

Bishop Katherine Mary
 Form 4
 January 23, 2018

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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 *
 Bishop Katherine Mary

(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
 ___X___ Officer (give title below) ___ Other (specify below)
 Chief Scientific Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
 ___X___ 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 (A) or	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) Code	Disposed of (D) (Instr. 3, 4, and 5) (A) (D)	Date Exercisable	Expiration Date	Title
Employee Stock Option (right to buy)	\$ 16.2	01/19/2018	D	150,000	<u>(1)</u>	01/03/2027	Common Stock
Employee Stock Option (right to buy)	\$ 5.675	01/19/2018	A	100,000	<u>(3)</u>	01/18/2026	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Bishop Katherine Mary C/O OTONOMY, INC. 4796 EXECUTIVE DRIVE SAN DIEGO, CA 92121			Chief Scientific Officer	

Signatures

/s/ Paul E. Cayer, by power of attorney 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 January 4, 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 150,000 shares of common stock granted to the Reporting Person on January 4, 2017. In exchange, the Reporting Person received an option grant for 100,000 shares of common stock with exercise price of \$5.675 per share.

(3) Of the 100,000 total shares subject to the option, 37,500 shares vest on January 19, 2019. Of the remaining 62,500 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.