



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information (required)**

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change (required)**

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of Proposed Rule Change

(a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) is filing with the Securities and Exchange Commission (“Commission”) a proposal to offer members the ability to pay a regulatory fine pursuant to an installment plan, under certain conditions.

The text of the proposed rule change is below. Proposed new language is underlined.

**8320. Payment of Fines, Other Monetary Sanctions, or Costs; Summary Action for Failure to Pay**

(a) Payment to Treasurer

All fines and other monetary sanctions shall be paid to the Treasurer of Nasdaq.

(1) Certain fines may be collected from NASDAQ Options Market members as specified in Chapter XV, Section 1 of the Options Rules.

(2) Subject to the following conditions and procedures, a member may pay a regulatory fine via an installment plan:

(A) The member must check the installment plan option on the election of payment form included with the letter of acceptance, waiver, and consent (“AWC”).

(B) The fine under the AWC must be fifty thousand dollars (\$50,000) or more. A fine of less than fifty thousand dollars (\$50,000) is not eligible for the installment plan.

(C) A down payment of twenty-five percent (25%) or more of the total fine must be submitted with the signed AWC.

(D) An installment package, including a promissory note and payment schedule, will be mailed to the member upon receipt of the down payment, as required in subparagraph (C) above.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

(E) An executed (signed and notarized) promissory note for the unpaid balance of the fine must be returned with the first installment payment.

(F) The term of the installment plan shall not exceed four (4) years after the execution of the AWC. The member may elect monthly or quarterly payments.

(b) – (c) No change.

\* \* \* \* \*

(b) Not applicable.

(c) Not applicable.

## 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of NASDAQ pursuant to authority delegated by the Board of Directors of NASDAQ on July 10, 2012. NASDAQ staff will advise the Board of Directors of NASDAQ of any action taken pursuant to delegated authority. No other action by NASDAQ is necessary for the filing of the rule change. NASDAQ has requested that the Commission waive the operative delay provided for in Rule 19b-4(f)(6)(iii).<sup>3</sup> If such waiver is granted, NASDAQ proposes to implement the proposed rule change immediately.

Questions regarding this rule filing may be directed to John Yetter, Vice President and Deputy General Counsel, The NASDAQ OMX Group, at (301) 978-8497 (telephone) or (301) 978-8472 (fax).

## 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

### a. Purpose

NASDAQ is proposing to amend Rule 8320 governing “Payment of Fines, Other Monetary Sanctions, or Costs; Summary Action for Failure to Pay” to offer members the

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<sup>3</sup> 17 CFR 240.19b-4(f)(6)(iii).

ability to pay a regulatory fine pursuant to an installment plan, under certain conditions. In order for a member to be eligible to pay a regulatory fine via an installment plan, the fine under the applicable letter of acceptance, waiver, and consent (“AWC”)<sup>4</sup> must be \$50,000 or more. A fine of less than \$50,000 is not eligible for the installment plan. When submitting its AWC, the member must check the installment plan option on the election of payment form included with the AWC. A sample election of payment form and AWC are included in Exhibit 3 to this proposed rule change. A down payment of twenty-five percent (25%) or more of the total fine must be submitted with the signed AWC.

After receipt of the AWC and down payment, an installment package, including a promissory note and payment schedule, will be mailed to the member. A sample promissory note and payment schedule are included in Exhibit 3 to this proposed rule change. The member must then submit an executed (signed and notarized) promissory note for the unpaid balance of the fine, along with its first installment payment. The term of the installment plan may not exceed four years after the execution of the AWC. The member may elect monthly or quarterly payments.

b. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>5</sup> in general, and with Section 6(b)(5) of the Act,<sup>6</sup> in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to

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<sup>4</sup> See NASDAQ Rule 9216(a).

<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(5).

promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. In addition, NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6(b)(6) and 6(b)(7) of the Act,<sup>7</sup> which require an exchange to provide fair procedures for the disciplining of members and persons associated with members. Specifically, NASDAQ believes that the proposal will promote the settlement of disciplinary cases by allowing members to make installment payments. NASDAQ believes that settlement is a beneficial method of disciplining members because it imposes meaningful sanctions on the member while avoiding the cost and uncertainty of a protracted disciplinary proceeding. NASDAQ further believes that affording members with the opportunity to pay a regulatory fine over a period of time may allow NASDAQ to impose higher fines in appropriate circumstances and diminish the risk that sanctioned members will fail to pay.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

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<sup>7</sup> 15 U.S.C. 78f(b)(6) and (b)(7).

