

# NOTICE TO MEMBERS 94-48

## SOES Tier Levels Set To Change July 11, 1994

### Suggested Routing

- Senior Management
- Advertising
- Corporate Finance
- Government Securities
- Institutional
- Internal Audit
- Legal & Compliance
- Municipal
- Mutual Fund
- Operations
- Options
- Registration
- Research
- Syndicate
- Systems
- Trading
- Training

Effective July 11, 1994, tier sizes for 500 Nasdaq National Market (NNM) securities will be revised in accordance with ¶2451a7 of the Rules of Practice and Procedure for the Small Order Execution System (SOES<sup>SM</sup>).

Under the revised SOES rules (see *Special Notice to Members 94-1* January 5, 1994), the maximum order-execution size in SOES is 500 shares, although tier sizes of NNM securities will continue to be categorized as 1,000, 500, and 200 shares for the purpose of establishing minimum quotation size (Schedule D of the NASD By-Laws, ¶1819, Part V, Sec. 2a).

The Nasdaq Workstation indicates the minimum-size requirement for each NNM security in its bid/offer quotation display. The indicator "SM10," "SM5," or "SM2" is displayed to the left of the security name, corresponding to a minimum-size display of 1,000, 500, or 200 shares, respectively.

The criteria for establishing tier sizes is as follows:

- A 1,000-share tier size was applied to those NNM securities that had an average daily non-block volume of 3,000 shares or more a day, a bid price that was less than or equal to \$100, and three or more market makers.
- A 500-share tier size was applied to those NNM securities that had an average daily non-block volume of 1,000 shares or more a day, a bid price that was less than or equal to \$150, and two or more market makers.
- A 200-share tier size was applied to those NNM securities that had an average daily non-block volume of less than 1,000 shares a day, a bid price that was less than or equal to \$250, and less than two market makers.

These order-size tiers were set by the NASD after extensive research and

polling of all NNM market makers. The purpose of establishing these tiers was to provide public investors with the most efficient means of handling their small orders while ensuring that the market makers were not required to assume unrealistic risks under the new mandatory SOES participation rules.

In accordance with the SOES rules, the tier levels applicable to each security are reviewed periodically to determine if the trading characteristic of the issue had changed so as to warrant a SOES tier-level move. Such a review was conducted as of February 28, 1994, using the aforementioned formula. The results of this review were analyzed by the SOES Subcommittee and the NASD Trading Committee, which recommended that changes in SOES tier levels should be implemented per the formula calculation with two exceptions.

First, an issue would not be permitted to move more than one level. For example, if an issue was previously categorized in the 1,000-share tier, it would not be permitted to move to the 200-share tier even if the formula calculated that such a move was warranted. The issue could move only one level to the 500-share tier as a result of any single review. In adopting this policy, the SOES Subcommittee was attempting to minimize market-maker exposure on issues for which the tier level increased and maintain adequate public investor access on issues for which the tier level decreased.

Second, for eight securities priced below \$1 where the reworking called for a reduction in tier size, the SOES Subcommittee and the NASD Trading Committee determined not to recommend a decline in tier size. As a result, five securities that would have been reduced to 200 from 500 remained at 500 and three securities that would have been reduced from 1,000 to 500 remained at 1,000.

The SOES Subcommittee also recognized that the formula used to assign accurately reflect the trading characteristics for each issue. As such, market participants are reminded that the SOES Subcommittee may assign

a particular NNM security a tier-size level than otherwise would be called for according to the criteria described above under appropriate circumstances. For more information, please contact Nasdaq Market

Operations at (203) 378-0284. Following is a listing of the NNM issues that will require a SOES tier-level change on July 11, 1994.

### Nasdaq National Market SOES Changes

All Issues In Alphabetical Order By Name  
(Effective July, 1994)

<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>	<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>
<b>A</b>				ATWD	ATWOOD OCEANICS INC	500	1000
ELUXY	A B ELECTRLX ADR SPD	500	1000	ACAM	AUTOCAM CP	500	1000
ACSE	A C S ENTERPRISES	500	1000	ACLV	AUTOCLAVE ENGINEERS	1000	500
ACXT	A C X TECHS INC	500	1000	AUFN	AUTOFINANCE GP INC	500	1000
AELNA	A E L INDS CL A	500	1000	<b>B</b>			
ALTI	A L T A I INC	200	500	BARZ	B A R R A INC	500	1000
AMTL	A M T R O L INC	500	1000	BFEN	B F ENTERPRISES INC	200	500
APGI	A P GREEN INDS	500	1000	BFSI	B F S BANKORP INC	1000	500
ARIS	A R I NETWORK SVCS	500	1000	BKCS	B K C SEMICONDUCTORS	200	500
ARONA	AARON RENTS INC CL-A	500	1000	BLCC	BALCHEM CP	200	500
ARONB	AARON RENTS INC CL-B	500	1000	BWINB	BALDWIN LYONS CL B	200	500
ABRI	ABRAMS INDS INC	200	500	BTEK	BALTEK CP	500	200
AXAS	ABRAXAS PETRO (NEV)	500	1000	BCIS	BANCINSURANCE CP	1000	500
ACLE	ACCEL INTL CP	500	1000	BKCO	BANKERS CP	500	1000
ACET	ACETO CP	500	1000	BKUNP	BANKUNITED CV PFD	200	500
ACTN	ACTION PERFORM COS	500	1000	BKUNA	BANKUNITED FINL CP A	200	500
ACTNW	ACTION PERFORM WTS	500	1000	BNYN	BANYAN SYSTEMS INC	500	1000
ANMR	ADVANCED NMR SYS INC	500	1000	BBSI	BARRETT BUSINESS SVC	500	1000
AIRM	AIR METHODS CP	500	1000	BASER	BASE TEN RTS SER B	1000	500
ARSNW	AIRSENSORS INC WTS	500	1000	BNHN	BENIHANA NATL CP	500	1000
ATNG	ALATENN RESOURCES	500	1000	BGAS	BERKSHIRE GAS CO	500	200
ALET	ALOETTE COSMETICS	1000	500	BPTI	BEST POWER TECH INC	500	1000
ALBML	ALPHA 1 BIOMED C WTS	500	1000	BEERF	BIG ROCK BREWERY LTD	500	1000
ACPI	AMER CONSUMER PROD	200	500	BLSC	BIO LOGIC SYS CP	500	1000
ALHCP	AMER LIFE HLDG PFD	1000	500	BTGCZ	BIO-TECH GEN WTS 96	200	500
AMGD	AMER VANGUARD CP	1000	500	BGENW	BIOGEN INC WTS	500	1000
ASBI	AMERIANA BANCORP	1000	500	BINC	BIOSPHERICS INC	500	1000
ATAZX	AMERICA FRST TX 2 LP	500	1000	BHWK	BLACK HAWK GAMING	500	1000
AMTA	AMISTAR CP	500	1000	BHWKZ	BLACK HAWK WTS B	500	1000
AMPI	AMPLICON INC	200	500	BMPE	BLIMPIE INTL INC	500	1000
AMTR	AMTRAN INC	500	1000	BOSA	BOSTON ACOUSTICS INC	1000	500
ANDR	ANDERSEN GROUP INC	200	500	BOXXA	BOX ENERGY CP CL A	200	500
AMBI	APPLIED MICROBIOLOGY	500	1000	BRCOA	BRADY W H CO CL A	500	1000
ACAT	ARCTCO INC	500	1000	BRDLQ	BRENDLE'S INC	500	1000
ARTHF	ARETHUSA LIMITED	500	1000	BBTK	BROADBAND TECHS INC	500	1000
ASBK	ASPEN BANCSHARES INC	1000	500				
AFED	ATLANFED BNCP INC	200	500				

