

**NATIONAL FINANCIAL SERVICES LLC**  
**200 Seaport Boulevard**  
**Boston, MA**

**SEC Rule 606 Quarterly Report for the Quarter Ending September 30, 2011**

National Financial Services LLC (NFS) has prepared this report pursuant to U.S Securities and Exchange Commission Rule 606 which requires broker-dealer firms to make publicly available quarterly reports on their routing practices. This report provides information on the routing of "non-directed orders" -any order that the customer has not specifically instructed to be routed to a particular venue for execution. For these non-directed orders, NFS has selected the execution venue on behalf of its customers.

The report is divided into four sections:

1. Securities listed on the New York Stock Exchange;
2. Securities listed on the Nasdaq Stock Market;
3. Securities listed on the NYSE AMEX or regional exchanges; and
4. Exchange listed options

For each section, this report identifies the venues most often selected by NFS, sets forth the percentage of various types of orders routed to the venues and discusses the material aspects of the broker-dealer's relationship with the venues.

**1. New York Stock Exchange**

**NYSE Summary Statistics :**

Non-directed orders as percentage of total customer orders	99.99%
Market orders as percentage of total non-directed orders	50.93%
Limit orders as percentage of total non-directed orders	49.07%
Other orders as percentage of total non-directed orders	0.00%

**Venues Receiving Significant Percentage of Total Non-Directed Orders :**

Venue	Total	Total Market Orders	Total Limit Orders	Total Other Orders
1. National Financial Services LLC	23.09%	37.47%	8.17%	0.00%
2. New York Stock Exchange	22.87%	18.75%	27.15%	0.00%
3. Direct Edge Exchange	20.45%	0.91%	40.74%	0.00%
4. BATS Exchange, Inc.	11.68%	12.61%	10.71%	0.00%
5. Knight Capital Markets, LLC	9.71%	18.13%	0.97%	0.00%
6. Nasdaq Execution Services, L.L.C.	3.02%	1.08%	5.02%	0.00%

**Material Aspect of Relationship with Venue**

- National Financial Services LLC (NFS) operates a registered ATS for crossing opportunities.
- NFS received a credit on average of \$0.0015 per share for each order routed by it to The New York Stock Exchange that added liquidity to The New York Stock Exchange and which subsequently executed. NFS was charged fees on average of \$0.0021 per share for each share that removed liquidity from The New York Stock Exchange.
- NFS received a credit on average of \$0.0027 per share for each order routed by it to Direct Edge Exchange and which subsequently executed. NFS was charged fees on average of \$0.0025 per share for each order that removed liquidity from Direct Edge Exchange.
- NFS received a credit on average of \$0.0024 per share for each order routed by it to BATS Exchange that added liquidity to BATS Exchange and which subsequently executed. NFS was charged fees on average of \$0.0027 per share for each share that removed liquidity from BATS Exchange.
- NFS received payment from Knight Capital Markets, LLC for directing listed equity order flow to this venue. Payment received averaged \$0.00042 per share for order flow executed in the third quarter 2011.
- NFS received a credit on average of \$0.0018 per share for each order routed by it to the Nasdaq Stock Market and which subsequently executed. NFS was charged fees on average of \$0.0030 per share for each order that removed liquidity from the Nasdaq Stock Market.

## 2. Nasdaq Stock Market

### Nasdaq Summary Statistics :

Non-directed orders as percentage of total customer orders	99.95%
Market orders as percentage of total non-directed orders	47.86%
Limit orders as percentage of total non-directed orders	52.14%
Other orders as percentage of total non-directed orders	0.00%

### Venues Receiving Significant Percentage of Total Non-Directed Orders :

Venue	Total	Total Market Orders	Total Limit Orders	Total Other Orders
1. National Financial Services LLC	27.63%	36.03%	19.91%	0.00%
2. Nasdaq Execution Services, L.L.C.	16.05%	5.18%	26.03%	0.00%
3. BATS Exchange, Inc.	12.71%	12.44%	12.96%	0.00%
4. Direct Edge Exchange	11.36%	1.46%	20.45%	0.00%
5. Knight Equity Markets, L.P.	10.42%	20.28%	1.37%	0.00%
6. Goldman, Sachs & Co.	7.45%	13.00%	2.36%	0.00%
7. NYSE Arca	4.05%	0.91%	6.93%	0.00%
8. Citadel Derivatives Group LLC	1.74%	3.62%	0.01%	0.00%

### Material Aspect of Relationship with Venue

- NFS operates a registered ATS for crossing opportunities.
- NFS received a credit on average of \$0.0002 per share for each order routed by it to the Nasdaq Stock Market and which subsequently executed. NFS was charged fees on average of \$0.0034 per share for each order that removed liquidity from the Nasdaq Stock Market.
- NFS received a credit on average of \$0.0024 per share for each order routed by it to BATS Exchange that added liquidity to BATS Exchange and which subsequently executed. NFS was charged fees on average of \$0.0027 per share for each order that removed liquidity from BATS Exchange.
- NFS received a credit on average of \$0.0027 per share for each order routed by it to Direct Edge Exchange that added liquidity to Direct Edge Exchange and which subsequently executed. NFS was charged fees on average of \$0.0025 per share for each order that removed liquidity from Direct Edge Exchange.
- NFS received payment from Knight Equity Markets, L.P. for directing Nasdaq equity order flow to this venue. Payment received averaged \$0.00042 per share for order flow executed in the third quarter 2011.
- NFS received payment from Goldman, Sachs & Co. for directing Nasdaq equity order flow to this venue. Payment received averaged \$0.00030 per share for order flow executed in the third quarter 2011.
- NFS received a credit on average of \$0.0021 per share for each order routed by it to NYSE Arca that added liquidity to NYSE Arca and which subsequently executed. NFS was charged fees on average of \$0.0030 per share for each order that removed liquidity from NYSE Arca.
- NFS received payment from Citadel Derivatives Group, LLC for directing Nasdaq equity order flow to this venue. Payment received averaged \$0.00072 per share for order flow executed in the third quarter 2011.