6. Extension of Time Period for Commission Action

Not applicable.

7. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change is effective upon filing pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>9</sup> in that the proposed rule change: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest; provided, the self-regulatory organization has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. NASDAQ provided the Commission with such written notice on August 13, 2012.

NASDAQ requests that the Commission waive the 30-day operative delay provided for in Rule 19b-4(f)(6)(iii).<sup>10</sup> NASDAQ would like to be able to offer members that are contemplating the execution of an AWC the option of entering into an installment arrangement as soon as possible, and believes that doing so will promote the investor protection goals of appropriately disciplining members while avoiding the cost and uncertainty of protracted disciplinary proceedings and diminishing the risk that

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<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

<sup>10</sup> 17 CFR 240.19b-4(f)(6)(iii).

sanctioned members will fail to pay. Accordingly, NASDAQ believes that the waiver of an operative delay is consistent with the protection of investors and the public interest.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Exhibits

1. Notice of the proposed rule for publication in the Federal Register.

3. Form, Report, or Questionnaire.

**EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34- ; File No. SR-NASDAQ-2012-106)

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Offer Members the Ability to Pay a Regulatory Fine Pursuant to an Installment Plan

September \_\_, 2012

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 14, 2012, The NASDAQ Stock Market LLC (“NASDAQ” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange proposes a rule change to offer members the ability to pay a regulatory fine pursuant to an installment plan, under certain conditions. The text of the proposed rule change is available at <http://nasdaq.cchwallstreet.com>, at the Exchange’s principal office, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

NASDAQ is proposing to amend Rule 8320 governing "Payment of Fines, Other Monetary Sanctions, or Costs; Summary Action for Failure to Pay" to offer members the ability to pay a regulatory fine pursuant to an installment plan, under certain conditions. In order for a member to be eligible to pay a regulatory fine via an installment plan, the fine under the applicable letter of acceptance, waiver, and consent ("AWC")<sup>3</sup> must be \$50,000 or more. A fine of less than \$50,000 is not eligible for the installment plan. When submitting its AWC, the member must check the installment plan option on the election of payment form included with the AWC. A sample election of payment form and AWC are included in Exhibit 3 to this proposed rule change. A down payment of twenty-five percent (25%) or more of the total fine must be submitted with the signed AWC.

After receipt of the AWC and down payment, an installment package, including a promissory note and payment schedule, will be mailed to the member. A sample promissory note and payment schedule are included in Exhibit 3 to this proposed rule change. The member must then submit an executed (signed and notarized) promissory note for the unpaid balance of the fine, along with its first installment payment. The term

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<sup>3</sup> See NASDAQ Rule 9216(a).

of the installment plan may not exceed four years after the execution of the AWC. The member may elect monthly or quarterly payments.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>4</sup> in general, and with Section 6(b)(5) of the Act,<sup>5</sup> in particular, in that the proposal is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. In addition, NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6(b)(6) and 6(b)(7) of the Act,<sup>6</sup> which require an exchange to provide fair procedures for the disciplining of members and persons associated with members. Specifically, NASDAQ believes that the proposal will promote the settlement of disciplinary cases by allowing members to make installment payments. NASDAQ believes that settlement is a beneficial method of disciplining members because it imposes meaningful sanctions on the member while avoiding the cost and uncertainty of a protracted disciplinary proceeding. NASDAQ further believes that affording members with the opportunity to pay a regulatory fine over

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<sup>4</sup> 15 U.S.C. 78f.

<sup>5</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> 15 U.S.C. 78f(b)(6) and (b)(7).

a period of time may allow NASDAQ to impose higher fines in appropriate circumstances and diminish the risk that sanctioned members will fail to pay.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>7</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>8</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

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<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(6).

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2012-106 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2012-106. This file number should be included on the subject line if e-mail is used.

To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room on official business days between the hours of 10:00 a.m. and 3:00 p.m.

Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2012-106, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>9</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 3**

**ELECTION OF PAYMENT FORM**

The firm 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;
- Wire transfer;
- The installment payment plan.<sup>1</sup>
  - o Monthly
  - o Quarterly

Respectfully submitted,

*Respondent*

\_\_\_\_\_  
Date

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
<sup>1</sup> The installment payment plan is only available for a fine of \$50,000 or more. Certain requirements apply.