<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>	<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>
BSIS	BROADWAY & SEYMOUR	500	1000	CBKI	COMMUNITY BANKS INC	200	500
BROC	BROCK CONTROL SYSTEM	500	1000	CBNH	COMMUNITY BANKSHARES	1000	500
BKST	BROOKSTONE INC	200	500	CBSI	COMMUNITY BK SYSTEM	1000	500
BMTC	BRYN MAWR BK CP	500	200	CMETS	CONTL MORTGAGE EQUIT	1000	500
<b>C</b>				CSOL	CONVERGENT SOLUTN	500	1000
CBBI	C B BANCSHARES INC	200	500	ZAPS	COOPER LIFE SCI INC	200	500
CNIT	C E N I T BNCP INC	500	1000	CPLY	COPLEY PHARM INC	500	1000
CERB	C E R B C O INC	200	500	CSTN	CORNERSTONE FIN CP	500	1000
CFBC	C F BANCORP INC	500	200	CRRC	COURIER CP	200	500
CFIB	C F I INDS INC	200	500	CUNB	CUPERTINO NATL BNCP	200	500
CIMC	C I M C O INC	500	1000	<b>D</b>			
COOK	CALIF CULINARY ACAD	500	1000	DEPCA	D E P CORP CL A	1000	500
CANXA	CANNON EXPRES INC A	500	1000	DAIG	DAIG CP	200	500
CANO	CANONIE ENVIRON SVC	500	1000	DMCVA	DAIRY MART STORES A	500	1000
HKYIF	CANSTAR SPORTS INC	200	500	DMCVB	DAIRY MART STORES B	500	1000
CNTBY	CANTAB PHARM PLC ADR	500	200	DATX	DATA TRANSLATION INC	500	1000
CCBT	CAPE COD BK TR CO	1000	500	DMAR	DATAMARINE INTL INC	200	500
CABK	CAPITAL BANCORP	500	200	DAVD	DAVIDSON & ASSOCIATE	500	1000
CSWC	CAPITAL SOUTHWEST CP	200	500	DAVX	DAVOX CP	500	1000
CATA	CAPITOL TRANSAMERICA	500	1000	DOCP	DELAWARE OTSEGO CP	200	500
CAFC	CAROLINA FIRST CP	500	1000	COTN	DELTA & PINE LAND CO	500	1000
CATS	CATALYST SEMICOND	200	500	DCPI	DICK CLARK PROD INC	500	1000
CTSC	CELLULAR TECH SVCS	500	1000	DGIC	DONEGAL GROUP INC	200	500
KOKO	CENTRAL INDIANA BNCP	500	1000	DOUG	DOUGLAS AND LOMASON	500	1000
CJER	CENTRAL JERSEY BNCP	500	1000	DRCO	DYNAMICS RESEARCH CP	1000	500
CMBI	CENTRAL MTGE BCSHS	1000	500	<b>E</b>			
CSBC	CENTRAL SOUTHERN HLD	200	500	EACO	E A ENGRG SCI TECH	500	1000
CNSP	CENTRAL SPRINKLER CP	1000	500	ECCS	E C C S INC	200	500
CNBKA	CENTURY BANCORP A NV	500	1000	EMCI	E M C INSURANCE GP	1000	500
CRDN	CERADYNE INC	500	1000	EROQ	E N V I R O Q CP	1000	500
CHANF	CHANDLER INS CO LTD	500	1000	EZEMA	E Z EM INC CL A	200	500
CHFD	CHARTER FED SAV BK	500	1000	EBSI	EAGLE BANCSHARES	1000	500
CHEM	CHEMPOWER INC	1000	500	EDNTF	EDUNETICS LTD ORD	500	1000
CHER	CHERRY CP	500	1000	ELCN	ELCO INDS INC	1000	500
CVAL	CHESTER VALLEY BNCP	200	500	EFII	ELEC IMAGING INC	500	1000
CDCR	CHILDRENS DISCOVERY	500	1000	ELRC	ELECTRO RENT CP	200	500
CRCL	CIRCLE FINL CP	500	200	EGLS	ELECTROGLAS INC	500	1000
CINS	CIRCLE INCOME SHARES	500	1000	ELEK	ELEK-TEK INC	500	1000
CFBKP	CITIZENS FED BK PFD	200	500	EWST	ENERGY WEST INC	200	500
CHCO	CITY HOLDING CO	200	500	ENNI	ENERGYNORTH INC	1000	500
CIVC	CIVIC BANCORP	500	1000	ENEX	ENEX RESOURCE CP	1000	500
CLDRP	CLIFFS DRILLING PFD	200	500	EASI	ENGINEERED SUPPORT	500	1000
COBI	COBANCORP INC	200	500	EVTC	ENVIR TECHS INC	500	1000
CHTB	COHASSET SAVINGS BK	500	1000	EVTCW	ENVIR TECHS INC WTS	500	1000
COHO	COHO ENERGY INC	500	1000	ESCA	ESCALADE INC	500	1000
COLB	COLUMBIA BKNG SYS	500	1000	ECGC	ESSEX COUNTY GAS CO	200	500
COBAP	COMMERCE BNCP PFD B	500	200	EVSI	EVANS SYSTEMS INC	500	1000
CBNY	COMMERCIAL BK OF N Y	500	1000	EVGM	EVERGREEN MEDIA CP A	500	1000
CBNKP	COMMU BNCP CUM PFD B	500	200				

<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>	<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>
XLTCW	EXCEL TECH WTS B	500	1000	GARI	GENERAL ATLANTIC RES	1000	500
<b>F</b>				GENIW	GENETICS INSTT WTS	500	1000
FSCC	F & C BANCSHARES INC	1000	500	GMBS	GEORGE MASON BKSH	200	500
FMBK	F & M BNCP INC	200	500	BOTX	GEORGIA BONDED FIBER	200	500
FDPC	F D P CP	500	1000	GIGA	GIGA TRONICS INC	200	500
FMCO	F M S FINANCIAL CP	500	200	GBCI	GLACIER BANCORP	1000	500
FAHNF	FAHNESTOCK A NV	1000	500	GEMS	GLENAYRE TECHS INC	500	1000
FLOGE	FALCON OIL GAS CO	500	1000	CHIK	GOLDEN POULTRY CO	500	1000
FARL	FARREL CP	500	1000	GBTVK	GRANITE BRDCS NON VO	500	1000
TFSB	FEDERAL SAV BK THE	500	200	GLBCW	GREAT LAKES WTS 95	500	1000
FSCR	FEDERAL SCREW WORKS	500	200	GSOE	GROUP I SOFTWARE INC	200	500
FSBI	FIDELITY BANCORP INC	500	1000	GROV	GROVE BANK	500	1000
FIGI	FIGGIE INTL CMN CL B	500	1000	GYMB	GYMBOREE CP (THE)	500	1000
FBGIA	FINL BENEFIT GP CL A	500	1000	<b>H</b>			
FIRE	FINL INST INS GP LTD	500	200	HHOT	H H OIL TOOL CO INC	500	200
FBNC	FIRST BANCP TROY NC	500	200	HUBC	H U B C O INC	500	1000
FBNKP	FIRST BKS CUM PFD C	200	500	HMHC	HALLMARK HLTHCARE A	500	1000
FCTR	FIRST CHARTER CP	200	500	HBHC	HANCOCK HLDG CO	1000	500
FCNCA	FIRST CITIZENS CL A	1000	500	HVFD	HAVERFIELD CP	200	500
FDEF	FIRST FED SVGS LN OH	1000	500	HAVTA	HAVERTY FURNITURE A	500	200
FFBC	FIRST FINL BNCP (OH)	500	1000	HELX	HELIX TECHNOLOGY CP	500	1000
FFHS	FIRST FRANKLIN CP	500	200	HIFS	HINGHAM INSTI SAVING	1000	500
FGHC	FIRST GEORG HLDGS	500	200	HWCC	HOLLYWOOD CASINO A	500	1000
FFHP	FIRST HARRISBURG BAN	200	500	HOLO	HOLOPAK TECHS INC	500	1000
FLFC	FIRST LIBERTY FIN	1000	500	HFMD	HOME FED CP	500	1000
FMOR	FIRST MTGE CP	1000	500	HTWN	HOMETOWN BNCP INC	200	500
FMSB	FIRST MUTUAL SAV BK	500	200	HZVW	HORIZON BNCP INC	200	500
FNGB	FIRST NORTHERN SV BK	1000	500	HOSP	HOSPOSABLE PROD INC	1000	500
FOBBA	FIRST OAK BROOK CL A	200	500	HUNT	HUNTCO INC CL-A	500	1000
SHEN	FIRST SHENANGO BNCP	500	1000	HYDEA	HYDE ATHLETIC INDS A	500	1000
FUNC	FIRST UNITED CORP	200	500	HYDEB	HYDE ATHLETIC INDS B	500	1000
FWBI	FIRST WESTERN BNCP	1000	500	<b>I</b>			
FLSTP	FLAGSTAR COS INC PFD	500	1000	IIVI	I I V I INC	500	1000
FAME	FLAMEMASTER CP THE	200	500	INTK	I N O T E K TECH CP	500	1000
FOOT	FOOTHILL INDEPENDENT	1000	500	IPSCF	I P S C O INC	500	200
FORBP	FORTUNE BNCP PFD A	1000	500	ISGTF	I S G TECH INC	1000	500
FSBXW	FRAMINGHAM SVG BK WT	500	1000	IVFAP	I V F AMER INC PFD	500	1000
FKFD	FRANKFORD CP THE	200	500	IBSC	IMAGE BUSINESS SYS	200	500
FELE	FRANKLIN ELEC INC	500	1000	IBCP	INDEP BK CP MI	1000	500
FRML	FREYMILLER TRUCKING	1000	500	INDE	INDEP TELEMEDIA GRP	500	1000
FMDYW	FUTUREMDA PUB ADR WT	1000	500	IACI	INDUSTRIAL ACOUSTICS	500	200
<b>G</b>				IHIW	INDUSTRIAL HLDG WT A	500	1000
GZEA	G Z A GEOENVIRONMENT	500	1000	IHIW	INDUSTRIAL HLDG WT B	200	500
GAMBY	GAMBRO A B B ADR	1000	500	ISCX	INDUSTRIAL SCI CORP	500	1000
GBAN	GATEWAY BANCORP INC	200	500	ISLS	INTEL SURG LASERS	500	1000
GNCI	GEN NUTRITION COS	500	1000	IPICZ	INTERNEURON WTS B 95	500	1000
GCOR	GENCOR INDS INC	500	1000	IPPIF	INTERPROVIN PIPE SYS	500	200

