



NATIONAL CLEARING CORPORATION

UNIFORM PRACTICE DIVISION

January 4, 1974

TO: ALL NASD MEMBERS

SUBJECT: INTEREST EQUALIZATION TAX RATE CHANGE

The Association has been advised that President Nixon has signed an Executive Order lowering the rate of Interest Equalization Tax. The new rates apply to transactions in securities subject to Interest Equalization Tax made on and after Wednesday, January 2, 1974.

The following is the text of the Executive Order:

EXECUTIVE ORDER

MODIFYING RATES OF INTEREST EQUALIZATION TAX

WHEREAS, I have determined that the rates of tax prescribed under section 1 of Executive Order No. 11464, dated April 3, 1969, with respect to acquisitions of stocks of foreign issuers and debt obligations of foreign obligors made after April 4, 1969, are higher than the rates of tax necessary to limit the acquisitions by United States persons of stocks of foreign issuers and debt obligations of foreign obligors within a range consistent with the balance-of-payments objectives of the United States;

NOW, THEREFORE, by virtue of the authority vested in me by section 4911 (b) (2) of the Internal Revenue Code of 1954, and as President of the United States, it is hereby ordered as follows:

Section 1. Section 1 of Executive Order No. 11464, dated April 3, 1969, is hereby amended to read as follows:

Section 1. Rates of Tax.

(a) Rates applicable to acquisitions of stock. The tax imposed by section 4911 of the Internal Revenue Code of 1954 on the acquisition of stock shall be equal to 3.75 percent of the actual value of the stock.

(b) Rates applicable to acquisitions of debt obligations. The tax imposed by section 4911 of the Internal Revenue Code of 1954 on the acquisition of a debt obligation shall be equal to a percentage of the actual value of the debt obligation measured by the period remaining to its maturity and determined in accordance with the following table:

If the period remaining to maturity is:

The tax, as a percentage of actual value, is:

At least

1 year, but less than 1-1/4 years	--	0.26 percent
1-1/4 years, but less than 1-1/2 years	--	0.33 percent
1-1/2 years, but less than 1-3/4 years	--	0.38 percent
1-3/4 years, but less than 2-1/4 years	--	0.46 percent
2-1/4 years, but less than 2-3/4 years	--	0.58 percent
2-3/4 years, but less than 3-1/2 years	--	0.69 percent
3-1/2 years, but less than 4-1/2 years	--	0.89 percent
4-1/2 years, but less than 5-1/2 years	--	1.09 percent
5-1/2 years, but less than 6-1/2 years	--	1.28 percent
6-1/2 years, but less than 7-1/2 years	--	1.45 percent
7-1/2 years, but less than 8-1/2 years	--	1.63 percent
8-1/2 years, but less than 9-1/2 years	--	1.78 percent
9-1/2 years, but less than 10-1/2 years	--	1.93 percent
10-1/2 years, but less than 11-1/2 years	--	2.08 percent
11-1/2 years, but less than 13-1/2 years	--	2.28 percent
13-1/2 years, but less than 16-1/2 years	--	2.58 percent
16-1/2 years, but less than 18-1/2 years	--	2.84 percent
18-1/2 years, but less than 21-1/2 years	--	3.06 percent
21-1/2 years, but less than 23-1/2 years	--	3.26 percent
23-1/2 years, but less than 26-1/2 years	--	3.44 percent
26-1/2 years, but less than 28-1/2 years	--	3.59 percent
28-1/2 years or more	--	3.75 percent

Section 2. With respect to acquisitions of stock of foreign issuers and debt obligations of foreign obligors made under the rules of a national securities exchange registered with the Securities and Exchange Commission or under the rules of the National Association of Securities Dealers, Inc., this order shall be effective for acquisitions made after December 31, 1973, but only if the trade-date was after December 31, 1973. In the case of other acquisitions of stock of foreign issuers and debt obligations of foreign obligors, this order shall be effective for acquisitions made December 31, 1973."

Questions regarding this notice may be directed to the Uniform Practice Division of National Clearing Corporation, 2 Broadway, 8th floor, New York, New York, 10004 (212) 952-4018.



NATIONAL CLEARING CORPORATION

Uniform Practice Division

I M P O R T A N T

January 4, 1974

TO: ALL NASD MEMBERS

SUBJECT: CUSIP Fee on New Issues

The Board of Trustees of the CUSIP Agency has asked the Association to acquaint the membership with the following matter.

