
**NASD Permanent Self-Reporting Form for Odd-Lot Transactions,
OTC Exercised Options, and Away from the Market Sales**

*****Effective April 1, 2005*****

Important Note: Only NASD members that are clearing firms (including self-clearing firms) should be submitting this form on a monthly basis to NASD. All clearing firms are expected to collect any applicable trading information from their respective correspondent firms to be included in the aggregate totals. The trade date must be used when determining aggregate odd-lot and away from the market sales transactions for the preceding calendar month. The exercise date must be used when reporting aggregate OTC exercised option sales for the preceding calendar month.

General Instructions

The purpose of this form is to facilitate the collection of transaction fees under Section 3 of Schedule A to the NASD By-Laws with respect to transactions in odd-lots, transactions effected pursuant to the exercise of OTC options, and certain transactions that occur away from the market.

Transactions of the clearing firm and its correspondents should be consolidated for reporting purposes.

Please retain a copy of this blank form for your firm's monthly reporting. Additional copies of this form may be obtained by contacting the NASD Finance Department at (240) 386-5354.

Each clearing firm must submit this form each month regardless of whether it has reportable transactions. If your firm does not have any reportable transactions for the current month, your firm must submit the blank form signed by an authorized principal, along with a statement that your firm had no reportable transactions for the month.

Odd-Lot Transactions

NASD members that are clearing firms, including self-clearing firms, must report the aggregate dollar amount of covered odd-lot sales transacted by or through such member, including all such sales by the member's correspondent firm(s). Firms must report odd-lot sales under the same general rules and guidelines applicable to round lot transactions as detailed in *Special Notice to Members 96-81* dated December 3, 1996 and the SEC Billing Document from NASD in December 1996. Member firms should consider the following when accumulating odd-lot data for each reporting period:

- Odd-lot transactions are those sides for less than the normal trading unit, e.g., 100 shares. Do not include "mixed lots" as part of your odd-lot reporting.
- Include all transactions where you or your correspondent firms represent the sell side of the odd-lot transaction.
- Include all transactions where you or your correspondent firms represent the buy side of a transaction with or between public customers or non-NASD member firms.
- Include all odd-lot transactions in NASDAQ Equity Securities.
- Include all odd-lot transactions in non-NASDAQ OTC Equity Securities as defined in NASD Rule 6610.
- Include all odd-lot transactions in non-NASDAQ OTC Equity Securities that are ADRs or Canadian foreign securities but exclude all non-NASDAQ non-Canadian foreign securities.
- Include all odd-lot transactions in exchange-registered securities traded off the exchange ("third market trades").
- Do *not* include odd-lot transactions that were reported to TRACS or that were submitted to ACT for clearing and reporting (see endnote three in *NTM 05-11*). This form must only be used for odd lots that are not reported to TRACS or that were not submitted to ACT for *both* reporting and clearing (e.g., an entry marked as clearing only will not be automatically billed by NASD).

OTC Option Exercise

Use this section of the form to report all transactions in a covered security effected pursuant to the exercise of an OTC option by or through a member that is a clearing firm (including self-clearing firm) or its correspondent firm(s). Covered securities are those securities that are subject to prompt last-sale-reporting and exchange-registered securities. Member firms should determine the following when accumulating options exercise data for each calendar reporting period:

- This form is only used to report transactions in covered securities that arise pursuant to the exercise of an OTC option by or through an NASD member that settle by physical delivery. Do not include any exercise of an option not involving the purchase or sale of the underlying covered security, e.g., a cash settled exercise.
- Include all transactions where you or your correspondent firms represent the sell side of the transaction.
- Include all transactions where you or your correspondent firms represent the buy side of a transaction with or between public customers or non-NASD member firms.
- Do not include any transactions in a covered security effected pursuant to the exercise of an exchange-registered option. The Options Clearing Corporation will collect the fee for these types of transactions.
- Report the aggregate dollar amount of the transactions determined on the basis of the exercise price.

Sales Away from the Market

NASD members that are clearing firms (including self-clearing firms) must report the aggregate dollar amount of covered sales where the buyer and seller have agreed to trade at a price substantially unrelated to the current market for the security and where these sales are prohibited from being reported to an NASD trade reporting system pursuant to NASD Rules. Firms should not include transactions involving a gift of a security **without** consideration because such a transaction is not considered a "sale" for purposes of this form.

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***** Effective April 1, 2005 *****

Regulatory Transaction Fees under Section 3 of Schedule A to the NASD By-Laws for the Calendar Month of _____, 200() for odd-lot transactions, OTC exercised options, and away from the market sales.

Report of Sales by: Firm Name _____

B/D# _____

Clearing# _____

Transaction	Aggregate Sales/Exercise Price	Rate	Fee Due
Odd-Lot Transactions	\$	0.0000418	\$
OTC Exercised Options	\$	0.0000418	\$
Away from the Market Sales	\$	0.0000418	\$

Total Amount Due \$ _____

*****IMPORTANT*** PAYMENT FOR TOTAL AMOUNT DUE MUST BE SUBMITTED WITH THIS REPORT.**

NASD must receive this form and payment by the seventh calendar day¹ subsequent to the subject trade-reporting period. Please submit this form and payment to:

NASD • P.O. Box 7777-W4230 • Philadelphia, PA 19175-4230

Signature of Authorized Principal Title

Print Name Date/Telephone Number

Address (Street, City, State, Zip)

E-mail Address

¹ If the seventh calendar day falls on a weekend or a public holiday, the report must be received by NASD on the first business day following the weekend or public holiday.