

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

January 15, 1969

To All NASD Members:

The Board of Governors of the NASD, because of its great concern over the large number of old fails to deliver and receive, has adopted a new Emergency Rule of Fair Practice, 69-4, which requires all members to either clear up, buy-in or settle any fails which are in excess of 120 days old.

The Rule will become effective on February 15, 1969, and will place a member in violation of the Rules of Fair Practice if it has not eliminated any fail over 120 days on this date.

The Resolution declaring this emergency and the text of the Rule, 69-4, are attached.

Sincerely,



Richard B. Walbert
President

Attachment

RESOLUTION ADOPTING EMERGENCY RULE OF FAIR PRACTICE
NO. 69-4

WHEREAS, the National Association of Securities Dealers, Inc. is charged with the responsibility and function of carrying out the purposes of the Maloney Act, codified as Section 15A of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78o-3, et seq; and

WHEREAS, the aforesaid Act authorizes and requires rules of the Corporation to be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade and, in general, to protect investors and the public interest and to remove impediments to and perfect the mechanism of a free and open market and that they are not designed to permit unfair discrimination between customers, or issuers, or brokers or dealers; and

WHEREAS, pursuant to the provisions of Article VII of the By-Laws of the Corporation the Board of Governors is authorized to adopt for submission to the members of the Corporation such rules of fair practice for the members and persons associated with members as it may from time to time deem necessary or appropriate; and

WHEREAS, pursuant to the provisions of the said Article VII, notwithstanding the requirement that proposed rules of fair practice must be submitted to the membership for a vote, the Board has the authority, when it finds an emergency to exist, to enact by a two-thirds vote of the Board necessary rules of fair practice to meet the emergency without submission of such emergency rules to the membership for vote, and to declare them to become effective for a period of not in excess of 60 days, if not disapproved by the Securities and Exchange Commission, upon a date fixed by it; and

WHEREAS, the Board on December 16, 1968, declared an emergency to exist and on January 14, 1969, declared the emergency to continue to exist; and

WHEREAS, the Board believes that appropriate emergency rules of fair practice are essential and should be enacted by it, pursuant to the authority granted by Article VII of the By-Laws, and within the scope of authority granted by the said Section 15A of the Securities Exchange Act of 1934 to assist in alleviating the emergency condition which has been found to exist; and

WHEREAS, the Board is aware that action by the New York and American Stock Exchanges has been taken to impose upon their members a requirement of a mandatory buy-in of aged "fails to deliver"; a requirement that members clear over-the-counter transactions through the NOTC Clearing Corporation; a requirement that "net capital" be reduced by given percentages as to aged "fails"; as well as other action designed to alleviate the emergency situation existing including restrictions on days and hours of operation of members' offices similar to those imposed by the Association; and

WHEREAS, the Board is of the belief that restrictions should be placed on the activities of members in connection with securities in which they have excessive amounts of "fails to deliver" or "fails to receive" and in view thereof, it previously adopted Emergency Rule of Fair Practice No. 68-4 to be effective during the period December 2, 1968 to January 30, 1969, and on January 14, 1969, reenacted that rule as Emergency Rule of Fair Practice No. 69-2 to be effective during the period January 31, 1969 to April 1, 1969;

NOW, THEREFORE, BE IT RESOLVED, that the following "Emergency Rule of Fair Practice No. 69-4" is hereby adopted, pursuant to authority established by Section 15A of the Securities Exchange Act of 1934, as amended, and granted by Article VII of the By-Laws of the Corporation, to take effect on the date specified therein and to be continued in effect for a period of 60 days, unless the Board, by resolution, determines prior to the expiration thereof that the emergency condition has ceased to exist:

EMERGENCY RULE OF FAIR PRACTICE NO. 69-4

(a) In all cases where a member has a "fail to deliver" or a "fail to receive" on its books which is not cleared by it within thirty days after it reaches 120 days in age (180 days in the case of foreign securities except American Depository Receipts and Canadian securities), such shall constitute per se a violation of Article III, Section 1 of the Rules of Fair Practice and of this emergency rule.

(b) This rule has been promulgated as an Emergency Rule of Fair Practice pursuant to the provisions of Article VII of the By-Laws of the Corporation, an emergency having previously been found to exist by resolution of the Board of Governors of the Corporation. It shall be effective for the period from February 15, 1969 to April 15, 1969, both dates inclusive, or until the termination of the said emergency if prior to April 15, 1969.

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

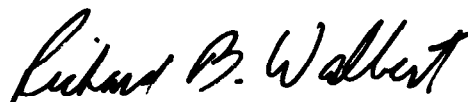
January 17, 1969

NOTICE

To Members of the National Association of Securities Dealers, Inc.
Your attention is directed to the following action:

Don D. Anderson & Co., Inc.
Oklahoma City, Oklahoma

Your attention is directed to Manual Supplement #23 "Changes to List of Members and Disciplinary Actions." Such action has been stayed as to the member and Don D. Anderson individually until such time as the Association makes further notification of the effectiveness of the penalties.



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

January 23, 1969

To All NASD Members:

This notice is intended to assist members in better understanding and complying with new emergency rules of the NASD necessitated by the fails situation and also to clarify some previous bulletins from the Association on this subject.

In connection with the Association's "Don't Know" procedure and the use of Form 101 described in new Section 9(b) of the Uniform Practice Code, which became effective on December 30, 1968, the Board of Governors has determined that this "DK" notice may also be used to establish the status of transactions executed prior to December 30, 1968. The "DK" notice may be used in connection with all pre-December 30, 1968, transactions where a member has sent a confirmation or comparison but has not received or does not have in his possession a confirmation or comparison, or a signed "DK", from the contra-broker in respect to the transaction. When used for pre-December 30 transactions, it must be stamped or marked in red as follows:

"This notice issued pursuant to Emergency Rule No.
69-1 Re: Pre-December 30, 1968, transactions."

The use of this legend for these pre-December 30 transactions is authorized by Emergency Rule 69-1 attached, and the above wording must appear in red on copy No. 1 of Form 101 in an appropriate place. Failure to respond to a "DK" notice pursuant to this Emergency Rule 69-1 shall constitute a violation of the NASD Rules of Fair Practice. All members should within the 15-day period provided in the rule therefore, be careful to follow up on all such notices received by them as promptly as possible.

The procedure established under this Emergency Rule may be followed for the period commencing with January 27, 1969 through March 27, 1969, unless the authorization is in the meantime terminated by action of the Board of Governors of the Association. It is not presently anticipated that the Board will again grant the authorization provided by 69-1, thus, all members are urged to utilize the referred to procedures as to all covered transactions during the stated period. Upon the expiration of this Emergency Rule, the "DK" Form 101 may only be used as provided for in Section 9(b) of the Uniform Practice Code.

In affecting this Emergency Rule covering the use of the new "DK" form, the Board hopes that it will be helpful in clearing up old fails that must be eliminated from members' books to comply with another Emergency Rule, 69-4, which was sent to all firms on January 15, 1969, and requires members to settle any fails to deliver or receive in excess of 120 days old or older. In this regard members should be aware that after January 15 any fail to deliver or receive that becomes 120 days old must be settled or cleared within 30 days of becoming 120 days old or the member will be in violation of Article III, Section 1 of the Rules of Fair Practice as described in Emergency Rule 69-4. Of course, any fail to deliver or receive that was 120 days old prior to January 15, the date of the notice, will automatically become a violation on February 15, 1969.

It is important for all members with fails to receive falling into this age category to understand that their obligations under the rule are no less than a member with a fail to deliver, and a firm with a 120 day fail to receive should make every effort to bring the transaction to settlement, use the buy-in procedure or otherwise clear the trade.

Members are reminded that under the provisions of Emergency Rule 68-4 they are required to file monthly reports with their District Committee covering all fails to deliver that are 120 days old or older.

