

Coviello Paul  
Form 3  
October 12, 2010

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

|   |         |                                      |  |  |
|---|---------|--------------------------------------|--|--|
| 1. Name and Address of Reporting Person * |         | 2. Date of Event Requiring Statement | 3. Issuer Name <b>and</b> Ticker or Trading Symbol                               |  |
| Â Coviello Paul                           |         | (Month/Day/Year)                     | NATIONAL HOLDINGS CORP [NHL.D.OB]  |  |
| (Last)                                    | (First) | 10/05/2010                           | 4. Relationship of Reporting Person(s) to Issuer                                 | 5. If Amendment, Date Original Filed(Month/Day/Year) |
| 200 ABINGTON EXECUTIVE PARK,Â SUITE 205   |         |                                      | (Check all applicable)   |  |
| (Street)                                  |         |                                      | <input checked="" type="checkbox"/> Director                                     | <input type="checkbox"/> 10% Owner                   |
| CLARKS                                    |         |                                      | <input type="checkbox"/> Officer   | <input type="checkbox"/> Other                       |
| SUMMIT,Â PAÂ 18411                        |         |                                      | (give title below)   | (specify below)                                      |
| (City)                                    | (State) | (Zip)                                | 6. Individual or Joint/Group Filing(Check Applicable Line)                       |  |
|   |         |                                      | <input type="checkbox"/> Form filed by One Reporting Person                      |  |
|   |         |                                      | <input checked="" type="checkbox"/> Form filed by More than One Reporting Person |  |

**Table I - Non-Derivative Securities Beneficially Owned**

|                                 |   |  |   |
|---------------------------------|---|--|---|
| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---------------------------------|---|--|---|

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

|  |  |   |  |  |   |
|--|--|---|--|--|---|
| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|  | Date Exercisable   | Expiration Date   | Title  | Amount or Number of Shares   |   |

(Instr. 5)

|                              |               |       |              |           |            |       |                  |
|------------------------------|---------------|-------|--------------|-----------|------------|-------|------------------|
| Series C Preferred Stock     | 07/12/2010    | Â (1) | Common Stock | 552,486   | \$ 0.5 (2) | I (3) | See footnote (4) |
| Warrants (right to purchase) | 07/12/2010(5) | Â (5) | Common Stock | 552,486   | \$ 0.5     | I (3) | See footnote (4) |
| Series D Preferred Stock     | 10/05/2010    | Â (1) | Common Stock | 2,000,000 | \$ 0.5 (2) | I (3) | See footnote (4) |
| Warrants (right to purchase) | 10/05/2010(5) | Â (5) | Common Stock | 2,000,000 | \$ 0.5     | I (3) | See footnote (4) |
| Warrants (right to purchase) | 10/05/2010(5) | Â (5) | Common Stock | 40,450    | \$ 0.5     | I (3) | See footnote (4) |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| Coviello Paul<br>200 ABINGTON EXECUTIVE PARK<br>SUITE 205<br>CLARKS SUMMIT, PA 18411                 | Â X           | Â         | Â       | Â     |
| Linden Asset Management, Inc.<br>200 ABINGTON EXECUTIVE PARK<br>SUITE 205<br>CLARKS SUMMIT, PA 18411 | Â             | Â X       | Â       | Â     |

## Signatures

Paul J. Coviello, individually and on behalf of Linden Asset Management, Inc., By Mark F. Coldwell, by Power of Attorney

10/12/2010

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The shares of Series C Preferred Stock and Series D Preferred Stock do not expire.
- (2) The shares of Series C Preferred Stock and Series D Preferred Stock convert at a price equal to the Original Issue Price divided by the Conversion Price, as adjusted, which is initially \$0.50 per share.
- (3) Linden Asset Management, Inc. serves as the investment manager of the private fund which directly owns these securities. Pursuant to an investment management agreement, Linden Asset Management, Inc. has investment and voting power with respect to these securities. Paul J. Coviello is the SEC of Linden Asset Management, Inc. The Reporting Persons disclaim beneficial ownership of any of the Issuer's securities to which this report relates for the purpose of Section 16 or for any other purpose.
- (5) The warrants vest 33% immediately and 33% on each of the 1st and 2nd anniversaries of the date of grant. Each tranche of vested warrants expire five years from the date of vesting.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.