

NASD

June 1, 1983

83-26

TO: All NASD Members And Interested Persons

RE: Adoption of Amendments to Interpretation on Free-Riding and Withholding

The Association has adopted amendments to its Interpretation on Free-Riding and Withholding in order to clarify the application of the Interpretation to offerings in which there is a delay between the commencement of the offering and the beginning of a secondary market. These amendments have been approved by the Securities and Exchange Commission on a temporary basis for sixty days effective June 1, 1983. After the sixty day period, the Commission will consider approval of the amendments as permanent rules. The text of the amendments are attached to this notice.

The Association has, in the past, consistently applied the "Free-Riding Interpretation" to any public offering which trades at a premium in the secondary market whenever the secondary market begins. However, in a recent case before the Commission, the Commission found that the language of the "Free-Riding Interpretation" failed to clearly specify its application to public offerings where the secondary market does not begin until well after the commencement of the offering. ^{1/} In its decision the Commission recommended that the Interpretation be conformed to the Association's existing policy. These amendments, therefore, are intended to conform the Interpretation to the Association's existing policy and specifically provide that the interpretation applies to public offerings where the issue trades at a premium in the secondary market whenever such secondary market begins. Thus, the Interpretation applies no matter how long the period of time between the commencement of the offering and the beginning of a secondary market.

Sincerely,



Frank J. Wilson
Executive Vice President
Legal and Compliance

Attachment

^{1/} In the Matter of Lowell H. Liström & Company, Inc., Sec. Ex. Act. Rel. No. 19414 (Jan. 10, 1983)

TEXT OF AMENDMENTS TO INTERPRETATION ON
FREE-RIDING AND WITHHOLDING

(new language is underlined, deleted language is stricken through)

"FREE-RIDING AND WITHHOLDING"

Introduction

The following Interpretation of Article III, Section 1 of the Association's Rules of Fair Practice is adopted by the Board of Governors of the Association pursuant to the provisions of Article VII, Section 3(a) of the Association's By-Laws and Article I, Section 3 of the Rules of Fair Practice.

This Interpretation is based upon the premise that members have an obligation to make a bona fide public distribution at the public offering price of securities of a public offering which ~~immediately after the distribution process is commenced~~ trade at a premium in the secondary market whenever such secondary market begins (a "hot issue") regardless of whether such securities are acquired by the member as an underwriter, as a selling group member, or from a member participating in the distribution as an underwriter or a selling group member, or otherwise. The failure to make a bona fide public distribution when there is a demand for an issue can be a factor in artificially raising the price. Thus, the failure to do so, especially when the member may have information relating to the demand for the securities or other factors not generally known to the public, is inconsistent with high standards of commercial honor and just and equitable principles of trade and leads to an impairment of public confidence in the fairness of the investment banking and securities business. Such conduct is, therefore, in violation of Article III, Section 1 of the Association's Rules of Fair Practice and this Interpretation thereof which establishes guidelines in respect to such activity.

* * * *

Interpretation

Except as provided herein, it shall be inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of Article III, Section 1 of the Association's Rules of Fair Practice for a member, or a person associated with a member, to fail to make a bona fide public distribution at the public offering price of securities of a public offering which ~~immediately~~ trade at a premium in the secondary market whenever such secondary market begins regardless of whether such securities are acquired by the member as an underwriter, a selling group member or from a member participating in the distribution as an underwriter or selling group member, or otherwise.

* * * *

Scope and Intent of Interpretation
Investment Partnerships and Corporations

A member may not sell securities of a public offering which ~~immediately after the distribution process is commenced~~, trade at a premium in the secondary market whenever such secondary market begins ("hot issue"), to the account of any investment partnership or corporation, domestic or foreign (except companies registered under the

Investment Company Act of 1940) including but not limited to, hedge funds, investment clubs, and other like accounts unless the member receives from such account, prior to the execution of the transaction, the names and business connections of all persons having any beneficial interest in the account, and if such information discloses that any person enumerated in paragraphs (1) through (4) hereof has a beneficial interest in such account, any sale of securities to such account must be consistent with the provisions of this Interpretation; provided, however, that if the disclosure of such information by the account is prohibited by law, then in such case, the member must receive written assurance from the account that no person enumerated in paragraphs (1) through (4) hereof has a beneficial interest in such account.