Sincerely,



Richard B. Walbert
President

RESOLUTION ADOPTING EMERGENCY RULE OF FAIR PRACTICE
NO. 69-2

WHEREAS, the National Association of Securities Dealers, Inc. is charged with the responsibility and function of carrying out the purposes of the Maloney Act, codified as Section 15A of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78o-3, et seq; and

WHEREAS, the aforesaid Act authorizes and requires rules of the Corporation to be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade and, in general, to protect investors and the public interest and to remove impediments to and perfect the mechanism of a free and open market and that they are not designed to permit unfair discrimination between customers, or issuers, or brokers or dealers; and

WHEREAS, pursuant to the provisions of Article VII of the By-Laws of the Corporation the Board of Governors is authorized to adopt for submission to the members of the Corporation such rules of fair practice for the members and persons associated with members as it may from time to time deem necessary or appropriate; and

WHEREAS, pursuant to the provisions of the said Article VII, notwithstanding the requirement that proposed rules of fair practice must be submitted to the membership for a vote, the Board has the authority, when it finds an emergency to exist, to enact by a two-thirds vote of the Board necessary rules of fair practice to meet the emergency without submission of such emergency rules to the membership for vote, and to declare them to become effective for a period of not in excess of 60 days, if not disapproved by the Securities and Exchange Commission, upon a date fixed by it; and

WHEREAS, the Board on December 16, 1968, declared an emergency to exist; and

WHEREAS, the Board believes that appropriate emergency rules of fair practice are essential and should be enacted by it, pursuant to the authority granted by Article VII of the By-Laws, and within the scope of authority granted by the said Section 15A of the Securities Exchange Act of 1934 to assist in alleviating the emergency condition which has been found to exist; and

WHEREAS, the Board is aware that action by the New York and American Stock Exchanges has been taken to impose upon their members a requirement of a mandatory buy-in of aged "fails to deliver"; a requirement that members clear over-the-counter transactions through the NOTC Clearing Corporation; a requirement that "net capital" be reduced by given percentages as to aged "fails"; as well as other action designed to alleviate the emergency situation existing including restrictions on days and hours of operation of members' offices similar to those imposed by the Association;

WHEREAS, the Board is of the belief that restrictions should be placed on the activities of members in connection with securities in which they have excessive amounts of "fails to deliver" and, in view thereof, it previously adopted Emergency Rule of Fair Practice No. 68-4 to be effective during the period December 2, 1968 to January 30, 1969; and

WHEREAS, the Board believes the provisions of the said Emergency Rule of Fair Practice No. 68-4 should be reenacted for another sixty day period;

NOW, THEREFORE, BE IT RESOLVED, that the following "Emergency Rule of Fair Practice No. 69-2" is hereby adopted, pursuant to authority established by Section 15A of the Securities Exchange Act of 1934, as amended, and granted by Article VII of the By-Laws of the Corporation, to take effect on the date specified therein and to be continued in effect for a period of 60 days, unless the Board, by resolution, determines prior to the expiration thereof that the emergency condition has ceased to exist:

EMERGENCY RULE OF FAIR PRACTICE NO. 69-2

I. No member, or person associated with a member, shall

(a) Sell a security for his own account, or

(b) Buy a security as broker for a customer, if

(1) he has a fail to deliver in that security 60 days old or older and one of the following conditions exist:

(i) his total dollar volume of fails to deliver over 30 days are 30% or more of his total dollar volume of fails to deliver; or

(ii) his total dollar volume of fails to deliver over 30 days in that security are 7% or more of his total dollar volume of fails to deliver over 30 days;

(2) he has any fail to deliver in that security 120 days old or older.

- II. Members shall review their fail positions once a month at the time they prepare their monthly trial balances pursuant to Commission Rule 17a-11 in order to determine compliance with the above provisions unless the circumstances indicate that a more frequent review is appropriate. These circumstances would include prior reviews of fail positions. Each member, or person associated with a member, who at the end of any month, had any fail to receive or deliver 120 days old or older, shall file, with the District Secretary of the District in which its principal office is located, within 10 days after the end of such month, a list of such securities. Such list shall include the name of the security, trade date, number of shares, unit price, dollar amount and from whom bought or to whom sold, reason for non-delivery, including location of the security, if known, and actions taken to effect delivery.
- III. In the case of foreign securities, excepting American Depository Receipts and Canadian securities, the periods of time applicable in Section I(1) is extended from 60 to 90 days and the periods of time applicable in Section I(2) and Section II is extended from 120 to 180 days.
- IV. For good cause shown and in exceptional circumstances, in situations where it can be demonstrated that the member has taken all necessary and reasonable steps to process the clearance of transactions and delay has not been occasioned on his account, and where application of the rule would work hardship upon public customers and/or the member, and/or where it would interfere with ordinary and necessary market making or trading activity, and where the failure to meet the standards set for the above results from an occasional transaction and its peculiar nature such as a dispute arising from legal transfer, a member may request exemption from the provisions of Section I hereof by written request to the District Secretary of his District in which his principal office is located. The District Secretary shall have the authority to grant exceptions when the above criteria has been met. There shall be no exceptions to the filing requirements of this emergency rule.
- V. This rule has been promulgated as an emergency rule of fair practice pursuant to the provisions of Article VII of the By-Laws of the Corporation, an emergency having been found to exist by resolution of the Board of Governors of the Corporation because of the excessively high "fails to deliver" and "fails to receive" balances carried on the books of members and

because of the great difficulty which members have been experiencing in maintaining current books and records pursuant to the provisions of Rule 17a-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, 17 C.F.R. 240.17a-3 as a result of the high volume of securities transactions, and it shall be effective for the period from January 31, 1969, to April 1, 1969, (both dates inclusive), or until the expiration of the emergency is declared by resolution of the Board of Governors if prior to April 1, 1969.

- VI. It shall be deemed contrary to high standards of commercial honor and just and equitable principles of trade and a violation of Article III, Section 1 of the Rules of Fair Practice for any member to engage in conduct inconsistent with this rule.

continued.
expired: 4-27-69

File

EMERGENCY RULE OF FAIR PRACTICE NO. 69-1

(a) All members who, in respect to any transaction executed prior to December 30, 1968, have sent a confirmation or comparison evidencing that transaction but has not received or does not have in his possession a confirmation or comparison, or a signed DK, from the contra-broker in respect to that transaction, may utilize the procedures of this rule in accordance with the provisions hereof in respect to each such transaction.

(b) In respect to all transactions referred to in subsection (a) hereof, a member may send to the contra-broker a "Don't Know Notice" on NASD Form 101, or on a form conforming thereto in all respects. When used in connection with this emergency rule, the said form shall have stamped or marked on copy 1 thereof in red in a blank and easily recognizable place the following legend:

"This Notice issued pursuant to Emergency Rule No. 69-1
Re: pre-December 30, 1968, transactions."

(c) The provisions of Section 9(b) of the Uniform Practice Code shall be applicable to the issuance of a "Don't Know Notice" pursuant to this emergency rule with the exception that the introductory language in Section 9(b) shall be eliminated and with the further exception that for the purposes of this emergency rule:

- (1) the following language of Section 9(b)(1) on the first line in the first paragraph thereof as it appears in the Association's Manual at page 3519 shall be eliminated:

"Not later than the fifteenth calendar day following the trade date the confirming member shall"

and the following language substituted therefor:

"In connection with all transactions executed prior to December 30, 1968, the confirming member may, if he utilizes this procedure"

- (2) the following language of Section 9(b)(2) commencing on the second line thereof as it appears in the Association's Manual at page 3519 shall be eliminated:

"shall have four business days after the notice is received:"

and the following language shall be substituted therefor:

"within a reasonable period of time but not exceeding 15 calendar days"

- (3) the following language in Section 9(b)(3) as it appears on page 3519-2 of the Association's Manual as it appears on the second line thereof shall be eliminated:

"four business days"

and the following language shall be substituted therefor:

"15 calendar days."

