

**THE NASDAQ OPTIONS MARKET
NOTICE OF ACCEPTANCE OF AWC**

Certified, Return Receipt Requested

**TO: National Financial Services LLC
Richard J. O'Brien
Senior Vice President, Chief Compliance Officer
200 Seaport Boulevard
Z1N
Boston, MA 02210**

**FROM: The NASDAQ Options Market LLC ("Nasdaq")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Market Regulation
9509 Key West Avenue
Rockville, MD 20850**

DATE: November 12, 2010

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. 20080144520-01

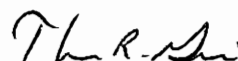
Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You will be notified by the Registration and Disclosure Department regarding sanctions, and NASDAQ's Finance Department will send you an invoice regarding the payment of any fine.

National Financial Services LLC
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If you have any questions concerning this matter, please call Eric Brown, Chief Counsel, at (212) 858-4308.



Thomas R. Gira
Executive Vice President
Department of Market Regulation, FINRA

Signed on behalf of NASDAQ

Enclosure

cc: FINRA District 11 –Boston
Elizabeth F. Page, Director
99 High Street
Suite 900
Boston, MA 02110

Katherine Malfa, Esq.
Vice President, Compliance
Fidelity Institutional
155 Seaport Boulevard ZW2A
Boston, MA 02210

Edward S. Knight, Chief Regulatory Officer
The NASDAQ Stock Market LLC
9600 Blackwell Road
Rockville, MD 20850

**THE NASDAQ OPTIONS MARKET
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20080144520-01**

TO: The NASDAQ Options Market
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: National Financial Services LLC, Respondent
Broker-Dealer
CRD No. 13041

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq")¹ Code of Procedure, National Financial Services LLC ("NFSC") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, Nasdaq will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. NFSC hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by Nasdaq:

BACKGROUND

NFSC has been a member of FINRA (formerly known as NASD) since January 31, 1983, and its registration remains in effect. The Firm was approved for The NASDAQ Options Market, LLC ("NOM") membership on May 1, 2008, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The Firm has no relevant disciplinary history.

¹ All NASDAQ Options Market disciplinary matters are governed by The Nasdaq Code of Procedure.

SUMMARY

In connection with matter 20080144520, the staff of the Department of Market Regulation of FINRA (the "staff") conducted a review of NFSC's options positions required to be reported in the Large Option Position Report ("LOPR") during the period between March 31, 2008 and June 30, 2008 (the "review period") for compliance with the rules and regulations relating to position limits.

FACTS AND VIOLATIVE CONDUCT

1. During the review period, NFSC, on five occasions, failed to report a bearish options position to LOPR that had exceeded the applicable reporting threshold.
2. The conduct described in paragraph one constitutes separate and distinct violations of Chapter III, Section 10 of the NOM Rules.

B. The Firm also consents to the imposition of the following sanctions:

A censure and a fine of \$15,000.

NFSC agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. NFSC has submitted an Election of Payment form showing the method by which they propose to pay the fine imposed.

NFSC specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

NFSC specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the firm;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to

have a written record of the hearing made and to have a written decision issued; and

- D. To appeal any such decision to the National Adjudicatory Council (“NAC”) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, NFSC specifically and voluntarily waives any right to claim bias or prejudice of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, in connection with such person’s or body’s participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

NFSC further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person’s or body’s participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against NSFC; and
- C. If accepted:
 - 1. This AWC will become part of NFSC's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the firm;
 - 2. This AWC will be made available through Nasdaq's public disclosure program in response to public inquiries about NFSC's disciplinary record;
 - 3. Nasdaq may make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and
 - 4. NFSC may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects NFSC's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.
- D. NFSC may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. NFSC understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq or its staff.

The undersigned, on behalf of NFSC, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce NFSC to submit it.

9/7/10
Date

Respondent
National Financial Services LLC

By: [Signature]

Name: RICHARD T. O'BRIEN

Title: SVP, COO

Reviewed by:

Attorney Name
Counsel for Respondents

Firm Name: _____

Address: _____

Telephone No.: _____

Accepted by Nasdaq:

11/13/10
Date

TLR Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation

Signed on behalf of Nasdaq, by delegated authority from the Director of ODA

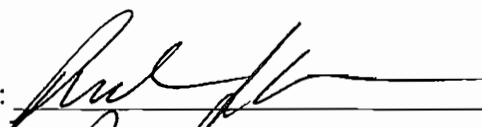
ELECTION OF PAYMENT FORM

The Respondent intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount; or
- Wire transfer.

Respectfully submitted,
Respondent
National Financial Services LLC

9/7/10
Date

By: 
Name: RICHARD T. O'DRISCOLL
Title: SVP, COO