



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

# notice to members 85-1

January 8, 1985

TO: All NASD Members and Municipal Securities Bank Dealers  
ATTN: All Operations Personnel  
RE: Martin Luther King, Jr.'s Day: Trade Date-Settlement Date Schedule

The schedule of trade dates/settlement dates below reflect the observance by the financial community of Martin Luther King, Jr.'s Day, Monday, January 21, 1985. On Monday, January 21, 1985, the NASDAQ System and the exchange markets will be open for trading. However, it will not be a settlement date since many of the nation's banking institutions will be closed in observance of Martin Luther King, Jr.'s Day.

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

<u>Trade Date</u>		<u>Settlement Date</u>		<u>*Regulation T Date</u>
January	11	January	18	January 22
	14		22	23
	15		23	24
	16		24	25
	17		25	28
	18		28	29
	21		28	30

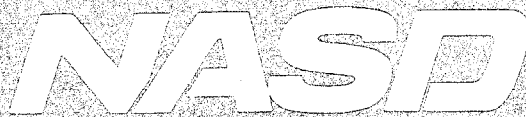
\* Pursuant to Sections 220.8(b)(1) and (4) of Regulation T of the Federal Reserve Board, a broker-dealer must promptly cancel or otherwise liquidate a customer purchase transaction in a cash account if full payment is not received within seven (7) business days of the date of purchase or, pursuant to Section 220.8(d)(1) make application to extend the time period specified. The date by which members must take action is shown in the column entitled "Regulation T Date."

It should be noted that January 21, 1985, is considered a business day for receiving customers' payments under Regulation T of the Federal Reserve Board.

Transactions made on Monday, January 21, will be combined with transactions made on the previous business day, January 18, for settlement on January 28. Securities will not be quoted ex-dividend, and settlements, marks to the market, reclamations, buy-ins and sell-outs, as provided in the Uniform Practice Code, will not be made and/or exercised on January 21.

The foregoing settlement dates should be used by broker-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 concerning this notice should be directed to the Uniform Practice Department at (212) 839-6256.



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## **notice to members 85-2**

January 8, 1985

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

**RE:** NASDAQ National Market System Grows to 1,276 Securities With 100 Voluntary Additions on January 22, 1985

On Tuesday, January 22, 1985, 100 issues are scheduled to join the NASDAQ National Market System bringing the total number of issues in NASDAQ/NMS to 1,276. These 100 issues, which will begin trading under real-time trade reporting, are entering the NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation. Changes in the voluntary criteria were recently approved by the SEC in November, 1984 and will become effective January 22, 1985.

The 100 issues scheduled to join NASDAQ/NMS on Tuesday, January 22, 1985, are:

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
AMFD	A & M Genetic Sciences, Inc.	Tulsa, OK
AGSI	Advanced Genetic Sciences, Inc.	Oakland, CT
ALLC	Allied Capital Corporation	Washington, D.C.
AILI	American Investors Life Insurance Company, Inc.	Topeka, KS
ALST	American List Corporation	Great Neck, NY
AMSR	American Medical Services, Inc.	Milwaukee, WI
AMOS	Amoskeag Company	Boston, MA
TATE	Ashton-Tate	Culver City, CA
ACOM	Astrocom Corporation	St. Paul, MN
ALOT	Atlan-Tol Industries, Inc.	West Warwick, RI
ASH	Automated Systems, Inc.	Brookfield, WI
BGSS	BGS Systems, Inc.	Waltham, MA
BLLW	W. Bell & Co., Inc.	Rockville, MD
BMET	Biomet, Inc.	Warsaw, IN
BNCH	Branch Corporation	Wilson, NC
BTLR	Butler Manufacturing Company	Kansas City, MO
CATV	Cable TV Industries	Los Angeles, CA
CSWC	Capital Southwest Corporation	Dallas, TX

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
CRDN	Ceradyne, Inc.	Santa Ana, CA
CREB	Champion Parts Rebuilders, Inc.	Oak Brook, IL
CHTT	Chattem, Inc.	Chattanooga, TN
CHLI	Chili's, Inc.	Dallas, TX
CINF	Cincinnati Financial Corporation	Cincinnati, OH
CABK	Colonial-American Bankshares Corporation	Roanoke, VA
CBOCA	Commercial Bancorporation of Colorado Class A	Denver, CO
CBNJ	Commercial Bancshares, Inc.	Jersey City, NJ
CTTX	CompuTrac, Inc.	Richardson, TX
CRMR	Cramer Inc.	Kansas City, KS
DMCV	Dairy Mart Convenience Stores, Inc.	Enfield, CT
DHIN	Designhouse International, Inc.	Norcross, GA
DEWY	Dewey Electronics Corporation (The)	Oakland, NJ
EZEM	E-Z-EM, Inc.	Westbury, NY
EATO	Eaton Financial Corporation	Framingham, MA
ENVR	Envirodyne Industries, Inc.	Chicago, IL
ESCO	Environmental Systems Company	Little Rock, AR
FAIR	Fair Lanes, Inc.	Baltimore, MD
FHFC	Farm House Foods Corporation	Milwaukee, WI
FISI	Financial Institution Services, Inc.	Nashville, TN
FKYN	First Kentucky National Corporation	Louisville, KY
FMBI	First Midwest Bancorp, Inc.	Joliet, IL
FINH	First NH Banks, Inc.	Manchester, NH
FIVT	First Vermont Financial Corporation	Brattleboro, VT
FLGLA	Flagler Bank Corporation (The) Class A	West Palm Beach, FL
GLFS	Great Lakes Federal Savings and Loan Association	Ann Arbor, MI
GWII	Greater Washington Investors, Inc.	Chevy Chase, MD
GFLA	Growth Fund of Florida, Inc. (The)	Jacksonville, FL
HLME	D. H. Holmes Company, Limited	New Orleans, LA
HBENB	Home Beneficial Corporation Class B	Richmond, VA
HFSL	Home Owners Federal Savings and Loan Association	Boston, MA
IISLF	I.I.S. Intelligent Information Systems Limited	Haifa, Israel
TRIM	Inertia Dynamics Corp.	Chandler, AZ
IBKW	International Bank	Washington, D.C.
IBKWA	International Bank Class A	Washington, D.C.

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
JBNK	Jefferson Bankshares, Inc.	Charlottesville, VA
KMWS	KMW Systems Corporation	Austin, TX
LFSL	Liberty Federal Savings and Loan Association	Philadelphia, PA
LICIA	Lilly Industrial Coatings, Inc. Class A	Indianapolis, IN
MXXX	Mars Stores, Inc.	New Bedford, MA
MPLX	Mediplex Group, Inc. (The)	Newton, MA
MMAC	Merrimac Industries, Inc.	West Caldwell, NJ
MTBC	MetroBanc Federal Savings Bank	Grand Rapids, MI
NCTYP	National City Corporation Preferred	Cleveland, OH
NAMC	North American National Corporation	Columbus, OH
NOVR	Novar Electronics Corporation	Barberton, OH
NOVO	Novo Corporation	Scarsdale, NY
ORIR	Orion Research Incorporated	Cambridge, MA
PARC	Park Communications, Inc.	Ithaca, NY
PATB	Patriot Bancorporation	Boston, MA
PATBP	Patriot Bancorporation Preferred	Boston, MA
PNBA	Pennbancorp	Titusville, PA
PENW	PENWEST, LTD.	Bellevue, WA
PKLB	Pharmakinetics Laboratories, Inc.	Baltimore, MD
PKLBW	Pharmakinetics Laboratories, Inc. Warrants	Baltimore, MD
PFDR	Preferred Risk Life Insurance Company	West Des Moines, IA
RAYM	Raymond Corporation (The)	Greene, NY
RENT	Rent-A-Center, Inc.	Wichita, KS
REXI	Resource Exploration, Inc.	Canton, OH
PREV	Revere AE Capital Fund, Inc.	New York, NY
SIDY	Science Dynamics Corporation	Cherry Hill, NJ
SEWY	Seaway Food Town, Inc.	Maumee, OH
SLTM	Selecterm, Inc.	Danvers, MA
SGMA	Sigmaform Corporation	Santa Clara, CA
SUDS	Sudbury Holdings, Inc.	Cleveland, OH
SUBN	Summit Bancorporation (The)	Summit, NJ
SUBNP	Summit Bancorporation (The) Series A Convertible Pref.	Summit, NJ
TNLG	Technology Incorporated	Dayton, OH
TMTX	Temtex Industries, Inc.	Dallas, TX
TANT	Tennant Company	Minneapolis, MN
TRLA	Trans Louisiana Gas Company, Inc.	Lafayette, LA
TRNT	Transnet Corporation	Union, NJ
TRMW	Triangle Microwave, Inc.	Livingston, NJ
TRST	TrustCo Bank Corp NY	Schenectady, NY

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
ULTB	Ultra Bancorporation	Bridgewater, NJ
USEG	U. S. Energy Corp.	Riverton, WY
UDRT	United Dominion Realty Trust, Inc.	Richmond, VA
VBND	Velo-Bind, Incorporated	Sunnyvale, CA
VRTX	Vortec Corporation	Cincinnati, OH
VYQT	Vyquest Inc.	Clifton, NJ
WSCI	Washington Scientific Industries, Inc.	Long Lake, MN
WLHN	Wolohan Lumber Co.	Saginaw, MI

The following changes to the list of NASDAQ/NMS securities occurred since December 10, 1984.

#### **NASDAQ/NMS Symbol And/Or Name Changes**

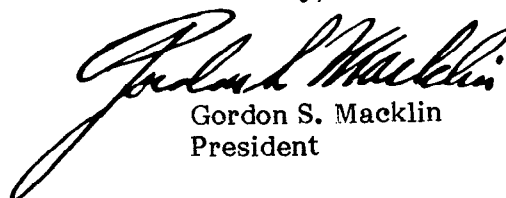
<u>New/Old Symbol</u>	<u>New/Old Security Name</u>	<u>Date of Change</u>
CTYF/ CTYF	CityFed Financial Corporation/ City Federal Savings & Loan Association	12/19/84
HMOA/ HMOA	National Comprehensive Services, Inc./HMO America, Inc.	12/19/84

#### **NASDAQ/NMS Deletions**

<u>Symbol</u>	<u>Security Name</u>	<u>Date</u>
ACAL	Aircal, Inc.	01/03/85
BWKR	Bassett-Walker, Inc.	12/24/84
BIOC	Biochem International, Inc.	12/24/84
CLHO	Clayton Homes, Inc.	12/19/84
JOAMS	Johnstown American Companies	01/04/85
NRLNF	Norlin Corporation	12/27/84
QUCA	Quality Care, Inc.	01/03/85
TFFC	Texas Federal Financial Corporation	01/02/85

Any questions regarding this notice should be directed to Donald Bosic, Assistant Director, NASDAQ Operations, at (202) 728-8043. Questions pertaining to trade reporting rules should be directed to Steve Hickman, Market Surveillance, at (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 85-3**

January 14, 1985

### **I M P O R T A N T**

#### **OFFICERS, PARTNERS AND PROPRIETORS**

**TO:** All NASD Members and Other Interested Persons

**RE:** Membership Vote on Proposed Amendments to Association's By-Laws and Solicitation of Comments on Proposed Amendments to the Code of Procedure

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#### **LAST VOTING DATE IS FEBRUARY 14, 1985**

Members of the National Association of Securities Dealers, Inc. ("NASD" or "Association") are invited to vote on certain amendments to the Association's By-Laws contained in Exhibit A to this Notice for Members. In addition, amendments to the Association's Code of Procedure related to the proposed By-Law amendments are being published for comment.