<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>	<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>
ICSI	INTL CONTAINER SYS	500	200	MRVC	M R V COMMUN INC	500	1000
IJIN	INTL JENSEN INC	500	1000	MRVCW	M R V COMMUN INC WTS	500	1000
INBS	IOWA NATL BNKSHRS CP	200	500	MSBB	M S B BANCORP INC	1000	500
IRWN	IRWIN FIN CP	500	1000	MKTAY	MAKITA CP SPONS ADR	500	1000
<b>J</b>				MANA	MANATRON INC	500	1000
JGIN	J G INDUSTRIES INC	1000	500	MANU	MANUGISTICS GROUP	500	1000
JMARW	J M A R INDS INC WTS	500	1000	MASB	MASSBANK CP	1000	500
MAYS	J W MAYS INC	500	200	MAXC	MAXCO INC	500	1000
JBIL	JABIL CIRCUIT INC	500	1000	MFLR	MAYFLOWER COOP BK	200	500
JAYJQ	JAY JACOBS INC	500	1000	MOIL	MAYNARD OIL CO	1000	500
WILLA	JOHN WILEY SONS CL A	500	1000	MTIX	MECHANICAL TECH INC	200	500
JSBK	JOHNSTOWN SAV BK	500	1000	MEGZ	MEGAHERTZ CORP	500	1000
<b>K</b>				MEGT	MEGATEST CP	200	500
KTII	K TRON INTL INC	1000	500	MMTCY	MEMTEC LTD ADR NEW	500	200
KTEL	K-TEL INTL INC	200	500	MBVT	MERCHANTS BANCSHARES	200	500
KVLM	KEVLIN CP	500	1000	METS	MET COIL SYSTEMS CP	1000	500
KEQU	KEWAUNEE SCIENTIFIC	200	500	MFIN	METRO FINL CP	200	500
KCLCW	KINDER CARE LEARNG WT	500	1000	MFCB	MICHIGAN FINL CP	200	500
KRGCF	KINROSS GOLD CORP	500	1000	MCHP	MICROCHIP TECH INC	500	1000
KREG	KOLL REAL EST CL A	500	1000	MFIC	MICROFLUIDICS INTL	500	1000
<b>L</b>				MIAMP	MID AM CUM CNV PFD A	1000	500
LCIP	L C I INTL CON PFD	500	1000	MIDS	MID SOUTH INS CO	1000	500
LCII	L C I INTL INC	500	1000	MIDC	MIDCONN BANK	1000	500
LCSI	L C S INDS INC	500	1000	MSEX	MIDDLESEX WATER CO	500	200
LXBK	L S B BANCSHARES NC	200	500	MILW	MILWAUKEE INS GROUP	200	500
LVMHY	L V M H MOET ADR	200	500	MMAN	MINUTEMAN INTL INC	200	500
LCLD	LACLEDE STEEL CO	1000	500	MVBI	MISSISSIPPI VALLEY	1000	500
LABK	LAFAYETTE AMER BK&TR	500	1000	MODT	MODTECH INC	500	1000
LNCT	LANCIT MEDIA PROD	500	1000	MDYN	MOLECULAR DYNAMICS	500	1000
LAUR	LAUREL BANCORP INC	500	200	MMDI	MOMENTUM CP	500	1000
LSSI	LEASING SOLUTIONS	500	1000	MAHI	MONARCH AVALON INC	200	500
LEVL	LEVEL ONE COMMUN INC	500	1000	MORP	MOORE PRODUCTS CO	500	200
LIBT	LIBERTY TECHS INC	200	500	MOTR	MOTOR CLUB OF AMER	1000	500
LDAKM	LIDAK PHARM WTS B	500	1000	MPFC	MOUNTAIN PARKS FIN	500	1000
LCUT	LIFETIME HOAN CP	500	1000	LABL	MULTI COLOR CP	500	1000
LINB	LIN BROADCASTING CP	1000	500	<b>N</b>			
LINN	LINCOLN FOODSVC PROD	500	1000	NSAI	N S A INTL INC	500	1000
LNSB	LINCOLN SAVINGS BANK	500	1000	NSCC	N S C CORPORATION	500	1000
LIQB	LIQUI BOX CP	1000	500	NSDB	N S D BANCORP INC	500	200
LONDY	LONDON INTL PLC ADR	200	500	POPS	NATL BEVERAGE CP	500	1000
LEIX	LOWRANCE ELECTRONICS	500	1000	NBAK	NATL BNCP OF ALASKA	200	500
LUFK	LUFKIN INDS INC	500	1000	NCSIW	NATL CONVENIEN WTS	1000	500
<b>M</b>				NAIG	NATL INSURANCE GP	500	1000
MARC	M A R C INC	500	1000	NSSX	NATL SANITARY SUPPLY	200	500
MFST	M F S COMM CO INC	500	1000	TEAM	NATL TECHTEAM INC	500	1000
MGPR	M G PRODUCT INC	500	1000	IMGX	NETWORK IMAGING CP	500	1000
				IMGXW	NETWORK IMAGING WTS	500	1000
				NWTH	NETWORTH INC	500	1000
				NOBH	NOBILITY HOMES INC	200	500

<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>	<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>
NOLD	NOLAND CO	200	500	RCORF	QUALITY DINO ENTMT	500	1000
NRTI	NOONEY REALTY TRUST	200	500	QRSI	QUICKRESPONSE SVCS	500	1000
NSTR	NORTHSTAR HLTH SERV	500	1000	QUIP	QUIPP INC	500	200
NWTL	NORTHWEST TELEPROD	500	1000				
FERTP	NU WEST INDS PF A	200	500				
<b>O</b>				<b>R</b>			
OESI	O E S I POWER CP	500	1000	RHNB	R H N B CORP	1000	500
OSFIF	O S F INC	1000	500	RKSF	R K S FINANCIAL GRP	1000	500
ORLY	O'REILLY AUTOMOTIVE	500	1000	RMPO	RAMAPO FINANCIAL CP	200	500
OLCC	OLYMPUS CAPITAL CP	500	1000	RARB	RARITAN BANCORP INC	500	200
OPTO	OPTO MECHANIK INC	200	500	RGEQ	REGENCY EQUITIES CP	500	1000
ORTH	ORTHOPEDIC TECH INC	500	1000	RESB	RELIABLE FINL CP	1000	500
OSBN	OSBORN COMMUN CP	200	500	ARBC	REPUBLIC BANK CAL	500	200
<b>P</b>				RSFC	REPUBLIC SEC FIN CP	500	1000
PDKLZ	P D K LABS WTS B 97	500	1000	RESR	RESEARCH INC	200	500
PETM	P E T SMART INC	500	1000	RSND	RESOUND CORP	200	500
PFINA	P F INDS INC A	1000	500	REXW	REXWORKS INC	500	1000
PMRP	P M R CP	1000	500	RFBC	RIVER FOREST BNCP	1000	500
PSUN	PACIFIC SUNWEAR CAL	200	500	ROBC	ROBEC INC	500	1000
PALM	PALFED INC	500	1000	RCSBP	ROCHESTER COM PFD B	200	500
PZZA	PAPA JOHN'S INTL INC	500	1000	RFEDP	ROOSEVELT FIN CV PFD	1000	500
PBFI	PARIS BUSINESS FORMS	200	500	RBPA	ROYAL BANK PENN A	1000	500
PARC	PARK COMMUN INC	200	500	RULE	RULE INDS INC	500	1000
PATK	PATRICK INDS INC	500	1000	<b>S</b>			
PMFG	PEERLESS MFG CO	1000	500	SKII	S K I LTD	500	1000
PTAC	PENN TREATY AMER CP	1000	500	SFGD	SAFEGUARD HEALTH ENT	500	1000
PVIR	PENN VIRGINIA CP	1000	500	SATC	SATCON TECH CP	500	1000
PFDC	PEOPLES BANCORP	200	500	SPEI	SAVOY PICT ENTERTNMT	500	1000
PBCTP	PEOPLES BK PFD (CT)	500	1000	STIZ	SCIENTIFIC TECH INC	500	1000
PFKY	PEOPLES FIRST CP	200	500	SCGN	SCIGENICS INC CLLBLE	500	1000
PENVF	PHILIP ENVIRON INC	1000	500	SCOT	SCOTT AND STRINGFELL	500	200
PNJI	PHILLIPS & JACOBS	500	1000	SFLD	SEAFIELD CAPITAL CP	500	1000
PCAM	PHYSICIAN CP AMERICA	500	1000	SEAM	SEAMAN FURNITURE CO	500	1000
PICOA	PHYSICIANS INS OH A	500	1000	FOTO	SEATTLE FILMWORKS	500	1000
PMAN	PIEDMONT MGMT CO INC	1000	500	SEWY	SEAWAY FOOD TOWN INC	200	500
PIFI	PIEMONTE FOODS INC	200	500	SECD	SECOND BANCORP INC	500	200
SIGN	PLASTI LINE INC	1000	500	SFBM	SECURITY BANCORP	1000	500
PLEN	PLENUM PUBLISHING CP	1000	500	SENV	SECURITY ENVIR SYS	500	1000
POLK	POLK AUDIO INC	500	200	SFSL	SECURITY FIRST CP	200	500
PREF	PREFERRED ENTERTAIN	500	1000	SLFX	SELFIX INC	1000	500
PBKC	PREMIER BKSHS	200	500	SSBC	SHELTON BNCP INC	500	200
PRMA	PRIMADONNA RESORTS	500	1000	SLFC	SHORELINE FIN CP	200	500
PNBC	PRINCETON NATL BNCP	500	200	SFNCA	SIMMONS FIRST NATL A	500	1000
PULS	PULSE BANCORP INC	500	1000	SIMM	SIMMONS OUTDOOR CP	1000	500
<b>Q</b>				FISH	SMALL'S OILFIELD	500	1000
QSYS	QUAD SYSTEMS CP	200	500	FISHW	SMALL'S OILFIELD WTS	500	1000
QDRMY	QUADRUM SVC FINL ADR	500	1000	SWPA	SOUTHWEST NATL CP	500	200
				SWWC	SOUTHWEST WATER CO	500	1000
				SPEK	SPEC S MUSIC INC	500	1000
				SPZN	SPEIZMAN INDS INC	500	1000