### 3. NYSE AMEX or Regional Exchanges

#### NYSE AMEX or Regional Exchange Summary Statistics :

Non-directed orders as percentage of total customer orders	99.89%
Market orders as percentage of total non-directed orders	35.52%
Limit orders as percentage of total non-directed orders	64.47%
Other orders as percentage of total non-directed orders	0.01%

#### Venues Receiving Significant Percentage of Total Non-Directed Orders :

Venue	Total	Total Market Orders	Total Limit Orders	Total Other Orders
1. NYSE Amex	48.51%	12.38%	68.43%	0.00%
2. Direct Edge Exchange	8.76%	2.30%	12.32%	0.00%
3. National Financial Services LLC	8.52%	15.52%	4.66%	0.00%
4. BATS Exchange, Inc.	7.71%	15.88%	3.21%	0.00%
5. Knight Capital Markets, LLC	6.61%	16.36%	1.24%	25.00%
6. Citadel Derivatives Group LLC	5.20%	14.54%	0.06%	0.00%
7. UBS Securities, LLC	3.21%	8.50%	0.28%	75.00%
8. Nasdaq Execution Services, L.L.C.	2.66%	2.93%	2.51%	0.00%

#### Material Aspect of Relationship with Venue

- NFS received a credit on average of \$0.0016 per share for each order routed by it to NYSE Amex that added liquidity to NYSE Amex and which subsequently executed. NFS was charged fees on average of \$0.0012 per share for each order that removed liquidity from NYSE Amex.
- NFS received a credit on average of \$0.0027 per share for each order routed by it to Direct Edge Exchange that added liquidity to Direct Edge Exchange and which subsequently executed. NFS was charged fees on average of \$0.0025 per share for each order that removed liquidity from Direct Edge Exchange.
- NFS operates a registered ATS for crossing opportunities.
- NFS received a credit on average of \$0.0024 per share for each order routed by it to BATS Exchange that added liquidity to BATS Exchange and which subsequently executed. NFS was charged fees on average of \$0.0027 per share for each order that removed liquidity from BATS Exchange.
- NFS received payment from Knight Capital Markets, LLC for directing listed equity order flow to this venue. Payment received averaged \$0.00042 per share for order flow executed in the third quarter 2011.
- NFS received payment from Citadel Derivatives Group, LLC for directing listed equity order flow to this venue. Payment received averaged \$0.00072 per share for order flow executed in the third quarter 2011.
- NFS received payment from UBS Securities, LLC for directing listed equity order flow to this venue. Payment received averaged \$0.00041 per share for order flow executed in the third quarter 2011.
- NFS received a credit on average of \$0.0017 per share for each order routed by it to the Nasdaq Stock Market and which subsequently executed. NFS was charged fees on average of \$0.0030 per share for each order that removed liquidity from the Nasdaq Stock Market.

#### 4. Exchange Listed Options

##### Exchange Listed Options Summary Statistics :

Non-directed orders as percentage of total customer orders	98.41%
Market orders as percentage of total non-directed orders	3.06%
Limit orders as percentage of total non-directed orders	96.94%
Other orders as percentage of total non-directed orders	0.00%

##### Venues Receiving Significant Percentage of Total Non-Directed Orders :

Venue	Total	Total Market Orders	Total Limit Orders	Total Other Orders
1. NASDAQ OMX PHLX	34.41%	0.00%	35.50%	0.00%
2. The Chicago Board Options Stock Exchange	15.21%	19.44%	15.07%	0.00%
3. NYSE Arca Options	13.76%	13.89%	13.76%	0.00%
4. BATS Options Exchange, Inc.	12.15%	0.00%	12.53%	0.00%
5. Nasdaq Execution Services, L.L.C.	7.56%	52.78%	6.13%	0.00%
6. The Boston Option Exchange	5.61%	0.00%	5.78%	0.00%
7. NYSE Amex Options	4.76%	0.00%	4.91%	0.00%

##### Material Aspect of Relationship with Venue

- National Financial Services LLC (NFS) routes orders in exchange-listed options to one or more broker-dealer intermediaries, which in turn, use smart order routing technology to seek the best execution available in the market. Payments received from these broker-dealer intermediaries averaged a blended rate of \$.18 per contract.

**Note: Column Heading Definitions**

**Venue** - Routing destination to which a significant percentage of total non-directed orders are sent.

**Total** - Total percent of all non-directed orders routed to this venue.

**Total Market Orders** - Percent of all non-directed market orders routed to this venue.

**Total Limit Orders** - Percent of all non-directed limit orders routed to this venue.

**Total Other Orders** - Percent of all non-directed other orders routed to this venue. Other orders are defined as orders not specifically designated market or limit, such as stop orders.