**THE NASDAQ STOCK MARKET LLC**  
**LETTER OF ACCEPTANCE, WAIVER AND CONSENT**  
**NO. \_\_\_\_\_**

TO: The NASDAQ Stock Market LLC  
c/o Department of Market Regulation  
Financial Industry Regulatory Authority (“FINRA”)

RE: [Firm’s Name], Respondent  
Broker-Dealer  
CRD No. \_\_\_\_\_

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC (“Nasdaq”) Code of Procedure, [Firm’s Name] (the “firm”) 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. The firm 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**

The firm has been a member of Nasdaq since \_\_\_\_\_, and its registration remains in effect. The firm has no relevant disciplinary history.

**SUMMARY**

In connection with Review No. \_\_\_\_\_, the Trading and Market Making Surveillance (“TMMS”) staff of the Department of Market Regulation (the “TMMS staff”) conducted the \_\_\_\_ TMMS Examination wherein the staff reviewed the items set forth on Exhibit 1, which is attached hereto and incorporated herein by reference, primarily for trade dates \_\_\_\_\_, unless otherwise noted (the “TMMS review period”).

**FACTS AND VIOLATIVE CONDUCT**

[Description of facts and violative conduct.]

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

A censure and fine of \$\_\_\_\_\_.

The firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

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

**II.****WAIVER OF PROCEDURAL RIGHTS**

The firm 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 Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment 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.

The firm 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 the firm; and
- C. If accepted:
  - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the firm;
  - 2. 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
  - 3. The firm 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 the firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.

The undersigned, on behalf of the Firm, 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 the firm to submit it.

\_\_\_\_\_  
Date

[Firm's Name]  
Respondent

By: \_\_\_\_\_  
Name:

Title:

Reviewed by:

\_\_\_\_\_  
Counsel for Respondent  
Firm Name  
Address  
City/State/Zip  
Phone Number

Accepted by Nasdaq:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Thomas R. Gira  
Executive Vice President  
Department of Market Regulation

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

NEGOTIABLE PROMISSORY NOTE

I, [Firm's Name], hereby promise to pay to the order of The NASDAQ Stock Market LLC ("NASDAQ"), a Delaware limited liability company, whose principal offices are located at One Liberty Plaza, New York, New York 10006, in lawful money of the United States of America, the principal sum of [Dollar Amount Written Out] Dollars (\$xx,xxx.xx), in [#] [monthly][quarterly] payments (term). **The first payment will be due on [Date], and each payment thereafter must be received on or before the [day] of the [month][calendar quarter].**

This Note is not a consumer loan or an extension of consumer credit. It is payment of a monetary sanction which I hereby acknowledge is due and payable, imposed in connection with the disposition of disciplinary proceedings by NASDAQ (registered as a national securities exchange subject to regulation by the United States Securities and Exchange Commission and under Section 6 of the Securities Exchange Act of 1934). I may prepay this Note at any time in whole or in part from time to time.

Any default in the payment of any part of the principal sum when due, will, at the sole option of the holder, mature the whole of this Note. No acceptance by the holder of any late payment or other default will be deemed or construed as a waiver of any prior or subsequent default or any rights of the holder to mature this Note or take any other action upon said prior or subsequent default. In the event of default, I will be responsible for any costs of collection, including reasonable attorney's fees (of inside and outside counsel) and expenses, incurred by NASDAQ.

Sworn and subscribed before me

[Firm's Name]  
[street address]  
[city, state, zip]

This \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_

Notary Public:

Commission Expires:

Signature: \_\_\_\_\_

Witnesses: \_\_\_\_\_  
Corporate Secretary

Name: \_\_\_\_\_

Page 2

I, \_\_\_\_\_, am the Corporate Secretary of [*Firm's Name*].  
 \_\_\_\_\_ (*above signatory on page 1*) is the \_\_\_\_\_ (*Title*) of  
 [*Firm's Name*], and is authorized by its By-Laws and/or Resolution of its Board of Directors to execute  
 this Note on its behalf.

Sworn and subscribed before me

This \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_

Notary Public:

Commission Expires:

Signature: \_\_\_\_\_

Witnesses: \_\_\_\_\_  
Corporate Secretary

Name: \_\_\_\_\_

PAYMENT SCHEDULE

Amount

Due Date