<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>	<u>Symbol</u>	<u>Company Name</u>	<u>Old Tier Level</u>	<u>New Tier Level</u>
STCI	STATION CASINOS INC	500	1000	UNBJ	UNITED NATL BNCP	500	200
STEK	STECK-VAUGHN PUBLISH	200	500	UBMT	UNITED SAV BK F A MT	500	1000
SBIB	STERLING BCSHS TX	1000	500	UTVI	UNITED TELEVISION	500	1000
STRB	STROBER ORGANIZATION	500	1000				
SUBBA	SUBURBAN BANCORP A	1000	500	<b>V</b>			
SMMT	SUMMIT BANCORP WA	1000	500	VSBC	V S B BNCP INC	500	1000
SUBI	SUN BANCORP INC	200	500	VENT	VENTURIAN CP	500	200
RAYS	SUNGLASS HUT INTL	500	1000	VRSA	VERSA TECH INC	1000	500
SCON	SUPERCONDUCTOR TECHS	200	500	VICL	VICAL INC	500	1000
SGTI	SURGICAL TECH INC	500	1000	VIDE	VIDEO DISPLAY CP	1000	500
SWSH	SWISHER INTL INC	500	1000	VOLT	VOLT INFO SCIENCES	1000	500
<b>T</b>				<b>W</b>			
TSINW	T S I C WTS 96	200	500	WRTE	W R T ENERGY CP	500	1000
TSII	T S I INC	500	1000	WSMP	W S M P INC	200	500
TSRI	T S R INC	500	1000	WATS	WATSON PHARM INC	500	1000
TECN	TECHNALYSIS CP	1000	500	WAVR	WAVERLY INC	500	1000
TCOMB	TELE COMMUN INC B	1000	500	WELL	WELLCARE MGMT GRP	500	1000
TLAB	TELLABS INC	500	1000	WELS	WELLSTEAD INDS INC	1000	500
TGIS	THOMAS GROUP INC	200	500	WSBC	WESBANCO INC	500	1000
TCSFY	THOMSON C S F ADR	500	1000	WBAN	WEST COAST BNCP (FL)	200	500
TOMKY	TOMKINS PLC ADR	500	1000	WMBS	WEST MASS BANKSHARES	500	200
TELU	TOTAL-TEL USA COMMUN	500	1000	WSBK	WESTERN BANK OREGON	500	1000
TTRRW	TRACOR INC WTS A	200	500	WWTR	WESTERN WATER CO	500	1000
TWBC	TRANSWORLD BNCP	200	500	WCLX	WISCONSIN CENTRAL	500	1000
TRIP	TRIANGLE PACIFIC CP	500	1000	WCHI	WORKINGMENS CAP HLDG	500	200
TCBK	TRICO BANCSHARES	500	200	<b>X</b>			
TRCD	TRICORD SYSTEMS INC	200	500	XPLR	XPLOR CP	200	500
TCNJ	TRUST CO OF NJ	500	1000				
<b>U</b>				<b>Y</b>			
UNSL	U N S L FIN CP	500	200	YSCO	YES CLOTHING CO	500	1000
USPC	U S PAGING CP	500	1000				
ULTK	ULTRAK INC	500	1000	<b>Z</b>			
UNIF	UNIFLEX INC	500	1000	ZSEV	Z SEVEN FUND INC THE	200	500
UNFR	UNIFORCE TEMP PERSNL	500	1000	ZALEW	ZALE CP WTS A	1000	500
UBSC	UNION BKSHS LTD	1000	500	ZING	ZING TECHS INC	1000	500
UCFC	UNITED COS FINL CORP	500	1000	ZOLL	ZOLL MEDICAL CP	500	1000
UNSA	UNITED FIN CP S C	500	1000	ZOLT	ZOLTEK COS INC	500	1000
UFCS	UNITED FIRE CASUALTY	200	500				

# NASD NOTICE TO MEMBERS 94-49

## Independence Day: Trade Date-Settlement Date Schedule

### Suggested Routing

- Senior Management
- Advertising
- Corporate Finance
- Government Securities
- Institutional
- Internal Audit
- Legal & Compliance
- Municipal
- Mutual Fund
- Operations
- Options
- Registration
- Research
- Syndicate
- Systems
- Trading
- Training

The Nasdaq Stock Market<sup>SM</sup> and the securities exchanges will be closed on Monday, July 4, 1994, in observance of Independence Day. "Regular way" transactions made on the preceding business days will be subject to the settlement date schedule listed below.

<u>Trade Date</u>		<u>Settlement Date</u>		<u>Reg. T Date*</u>	
June	24	July	1	July	6
	27		5		7
	28		6		8
	29		7		11
	30		8		12
July	1		11		13
	4	Markets Closed			—
	5		12		14

\*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 "Reg. T Date."

Brokers, dealers, and municipal securities dealers should use these settlement dates to clear and settle transactions pursuant to the NASD Uniform Practice Code and Municipal Securities Rulemaking Board Rule G-12 on Uniform Practice.

Questions regarding the application of these settlement dates to a particular situation may be directed to the NASD Uniform Practice Department at (203) 375-9609.

# NASD NOTICE TO MEMBERS 94-50

Fixed Income Pricing  
System Additions,  
Changes, And Deletions  
As Of May 25, 1994

As of May 25, 1994, the following bonds were added to the Fixed Income Pricing System<sup>SM</sup>. These bonds are **not** subject to mandatory quotation:

Symbol	Name	Coupon	Maturity
AKST.GA	AK Steel	10.750	4/1/04
AMI.GG	Amer Med Int'l	8.250	4/1/08
CCB.GA	Coca Cola Bottling	10.000	11/15/03
CONA.GB	Container Corp of America	10.750	5/1/02
CONA.GC	Container Corp of America	11.250	5/1/04
DUDR.GA	Dual Drilling	9.875	1/15/04
FRE.GD	Fed'l Home Loan Mtg.	7.810	4/13/09
FRE.GE	Fed'l Home Loan Mtg	6.830	4/13/99
KAC.GA	Kaiser Aluminum & Chemical	9.875	2/15/02
NLIN.GA	NL Industries	13.000	10/15/05

All of the bonds listed above are subject to trade-reporting requirements. Questions pertaining to trade-reporting rules should be directed to Bernard Thompson, Assistant Director, NASD Market Surveillance, at (301) 590-6436.

