

Grady Gill R
Form 4
September 18, 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)
09/13/2012

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 below) ____ Other (specify 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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	09/13/2012		M		500	A	\$ 1.61
					600		D
Common Stock	09/13/2012		M		3,400	A	\$ 1.61
					4,000		D
Common Stock	09/13/2012		S		500	D	\$ 1.94
					3,500		D
Common Stock	09/13/2012		S		3,400	D	\$ 1.93
					100		D
Common Stock	09/14/2012		M		161	A	\$ 1.61
					261		D

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Common Stock	09/14/2012	M	100	A	\$ 1.61	361	D
Common Stock	09/14/2012	M	2,700	A	\$ 1.61	3,061	D
Common Stock	09/14/2012	M	25,000	A	\$ 1.61	28,061	D
Common Stock	09/14/2012	S	161	D	\$ 1.96	27,900	D
Common Stock	09/14/2012	S	100	D	\$ 1.95	27,800	D
Common Stock	09/14/2012	S	2,700	D	\$ 1.94	25,100	D
Common Stock	09/14/2012	S	25,000	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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Employee Stock Option	\$ 1.61	09/13/2012		M	500	<u>(1)</u> 03/14/2013	Common Stock 500
Employee Stock Option	\$ 1.61	09/13/2012		M	3,400	<u>(1)</u> 03/14/2013	Common Stock 3,400
Employee Stock Option	\$ 1.61	09/14/2012		M	161	<u>(1)</u> 03/14/2013	Common Stock 161
Employee Stock Option	\$ 1.61	09/14/2012		M	100	<u>(1)</u> 03/14/2013	Common Stock 100

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Employee Stock Option	\$ 1.61	09/14/2012	M	2,700	<u>(1)</u>	03/14/2013	Common Stock	2,700
Employee Stock Option	\$ 1.61	09/14/2012	M	25,000	<u>(1)</u>	03/14/2013	Common Stock	25,000
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 09/18/2012

 Date
**Signature of
Reporting Person

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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