

NASD
Permanent Self-Reporting Form for Odd-Lot,
OTC Exercised Option, and Away from the Market Sales
that Are not Reported through ACT or TRACS

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

Effective October 1, 2004

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.

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.

If your firm does not process odd-lot transactions or if all odd-lot trades are submitted to the Automated Confirmation Transaction Service (ACT) or Trade Reporting and Comparison Service (TRACS) for trade reporting purposes, please submit the form with an "N/A" for the aggregate sales amount.

If your firm does not process any of the types of transactions identified on this form, please submit the blank form signed by an authorized representative, along with a letter of explanation detailing the reason your firm does not process any of the identified transactions. Future filings of this blank form for inactivity will not be necessary. If applicable transactions are processed in the future, your firm will be expected to file this form along with payment in a timely manner.

Odd-Lot Transactions

NASD members that are clearing firms, including self-clearing firms, must report 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 securities, excluding convertible debt listed on Nasdaq.
- Include all odd-lot transactions in all non-Nasdaq OTC Equity Securities as defined in NASD Rule 6610.
- Include all odd-lot transactions in all non-Nasdaq OTC Equity Securities that are ADRs or Canadian foreign securities but exclude all non-Nasdaq non-Canadian foreign securities. Consolidate all odd-lot transactions with that of your correspondents, if any.
- Do include, in this form, odd-lot transactions in exchange registered securities traded off the exchange ("third market trades").
- **Do not include odd-lot transactions that are trade reported to either ACT or TRACS. This form must only be used for odd lots that are not trade reported to ACT or TRACS.**

OTC Options 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.
- 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, e.g., a purchase or sale of a Nasdaq or OTC Equity Security upon the exercise of an exchange-registered option. The Options Clearing Corporation will be collecting the fee for these types of transactions.
- 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.
- Report the aggregate dollar amount of the transactions determined on the basis of the exercise price.

Sales Away from the Market That Are Not Required to be Reported By NASD Rules

NASD members that are clearing firms (including self-clearing firms) must report 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 were not required to be reported pursuant to NASD Rules. Firms should not report trade data that already has been reported to ACT or TRACS. In addition, members are not required to include transactions involving a gift of a security **without** consideration because such a transaction is not considered a "sale" for purposes of this form.



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

*** Effective 10/01/04 ***

Transaction Fees under Section 3 of Schedule A to the NASD By-Laws for the Calendar Month of _____, 200() for odd-lot, OTC exercised option, 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	\$	0.0000234	\$
Exercised Options	\$	0.0000234	\$
Sales Away From the Market	\$	0.0000234	\$

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 Representative 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.