(d) Any member receiving a "Don't Know Notice" pursuant to this rule from another member shall respond thereto in the manner provided by Section 9(b) of the Association's Uniform Practice Code as amended by section (c) of this emergency rule. Any failure to do so will constitute a violation of Article III, Section 1 of the Association's Rules of Fair Practice and of this emergency rule as to each transaction in respect to which a member fails to respond.

(e) If a confirming member receives back from the contra-broker a DK, or has not received a timely response to the "Don't Know Notice", which failure to respond shall constitute a DK, he may

- (1) cancel the transaction,
- (2) close out the transaction, pursuant to the procedures set forth in Sections 59 and 60 of the Uniform Practice Code, or
- (3) otherwise internally liquidate or dispose of the transaction.

The confirming member after utilizing the procedures of either (1), (2) or (3) above shall have no further liability in respect to that transaction to the contra-broker. Upon the expiration of this emergency rule the referred to "Don't Know Notice" may only be used as provided in Section 9(b) of the Uniform Practice Code.

(f) This rule has been promulgated as an Emergency Rule of Fair Practice pursuant to the provisions of Article VII of the By-Laws of the Corporation, an emergency having previously been found to exist by resolution of the Board of Governors of the Corporation and it shall be effective for the period from January 27, 1969 to March 27, 1969, both dates inclusive, or until the termination of the said emergency if prior to March 27, 1969.

(g) To the extent that this Emergency Rule of Fair Practice is inconsistent with any of the provisions of the Rules of Fair Practice of the Corporation previously adopted in accordance with normal procedures and/or with the Uniform Practice Code or any and all other rules, regulations, interpretations, resolutions or other like actions previously taken by the Board of Governors, this rule shall take precedence and prevail.

RESOLUTION DECLARING EMERGENCY AND ADOPTING EMERGENCY
RULE OF FAIR PRACTICE NO. 69-3

WHEREAS, the Board of Governors on June 10, 1968, declared an emergency to exist and enacted Emergency Rule of Fair Practice No. 68-1 to be effective during the period June 12, 1968 to August 9, 1968; and

WHEREAS, the Board of Governors on August 5, 1968, October 14, 1968 and December 16, 1968, declared that the said emergency continued to exist and thereafter enacted Emergency Rules of Fair Practice Nos. 68-2, 68-3, 68-4 and 68-5, to be effective during the periods stated therein; and

WHEREAS, the emergency conditions which gave rise to the previously declared emergency conditions and rules have not abated; and

WHEREAS, the Ad Hoc Committee on Office Operations composed of representatives of the New York Stock Exchange, the American Stock Exchange, the Association of Stock Exchange Firms, the National Association of Securities Dealers, Inc. and other representatives of broker/dealer members of those organizations recognizes that there still exists a serious situation in respect to the large number and dollar amount of "fails to deliver" securities to a buyer and/or "fails to receive" securities from a seller and recommends continued restrictions on listed and over-the-counter markets; and

WHEREAS, the Board of Governors of the Corporation has been informed of and/or has knowledge, and/or is aware of information which is indicative of the continuation of the previously declared emergency situation; and

WHEREAS, the Board of Governors believes that the said emergency condition continues to exist; and

WHEREAS, the National Association of Securities Dealers, Inc. is charged with the responsibility and function of carrying out the purposes of the Maloney Act, codified as Section 15A of the Securities Exchange Act of 1934, as amended, 15 U.S.C. 78o-3, et seq; and

WHEREAS, the aforesaid Act authorizes and requires rules of the Corporation to be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade and, in general,

to protect investors and the public interest and to remove impediments to and perfect the mechanism of a free and open market and that they are not designed to permit unfair discrimination between customers, or issuers, or brokers or dealers; and

WHEREAS, pursuant to the provisions of Article VII of the By-Laws of the Corporation the Board of Governors is authorized to adopt for submission to the members of the Corporation such rules of fair practice for the members and persons associated with members as it may from time to time deem necessary or appropriate; and

WHEREAS, pursuant to the provisions of the said Article VII, notwithstanding the requirement that proposed rules of fair practice must be submitted to the membership for a vote, the Board has the authority, when it finds an emergency to exist, to enact by a two-thirds vote of the Board necessary rules of fair practice to meet the emergency without submission of such emergency rules to the membership for vote, and to declare them to become effective for a period of not in excess of 60 days, if not disapproved by the Securities and Exchange Commission, upon a date fixed by it; and

WHEREAS, the Board believes that appropriate emergency rules of fair practice are essential and should be enacted by it, pursuant to the authority granted by Article VII of the By-Laws, and within the scope of authority granted by the said Section 15A of the Securities Exchange Act of 1934 to assist in alleviating the emergency condition which has previously been found to exist and which it believes continues to exist; and

WHEREAS, the Board is aware that action by the New York Stock Exchange and the American Stock Exchange, and the various regional exchanges has been taken which will continue to impose restrictions on their members' activities;

NOW, THEREFORE, BE IT RESOLVED, that based upon information which has been supplied to and is before the Board, an emergency condition is hereby found to continue to exist; that the said emergency condition is caused by the excessively high "fails to receive" and "fails to deliver" balances carried on the books and records of members; that such has resulted, at least in part, from the high volume of transactions in the market in recent months which has resulted in members having great difficulty in maintaining current books and records as required by Rule 17a-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, 17 C.F.R. 240.17a-3; that the said emergency exists within the scope of the provisions of Article VII

of the By-Laws of the Corporation and that to assist in alleviating this emergency condition appropriate emergency rules of fair practice should be adopted pursuant to the provisions of Article VII of the By-Laws; and

BE IT FURTHER RESOLVED, that the following "Emergency Rule of Fair Practice No. 69-3" is hereby adopted, pursuant to authority established by Section 15A of the Securities Exchange Act of 1934, as amended, and granted by Article VII of the By-Laws of the Corporation, to take effect on the date specified therein and to be continued in effect for a period of 60 days, unless the Board, by resolution, determines prior to the expiration thereof that the emergency condition has ceased to exist:

EMERGENCY RULE OF FAIR PRACTICE NO. 69-3

(a) No member, or person associated with a member, shall effect any transaction, or do any act designed to induce or effect a transaction, in any security on any day and/or during any time of day specified by the President of the Corporation, with the consent of the Executive Committee of the Board of Governors, during the effective period of this rule, provided, however, that such shall not prohibit the receipt or delivery of securities or the payment or receipt of payment for securities previously purchased or sold during permissible periods, or the taking of any action by a member, or person associated with a member, necessary to the settling of balances created by transactions in securities previously effected during permissible periods, or the taking of any other action necessary to the proper settlement or completion of transactions previously executed.

(b) During the effective period of this rule the President of the Corporation, with the consent of the Executive Committee of the Board, shall have authority to provide for exceptions to Section (a) to the extent that such are not inconsistent with the purposes of this rule. The President of the Corporation, with the consent of the Executive Committee of the Board shall also have authority to take any other action deemed necessary to properly meet, and to assist in alleviating the exigencies of, the emergency condition which necessitated this rule as noted in Section (d) hereof.

(c) During the effective period of this rule and during those periods of time during which the execution of transactions are proscribed by Section (a) all members shall at least during normal business hours be required to have their offices fully staffed with all personnel necessary to reduce their outstanding

"fails to receive" and/or "fails to deliver" or to perform any and all functions related thereto or to any other aspect of their business created by the excessive market volume in the past several months. Such full staffing would require specifically that all "back office" and trading room personnel, and all other personnel necessary, be on duty.

