

NATIONAL FINANCIAL SERVICES LLC
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Boston, MA

SEC Rule 606 Quarterly Report for the Quarter Ending March 31, 2012

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	99.98%
Market orders as percentage of total non-directed orders	58.73%
Limit orders as percentage of total non-directed orders	41.27%
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. New York Stock Exchange	31.41%	21.57%	45.43%	0.00%
2. National Financial Services LLC	28.10%	36.25%	16.50%	0.00%
3. Knight Capital Markets, LLC	9.61%	15.17%	1.69%	100.00%
4. BATS Exchange, Inc.	7.61%	9.41%	5.04%	0.00%
5. Direct Edge Exchange	7.52%	1.58%	15.97%	0.00%
6. NYSE Arca	5.18%	4.86%	5.62%	0.00%
7. Nasdaq Execution Services, LLC	2.66%	1.17%	4.79%	0.00%

Material Aspect of Relationship with Venue

- National Financial Services LLC (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 \$0.0020 per share for each share that removed liquidity from The New York Stock Exchange.
- NFS, operates a registered ATS for crossing opportunities.
- NFS, received payment from Knight Capital Markets, LLC for directing listed equity order flow to this venue. Payment received averaged \$0.00049 per share for order flow executed in the first quarter 2012.
- NFS, received a credit on average of \$0.0025 per share for each order routed by it to BATS Exchange, Inc. that added liquidity to BATS Exchange, Inc. and which subsequently executed. NFS was charged fees on average of \$0.0025 per share for each share that removed liquidity from BATS Exchange, Inc.
- NFS, received a credit on average of \$0.0024 per share for each order routed by it to Direct Edge Exchange and which subsequently executed. NFS was charged fees on average of \$0.0024 per share for each order that removed liquidity from Direct Edge Exchange.
- 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 \$0.0029 per share for each order that removed liquidity from NYSE Arca.
- NFS, received a credit on average of \$0.0018 per share for each order routed by it to Nasdaq Execution Services, LLC that added liquidity to Nasdaq Execution Services, LLC and which subsequently executed. NFS was charged fees on average of \$0.0030 per share for each order that removed liquidity from Nasdaq Execution Services, LLC.

2. Nasdaq Stock Market

Nasdaq Summary Statistics :

Non-directed orders as percentage of total customer orders	99.97%
Market orders as percentage of total non-directed orders	54.65%
Limit orders as percentage of total non-directed orders	45.35%
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	30.92%	33.55%	27.75%	0.00%
2. Nasdaq Execution Services, LLC	17.91%	8.65%	29.06%	0.00%
3. Knight Equity Markets, L.P.	10.75%	18.43%	1.49%	100.00%
4. NYSE Arca	9.65%	6.32%	13.67%	0.00%
5. BATS Exchange, Inc.	9.53%	9.82%	9.18%	0.00%
6. Goldman, Sachs & Co.	7.17%	11.08%	2.47%	0.00%
7. Direct Edge Exchange	5.54%	2.66%	9.01%	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 \$0.0001 per share for each order routed by it to Nasdaq Execution Services, LLC that added liquidity to Nasdaq Execution Services, LLC and which subsequently executed. NFS was charged fees on average of \$0.0034 per share for each order that removed liquidity from Nasdaq Execution Services, LLC.
- NFS, received payment from Knight Equity Markets, L.P. directing Nasdaq equity order flow to this venue. Payment received averaged \$0.00049 per share for order flow executed in the first quarter 2012.
- 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 \$0.0027 per share for each order that removed liquidity from NYSE Arca.
- NFS, received a credit on average of \$0.0025 per share for each order routed by it to BATS Exchange, Inc. that added liquidity to BATS Exchange, Inc. and which subsequently executed. NFS was charged fees on average of \$0.0025 per share for each share that removed liquidity from BATS Exchange, Inc.
- NFS, received payment from Goldman, Sachs & Co. for directing Nasdaq equity order flow to this venue. Payment received averaged \$0.00021 per share for order flow executed in the first quarter 2012.
- NFS, received a credit on average of \$0.0024 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 \$0.0024 per share for each share that removed liquidity from Direct Edge Exchange.

3. NYSE AMEX or Regional Exchanges

NYSE AMEX or Regional Exchange Summary Statistics :

Non-directed orders as percentage of total customer orders	99.94%
Market orders as percentage of total non-directed orders	47.63%
Limit orders as percentage of total non-directed orders	52.37%
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. National Financial Services LLC	18.88%	26.72%	11.74%	0.00%
2. Direct Edge Exchange	17.53%	2.19%	31.49%	0.00%
3. NYSE Arca	16.88%	11.74%	21.55%	0.00%
4. BATS Exchange, Inc.	15.81%	23.34%	8.96%	0.00%
5. NYSE Amex	11.83%	3.67%	19.26%	0.00%
6. Knight Capital Markets, LLC	7.21%	14.25%	0.80%	100.00%
7. Nasdaq Execution Services, LLC	3.04%	2.13%	3.86%	0.00%

Material Aspect of Relationship with Venue

- National Financial Services (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 Direct Edge Exchange that added liquidity to Direct Edge Exchange and which subsequently executed. NFS was charged fees on average of \$0.0024 per share for each order that removed liquidity from Direct Edge Exchange.
- NFS, received a credit on average of \$0.0022 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 \$0.0028 per share for each order that removed liquidity from NYSE Arca.
- NFS, received a credit on average of \$0.0025 per share for each order routed by it to BATS Exchange, Inc. that added liquidity to BATS Exchange, Inc. and which subsequently executed. NFS was charged fees on average of \$0.0025 per share for each order that removed liquidity from BATS Exchange, Inc.
- 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 \$0.0008 per share for each order that removed liquidity from NYSE Amex.
- NFS, received payment from Knight Capital Markets, LLC. for directing listed equity order flow to this venue. Payment received averaged \$0.00049 per share for order flow executed in the first quarter 2012.
- NFS, received a credit on average of \$0.0017 per share for each order routed by it to Nasdaq Execution Services, LLC that added liquidity to Nasdaq Execution Services, LLC and which subsequently executed. NFS was charged fees on average of \$0.0030 per share for each order that removed liquidity from Nasdaq Execution Services, LLC.

4. Exchange Listed Options

Exchange Listed Options Summary Statistics :

Non-directed orders as percentage of total customer orders	99.00%
Market orders as percentage of total non-directed orders	10.46%
Limit orders as percentage of total non-directed orders	89.54%
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. The Chicago Board Options Exchange	32.35%	35.44%	31.99%	0.00%
2. NASDAQ OMX PHLX	20.43%	12.24%	21.39%	0.00%
3. Nasdaq Execution Services, LLC	15.27%	2.95%	16.71%	0.00%
4. NYSE Arca Options	8.78%	5.06%	9.22%	0.00%
5. NYSE Amex Options	8.65%	18.14%	7.54%	0.00%
6. BATS Options Exchange, Inc.	7.15%	4.64%	7.44%	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 \$.19 per contract.

Note: Column Heading

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

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 orders not specifically designated market or limit, such as stop orders.