At a meeting of the CUSIP Agency Board of Trustees, the CUSIP Service Bureau was authorized to commence charging a fee of \$50 for assignment of CUSIP numbers for each new issue of securities. This action was taken to supplement the CUSIP subscription income which continues to be insufficient to offset the cost of implementation and maintenance of the CUSIP system.

The fee will be payable by each eligible issuer regardless of the size of the issue and/or the number of maturities, or different classes of securities issued at any one time.

Before giving this authorization the Trustees asked for and received extensive documentation from the Service Bureau to substantiate their costs. The Trustees also took into account the need to foster and maintain as wide and easy dissemination of the CUSIP numbers as possible. The Service Bureau has undertaken to expand services by communicating directly with the issuer and his representatives to facilitate their meeting the established requirements for using CUSIP.

As part of the expanded service, the CUSIP Service Bureau has agreed to inform each issuer or designated representative in writing of new number assignments as soon as possible after the CUSIP numbers become available, showing the description and number for each new issue.

CUSIP provides the essential base for continuing improvements in corporate and municipal securities processing which ultimately will prove equally beneficial to issuers and the investors holding their securities. The Board of Trustees believe the new issue fee is a logical means of sharing the costs of CUSIP.

Questions regarding this notice should be directed to CUSIP Department, Standard & Poor's Corporation, 345 Hudson Street, New York, New York 10014, (212) WA 4-6400.

NASD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

1735 K STREET NORTHWEST • WASHINGTON D. C. 20006

January 4, 1974

To: All NASD Members

Re: Quarterly Check-List of Notices to Members (Fourth Quarter, 1973)

Listed below are the Notices to Members which have been issued during the fourth quarter of 1973.

Members should note that only one copy of each Notice to Members is mailed to every main office of every member. Copies are not mailed to branch offices or to additional personnel in the main office other than the Executive Representative. Therefore, we suggest that all members retain the original copy of each Notice to Members in a separate file in their main office, and that copies needed for internal or branch office distribution be duplicated from the original Notice.

If your main office file is missing any one of the following notices, please contact the Office Services Administrator at the NASD Executive Office (202) 833-7332.

<u>Serial No.</u>	<u>Subject</u>	<u>Date</u>
73-69	Uniform Transfer Form for Transactions in Mutual Fund Shares	10/5/73
73-70	Quarterly Check-List of Notices to Members (Third Quarter)	10/5/73
73-71	Fidelity Registrar & Transfer Co.--receivership of	10/12/73
73-72	Fidelity Registrar & Transfer Co.--receivership of	10/17/73
73-73	Settlement Dates Re Election Day	10/26/73
73-74	Changes in Free-Riding Policy	11/5/73
73-75	Mandatory Fidelity Bonding Rules to Become Effective March 15, 1974	11/19/73
73-76	NASD Survey Regarding SEC Rule 15c3-3	11/23/73
73-77	Application of Minimum Net Capital Requirements of SEC Rule 15c3-1(a)(3) and (4)	12/10/73
73-78	Missing Stock Certificates	12/10/73

NASD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
1735 K STREET NORTHWEST • WASHINGTON D.C. 20006

January 3, 1974

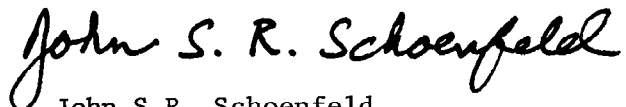
TO: ALL NASD MEMBERS AND BRANCHES
ATTN: Training Directors and Registration Departments

Enclosed is a new Schedule of Examination Centers which will be effective January 3, 1974.

Please advise all applicants now holding admission certificates that there is a new examination schedule in effect.

If there are any questions with regard to these changes, please contact Mr. Robert L. Lewis, Manager, Examination Section, at (202) 833-7188.

Sincerely,



John S.R. Schoenfeld
Executive Vice President

Note holiday
schedule changes

SCHEDULE OF EXAMINATION CENTERS

Administered by the National Association of Securities Dealers, Inc.

January, 1974

EXAMINATION SCHEDULE SUBJECT TO CHANGE: BE SURE YOU HAVE THE MOST RECENT ISSUE

IMPORTANT: *Denotes a change effective on this schedule • Denotes State Law Examination administered. Examination sessions falling on the following holidays will be rescheduled for the following business day unless otherwise noted on this schedule.

New Year's Day, Tuesday, January 1; Washington's Birthday, Monday, February 18; Good Friday, Friday, April 12; Memorial Day, Monday, May 27; Independence Day, Thursday, July 4.

ALABAMA

- **Birmingham.** 1st & 3rd Fri., by appt. only. Univ. of Alabama in Birmingham. Contact Mr. James Garrett at (205) 934-5268. Florida State Law Administered.