(d) This rule has been promulgated as an emergency rule of fair practice pursuant to the provisions of Article VII of the By-Laws of the Corporation, an emergency having been found to exist by resolution of the Board of Governors of the Corporation because of the excessively high "fails to deliver" and "fails to receive" balances carried on the books of members and because of the great difficulty which members have been experiencing in maintaining current books and records pursuant to the provisions of Rule 17a-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, 17 C.F.R. 240.17a-3 as a result of the high volume of securities transactions, and it shall be effective for the period from February 14, 1969 to April 13, 1969, (both dates inclusive) or until the termination of the emergency is declared by resolution of the Board of Governors if prior to April 13, 1969.

(e) It shall be deemed contrary to high standards of commercial honor and just and equitable principles of trade and a violation of Article III, Section 1 of the Rules of Fair Practice for any member to engage in conduct inconsistent with this rule.

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

January 31, 1969

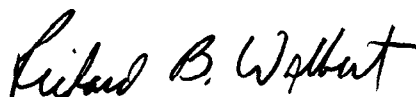
To All NASD Members:

The Board of Governors has re-enacted two previously adopted emergency regulations, and the resolutions and actual text of these rules are enclosed for your records. The first is Emergency Rule 69-2 which restricts trading in certain high fail position issues that meet the test set down in the rule. This Emergency Rule re-enactment, 69-2, will be effective for the period January 31, 1969, to April 1, 1969. The second re-enacted Emergency Rule is 69-3 authorizing the Board to establish shortened trading hours for the over-the-counter market in various sections of the country. This rule will be effective February 14, the date on which the previous Emergency Rule in this area expires, and will run through April 13, 1969.

In view of the still serious nature of the overall fails problem in the industry, which has necessitated the continued early closing of the markets as well as other emergency measures, all members are reminded of their obligation to only distribute new issue underwritings before the prescribed closing hour each day in their particular section of the country. However, in specific cases where the new issue price is dependent upon the closing market price of the same or other securities of the issuer, no violation will result if distribution is made after the closing of the OTC markets. In issues where competitive bidding is involved, no action will be contemplated by the NASD since such issues, by their nature, cannot be offered until later in the trading day. In no instance, however, should such distributions be made after the closing of the market on the following day. Of course, distributions could only be continued on subsequent days within the prescribed trading hours.

Members are further advised that retail and trading activities in the over-the-counter markets will be closed on Friday, February 21, 1969, the day before George Washington's Birthday. However, full clearance and settlement functions will take place on this day and firms should be staffed accordingly. The over-the-counter markets will remain open on Lincoln's Birthday, February 12, 1969. Since a great many of the major banks will be closed on this date, there will be no settlement or clearance on February 12.

Sincerely,



Richard B. Walbert
President

Enclosures

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

February 4, 1969

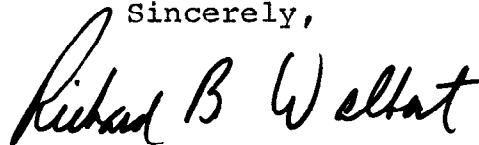
To: All NASD Members
Subject: Review of Mutual Fund Sales Incentives

The Board of Governors of the NASD notified members on August 10, 1967, that they must file details of mutual fund sales incentives, campaigns and contests for review by the Committee on Mutual Fund Sales Incentives. As indicated in our supplemental notice to members dated December 26, 1968, one of the primary purposes of this filing requirement was to provide the Sales Incentives Committee with information regarding the manner in which salesmen are actually compensated and stimulated to sell mutual funds.

The Committee on Mutual Fund Sales Incentives now believes that the filing requirement has provided the basic information sought and the Board of Governors has decided to rescind the filing requirement, such rescission to become effective immediately. It should be understood, however, that the provisions of the Board's Interpretation with respect to "Dealer Compensation of Salesmen for Sales of Investment Company Shares" are still in effect and that the Committee will continue to request from members, on an individual basis, such information as it deems necessary and appropriate.

In view of the Board's determination, the Sales Incentives Committee believes that it is unnecessary to provide further opinions on the reasonableness of incentive programs filed to date.

Sincerely,



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

February 4, 1969

To: All NASD Members

Subject: Section 26 of the Rules of Fair Practice -- Pricing of Mutual Fund Shares

Since the adoption by the SEC of Rule 22c-1 under the Investment Company Act of 1940, some members have expressed confusion as to the application of portions of Section 26 of Article III of the Association's Rules of Fair Practice. All underwriters, sponsors and dealers in investment company shares should be aware that, to the extent that it is inconsistent therewith, Section 26 has been superseded by Rule 22c-1.

The principal inconsistency arises in section 26(e), which sets forth the pricing procedures required under the previous "backward pricing" system and under that system required pricing at least twice a day.

Rule 22c-1, which became effective on January 13, 1969, requires generally that funds calculate net asset value at least once a day as of the close of the New York Stock Exchange, and that only orders received by dealers prior to such calculation are entitled to the price determined. This has generally been referred to as forward pricing. Pricing two or more times per day is permitted under new Rule 22c-1, but is not required. The text of the rule follows:

Rule 22c-1. Pricing of Redeemable Securities for Distribution, Redemption and Repurchase

(a) No registered investment company issuing any redeemable security, no person designated in such issuer's prospectus as authorized to consummate transactions in any such security, and no principal underwriter of, or dealer in, any such security shall sell, redeem, or repurchase any such security except at a price based on the current net asset value of such security which is next computed after receipt of a tender of such security for redemption or of an order to purchase or sell such security.

(b) For the purposes of this rule, the current net asset value of any such security shall be that computed on each day during which the New York Stock Exchange is open for trading, not less frequently than once daily as of the time of the close of trading on such Exchange.

Section 26 of the Rules of Fair Practice will be amended as soon as possible in order to reflect the requirements of Rule 22c-1. In the meantime, however, members should understand that the provisions of Rule 22c-1 supersede Section 26 insofar as there is inconsistency.

Sincerely,

A handwritten signature in cursive script that reads "Richard B. Walbert".

Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

February 5, 1969

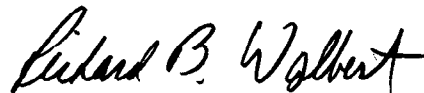
To All NASD Members:

One of the factors resulting from the continued increase of public interest in the stock market is excessive speculation. This is particularly exemplified in the "new issue" area where tremendous demand for speculative and unseasoned securities has resulted in some prices reaching levels which bear no reasonable relationship to traditional or intrinsic values. Excessive speculation can only be detrimental to the public investor and the securities business. Appropriate steps should be taken to see that it is restrained.

All members are urgently requested to review their supervisory procedures and selling practices, as well as those of their representatives relating to recommendations to customers. This review should concern itself both with new as well as old issues in an attempt to curb excessive and unhealthy speculative activity.

Because the interest of the general public is paramount, it is requested that positive efforts in this area be made by all members.

Sincerely,



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

February 19, 1969

To All NASD Members:

Contained in the supplement to the Manual which is currently being sent to all members are two important revisions to the Uniform Practice Code. The first revision concerns Section 59 of the UPC having to do with buy-in procedures. The second revision pertains to Section 48 of the UPC covering due-bills and due-bill checks.

Basic procedural changes in the buy-in section include the new requirement that a trade comparison or other written statement of a trade that has been executed by the defaulting broker/dealer should accompany each Buy-In Notice. Further, Buy-In Notices no longer need to be manually signed, but they must designate an individual familiar with all of the details of the proposed buy-in. It would also be appropriate to include the telephone number of this individual on the Buy-In Notice. The revised buy-in procedure also provides that notification to the defaulting broker/dealer on the day the buy-in is executed shall be in writing (i. e. telegram, TWX or written statement by messenger). This requirement eliminates telephone calls as a means of acceptable notification.

The primary change to Section 48 of the UPC is that due-bill checks rather than paper due-bills shall evidence interest payable on registered bonds and shall accompany deliveries of registered bonds made during the due-bill period between the record date and the payable date, but too late for transfer. It is felt that this change will streamline paper work and prevent unnecessary duplication much the same as requiring due-bill checks for cash payments on due-bill stock.