* * * *

Violations by Registered Representative Executing Transaction

The obligation which members have to make a bona fide public distribution at the public offering price of securities of a public offering which immediately after the distribution process is commenced trade at a premium in the secondary market whenever such secondary market begins ("hot issue"), as stated above, is also an obligation of every person associated with a member who causes a transaction to be executed. Therefore, where sales are made by such persons in a manner inconsistent with the provisions of this Interpretation, such persons associated with a member will be considered equally culpable with the member for the violations found taking into consideration the facts and circumstances of the particular case under consideration.

* * * *

Definitions

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"Public Offering"

The term "public offering" shall mean all distributions of securities whether underwritten or not; whether registered, unregistered or exempt from registration under the Securities Act of 1933, and whether they are primary or secondary distributions, including intrastate distributions and Regulation "A" issues, which sell at a immediate premium, in the secondary market whenever such secondary market begins. It shall not mean "exempted securities" as defined in Section 3(a)(12) of the Securities Exchange Act of 1934.

NASD

National Association of Securities Dealers, Inc.
1735 K St., N.W. • Washington, D.C. 20006 • (202) 728-8000

notice to members 83-27

June 6, 1983

TO: All NASD Members

RE: MBD Investors, Inc.
RD#1 Box 60 AA
Enon Valley, Pennsylvania 16120

ATTN: Operations Officer, Cashier, Fail-Control Department

On Friday, May 27, 1983, the United States District Court for the Western District of Pennsylvania, appointed the Securities Investor Protection Corporation as Trustee for MBD Investors, Inc.

Members may use the "immediate close-out" procedures as provided in Section 59(i) of the NASD's Uniform Practice Code to close out open OTC contracts. Also, MSRB Rule G-12 (h)(iv) provides that members may use the above procedures to close out transactions in municipal securities.

Questions regarding the firm should be directed to:

Securities Investor Protection Corporation
Attention: Mr. Michael M. Marx
Suite 800, Farragut Building
900 Seventeenth Street, N. W.
Washington, D. C. 20006

Telephone: (202) 223-8400

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NASD

National Association of Securities Dealers, Inc.
1735 K St., N.W. • Washington, D.C. 20006 • (202) 728-8000

notice to members 83-28

June 13, 1983

TO: All NASD Members and NASDAQ Level 2 and Level 3 Subscribers

RE: Additional Securities Voluntarily Added Into National Market System

The National Market System will expand to 329 securities on June 21 when 50 more NASDAQ issues are voluntarily added to the 279 securities already trading on the System.

These 50 securities meet the SEC's criteria for voluntary designation, which include an average monthly trading volume of 100,000 shares and a minimum bid price of \$5.

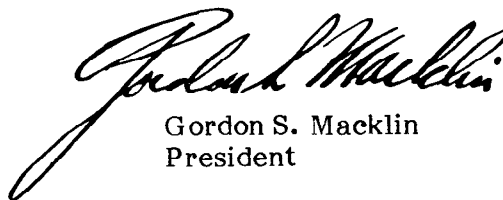
The 50 securities scheduled to join NMS on June 21 are:

AFGN	AFG Industries, Inc.	Kingsport, TN
ANEN	Anaren Microwave, Inc.	E. Syracuse, NY
BOHI	BancOhio Corporation	Columbus, OH
BTEC	BancTec, Inc.	Dallas, TX
BIRD	Bird Incorporated	E. Walpole, MA
CRLNF	Carolin Mines Ltd.	Vancouver, B.C.
CNCR	CenCor, Inc.	Kansas City, MO
CENB	Centran Corporation	Cleveland, OH
CNVL	Cenvill Development Corp.	W. Palm Beach, FL
CFSC	CFS Continental, Inc.	Chicago, IL
CTCQ	Check Technology Corporation	Eden Prairie, MN
CHEK	Checkpoint Systems, Inc.	Thorofare, NJ
COHR	Coherent, Inc.	Palo Alto, CA
CCSTS	Consolidated Capital Special Trust	Emeryville, CA
CORD	Cordis Corporation	Miami, FL
DASW	Data Switch Corporation	Norwalk, CT
DWSN	Dawson Geophysical Company	Midland, TX
DCOM	DICOMED Corporation	Minneapolis, MN
DRXR	Drexler Technology Corporation	Mountain View, CA
EMOD	Electronic Modules Corporation	Hunt Valley, MD
ENZO	Enzo Biochem, Inc.	New York, NY

