

Grady Gill R
Form 4
September 13, 2012

FORM 4

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

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN 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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Grady Gill R

(Last) (First) (Middle)

GSE SYSTEMS, INC., 1332
LONDONTOWN BLVD.

(Street)

SYKESVILLE, MD 21784

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
GSE SYSTEMS INC [GVP]

3. Date of Earliest Transaction
(Month/Day/Year)
09/11/2012

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director _____ 10% Owner
X Officer (give title _____ Other (specify
below) below)

Sr. Vice President

6. Individual or Joint/Group Filing(Check
Applicable Line)
X Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	09/11/2012		M		500	A	\$ 1.61
					600		D
Common Stock	09/11/2012		S		500	D	\$ 1.93
					100		D
Common Stock	09/12/2012		M		239	A	\$ 1.61
					339		D
Common Stock	09/12/2012		S		239	D	\$ 1.93
					100		D

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

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. D S (I
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Employee Stock Option	\$ 1.61	09/11/2012		M	500	<u>(1)</u>	03/14/2013	Common Stock	500	
Employee Stock Option	\$ 1.61	09/12/2012		M	239	<u>(1)</u>	03/14/2013	Common Stock	239	
Employee Stock Option	\$ 3.4					<u>(2)</u>	10/28/2017	Common Stock	20,000	
Employee Stock Option	\$ 5.95					<u>(3)</u>	10/23/2018	Common Stock	40,000	
Employee Stock Option	\$ 1.85					<u>(4)</u>	11/11/2018	Common Stock	100,000	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Grady Gill R GSE SYSTEMS, INC. 1332 LONDONTOWN BLVD. SYKESVILLE, MD 21784			Sr. Vice President	

Signatures

/s/ Gill R. Grady

09/13/2012

__Signature of
Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(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) Exercisable as follows: 22,000 3/14/2007; 16,500 3/14/2008; 16,500 3/14/2009

(2) Exercisable as follows: 8,000 10/28/2011; 6,000 10/28/2012; 6,000 10/28/2013

(3) Exercisable as follows: 5,714 10/23/2009; 5,714 10/23/2010; 5,714 10/23/2011; 5,715 10/23/2012; 5,714 10/23/2013; 5,714 10/23/2014; 5,715 10/23/2015

(4) Exercisable as follows: 20,000 11/11/2012; 20,000 11/11/2013; 20,000 11/11/2014; 20,000 11/11/2015; 20,000 11/11/2016

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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