## Suggested Routing

- Senior Management
- Advertising
- Corporate Finance
- Government Securities
- Institutional
- Internal Audit
- Legal & Compliance
- Municipal
- Mutual Fund
- Operations
- Options
- Registration
- Research
- Syndicate
- Systems
- Trading
- Training

# NASD NOTICE TO MEMBERS 94-51

As of May 25, 1994, the following 65 issues joined the Nasdaq National Market<sup>®</sup>, bringing the total number of issues to 3,653:

Symbol	Company	Entry Date	SOES <sup>SM</sup> Execution Level
BUCK	Buckhead America Corporation	4/28/94	200
MLXR	MLX Corp.	4/28/94	200
ABCO	American Buildings Company	4/29/94	500
BRKB	Brooklyn Bancorp, Inc.	4/29/94	500
DBCC	Data Broadcasting Corporation	4/29/94	500
KWNDZ	KENETECH Corporation (Dep Shrs)	4/29/94	500
MITY	Mity-Lite, Inc.	4/29/94	200
NTAWF	Nam Tai Electronics, Inc. (Wts exp 9/29/96)	4/29/94	200
LFED	Leeds Federal Savings Bank	5/2/94	200
ALRC	Alternative Resources Corp.	5/3/94	200
FSBT	First State Corporation	5/3/94	200
INHL	Inhale Therapeutic Systems	5/3/94	200
JOSB	Jos. A. Bank Clothiers, Inc.	5/3/94	500
KOILP	Kelley Oil Corporation (Conv Exch Pfd)	5/3/94	500
SUST	Sunstates Corporation	5/3/94	200
SUSTP	Sunstates Corporation (Pfd)	5/3/94	200
CFBXZ	Community First Bancshares, Inc. (Dep Shrs)	5/4/94	500
ITGI	Investment Technology Group, Inc.	5/4/94	500
JJSC	Jefferson Smurfit Corporation	5/4/94	500
PRTV	Positive Response Television, Inc.	5/4/94	200
STSAP	Sterling Financial Corporation (Pfd Ser A)	5/4/94	500
SIHFV	Sun International Hotels Limited (Ser A WI)	5/4/94	500
AMPC	American Publishing Company (Cl A)	5/5/94	500
MROC	MONROC, Inc.	5/5/94	200
PSSI	Physician Sales & Service, Inc.	5/5/94	500
DWLF	Dewolf Companies, Inc. (The)	5/6/94	200
ABAG	Safety Components International, Inc.	5/6/94	500
ALLG	Allegiance Banc Corporation	5/10/94	200
BETTV	Bettis Corporation (WI)	5/10/94	200
BOYD	Boyd Bros. Transportation Inc.	5/10/94	500
BEAR	The Vermont Teddy Bear Co., Inc.	5/10/94	200
GWLD	Gaming World International, Inc.	5/11/94	200
GWLDW	Gaming World International, Inc. (Redeemable Wts 5/10/99)	5/11/94	200
FUSN	Fusion Systems Corporation	5/12/94	500
MAXS	Maxwell Shoe Company Inc. (Cl A)	5/12/94	200
MDCL	Medical Control, Inc.	5/12/94	200
MDCLW	Medical Control, Inc. (Wts exp 5/13/96)	5/12/94	200
ASND	Ascend Communications, Inc.	5/13/94	500
ATSW	Atria Software, Inc.	5/13/94	500

Nasdaq National Market  
Additions, Changes, And  
Deletions As Of May 25,  
1994

## Suggested Routing

- Senior Management
- Advertising
- Corporate Finance
- Government Securities
- Institutional
- Internal Audit
- Legal & Compliance
- Municipal
- Mutual Fund
- Operations
- Options
- Registration
- Research
- Syndicate
- Systems
- Trading
- Training

Symbol	Company	Entry Date	SOES <sup>SM</sup> Execution Level
BPRXW	Bradley Pharmaceuticals, Inc. (Cl A Wts exp 11/12/96)	5/13/94	200
BPRXZ	Bradley Pharmaceuticals, Inc. (Cl B Wts exp 11/12/96)	5/13/94	200
BPRXA	Bradley Pharmaceuticals, Inc. (Cl A)	5/13/94	200
MOFN	MovieFone, Inc. (Cl A)	5/13/94	200
RADAF	Radica Games Limited	5/13/94	200
TDHC	Thermadyne Holdings Corporation	5/13/94	200
CNBF	CNB Financial Corp.	5/16/94	500
CTEK	ChinaTek, Inc.(R/S 1-2.5)	5/16/94	200
DEEP	DeepTech International Inc.	5/16/94	200
CRRB	Carrollton Bancorp	5/17/94	200
GRTK	Group Technologies Corporation	5/18/94	500
ABCB	ABC Bancorp	5/19/94	200
PDSF	PDS Financial Corporation	5/19/94	200
ARIAZ	ARIAD Pharmaceuticals, Inc. (Uts exp 5/20/99)	5/20/94	500
FFSI	Financing for Science International, Inc.	5/20/94	500
FFSIW	Financing for Science International, Inc. (Wts 5/19/99)	5/20/94	500
MOXYV	McMoRan Oil and Gas Co. (WI)	5/20/94	200
TGEN	Targeted Genetics Corporation	5/20/94	200
MGAS	Marcum Natural Gas Services, Inc.	5/23/94	500
EATS	Eateries, Inc.	5/24/94	500
FORE	FORE Systems, Inc.	5/24/94	200
MINT	Micro-Integration Corp.	5/24/94	200
CTFG	Cole Taylor Financial Group Inc.	5/25/94	200
INDGF	Indigo N.V.	5/25/94	500
MERX	Merix Corporation	5/25/94	500
VDRY	Vacu-Dry Company	5/25/94	500

### Nasdaq National Market Symbol And/Or Name Changes

The following changes to the list of Nasdaq National Market securities have occurred since April 27, 1994:

New/Old Symbol	New/Old Security	Date of Change
IBAH/AFBI	IBAH, Inc./Affinity Biotech Inc.	4/28/94
EISI/EISI	EIS International, Inc./Electronic Information Systems Inc.	4/28/94
IDYN/CRDS	InnerDyne, Inc./CardioPulmonics Inc.	4/29/94
RGBK/FABC	Regions Financial Corp./First Alabama Bancshares Inc.	5/02/94
SDYNW/SDYNW	Staodyn, Inc. (Wts exp 2/28/95)/Staodyn, Inc. (Wts exp 6/19/94)	5/06/94
CCCFF/CJGPF	Chai-Na-Ta Corp./Chai Na Ta Ginseng Products Ltd.	5/09/94
IPPIF/IPPIF	IPL Energy Inc./Interprovincial Pipe Line System Inc.	5/10/94
BWIP/BWIP	BW/IP, Inc./BWIP Holding (Cl A)	5/12/94
POSIW/POSIW	Positron Corporation (Wts New exp 12/3/98) /Positron Corporation (Wts exp 12/3/98)	5/13/94
AHOM/DVCR	American HomePatient, Inc./Diversicare Inc.	5/16/94
AMCV/DQSB	American Classic Voyager Co./The Delta Queen Steamboat Co.	5/18/94
MHMY/MHMC	M.H. Meyerson & Co., Inc./M.H. Meyerson & Co., Inc.	5/19/94
MEMXY/MEMYV	Memorex Telex N.V. (ADR) (S/D 5/25)/Memorex/ Telex N.V. (ADR WI)	5/19/94

<b>New/Old Symbol</b>	<b>New/Old Security</b>	<b>Date of Change</b>
BETTV/BETTV	Bettis Corporation (S/D 5-26-94)/Bettis Corporation (WI)	5/20/94
VENGF/VENGF	Vengold Inc/Venezuelan Goldfields Ltd.	5/20/94
WPSN/WPSN	WestPoint Stevens Inc./Westpoint Stevens Inc. (CI A)	5/23/94
AMPX/AMPX	Ampex Corporation (CI A)/Ampex Inc. (CI A)	5/24/94
PXRE/PXRE	PXRE Corp./Phoenix Re Corp.	5/24/94
PXREZ/PXREZ	PXRE Corp.(Dep Shs)/Phoenix Re Corp. (Dep Shs)	5/24/94
AMMB/BEIH	AMRESKO Inc./BEI Holdings Ltd.	5/25/94
BIOS/BIOS	Biosys, Inc./Biosys	5/25/94

### **Nasdaq National Market Deletions**

<b>Symbol</b>	<b>Security</b>	<b>Date</b>
ELMD	Electromedics, Inc.	4/28/94
RPIC	Republic Pictures Corporation	4/28/94
MRCC	Mark Controls Corporation	4/29/94
LGFB	LGF Bancorp, Inc.	5/2/94
PARK	Park National Corporation	5/2/94
HNSI	Home Nutritional Services, Inc.	5/4/94
TFLX	Termiflex Corporation	5/5/94
WMSI	Williams Industries, Inc.	5/5/94
STRZ	Star Banc Corporation	5/6/94
XLTCZ	Excel Technology Inc. (Wts A)	5/9/94
COKR	The Cooker Restaurant Corporation	5/11/94
TWRX	Software Toolworks, Inc.	5/12/94
PDRR	Alpine Meadows of Tahoe, Inc.	5/16/94
HEAL	HealthWatch, Inc.	5/16/94
HEALW	HealthWatch, Inc. (CI A Wts exp 10/31/94)	5/16/94
HEALZ	HealthWatch, Inc. (CI B Wts exp 10/31/94)	5/16/94
ISPC	Interspec, Inc.	5/18/94
PENT	Pennsylvania Enterprises, Inc.	5/18/94
OFII	Omni Films International, Inc.	5/19/94
OTBC	On The Border Cafes, Inc.	5/19/94
TAPE	Digital Communications Technology Corporation	5/23/94
PEBW	Peoples Bancorp of Worcester, Inc.	5/23/94

Questions regarding this notice should be directed to Mark A. Esposito, Supervisor, Market Listing Qualifications, at (202) 728-8002. Questions pertaining to trade reporting rules should be directed to Bernard Thompson, Assistant Director, NASD Market Surveillance, at (301) 590-6436.