GMEX	Garcia's of Scottsdale, Inc.	Phoenix, AZ
GTRF	GranTree Corporation	Portland, OR
GNUC	Gulf Nuclear Incorporated	Webster, TX
ICOT	ICOT Corporation	Mountain View, CA
INUC	Immuno Nuclear Corporation	Stillwater, MN
INTS	Intelligent Systems Corp.	Norcross, GA
IKNG	International King's Table, Inc.	Eugene, OR
JIFY	Jiffy Industries, Inc.	Pompano Beach, FL
KENCA	Kentucky Central Life Insurance Company	Lexington, KY
MCQA	McQuay Inc.	Minneapolis, MN
MNTR	Mentor Corporation	Minneapolis, MN
NIELA	A.C. Nielsen Company (Class A)	Northbrook, IL
NIELB	A.C. Nielsen Company (Class B)	Northbrook, IL
NATL	North Atlantic Industries, Inc.	Hauppauge, NY
NMRX	Numerax, Inc.	Maywood, NJ
OLOG	Offshore Logistics, Inc.	Lafayette, LA
OSHM	Oshman's Sporting Goods, Inc.	Houston, TX
PPSI	Paco Pharmaceutical Services, Inc.	Lakewood, NJ
PROP	Production Operators Corp	Houston, TX
RADS	Radiation Systems, Inc.	Sterling, VA
RRCO	Royal Resources Corporation	Denver, CO
QPON	Seven Oaks International, Inc.	Memphis, TN
STRY	Stryker Corporation	Kalamazoo, MI
SSKY	Super Sky International, Inc.	Mequon, WI
TCII	Technology for Communications International	Mountain View, CA
TLAB	Tellabs, Inc.	Lisle, IL
TFCI	Times Fiber Communications, Inc.	Wallingford, CT
TUCK	Tucker Drilling Company, Inc.	San Angelo, TX
VOLT	Volt Information Sciences, Inc.	New York, NY

Any questions regarding this notice should be directed to Donald H. Bosis, Assistant Director, NASDAQ Operations, at (202) 728-8043. Questions pertaining to the trade reporting rules should be directed to Leon Bastien (202) 728-8202.

Sincerely,



Gordon S. Macklin
President

NASD

National Association of Securities Dealers, Inc.
1735 K St., N.W. • Washington, D.C. 20006 • (202) 728-8000

notice to members 83-29

June 24, 1983

TO: All NASD Members

RE: Gibrasco, Inc.
1321 Seventh Street
Santa Monica, California

ATTN: Operations Officer, Cashier, Fail-Control Department

On Wednesday, June 22, 1983, the United States District Court for the Central District of California appointed a SIPC Trustee for the above-captioned firm. Previously, a temporary receiver had been appointed for the firm on June 21, 1983.

Members may use the "immediate close-out" procedures as provided in Section 59(i) of the NASD's Uniform Practice Code to close out open OTC contracts. Also, MSRB Rule G-12 (h)(iv) provides that members may use the above procedures to close out transactions in municipal securities.

Questions regarding the firm should be directed to:

SIPC Trustee

Alexander C. McGilvray, Jr., Esquire
Clark & Trevithick
A Professional Corporation
800 Wilshire Boulevard, Suite 700
Los Angeles, California 90017

Telephone (213) 629-5700

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National Association of Securities Dealers, Inc.
 1735 K St., N.W. • Washington, D.C. 20006 • (202) 728-8000

notice to members 83-30

June 27, 1983

TO: All NASD Members and Municipal Securities Bank Dealers
 ATTN: All Operations Personnel
 RE: Independence Day Trade Date - Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Monday, July 4, 1983, in observance of Independence Day. "Regular-Way" transactions made on the business days preceding that day will be subject to the following schedule.

Trade Date-Settlement Date Schedule
For "Regular-Way" Transactions

<u>Trade Date</u>		<u>Settlement Date</u>		<u>*Regulation T Date</u>	
June	27	July	5	July	7
	28		6		8
	29		7		11
	30		8		12
July	1		11		13
	5		12		14

The foregoing settlement dates should be used by brokers, dealers and municipal securities dealers for purposes of clearing and settling transactions pursuant to the Association's Uniform Practice Code and Municipal Securities Rulemaking Board Rule G-12 on Uniform Practice. Questions regarding this notice may be directed to the Uniform Practice Department at (212) 839-6257.

 * Pursuant to Section 4(c)(2) of Regulation T of the Federal Reserve Board, a broker-dealer must promptly cancel or otherwise liquidate a purchase transaction in a cash account if full payment is not received within seven (7) business days of the date of purchase or pursuant to Section 4(c)(6), make application to extend the time period specified. The date members must take such action is shown in the column entitled "Regulation T Date".