In November 1983, the membership approved a complete revision to the NASD By-Laws. <sup>1/</sup> This revision was designed to conform the language of the By-Laws to certain statutory changes, codify certain interpretations of the Board of Governors, clarify the application of certain provisions and generally update and modernize the By-Laws.

Upon membership approval, the revised By-Laws were subsequently filed with the Securities and Exchange Commission ("SEC"). <sup>2/</sup> In the course of its

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<sup>1/</sup> The complete text of the revised By-Laws was distributed to the membership in Notice to Members 83-55 (October 20, 1983). Copies of revised By-Laws may be obtained from the Association's Office of General Counsel at (202) 728-8294.

<sup>2/</sup> File No. SR-NASD-84-14. This filing has not yet been approved by the SEC and the revised By-Laws are not yet effective. All references contained herein are to the text of the revised By-Laws.

review, the SEC staff identified certain procedural and technical changes to the text of the revised By-Laws which it suggested be considered by the NASD membership. The requested changes to the revised By-Laws described below have been reviewed and approved for membership vote by the Association's Board of Governors. Prior to becoming effective, the amendments must be approved by the membership and then approved by the SEC.

### **Hearings Prior to Suspension or Cancellation of Membership**

Two changes requested by the SEC staff relate to procedures preceding the Association's summary suspension or cancellation of a firm's membership. Article II, Section 3(c) of the revised By-Laws permits the Board to cancel the membership of a firm which becomes ineligible for membership, to suspend or bar a person who becomes ineligible for association with a member, and to cancel a firm's membership which has a disqualified person associated with it. Moreover, Article VII, Section 2 of the revised By-Laws permits the NASD to expel or suspend a member for failure to provide information formally demanded after giving 15 days' notice.

As filed with the SEC, these sections of the revised By-Laws do not provide a member or associated person with a right to hearing before imposition of the cancellation, suspension or bar. It has, however, been the Association's long-standing practice to provide such members and persons with a right to be heard upon request prior to imposition of the cancellation, suspension or bar. The SEC staff believes the revised By-Laws should codify that practice by explicitly providing that such members and persons shall have an opportunity for hearing. The proposed changes to the revised By-Laws providing such a right to a hearing appear at Exhibit A (attached).

Conforming amendments to the revised Code of Procedure, <sup>3/</sup> also pending SEC approval, are required to accommodate the hearings contemplated by these amendments to the revised By-Laws. These conforming amendments, attached as Exhibit B, also provide more specific language concerning reinstatement of membership or association. Amendments to the Code of Procedure do not require a membership vote and it is the intention of the Association to file these amendments for approval by the SEC contingent upon membership and SEC approval of the By-Law amendments contained herein. They are being provided to you at this time to assist your evaluation of the proposed By-Law amendments and to solicit your comments.

### **Conflicts of Interest**

The second change to the By-Laws relates to potential conflicts of interest. The NASD By-Laws as presently in effect contain a prohibition against any Governor or Committee member participating in the decision on any matter in

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<sup>3/</sup> The revised Code of Procedure was filed for SEC approval in File No. SR-NASD-82-11. Complete copies of the revised Code of Procedure are available from the Association's Office of General Counsel at (202) 728-8294.



which he or she has a conflict of interest. In the revision of the By-Laws approved by the membership last year, this provision was inadvertently not included. It is proposed to be inserted as new Section 4 of Article XVI, as appears on page 2 of Exhibit A.

### **Jurisdiction Over Municipal Securities**

The third change to the By-Laws relates to the status of municipal securities. Under Section 15B of the Securities Exchange Act of 1934, as amended, the Municipal Securities Rulemaking Board ("MSRB"), rather than the NASD, has been given rulemaking authority over the activities of municipal securities brokers and municipal securities dealers. For purposes of conformance with this statutory provision, a new Article XVI, Section 5 of the revised By-Laws is proposed which would restate existing statutory provisions by limiting the applicability of NASD requirements so as not to conflict with those of the MSRB. This language is also contained on page 2 of Exhibit A.

\* \* \*

The Board of Governors believes these amendments to the 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 not later than February 14, 1985.**

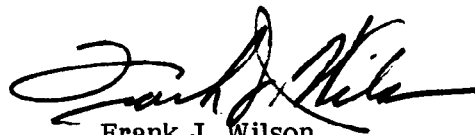
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As noted above, comments are also solicited on the proposed amendments to the revised Code of Procedure. All comments should be received by and directed to:

James M. Cangiano, Secretary  
National Association of Securities Dealers, Inc.  
1735 K Street, N.W.  
Washington, D.C. 20006

Comments should be received no later than February 14, 1985. Any questions regarding this notice to members should be directed to Dennis C. Hensley, Vice President and Deputy General Counsel, or Edward R. Venit, Senior Attorney, Office of General Counsel, at (202) 728-8294.

Sincerely,



Frank J. Wilson  
Executive Vice President  
and General Counsel

Attachments

**PROPOSED AMENDMENTS TO REVISED BY-LAWS**

The following are proposed changes to the text of the revised By-Laws contained in Notice to Members 83-55 and filed with the SEC in File No. SR-NASD-84-14. New language is underlined; deleted language is in brackets.

**Article II, Section 3**

**Ineligibility of Certain Persons for Membership or Association**

(a) No registered broker, dealer, or municipal securities broker or dealer shall be admitted to membership, and no member shall be continued in membership, if such broker, dealer, municipal securities broker or dealer or member fails or ceases to satisfy the qualification requirements under Section 2 of this Article, or if such broker, dealer, municipal securities broker or dealer or member is or becomes subject to a disqualification under Section 4 of this Article.

(b) No person shall become associated with a member, or continue to be associated with a member, or transfer association to another member, if such person fails or ceases to satisfy the qualification requirements under Section 2 of this Article, or if such person is or becomes subject to a disqualification under Section 4 of this Article; and no broker, dealer or municipal securities broker or dealer shall be admitted to membership, and no member shall be continued in membership, if any person associated with it is ineligible to be an associated person under this subsection.

(c) If it deems it appropriate, the Board of Governors, upon notice and opportunity for a hearing, may cancel the membership of a member if it becomes ineligible for continuance in membership under subsection (a) hereof, may suspend or bar a person from continuing to be associated with any member if such person is or becomes ineligible for association under subsection (b) hereof, and may cancel the membership of any member who continues to be associated with any such ineligible person.

(d) Any broker, dealer or municipal securities dealer which is ineligible for admission into membership, or any member which is ineligible for continuance in membership, may file with the Board of Governors an application requesting relief from the ineligibility pursuant to procedures adopted by the Board of Governors and contained in the Corporation's Code of Procedure. The Board of Governors may, in its discretion, approve the admission or continuance of an applicant or member, or the association of any person, if the Board determines that such approval is consistent with the public interest and the protection of investors. Any approval hereunder may be granted unconditionally or on such terms and conditions as the Board considers necessary or appropriate. In the exercise of the authority granted hereunder, the Board of Governors may:

(1) conduct such inquiry or investigation into the relevant facts and circumstances as it, in its discretion, considers necessary to its determination, which, in addition to the background and circumstances giving rise to the failure to qualify or disqualification may include the proposed or present business of an applicant for membership or of a member and the conditions of association of any prospective or presently associated person, among other matters;

(2) permit, in limited types of situations, a membership or association with a member pending completion of its inquiry or investigation, and

its final determination, based upon a consideration of relevant factors, and may classify situations taking into account the status of brokers, dealers, and municipal securities brokers and dealers as applicants or existing members and of persons as prospective associated persons of members; the type of disqualification or failure to qualify; whether a member or associated person has been the subject of a previous approval and the terms and conditions thereof; and any other relevant factors; and

(3) delegate any of its functions and authority under this subsection (d) to appropriate committees of the Corporation or to Corporation staff members.

(e) An application filed under subsection (d) hereof shall not foreclose any action which the Board of Governors is authorized to take under subsection (c) hereof until approval has been granted.

(f) Approval by the Board of Governors of an application made under subsection (d) shall be subject to whatever further action the Commission may take pursuant to authority granted to the Commission under the Act.

#### **Article VII, Section 2**

##### **Authority to Suspend for Failure to [ File Regulatory Reports] Submit Required Information**

(a) The Board of Governors shall have authority, upon notice and opportunity for a hearing, to cancel or suspend the membership of any member or suspend the association of any person associated with a member for failure to file, or to submit on request, any report, document or other information required to be filed with or requested by the Corporation. [ Before such cancellation or suspension shall become effective, the member or person associated with a member shall be given fifteen (15) days notice in writing thereof. ]

(b) The Board of Governors is authorized to delegate the authority hereinabove granted to the President of the Corporation; provided, however, that the Executive Committee of the Board of Governors shall be notified in writing of any such contemplated action by the President.

[ (c) Any suspension or cancellation under this section shall take effect following the fifteen (15) day notice period and shall not be subject to the requirements of the Code of Procedure.]

#### **Article XVI, Section 4**

No member of the Board of Governors or of any committee of the Corporation shall directly or indirectly participate in any adjudication of the interests of any party which would at the same time substantially affect his interest or the interests of any person in whom he is directly or indirectly interested. In any such case, the member shall disqualify himself or shall be disqualified by the Chairman of the Board or Committee.

#### **Article XVI, Section 5**

The provisions of the By-Laws conferring rulemaking authority upon the Board of Governors shall not be applicable to the municipal securities activities of members or persons associated with members to the extent that the application of such authority would be inconsistent with Section 15B of the Act.

**PROPOSED AMENDMENTS TO RECODIFIED CODE OF PROCEDURE**

The following is the text of proposed new Article V of the revised Code of Procedure, filed with the Securities and Exchange Commission in File No. SR-NASD-82-11 (succeeding articles to be renumbered accordingly), as well as revisions to Articles VI and XII (formerly Articles V and XI) of the revised Code of Procedure. New language is underlined; material to be deleted is in brackets.

**Article V — Revocation Proceedings****Purpose**

Sec. 1 This Article provides procedures, in addition to those contained for summary suspension pursuant to Article VII of this Code of Procedure, for the Corporation to cancel or suspend the membership of a member or to bar or suspend a person from being associated with a member pursuant to Article II, Section 3 or Article VII, Section 2 of the By-Laws. Such actions are hereinafter referred to as "revocation proceedings."

**Commencement of Revocation Proceedings**

Sec. 2 (a) Should the Corporation determine to commence a revocation proceeding, it shall send notice thereof to the member or person associated with a member at least five (5) business days prior to the effective date of any action under Article II, Section 3 of the By-Laws and at least fifteen (15) days prior to the effective date of any action under Article VII, Section 2 of the By-Laws

(b) Upon written request of the member or persons associated with the member received by the Corporation prior to the expiration of the applicable notice period provided in Subsection 2(a), the matter shall be presented to a hearing panel designated by the Board of Governors.

(c) A decision rendered by a hearing panel designated pursuant to Subsection 2(b) shall constitute final action by the Corporation. Cancellation, bar or suspension shall become effective on a date established by the hearing panel.

**Hearings**

Sec. 3 At any hearing held under this Article, a record shall be kept and the member or person associated with a member and the Corporation shall be entitled to be heard in person and be represented by counsel and to submit any relevant matter.

**Decisions**

Sec. 4 Following any hearing held under this Article, a written decision shall be issued setting forth the findings made and the grounds upon which that determination is based.

**Other Action Not Foreclosed**

Sec. 5 Action by the Corporation under this Article shall not foreclose action by the Corporation under any other provisions of this Code where a violation of the Rules of the Corporation may be involved.

