



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

notice to members 86-33

May 7, 1986

TO: All NASD Members and Other Interested Persons

Attn: Corporate Financing Department

RE: Request for Comments on a Proposed Amendment to the Corporate Financing Interpretation Concerning Sales Incentives for Real Estate Investment Trusts and Corporate Debt and Equity Offerings

LAST DATE FOR COMMENT: June 6, 1986

The Board of Governors of the National Association of Securities Dealers, Inc. has approved a proposed amendment to the Interpretation of the Board of Governors—Review of Corporate Financing, Article III, Section 1 of the NASD Rules of Fair Practice (the Corporate Financing Interpretation) that would prohibit the payment of non-cash sales incentives in connection with the distribution of public offerings.

The purpose of this notice is to solicit public comments on the proposed amendment. The text of the proposed amendment is attached.

BACKGROUND

On March 15, 1985, the NASD published for comment in Notice to Members 85-17 a proposed amendment to Appendix F to Article III, Section 34 of the NASD Rules of Fair Practice that would prohibit a sponsor, affiliate of a sponsor (other than a member dealing with persons associated with that member) or a direct participation program (DPP) from directly or indirectly offering or providing non-cash compensation to a member or its associated persons including, but not limited to, travel bonuses, prizes and awards in excess of \$50 per person per sponsor.

Non-cash sales incentives are generally organized by direct participation program sponsors and are usually offered to the account executives of member

firms. The NASD Direct Participation Programs and Real Estate Committees expressed concern that the emphasis given to non-cash sales incentives undermines the firm's ability to supervise its account executives. The committees recommended that the Board of Governors approve an amendment to Appendix F to prohibit non-cash sales incentives in connection with the distribution of public direct participation programs. The committees also determined that the amendment should not affect a member's ability to establish its own in-house incentive program.

The Board of Governors approved the recommendations of the committees relating to the adoption of the prohibition on non-cash sales incentives. Adoption of the proposed amendment now awaits the final approval of the Securities and Exchange Commission. If approved by the SEC, the amendment would become effective on January 1, 1987.

SALES INCENTIVES IN NON-DPP OFFERINGS

The Board of Governors referred to the Corporate Financing Committee the question of whether the prohibition on non-cash sales incentives should apply to the distribution of real estate investment trusts (REITs) and corporate public offerings. Recent tax proposals and other factors in the real estate market have resulted in a marked increase in the number of REITs filed with the NASD Corporate Financing Department for review. In many cases, REITs are sponsored by members or affiliates of members that previously confined their activities to direct participation programs. As a result, some REITs now offer sales incentive programs that are substantially similar to programs usually offered in connection with DPPs.

While non-cash sales incentives have been utilized with respect to the distribution of REITs, sales incentives have not traditionally been employed in connection with the distribution of corporate debt and equity offerings.

PROPOSED AMENDMENT

The NASD is publishing for comment a proposed amendment to the "Arrangement Factors" section of the Corporate Financing Interpretation that would prohibit an issuer or an affiliate of an issuer (other than a member dealing with persons associated with that member) from directly or indirectly offering or providing a member or person associated with a member non-cash sales compensation or sales-incentive items including, but not limited to, travel bonuses, prizes and awards valued in excess of \$50 per person per issuer. In addition, members and their associated persons would be prohibited from accepting non-cash sales compensation. The amendment is proposed to become effective on January 1, 1987, concurrent with the proposed amendment to Appendix F approved by the Board of Governors in connection with public direct participation programs.

REQUEST FOR COMMENTS

The NASD is requesting comments on the proposed amendment prior to final consideration by the NASD Board of Governors, with a specific request for

comments as to whether the proposed prohibition should apply to both corporate and REIT offerings, or only to REIT offerings since non-cash sales incentives are not currently utilized with respect to corporate offerings.

All comments received during this comment period will be reviewed by the Corporate Financing Committee, and changes to the proposed amendment will be recommended as deemed appropriate. The Board of Governors will then reconsider the amendment. If the Board approves the amendment or an amended version, it must be filed with and approved by the Securities and Exchange Commission before it becomes effective.

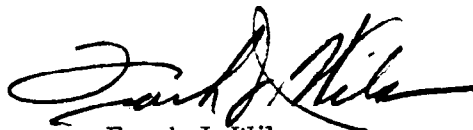
All written comments should be addressed to:

Mr. Lynn Nelliuss, Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006

All comments must be received by June 6, 1986. All comments received will be made available for public inspection.

Any questions regarding this notice should be directed to Richard J. Fortwengler, Coordinating Analyst, NASD Corporate Financing Department, at (202) 728-8258.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Wilson", with a stylized flourish at the end.

Frank J. Wilson
Executive Vice President
Legal and Compliance

Attachment

**PROPOSED AMENDMENT TO
INTERPRETATION OF THE BOARD OF GOVERNORS**

REVIEW OF CORPORATE FINANCING

Article III, Section 1 of the NASD Rules of Fair Practice

*** * * ***

Arrangement Factors

*** * * ***

Sales Incentives*

When proposed in connection with the distribution of a public offering of securities, it shall be presumed to be an unfair and unreasonable arrangement for an issuer or an affiliate of an issuer (other than a member dealing with persons associated with that member) to directly or indirectly offer or provide to a member or person associated with a member non-cash sales compensation or sales incentive items including, but not limited to, travel bonuses, prizes and awards in excess of \$50 per person per issuer. In addition, it shall be presumed to be an unfair and unreasonable arrangement for a member or associated person to accept such non-cash compensation or sales incentive items.

* The provision on sales incentives is proposed to be included at page 2031 of the NASD manual.

NASD

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

notice to members 86-34

May 13, 1986

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

RE: NASDAQ National Market System Grows to 2,363 Securities With 28 Voluntary Additions on May 20, 1986

On Tuesday, May 20, 1986, 28 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,363. These 28 issues, which will begin trading under real-time trade reporting, are entering NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 28 issues scheduled to join NASDAQ/NMS on Tuesday, May 20, 1986, are:

Symbol*	Company	Location
AEPI	AEP Industries, Inc.	Moonachie, NJ
AHSC	American Home Shield Corporation	Santa Rosa, CA
BWIBV	Baldwin & Lyons, Inc. (CI B) (WI)	Indianapolis, IN
CDCRA	Children's Discovery Centers of America, Inc. (CI A)	Monroe, CT
CTZN	Citizens Financial Corporation	Independence, OH
CCEM	CompuChem Corporation	Research Triangle Park, NC
NCCO	ENSECO Incorporated	Cambridge, MA
EMCO	Engineering Measurements Company	Longmont, CO
FICRP	Fidelcor, Inc. (Ser A) (Pfd)	Philadelphia, PA
FBIC	Firstbank of Illinois Co.	Springfield, IL
FPNJ	First Peoples Bank of New Jersey	Haddon Township, NJ
FTTR	Fretter, Inc.	Livonia, MI

* NASDAQ symbols are proprietary to the National Association of Securities Dealers, Inc.

Symbol*	Company	Location
GEMH	Gemcraft, Inc.	Houston, TX
GRAR	Great American Recreation, Inc.	McAfee, NJ
HPSC	HPSC, Inc.	Boston, MA
HPSCW	HPSC, Inc. (Wts)	Boston, MA
HOMC	Homac Incorporated	Detroit, MI
INDR	Industrial Resources, Inc.	Chicago, IL
INTO	Initio, Inc.	Carson City, NV
JGIN	JG Industries, Inc.	Chicago, IL
JJSF	J&J Snack Foods Corporation	Pennsauken, NJ
LFIN	Lincoln Financial Corporation	Fort Wayne, IN
NOVXZ	Nova Pharmaceutical Corporation (Cl B) (Wts)	Baltimore, MD
PSBN	Pioneer Savings Bank, Inc.	Rocky Mount, NC
PTEK	Poly-Tech, Inc.	Minneapolis, MN
SPTN	Spartech Corporation	Clayton, MO
TTOY	Tyco Toys, Inc.	Moorestown, NJ
VMKT	Victory Markets, Inc.	Norwich, NY

The following issues may be included in NASDAQ/NMS prior to the next regularly scheduled phase-in date:

Pending Additions

Symbol*	Company	Location
FSAM	First American Savings, F.A.	Abington, PA
GENI	Genetics Institute, Inc.	Cambridge, MA
GOINZ	Goulds Investors, L.P.	Great Neck, NY
PROS	Prospect Group, Inc. (The)	New York, NY
STRL	Sterling, Inc.	Akron, OH
TKUKV	TMK/United, Inc. (WI)	Birmingham, AL

NASDAQ/NMS Interim Additions

Symbol*	Company	Date of Entry
ARBR	Arbor Drugs, Inc.	4/29/86
RETI	Reidel Environmental Technologies, Inc.	5/02/86

Symbol*	Company	Date of Entry
ATVC	American Travellers Corporation	5/06/86
NACSV	North American Communications Corporation (WI)	5/07/86
WEBS	Webster Clothes, Inc.	5/08/86
HENGV	Henley Group, Inc. (The) (WI)	5/09/86

* * * * *

Special Note:

Hammer Technologies, Inc. (HAMM) will not enter NASDAQ/NMS on May 13, 1986, as previously announced. The firm's entrance into NASDAQ/NMS has been postponed.