ALASKA

- Anchorage.** By appointment only. 2nd Tues., Alaska Methodist University, Grant Hall, Rm. 17. Communicate with R. H. Mohr, 279-1974.
- * **Juneau.** By appointment only. Juneau-Douglas Community College, SE Regional Center. Contact Mr. Derrill Johnson (907) 586-2525.

ARIZONA

- Phoenix.** 2nd & 4th Sat., 10:00 a.m., Willetta & 1st St. Branch of Valley Nat'l Bank, Drive-In Entrance.

ARKANSAS

- Little Rock.** 2nd & 4th Tues., 9:00 a.m. Contact Ms. Phyllis Morehead at 371-1011 for location of examination.

CALIFORNIA

- Fresno.** 2nd Tuesday, 2:00 p.m. Central California Commercial College, 1545 Fulton Ave.
- Los Angeles.** Every Monday, 1 p.m.—All exams. 2nd and 4th Thursday, 7 p.m.—All exams. California Teachers Association, 1125 W 6th St., Banquet Rm., 1st Floor.
- San Diego.** 1st & 3rd Sat., 8:00 a.m. Business Administration Bldg., Rm. BA-346; San Diego State College.
- San Francisco.** Every Thursday, 1:00 p.m.—All exams. 1st and 3rd Mondays, 7:00 p.m.—NASD, Reg. Rep., SECO and Nat'l Commodity Futures exams, only. Munson Business College, Rm. 370, 760 Market St.

CANADA

- Montreal, Quebec.** 2nd Wed., 1:30 p.m., McGill Univ. Guidance Service, 522 Pine Ave. W. Please phone 392-5115 for appointment.
- Toronto, Ontario.** By appointment only, 4th Thursday. Contact Mr. L. F. Almond at Canadian Securities Institute, 366-4622.

COLORADO

- * **Denver.** 2nd and 4th Friday, 1:00 p.m., The Albany Hotel, 17th and Stout Sts., Rm. posted on hotel directory. Note: April 12 session cancelled, NOT rescheduled.
- Grand Junction.** 2nd Tues. 1 p.m., Mesa Jr. College, Testing Office, Library Bldg.

CONNECTICUT

- **Hartford.** 2nd and 4th Thursdays, 2:30 p.m., University of Hartford, Auerbach Hall, Rm. 320. 200 Bloomfield Ave., West Hartford. Massachusetts and Rhode Island Laws administered.

DISTRICT OF COLUMBIA

- Every Tuesday, 10:00 a.m., George Washington Univ., Law School, Stockton Hall, 720 20th St., N.W., rm. B-3.

FLORIDA

- **Jacksonville.** 2nd Tues., 1 p.m. Report to Placement Office, Howard Administration Bldg., Jacksonville Univ. Florida State Law administered.
- * **Miami.** Every Sat., 9:00 a.m., Miami-Dade Junior College, South Campus, 11011 SW 104 St., Library Building, Rm. 2-146. Robert Ochs, Examiner. Home phone 271-9429. Florida State Law administered. Note: April 13 and May 25 sessions cancelled, NOT rescheduled.
- **Tallahassee.** 1st Mon., 1 p.m. Rm. 203, Office of the Dean. School of Business, Fla. State University. Fla. State Law administered.
- * **Tampa.** 2nd and 4th Thurs., 1:00 p.m., Univ. of Tampa, Plant Hall, Room 220 Florida Law administered. Note: July 4 session cancelled, rescheduled July 2.

GEORGIA

- * **Atlanta.** 2nd, 3rd and 4th Wednesday, 1:00 p.m., Emory University. For location call 377-2411 Ext 7648. Florida State Law administered.

HAWAII

- * **Hilo.** By appointment only. Univ. of Hawaii, Hilo Campus, New Admin. Bldg., Rm. 109. Contact Sharon Wong.
- **Honolulu.** 1st Friday, 10:00 a.m., YMCA, Central Branch, 401 Atkinson Drive, Rm. number posted. Hawaii State Law administered.

IDAHO

- Boise.** 4th Wed., 5 p.m., Industrial Admin. Bldg., 317 Main St., Rm. 51.

ILLINOIS

- * **Chicago.** Every Wed. and Fri., 2 p.m., DePaul Univ., Col. of Commerce, 25 E. Jackson Blvd. Mass., Indiana State Law administered. Note: Jan. 2 and April 15 sessions cancelled, NOT rescheduled.