**Article [ V ] VI**

**[ Member and Associated Person ] Eligibility Proceedings**

**Purpose**

Sec. 1 [ It is the purpose of this Article to provide where appropriate a procedure for requesting relief in cases of failure to meet the eligibility requirements of the Corporation's By-Laws. ] This Article provides procedures for a person to become associated with a member notwithstanding the existence of a statutory disqualification as defined in Section 3(a)(39) of the Securities Exchange Act of 1934, as amended, for reinstatement after a revocation proceeding pursuant to Article V of this Code, and to obtain relief in cases of failure to meet the eligibility or qualification requirements of the Corporation's Rules and By-Laws.

**Eligibility Proceedings**

Sec. 2. (a) If the Corporation has reason to believe a statutory disqualification exists or there is otherwise a failure to meet the eligibility requirements of the Corporation's By-Laws, the member or broker or dealer or person shall be notified in writing of the specific eligibility deficiencies. No such notice shall be required, however, in the case of a cancellation or suspension of membership or suspension or bar of a person associated with a member pursuant to Article V of this Code. [ If it deems it appropriate, the Board of Governors may summarily cancel the membership of a member if it fails to meet the eligibility requirements provided by the By-Laws or if it continues to have associated with it a person who fails to meet the eligibility requirements provided in the By-Laws. ]

(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. [notwithstanding the eligibility deficiencies.] Should the Corporation decline to grant such request, then if requested in writing by any party, [ If requested, ] or 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. The hearing panel shall make a recommendation as to the application which shall be forwarded to the Board of Governors together with the record.

(c) The Board of Governors shall make a written determination upon the record before it, setting forth therein the specific grounds upon which such determination is based and the conditions, if any, as to the continuance in or admission to membership it considers appropriate.

(d) The Board of Govenors shall promptly notify the applicant of any action taken. When required, a notification shall be filed with the Commission. Any applicant or person who is aggrieved by the action of the Board of Governors may make application for review of such action to the Commission.

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**Article [ XI ] XII**  
**Miscellaneous**

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**[ Suspension for Failure to Furnish Information Duly Requested ]**

[Sec. 3. In the event of a refusal to comply with Section 2, and after 15 calendar days' notice in writing, the President is authorized to suspend the membership, registration or association of any member or person associated with a member and to cause notice thereof to be published in the next following membership supplement. Prior to such notice, the Executive Committee of the Board of Governors shall be notified in writing of such contemplated action by the President.]

**(Remaining material renumbered accordingly.)**



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

## **notice to members 85-4**

January 16, 1985

TO: All NASD Members and Other Interested Persons

RE: Quarterly Checklist of Notices to Members

Following is a list of NASD Notices to Members issued during the fourth quarter of 1984. Requests for copies of any notice should be accompanied by a self-addressed label and may be directed to: NASD Administrative Services, 1735 K Street, N.W., Washington, D. C. 20006.

<b>Notice Number</b>	<b>Date</b>	<b>Topic</b>
84-52	October 5, 1984	Next NASDAQ/NMS Phase-In Scheduled for October 16
84-53	October 9, 1984	Request for Comments on Proposed Amendment to Appendix F Concerning Suitability Requirements for Freely Tradeable Partnership Units
84-54	October 9, 1984	Quarterly Checklist of Notices to Members
84-55	October 15, 1984	Implementation of NASDAQ Equity Audit Trail
84-56	October 19, 1984	Three Securities Mandated to Join NASDAQ/NMS on November 13, 1984
84-57	October 23, 1984	Federal Reserve Board Acts to Grant Immediate Margin Status To All NASDAQ/NMS Issues

84-58	October 23, 1984	Thanksgiving Day: Trade Date - Settlement Date Schedule
84-59	November 7, 1984	National Market System Grows to 1,142 Securities With 40 Voluntary Additions on November 20
84-60	November 7, 1984	1985 Schedule of Holidays
84-61	November 14, 1984	PLATO Learning Centers to Close Thanksgiving Week/Change in Calculator Policy During All Testing Sessions
84-62	November 14 1984	Effect of the Tax Reform Act of 1984 and Amendments to Various NASD and SEC Rules on NASD Qualification Examinations
84-63	November 22, 1984	Small Order Execution System (SOES)
84-64	November 26, 1984	Securities and Exchange Commission Interpretation of Application of Rule 15c2-4 to Direct Participation Program Offerings
84-65	December 7, 1984	Christmas Day - New Year's Day: Trade Date-Settlement Date Schedule
84-66	December 7, 1984	SIPC Trustee Appointed For Vantage Securities of Colorado, Inc., Englewood, Colorado
84-67	December 10, 1984	NASDAQ National Market System Grows to 1,185 Securities With 50 Voluntary Additions on December 18, 1984
84-68	December 17, 1984	Amendments to the Uniform Practice Code to Provide for a Liability Notice Procedure and a Liability Notice Form
84-69	December 18, 1984	Offshore Shell Bank Licenses Registered in Majuro, Marshall Islands
84-70	December 20, 1984	25 Stocks Added to the Small Order Execution System (SOES)



84-71	December 26, 1984	SEC Rule 15c2-2 Fully Effective
84-72	December 28, 1984	Expansion of NASDAQ National Market System
84-73	December 28, 1984	Proposed Amendment to the Uniform Practice Code to Require Prompt Settlement of Syndicate Accounts

\* \* \* \*



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

# **notice to members 85-5**

January 18, 1985

## **IMPORTANT**

**PLEASE DIRECT THIS NOTICE TO ALL FINANCIAL AND OPERATIONAL OFFICERS AND PARTNERS**

**TO:** All NASD Members and Other Interested Persons

**RE:** Follow-up to NASD Notice to Members 84-48 Dealing with Concessions Receivable and Related Commissions Payable

Since the issuance of Notice to Members 84-48, requests for clarification have been received concerning that portion of the Notice dealing with the treatment to be accorded commissions payable.

After further discussion with the staff of the SEC's Division of Market Regulation, the following explanation sets forth the proper method for the handling of commissions payable pursuant to SEC Rule 15c3-1:

A broker-dealer should include in the calculation of aggregate indebtedness that portion of the liability which is payable within twelve months from the net capital computation date and in addition the firm's net capital requirement shall be increased by an amount equal to one percent of the remaining commission payable. (Emphasis added)

### Example

**Facts:**

Total commissions payable related to concessions receivable	<u>\$ 500,000</u>
Current year portion of commissions payable to be included in aggregate indebtedness	<u>\$ 100,000</u>

**Aggregate Indebtedness Calculation:**

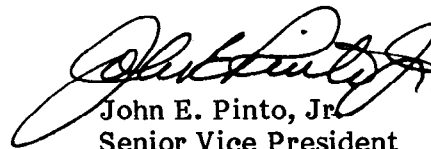
Other items of aggregate indebtedness	\$ 1,000,000
Add: Current year portions of commissions payable	
	<u>100,000</u>
Total aggregate indebtedness	<u>\$ 1,100,000</u>

**Net Capital Computation:**

Net Capital requirement before 1% additional requirement (6 2/3% of aggregate indebtedness of \$1,100,000)	\$ 73,334
Add: 1% of portion of commissions payable due after current year (1% of \$400,000)	<u>4,000</u>
Required net capital	<u>\$ 77,334</u>

Questions concerning this notice may be directed either to I. William Fishkind, Assistant Director, Surveillance Department, at (202) 728-8405 or your local District Office.

Sincerely,



John E. Pinto, Jr.  
Senior Vice President  
Compliance

January 18, 1985

**IMPORTANT**

**PLEASE DIRECT THIS NOTICE TO ALL FINANCIAL, OPERATIONAL AND  
COMPLIANCE OFFICERS AND PARTNERS**

**TO:** Selected NASD Members For Which the Association is the Designated  
Examining Authority and Other Interested Persons

**RE:** British Telecommunications plc American Depositary Receipts

**BACKGROUND**

The initial public offering of Ordinary Shares of British Telecommunications plc was made by the Government of the United Kingdom on December 3, 1984. American Depositary Shares (ADS) representing interests in Ordinary Shares were offered by several United States and Canadian underwriters. Upon full payment of the purchase price, each American Depositary Share will represent ten presently outstanding ordinary shares of 25 pence each of British Telecommunications plc. Prior to full payment, the ADS will be evidenced by First and then Second Interim American Depositary Receipts (Interim ADRs). Upon full payment, they will be evidenced by ADRs in definitive form. The Interim ADRs began trading "regular way" on the New York Stock Exchange on December 3, 1984.

The original offering price for the ADS is payable in three installments (approximately 40% due upon delivery of the Interim ADRs, approximately 30% due June 21, 1985, and the remaining 30% due April 8, 1986).

Holders of the Interim ADRs are responsible for payment of the second and final installments. The Interim ADRs provide that registered holders agree to pay any remaining installments of the purchase price. Trades between NASD members are to be handled in a manner which requires members purchasing Interim ADRs to assume such payment obligations from the selling broker-dealer, regardless of whether or not the purchasing firm has the Interim ADRs transferred to its name. The amount of each installment in U.S. dollars will be based upon exchange rates prevailing at the time the installment is due.

In view of the many unique aspects of this offering, there have been a number of meetings and discussions held with the staff of the Securities and Exchange Commission. Certain special requirements which have been adopted, as well as the applicability of existing regulations, are discussed below.

### Margin Requirements

Federal Reserve Board Regulation T - In its relevant parts, Regulation T provides that any security that is registered on or has unlisted trading privileges on a national securities exchange is a "margin security" and may be purchased or carried in a margin account. The margin required on a "margin security" is 50% of the current market value. Since the ADRs are listed and traded on the New York Stock Exchange, they are eligible for margin privileges. However, members of the underwriting and selling group, under SEC Rule 11(d)(1) of the Securities Exchange Act of 1934, are subject to certain restrictions before they can extend credit on the ADR.

Securities Exchange Act Rule 11(d)(1) - This rule prohibits a person who is both a broker and a dealer from extending credit to a customer on any security which is part of a new issue where the broker-dealer is a member of a selling syndicate or underwriting group for such new issue. In addition to prohibiting the extension of credit in connection with the original sale of the security, the rule also prohibits the security from being used as collateral in connection with other transactions that the broker-dealer may effect for the customer. This prohibition is in effect for 30 days commencing as follows:

- |                                |   |
|--------------------------------|---|
| (1) Underwriters               | from the date when both the distribution is completed and the underwriting agreement is terminated. |
| (2) Selling Group Participants | from the date on which the broker-dealer completes its distribution.                                |

### Section 4 of Appendix A, Article III, Section 30 of the Association's Rules of Fair Practice

Under NASD rules, the initial and maintenance margin requirements for customers are: 25% of the current market value of all ADRs "long" in the account; \$5 per ADR or 30% of the current market value of the ADRs, whichever is greater, of each ADR "short" in the account selling at \$5 per ADR or above; and \$2.50 per ADR or 100% of the current market value of the ADRs, whichever is greater, of each ADR "short" in the account selling at less than \$5 per ADR. In addition, on new transactions, the rule requires a minimum equity in margin accounts of at least \$2,000, except that cash need not be deposited in excess of the cost of any ADRs purchased.

Members may of course decide to impose higher "house" maintenance requirements in order to maintain sufficient equity in customers' margin accounts because of the installment payment method of the British Telecommunications Interim ADRs.

## SEC Capital and Reserve Formula Requirements

Due to the unusual installment payment aspects of the offering, the Securities and Exchange Commission has approved special net capital, and Rule 15c3-3 Reserve Formula and possession and control of securities requirements until April 15, 1986, as summarized below.

### Capital Requirements (SEC Rule 15c-1)

Underwriting Positions - Underwriters were subject to a capital charge equal to 15% of the total offering price (based upon prevailing exchange rates) on the day registration of the Interim ADRs became effective (For example, an offering price which based on the prevailing exchange rates on December 3, 1984, would be the equivalent of \$16.40 per definitive ADR would result in a charge of \$2.46 per Interim ADR.) This charge would apply to members computing net capital under the standard or alternative methods. The initial capital charge on the total offering could be subsequently reduced to the extent that sales were confirmed to customers.