* * * * *

The following changes to the list of NASDAQ/NMS securities occurred since April 28, 1986:

NASDAQ/NMS Symbol* and/or Name Changes

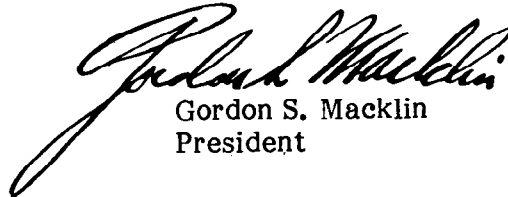
New/Old Symbol*	New/Old Security	Date of Change
USHC/USHC	U.S. Healthcare, Inc./United States Health Care Systems, Inc.	4/28/86
BUGS/BUGS	Cooper Development Company/Cooper Biomedical, Inc.	4/29/86
SIGI/SRIC	Selective Insurance Group, Inc./SRI Corporation	5/05/86
MSLA/MSLA	Metropolitan Financial Savings & Loan Association/Metropolitan Savings & Loan Association (Dallas)	5/06/86
STKN/STKN	Stockton Savings & Loan Association/Stockton Savings & Loan Association, A Federal Savings & Loan Association	5/06/86
BWINA/BWIN	Baldwin & Lyons, Inc. (Cl A)/Baldwin & Lyons, Inc.	5/09/86
HRMN/SHRM	Harmon Industries, Inc./SAB Harmon Industries, Inc.	5/09/86

NASDAQ/NMS Deletions

Symbol*	Security	Date
LARS	Larsen Company (The)	4/29/86
SSSIQ	Servamatic Systems, Inc.	4/29/86
VSALC	Visual Technology Incorporated	4/29/86
CDCK	Craddock-Terry Shoe Corporation	5/01/86
HLNI	Highlands-National, Inc.	5/01/86
REID	Reid-Rowell, Inc.	5/01/86
TRLA	Trans Louisiana Gas Company	5/01/86
CPSV	CompuSave Corporation	5/06/86
OEQU	Omni Equities, Inc.	5/06/86
SALI	Suburban Airlines, Inc.	5/06/86
GFED	Georgia Federal Bank, F.S.B.	5/08/86
ALFN	Alfin Fragrances, Inc.	5/09/86

Any questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Sharon Belanger, NASD Market Surveillance, at (202) 728-8206.

Sincerely,



Gordon S. Macklin
President



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

notice to members 86-35

May 14, 1986

TO: All NASD Members and Other Interested Persons

RE: Adoption of Amendments to the Interpretation of the NASD Board of Governors on "Forwarding of Proxy and Other Materials"

The Securities and Exchange Commission (SEC) recently approved amendments to the Interpretation of the NASD Board of Governors on "Forwarding of Proxy and Other Materials," under Article III, Section 1 of the NASD Rules of Fair Practice. ^{1/} These amendments, which became effective on April 29, 1986, provide for a surcharge and an ongoing fee, which may be charged by NASD members to issuers in connection with proxy solicitations.

The Interpretation requires members to forward proxy materials to their customers promptly upon receipt of sufficient copies of the materials and satisfactory assurance that the issuer will reimburse the member for expenses incurred. The Appendix to the Interpretation sets out suggested rates of reimbursement.

The recently approved amendments permit a member to charge an issuer a second surcharge of 18 1/2 cents for each set of proxy materials handled by the member. (The surcharge adopted in 1985 expired earlier this year.) The amendment concerning the second surcharge is temporary, and unless the effectiveness of the amendment is extended, the second surcharge can be applied only until March 31, 1987.

The SEC also approved an ongoing fee of 6 1/2 cents per shareholder name provided to the issuer pursuant to the issuer's request.

The purpose of these amendments is to assist members in recouping the direct and indirect start-up costs incurred to comply with SEC Rules 14b-1(c) and 17a-3(a)(9)(ii) under the Securities Exchange Act of 1934. These SEC rules were adopted to improve the ability of issuers to identify and communicate with their shareholders who hold securities in "street name" accounts with broker-dealers.

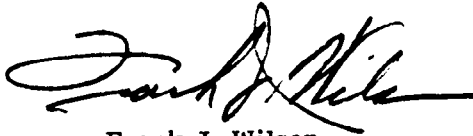
^{1/} NASD Manual (CCH), p. 2037-3.

Rule 17a-3(a)(9)(ii) requires that broker-dealers determine and maintain records of whether customers object to disclosure of their names, addresses and securities positions to issuers. Rule 14b-1(c) requires firms to provide issuers, upon request and assurance of reimbursement of reasonable expenses, with names, addresses and securities positions of non-objecting beneficial shareholders of the issuers' securities.

The text of the amendments are attached to this notice.

Questions regarding this notice should be directed to Craig L. Landauer, NASD Office of the General Counsel, at (202) 728-8291.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Wilson", written in a cursive style.

Frank J. Wilson
Executive Vice President
and General Counsel

Attachment

**AMENDMENTS TO THE INTERPRETATION OF THE
NASD BOARD OF GOVERNORS ON "FORWARDING OF
PROXY AND OTHER MATERIALS" UNDER ARTICLE III,
SECTION 1 OF THE NASD RULES OF FAIR PRACTICE***

FORWARDING OF PROXY AND OTHER MATERIALS

APPENDIX

The Board of Governors has determined that the following suggested rates of reimbursement for expenses incurred in forwarding proxy material, annual reports, information statements and other material are to be used as a guide by members:

* * * *

Surcharge for Proxy Solicitation

[Twenty cents] Eighteen and one-half cents for each set of proxy material, i.e., proxy statement, form of proxy and annual report when mailed as a unit, for the period from [April 1, 1985] April 1, 1986 to [March 31, 1986] March 31, 1987 as a surcharge in addition to the appropriate charges specified in this appendix.

Additional Fee for Proxy Solicitation

Six and one-half cents per shareholder name provided to the issuer pursuant to the issuer's request.

* New language is underlined. Deleted language is bracketed. These amendments were effective April 29, 1986.

NASD

National Association of Securities Dealers, Inc.
1735 K St., N.W. • Washington, D.C. 20006 • (202) 728-9000

notice to members 86-36

May 14, 1986

TO: All NASD Members and Other Interested Persons

RE: Firm Agreements With Customers Not To Testify In NASD Proceedings

It has come to the NASD's attention that some members are engaging in a practice with regard to settling customer complaints that may involve violations of Article III, Section 1 and Article IV, Section 5 of the NASD Rules of Fair Practice. The staffs of several NASD district offices have encountered difficulties in investigating potential violations by members because of the reluctance of customers to cooperate with NASD investigations after they have executed settlement agreements with members. The situation apparently occurs most frequently when a customer complains to a firm, and the firm offers the customer a monetary settlement in exchange for executing a written agreement that the customer will neither bring suit against the firm nor testify against it in connection with the incident in question.

This problem has occurred in a significant number of instances and may or may not be the result of deliberate efforts on the part of certain members to undermine NASD investigations. In some cases, the agreements that customers are asked to sign are drafted to be all-encompassing but do not specifically refer to NASD proceedings. When questioned, however, the firms apparently do not disagree with customers who interpret the agreements as precluding their cooperation with the NASD. In other cases, NASD staff members have been concerned that some firms obtain settlement agreements from customers that are specifically designed to have the effect of precluding NASD investigations. In either case, NASD enforcement action is hampered.

