

Cayer Paul E
Form 4
January 23, 2018

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Cayer Paul E

(Last) (First) (Middle)
C/O OTONOMY, INC., 4796
EXECUTIVE DRIVE
(Street)

SAN DIEGO, CA 92121

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
OTONOMY, INC. [OTIC]

3. Date of Earliest Transaction
(Month/Day/Year)
01/19/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
Ch. Financial & Business Offcr

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Code V Amount (D) Price		

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	(A) or (D)	Disposed of (Instr. 3, 4, and 5)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 34.12	01/19/2018	D	(D)	60,000	(1)	12/10/2024	Common Stock	60,000
Employee Stock Option (right to buy)	\$ 14.44	01/19/2018	D	(D)	70,000	(4)	02/28/2026	Common Stock	70,000
Employee Stock Option (right to buy)	\$ 14	01/19/2018	D	(D)	70,000	(6)	03/05/2027	Common Stock	70,000
Employee Stock Option (right to buy)	\$ 5.675	01/19/2018	A	(A)	40,000	(8)	01/18/2026	Common Stock	40,000
Employee Stock Option (right to buy)	\$ 5.675	01/19/2018	A	(A)	46,666	(9)	01/18/2026	Common Stock	46,666
Employee Stock Option (right to buy)	\$ 5.675	01/19/2018	A	(A)	46,666	(10)	01/18/2026	Common Stock	46,666

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Cayer Paul E C/O OTONOMY, INC. 4796 EXECUTIVE DRIVE SAN DIEGO, CA 92121			Ch. Financial & Business Officer	

Signatures

/s/ Paul E. Cayer

01/23/2018

**Signature of
Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) One-fourth (1/4) of the shares subject to the option vest on December 11, 2015 and one forty-eighth (1/48) of the shares vest monthly thereafter.
- On January 19, 2018, in connection with the Issuer's option exchange program, the Issuer cancelled an option for 60,000 shares of common stock granted to the Reporting Person on December 11, 2014. In exchange, the Reporting Person received an option grant for 40,000 shares of common stock with exercise price of \$5.675 per share.
- (2) In addition to the options acquired and disposed of as set forth in Table II, the Reporting Person currently holds options to purchase up to an aggregate of 272,883 shares of common stock, which options vest according to their terms.
- (3) One-fourth (1/4) of the shares subject to the option vest on March 1, 2017 and one forty-eighth (1/48) of the shares vest monthly thereafter.
- On January 19, 2018, in connection with the Issuer's option exchange program, the Issuer cancelled an option for 70,000 shares of common stock granted to the Reporting Person on March 1, 2016. In exchange, the Reporting Person received an option grant for 46,666 shares of common stock with exercise price of \$5.675 per share.
- (4) One-fourth (1/4) of the shares subject to the option vest on March 6, 2018 and one forty-eighth (1/48) of the shares vest monthly thereafter.
- On January 19, 2018, in connection with the Issuer's option exchange program, the Issuer cancelled an option for 70,000 shares of common stock granted to the Reporting Person on March 6, 2017. In exchange, the Reporting Person received an option grant for 46,666 shares of common stock with exercise price of \$5.675 per share.
- (5) Of the 40,000 total shares subject to the option, 35,833 shares vest on January 19, 2019. Of the remaining 4,167 shares subject to the option, one-third (1/3) of these shares vest on January 19, 2019, and one thirty-sixth (1/36) of these shares vest monthly thereafter.
- (6) Of the 46,666 total shares subject to the option, 27,222 shares vest on January 19, 2019. Of the remaining 19,444 shares subject to the option, one-third (1/3) of these shares vest on January 19, 2019, and one thirty-sixth (1/36) of these shares vest monthly thereafter.
- (7) Of the 46,666 total shares subject to the option, 15,555 shares vest on January 19, 2019. Of the remaining 31,111 shares subject to the option, one-third (1/3) of these shares vest on January 19, 2019, and one thirty-sixth (1/36) of these shares vest monthly thereafter.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.