Proprietary Positions - Members computing net capital under the standard or alternative methods are subject to a net capital charge equal to 15% of the sum of the market value of the Interim ADRs plus the estimated contractual liability (based on prevailing exchange rates) for any unpaid installments. By way of illustration:

#### Example 1

If after payment of the first installment, the Interim ADRs are selling at \$10, the deduction under the basic and alternative methods would be  $\$10 + \$9.84$  (estimated cost of second and final installments)  $\times .15 = \$2.97$  per Interim ADR.

#### Example 2

If after payment of the second installment, the Interim ADRs are selling at \$15, the deduction under the standard and alternative methods would be  $\$15 + \$4.92$  (estimated cost of final installment)  $\times .15 = \$2.99$  per Interim ADR.

Reserve Formula (SEC Rule 15c3-3) - Credit balances and adequately secured debits relating to customers' transactions in the ADRs are to be included in the Reserve Formula computation. For example, in December 1984, customer debits and credits relating to the first Interim ADRs should have been included in the reserve computation. When the second Interim and definitive ADRs are traded regular way in June 1985 and April 1986, respectively, customer debits and credits relating to those ADRs must be included in the Reserve Formula computation.

Possession and Control of Securities (Rule 15c3-3) - The adjusted ledger debit used for the purpose of calculating the value of excess margin securities based on 140% should not include the liability to pay the second and third installments, respectively, until the second Interim or definitive ADRs, as the case may be, are traded regular way.

Disclosure of Customer's Liability

Members should take extraordinary measures to ensure that customers are aware of the installment nature of payment for the ADRs, and the obligation of the holder of Interim ADRs to make payment of future installments. The SEC has determined that Rule 10b-10 be applied in the following manner. Confirmations sent to customers purchasing Interim ADRs must set forth the price which shall include the amount, in pounds sterling, of the installment obligations that will become due on such Interim ADRs. Further, to ensure that the obligation to pay such installments is enforceable against the customer, the full price, i.e., the total amount of installment payments, should be set forth on the confirmation.

It is strongly suggested that members, at a minimum, make appropriate disclosure to all customers who purchase Interim ADRs and the amount of the remaining installments payable in British pounds sterling. Such disclosure should be made at or before the completion of the transaction as part of the trade confirmation (either by imprinting or stamping).

An industry operations task force has suggested the following language be imprinted on trade confirmations:

FOR FIRST INTERIM ADRs:

BUYER ASSUMES OBLIGATIONS TO PAY SECOND AND FINAL  
INSTALLMENTS OF 4 POUNDS STERLING EACH

FOR SECOND INTERIM ADRs:

BUYER ASSUMES OBLIGATION TO PAY FINAL INSTALLMENT  
OF 4 POUNDS STERLING

This language may be abbreviated due to limitation of available space on, and computer processing of, confirmations as follows:

FOR FIRST INTERIM ADRs:

BUYER ASSUMES OBLIG  
TO PAY 2D&FNL INSTL  
OF 4 PDS. STLG, EACH

FOR SECOND INTERIM ADRs:

BUYER ASSUMES OBLIG  
TO PAY FINAL INSTL OF  
4 PDS. STLG.

Members that stamp confirmations should use language less abbreviated than that suggested above.

The Association suggests that after each purchase of Interim ADRs, the first statement of account be sent to customers, or a separate notice sent at or about the same time, fully disclosing: (1) the customer's liability for, and the amount of, remaining installments payable in British pounds sterling; and (2) that part or all of their position in Interim ADRs may be liquidated in the event of non-payment of installments or other remedies may be pursued by Her Majesty's Government. Members are also encouraged to send such disclosure with all statements of account sent to customers so long as the customer holds Interim ADRs.

Because the above-noted disclosures may not be all-inclusive, the Association recommends that members consult with counsel on the exact disclosure language to be used and the manner in which such disclosure should be made.

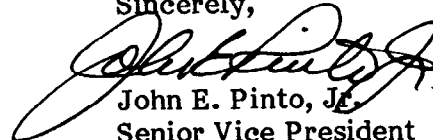
#### Bonus Shares

Pursuant to the prospectus, the natural persons purchasing ADS in the initial public offering who continue to hold an interest in these shares through November 30, 1987, will be entitled to receive from Her Majesty's Government the equivalent of one tenth of an ADS for each ADS so held (up to a maximum of 400 ADS) without any additional payment. In order to be entitled to receive bonus shares, such purchasers must register their interest no later than January 31, 1985, and have their continuous holding certified no later than January 15, 1988. Members must maintain records which will allow identification of customers entitled to these shares.

\* \* \* \*

Questions concerning this matter may be directed to I. William Fishkind, Assistant Director, Surveillance Department, at (202) 728-8405.

Sincerely,



John E. Pinto, Jr.  
Senior Vice President  
Compliance



# **NASD**

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

## **notice to members 85-6**

January 18, 1985

TO: All NASD Members and Other Interested Persons

ATTN: Corporate Financing Department

RE: Amendment to Corporate Financing Filing Requirements Effective  
March 1, 1985

The Board of Governors has adopted amendments to the filing requirements of the Interpretation of the Board of Governors — "Review of Corporate Financing," which will be effective on March 1, 1985. The text of the amendments is attached to this notice. The amendments will exempt from the filing requirement offerings of issuers whose senior debt is rated "investment grade." All debt and equity offerings of securities offered by a corporate, foreign government, or foreign government agency issuer which has senior non-convertible debt or preferred securities rated by a nationally recognized statistical rating organization in one of its four highest generic rating categories, will be exempt from the filing requirements. The amendments will also delete the current exemption from the filing requirements for straight debt rated "B" or better. The amendments relate only to the filing requirements and do not constitute an exemption from the substantive requirements of the Corporate Financing Interpretation. Members will still be expected to assure compliance with those requirements in any offerings in which they participate. Additionally, the exemption does not extend to offerings which are subject to Schedule E to Article IV, Section 2 of the NASD By-Laws concerning offerings by members of their own securities or those of affiliates.

In early 1982, the Association determined to review the filing requirements under the Corporate Financing Interpretation. The new amendments are a result of this review. In order to qualify for the new exemption, an issuer must have senior non-convertible debt or preferred equity securities rated by a nationally recognized statistical rating organization in one of its four highest generic rating categories, e.g. "AAA" through "BBB" by Standard & Poor's and "Aaa" through "Baa" by Moody's. The investment grade rating is required with respect to an outstanding or a current offering of debt securities which is senior to other debt security obligations of the corporation. This requirement could also be

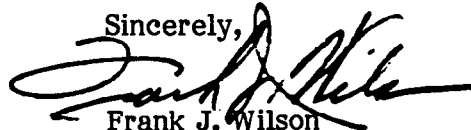
satisfied by an investment grade rating of non-convertible preferred equity securities of the corporation. If an issuer has such a rating on its senior non-convertible debt or preferred equity securities, then any offering of debt or equity securities by that issuer would be exempt from the filing requirements.

The amendment also eliminates the present exemption for debt securities rated "B" or better. The exemption for offerings of debt securities rated "B" or better reflected the nature of the debt market during the late 1960's when the filing requirements were developed. At that time, the volume of issues rated "B" or better was small. With the increase of such issues, the Association believes that it is appropriate to require their filing and subsequent review of the underwriting terms and arrangements. Therefore, offerings of debt securities rated "B" or "BB" by Standard & Poor's and "B" or "Ba" by Moody's which previously were exempt are now required to be filed for review.

The amendments to the filing requirements will be effective on March 1, 1985. It is suggested that members closely examine these amendments. This change will relieve certain issuers previously filing from the obligation of compliance with the filing requirement, and will require filings from certain issuers who were previously exempt. Members are reminded that the Corporate Financing Interpretation filing exemption does not extend to offerings subject to Schedule E to Article IV, Section 2 of the Association's By-Laws.

Any questions concerning this notice may be directed to either Harry E. Tutwiler or Suzanne E. Rothwell of the Corporate Financing Department at (202) 728-8258.

Sincerely,



Frank J. Wilson  
Executive Vice President  
Legal and Compliance

Attachment

## Filing Requirements <sup>1</sup>

All documents and other information required to be filed with the Association, or any communications or inquiries pertaining thereto, shall be submitted to the Director, Corporate Financing Department at the Executive Office of the Association, 1735 K Street, N.W., Washington, D.C. 20006.

\* \* \* \*

Documents relating to the following issues need not be filed with the Association:

- (1) securities which pursuant to the provisions of Section 3(a)(12) of the Securities Exchange Act of 1934 are exempt securities;
- (2) securities of investment companies as defined in Section 3 of the Investment Company Act of 1940 (except issues of closed-end management companies);
- (3) variable contracts; and
- (4) securities offered by a corporate, foreign government, or foreign government agency issuer which has senior non-convertible [straight] debt or preferred securities [issues] rated ["B" or better] by a nationally recognized statistical rating organization [service.] in one of its four highest generic rating categories.

1. NASD Manual (CCH) ¶ 2151, pp. 2024-2025. New material is underlined. Deleted material is in brackets.



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

## **notice to members 85-7**

January 22, 1985

TO: NASD Members and NASDAQ Issuers

RE: Changes to Georgia Blue Sky Registration Requirements for NASDAQ Companies

On January 1, 1985, an order from the State of Georgia became effective which exempts NASDAQ National Market System securities from registration or qualification for sale under Georgia blue sky laws. This action grants NASDAQ National Market System securities parity with securities listed on the New York and American Stock Exchanges. In addition, for NASDAQ companies or companies making application for NASDAQ, which are not National Market System securities, the NASD will receive and process registration forms and collect and distribute registration fees on behalf of Georgia for offerings filed with the SEC in much the same way the NASD processes the registration of registered persons on the NASAA/NASD Central Registration Depository. Filings should not be sent to the State of Georgia.

A NASDAQ company seeking to file pursuant to O.C.G.A. ¶ 10-5-9(5) and Rules and Regulations of the State of Georgia 590-4-5.02 may do so by making a single filing with the Corporate Financing Department of the NASD at 1735 K Street, N.W., Washington, D. C. 20006. Filings should be made simultaneous with filings required by the NASD's Corporate Financing Interpretation. Required documents for coordinated filings include:

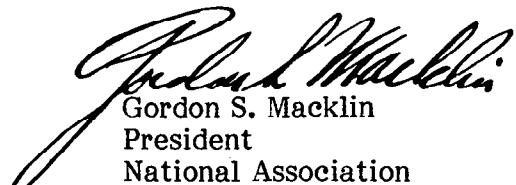
- (1) a single copy of the initial registration statement;
- (2) fully executed Uniform Forms U-1, U-2 and U-2A; and
- (3) a single check combining Georgia's non-refundable filing fee of \$250 with the appropriate NASD fee.


With respect to required documents for NASD review, see NASD Corporate Financing Interpretation under Article III, Section 1 of the Rules of Fair Practice.

Following the filing of necessary documents with the NASD, a certificate of compliance will be issued by the Commissioner of Securities of the State of Georgia. Renewals will continue to be filed with the Georgia Commissioner of Securities.

All questions and inquires with respect to this notice should be made to either James Gullion of the Georgia Securities Division at (404) 656-2894 or Harry E. Tutwiler of the NASD at (202) 728-8258.

Sincerely,

  
Gordon S. Macklin  
President  
National Association  
of Securities Dealers, Inc.