In addition, members should be aware that the Association is continuing shortened trading hours for the OTC markets in various sections of the country until further notice. The shortened hour schedule is exactly the same as contained in the previous NASD bulletin dated December 27, 1968. In addition, all retail and trading activities in the over-the-counter market will be closed on Friday, February 21, the day before George Washington's

Birthday. However, all member offices should be fully staffed with operational and trading department personnel to continue to work on delivery and paper work problems. Even though the markets will be closed on this date, it will be a full clearance and settlement day.

Sincerely,

A handwritten signature in black ink that reads "Richard B. Walbert". The signature is written in a cursive style with a large initial 'R'.

Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

NOTICE TO ALL MEMBERS

February 19, 1969

RE: Filing Procedures for Reviews of Underwriting Arrangements

During this period of unprecedented numbers of new issues being filed with the Securities and Exchange Commission and the State Securities Commissions, the Committee on Underwriting Arrangements of this Association has noticed that many managing underwriters have been lax in fulfilling the requirement for filing certain documents in respect to such issues with the Association as set forth on pages 2021-2023 of the Manual.

The Board of Governors requires that managing underwriters file registration statements, prospectuses and other proper documents with the Executive Office at the same time these documents are filed with the Securities and Exchange Commission or, in the case of intrastate offerings, at least 15 business days prior to the offering date.

Recently, the Securities and Exchange Commission announced in Securities Exchange Act Release No. 4934 the establishment of new procedures to be followed by the Securities and Exchange Commission in expediting registration statements filed under the Act. One of the Association's requirements has been that the underwriter at the time he files the required documents state the estimated clearance date. The Commission's new procedures have now made it practically impossible for a managing underwriter to estimate that date at the time of the original filing.

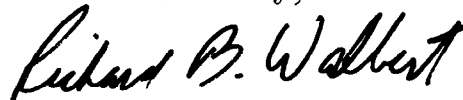
All of these factors have made it increasingly more difficult for the Association to effectively handle filings. As a result, the Committee believes a more stringent approach must be taken to insure the timely receipt by the Association of the appropriate material. Such is necessary if a complete review is to be made without causing any inconvenience or delay in the processing of the registration.

The following procedures will be in effect immediately:

Managing underwriters who do not meet the requirements of this Committee and have not filed the proper documents within ten (10) business days of the required filing time will automatically be subject to disciplinary action and possible fine;

Managing underwriters are required to notify the NASD Executive Office promptly by telegram, when they have been notified by the SEC or the State Securities Commission of their anticipated offering date of the securities.

Sincerely,



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

February 19, 1969

To All NASD Members:

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In addition, members should be aware that the Association is continuing shortened trading hours for the OTC markets in various sections of the country until further notice. The shortened hour schedule is exactly the same as contained in the previous NASD bulletin dated December 27, 1968. In addition, all retail and trading activities in the over-the-counter market will be closed on Friday, February 21, the day before George Washington's

Birthday. However, all member offices should be fully staffed with operational and trading department personnel to continue to work on delivery and paper work problems. Even though the markets will be closed on this date, it will be a full clearance and settlement day.

Sincerely,

A handwritten signature in black ink that reads "Richard B. Walbert". The signature is written in a cursive style with a large initial 'R'.

Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 3, 1969

TO: NASD Members

RE: "Fail Haircut"

As of March 6, 1969, an SEC amendment to the net capital rule requires broker-dealers to deduct, when computing net capital, a percentage of the dollar value of certain aged fails to deliver contracts carried on their books (see Securities Exchange Act Release #8508). The "haircut" to be applied to fails to deliver in the computation of net capital is as follows:

<u>Age of Fails to Deliver*</u>		<u>Deductions as a Percentage of Contract Price</u>
<u>At Least</u>	<u>But Not More Than</u>	
40 days	49 days	10%
50 days	59 days	20%
60 days	-----	30%

*Calendar days

Broker-dealers are presently required to compute their "aggregate indebtedness" and "net capital" and to retain the computation.

TO HELP DETERMINE THE EFFECT OF THIS AMENDMENT, YOU ARE REQUESTED TO REPORT TO THE NASD A COMPUTATION OF YOUR NET CAPITAL FOR THE PERIOD ENDING JANUARY 31, 1969, USING THE FORM ATTACHED. THESE REPORTS SHOULD BE RECEIVED AT NASD, 888-17th STREET, N. W., WASHINGTON, D. C. 20006 NO LATER THAN MARCH 17, 1969.

Exempt from this report are members of the following stock exchanges: American, Boston, Midwest, New York, Pacific Coast, Philadelphia-Baltimore-Washington and Pittsburgh.

Very truly yours,



Richard B. Walbert
President

Attachment

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

25 BROAD STREET, NEW YORK, NEW YORK 10004
(212) 344-7690

NOTICE TO MEMBERS OF THE ASSOCIATION IN DISTRICT NO. 12

Re: Fail Report

Attention: Operations Partners - Cashiers

Emergency Rule of Fair Practice 68-4 effective December 2, 1968 required submission to this office by the tenth day of the following month a detailed list of all fail to receive and fail to deliver contracts outstanding more than 120 days as of November 30, 1968 and each month end thereafter. This rule has been extended to April 1, 1969 and is now designated Emergency Rule 69-2.

In the past, members have not been required to submit negative reports so that it has been impossible to determine if any member has overlooked this filing requirement. To correct this situation, it has been determined that beginning with the report for the month end February 28, 1969 members who do not report 120 day fails shall submit a statement over a firm signature certifying that no such fails are carried on their books. For purposes of this report any confirmed or compared transaction previously transferred from fail account to suspense or other special type account should be included.

George J. Bergen
Secretary

February 25, 1969

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 3, 1969

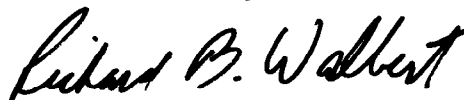
To All NASD Members:

The NASD member firm of James Anthony & Co., Inc., 76 Beaver Street, New York, New York, 10005, has consented to the entry of an SEC injunction against further violations of the bookkeeping provisions and Sections 10(b) and 10(b)5 of the Securities Exchange Act and the rules and regulations thereunder. The SEC injunction was obtained on Friday, February 28, 1969.

In accordance with Section 59(h) of the Uniform Practice Code, the Uniform Practice Committee has determined that members may "buy-in" or "sell-out" all open contracts with James Anthony & Co., Inc. and avail themselves of the immediate close out provisions specified in this subsection.

The Association has been advised that Mr. John T. Collins, 301 Park Avenue, New York, New York, has been appointed an equitable receiver of this member. All members and others having open or otherwise unsatisfied claims may contact Mr. Collins for further information.

Sincerely,



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 19, 1969

Important

Important

Important

To All NASD Members:

EXECUTION OF "NEW ISSUE" SELL ORDERS

It has come to the attention of the Association that some members may not be fully complying with the September 4, 1968, Interpretation of the Board of Governors (see page 2025 of the NASD Manual) concerning a prohibition against the execution of customer sell orders unless assurance is received that the securities in question will be promptly delivered.

In complying with this Interpretation, a member cannot accept any new issue sell order unless the member originally sold the securities to the customer, thereby making the customer long in his account with the member.

The above prohibition against accepting a new issue sell order would continue until the customer has possession of the security or the member in good faith has received reasonable assurance that the security will be delivered in good form within five days.

Members are also reminded that under this Interpretation they must not execute purchases unless the customer agrees to accept partial delivery in situations where more than one execution is necessary. More specifically, the Interpretation provides that members may not execute sell orders unless:

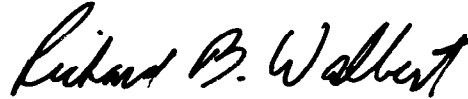
1. The member has possession of the security;
2. The customer is long in his account with the member;
3. Reasonable assurance is received from the customer that the securities will be delivered in good form within five business days of the execution or;
4. The securities in good form are on deposit with another broker/dealer or any state or federal bank, to whom instructions have been forwarded for delivery against payment.

