



### SEC Rule 605 Compliance

In 2000, the Commission adopted Rule 605 (formerly 11Ac1-5). The Rule requires market centers to prepare and make available to the public, monthly reports in electronic form that categorize their order executions and include statistical measures of execution quality. Paragraph (a)(14) of the Rule defines the term "market center" as any exchange market maker, OTC market maker, alternative trading system, national securities exchange, or national securities association. This definition is intended to cover entities that hold themselves out as willing to accept and execute orders in national market system securities. Specifically, Paragraph (b)(1) of Rule 605 provides that every "market center" shall make available for each calendar month an electronic report on the covered orders in national market system securities that it received for execution from any person. Thus, the Rule is limited in scope to market centers, covered orders, and national market system securities. Based on the above definitions, Wunderlich Securities, Inc. ("Wunderlich") qualifies as a "market center."

The definition of "covered order" in Rule 605 contains several conditions and exclusions that are intended to limit its scope to those orders that provide a basis for meaningful and comparable statistical measures of execution quality. For further information related to what a "covered order" is please refer to the SEC web site for the full text of the rule. The definition of covered order excludes however, any orders for which the customer requested special handling for execution and that, if not excluded, could skew general statistical measures of execution quality. Types of orders specifically excluded from the Rule include, but are not limited to, orders to be executed at a market opening or closing price, stop orders, orders such as short sales that must be executed on a particular tick or bid, orders submitted on a "not held" basis, orders for other than regular settlement, and orders to be executed at prices unrelated to the market price at the time of execution. All of these exclusions are retained from the proposed rule. In addition, the Rule as adopted now specifically excludes all-or-none orders on the basis that they often may be more difficult to execute than orders without a substantial minimum quantity requirement.

**Wunderlich's market making desk handles all order on a "not held" basis and therefore there is no data required to be made public through the previously mentioned monthly reports in electronic format. At such time that an order is received and executed, which qualifies as a covered order, in a covered security, that is not subject to an exemption, Wunderlich will prepare and make public the requisite electronic report in the format outlined in Rule 605. The file will be located in the same electronic file folder as this letter.**

**If you have any questions related to this matter please feel free to call 901-251-1330 and ask to speak to someone in the Compliance Department.**