# NASD BOARD BRIEFS

## Actions Taken By The Board Of Governors In May

**President's Report**—After a sterling first quarter when the NASD, The Nasdaq Stock Market<sup>SM</sup>, and the securities industry enjoyed strong financial results, the industry experienced a difficult month in April as the turbulence in the fixed-income markets generated losses for many active participants. With the rise in interest rates and other events, the second quarter will probably not be as vigorous as the first. Recognizing that industry prospects are not as ebullient as they were for the first quarter, the Board approved an increase of 3 percentage points in the discount rate to be applied to the gross income assessment for members. This increase to 62 percent from the budgeted rate of 59 percent represents approximately \$3 million in additional member savings.

A number of items confronting the NASD and the industry were highlighted in a recent speech delivered by the President to the Ray Garrett, Jr., Corporate and Securities Law Institute at Northwestern University. The major theme in that speech was maintaining investor confidence in a difficult environment by continuing on a regulatory path that builds on the 1975 Securities Laws Amendments; functional regulation under a single set of consistently applied rules by an experienced securities regulatory agency, the SEC; increased focus on professionalism and ethical conduct within the industry; heightened efforts by public companies to build strong investor relations programs; and finally, the industry's responsibility to increase and improve the level of investor education.

In connection with quality of markets issues, the Limit Order Task Force will present its report to the Board in July. The issue of trade reporting in fractions less than 1/8 was explored; it was pointed out that this change resulted from modifications to

Nasdaq reporting to accommodate the SEC Trade Reporting Plan. Because of the controversy surrounding this initiative, the NASD is reviewing its ongoing implementation in an attempt to strike a balance between the requirements of the regulations and the needs of the market-maker community.

Recent international activities include the International Market Advisory Board's meeting in Shanghai and an International Councils of Securities Associations (ICSA) meeting in Sydney, Australia. A highlight of the ICSA meeting was the presentation of the joint NASD, Public Securities Association, and Securities Industry Association submission on the state of the U.S. economy and the capital market.

Domestically, the NASD has begun a major 10-week advertising campaign featuring Nasdaq companies. For the first time, Nasdaq ads will appear on the major national networks around sporting events, business, and news programs.

**Regulation**—The Board approved for filing with the Securities and Exchange Commission (SEC) amendments to the NASD's proposed limited partnership rollup rules. These changes conform the NASD's earlier rollup-rule filing to the requirements of the last year's Rollup Reform Act, which requires the NASD to adopt rules and regulations relating to rollups within one year. The proposed changes affect provisions covering the seasoned-security and non-affiliated-transaction exemptions, the definition of a dissenting limited partner, the solicitation of votes or tenders, and the independent committee formed to evaluate a rollup transaction.

The NASD will soon ask members for comment on proposed standardized forms for use in the developing

secondary market for direct participation programs (DPP). In addition, the NASD will ask members for comment on a change to the Uniform Practice Code to require members to accept the use of these proposed forms when transferring DPP securities. The three proposed forms, drafted with the help of members, general partners, and transfer agents active in this market, are the *Transferor's (Seller's) Application for Transfer*, the *Transferee's (Buyer's) Application for Transfer*, and the *Registration Confirmation Form*. These standardized forms will facilitate the settlement and transfer procedures for DPP securities.

In action regarding non-cash compensation arrangements, the Board approved two resolutions. The first authorized the withdrawal of an earlier NASD rule filing with the SEC related to compensation for the sale of investment company and variable contract securities. The second resolution authorized the drafting of a *Notice to Members*, for Board review prior to issuance, soliciting comment from members on the examination of non-cash sales incentives.

In response to an SEC request, the Board approved the withdrawal of a proposed amendment to Schedule E of the NASD By-Laws. The proposal would relieve a qualified independent underwriter of its obligation to provide a pricing opinion for a Rule 415 shelf offering by an issuer-affiliated member (as defined under Schedule E) if the offering involves negotiated, large-dollar transactions in debt securities between institutional investors. The NASD view is that the pricing opinion is not needed when institutional investors purchase such securities "off the shelf," because these investors regularly make such purchases and can determine a fair yield for the securities. The SEC, however, believes that all purchasers of Rule 415 securities are entitled to a pricing

opinion; that the sophistication of an institutional investor may not be sufficient especially if the issuer-affiliated member is the sole market for the securities; that the pricing exception was originally intended for transactions involving leveraged buy-outs that are no longer prevalent; and that the NASD is authorized to grant pricing relief on a case-by-case basis.

**Legal Advisory Board**—The Board approved circulation of the *Report of the Subcommittee on Punitive Damages of the NASD Legal Advisory Board* for member comment. In its report, the subcommittee recommended that the NASD institute a series of procedural changes to guide the award of such damages. Among these procedures, the subcommittee would:

- Require written decisions in all cases of punitive damages.
- Institute a right to appeal an award of punitive damages.
- Enhance arbitrator qualification, training, and guidance.
- Establish a system of referral to an enforcement body.
- Institute an offer of judgment rule.
- Increase the level of misconduct required for punitive damages.
- Increase the standard of proof required for awarding punitive damages.
- Bifurcate the proceeding of the determination on punitive damages.
- Place a cap on awards of punitive damages.
- Divide the award between plaintiff and regulator.
- Prioritize payment so that compensatory damages are paid first.

**Market Services**—To facilitate the use of the Automated Confirmation Transaction (ACT<sup>SM</sup>) Service, the Board approved for filing with the SEC a proposal to require all Nasdaq<sup>®</sup> and OTC Bulletin Board<sup>SM</sup> market makers to be a member of, or establish a clearing arrangement with a member of, a registered clearing agency. The current rule requires only Nasdaq market makers, located within 25 miles of a registered clearing agency, to clear their trades through such an agency.

Another measure receiving Board approval was a recommendation to delete the access-market-maker rules from Schedule D to the NASD By-Laws. This feature allows a Nasdaq market maker to advertise a quotation for a market maker that does not have a Nasdaq terminal with which to enter and update quotes. Currently, members are not using this feature and the NASD would prefer not to continue such unused and costly features in its evolving technology migration.

Equity-linked notes (ELN) will, if the SEC approves, be authorized for listing on The Nasdaq Stock Market<sup>SM</sup>. ELNs are hybrid instruments linked to the performance of highly capitalized, actively traded common stock. An ELN may provide for periodic interest payments to holders based on a fixed or floating rate. In addition, a particular issuance of ELNs may be subject to a "cap" on the maximum principal amount, or may feature a "floor" on the minimum principal amount, to be repaid to holders at maturity. The listing standards proposed for Nasdaq ELNs are identical to those for ELNs listed on the American and New York stock exchanges.

To conform the NASD's option rules to those of the options exchanges, the Board amended the exercise cut-off rule for equity options. The proposal

would prevent members from either delaying exercise decisions until after the exercise cut-off time in anticipation of the release of significant news concerning a particular underlying company, or having made such decisions before the cut-off time, changing them based on such news.

The Board adopted a measure that would, if approved by the SEC, eliminate the use of Form Ts for after-hours trade reporting. This rule proposal is intended to replace a manually prepared paper form, Form T, with an efficient means of automated data entry for members to report transactions executed outside normal business hours (9:30 a.m. to 4 p.m. Eastern Time) and outside the hours of the Automated Confirmation Transaction Service (ACT<sup>SM</sup>) (currently 9 a.m. to 5:15 p.m. Eastern Time). In lieu of Form T, the proposal would require electronic submission of the covered transactions through ACT either on trade date or the next business day (T+1). Member firms would use a Nasdaq Workstation unit or a computer-to-computer interface to input the trade reports. The proposal also includes some technical changes to make the language in the various trade-reporting rules consistent.

Another Board-approved proposal would implement a new procedure by which quotes in newly listed Nasdaq securities would be processed before the official release of the issue for trading in Nasdaq. Currently, when a new issue is listed for trading, market makers can

simultaneously begin quoting and trading the issue. Under the proposal, when a new issue is authorized for inclusion on Nasdaq, the system would display a time of day when quoting can begin in the issue and a time of day when trading can commence. Specifically, traders could enter and adjust their quotes for five minutes before trading in the issue begins. This measure is expected to promote orderliness in the initial quoting of a new issue before it is officially released for trading.