It is not the NASD's intent to impede members from obtaining general releases from customers in grievance matters, except insofar as such agreements can be construed as precluding customers from cooperating in NASD investigations. In the NASD's view, a member's use of any agreement that impedes an NASD investigation of possible rule violations may in itself constitute a rule violation.

As a general matter, the practice could be viewed as unethical and therefore a violation of Article III, Section 1 of the NASD Rules of Fair Practice. More specifically, a member's execution of an agreement that precludes any party from

cooperating with an NASD investigation could be found to constitute a violation of Article IV, Section 5 of the NASD Rules of Fair Practice* as a failure to make information available to the NASD in connection with an investigation. Members are therefore cautioned against executing agreements that may prevent any customer or other party from providing information, documents or testimony, or otherwise cooperating with the NASD in its investigations of alleged violations.

Questions or comments regarding this notice may be directed to either Dennis C. Hensley or Eugene Bleier, NASD Office of the General Counsel, (202) 728-8287.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Wilson", written in a cursive style.

Frank J. Wilson
Executive Vice President
and General Counsel

* The text of Article IV, Section 5 appears in the NASD Manual at ¶2205.



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

notice to members 86-37

May 14, 1986

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

Securities markets and the NASDAQ System will be closed on Monday, May 26, 1986, in observance of Memorial Day. "Regular-way" transactions made on the business days noted below 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>	
May	16	May	23	May	28
	19		27		29
	20		28		30
	21		29	June	2
	22		30		3
	23	June	2		4
	26	MARKETS CLOSED			-
	27	June	3		5

* Pursuant to Sections 220.8(b)(1) and (4) of Regulation T of the Federal Reserve Board, a broker-dealer must promptly cancel or otherwise liquidate a customer 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 220.8(d)(1), make application to extend the time period specified. The date by which members must take such action is shown in the column entitled "Regulation T Date."

The foregoing settlement dates should be used by brokers, dealers and municipal securities dealers for purposes of clearing and settling transactions pursuant to the NASD's Uniform Practice Code and Municipal Securities Rulemaking Board Rule G-12 on Uniform Practice.

Questions regarding the application of these settlement dates to a particular situation may be directed to the NASD's Uniform Practice Department, at (212) 839-6256.

NASD

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

notice to members 86-38

May 21, 1986

IMPORTANT MAIL VOTE
OFFICERS, PARTNERS AND PROPRIETORS

TO: All NASD Members

RE: Membership Vote on Proposed Amendments to Article III, Section 28 of the NASD Rules of Fair Practice and Article VII, Section 8 of the NASD By-Laws

LAST VOTING DATE IS JUNE 21, 1986.

Members of the National Association of Securities Dealers, Inc. (NASD), are invited to vote on certain amendments to the NASD Rules of Fair Practice and By-Laws contained in Exhibits A and B to this notice. These amendments are described below. Prior to becoming effective, the amendments must be approved by the membership and by the Securities and Exchange Commission.

**Amendments Concerning Associated Persons' Accounts
with Investment Advisers, Banks and Other
Financial Institutions**

The proposed changes to the Rules of Fair Practice relate to associated persons who have securities accounts at firms that are not NASD members, such as investment advisers, banks and other financial institutions. The Board of Governors is concerned that the inapplicability of the Rules of Fair Practice to securities accounts of associated persons with non-members may undermine members' ability to supervise their associated persons and may possibly lead to abuses. On June 20, 1985, the NASD issued Notice to Members 85-41 soliciting comments on proposed amendments to Article III, Section 28 of the Rules of Fair Practice. These amendments would impose disclosure requirements on associated persons of members in connection with their securities accounts with investment advisers, banks and other financial institutions.

A total of 13 comment letters were received. Of these, nine expressed unqualified approval. Two comments suggested amending the transactional exemp-

tion to include unit investment trusts, direct participation programs and other products not subject to free-riding and withholding restrictions or market manipulation, and shares of money market funds, certificates of deposit and like instruments. One of these comments suggested adopting requirements similar to NYSE Rule 407 to avoid unnecessary correspondence between the associated person and his or her member firm. One comment suggested that expansion to investment advisers and other financial institutions was too broad and placed an unnecessary burden on compliance by broker-dealers. One comment favored the approach but questioned the consequences if the associated person failed to notify the broker-dealer. An informal comment noted that under Subsection (d)(1) a literal reading might require notice for each transaction, even though a blanket notice had already been given. Lastly, one comment suggested that the proposal placed an unnecessary burden on broker-dealers that outweighed any benefits. This comment suggested that the rule should be limited to securities transactions. To accomplish this, it recommended deleting the language in paragraph (d)(1) after the word "transaction" and limiting paragraph (d)(2) to require duplicate copies of confirmations and statements.

In response to the comments received, the Board adopted three changes to the proposed amendments:

1. Unit investment trusts were added to the transactional exemption contained in the rule.
2. The rule was changed to reflect its applicability to an initial transaction only.
3. An affirmative obligation was imposed on the associated person to notify his or her member firm.

The Board of Governors approved amending Article III, Section 28 of the Rules of Fair Practice to require any associated person to notify his or her employer member when opening a securities account with an investment adviser, bank or other financial institution or before placing an order to buy or sell securities with such an organization. The amendment would apply to any account or transaction in which the associated person has a financial interest or discretionary authority. The amendment would also require associated persons to arrange for the employer member to receive duplicate confirmations and account statements upon request. The amendments appear in Exhibit A.

Proxy Voting by Members of the NASD Board of Governors

The change to the By-Laws relates to voting by proxy by members of the NASD Board of Governors who are absent from Board meetings. Questions have arisen from time to time as to whether a member of the Board of Governors who is absent from a meeting of the Board can vote by proxy on issues before the Board. To avoid any further confusion in this area, the Board of Governors approved an amendment to Article VII, Section 8 of the By-Laws specifically stating that Board members may not vote by proxy. This is consistent with the law in Delaware, the NASD's state of incorporation. The amendment appears in Exhibit B.

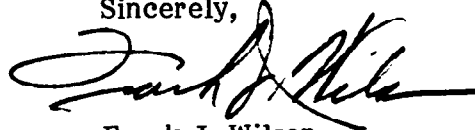
* * * * *

The Board of Governors believes these amendments to the Rules of Fair Practice and By-Laws are necessary and appropriate. It recommends that members vote their approval.

Please mark the attached ballot according to your convictions and return it in the enclosed, stamped envelope to "The Corporation Trust Company." Ballots must be postmarked no later than June 21, 1986.

Any questions regarding this notice should be directed to Craig L. Landauer, Attorney, NASD Office of the General Counsel, at (202) 728-8291.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Wilson", written in a cursive style.

Frank J. Wilson
Executive Vice President
and General Counsel

Attachments

**PROPOSED AMENDMENTS TO ARTICLE III,
SECTION 28 OF THE NASD RULES OF FAIR PRACTICE**

The following are the proposed changes to the NASD Rules of Fair Practice. New language is underlined; deleted language is in brackets.

Sec. 28

**Transactions for [Personnel of Another Member]
or by Associated Persons**

Determine Adverse Interest

(a) A member ("executing member") who knowingly executes a transaction for the purchase or sale of a security for the account of a person associated with another member ("employer member"), or for any account over which such associated person has discretionary authority, shall use reasonable diligence to determine that the execution of such transaction will not adversely affect the interests of the employer member.

Obligations of Executing Member

(b) Where an executing member knows that a person associated with an employer member has or will have a financial interest in, or discretionary authority over, any existing or proposed account carried by the executing member, the executing member shall:

(1) notify the employer member in writing, prior to the execution of a transaction for such account, of the executing member's intention to open or maintain such an account;

(2) upon written request by the employer member, transmit duplicate copies of confirmations, statements, or other information with respect to such account; and

(3) notify the person associated with the employer member of the executing member's intention to ~~[transmit]~~ provide the notice and ~~[the]~~ information required by paragraphs (1) and (2) of this subsection (b).

Obligations of Associated Persons ~~[Associated]~~ Concerning an Account with a Member

~~[(d)]~~ (c) A person associated with a member who opens an account or places an order for the purchase or sale of securities with ~~[any other]~~ another member, shall~~],~~ where such associated person has a financial interest in such transaction and/or any discretionary authority over such account~~]~~ notify the executing member of his or her association with ~~[an]~~ the employer member ~~[regardless of any other function, capacity, employment or affiliation of such associated person. If];~~ provided, however, that if the account [is] was established prior to the association of [such] the person with [an] the employer member, the associated person shall notify the executing member promptly after becoming so associated.

