

NASD
SEC Fee Odd-Lot & OTC Exercised Options Report
P.O. Box 7777-W4230
Philadelphia, PA 19175-4230

*****Revised 4/1/04*****

Important Note: The transactions on this report for the calendar month reporting period should be based from trade date. Only NASD members that are clearing firms (including self-clearing firms) should be submitting this form 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.

General Instructions

The purpose of this form is to facilitate the collection of SEC Section 31 fees with respect to odd-lot transactions in covered securities under Section 3 of Schedule A to the NASD By-Laws, and transactions in covered securities pursuant to the exercise of an OTC option.

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

If your firm does not process odd-lot transactions or if all odd-lot trades are submitted to ACT for trade reporting purposes, please submit the form with an "N/A" for the aggregate sales amount.

If your firm does not process either type of transaction as identified on this form, please submit the blank form signed by an authorized representative, along with a letter of explanation detailing your reason for a filing exemption. Future filings of this blank form for non-activity 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, should report aggregate dollar amounts of covered odd-lot sales transacted by or through such member, including all such sales by the member's correspondent firm(s). Firms should 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 a 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-Canadian foreign securities.
- Consolidate all odd-lot transactions with that of your correspondents, if any.
- Do not 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 ACT. This form should only be used for odd lots not trade reported to ACT.**

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 traded off of an exchange ("third market trades"). Member firms should determine the following when accumulating options exercise data for each calendar reporting period:

- Do not include any options transactions. This form is only for transactions in covered securities that arise pursuant to the exercise of certain options.
- 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 SEC 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.

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SEC Transaction Fees for the Calendar Month of _____, 200() for odd-lot transactions in covered securities under Section 3 of Schedule A of the NASD By-Laws, and transactions in covered securities pursuant to the exercise of a "conventional" or OTC option.

Report of Sales by: Firm Name _____
 B/D# _____
 Clearing# _____

Transaction	Aggregate Sales/Exercise Price	SEC Rate	SEC Fee Due
Odd Lot Transactions	\$ _____	.0000234	\$ _____
Exercised Options	\$ _____	.0000234	\$ _____

Total Amount Due \$ = = = = =

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

Mail Original Form and Payment by the 10th of each month subsequent to the trade period covered on report 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)