The problems associated with the immediate delistings of units listed on Nasdaq were addressed by the Board, which approved several changes to Nasdaq rules for filing with the SEC. These proposals would:

- Mandate a minimum listing period of one month before withdrawal of units listed on Nasdaq is permitted.
- Implement a 15-day delisting notification requirement to notify market makers and the public of the imminent delisting of the units.
- Disclose in the prospectus the issuer's intention to delist the units immediately after the minimum listing period.

**Advisory Council Recommendations**—The Advisory Council, composed of the chairmen of the District Business Conduct Committee and the Market Surveillance Committee, recently met and provided the Board with the

following items for consideration:

—Review its procedures for hearings involving large and complex formal disciplinary actions and develop proposals for alternative methods of resolving such cases.

—Review the committee and Board member nomination process to ensure consistency and fairness in the electoral process.

—Work with the New York Stock Exchange regarding a common approach to evaluating the fairness of commissions for transactions in exchange-listed securities executed through the exchange.

—Develop educational materials dealing with NASD rule requirements (e.g., videos) that could be made available to members to use in their internal compliance and supervisory programs.

—Implement uniform and consistent practices throughout the country for matters presented to, and actions taken by, the District Business Conduct Committees, especially those related to fair pricing of municipal securities and markups for other types of fixed-income securities.

—Adopt a rule requiring registered persons to notify their employer whenever they borrow funds or securities from customers.

—Establish experience and qualification prerequisites for persons wishing to sit for principal examinations.

# NASD DISCIPLINARY ACTIONS

## Disciplinary Actions Reported For June

The NASD® has taken disciplinary actions against the following firms and individuals for violations of the NASD Rules of Fair Practice; securities laws, rules, and regulations; and the rules of the Municipal Securities Rulemaking Board. Unless otherwise indicated, suspensions will begin with the opening of business on Monday, June 20, 1994. The information relating to matters contained in this Notice is current as of the fifth of this month. Information received subsequent to the fifth is not reflected in this edition.

### Firms Fined, Individuals Sanctioned

**First Independence Group, Inc. (Garden City, New York), Frank Paul Giraldi (Registered Principal, East Norwich, New York), and Mark Steven Milana (Registered Representative, Dix Hills, New York).** The firm was fined \$308,677.40, and Giraldi was fined \$62,000 and barred from association with any NASD member in a supervisory or principal capacity. Milana was fined \$40,000 and barred from association with any NASD member in a supervisory or principal capacity. Both Giraldi and Milana are required to requalify by examination if they desire to function in a registered representative capacity. In addition, Giraldi and Milana are prohibited from maintaining a proprietary interest in any NASD member other than a noncontrolling interest in a member whose shares are publicly traded and subject to the reporting requirements of Section 12 of the Securities Exchange Act of 1934.

The United States (U. S.) Court of Appeals for the Second Circuit affirmed the sanctions following appeal of an August 1993 Securities and Exchange Commission (SEC) decision. The sanctions were based on findings that, in contravention of

the NASD's Mark-Up Policy, the firm, acting through Giraldi and Milana, engaged in a course of conduct that operated as a fraud on customers. The firm was not a market maker in any of the securities it sold to customers, and all transactions were effected on a riskless principal basis.

The prices at which the securities were sold included excessive and fraudulent markups ranging from 11.11 to 186.46 percent above the firm's contemporaneous cost for the securities. The NASD also found that the firm, acting through Giraldi, failed to disclose on customer confirmations the amount of the markups charged by the firm as required by SEC Rule 10b-10. In addition, the firm, acting through Giraldi, failed to establish and implement supervisory procedures to detect and prevent the aforementioned violations.

Furthermore, the firm, acting through Giraldi, failed to report through the non-Nasdaq reporting system the highest price at which it sold and the lowest price at which it purchased a common stock, as well as the total volume of purchases and sales executed in the stock. The firm, acting through Giraldi, also failed to report whether the trades establishing the highest price at which the firm sold and lowest price at which the firm purchased the same common stock represented an execution with a customer or with another broker/dealer, as required by Schedule H of the NASD By-Laws.

The firm, Giraldi, and Milana have filed a Petition for Re-Hearing. However, the bars remain in effect.

### Firms Fined

**First California Capital Markets Group, Inc. (San Francisco, California)** submitted a Letter of Acceptance, Waiver and Consent

pursuant to which the firm was fined \$14,160. Without admitting or denying the allegations, the firm consented to the described sanction and to the entry of findings it participated in a "hot issue" public offering. However, the NASD found that the firm, acting through an individual, failed to make a bona fide public distribution of the stock at the public offering price, and retained such shares in its own account, in contravention of the Board of Governors' Interpretation with respect to Free-Riding and Withholding.

### Individuals Barred or Suspended

**Ernest A. Cipriani, Jr. (Registered Representative, Ellsworth, Pennsylvania)** was fined \$3,000 and barred from association with any NASD member in any capacity. The SEC affirmed the sanctions following appeal of an August 1993 National Business Conduct Committee (NBCC) decision. The sanctions were based on findings that Cipriani received from a public customer \$647.20 in cash intended for payment of insurance premiums, retained the monies, and failed to remit the funds to his member firm.

The action has been appealed to a U. S. Court of Appeals and the sanctions, other than the bar, are not in effect pending consideration of the appeal.

**Mark Kipling Durham (Registered Representative, Euless, Texas)** submitted an Offer of Settlement pursuant to which he was fined \$5,000 and suspended from association with any NASD member in any capacity for five days. Without admitting or denying the allegations, Durham consented to the described sanctions and to the entry of findings that he induced public customers to purchase securities by means of manipulative,

deceptive, or other fraudulent devices.

**Phyllis J. Elliott a/k/a Phyllis J. Riedel (Registered Representative, Independence, Missouri)** was fined \$25,000, suspended from association with any NASD member in any capacity for 30 business days, and required to pay \$30,000 in restitution, jointly and severally with another individual. The SEC affirmed the sanctions following appeal of a June 1993 NBCC decision. The sanctions were based on findings that Elliott recommended that a public customer invest \$30,000 in a speculative collateral transaction program without having a reasonable basis to believe that such investment was legitimate and/or suitable for the customer, and stated that the customer's investment was guaranteed. In addition, Elliott failed to respond to NASD requests for information.

**Francis W. Giampa (Registered Representative, Ambler, Pennsylvania)** was fined \$5,000 and suspended from association with any NASD member in any capacity for 10 business days. In addition, Giampa must pay \$10,500 in restitution to a public customer and provide proof of such payment to the NASD within 45 days or his registration will be revoked. Furthermore, Giampa must requalify by examination as a general securities representative. The NBCC imposed the sanctions following appeal of a Philadelphia DBCC decision. The sanctions were based on findings that Giampa engaged in a trading strategy or pattern in the joint account of public customers that was unsuitable for the customers and subjected them to unwarranted risks. Moreover, the frequency of the transactions was excessive in light of the customers' investment objective, financial situation, and other facts and circumstances disclosed to him.

**Brendan Daniel Hart (Registered Representative, Lancaster, Pennsylvania)** was fined \$15,000, suspended from association with any NASD member in all principal capacities for six months, suspended from association with any NASD member in any capacity for one month, and required to requalify by examination in all capacities. The sanctions were based on findings that Hart executed transactions in eight unrelated public customer accounts without the prior knowledge, authorization, or consent of the customers.

**Warren J. Mayeux, Jr. (Registered Representative, Baton Rouge, Louisiana)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$7,500 and suspended from association with any NASD member in any capacity for six months. Without admitting or denying the allegations, Mayeux consented to the described sanctions and to the entry of findings that he received customer funds totaling \$1,403.54 for the purpose of funding three health insurance applications but did not apply the funds as directed. Instead, he misappropriated the funds by using them as a prepayment to a life insurance policy for another public customer. The NASD found that in furtherance of this activity, Mayeux falsified certain information on this public customer's life insurance policy application.

**Michael L. McKee (Registered Representative, St. Petersburg, Florida)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$10,000 and suspended from association with any NASD member in any capacity for one week. Without admitting or denying the allegations, McKee consented to the described sanctions and to the entry of findings that he signed his name as registered representative of record and as branch office manager on a new

account card when he knew, or should have known, that a fellow employee was in fact the registered representative servicing the account, and that he was not authorized by his member firm to act or sign as a branch office manager.