  
H. Wayne Howell, Director  
Securities Division,  
State of Georgia



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

## **notice to members 85-8**

January 23, 1985

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

**RE:** NASDAQ National Market System Grows to 1,378 Securities With 100 Voluntary Additions on February 5, 1985 and Four Mandatory Inclusions on February 12, 1985

On Tuesday, February 5, 1985, 100 issues are scheduled to join the NASDAQ National Market System bringing the total number of issues in NASDAQ/NMS to 1,374. These 100 issues, which will begin trading under real-time trade reporting, are entering the NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 100 issues scheduled to join NASDAQ/NMS on Tuesday, February 5, 1985, are:

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
AECE	AEC, Inc.	Elk Grove Village, IL
ATEL	Advanced Telecommunications Corporation	Houston, TX
AORGB	Allen Organ Company Class B	Macungie, PA
AFUR	American Furniture Company, Incorporated	Martinsville, VA
AIFC	American Indemnity Financial Corporation	Galveston, TX
AMLT	Armel, Inc.	Fort Lauderdale, FL
AROW	Arrow Bank Corp.	Glens Falls, NY
ATRO	Astronics Corporation	Orchard Park, NY
AGLT	Atlanta Gas Light Company	Atlanta, GA
BTEK	Baltek Corporation	Northvale, NJ
BDEP	Banco De Ponce	San Juan, PR
GRAN	Bank of Granite	Granite Falls, NC
BKSO	Bank South Corporation	Atlanta, GA
BGAS	Berkshire Gas Company (The)	Pittsfield, MA
BLAS	Blasius Industries, Inc.	Lyndhurst, NJ
BUTC	John O. Butler Company	Chicago, IL
CNRD	Canrad-Hanovia, Inc.	Newark, NJ
CENT	Centuri, Inc.	Hialeah, FL
CHZC	Charvoz-Carsen Corporation	Fairfield, NJ

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
CMFB	Chemical Fabrics Corporation	North Bennington, VT
CITS	Citizens and Southern Corporation (The)	Columbia, SC
CITGS	Citizens Growth Properties	Jackson, MS
CNET	Computer Network Corporation	Washington, D.C.
CTWS	Connecticut Water Service, Inc.	Clinton, CT
CONF	Continental Federal Savings and Loan Association	Oklahoma City, OK
COUS	Cousins Properties Incorporated	Atlanta, GA
CYPSA	Cypress Savings Association Class A	Plantation, FL
CYPSW	Cypress Savings Association Warrants	Plantation, FL
DGAS	Delta Natural Gas Company, Inc.	Winchester, KY
DRWN	Drew National Corporation	White Plains, NY
EMFC	EMF Corporation	Redmond, WA
EASTS	Eastover Corporation	Jackson, MS
EDSE	Edison Sault Electric Company	Sault Ste. Marie, MI
EWAT	Elizabethtown Water Company	Elizabeth, NJ
ERIE	Erie Lackawanna Inc.	Cleveland, OH
FEBC	First Eastern Corp.	Wilkes-Barre, PA
FTIL	First Illinois Corporation	Evanston, IL
FIBK	First Interstate Bank of Alaska	Anchorage, AK
FMWC	First Midwest Corporation	Minneapolis, MN
GCER	General Ceramics Inc.	Haskell, NJ
GPHY	General Physics Corporation	Columbia, MD
GBFH	Georgia Bonded Fibers, Inc.	Newark, NJ
GDFY	Godfrey Company	Waukesha, WI
GRCO	Gradco Systems, Inc.	Santa Ana, CA
GRCM	Gray and Company Public Communications International, Inc.	Washington, D.C.
GRIF	Griffin Technology Incorporated	Victor, NY
INBC	Independence Bancorp, Inc.	Perkasie, PA
ISLA	Investors Savings and Loan Association	Richmond, VA
JHSN	Johnson Electronics, Inc.	Casselberry, FL
KTII	K-Tron International, Inc.	Scottsdale, AZ
LOND	London House, Inc.	Park Ridge, IL
MANH	Manufactured Homes, Inc.	Winston-Salem, NC
MKIV	Mark IV Industries, Inc.	Williamsville, NY
MAYS	J. W. Mays, Inc.	Brooklyn, NY
MGCO	Medicare-Glaser Corporation	St. Louis, MO

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
MERY	Merry Land & Investment Company, Inc.	Augusta, GA
NSCB	NBSC Corporation	Sumter, SC
NAFC	Nash-Finch Company	St. Louis Park, MN
NCBR	National Community Bank of New Jersey	Rutherford, NJ
NAPE	National Properties Corporation	Des Moines, IA
NOBLF	Nobel Insurance Limited	Hamilton, Bermuda
NVCO	Nodaway Valley Co.	Clarinda, IA
NOLD	Noland Company	Newport News, VA
NWTL	Northwest Teleproductions, Inc.	Minneapolis, MN
NWES	Norwesco, Inc.	Minneapolis, MN
PGAM	Pacific Gamble Robinson Co.	Kirkland, WA
PKWY	Parkway Company (The)	Jackson, MS
PRLX	Parlex Corporation	Methuen, MA
PVIR	Penn Virginia Corporation	Philadelphia, PA
PHOC	Photo Control Corporation	Minneapolis, MN
PVDC	Princeville Development Corporation	Denver, CO
PRGR	ProGroup, Inc.	Chattanooga, TN
PROT	Protective Corporation	Birmingham, AL
PSNC	Public Service Company of North Carolina, Incorporated	Gastonia, NC
RKWD	Rockwood Holding Company	Somerset, PA
RPCH	Rospatch Corporation	Grand Rapids, MI
ROWE	Rowe Furniture Corporation	Salem, VA
SANT	Santa Monica Bank	Santa Monica, CA
SINC	Seal Incorporated	Naugatuck, CT
SAFE	Security American Financial Enterprises, Inc.	Minneapolis, MN
SNSTA	Sonesta International Hotels Corporation Class A	Boston, MA
SALI	Suburban Airlines, Inc.	Reading, PA
SFSI	Sunwest Financial Services, Inc.	Albuquerque, NM
TLSC	TLS, Co.	Cedar Rapids, IA
TSRI	TSR, Inc.	Hauppauge, NY
TCCO	Technical Communications Corporation	Concord, MA
TEQT	Technical Equities Corporation	San Jose, CA
TLMT	Telemation Inc.	Salt Lake City, UT
TTRN	Trans-Industries, Inc.	Waterford, MI
BNKS	United New Mexico Financial Corporation	Albuquerque, NM
VALN	Vallen Corporation	Houston, TX
VALF	Valley Forge Corporation	Bridgeton, MO
VICT	Victoria Bankshares, Inc.	Victoria, TX



<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
WEDGS	Wedgestone Realty Investors Trust	Newton, MA
WEIS	Weisfield's, Inc.	Seattle, WA
WSTS	Western States Life Insurance Company	Fargo, ND
WWWM	W. W. Williams Company	Columbus, OH
WMSI	Williams Industries, Incorporated	Falls Church, VA
WLTN	Wilton Enterprises, Inc.	Woodridge, IL
YFED	York Federal Savings and Loan Association	York, PA

Additionally, the following four securities will enter the NASDAQ/NMS under the mandatory Tier 1 criteria on February 12, 1985:

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
CRZY	Crazy Eddie, Inc.	Brooklyn, NY
DLIT	D'Lites of America, Inc.	Norcross, GA
FAHS	Farm and Home Savings Association	Nevada, MO
PASB	Perpetual American Bank, F.S.B.	Alexandria, VA

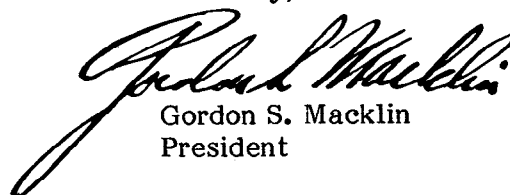
The following changes to the list of NASDAQ/NMS securities occurred since January 8, 1985.

#### **NASDAQ/NMS Deletions**

<u>Symbol</u>	<u>Security Name</u>	<u>Date</u>
COAT	Burlington Coat Factory Warehouse Corporation	01/09/85
ENDLW	Endo-Lase, Inc. Warrants	01/17/85

Any questions regarding this notice should be directed to Donald Botic, Assistant Director, NASDAQ Operations, at (202) 728-8043. Questions pertaining to trade reporting rules should be directed to Steve Hickman, Market Surveillance, at (202) 728-8202.

Sincerely,



Gordon S. Macklin  
President

January 23, 1985

**IMPORTANT**

TO: Selected NASD Members (Designated to the Association For Financial Responsibility)

RE: Monthly Filing of FOCUS Reports - FOCUS I

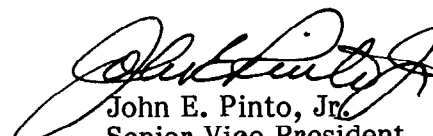
In accordance with the NASD's plan approved by the Securities and Exchange Commission (SEC) for the implementation of the FOCUS reporting system under SEC Rule 17a-5, all firms designated to the NASD for financial responsibility by the SEC under Rule 17d-1 must file FOCUS Part I reports every month. The NASD requires this report to be completed by every broker-dealer conducting a general securities, options or municipal securities business, including members maintaining a fully-disclosed clearing agreement with another member. SEC Rule 17a-5 requires that these reports must be received in your local NASD District Office no later than the tenth business day after month-end.

It has become increasingly important for members to adhere to the FOCUS Part I filing requirement in order to provide the Association with timely information to assist in the early detection of potential or existing financial and operational problems. Because this report is an integral part of the Association's early warning system for detecting unfavorable financial trends, the NASD's National Business Conduct Committee (NBCC) is concerned with members that do not meet their obligations to promptly file FOCUS Part I. Therefore, the NBCC has recommended that members which fail to file FOCUS Part I with the local NASD District Office so as to be received by the tenth business day following month-end be subject to disciplinary action and appropriate sanctions by the District Business Conduct Committees.

In a related area, as a further enhancement to the financial monitoring of the Association's membership, the NASD on May 7, 1984, advised all of its members not designated to another self-regulatory organization to forward a copy of the quarterly FOCUS Reports II or IIA to the local NASD District Office at the same time the original report is filed with the Executive Office in Washington.

Questions regarding the filing of FOCUS Reports should be directed to your local District Office.

Sincerely,



John E. Pinto, Jr.  
Senior Vice President  
Compliance



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

# notice to members 85-9

January 30, 1985

TO: All NASD Members and Municipal Securities Bank Dealers

ATTN: All Operations Personnel

RE: Holiday Settlement Schedule-February, 1985

The schedule of trade dates/settlement dates below reflects the observance by the financial community of Lincoln's Birthday, Tuesday, February 12 and Washington's Birthday, Monday, February 18. On Tuesday, February 12, the NASDAQ System and the exchange markets will be open for trading. However, it will not be a settlement date since many of the nation's banking institutions will be closed in observance of Lincoln's Birthday. All securities markets will be closed on Monday, February 18, in observance of Washington's Birthday.

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

<u>Trade Date</u>		<u>Settlement Date</u>		<u>Regulation T Date*</u>	
February	4	February	11	February	13
	5		13		14
	6		14		15
	7		15		19
	8		19		20
	11		20		21
	12		20		22
	13		21		25
	14		22		26
	15		25		27
	18	Markets Closed			—
	19		26		28

\* 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."

It should be noted that February 12 is considered a business day for receiving customers' payments under Regulation T of the Federal Reserve Board.

Transactions made on Tuesday, February 12 will be combined with transactions made on the previous business day, February 11, for settlement on February 20. Securities will not be quoted ex-dividend and settlements, marks to the market, reclamations, buy-ins and sell-outs, as provided in the Uniform Practice Code, will not be made and/or exercised on February 12.

