

Special Notice to Members

JUNE 2005

SUGGESTED ROUTING

Internal Audit
Legal & Compliance
Operations
Registered Representatives
Senior Management
Systems
Trading
Training

KEY TOPICS

Rule 6740
SEC Rule 15c2-11

GUIDANCE

Important Information Regarding the Suspension of Trading in the Securities of Gluv Corp.¹

Executive Summary

NASD is issuing this *Special Notice to Members (Special NTM)* to advise member firms and other interested parties of certain actions and issues relating to the trading of the securities of Gluv Corp. This *Special NTM* also is intended to remind members of their responsibilities with respect to Securities and Exchange Commission (SEC) Rule 15c2-11 and NASD Rule 6740.

Questions/Further Information

Questions regarding this *Special NTM* may be directed to the Office of General Counsel, Regulatory Policy and Oversight, NASD, at (202) 728-8071; or the Legal Section, Market Regulation, NASD, at (240) 386-5126.

Discussion

Gluv Corp. recently announced that 3 million shares of its common stock were issued prior to the dividend payment date. The company further stated that it appears that an unknown number of those shares have been improperly traded in the marketplace. In response to the company's press release and other discussions between the company and SEC staff, on May 27, 2005, the SEC temporarily suspended trading in the securities of Gluv Corp. pursuant to Section 12(k) of the Securities Exchange Act of 1934. The SEC issued this suspension because of questions surrounding the accuracy and adequacy of publicly disseminated information concerning, among other things, the total shares outstanding, the availability of non-

restricted shares for trading and delivery, the company's shareholders, and rights with respect to shares of Gluv Corp. The SEC's trading suspension terminates on June 10, 2005, at 11:59 p.m. ET. Although trading will no longer be suspended, members should exercise great caution when executing customer or proprietary trades, including member-to-member transactions for the purposes of resolving open fails, until such time as members can be assured that the shares in circulation were part of a bona-fide issuance.

Members are reminded that, pursuant to SEC Rule 15c2-11 and NASD Rule 6740, no quotation may be entered unless and until a member has complied with all of the requirements of the rules, including SEC Rule 15c2-11(a)(5). SEC Rule 15c2-11(a) requires, among other things, that based on a member's review of the issuer information specified therein, a member must have a reasonable basis under the circumstances to believe that the issuer information is accurate in all material respects and the sources of such information are reliable. Until the questions surrounding the information and documents of Gluv Corp. are resolved, member firms should be aware, that in the context of Form 211 filings, NASD has significant concerns as to whether a member would have a reasonable basis to believe the accuracy or reliability of information relating to Gluv Corp.

In addition, SEC staff has indicated that it will entertain requests for relief by firms with regard to the net capital charges related to trades in Gluv Corp. that occurred before the close of business on May 27, 2005, but that such relief will not extend to trading that commences after the cessation of the temporary suspension.

Endnote

- 1 NASD has been informed by issuer's counsel that Gluv Corp. has changed its name to Media Magic, Inc., although NASD has not received formal notice of such.