- over -

To satisfy that "reasonable assurance" has been received, a notation on the order ticket must be made at the time of the order reflecting the customer's statements as to the location, form and ability to deliver within five days. No sell order may be executed unless the member first determines that the transaction can be promptly completed by the customer delivering the securities within the prescribed time period.

As you are aware, in these times of extremely high volume accompanied by excessive speculation, all of which contributes to our present operational problems, it is imperative that all members give special attention to compliance not only with this requirement but with all Association efforts to alleviate the fails problem. Members are reminded that violations of the subject Interpretation may result in disciplinary actions.

Sincerely,

A handwritten signature in black ink that reads "Richard B. Walbert". The signature is written in a cursive, slightly slanted style.

Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 26, 1969

To All NASD Members:

On "Good Friday", April 4, 1969, the OTC markets will be closed and this date will be a non-clearance and settlement day.

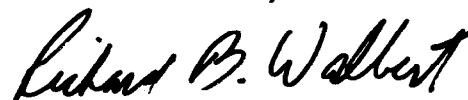
The Board of Governors also has again continued for another sixty days Emergency Rule 69-2 concerning the restriction of trading in high fail issues. The text of this rule was sent to all members on January 31, 1969. The re-enactment will run from April 2, 1969 through May 31, 1969.

In addition, the Board has also decided to continue Emergency Rule 69-1, which allows the use of the Association's new "DK" Form 101 with an appropriate legend for all transactions prior to December 30, 1968. The text of this rule concerning "DK" procedures was sent to the membership on January 23, 1969, and was supposed to expire on March 27, 1969. Since this emergency procedure has proven so successful, the Board has decided to extend the life of this rule for an additional thirty days, until April 27, 1969.

The Association has recently been informed that Universal Securities Corporation, 1410 South Fourth Street, Las Vegas, Nevada, has filed for bankruptcy under Chapter 11 of the Bankruptcy Act. All members that have open contracts with this firm or who would like to have further information should contact the Los Angeles office of the SEC.

Members should be aware that the Universal Securities Corporation of Las Vegas, Nevada, is in no way connected with the Universal Securities Corporation in Birmingham, Alabama.

Sincerely,



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 28, 1969

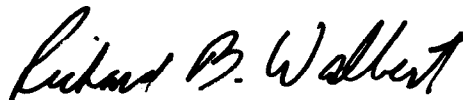
To All NASD Members:

The Board of Governors is presently re-evaluating Emergency Rule 69-4, which requires all members to clear up or settle any fails that are in excess of 120 days old, and it is expected that this rule will be reinstated on April 16 with the 120 day provisions lowered to 90 days.

Members are being advised of this pending move now so that they can adjust their record keeping procedures in advance of the contemplated effective date, April 16. All other provisions of the rule will probably remain the same and members will have 30 days after a fail reaches 90 days in age to either clear up, buy-in or otherwise settle the open item. Any 90 day old or older fail that has not been cleared up within 30 days will constitute a per se violation of Article III, Section 1 of the Rules of Fair Practice.

This regulation has proved to be the most effective weapon yet devised to reduce the amount of aged fails in the over-the-counter market, and it is hoped that this further tightening of the emergency rule will be even more successful.

Sincerely,



Richard B. Walbert
President

Doug Parrillo

M E M O R A N D U M

TO: District Secretaries
FROM: Edward R. Gilleran
DATE: March 26, 1969
RE: Fails Problem - Emergency Rules

Following are some items regarding the above:

1. As mentioned in my memo of February 18, 1969, prompt review of the 120-day fail reports filed by members is an essential tool in the enforcement of Emergency Rule 69-4. It is also essential that members whose reports show per se violations receive some official notification from the District taking cognizance of these violations. The nature of the notification (letter, summary complaint, formal complaint) should be determined by the DBCC, taking into consideration relevant factors such as were discussed on page 2 of my February 18th memo.

2. For purposes of a report to the May Board meeting, we will need the following information recapped from all the February and March 120-day fail lists you have received, separately for fails to deliver and fails to receive, and indicating the name of the members in each case:

- A. The number of items between 120 and 150 days old;
- B. The number of items over 150 days old; and
- C. The dollar amount of items over 150 days old.

In order to obtain comparable figures for both months to determine the trend, we will also need this same information for those firms from whom you have received reports for both February and March.

Finally, with regard to Emergency Rule 69-2, please report the number of exemptions requested and the number granted for both months.

We realize the March lists are not due until April 10th, but in order to prepare the report for the Board kit, Dick Peters will need the information by April 16th.

3. It is appropriate to obtain from the SEC Regional Office the most recent X17A-5 form filed by members whom you plan to examine from an operations standpoint. These could also be reviewed for the purpose of determining whether to conduct such examinations.

4. A reminder that Dick Peters must be kept advised currently as to the names of firms whose activities you restrict, along with the details of the restrictions and copies of any correspondence exchanged with the firm in this connection.

Please advise Dick of any contemplated restrictions on NYSE firms prior to their imposition, so that we may be in a position to inform the Exchange if appropriate. We have an arrangement with the Exchange whereby we can obtain information from them orally, or by a review of their records, with respect to our joint members, and you may avail yourself of this avenue prior to special examinations of NYSE firms by contacting Dick or me.

5. It would also be prudent to make some notation of contacts with, or references to, the Commission's offices regarding any serious operational type problems of particular members.

6. We are having discussions with the SEC staff with respect to possible standards to apply to any serious operational problems of mutual fund underwriters or their fund custodian organizations. There have been distinctions made between this type of member and general securities members insofar as the application of many of our emergency rules. Moreover, volume restrictions such as we have imposed on general firms are not readily applicable to fund underwriters in view of the continuous sales and redemption features of the shares. However, these members are not exempt from their basic responsibility to handle business promptly and accurately. The Investment Companies Committee will also be considering this general subject at its April meeting.

7. The recent letter to members concerning coverage of new issues under the Prompt Receipt and Delivery Interpretation is a reiteration of the position we have taken since the rule's adoption. However some firms, including some large NYSE members, apparently had not so understood the rule, and hence the second notice was necessary. It is important that thorough treatment of this item be included on examinations, with particular attention to new issues.

It should also be noted that the rule applies to both principal and agency transactions.

8. We will be distributing to Districts shortly the net capital filings received from members. You will also be advised of the names of members who have not yet replied, and you may wish to follow-up directly with such members for a complete financial statement.

9. Emergency Rules 69-1 and 69-2 will be reinvoked and the members will be advised this week.

10. Regarding 69-3, some large underwriters have asked for further latitude in offering new issues after the close, citing the increasingly high degree of risk in underwritings under present market conditions, particularly in issues directly affected by changing interest rates. Discussions with the SEC are being held to consider possible steps to alleviate this problem. It has been hinted that because of the situation, some underwriters are not adhering strictly to the closing hours. I would appreciate any comments you have as to the effectiveness of this rule, both generally and with respect to the offering of new issues.

In closing, please be reminded that you should continue to give priority to surveillance of members in this general area. It would be helpful if you give Dick Peters your estimate of the percentage of time spent by your District staff in implementing this surveillance, including special exams, review of 120-day fail lists, answering inquiries from members, customer complaints, etc.

cc: Messrs. Kenneth H. Sayre
Richard B. Walbert
Donald H. Burns
Lloyd J. Derrickson
Frank J. Wilson
A. Raymond Brummett
Donald Benson
Lee Monett
Robert Butler

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 28, 1969

Important Emergency Notice

To All NASD Members:

The NASD respectfully requests all members to close their business operations on Monday, March 31, in memoriam to Dwight D. Eisenhower, the 34th President of the United States, who died today, March 28, 1969.