Obligations of Associated Persons Concerning an Account with an Investment Adviser, Bank, or Other Financial Institution

(d) A person associated with a member who opens a securities account or places an order for the purchase or sale of securities with a domestic or foreign investment adviser, bank, or other financial institution, except a member, shall:

(1) notify his or her employer member in writing, prior to the execution of any initial transaction, of the intention to open the account or place the order; and

(2) upon written request by the employer member, request in writing and assure that the investment adviser, bank, or other financial institution provides the employer member with duplicate copies of confirmations, statements, or other information concerning the account or order;

provided, however, that if an account subject to this subsection (d) was established prior to a person's association with a member, the person shall comply with this subsection promptly after becoming so associated.

(e) Subsections (c) and (d) of this section shall apply only to an account or order in which an associated person has a financial interest or with respect to which such person has discretionary authority.

Exemption for Transactions in Investment Company Shares and Unit Investment Trusts

[(c)] (f) The provisions [of subsection (b)] of this section shall not be applicable to transactions in unit investment trusts and variable contracts or redeemable securities of companies registered under the Investment Company Act of 1940, as amended, or to accounts which are limited to transactions in such securities.

**PROPOSED AMENDMENT TO ARTICLE VII,
SECTION 8 OF THE NASD BY-LAWS**

The following is a proposed change to the NASD By-Laws. New language is underlined.

Meetings of Board

Sec. 8. Meetings of the Board of Governors shall be held at such times and places, upon such notice, and in accordance with such procedure as the Board of Governors in its discretion may determine. A quorum of the Board of Governors shall consist of a majority of the members, and any action taken except as otherwise provided in these By-Laws, shall constitute the action of the Board. Meetings of the Board of Governors may be held by mail, telephone or telegraph, in which case any action taken by a majority vote of the Board of Governors shall constitute the action of the Board. Any action taken by telephonic vote shall be confirmed in writing at a regular meeting of the Board of Governors. No member of the Board of Governors shall vote by proxy at any meeting of the Board.



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

notice to members 86-39

May 23, 1986

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Proposed Amendment to the Code of Procedure to Grant Discretion to the NASD to Hold Hearings in Eligibility Proceedings

LAST DATE FOR COMMENT: JUNE 23 1986

The National Association of Securities Dealers, Inc. (NASD), is publishing for comments by members and other interested persons a proposed amendment to the Code of Procedure that would grant the NASD the discretion to determine whether a hearing should be held in an eligibility proceeding under Article VII, Section 2 of the Code.

The text of the proposed amendment is attached. A discussion of the background of the amendment and the proposed provisions follows.

BACKGROUND

Any person who is subject to a statutory disqualification, as that term is defined in Article II, Section 4 of the NASD By-Laws, must apply and be approved by the NASD before becoming associated with a member firm. If a person is currently registered with a member firm and subsequently becomes subject to a statutory disqualification, the person must apply and be approved by the NASD to remain associated with the member firm.

The procedure that the NASD uses to determine whether to grant this approval is found in Article VII of the Code of Procedure. Under this section, the NASD may permit the approval of an application without a hearing. When approval is not granted, a hearing is usually held.

A problem has arisen because the NASD receives a number of applications each year from persons who, because their statutory disqualification is recent or because adequate supervision by their employers is lacking, do not provide the minimal evidence that the NASD deems necessary for consideration for approval. The

proposed amendment would allow the NASD to avoid hearings that would be of limited use in making a decision on the application.

ANALYSIS OF PROPOSED AMENDMENT

The proposed amendment to the Code of Procedure would give the NASD the discretion to determine whether a hearing is to be held in an eligibility proceeding under Article VII of the Code.

The eligibility proceeding would be unchanged in all other material respects. The firm submitting the application would continue to be entitled to make any written submissions for consideration and the application would continue to be considered by the National Business Conduct Committee (NBCC) and the Board of Governors. The NASD will continue to file its decision to approve or deny any application pursuant to SEC Rule 19h-1 or 19d-1. A person whose application is denied will continue to be able to appeal the NASD's decision to the SEC.

* * * *

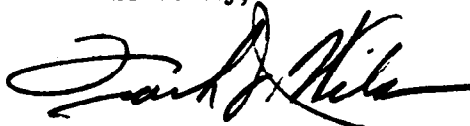
The NASD encourages all members and other interested persons to comment on this proposed amendment. Comments should be directed to:

Mr. Lynn Nellius
Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006

Comments must be received no later than June 23, 1986. Comments received by the indicated date will be considered by the NBCC and the NASD Board of Governors. If the proposed amendment is approved by the Board it must then be filed with and approved by the Securities and Exchange Commission before becoming effective.

Questions concerning this notice may be directed to Craig L. Landauer, Attorney, NASD Office of the General Counsel, at (202) 728-8291.

Sincerely,



Frank J. Wilson
Executive Vice President
Legal and Compliance

Attachment

PROPOSED AMENDMENT TO NASD CODE OF PROCEDURE*

Article VII, Section 2:

(b) The member or broker or dealer or person may make application to the Corporation requesting relief and shall demonstrate why the application should be granted. [Should the Corporation decline to grant such request, then if requested in writing by any party, or if] If directed by the Corporation, a hearing shall be held before a hearing panel designated by the Board of Governors, and a record shall be kept. At the hearing the parties shall be entitled to be heard in person and be represented by counsel and to submit any relevant matter. If no hearing is held, the application shall be considered by a hearing panel designated by the Board of Governors on the basis of the written record. The parties shall be entitled to submit any relevant material in writing. The hearing panel shall make a recommendation as to the application which shall be forwarded to the Board of Governors together with the record.

* New language is underlined. Deleted language is in brackets.

NASD

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

notice to members 86-40

May 23, 1986

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Amendment to Free-Riding Interpretation Concerning Investment Partnerships

LAST DATE FOR COMMENT: JUNE 23, 1986

The National Association of Securities Dealers, Inc. (NASD), is publishing for comments a proposed amendment to the Interpretation of the Board of Governors, Free-Riding and Withholding (Free-Riding Interpretation) ^{1/} that would provide members an alternative means of complying with the Interpretation for sales of new issues to investment partnerships. The text of the proposed amendment is attached.

The section of the Free-Riding Interpretation titled "Investment Partnerships and Corporations" ^{2/} currently prohibits members and their associated persons from selling securities of a new issue that trades at a premium ("hot issue" securities) to any investment partnership, corporation or similar account unless "the member receives from such account, prior to execution of the transaction, the names and business connections of all persons having any beneficial interest in the account." If the information discloses that any person restricted by the Interpretation has a beneficial interest in the account, the transaction can be effected only in compliance with the restrictions of the Interpretation.

The NASD National Business Conduct Committee (NBCC) is aware that members encounter difficulty in complying with this requirement because persons responsible for the management of investment partnerships and similar accounts are often hesitant to release the names of persons holding beneficial interests in such accounts. In fact, investment partnerships and similar accounts are often created to provide confidentiality for investors.

^{1/} The complete text of the Free-Riding Interpretation may be found beginning on page 2039-3 of the NASD Manual.

^{2/} NASD Manual (CCH), p. 2043.

The Free-Riding Interpretation, however, has been interpreted strictly by the NASD and is intended to protect the integrity of the public offering system by assuring that underwriters make a bona fide public distribution of hot issue securities and do not retain those securities for their own profit or use those securities to favor persons who can direct future business to the firm. Without restricting purchases by investment partnerships, the restrictions of the Interpretation could be easily evaded.

The NBCC and the NASD Board of Governors concluded that it would be appropriate to propose an amendment to the Free-Riding Interpretation in consideration of these concerns.

EXPLANATION OF PROPOSED AMENDMENT

The proposed amendment is intended to provide an alternative means for members to comply with the Interpretation in selling "hot issue" securities to investment partnerships and similar accounts. The proposed amendment would provide a "safe harbor" presumption of compliance with the Interpretation in that a member or associated person would be presumed to be in compliance with the requirements of the Interpretation's subsection on investment partnerships if the member or associated person provides an officer or general partner of the investment adviser or the firm managing the account with a written copy of the Interpretation and receives a written representation from such account manager stating that he or she:

1. has reviewed the Interpretation and is knowledgeable as to its requirements, specifically including the Interpretation's restrictions on purchases by certain persons;
2. is aware of the name and occupation of each person holding a beneficial interest in the account;
3. has analyzed the applicability of the Interpretation's restrictions to each person holding a beneficial interest in the account;
4. has concluded that no person holding a beneficial interest in the account is restricted by the Interpretation from purchasing hot issue securities; and,
5. prior to entering any orders with a member after any person holding a beneficial interest in the account becomes subject to the Interpretation's restrictions, will so notify the member or associated person in writing.