INDIANA

- **Indianapolis.** Every Tuesday, 2:00 p.m., Butler University, College of Business Administration, Jordan Hall, Rm. 152. Indiana State Law administered.

IOWA

- * **Des Moines.** 1st and 3rd Wednesdays, 1:30 p.m., The American Institute of Business, 2500 Fleur Drive, Rm. 306.

KANSAS

- **Wichita.** 1st Tuesday, 1:30 p.m., University of Wichita. Room number will be posted in main lobby of Clinton Hall. Kansas State Law administered.

KENTUCKY

- Frankfort.** 3rd Thursday, 10:00 a.m., Kentucky State University, Hathaway Hall, Rm. 219.
- Louisville.** 1st Fri., 1 p.m., Univ. of Louisville Testing Center, Leopold Hall, Belknap Campus.

LOUISIANA

- New Orleans.** 2nd Sat., 1 p.m., Loyola Univ., Stallings Hall, Rm. 211.
- Shreveport.** 3rd Wednesday, 2:00 p.m., Centenary College of Louisiana, Library Basement, Rm. 34.

MAINE

- * **Bangor.** 3rd Wed., 3:15 p.m., Husson College, Academic Bldg., 3rd floor, Rm. 5102. Note: July 17, Aug. 21 sessions cancelled, NOT rescheduled.

MARYLAND

- Baltimore.** 2nd Wednesday, 1:00 p.m., University of Baltimore, School of Business, Rm. 103, Howard Hall, 800 Block of N. Howard St.

MASSACHUSETTS

- **Boston.** Every Sat., 10:00 a.m., Northeastern Univ., Forsyth Bldg. on Forsyth St., Rm. 201. Massachusetts and Rhode Island State Laws administered.

MICHIGAN

- * **Detroit.** Every Thurs., 1:30 p.m., Detroit College of Business Oakman Blvd., South of Michigan Ave., Dearborn, Michigan. Additional sessions: 1st & 3rd Mon., 1:30 p.m. Michigan State Law administered. Note: July 4 session cancelled, rescheduled July 3.

MINNESOTA

- * **Minneapolis.** By appointment only Call (612) 373-3818. Every Thursday, University of Minnesota, Architecture Bldg., Rm. 35. Note: July 4 session cancelled, NOT rescheduled.

MISSISSIPPI

- * **Jackson.** 1st Thursday, 1:30 p.m., Universities Center, Rm. 130, 1855 Eastover Dr. Note: July 4 session cancelled, rescheduled July 11.

MISSOURI

- * **Kansas City.** Every Friday, 1:00 p.m., University of Missouri at Kansas City, School of Business and Public Administration Bldg., Rm. 3, Oxford Hall, Missouri and Kansas State Law administered. Note: July 5 session cancelled, rescheduled July 8.

- * **St. Louis.** 2nd, 3rd and 4th Saturdays, 8:30 a.m., Washington University, Prince Hall, Skinker and Forsythe Sts., Rm. 204. Missouri State Law Administered. Note: May 25 session cancelled, rescheduled May 4.

MONTANA

Billings. 2nd Tues., 2 p.m., Billings Business College, 3125 3rd Ave. North, Rm. 8.

Great Falls. 3rd Thurs., 1:30 p.m., Col. of Great Falls, 1301 20th St. S., Rm. C-207.

NEBRASKA

Lincoln. 2nd and 4th Thurs., 1 p.m., Univ. of Nebraska, Nebraska Center for Continuing Education, 33rd and Holdrege Sts. Report to Rm. 205.

NEVADA

Las Vegas. 2nd Sat., 9:30 a.m., Univ. of Nevada at Las Vegas, Division of Bus. Admin. & Economics. Report to lobby, Humanities Bldg.

* **Reno.** 4th Monday, 2:00 p.m., College of Business Administration, University of Nevada. Report to Office of the Dean. *Note:* May 27 session cancelled, rescheduled May 13.

NEW JERSEY

* **Trenton.** 2nd and 4th Saturday, 10:00 a.m. Howard Johnson Motor Lodge, 2991 Brunswick Pike, Route 1. Pennsylvania State Law administered.

NEW MEXICO

* **Albuquerque.** 2nd Thursday, 1:00 p.m., University College and Counseling Center. Testing Division, Rm. 8, University of New Mexico. New Mexico State Law administered. *Note:* Park off campus or apply for special parking permit prior to day of test (Parking Services, 1821 Roma N.E.).

NEW YORK

Albany. 2nd and 4th Tuesday, 1:00 p.m., Hyatt Motor Inn, Washington Avenue (adjacent to State University).