Sincerely,



Richard B. Walbert
President

File

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

March 28, 1969

To All NASD Members:

It has recently come to the attention of the Association that some members are improperly requiring copies of their own confirmation or comparison to be submitted with delivery by the other party to a trade. This practice, which is not authorized under the Uniform Practice Code, unfairly transfers a portion of a firm's bookkeeping work to another member and may cause inappropriate delays in settlement. It should be understood that members refusing a delivery because it is not accompanied by a trade comparison or other similar document subject themselves to the sell out provision, Section 60 of the Uniform Practice Code.

Members are cautioned that the above described practice may also be in violation of just and equitable principles of trade and should be stopped immediately.

Sincerely,



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

April 7, 1969

To All NASD Members:

Commencing April 14, 1969, certain Association departments which are presently located at 67 Broad Street, New York, New York, 10004, will be located at 17 Battery Place, New York, New York, 10004. The new telephone number is (212) 269-6393.

This new location will serve as headquarters for the National Uniform Practice Committee, Arbitration Department, Quotations Operations and Foreign Securities Committee.

The District No. 12 office will continue to be located at 25 Broad Street, New York, New York, 10004; and the telephone number for District 12 will remain (212) DI 4-7690.

Sincerely,



Lee C. Monett, Director
Department of Uniform Practice

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

April 14, 1969

To All NASD Members:

As described in an NASD bulletin on March 28, the Board of Governors has reinstated Emergency Rule 69-7 requiring all members to clear up or settle any fails that are in excess of a certain number of days in age. This new emergency regulation will be in effect from April 16, 1969 to June 15, 1969, both dates inclusive.

This emergency rule lowers the 120 day provision in the previous rule to 90 days. The text is as follows:

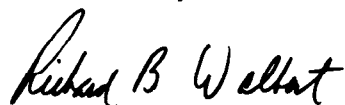
EMERGENCY RULE OF FAIR PRACTICE NO. 69-7

(a) In all cases where a member has a "fail to deliver" or a "fail to receive" on its books which is not cleared by it within thirty days after it reaches 90 days in age (180 days in the case of foreign securities except American Depository Receipts and Canadian securities), such shall constitute per se a violation of Article III, Section 1 of the Rules of Fair Practice and of this emergency rule.

(b) This rule has been promulgated as an Emergency Rule of Fair Practice pursuant to the provisions of Article VII of the By-Laws of the Corporation, an emergency having previously been found to exist by resolution of the Board of Governors of the Corporation. It shall be effective for the period from April 16, 1969 to June 15, 1969, both dates inclusive, or until the termination of the said emergency if prior to June 15, 1969.

In addition, the Board of Governors has decided to continue shortened trading hours for the over-the-counter markets on the same schedule that has been in effect since January 2, 1969. The shortened hours will continue for 60 days or until the Board decides to modify them.

Sincerely,



Richard B. Walbert
President

ELT

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

April 18, 1969 #2

NOTICE

To Members of the National Association of Securities Dealers, Inc.
Your attention is directed to the following action:

Tessel, Paturick & Ostrau, Inc.
New York, New York

On April 14, 1969, the Securities and Exchange Commission suspended Tessel, Paturick & Ostrau, Inc. from engaging in the over-the-counter securities business for ten (10) days; and barred Bertram M. Ostrau from association with any broker-dealer (see Securities Exchange Act Release #8572). The penalties were based on findings that the firm and Ostrau willfully violated Sections 5(a) and 5(c) of the Securities Act of 1933; Section 7(c) of the Securities Exchange Act of 1934 and Sections 4(c)(2) and 4(c)(8) of Regulation T of the Federal Reserve Board. The Commission found that the firm and Ostrau offered, sold and delivered shares of a security when no registration statement had been filed or was in effect; and Ostrau improperly extended, maintained and arranged for the maintenance and extension of credit to and for customers of another broker-dealer. During the period of suspension the firm may not initiate or solicit any over-the-counter transactions; may accept only unsolicited over-the-counter sale orders from existing long positions held by retail customers on the commencement date of the suspension and unsolicited over-the-counter purchase orders to cover existing short positions of existing retail customers as of that date, but shall forego all commissions, mark-ups or mark-downs on such transactions; may not participate as underwriter, dealer or selling group member in underwritings except that it may accept unsolicited orders for mutual fund securities from existing customers as of the commencement date of the suspension; and may engage in over-the-counter transactions in bonds for the account of or initiated by other registered broker-dealers or to dispose of positions taken by the firm in connection with such transactions. The suspension of ten (10) days will commence at the opening of business April 21, 1969.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page 2099 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.

Richard B. Walbert

Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

May 6, 1969 #3

NOTICE

To Members of the National Association of Securities Dealers, Inc.
Your attention is directed to the following action:

Wesco and Company
Miami, Florida

The Board of Governors has suspended Wesley J. Moffatt, dba Wesco and Company from membership in the Association for six (6) months for violations of Sections 1, 12, 21 and 27(a) of Article III of the Rules of Fair Practice. The penalty was based on findings that the firm violated the SEC Net Capital Rule; failed to establish and maintain written supervisory procedures; made improper disclosures of the capacity in which it acted on mutual fund transactions; and failed to maintain and keep current proper books and records.

The Board of Governors in a separate decision has suspended Wesley J. Moffatt, dba Wesco and Company from membership in the Association for one (1) month for violations of Section 1 of Article III of the Rules of Fair Practice. The penalty was based on findings that the firm failed to honor a transaction with another member.

The suspensions, to run consecutively, commenced at the opening of business May 5, 1969 and will conclude at the close of business December 5, 1969.

The attention of members is directed to Section 25 of Article III of the Rules of Fair Practice and to an interpretive memorandum beginning on Page 2099 of the Association's Manual relating to the manner in which the Rules of Fair Practice apply to transactions between members and a member who has been suspended or expelled.



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

May 12, 1969

To All NASD Members:

At the recent Board of Governors meeting, it was decided to extend Emergency Rule 69-6 (concerning the use of DK Form 101 with appropriate legend for pre-December 30, 1968 transactions) through May 26, 1969. This rule is being further extended to assist NASD members in clearing up the few remaining aged fails on these pre-December 30 trades.

Of course, Form 101 may be used without the accompanying legend in accordance with Section 9(b) of the Uniform Practice Code for transactions taking place after December 30, 1968. Members are reminded that under the "DK Procedure", Form 101 must be sent by the confirming broker to the non-confirming broker after the fourth business day or, on or before the fifteenth calendar day after the trade date. Thereafter, the non-confirming broker must respond within four business days or the confirming member shall have no further liability for the trade.

In addition, the Uniform Practice Department has revised its schedule for ordering the official NASD DK Form 101. Effective immediately, these forms may be ordered or picked up through the Uniform Practice Department, 17 Battery Place, Room 1325, New York, New York, 10004, in accordance with the following schedule:

1000 forms minimum order	\$24.00
1500 forms	36.00
2000 forms	48.00

Payment as shown above must accompany each order and if the forms are not picked up at the NUPC offices, orders received will be shipped C.O.D. to members.

Sincerely,



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

May 14, 1969

TO: Members of the National Association of Securities Dealers, Inc.

In order to assist members in effecting buy-ins under the Uniform Practice Code, the Association has made arrangements with the National Quotation Bureau (NQB) to publish a weekly supplement to the "pink sheets" listing securities wanted for cash or guaranteed delivery. It is planned that this will be a separate section of the sheets, showing both stocks and bonds.

NQB will be attaching a flyer to one of its regular daily sheets within the next few days describing this service and the method of compiling the items. Initially there will be no charge to subscribers, but it may be necessary to make an additional charge later depending on the volume.

It is our view that this facility will assist greatly in clearing up old items in accordance with the Code, which requires that buy-ins be effected for cash or guaranteed delivery not later than the regular settlement date. Accordingly, all members should take full advantage of this added coverage to attempt to close out old trades.