The foregoing settlement dates should be used by broker-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 concerning this notice should be directed to the 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 85-10**

February 7, 1985

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

**RE:** NASDAQ National Market System Grows to 1,472 Securities With 100 Voluntary Additions on February 19, 1985

On Tuesday, February 19, 1985, 100 issues are scheduled to join the NASDAQ National Market System bringing the total number of issues in NASDAQ/NMS to 1,472. These 100 issues, which will begin trading under real-time trade reporting, are entering the NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 100 issues scheduled to join NASDAQ/NMS on Tuesday, February 19, 1985, are:

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
ACET	Aceto Chemical Co., Inc.	Flushing, NY
ACTM	Actmedia, Inc.	Westhampton Beach, NY
ADSNB	Addison-Wesley Publishing Company, Inc. Class B	Reading, MA
AASS	Aid Auto Stores, Inc.	Brooklyn, NY
AGAI	Ally & Gargano, Inc.	New York, NY
AMRF	Amerford International Corporation	Jamaica, NY
AMSA	American Bank of Connecticut	Waterbury, CT
AFIL	American Filtrona Corporation	Richmond, VA
ANDO	Andover Controls Corporation	Andover, MA
ASCI	Associated Companies, Inc.	Indianapolis, IN
BWIN	Baldwin & Lyons, Inc.	Indianapolis, IN
BIBB	Bibb Company (The)	Macon, GA
BOON	Boonton Electronics Corporation	Randolph, NJ
CFBK	California First Bank	San Francisco, CA
CWTR	California Water Service Company	San Jose, CA
CALI	Calumet Industries, Inc.	Chicago, IL
CPAP	Century Papers, Inc.	Houston, TX
CHPK	Chesapeake Utilities Corporation	Dover, DE

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
COFD	Collective Federal Savings and Loan Association	Egg Harbor City, NJ
CLBGA	Colonial BancGroup, Inc. (The) Class A	Montgomery, AL
COLM	Columbus Mills, Inc.	Columbus, GA
CSLT	Community Shares Ltd.	Fond du Lac, WI
CSTK	Comstock Group, Inc.	Danbury, CT
CULP	Culp, Inc.	High Point, NC
DTRX	Detrex Chemical Industries, Inc.	Southfield, MI
DBRL	Dibrell Brothers, Incorporated	Danville, VA
DINB	Dinner Bell Foods, Inc.	Defiance, OH
DONOA	Donovan Companies, Inc. Class A	St. Paul, MN
DUCO	Durham Corporation	Raleigh, NC
ELDR	Elder-Beerman Stores Corp. (The)	Dayton, OH
EMPI	Empi, Inc.	Fridley, MN
EPSI	Epsilon Data Management, Inc.	Burlington, MA
SRCE	1st Source Corporation	South Bend, IN
FCOB	First Commercial Bancorp	Sacramento, CA
FCBC	First Connecticut Bancorp, Inc.	Hartford, CT
FFCH	First Federal Savings and Loan Association of Charleston	Charleston, SC
FISB	First Indiana Federal Savings Bank	Indianapolis, IN
FBAC	First National Bancorp	Gainesville, GA
FNGB	First Northern Savings and Loan Association	Green Bay, WI
FABK	First of America Bank Corporation	Kalamazoo, MI
FABKP	First of America Bank Corporation Preferred	Kalamazoo, MI
FIRO	First Ohio Bancshares, Inc.	Toledo, OH
FLBK	Florida Commercial Banks, Inc.	Miami, FL
FGLFS	Florida Gulf Realty Trust	South Daytona, FL
GLDC	Golden Enterprises, Inc.	Birmingham, AL
GATS	Gulf Applied Technologies, Inc.	New York, NY
GTCM	Guaranty Commerce Corporation	Alexandria, LA
HEI	HEI, Inc.	Victoria, MN
HACH	Hach Company	Loveland, CO
HETC	HETRA Computer and Communications Industries, Inc.	Melbourne, FL
IVBF	IVB Financial Corp.	Philadelphia, PA
ISLH	International Savings and Loan Association, Limited	Honolulu, HI

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
IUTL	Iowa Southern Utilities Company	Centerville, IA
JNAT	Jefferson National Life Insurance Company	Indianapolis, IN
KEQU	Kewaunee Scientific Equipment Corporation	Wilmette, IL
KRSL	Kreisler Manufacturing Corporation	St. Petersburg, FL
KUST	Kustom Electronics, Inc.	Shawnee Mission, KS
LARS	Larsen Company (The)	Green Bay, WI
MGNT	Magnet Bank, F.S.B.	Charleston, WV
MYFRA	Mayfair Super Markets, Inc. Class A	Elizabeth, NJ
MBNY	Merchants Bank of New York (The)	New York, NY
MCBC	Midwest Commerce Corporation	Elkhart, IN
MOCO	Modern Controls Inc.	Minneapolis, MN
MORP	Moore Products Co.	Spring House, PA
MUEL	Paul Mueller Company	Springfield, MO
NUCY	New Century Bank Corporation	Frankenmuth, MI
NFBC	North Fork Bancorporation, Inc.	Mattituck, NY
PMFG	Peerless Mfg. Company	Dallas, TX
PBGI	Piedmont BankGroup Incorporated	Martinsville, VA
PFTS	Profit Systems, Inc.	Valley Stream, NY
PACC	Provident Life and Accident Insurance Company	Chattanooga, TN
RLIC	RLI Corp.	Peoria, IL
RPCO	Repeco Incorporated	Orlando, FL
RGAS	Rocky Mountain Natural Gas Company, Inc.	Denver, CO
RULE	Rule Industries, Inc.	Gloucester, MA
SHRM	SAB Harmon Industries, Inc.	Grain Valley, MO
SNBL	Second National Building & Loan, Inc.	Annapolis, MD
SSSI	Servamatic Systems, Inc.	San Ramon, CA
SIMM	Simmons Airlines, Inc.	Chicago, IL
STH	Stanford Telecommunications, Inc.	Santa Clara, CA
STKR	Stocker & Yale, Inc.	Beverly, MA
SSBK	Suffield Savings Bank	Suffield, CT
TTSC	TSC, Inc.	Santa Monica, CA
TSII	TSI Incorporated	Shoreview, MN
TECN	Technalysis Corporation	Minneapolis, MN
TOPSA	Topsy's International, Inc. Class A	Kansas City, MO
TRON	Trion, Inc.	Sanford, NC

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
UBCP	Unibancorp, Inc.	Chicago, IL
UBCPP	Unibancorp, Inc. Preferred	Chicago, IL
UBAZ	United Bancorp of Arizona	Phoenix, AZ
UPRI	Up-Right, Inc.	Berkeley, CA
VALT	Valtek Incorporated	Springville, UT
VANS	Van Schaack & Company	Denver, CO
VRLN	Varlen Corporation	Rolling Meadows, IL
VFSC	Vermont Financial Services Corp.	Brattleboro, VT
VRSA	Versa Technologies, Inc.	Racine, WI
WAXM	Waxman Industries, Inc.	Bedford Heights, OH
WELB	Welbilt Corporation	Maspeth, NY
WSMP	Western Steer-Mom 'N' Pop's, Inc.	Claremont, NC
WISC	Wisconsin Southern Gas Company, Inc.	Lake Geneva, WI

The following changes to the list of NASDAQ/NMS securities occurred since January 23, 1985.

#### **NASDAQ/NMS Symbol AND/OR NAME CHANGES**

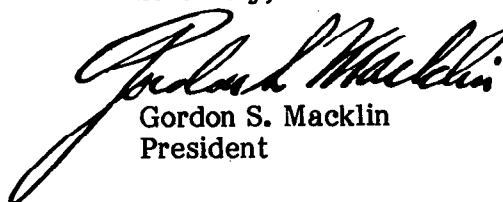
<u>New/Old Symbol</u>	<u>New/Old Security Name</u>	<u>Date of Change</u>
ALOT/ALOT	Astro-Med, Inc./ Atlan-Tol Industries, Inc.	02/01/85

#### **NASDAQ/NMS Deletions**

<u>Symbol</u>	<u>Security Name</u>	<u>Date</u>
SCTCE	Systems Computer Technology	01/23/85
KEYC	Keystone Camera Products Corporation	01/24/85
UOILQ	Unioil, Inc.	01/25/85
CRIME	Crime Control, Inc.	01/28/85
RHAB	Rehab Hospital Services Corporation	01/29/85
POSL	Posi-Seal International, Inc.	02/01/85

Any questions regarding this notice should be directed to Donald Bosic, Assistant Director, NASDAQ Operations, at (202) 728-8043. Questions pertaining to trade reporting rules should be directed to Steve Hickman, Market Surveillance, at (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 85-11**

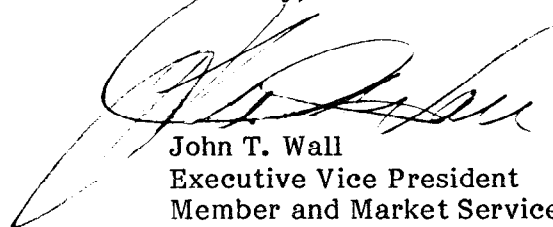
February 7, 1985

TO: NASD Members and NASDAQ Level 2 and Level 3 Subscribers  
RE: Expansion of the Small Order Execution System (SOES)

The Association's Small Order Execution System (SOES) began operation on December 14, 1984, with 25 NASDAQ National Market System (NASDAQ/NMS) securities. That number was expanded to 50 stocks by year-end. Recently the Board of Directors of NASD Market Services, Inc. approved a schedule whereby all NASDAQ/NMS issues will be phased into SOES by March 29, 1985. SOES additions are to take place alphabetically in accordance with the first letter in each issuer's corporate name. A copy of that schedule is attached to this notice.

In October 1984, NASD members and NASDAQ Level 2/3 subscribers received material pertaining to the operation of SOES. Included were SOES rules, registration forms and contracts. In response to that mailing, over 200 members have registered as either SOES market makers or order entry firms or in both capacities. With the expansion of SOES to include all NASDAQ/NMS securities, we would again like to invite all NASDAQ subscribers who have not as yet executed SOES agreements to do so. Contracts, registration forms and other information on SOES may be obtained by contacting Mr. John H. Hodges, Jr., Senior Vice President, Market Services in New York at (212) 839-6326.

Sincerely,



John T. Wall  
Executive Vice President  
Member and Market Services

Attachment

## SOES SECURITY AUTHORIZATION SCHEDULE

NASDAQ/NMS securities will be added to SOES according to the first letter of the corporate name in accordance with the following schedule.

SOES Security Authorization Date	Letter Group	Estimated Number Of SOES Additions
Current Status		50
Friday, January 25	A-B	156
Friday, February 1	C	156
Tuesday, February 5	A-C securities of the 100 NASDAQ/ NMS issues added on 2/5/85	28
Friday, February 8	D-E	99
Tuesday, February 12	A-E securities of the four NASDAQ/ NMS issues added on 2/12/85	2
Friday, February 15	F-H	161
Tuesday, February 19	A-H securities of the 100 NASDAQ/ NMS issues added on 2/19/85	50
Friday, February 22	I-L	126
Friday, March 1	M-N	152
Tuesday, March 5	A-N securities of the 100 NASDAQ/ NMS issues added on 3/5/85	64
Friday, March 8	O-Q	116
Friday, March 15	R-S	211
Tuesday, March 19	A - S securities of the 100 NASDAQ/ NMS issues added on 3/19/85	87
Friday, March 22	T	71
Friday, March 29	U-Z	<u>152</u>
<b>TOTAL</b>		<b>1,681</b>

# NASD

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

## **notice to members 85-12**

February 15, 1985

### **IMPORTANT**

**TO:** All NASD Members and Other Interested Persons

**RE:** Fiduciary Obligations of Members When Handling Customer Limit Orders

Over the past several months, some questions have arisen relating to members' procedures when executing transactions for their own accounts while in possession of unexecuted customer limit orders for over-the-counter securities. In May 1984, the NASD Board of Governors appointed an Ad Hoc Committee on Limit Orders to review members' responsibilities. Based upon that Committee's recommendation, the Board of Governors has directed that this educational notice be published to provide NASD members guidance concerning their fiduciary obligations with respect to customer limit orders.