**Jonathan J. Mitchell (Registered Principal, Tyler, Texas)** was fined \$1,500,000, required to pay \$273,000 in restitution to public customers, and barred from association with any NASD member in any capacity. The sanctions were based on findings that a former member firm, acting through Mitchell, used instrumentalities of interstate commerce to effect transactions in nonexempt securities while failing to maintain its required minimum net capital. The firm, acting through Mitchell, also withdrew \$75,000 in customer funds from its customer depository account without customer authorization and used such funds to increase the firm's clearing deposit. Furthermore, the firm, acting through Mitchell, failed to carry a blanket fidelity bond meeting the requirements as to form, amount, and type of coverage and violated SEC Rule 15c3-3(k)(2)(ii) by holding a customer's securities. In addition, Mitchell made improper use of customers' funds by converting certain funds to his own use and benefit.

**Rebecca Nemiroff (Associated Person, Swarthmore, Pennsylvania)** was fined \$1,500 and barred from association with any NASD member in any capacity requiring registration with a right to apply to be associated with an NASD member in a registered capacity after one year. The sanctions were based on findings that Nemiroff took the Series 7 qualification examination and retained in her possession at her testing station a business card containing notes that were related to the subject matter of the examination.

**James L. Noles (Registered Representative, Benton, Kentucky)** was fined \$25,000, barred from association with any NASD member in any capacity, and required to pay \$607.48 in restitution to the appropriate parties. The sanctions were based on findings that Noles received from 12 insurance customers \$607.48 as insurance premium payments and failed to remit the payments to his member firm, thereby converting the funds to his own use and benefit without the customers' knowledge or consent. In addition, Noles failed to respond to NASD requests for information.

**Stephen C. North (Registered Representative, Woodbury, Minnesota)** submitted an Offer of Settlement pursuant to which he was fined \$5,000 and suspended from association with any NASD member in any capacity for 10 days. Without admitting or denying the allegations, North consented to the described sanctions and to the entry of findings that he signed public customers' names to applications for cash reserve certificate accounts at his member firm, opened the accounts, and arranged for automatic monthly debits in the amounts of \$50 to be taken from each customer's account without their knowledge or consent.

**Frank L. Palumbo (Registered Principal, Lighthouse Point, Florida), Salvatore A. Venezia (Registered Principal, Castle Rock, Colorado), and Sandra Solomon Venezia (Registered Principal, Castle Rock, Colorado).** Palumbo was fined \$75,000, barred from association with any NASD member in any capacity, and required to pay \$687,500 in restitution to public customers, jointly and severally with another respondent. Salvatore and Sandra Venezia were each fined \$75,000, suspended from association with any NASD member in any capacity for 60 days, and required to

requalify by examination. The NBCC imposed the sanctions following appeal of a Market Surveillance Committee decision. The sanctions were based on findings that a former member firm, acting through Palumbo, Salvatore Venezia, and Sandra Venezia, dominated and controlled the market in two stocks such that there was no independent, competitive market in the securities by effecting transactions in, and inducing others to effect transactions in, the stocks at unfair and unreasonable prices with markups on the securities ranging from 5.14 to 83.77 percent over the prevailing market price for one stock and 5.74 to 76.42 percent on the other. Furthermore, the firm, Palumbo, Salvatore Venezia, and Sandra Venezia failed to disclose to their customers that the prices at which they were selling the stocks were not fair or reasonable.

In addition, the firm, acting through Palumbo, engaged in excessive markups involving one other stock, in violation of the NASD's Mark-Up Policy, without disclosing these markups to its customers. The markups on these transactions ranged from 8.57 to 77.33 percent over the prevailing market price. Moreover, Salvatore Venezia failed to enforce supervisory procedures which would have enabled him to assure compliance for markups.

This action has been appealed to the SEC and the sanctions, other than the bar, are not in effect pending consideration of the appeal.

**John G. Rollins (Registered Representative, Little Rock, Arkansas)** submitted a Letter of Acceptance, Waiver and Consent pursuant to which he was fined \$7,500 and suspended from association with any NASD member in any capacity for two weeks. Without admitting or denying the allegations, Rollins consented to the described

sanctions and to the entry of findings that he engaged in a strategy of short-term trading, including the use of margin, in the account of a public customer without having reasonable grounds for believing that such recommendations and resultant transactions were suitable for the customer on the basis of his financial situation, investment objectives, and needs.

In addition, the NASD found that Rollins exercised discretion in the accounts of the same customer without having obtained prior written authorization from the customer and prior written acceptance of the account as discretionary by his member firms. The findings also stated that Rollins remitted funds to the same customer for losses that had been incurred in the customer's account and induced the same customer to enter into an agreement releasing Rollins and both his former and current member firms from liability, without notification to those firms.

**Thomas E. Warren, III (Registered Representative, Tulsa, Oklahoma)** was fined \$5,000, suspended from association with any NASD member in any capacity for two weeks, and required to requalify by examination as a general securities representative within 90 days or cease functioning in that capacity until he passes the exam. The SEC affirmed the sanctions following appeal of a December 1992 NBCC decision. The sanctions were based on findings that Warren signed new account cards that contained inaccur-

rate and incomplete information for four minors and submitted the cards to his branch manager for approval. Specifically, the new account cards reflected false dates of birth for each child and failed to state that the account holders were minors, to designate a custodian, or to state that the accounts were to be maintained in accordance with the Uniform Gifts to Minors Act. Furthermore, Warren accepted instructions from the minors' mother to execute transactions without documentation authorizing her to exercise such discretionary authority.

Warren has appealed this action to a U. S. Court of Appeals, and the sanctions are not effective pending review by the Court.

#### **Firms Suspended**

The following firms were suspended from membership in the NASD for failure to comply with formal written requests to submit financial information to the NASD. The actions were based on the provisions of Article IV, Section 5 of the NASD Rules of Fair Practice and Article VII, Section 2 of the NASD By-Laws. The date the suspension commenced is listed after each entry. If the firm has complied with the requests for information, the listing also includes the date the suspension concluded.

**James W. Bullard Jr., Incorporated**, New York, New York (May 4, 1994)

**Exchange Services, Inc.**, Richmond, Virginia (May 4, 1994)

**Tai Yu Securities U.S.A., Inc.**, New York, New York (May 4, 1994)

#### **Suspensions Lifted**

The NASD has lifted suspensions from membership on the dates shown for the following firms, because they have complied with formal written requests to submit financial information.

**Mayfair Planning Associates**, Randolph, New Jersey (May 10, 1994)

**Melbourne GSI Corp.**, New York, New York (May 2, 1994)

**Worthington & Dunn Securities**, Dallas, Texas (May 3, 1994)

#### **Individuals Whose Registrations Were Revoked For Failure To Pay Fines, Costs, And/Or Provide Proof Of Restitution In Connection With Violations**

**John T. Butler**, Reading, Pennsylvania

**Thomas P. Corcoran**, Manlius, New York

**Scott R. Warren**, Corpus Christi, Texas

# FOR YOUR INFORMATION

## NAIC's "Own Your Share of America" Campaign Gets Underway

To increase direct individual investment, the National Association of Investors Corporation (NAIC) is conducting its third annual "Own Your Share of America" campaign. This month-long promotional effort is intended to encourage people to become direct owners of the common stock of publicly traded companies. The last two campaigns have proven quite successful with corporate participants reporting increases of as much as 20 percent in their employee stock purchase and investment programs during that time period.

The NASD supports NAIC's efforts because The Nasdaq Stock Market<sup>SM</sup>

is the market of individual investors—they own 60 percent of Nasdaq<sup>®</sup> securities by market value, and their participation in this market is growing. According to recent survey data, between 1985 and 1990 the number of individual investors in Nasdaq securities jumped from 8.3 to 11.1 million, an increase of 33.7 percent.

If you or your firm would like more information on the program, call NAIC at (810) 543-0612 ext. 323, or write NAIC, P.O. Box 220, Royal Oak, MI 48068.



NASD

# NOTICES TO MEMBERS

National Association of Securities Dealers, Inc.

July 1994

## Notices

- 94-52 Mail Vote**—NASD Solicits Member Vote  
On Proposed Amendments To The NASD  
By-Laws To Facilitate The *NASD Manual* Revision;  
**Last Voting Date: August 29, 1994** **307**
- 94-53** SEC Proposes Amendments To Regulation T **315**
- 94-54** NASD Solicits Public Comment On Approaches  
Governing Award Of Punitive Damages In  
Arbitration **319**
- 94-55** Members Reminded To Report Address, Contact  
Changes To NASD **345**
- 94-56** Fixed Income Pricing System Additions, Changes,  
And Deletions As Of June 28, 1994 **347**
- 94-57** Nasdaq National Market Additions, Changes, And  
Deletions As Of June 28, 1994 **349**

## Disciplinary Actions

- Disciplinary Actions Reported For July **353**

## For Your Information

- Treasury Proposal Would Affect Government  
Securities Broker/Dealers **363**
- CRD Enhanced For PHLX Dual Registration **364**
- SEC Expands Wrap Fee Disclosure **364**
- NAIC's "Own Your Share Of America" Campaign  
Gets Underway **364**