Khera Rajesh Form 4 October 16, 2007

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

2. Issuer Name and Ticker or Trading

BSQUARE CORP/WA [BSQR]

3. Date of Earliest Transaction

4. If Amendment, Date Original

(Month/Day/Year)

Filed(Month/Day/Year)

3.

10/15/2007

(Print or Type Responses)

1. Name and Address of Reporting Person *

Khera Rajesh

(Last)

(Middle) (First)

110 - 110TH AVENUE, NE, SUITE 200

(Street)

BELLEVUE, WA 98004

(City) (State) (Zip)

1. Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) (Instr. 3)

Execution Date, if

(Month/Day/Year)

Code

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

Symbol

(Instr. 8)

TransactionAcquired (A) or

Disposed of (D) (Instr. 3, 4 and 5)

4. Securities

(A)

Transaction(s) (Instr. 3 and 4) Code V Amount (D) Price

Persons who respond to the collection of

information contained in this form are not required to respond unless the form displays a currently valid OMB control

number.

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

1. Title of Derivative Security

Conversion or Exercise

3. Transaction Date 3A. Deemed (Month/Day/Year)

Execution Date, if any

4. 5. Number of **Transaction**Derivative Code Securities

6. Date Exercisable and **Expiration Date** (Month/Day/Year)

7. Title and Amount Underlying Securiti (Instr. 3 and 4)

OMB APPROVAL

3235-0287

January 31,

2005

0.5

OMB

Number:

Expires:

response...

5. Relationship of Reporting Person(s) to

(Check all applicable)

Vice President of Products

6. Ownership

Form: Direct

(D) or Indirect Beneficial

6. Individual or Joint/Group Filing(Check

X Form filed by One Reporting Person Form filed by More than One Reporting

(I)

(Instr. 4)

10% Owner

Other (specify

7. Nature of

Ownership

(Instr. 4)

SEC 1474

(9-02)

Indirect

Issuer

below)

Person

5. Amount of

Securities

Owned

Beneficially

Following

Reported

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

Director

Applicable Line)

X_ Officer (give title

Estimated average

burden hours per

1

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(Instr. 3) Price of Derivative Security

(Month/Day/Year) (Instr. 8) Acquired (A) or Disposed of

(D) (Instr. 3, 4, and 5)

Code V

(A)

(D) Date Exercisable Expiration Date

Title

orNumb

Amou

of Sha

25,0

Employee

Stock Option (Right to

Buy)

\$ 6.13 10/15/2007

25,000 A

Vice President of Products

10/15/2008(1) 10/15/2017

Common

Stock

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Khera Rajesh

110 - 110TH AVENUE, NE

SUITE 200

BELLEVUE, WA 98004

Signatures

Rajesh Khera 10/16/2007 **Signature of Date 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) The option vests one-quarter of the options per year over a 4 year period.

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.

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