At least as far back as 1966, the courts have held that, under federal securities laws and general agency principles, a broker-dealer is a fiduciary when it accepts a customer's limit order and cannot prefer its own interests over the best interests of its customer. The Securities and Exchange Commission also has found violations of the anti-fraud provisions of the federal securities laws where broker-dealers have executed sales or purchases for their own accounts on preferable terms while holding an unexecuted customer order which the broker-dealer could have executed had it chosen to do so.

In one case, <sup>1/</sup> a court found that a broker-dealer had accepted a limit order to sell which remained unexecuted while the firm, a market maker in the security, sold substantial amounts from its own inventory at prices superior to the customer's limit price without prior disclosure to the customer. The court

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<sup>1/</sup> Opper v. Hancock Securities Corporation, 250 F. Supp. 668 (1966), aff'd 367 F.2d 157 (2d Cir. 1966).

concluded that the broker-dealer's actions in placing its own interests ahead of the limit order customer was a clear breach of fiduciary responsibilities established by common law agency principles. The court also stated that the broker-dealer's "self-preferment" constituted a violation of the anti-fraud provisions of Section 10(b) and Rule 10b-5 under the Securities Exchange Act of 1934.

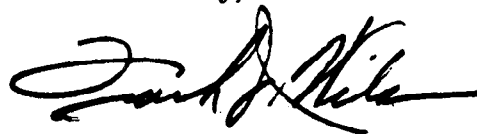
The Board of Governors is concerned that market makers and other members which choose to accept limit orders from customers may be unaware that they have undertaken a fiduciary duty under the above legal principles. A failure to satisfy such legal principles would also raise questions about compliance with Article III, Section 1 of the NASD Rules of Fair Practice requiring observance of high standards of commercial honor and just and equitable principles of trade. In addition, members accepting limit orders from other members undertake a fiduciary responsibility and would be required to observe such principles.

Therefore, to prevent inadvertent failure to comply with Association policies in the handling of limit orders where a member is also buying or selling for its own trading or investment account, the Board of Governors suggests that members take care to observe existing principles of agency law. Under those principles, a member which has accepted a limit order assumes the responsibilities of an agent, whether the transaction is to be confirmed as principal or agent. Nevertheless, the fiduciary responsibility of a member in handling a particular order may be modified by a clear understanding between the parties as to the modification before the order is accepted. In such a situation, full disclosure must have been made.

The Board further suggests that members review their policies and procedures for handling limit orders and take steps to assure that their salespeople, customers and other members understand the way in which their limit orders will be handled. In this connection, the Board of Governors will shortly publish for comment a proposed amendment to Article III, Section 27 of the Association's Rules of Fair Practice which will require that a member's internal supervisory procedures specify whether the firm accepts limit orders and, if so, the procedures it follows in handling and processing them. Where appropriate, members should consult with their counsel to assure that the firm's policies and procedures are consistent with existing legal principles.

Questions concerning this notice may be directed to the undersigned at (202) 728-8319 or to either Dennis C. Hensley or John F. Mylod 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  
and General Counsel



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

# **notice to members 85-13**

February 21, 1985

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

**RE: NASDAQ National Market System Grows to 1,569 Securities With 100 Voluntary Additions on March 5, 1985**

On Tuesday, March 5, 1985, 100 issues are scheduled to join the NASDAQ National Market System bringing the total number of issues in NASDAQ/NMS to 1,569. These 100 issues, which will begin trading under real-time trade reporting, are entering the NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 100 issues scheduled to join NASDAQ/NMS on Tuesday, March 5, 1985, are:

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
ABRI	Abrams Industries, Inc.	Atlanta, GA
AESM	Aero Systems, Inc.	Miami, FL
ALCO	Alico, Inc.	La Belle, FL
AMCO	American Midland Corporation	Fort Lee, NJ
AWST	American Western Corporation	Sioux Falls, SD
BKFR	Baker, Fentress & Company	Chicago, IL
BGLY	Begley Company	Richmond, KY
BOTH	Booth, Inc.	Dallas, TX
BRCOA	W. H. Brady Co. Class A	Milwaukee, WI
CATA	Capitol Transamerica Corporation	Madison, WI
CHAT	Chatham Manufacturing Company	Elkin, NC
CSBKA	Coastal Savings Bank Class A	Portland, ME
CGES	Colonial Gas Company	Lowell, MA
CGESP	Colonial Gas Company Preferred	Lowell, MA
CFSB	Columbia Federal Savings Bank	Wenatchee, WA
CMRO	Comarco, Inc.	Anaheim, CA
CMUC	Comp-U-Check, Inc.	Southfield, MI

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
CONW	Consumers Water Company	Portland, ME
CRRC	Courier Corporation	Lowell, MA
DNAP	DNA Plant Technology Corporation	Cinnaminson, NJ
DWWS	Davis Water & Waste Industries, Inc.	Thomasville, GA
DLTK	Deltak Corporation	Minneapolis, MN
DRES	Dresher, Inc.	Bedford Park, IL
EILI	E.I.L. Instruments, Inc.	Sparks, MD
ELCN	Elco Industries, Inc.	Rockford, IL
ELDB	Eldorado Bancorp	Tustin, CA
FARC	Farr Company	El Segundo, CA
FSCR	Federal Screw Works	Detroit, MI
FSSLA	Financial Security Savings and Loan Association	Boca Raton, FL
FIWI	First Interstate Corporation of Wisconsin	Sheboygan, WI
FNBC	First National Corporation	San Diego, CA
FIVC	First Valley Corporation	Bethlehem, PA
FELE	Franklin Electric Co., Inc.	Bluffton, IN
GMCC	General Magnaplate Corporation	Linden, NJ
GSHL	General Shale Products Corporation	Johnson City, TN
GIBS	C. R. Gibson Company (The)	Norwalk, CT
GROM	Groman Corporation	Elkhart, IN
HFAX	Halifax Engineering, Inc.	Alexandria, VA
THCO	Hammond Company (The)	Newport Beach, CA
HINS	Hanover Insurance Company (The)	Worcester, MA
HBOL	Hartford Steam Boiler Inspection and Insurance Company (The)	Hartford, CT
HAVA	Harvard Industries, Inc.	St. Louis, MO
HAVT	Haverty Furniture Companies, Inc.	Atlanta, GA
CHHC	C. H. Heist Corporation	Clearwater, FL
HFBF	Home Federal Bank of Florida, F.S.B.	St. Petersburg, FL
HZIR	Horizon Air Industries Inc.	Seattle, WA
IDLE	Idle Wild Foods, Inc.	Worcester, MA
ICTM	Integrated Circuits Incorporated	Redmond, WA
JLGI	JLG Industries, Inc.	McConnellsburg, PA
JCBS	Jacobson Stores Inc.	Jackson, MI
KELYA	Kelly Services, Inc. Class A	Troy, MI
KELYB	Kelly Services, Inc. Class B	Troy, MI

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
LCLD	Laclede Steel Company	St. Louis, MO
LRCX	Lam Research Corporation	Fremont, CA
LUBC	Liberty United Bancorp, Inc.	Louisville, KY
MGMA	Magma Power Company	Los Angeles, CA
MAGI	Magna Group, Inc.	Belleville, IL
MRIS	Marshall & Isley Corporation	Milwaukee, WI
MCAL	Merchant Bank of California (The)	Beverly Hills, CA
MCHN	Merchants National Corporation	Indianapolis, IN
MESA	Mesaba Aviation, Inc.	Grand Rapids, MN
MTML	Metromail Corporation	Lincoln, NE
MPRO	MicroPro International Corporation	San Rafael, CA
MIAM	Mid-American National Bank and Trust Company	Bowling Green, OH
MCSB	Morris County Savings Bank (The)	Morristown, NJ
MOSI	Mosinee Paper Corporation	Mosinee, WI
NPCO	Napco International Inc.	Hopkins, MN
NCBC	National Commerce Bancorporation	Memphis, TN
PIZA	National Pizza Company	Pittsburg, KS
NCNG	North Carolina Natural Gas Corporation	Fayetteville, NC
NOWT	North-West Telecommunications, Inc.	Tomah, WI
NUCM	Nuclear Metals, Inc.	Concord, MA
OREM	Oregon Metallurgical Corporation	Albany, OR
PTLX	Patlex Corporation	Westfield, NJ
PAYC	Payco American Corporation	Brookfield, WI
PBNC	Peoples Bancorporation	Rocky Mount, NC
PIOG	Pioneer Group, Inc. (The)	Boston, MA
PNBT	Planters Corporation (The)	Rocky Mount, NC
PLMN	Plasmine Corporation (The)	Portland, ME
PLEN	Plenum Publishing Corporation	New York, NY
PTRK	Preston Corporation	Preston, MD
PSYS	Programming and Systems, Incorporated	New York
PSNB	Puget Sound Bancorp	Tacoma, WA
QUAN	Quantronix Corporation	Smithtown, NY
RESR	Research, Incorporated	Minneapolis, MN
SNCO	Second National Corporation	Saginaw, MI
SPCM	Specialty Composites Corporation	Newark, DE
TIER	Tierco Group, Inc. (The)	Oklahoma City, OK
TTCO	Toledo Trustcorp, Inc.	Toledo, OH
TTCOP	Toledo Trustcorp, Inc. Preferred	Toledo, OH

<b>Symbol</b>	<b>Company Name</b>	<b>Location</b>
TYLN	Tylan Corporation	Carson, CA
UNSB	United Bank, A Savings Bank	Tacoma, WA
UCIT	United Cities Gas Company	Nashville, TN
UVTB	United Vermont Bancorporation	Rutland, VT
UTBN	Utah Bancorporation	Salt Lake City, UT
VCRE	Vari-Care, Inc.	Rochester, NY
VABF	Virginia Beach Federal Savings and Loan Association	Virginia Beach, VA
WSAU	Wausau Paper Mills Company	Wausau, WI
WSVS	Wiland Services, Inc.	Boulder, CO
WILM	Wilmington Trust Company	Wilmington, DE

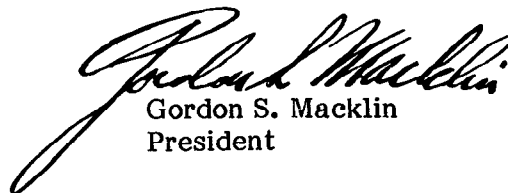
The following changes to the list of NASDAQ/NMS securities occurred since February 7, 1985.

#### **NASDAQ/NMS Deletions**

<u>Symbol</u>	<u>Security Name</u>	<u>Date</u>
EXCA	Excalibur Technologies Corporation	02/11/85
VICA	Video Corporation of America	02/15/85
DYSN	Dysan Corporation	02/15/85

Any questions regarding this notice should be directed to Donald Bosis, Assistant Director, NASDAQ Operations, at (202) 728-8043. Questions pertaining to trade reporting rules should be directed to Steve Hickman, Market Surveillance, at (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 85-14**

February 21, 1985

TO: All NASD Members

RE: Brentwood Securities, Inc.  
11487 Wilshire Boulevard, 3rd Floor  
Los Angeles, California 90025

ATTN: Operations Officer, Cashier, Fail-Control Department

On February 7, 1985, the United States District Court for the Central District of California 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

Securities Investor Protection Corporation  
Attention: William H. Seckinger, Esquire  
900 Seventeenth Street, N. W., Ste. 800  
Washington, D. C. 20006  
Telephone: (202) 223-8400.