In addition, the member will be required to maintain in its files a copy of the written representation received from the account manager for at least three years following the member's last sale of a new issue to that account.

The NBCC believes that this proposed procedure will enable members to identify those investment partnerships to which hot issue securities may be sold without violating the Interpretation, while at the same time assuring that the regulatory purposes of the Interpretation are preserved.

* * * * *

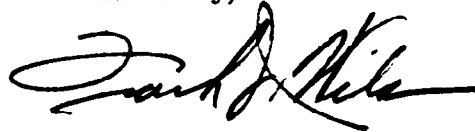
The NASD encourages all members and other interested persons to comment on this proposed amendment. Comments should be directed to:

Mr. Lynn Nellius
Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006

Comments must be received no later than June 23, 1986. Comments received by this date will be considered by the NBCC and the NASD Board of Governors. If the proposed amendment is approved by the Board, the amendment must be filed with and approved by the Securities and Exchange Commission before becoming effective.

Questions concerning this notice may be directed to either Dennis C. Hensley, NASD Vice President and Deputy General Counsel, or John F. Mylod, NASD Assistant General Counsel, at (202) 728-8294.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Wilson", written in a cursive style.

Frank J. Wilson
Executive Vice President
Legal and Compliance

Attachment

PROPOSED AMENDMENT TO FREE-RIDING INTERPRETATION

Amend the section titled "Investment Partnerships and Corporations" of the Interpretation of the Board of Governors, Free-Riding and Withholding as follows:*

Investment Partnerships and Corporations

A member may not sell securities of a public offering which 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] a member or person associated with a member shall be presumed to be in compliance with the requirements of this subsection if:

- (a) the member or associated person provides an officer or general partner of the investment adviser or other firm that manages the account ("account manager") with a written copy of this Interpretation;
- (b) the member or associated person receives a written representation from the account manager that states that he or she:
 - (i) has reviewed this Interpretation and is knowledgeable as to its requirements, specifically including its restrictions on purchases by certain persons;
 - (ii) is aware of the name and occupation of each person holding a beneficial interest in the account;
 - (iii) has analyzed the applicability of the Interpretation's restrictions to each person holding a beneficial interest in the account;
 - (iv) has concluded that no person holding a beneficial interest in the account is restricted from purchasing securities by the terms of this Interpretation;

* Deleted language is bracketed; new language is underlined.

- (v) prior to entering any further orders with the member after any person holding a beneficial interest in the account becomes subject to the restrictions of the Interpretation, will so notify the member or associated person in writing; and
- (c) the member maintains a copy of the written representation in its files for at least three years following the member's last sale of a new issue to the account.

The term beneficial interest means not only ownership interests, but every type of direct financial interest of any persons enumerated in paragraphs (1) through (4) hereof in such account, including, without limitation, management fees based on the performance of the account.

NASD

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

notice to members 86-41

May 27, 1986

TO: All NASD Members and Other Interested Persons

RE: Presentations of Yield Quotations for Investment Company Shares in Communications With the Public

The methods used in calculating yields on mutual funds and unit investment trusts, whose primary objective is the provision of income, and the manner in which such are presented to the public have been the subject of mounting interest and comment during the past year. The NASD has received complaints from its members, the staff of the Securities and Exchange Commission (SEC) and the public. In addition, articles have appeared in the media drawing attention to the disparate methods used in calculating yields.

The NASD Board of Governors and the Investment Companies Committee, a standing committee of the Board, are deeply concerned that as the result of such presentations, the investing public may be ill informed about the nature of such yields and the risks associated with the purchase of unit investment trust or income fund shares. The Board, based upon information presented by the Investment Companies Committee, has concluded that the two major issues involved are the lack of uniformity in the methods used to calculate such yields and the lack of adequate disclosure in such presentations.

The NASD recently received a copy of a proposal developed by the Investment Company Institute (ICI), the trade association of the mutual fund industry, which addresses both of these issues. The proposal requests that the SEC adopt a rule that, among other things, would require certain disclosures in advertisements for income funds and would also mandate a uniform method of calculating income fund yields for all communications with the public. The Board applauds this initiative by the ICI and supports the general thrust of its proposals.

However, the Board believes that it must address the disclosure issue in a much broader context than that of advertisements. NASD members who offer income funds have a duty to provide prospective investors with adequate information about the nature of the securities being offered.

The following are some of the major disclosure issues that the Board wishes to bring to the attention of NASD members that offer income funds and unit investment trusts to provide guidance in their presentations:

1. Guarantees on the Securities in Which Income Funds Invest

Many mutual funds investing in securities where the timely payment of interest and principal is guaranteed by the U.S. Government or its agencies have been brought to the market in recent years.

The Board is convinced that many investors in such funds, particularly those who have purchased shares with proceeds derived from the sale of investment instruments that guarantee principal and/or interest, do not understand that the claimed guarantees do not extend to the shares of the "government securities" or "GNMA" fund that they have purchased. The Board believes that this problem is exacerbated by advertising and sales material that contains inappropriate comparisons between these funds and certificates of deposit. The Board is of the opinion that members that offer such funds should ensure that their customers fully understand the nature of such guarantees by adequately explaining and disclosing these differences.

2. Failure to Disclose the Components of a Yield Figure

Historically, yield is the relation of the interest and dividends distributed to the capital value of the security. Many current "yield" figures include distributions from sources other than interest and dividends. The implication that must not be left with investors is that a return of capital or a similar component is no different than the other components of the yield figure. The Board considers that when such "yields" include distributions other than dividends or interest, such should be fully explained to prospective investors.

3. The Effect of Market Conditions on Yields

Current yield quotations on income funds express the relationship of distributions to capital values at one point in time. They are a "snapshot" of the current yield situation and have no predictive value. The Board is concerned that in a period of declining interest rates, current yield presentations based on the previous 12 months' distributions may give customers the impression that the illustrated yield is likely to be achieved in the future, absent an explanation by the member of the effect of market conditions on such yields. It is the Board's opinion that members should ensure that their customers fully understand the effects of market conditions on yields.

4. The Risk of Principal Fluctuation

Under current market conditions, disclosure to income fund investors of the risk to principal is of paramount importance. The decline in interest rates has enhanced capital values. NASD members should advise their customers that if the direction of interest rates reverses, capital values will decline.

* * * * *

These issues and others not described fall within the purview of paragraph (d) of Article III, Section 35 of the NASD Rules of Fair Practice -- Standards Appli-


cable to Communications With the Public. These standards require members to disclose all facts material to the offer of an issue of securities. The omission of material information may result in a violation of the rule and subsequent disciplinary action.

Apart from possible rule violations, lack of adequate disclosure and information will eventually result in customer dissatisfaction as market conditions change. The resulting loss in investor confidence could be extremely serious for the mutual fund distribution system and NASD members.

It is apparent to the Board from the nature of the complaints received thus far that some NASD members are engaging in sales practices in the offer of income funds which are not in accord with the high standards expected of NASD members. The Board urges members that offer such funds to review their practices and procedures with regard to disclosure to ensure that customers have no basis for claiming that they were misled or inadequately informed about the nature or characteristics of income funds.

Questions concerning this notice may be directed to R. Clark Hooper, Director, NASD Advertising, at (202) 728-8330.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Wilson", written in a cursive style.

Frank J. Wilson
Executive Vice President
Legal and Compliance

NASD

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

notice to members 86-42

May 27, 1986

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

RE: NASDAQ National Market System Grows to 2,385 Securities With 25 Voluntary Additions on June 3, 1986

On Tuesday, June 3, 1986, 25 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,385. These 25 issues, which will begin trading under real-time trade reporting, are entering NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 25 issues scheduled to join NASDAQ/NMS on Tuesday, June 3, 1986, are:

Symbol*	Company	Location
AWCSA	AW Computer Systems, Inc. (CI A)	Mt. Laurel, NJ
AAMD	American MedCenters, Inc.	Minneapolis, MN
BLCCB**	Balchem Corporation (CI B)	Slate Hill, NY
BULR	Buehler International, Inc.	Lake Bluff, IL
CAYB	Cayuga Savings Bank	Auburn, NY
CHOL	Central Holding Company	Mt. Clemens, MI
CTWL	Chartwell Group Ltd.	Carlstadt, NJ
CBNH	Community Bankshares, Inc.	Concord, NH
DYTR	Dyatron Corporation	Birmingham, AL

* NASDAQ symbols are proprietary to the National Association of Securities Dealers, Inc.