* **Buffalo.** 1st and 3rd Tuesday, 6:00 p.m., State University of New York at Buffalo, 147 Capen Hall (north wing of Medical-Dental Bldg.) Park in student lots adjacent to Capen Hall or on west side of Bailey Ave. Pennsylvania State Law administered.

* **New York.** Every Monday, 9:30 a.m.—All exams. Every Thursday, 1:30 p.m.—All exams. Every Wednesday, 6:30 p.m.—NASD Reg. Rep., SECO & National Commodity Futures exams only, Psychological Corp., 304 E. 45th St. (between 1st & 2nd Ave.), 12th floor, Fla., Indiana, Mass., Mich., Rhode Island, Penn. State Laws administered at all sessions. *Note:* Feb. 18, May 27 and July 4 sessions cancelled, NOT rescheduled.

* **Rochester.** 1st Fri., 1:00 p.m., University of Rochester, Gavett Hall, Rm. 306. Massachusetts State Law administered.

Utica. 2nd & 4th Wed., 2 p.m., Utica Col., Main Academic Bldg., Burrstone Rd. Rm. number at information desk.

NORTH CAROLINA

Charlotte. 2nd Mon., 2 p.m., Central Piedmont Community College, New Counseling and Administration Bldg., Elizabeth Ave. and Kings Drive, Rm. 507.

* **Raleigh.** 4th Mon., 1:30 p.m., Poe Hall, Rm. 634, N.C. State Univ. *Note:* May 27 session cancelled, rescheduled May 20.

NORTH DAKOTA

Bismarck. 3rd Sat., 9 a.m., Business Manager's Office, Bismarck Jr. Col., Shafer Heights.

OHIO

* **Cincinnati.** By appointment only. Phone 475-2941, 1st, 3rd & 5th Tuesday, 10:00 a.m., University of Cincinnati Testing and Counseling Center, 325 Pharmacy Bldg. (Enter through main gate on Clifton Ave.).

* **Cleveland.** 1st and 3rd Sat., 10 a.m., Library Bldg., Cuyahoga Community College; 7200 York Rd., Parma, Ohio. Pennsylvania Law administered.

* **Columbus.** 2nd and 4th Sat., 1 p.m., Ohio Dominican College, Erskine Hall. Report to Info. Office for rm. 1216 Sunbury Rd. *Note:* March 23 session cancelled, NOT rescheduled.

OKLAHOMA

Oklahoma City. 1st and 3rd Mon., 1 p.m., Rm. 102, Bus. and Law Bldg., Oklahoma City Univ.

OREGON

* **Medford.** 1st Sat., 9 a.m., Room H-121, Medford Senior High, 1900 N. Keeneway Dr.

* **Portland.** 2nd and 4th Fri., 1 p.m., Univ. of Portland, West Hall, Rm. 405. *Note:* April 12 session cancelled, NOT rescheduled.

PENNSYLVANIA

* **Philadelphia.** Every Mon., 2:30 p.m., Drexel Institute of Technology, Matheson Hall, Rm. 208. Penn State Law administered.

* **Pittsburgh.** Every Mon., 4 p.m., Duquesne Univ., Sch. of Bus. Admin., Rm. 503, 600 Forbes Avenue, Pennsylvania State Law administered. *Note:* Feb. 18 session WILL BE HELD.

PUERTO RICO

Rio Piedras. Last Sat., 12 noon, School of Public Communication, University Ave. #11, Univ. of Puerto Rico. *Note:* May 25 session cancelled, rescheduled May 18.

RHODE ISLAND

* **Providence.** 2nd Saturday, 9:00 a.m., Rm. 242 Bryant College, Douglas Pike, Route 7, Smithfield, Rhode Island. Communicate with Mr. Richard F. Alberg, 231-1200 Ext. 222. Rhode Island State Law administered.

SOUTH CAROLINA

Columbia. 1st Wednesday, 2:00 p.m., University of South Carolina. Management Center, New Business Administration Bldg., 8th floor.

SOUTH DAKOTA

Aberdeen. 2nd Sat., 1 p.m., Central High Sch., 225-3rd Ave., S.E.

Rapid City. 3rd Sat., by Appt. only. Contact Dr. R. B. Houska, Nat'l College of Business. Phone 348-1200, ext. 79.

* **Sioux Falls.** 1st Sat., 9:00 a.m. Augustana College, Gilbert Science Center, 33rd & Summit, Rm. 101.