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

# **notice to members 85-15**

February 28, 1985

TO: NASD Members Participating in Sales of Direct Participation  
Program Securities

RE: Questionnaire Concerning An Information Service for Direct  
Participation Program Securities

The National Association of Securities Dealers, Inc. is circulating the attached questionnaire to members which participate in sales of direct participation programs in order to ascertain the level of interest in a communications service that would disseminate information about DPPs to members and sponsors. This information service would provide the membership and sponsors of DPP programs with indications of interest from persons who would like to buy or sell securities of previously capitalized DPPs.

In November 1979, the Association's Direct Participation Programs and Real Estate Committees recommended a study of possible means for developing an information service which would convey indications of interest in DPP securities to the membership and sponsors. In 1980, an initial survey of Association members was conducted to determine the level of interest in such a service. This initial survey drew a response from over 638 members and of those responding which were distributing DPP securities, 87.7 percent favored establishing some sort of service.

Subsequent to the initial survey, the Direct Participation Programs and Real Estate Committees refined the concepts and proposed to establish such an information service and presented the concept along with the necessary rule changes to Schedule D to Article XVI of the Association's By-Laws to the Association's Board of Governors. The Board approved the establishment of an information service and authorized Notice to Members 82-13 (March 9, 1982) requesting comments from the membership and other interested persons on the proposed overall concept as well as the necessary rule changes to implement such a service.

The information service or "electronic bulletin board" proposed by the Association in Notice to Members 82-13 was intended to provide the membership with a means of communicating indications of interests in DPP securities with any resulting transaction occurring outside the system. The Association proposed that the service be available for qualified securities of programs that are reporting

companies under the Securities Exchange Act of 1934 which have a capitalization of 10,000 or more units and which are held by not less than 300 persons. In addition, the NASD proposed that members would be considered eligible to enter information into the service if the member is a general securities or direct participation programs-only broker-dealer which maintains a minimum net capital of at least \$25,000. The service would list the name and phone number of any member who indicated an interest in buying or selling units of a qualified program.

The Association received a total of 18 comments to Notice to Members 82-13, including comment letters from the American Bar Association, Securities Industry Association and a number of NASD member firms. Of the respondents who offered general comments on the overall concept, half considered the proposal highly attractive, both from the point of view of investor clients and from the point of view of member firms. In addition, half of the respondents offered more specific comments with respect to individual aspects of the proposed rule changes.

Based on these generally favorable responses, the Board approved the filing with the Securities and Exchange Commission of the amendments necessary to implement the service. Subsequently, the SEC published the proposed rule in the Federal Register on two separate occasions in April and May 1983. Twenty-five responses were received by the SEC mostly from NASD member-affiliates of sponsors, all but one of which expressed opposition to the development of such an information service.

As a result of the marked differences between the results of the initial survey completed in 1980, the comments received in connection with the Notice to Members in 1982 and the comments received by the SEC in connection with the Federal Register releases of 1983, the Direct Participation Programs and Real Estate Committees and the Association's Board of Governors determined to re-examine the interest of the membership and sponsors of DPP programs in the establishment of an information service.

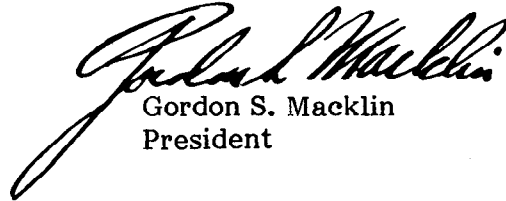
The Association has, therefore, determined to distribute this questionnaire to members which sell program securities to determine the level of interest in a service which would disseminate information on DPP programs to the NASD membership and sponsors and which members may utilize when clients request aid in liquidating their holdings of securities in direct participation programs. Conversely, if a member's client expressed an interest in purchasing securities of a program which has already concluded its capitalization period, the service would enable the member to locate a person who is willing to sell the securities they are presently holding.

We are asking members which have participated in the sale of DPP securities to complete this questionnaire and return it to the Association. Respondents are not asked to identify their firm. However, we would appreciate your cooperation in ensuring that the person completing the questionnaire is familiar with the DPP operations of the firm. Please return your completed questionnaire by April 30, 1985, to the Association at the following address:

National Association of Securities Dealers, Inc.  
Corporate Financing Department  
1735 K Street, N.W.  
Washington, D.C. 20006

Questions concerning the enclosed questionnaire may be directed to Suzanne E. Rothwell, Assistant Director, Corporate Financing Department, at telephone number (202) 728-8258.

Sincerely,



Gordon S. Macklin  
President

Attachment

# SAMPLE

## Questionnaire On An Information Service for Direct Participation Program Securities

In order to more fully assess the need for and interest in an information service developed specifically for direct participation program securities, the National Association of Securities Dealers, Inc. is directly soliciting the comments of the membership which participate in the sale of program securities. If your firm conducts any business in direct participation program securities please complete the following questionnaire and return it to the Association in the enclosed postage-paid envelope by April 30, 1985.

**A. Information about the member:** The Association is interested in gathering information about the general characteristics of the members responding to this questionnaire.

1. How many years has your firm been involved in the distribution of DPPs?\*

1-3 years

4-7 years

8+ years

2. Is your firm:

**Yes**

**No**

A DPP-only broker-dealer?

A general securities broker-dealer?

Required to maintain \$25,000 minimum net capital?

Required to maintain only \$5,000 minimum net capital?

Affiliated with a sponsor of direct participation programs?

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\*

Article III, Section 34 defines the term "direct participation program" to include a program which provides for flow-through tax consequences regardless of the structure of the legal entity or vehicle for distribution. Excluded from the definition are real estate investment trusts, tax-qualified pension and profit sharing plans, individual retirement plans, and tax-sheltered annuities.

3. If your firm is affiliated with a sponsor of DPPs, does your firm act as:  
(check only one category)

<b>Yes</b>	<b>No</b>	
___	___	Sole retailer?
___	___	Wholesaler only?
___	___	Participating broker-dealer only?
___	___	Both wholesaler and participating broker-dealer in retail sales?

4. How many DPPs have you closed during the past two years?

	<b>Private</b>	<b>Public</b>	<b>Public/Private Total</b>
1-5	_____	_____	_____
6-10	_____	_____	_____
11-15	_____	_____	_____
16+	_____	_____	_____

**B. Information concerning the transfer of DPP securities.**

1. Has your firm received requests to buy or sell currently outstanding DPP securities?

\_\_\_ yes                      \_\_\_ no

2. Do these requests come from holders of DPP securities of:

Private programs	yes ___ no ___
Public programs	yes ___ no ___
Private and public programs	yes ___ no ___

3. Were such requests received from: (check all applicable categories)

\_\_\_ Customers of your firm?

\_\_\_ Persons not currently customers?

\_\_\_ Persons seeking additional interests in a program they have invested in?

\_\_\_ Attorneys/accountants?

\_\_\_ Investment advisors?

\_\_\_ Other registered broker-dealer firms?

\_\_\_ Investment partnerships?

4. How many requests for the purchase or sale of currently outstanding DPP securities have you received in the last 2 years?

**Last 12 months**

**Between 13 &  
24 months**

\_\_\_\_\_

\_\_\_\_\_

5. On average, how long has a person held their DPP securities before trying to sell them?

- 0-2 years  
 3-4 years  
 5 years or longer

6. What method(s) do you use to match requests for the purchase or sale of a program security?

- Maintain a list of persons interested in buying or selling DPP securities  
 Distribute a memo within your firm to determine if there is another interested customer  
 Contact sponsor or general partner for assistance  
 Contact another member for assistance  
 Contact an investment partnership which purchases outstanding program securities  
 Other (please specify) \_\_\_\_\_

\_\_\_\_\_

7. What methodology do you usually use to establish a sale price for an outstanding DPP security? (check only one category)

- Value of future distributions without discount  
 Value of future distributions with discount  
 Original public offering price without discount  
 Original public offering price with discount  
 Negotiated sale price by buyer and seller

8. Do you believe that the methods indicated in Questions 6 and 7 are adequate for buyers and sellers of DPP securities?

yes       no

**C. Information about your opinions on the desirability and feasibility of an information service for DPPs.**

1. Would you be in favor of an information service that provided indications of interest on the purchase of DPP securities?

yes             no

2. Would you be in favor of an information service that provided indications of interest on the sale of DPP securities?

yes             no

3. Would you be in favor of an information service that would allow indications of interest on DPP securities only after obtaining prior approval of the general partner?

yes             no

4. Do you believe that an information service would facilitate transfers of DPP securities?

yes             no

5. Under the Internal Revenue Code, a partnership will terminate by law if fifty percent or more of its equity interests are transferred in any twelve-month period. Do you believe that the implementation of an information service would cause an increase in transfers of DPP securities?

yes             no

If your answer was "yes," do you believe that the transfers would increase enough to terminate a partnership?

yes             no

6. Under Internal Revenue Code regulations, a partnership is considered an association taxable as a corporation if it possesses a majority of four corporate characteristics. The corporate characteristics are (1) perpetual life; (2) centralized management; (3) limited liability of management; and (4) free transferability of securities. Most programs are structured so that their only corporate characteristic is centralized management.



Do you believe that a partnership may be taxed as a corporation if it has centralized management and its securities are considered freely transferable?

yes             no

7. It is generally recognized that the valuation of the securities in a program may be affected if the program has not had sufficient time to invest the contributed capital and begin producing cash flow from operation. Would a required period of seasoning prior to transfer of program interests help alleviate this problem?

yes             no

If seasoning is appropriate, how long should the seasoning period be after the program closes?

- 0-2 years
- 3-4 years
- 5-6 years
- 7+ years

**D. Information about the characteristics you would like to see incorporated in an information service for DPPs.**

1. What medium would be best suited to providing information on DPPs?

- Printed publication
- Computer access
- Other (please specify) \_\_\_\_\_

2. What categories of information should an information service permit to be included in an indication of interest on DPP securities?

- One-sided indications of interest (i.e., buy only or sell only)
- Two-sided indications of interest (i.e., both buy and sell)
- Program name
- Sponsor name
- Program industry group
- Broker-dealer name
- Broker-dealer telephone number
- Registered representative name
- Dollar size of indication of interest
- Unit size of indication of interest

- Date program closed
- Prior cash distributions of program
- Current market value of program assets
- Current book value of program assets
- Original purchase price of security
- Remaining installment payments
- Remaining mandatory or contingent assessments
- The minimum number of program securities which may be transferred
- Securities registered or unregistered
- Other \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

3. What eligibility criteria should a DPP security have to meet in order for a broker-dealer to insert an indication of interest in an information service?

- Approval of general partner required
- Current public information must be available on the program
- Program must be a reporting company under the Securities Exchange Act of 1934
- A minimum number of program securities must be outstanding  
What number? \_\_\_\_\_
- A minimum number of investors must be in the program  
What number? \_\_\_\_\_
- A minimum number of broker-dealers must be ready to enter information in the system on the program securities
- Other \_\_\_\_\_
- \_\_\_\_\_

4. Do you believe that a broker-dealer which seeks to insert an indication of interest on a DPP security in an information service should be required to maintain net capital above the minimum of \$5,000?

yes       no

What minimum net capital do you suggest? \$ \_\_\_\_\_

\* \* \* \* \*

The National Association of Securities Dealers, Inc. appreciates your cooperation in completing this questionnaire. Please return the questionnaire in the enclosed, postage-paid envelope by April 30, 1985, to:

National Association of Securities Dealers, Inc.  
Corporate Financing Department  
1735 K Street, N.W.  
Washington, D.C. 20006

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