** This issue is scheduled to commence trading in the NASDAQ System concurrent with its designation as a NASDAQ/NMS security on June 3, 1986.

Symbol*	Company	Location
FARA	Faradyne Electronics Corp.	Belleville, NJ
GNDR	Gander Mountain, Inc.	Wilmot, WI
IRIN	International Robomation/Intelligence	Carlsbad, CA
JNBK	Jefferson National Bank	Watertown, NY
MALTZ	Management Assistance Inc. Liquidating Trust	New York, NY
MSBK	Medford Savings Bank	Medford, MA
NMSB	New Milford Savings Bank	New Milford, CT
OCCN	Occidental Nebraska Federal Savings Bank	Omaha, NE
RGEN	Repligen Corporation	Cambridge, MA
SAVO	Savoy Industries, Inc.	New York, NY
TECD	Tech Data Corporation	Clearwater, FL
TCJC	Town & Country Jewelry Manufacturing Corporation	Chelsea, MA
UVOL	Universal Voltronics Corporation	Mt. Kisco, NY
VMIG	View-Master Ideal Group, Inc.	Beaverton, OR
WSBK	Western Bank	Coos Bay, OR
WBAT	Westport Bancorp, Inc.	Westport, CT

The following issues may be included in NASDAQ/NMS prior to the next regularly scheduled phase-in date:

Pending Additions

Symbol*	Company	Location
ALLS	Allison's Place, Inc.	Los Angeles, CA
JBAK	Baker (J.), Inc.	Readville, MA
CYPR	Cypress Semiconductor Corporation	San Jose, CA
INFTA	Infinity Broadcast Corporation (CI A)	New York, NY
KECO	Kent Electronics Corporation	Houston, TX
LSSB	Lake Sunapee Savings Bank	Newport, NH
MTIK	Modular Technology, Inc.	Chicago, IL

Symbol*	Company	Location
PCEP	Perception Technology Corporation	Canton, MA
SKAN SKYW	Skaneateles Savings Bank Skywest, Inc.	Skaneateles, NY St. George, UT
TOWR	Tower Savings and Loan Association	South Bend, IN
WERN WOWI	Werner Enterprises, Inc. Worlds of Wonder, Inc.	Omaha, NE Fremont, CA

NASDAQ/NMS Interim Additions

Symbol*	Company	Date of Entry
GTOS	Gantos, Inc.	5/13/86
FSAM	First American Savings, F.A.	5/14/86
STRL	Sterling, Inc.	5/14/86
GENI	Genetics Institute, Inc.	5/20/86
BRDL	Brendle's Incorporated	5/21/86
CRTR	Charter-Crellin, Inc.	5/21/86
PROS	Prospect Group, Inc. (The)	5/21/86

The following changes to the list of NASDAQ/NMS securities occurred since May 9, 1986:

NASDAQ/NMS Symbol* and/or Name Changes

New/Old Symbol*	New/Old Security	Date of Change
INVG/INVG	INVG Mortgage Securities Corporation/ Investors GNMA Mortgage-Backed Securities Trust, Inc.	5/13/86
JWAT/JWAT	JWP, Inc./Jamaica Water Properties, Inc.	5/13/86
LSST/LSST	Lone Star Technologies, Inc./Lone Star Steel Company	5/15/86
NOAX/NOAX	NEOAX, Inc./Northeast Ohio Axle, Inc.	5/20/86
VIPLF/VIPLF	Vulcan Packaging, Inc./Vulcan Industrial Packaging, Ltd.	5/22/86

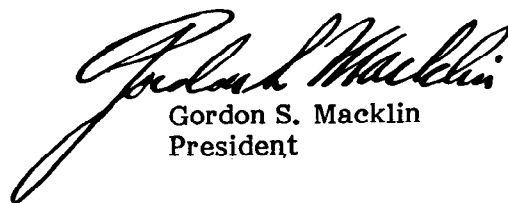
New/Old Symbol*	New/Old Security	Date of Change
TTCO/TTCO	Trustcorp, Inc./Toledo Trustcorp, Inc.	5/23/86
TTCOP/TTCOP	Trustcorp, Inc. (Pfd)/Toledo Trustcorp, Inc. (Pfd)	5/23/86

NASDAQ/NMS Deletions

Symbol*	Security	Date
VOIT	Voit Corporation	5/09/86
FTNC	First National Corporation of Ohio	5/13/86
HISI	Health Information Systems, Inc.	5/13/86
VANS	Van Schaak & Co.	5/14/86
EMCC	Emett & Chandler Companies, Inc.	5/16/86
ATCC	American Technical Ceramics Corporation	5/19/86
EXPDW	Expeditors International of Washington Inc. (Wts)	5/19/86
TMPO	Tempo Enterprises, Inc.	5/19/86
CTYFP	CityFed Financial Corporation (Pfd)	5/20/86
ORSI	ORS Automation, Inc.	5/22/86
GBCO	Gulf Broadcast Company	5/23/86

Any questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Sharon Belanger, NASD Market Surveillance, at (202) 728-8206.

Sincerely,


Gordon S. Macklin
President

May 28, 1986

I M P O R T A N T

TO: Selected NASD Members
RE: "Signasure" Guarantee Program

RESPONSE REQUESTED BY JUNE 15, 1986.

For the past two years, a committee composed of representatives from banks, trust companies, savings and loans, credit unions, the securities industry and stock transfer agents has been working to develop a new program, called "Signasure," to be used in connection with the transfer of registered securities.

"Signasure" would require the formation of a corporation to operate the program, which would permit a broad range of firms offering financial services and products to guarantee signatures on securities certificates and stock powers ("stocks"). It would replace the current method which permits only certain approved financial institutions to guarantee signatures on stocks by filing the signatures of authorized individuals with transfer agents.

The Signasure program would consist of two elements:

- (1) A procedure for prequalifying and verifying signature guarantors.
- (2) A surety bond to protect transfer agents and issuers. The surety bond will not insure members against losses.

The procedure would utilize a coded label or stamp to be affixed to a stock which would be overprinted with the guarantor's name stamp. The label, produced by the American Bank Note Company, would contain various state-of-the-art security features, such as latent images and black-on-black bar codes, to prevent counterfeiting. The label would be readable only with an electronic instrument in the possession of the transfer agent.

The costs of the equipment, the surety bond and the operation of the program would be met by participants purchasing the labels at a unit cost per label, with

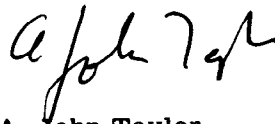
a minimum annual fee that would purchase up to 5,000 labels. Participants purchasing more than 5,000 labels per annum would be charged a decreasing unit cost. A theoretical projection of a cost schedule prepared by the Consultant on the assumption that there will be maximum participation is attached. The final cost to a participant would thus depend upon how many participants there are and how many signatures are guaranteed by each participant annually.

The Consultant for the Signature program and the staff of the SEC's Division of Market Regulation, recognizing that the cost to participants is crucial in deciding whether the program can proceed, have asked interested organizations to supply information about expected participation in the program and the annual number of signature guarantees that may be processed.

Please let me know whether your firm would be interested in participating in such a program and approximately how many signature guarantees your firm would process annually if the program is adopted. Enclosed is a form for this purpose and a return envelope. Completed forms must be received no later than June 15, 1986, in order to be included in our report to the Signature Group and the SEC. Without an accurate assessment of member interest, this program will not be able to go forward.

Should you have any questions concerning this notice, please contact me at (202) 728-8328.