TENNESSEE

* **Memphis.** 2nd and 4th Friday, 9:00 a.m., Joint University Center, Goodwyn Institute Bldg., Rm. 702. Tennessee State Law administered. *Note:* April 12 session WILL BE HELD.

* **Nashville.** 2nd and 4th Tuesday, 1:30 p.m., University of Tennessee, Rm. 319. 323 McLemore St. (corner of Tenth Ave., North and Charlotte) Tenn. State Law administered.

TEXAS

* **Abilene.** 4th Fri., 2:00 p.m., Rm. 210, Chambers Hall, Abilene Christian College. Texas State Law administered. *Note:* March 22, May 24 sessions cancelled, rescheduled March 15, May 3.

* **Amarillo.** 1st Tuesday, 7:00 p.m., Ordway Hall, Rm. 4, Amarillo College. Texas State Law administered. *Note:* Jan. 1, July 4 sessions cancelled, rescheduled Jan. 8, July 9.

* **Corpus Christi.** First Sat., Del Mar College, 9:00 a.m., Student Center Bldg., Rm. 208. Texas State Law administered.

* **Dallas.** Every Tuesday, 1:00 p.m., Plaza Psychological Services, 6621 Snider Plaza. Texas State Law administered.

* **El Paso.** 3rd Wed., 1 p.m., YMCA, 701 Montana Ave. Texas State Law administered.

* **Houston.** 2nd and 4th Fri., 2 p.m., South Texas Col., 1 Main St., M&M Bldg., Rm. 656. Texas State Law administered. *Note:* April 12 session cancelled, rescheduled April 15.

* **San Antonio.** 1st Sat., 8:30 a.m., San Antonio College. Obtain room assignment at Info. Desk, lobby of Main Admin. Bldg., 1300 San Pedro Ave. Texas State Law administered. *Note:* July 6 session cancelled, rescheduled July 5.

UTAH

* **Salt Lake City.** 1st & 3rd Fri., 2 p.m., L.D.S. Business College, Rm. 2, 411 East South Temple.

VERMONT

Montpelier. 1st Thursday, 1:00 p.m., Mr. Harry E. Lantz, Dept. of Banking and Insurance, State Office Bldg., phone 828-3301. By appointment only.

VIRGINIA

Norfolk. First Wednesday, 3:00 p.m., Old Dominion College, School of Business Administration, Chandler Hall, Rm. 25. For further information call Dr. C. Russell Miller, 625-1275.

* **Roanoke.** By appointment only. 3rd Sat., 9:00 a.m., Fishburn Hall, Rm. 204, Virginia Western Community College. Maurice Strausbaugh, 344-2031.

WASHINGTON

Seattle. 2nd and 4th Tues., 1 p.m., Metropolitan Bus. Col., Rm., 2, 414 Union St.

* **Spokane.** 4th Sat., 9 a.m., Kinman Bus. Univ., N. 214 Wall St., 9th floor, Rm. 930. *Note:* May 25 session cancelled, rescheduled May 18.

WEST VIRGINIA

Charleston. 3rd Sat., 9 a.m., Center Col., Report to Reception Desk, 1000 Virginia St. E.

WISCONSIN

* **Green Bay.** 2nd Wednesday, 1:30 p.m. University of Wisconsin-Green Bay, Library Learning Center, Rm. 113. Michigan State Law administered.

WYOMING

Casper. 3rd Sat., 10 a.m., Casper Col., Admin. Bldg., Rm. 113, 125 College Dr. Report to main admin. office for rm. assignment.

<u>Serial No.</u>	<u>Subject</u>	<u>Date</u>
73-79	Proposed Changes--National Clearing Corporation Operating and Interim Rules	12/13/73
73-80	Christmas Day and New Years Day Closing--Non NCC Transactions	12/14/73

In the latest issue (December, 1973) of the NASD News there were two typographical errors in the article entitled "Group Insurance Expanded" which appeared on page seven of the News. Both errors occurred in the last paragraph.

The NASD sponsored group insurance programs have returned over \$6 million in dividends to participating firms (not \$6,000 as stated in the article).

The phone number to call for obtaining literature or quotations on the new insurance program is:

(202) 833-1884

The phone number was incorrectly printed in the article as: (202) 822-1884

NASD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
1735 K STREET NORTHWEST • WASHINGTON D. C. 20006

January 11, 1974

To: All NASD Members

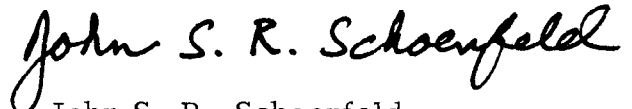
Re: 1974 Schedule of Holidays

Listed below is the NASD 1974 Schedule of Holidays. Members will be notified subsequently as to whether NASDAQ and the Exchanges will be open on Good Friday, April 12.

