, directors, employees, shareholder, members and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. Similarly, I understand that the Company agrees to direct its directors and officers not to disparage me in any manner likely to be harmful to my business reputation or personal reputation. Nothing in this provision, however, shall prevent either me or the Company from responding accurately and fully to any request for information if required by legal process or in connection with a government investigation. In addition, nothing in this provision or this Release is intended to prohibit or restrain me in any manner from making disclosures that are protected under the whistleblower provisions of federal law or regulation or under other applicable law or regulation.

EXECUTIVE:

_____

Signature

_____

Printed Name

Date: _____

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeremy M. Levin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ovid Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

By: /s/ Jeremy M. Levin
Jeremy M. Levin
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy Daly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ovid Therapeutics Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

By: /s/ Timothy Daly
Timothy Daly
Senior Vice President, Finance and Corporate Controller
(Principal Financial Officer and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Jeremy M. Levin, Chief Executive Officer of Ovid Therapeutics Inc. (the "Company"), and Timothy Daly, Vice President, Finance and Corporate Controller of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended March 31, 2018, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 8, 2018

/s/ Jeremy M. Levin
Jeremy M. Levin
Chief Executive Officer

/s/ Timothy Daly
Timothy Daly
Vice President, Finance and Corporate Controller