Sincerely,



A. John Taylor
Vice President
Investment Companies/
Variable Contracts

Attachments

SIGNASURE SERVICES CORPORATION

TRANSACTIONS ANALYSIS & PROJECTION SCHEDULE

#1 GUARANTOR	#2 TOTAL	#3 TOTAL LOCATIONS	#4 AVG. NO. BRANCHES	#5 AVG. TRS/DAY YR/LOCATION	#6 TOTAL TRS/YR GUARANTOR	#7 TOTAL TRS CATEGORY
SM. BANKS	10,000	30,000	3	1 x 250 = 250	750	7,500,000
LG. BANKS	300	6,000	20	2 x 250 = 750	15,000	4,500,000
SM. SIA'S	450	2,250	5	3 x 250 = 750	3,750	1,687,500
LG. SIA'S	50	6,000	120	5 x 250 = 1,250	150,000	7,500,000
SM. NASD	600	1,800	3	1 x 250 = 250	750	450,000
LG. NASD	100	1,000	10	3 x 250 = 750	7,500	750,000
SM. USLI	3,600	10,000	3	1 x 250 = 250	750	2,700,000
LG. USLI	300	3,000	10	3 x 250 = 750	7,500	2,225,000
SM. OTHERS	1,000	1,500	1.5	1 x 250 = 250	375	375,000
LG. OTHERS	100	300	3	3 x 250 = 750	2,250	225,000
TOTALS	16,500	62,500				27,912,500
CUNA	20,000	20,000	1	100/Location/Yr.	100	28,000,000
						1,500,000

Compiled by the Consultant.

FORMULA: Column 4 x 5 = #6
Column 2 x 6 = #7

SIGNASURE SERVICES CORPORATION

STAMP PRICES

QUANTITY LEVELS	RATE	COST \$ AMOUNT	CUM. \$ TOTAL	CUM. LEVELS
First 5,000	@ 20¢	\$ 1,000	\$ 1,000	5,000
Next 45,000	15¢	6,750	7,750	50,000
Next 100,000	10¢	10,000	17,750	150,000
Next 150,000 (and over)	5¢	7,500	25,250	300,000

Compiled by the Consultant.

NASD

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

notice to members 86-43

June 11, 1986

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

RE: NASDAQ National Market System Grows to 2,398 Securities With 10 Voluntary Additions on June 17, 1986

On Tuesday, June 17, 1986, 10 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,398. These 10 issues, which will begin trading under real-time trade reporting, are entering NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 10 issues scheduled to join NASDAQ/NMS on Tuesday, June 17, 1986, are:

Symbol*	Company	Location
AAGC	All American Gourmet Company	Orange, CA
BVFS	Bay View Federal Savings & Loan Association	San Mateo, CA
CALWV	Calumet Industries, Inc. (WI) (Wts)	Chicago, IL
CLEA	Chemical Leaman Corporation	Exton, PA
CRLDP	Crossland Savings, F.S.B. (Pfd)	Brooklyn, NY
DGTC	Digitech, Inc.	St. Louis, MO
FRFD	First Community Bancorp, Inc.	Rockford, IL
KHLR	Kahler Corporation (The)	Rochester, MN

* NASDAQ symbols are proprietary to the National Association of Securities Dealers, Inc.

Symbol*	Company	Location
PYRD	Pyramid Technology Corporation	Mountain View, CA
SOON	Sooner Defense of Florida, Inc.	Lakeland, FL

The following issues may be included in NASDAQ/NMS prior to the next regularly scheduled phase-in date:

Pending Additions

Symbol*	Company	Location
ACRZ	American Cruise Lines, Inc.	Haddam, CT
DIET	American Health Companies, Inc.	Rexburg, ID
TOGS	Andover Togs, Inc.	New York, NY
ELDC	Eldec Corporation	Lynwood, WA
FFCT	FFB Corporation	New Haven, CT
GECM	Genicom Corporation	Waynesboro, VA
MRTA	Marietta Corporation	Cortland, NY
NNSL	Newport News Savings & Loan Association	Newport News, VA
RBCO	Ryan, Beck & Co., Inc.	West Orange, NJ
SIBR	Sybra, Inc.	Atlanta, GA
TCFC	TCF Banking & Savings, F.A.	Minneapolis, MN

NASDAQ/NMS Interim Additions

Symbol*	Company	Date of Entry
HAVTA	Haverty Furniture Companies, Inc. (CI A)	5/27/86
LSSB	Lake Sunapee Savings Bank, F.S.B.	5/27/86
MMBLF	MacMillan Bloedel Limited	5/27/86
CYPR	Cypress Semiconductor Corporation	5/28/86
MTIK	Modular Technology, Inc.	5/28/86
SKAN	Skaneateles Savings Bank	6/02/86

Symbol*	Company	Date of Entry
ALLS	Allison's Place, Inc.	6/03/86
GENZ	Genzyme Corporation	6/05/86
JBAK	J. Baker, Inc.	6/05/86
TOWR	Tower Savings & Loan Association	6/06/86

The following changes to the list of NASDAQ/NMS securities occurred since May 23, 1986:

NASDAQ/NMS Symbol* and/or Name Changes

New/Old Symbol*	New/Old Security	Date of Change
CALSF/CALSF	California Gold Mines Ltd./ California Silver Ltd.	5/27/86
DBUG/BUGS	Cooper Development Company/Cooper Development Company	5/28/86
BTSS/NPWR	Brooks Satellite, Inc./Nationwide Power Corporation	5/29/86
MTOR/PSFS	Meritor Savings Bank/Philadelphia Savings Fund Society	6/02/86
BEIH/LFTM	BEI Holdings, Ltd/Lifetime Communities, Inc.	6/02/86
IUTL/IUTL	Iowa Southern, Inc./Iowa Southern Utilities Company	6/02/86
INTLA/INTL	Inter-Tel, Incorporated (C1 A)/ Inter-Tel, Incorporated	6/04/86
CACIA/CACI	CACI, Inc. (C1 A)/CACI, Inc.	06/05/86

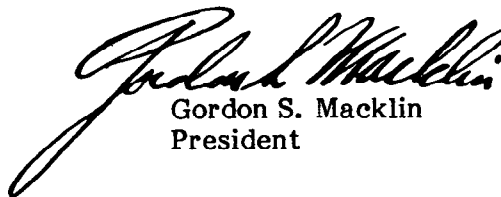
NASDAQ/NMS Deletions

Symbol*	Security	Date
FECXN	First Executive Corporation (Pfd)	5/27/86
WIDE	Widcom, Inc.	5/28/86
BMPI	Biosearch Medical Products	5/29/86
INATZ	Indiana National Corporation (DDRs)	5/29/86

Symbol*	Security	Date
PGAM	Pacific Gamble Robinson Company	5/30/86
DDCC	Decision Data Computer Corporation	6/04/86
MCSB	Morris County Savings Bank	6/04/86

Any questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Sharon Belanger, NASD Market Surveillance, at (202) 728-8206.

Sincerely,



Gordon S. Macklin
President



"SIGNASURE" QUESTIONNAIRE

RETURN NO LATER THAN JUNE 15, 1986.

Firm Name: _____

(1) Would your firm participate in the Signasure program?

YES

NO

(2) If your answer to question 1 is YES, how many signatures do you estimate that your firm would guarantee per year? _____

(3) If your answer to question 1 is NO, under what, if any, circumstances would your firm participate?

(4) Comments:

Notice to members 86-44

NOT AVAILABLE AT THIS TIME

NASD

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

notice to members 86-45

June 23, 1986

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

RE: NASDAQ National Market System Grows to 2,420 Securities With 18 Voluntary Additions on July 1, 1986

On Tuesday, July 1, 1986, 18 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,420. These 18 issues, which will begin trading under real-time trade reporting, are entering NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 18 issues scheduled to join NASDAQ/NMS on Tuesday, July 1, 1986, are:

Symbol*	Company	Location
BIOT	BioTechnica International, Inc.	Cambridge, MA
CNLF	CNL Financial Corporation	Macon, GA
CVSNF	Conversion Industries, Inc.	Pasadena, CA
FOBBA	First Oak Brook Bancshares Inc. (CI A)	Oak Brook, IL
GCCC	General Computer Corporation	Twinsburg, OH
IYCOY	Ito-Yokado Co., Ltd.	Tokyo, Japan
LIFE	Lifeline Systems, Inc.	Watertown, MA
MHCO	Moore-Handley, Inc.	Birmingham, AL

* NASDAQ symbols are proprietary to the National Association of Securities Dealers, Inc.