Although October 14, Columbus Day, and October 28, Veterans' Day, are legal holidays, the markets will be open and all NASD offices will be staffed sufficiently to handle service calls and inquiries.

February 18, Monday	Washington's Birthday
May 27, Monday	Memorial Day
July 4, Thursday	Independence Day
September 2, Monday	Labor Day
November 28, Thursday	Thanksgiving Day
December 25, Wednesday	Christmas Day
January 1, 1975, Wednesday	New Year's Day

Sincerely,



John S. R. Schoenfeld
Executive Vice President

* As suggested, a complete file of serialized notices should be maintained in each member office.

NASD Notice to Members:

January 18, 1974

I M P O R T A N T

TO: ALL NASD MEMBERS

RE: PROPOSED RULES - NATIONAL ENVELOPE SETTLEMENT SYSTEM

National Clearing Corporation (NCC), the clearing subsidiary of the Association, in implementing a nationwide clearance system for over-the-counter transactions, is planning for the expansion of its existing Envelope Settlement System to service broker-dealer Members outside of New York and allow for inter-regional and intra-regional settlement of trades in securities not currently qualified for clearance through the Continuous Net Settlement System.

As stated above, NCC presently operates its Envelope Settlement System for the benefit of Clearing Members which maintain a New York settlement office. The Envelope Settlement System allows Clearing Banks and Clearing Members to deliver and receive envelopes from other Clearing Members for value or free, while making only one daily money settlement with NCC.

The National Envelope Settlement System would expand the present service of the Envelope Settlement System in that it would allow for inter-city and intra-city receipts and deliveries among Participants of the National Envelope Settlement System.

In brief, it is NCC's belief that the National Envelope Settlement System will provide a needed service for the Membership in that it will lower the present costs of collection to Participants by utilizing NCC's existing network of communications, couriers, and Regional Centers (Chicago, Boston, Philadelphia, Washington, D.C., Atlanta, Minneapolis, Milwaukee, St. Louis, Dallas). The National Envelope Settlement System will also eliminate the need for extended draft charges and/or carrying costs because it will provide for a one-day delivery to any Regional Clearing Center. NCC will be working with banks in Regional Centers in an attempt to assist in the arranging of financing for said one-day deliveries.

Like the Envelope Settlement System, the National Envelope Settlement System should be a useful tool to settle transactions in corporate and municipal bonds and in other securities not eligible for the Continuous Net Settlement System. However, the National Envelope Settlement System should be of even more value since it accommodates inter-city deliveries.

In addition to providing a delivery capability for its Participants located in any city in which NCC has a facility, the National Envelope Settlement System is intended to accomplish the following services for its Participants: provide a settlement system for the Receipt and Delivery Tickets generated by the National Trade Comparison Service; expand the Clearing Bank collateralized envelope delivery to Regional Clearing Centers; provide a dividend claim settlement service for over-the-counter transactions not accommodated by the Continuous Net Settlement System; provide access to other clearing corporations which participate in the Correspondent Delivery and Collection Service; and, allow Participants which clear and/or settle at Regional Clearing Centers to pay any applicable New York State Stock Transfer Taxes through NCC.

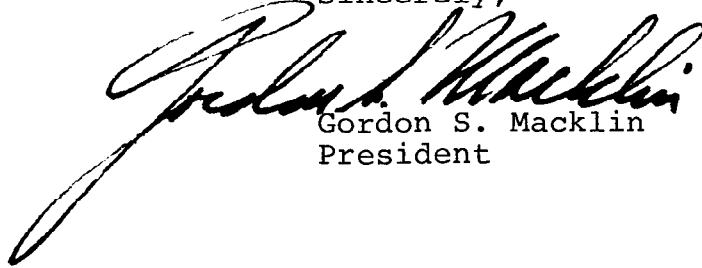
As proposed, the National Envelope Settlement System would be voluntary for all NCC Members. A current Member of the Envelope Settlement System could, therefore, choose to accept only envelopes from other Envelope Settlement System Members. If, however, a Member decides to become a Participant in the National Envelope Settlement System, it will be required to receive all envelopes delivered to it. The Participant, however, would still maintain the option to deliver or not to deliver envelopes through the National Envelope Settlement System.

As explained in the attached Systems Description, intra-city deliveries, where NCC has a clearance facility, between Participants of the National Envelope Settlement System will be settled on a same-day basis. Regional deliveries will be settled on a next-day basis in clearing house funds with delivery made versus payment.