It is important that this information be brought to the attention of your trading department promptly.

Very truly yours,



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

May 29, 1969

To All NASD Members:

The Board of Governors has voted to reinstate Emergency Rule 69-7 which requires all members to clear up or settle within 30 days "fails to deliver" or "fails to receive" that are 90 days old. The rule, which expires June 15, provides that where the fail is not cleared up within that period a per se violation of the Association's Rules of Fair Practice takes place. A number of disciplinary actions have recently been instituted for violation of this rule. This Emergency Rule will be in effect from June 16, 1969 to August 14, 1969, both dates inclusive.

The Board also voted to reinstitute Emergency Rule 69-8, authorizing shortened trading hours for the over-the-counter market. The shortened hours will remain the same as those which have been in effect since January 2, 1969. In connection with the above trading hours, new issues of debt securities have been exempted by the Board from the after 2:00 p. m. trading ban. This exemption applies until the issue has been completely sold but it does not apply to trading in debt securities in the after market. Also, the exemption does not apply to convertible bonds or other equity related issues. This rule will be in effect from June 13, 1969 through August 11, 1969, both dates inclusive.

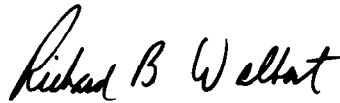
In addition, the Board has again continued Emergency Rule 69-5 concerning the restriction of trading in high fail issues. The rule, in sum, provides that:

- I. No member, or person associated with a member, shall
 - (a) Sell a security for his own account, or
 - (b) Buy a security as broker for a customer, if
 - (1) he has a fail to deliver in that security 60 days old or older and one of the following conditions exist:
 - (i) his total dollar volume of fails to deliver over 30 days are 30% or more of his total dollar volume of fails to deliver; or

- (ii) his total dollar volume of fails to deliver over 30 days in that security are 7% or more of his total dollar volume of fails to deliver over 30 days;
- (2) he has any fail to deliver in that security 120 days old or older.

The original text of this rule was sent to all members on January 31, 1969. The re-enactment will run from May 31, 1969 to July 29, 1969, inclusive.

Sincerely,



Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

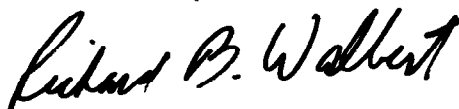
June 4, 1969

To All NASD Members:

Because of the large number of inquiries concerning the Emergency Rules of Fair Practice put into effect by the Board of Governors in the past year, we are enclosing a listing of all the Emergency Rules passed in 1968 and 1969.

For easy reference, a list and brief description of these rules will be made available in the next supplement of the NASD Manual.

Sincerely,



Richard B. Walbert
President

Enclosure

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

6/13/69

NOTICE

TO: All NASD Members and Branch Offices

In the April, 1968 edition of the NASD News, members were cautioned that mutual fund performance publications that do not conform to the SEC's Statement of Policy should not be used with the public to promote the sale of mutual fund shares. There have been indications that this previous warning may not have been entirely effective and the Association continues to be concerned that such material may be unduly influencing new purchases and, even more disturbing, may be inducing improper switching among funds in violation of the Association's Rules of Fair Practice.

The publications involved generally specialize in reporting and analyzing mutual fund performance. The short time periods covered and the methods of reporting and analyzing performance rarely conform to the Statement of Policy and therefore any use of such material by members or their registered representatives with the public is a clear violation of the Statement of Policy and NASD Rules.

The Association has contacted several of the publishers of this material seeking their cooperation in preventing improper use of their publications. Many of the publishers have cooperated with us and have agreed to print legends on their publications which will warn dealers and registered representatives of the limited purpose of the publications and their non-conformance with the Statement of Policy. The existing warning legends vary in content and, of course, there is no assurance that these or other publications will continue to include adequate warnings.

Members and their salesmen should be aware that, regardless of the existence or adequacy of such warning legends, they may not use these publications with the public in connection with the sale of mutual funds and to do so will constitute a violation of NASD Rules. If at some future time any of these publications are revised and published in a manner that conforms to the Statement of Policy, the membership will be so notified. Meanwhile, when members are not certain of the conformance of a particular publication, reprint, newspaper or magazine article, etc. with the Statement of Policy, it should be referred to the Investment Companies Department at the Executive Office for review before it is used with the public.

Members are urged to give wide distribution of this notice to registered representatives.

Sincerely yours,

A handwritten signature in cursive script that reads "Richard B. Walbert". The signature is written in black ink and is positioned above the typed name and title.

Richard B. Walbert
President

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

888 SEVENTEENTH STREET N. W. WASHINGTON, D. C. 20006

June 26, 1969

Notice

To All NASD Members:

On May 29, 1969, a notice was sent to members stating that the execution of transactions in new issues of debt securities had been exempted by the Board of Governors of the Association from the 2:00 p.m. closing and that such exemption would apply until all of the bonds in the issue had been sold and the distribution terminated. It stated further that the exemption did not apply to trading in debt securities in the aftermarket.

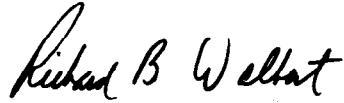
This notice will serve to clarify the exemption granted by the letter of May 29. The sale of new issue debt securities after the 2:00 p.m. (or currently effective) closing time will be permitted during the entire period of the effectiveness of the underwriting syndicate, or for a period of two business days after the termination of the underwriting syndicate if the distribution is not completed at the time the underwriting syndicate is terminated. The practical operation of the marketplace requires that the exemption be granted to include such bonds as long as they are part of the new issue which has not yet been sold to others by the underwriter. To illustrate, if the underwriter terminates the syndicate on June 15 at 2:00 p.m. when he still holds part of the new issue which has not been sold to others, he could sell such bonds after 2:00 p.m. on that day as well as the next two business days.

This exemption also permits during the same period another member acting for a third party to place an order and execute a transaction in a new issue of bonds with the underwriter (or a selling group participant) if such bonds are part of the new issue which has not yet been sold to others. It also permits a non-underwriter member to purchase such bonds for its own account. However, once such bonds have come to rest in hands other than the original underwriter, there can be no aftermarket

trading in the bonds after 2:00 p. m. or the prescribed closing time.

As was announced in the letter of May 29, this exemption does not apply to convertible bonds or other equity related issues and it will remain in effect until further notice.

Sincerely,

A handwritten signature in cursive script that reads "Richard B. Walbert". The signature is written in black ink and is positioned above the typed name and title.

Richard B. Walbert
President

NOTICE TO BANKERS AND BROKERS

STOLEN SECURITIES

Insurance Company of North America



INSURANCE BY NORTH AMERICA

Philadelphia Office
625 Walnut St., Philadelphia, Pa. 19105

June 30, 1969

LIST OF STOLEN SECURITIES

5,000 shares AMERICAN AIRLINES, INC., certificates numbered:

A855563/68 A855625/30 A855589/605 A855632 A855569/70
A855571 A855624 A855816/20 A855583/7 A855588

registered in the name of Goodbody & Company

A849547 registered: Paine, Webber, Jackson & Curtis
A758351 registered: Charles Brian, Jr.
A777819 registered: Arthur E. Christenson
A848855 registered: John M. Whisenant
A808855 registered: Elias P. Laskaris

10,000 shares AMERICAN CYANAMID CO., COMMON, certificates numbered:

409831/880 406335/384
registered in the name of Lerche & Company

All the above certificates are for 100 shares each.

Please take notice that on June 13, 1969, the securities listed above were stolen in transit from New York City, and stop transfers have been effected.

We are advising you of this fact so that you may alert your staff against purchasing any of these securities or accepting them as collateral for loans.

Should any of these certificates be presented to you, please notify your local police, the FBI, the Girard Trust Bank, Broad and Chestnut Streets, Philadelphia, Pa. 19101, or this company.

INSURANCE COMPANY OF NORTH AMERICA