Symbol*	Company	Location
PFSB	Piedmont Federal Savings Bank	Manassas, VA
RSIC RFTN	RSI Corporation Reflectone, Inc.	Greenville, SC Tampa, FL
SHRE SUSTP	Sahara Resorts Sunstates Corporation (Pfd)	Las Vegas, NV Jacksonville, FL
TELQ TREN	TeleQuest, Inc. Trenwick Group, Inc.	Burbank, CA Westport, CT
WOWI	Worlds of Wonder, Inc.	Fremont, CA
XOMA XIDXW	XOMA Corporation Xidex Corporation (Wts)	Berkeley, CA Mountain View, CA

The following issues may be included in NASDAQ/NMS prior to the next regularly scheduled phase-in date:

Pending Additions

Symbol*	Company	Location
ACGI	American Capacity Group, Inc.	Peoria, IL
GNMR	Genmar Industries, Inc.	Minneapolis, MN
NFCL	NFC Leasing, Inc.	Hinsdale, IL
POLK	Polk Audio, Inc.	Baltimore, MD
SCFB	South Carolina Federal Savings Bank	Columbia, SC

NASDAQ/NMS Interim Additions

Symbol*	Company	Date of Entry
INFTA	Infinity Broadcasting Corporation (Cl A)	6/10/86
LINN	Lincoln Foodservice Products, Inc.	6/10/86
ATOG KECO MRTA	Andover Togs, Inc. Kent Electronics Corporation Marietta Corporation	6/11/86 6/11/86 6/11/86
SIBR	Sybra, Inc.	6/13/86
TCFC	TCF Banking and Savings, F.A.	6/17/86
ASTE RUDY	Astec Industries, Inc. Rudy's Restaurant Group, Inc.	6/18/86 6/18/86

Symbol*	Company	Date of Entry
NNSL	Newport News Savings and Loan Association	6/19/86
FFCT	FFB Corp.	6/20/86
LEAF	Interleaf, Inc.	6/20/86
WERN	Werner Enterprises, Inc.	6/20/86

The following changes to the list of NASDAQ/NMS securities occurred since June 6, 1986:

NASDAQ/NMS Symbol* and/or Name Changes

New/Old Symbol*	New/Old Security Name	Date of Change
BKNG/FIVT	Banknorth Group, Inc./First Vermont Financial Corporation	6/10/86
BBEC/CDSG	Blockbuster Entertainment Corporation/Cook Data Services, Inc.	6/10/86
MOSE/MOSE	Moseley Holding Corporation/Moseley, Hallgarten, Estabrook & Weeden Holding Corporation	6/11/86
PASB/PASB	Perpetual Savings Bank, F.S.B./ Perpetual American Bank, F.S.B.	6/13/86
PASBP/PASBP	Perpetual Savings Bank, F.S.B. (Pfd)/ Perpetual American Bank, F.S.B. (Pfd)	6/13/86
AINVS/MINVS	Ameribanc Investors Group, SBI/MIW Investors of Washington, SBI	6/16/86
TRTI/SCIT	Transtech Industries, Inc./ Scientific, Inc.	6/19/86
USBI/SVRS	United Saver's Bancorp, Inc./Saver's Bancorp, Inc.	6/20/86
CSOU/CSGA	Citizens & Southern Corporation/ Citizens & Southern Georgia Corporation	6/23/86

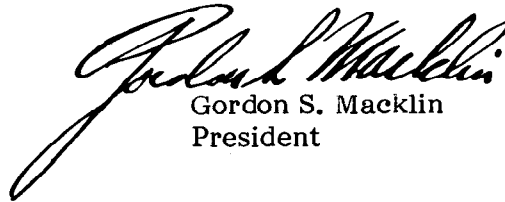
NASDAQ/NMS Deletions

Symbol*	Security	Date
FJAKC	Flakey Jake's, Inc.	6/10/86
NMRX	Numerax, Inc.	6/12/86

Symbol*	Security	Date
BOTH	Booth, Inc.	6/13/86
CTST	Centrust Savings Bank	6/17/86
SUBNP	Summit Bancorporation (The) (Pfd)	6/17/86
CLNP	Callon Petroleum Company	6/18/86
MDIC	Medicore, Inc.	6/18/86

Any questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to the NASD Market Surveillance Section at (202) 728-8201.

Sincerely,



Gordon S. Macklin
President



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

notice to members 86-46

June 26, 1986

TO: All NASD Members and Other Interested Persons

RE: Amendments to the Interpretation of the NASD Board of Governors on "Forwarding of Proxy and Other Materials"

The Securities and Exchange Commission recently approved amendments to the Interpretation of the NASD Board of Governors on "Forwarding of Proxy and Other Materials" under Article III, Section 1 of the NASD Rules of Fair Practice. ^{1/} These amendments, which became effective on May 30, 1986, provide for an increase in the guidelines for fees that may be charged by NASD members to issuers in connection with proxy solicitations.

The text of the amendments is attached to this notice.

The Interpretation requires members to forward proxy materials to their customers promptly upon receipt of sufficient copies of the materials and satisfactory assurance that the issuer will reimburse the member for expenses incurred. The Appendix to the Interpretation sets out suggested rates of reimbursement.

The recently approved amendments increase by 10¢ the guidelines for amounts a member may charge an issuer in connection with proxy solicitations. The increase of 10¢ applies to charges under the following categories: Charges for Initial Proxy and/or Annual Report Mailings; Charges for Proxy Follow-Up Mailings; and Charges for Interim Report Mailings. This increase of 10¢ does not apply to the recently approved proxy surcharge and fee for members' costs in providing the names of beneficial shareholders to the issuer. ^{2/}

The purpose of these amendments is to assist members in recouping the increasing costs of processing and transmitting proxy materials. Proxy solicitations demand a substantial amount of clerical work by members. In most instances, time

^{1/} NASD Manual (CCH), Para. 2037-3.

^{2/} See Notice to Members 86-35, dated May 14, 1986.

is of the essence since there is a limited period during which materials must be mailed to beneficial owners and their votes returned to the issuer.

Questions regarding this notice should be directed to Craig L. Landauer, NASD Office of the General Counsel, at (202) 728-8291.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Wilson", written in a cursive style.

Frank J. Wilson
Executive Vice President
and General Counsel

Attachment

**AMENDMENTS TO THE INTERPRETATION OF THE
NASD BOARD OF GOVERNORS ON "FORWARDING OF
PROXY AND OTHER MATERIALS" UNDER ARTICLE III,
SECTION 1 OF THE NASD RULES OF FAIR PRACTICE***

FORWARDING OF PROXY AND OTHER MATERIALS

APPENDIX

The Board of Governors has determined that the following suggested rates of reimbursement for expenses incurred in forwarding proxy material, annual reports, information statements and other material are to be used as a guide by members:

Charges for Initial Proxy and/or Annual Report Mailings

[50] 60 cents for each set of proxy material, i.e., proxy statement, form of proxy and annual report when mailed as a unit, plus postage, with a minimum of \$5.00 for all sets mailed;

[10] 20 cents for each copy, plus postage, for annual reports that are mailed separately from the proxy material pursuant to the instruction of the person soliciting proxies.

Charges for Proxy Follow-Up Mailings

[30] 40 cents for each set of follow-up material, plus postage, when the follow-up material is mailed to all beneficial owners;

[50] 60 cents for each set of follow-up material, plus postage, when the follow-up material is mailed only to beneficial owners who have not responded to the initial mailing.

Charges for Interim Report Mailings

[20] 30 cents for each copy, plus postage, for interim reports, post-meeting reports or other material with a minimum of \$2.00 for all sets mailed.

* New language is underlined; deleted language is bracketed. These amendments were effective on May 30, 1986.

NASD

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

notice to members 86-47

June 26, 1986

TO: All NASD Members

RE: Cusack, Light & Company, Inc.
101 Old Short Hills Road
West Orange, New Jersey 07052

ATTN: Operations Officer, Cashier, Fail-Control Department

On June 25, 1986, the United States District Court for the District of New Jersey appointed a SIPC Trustee for the above-captioned firm.

Members may use the "immediate close-out" procedures as provided in Section 59(i)(2) of the NASD's Uniform Practice Code to close out open OTC contracts. Also, MSRB Rule G-12(h)(iii) 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

Frederick B. Lacey, Esquire
LeBouef, Lamb, Leiby & MacRae
Gateway One, Gateway Center
Newark, New Jersey 07102
Telephone: (201) 643-8000