Because of the substantive impact and benefit of such a system on NASD/NCC members, NASD/non-NCC members located in areas where NCC has clearance facilities, and NASD/non-NCC members utilizing Correspondents in such areas, the Board of Directors of NCC has requested that the enclosed draft rules be forwarded to the Association membership, prior to review by the Board of Governors of the Association.

Please address your comments to: Robert J. Woldow,
Corporate Secretary, National Clearing Corporation, 1801 K
Street, N.W., Washington, D.C. 20006. Comments should be
received no later than February 18, 1974.

Sincerely,

A handwritten signature in black ink, appearing to read "Gordon S. Macklin". The signature is written in a cursive style with a large, sweeping initial "G".

Gordon S. Macklin
President

Enclosures

SYSTEMS DESCRIPTION

NATIONAL ENVELOPE SETTLEMENT SYSTEM

I. Present Envelope Settlement System

National Clearing Corporation (NCC) presently operates an Envelope Settlement System for the benefit of those members who maintain a New York settlement office. This system allows Clearing Banks and Clearing Members to deliver and receive envelopes from other Clearing Members for value or free, making one daily money settlement with NCC.

The Envelope Settlement System also accomplishes the following ancillary services:

- Clearing Members pay New York State Taxes; i.e., New York State Taxes due by Clearing Members who do not pay these taxes through N.Y.S.E. Stock Clearing Corporation or A.S.E. Clearing Corporation.
- Clearing Members who are also members of Pacific Over-The-Counter Clearing Corporation (POTC) may settle the Pay/Collect amounts for POTC activity.
- Provides a collateralized envelope receipt and delivery service with PBW members, financed by First Pennsylvania Bank.
- Provides a vehicle by which the amount of overnight collateralized loans for CNS Clearing Members and Clearing Banks are suspended pending satisfaction of the loans.
- Provides a money settlement system for Bond DBO Clearance Cash Adjustment.

II. National Envelope Settlement System

The National Envelope Settlement System would be a voluntary system for all NCC members. A member of the present Envelope Settlement System could choose to maintain only that membership being required to accept envelopes only from other ESS members. However, once a firm chooses to be a participant of the National Envelope Settlement System he must receive all envelopes addressed to him. The member, however, is not required to deliver any envelopes into this system.

The National Envelope Settlement System will provide the following:

- Provides a participant with the capability of delivering to other participants located in any city in which NCC has facilities.
- Provides a settlement system for those Receive/Deliver Tickets generated by the National Trade Comparison Service (NTCS).
- To expand the Clearing Bank collateralized envelope delivery to Regional Centers.
- To include a dividend claim settlement service for non-CNS Over-The-Counter transactions.
- Allow Clearing Members who clear and/or settle at Regional Centers to pay any New York State Taxes applicable through NCC.

How The National Envelope Settlement System Will Operate

The primary change between this system and the existing Envelope Settlement System is that it allows for Regional (inter-city) receipts and deliveries. For example a St. Louis participant will be able to deliver through NCC to both another St. Louis participant or a participant in any other NCC center.

City (intra-city) deliveries will be settled on a same day basis. Regional deliveries will be delivered and settled on a next day basis. Regional deliveries may be settled on a delivery versus payment basis at the option of NCC.

Under the National Envelope Settlement System concept, participants would not be limited to a central settlement location. The participant may receive and deliver envelopes wherever NCC maintains a Regional Center.

This system would represent the most complete service of its kind within the securities industry. It is not intended to neutralize continuous net settlement, but to supplement it. It will provide a vehicle for Regional settlement of those transactions not settled through the CNS system.

Participants would deliver to the appropriate NCC Regional Centers their envelopes and attached credit lists. The credit list information would be transmitted to NCC's New York Clearing Center for processing. Later the same day, each participant's anticipated settlement position for the next day would be calculated and transmitted back to the Regional Centers. A participant would therefore pick up his preliminary reports that afternoon. Meanwhile, NCC would be moving the envelopes via its own couriers between cities. The next day, final settlement reports and the envelopes would be available at the appropriate Regional Center to be picked up by the receiving participant. The participant would then pay for those envelopes he received today, and receive payment for those he delivered the previous day.

Differences From The Current Envelope Settlement System

The basic system concept of the Envelope Settlement System is a convenient location to settle securities movements for participants without attendant risk to the Clearing Corporation. Envelopes would not be opened by NCC personnel. It is a useful tool to settle transactions in corporate and municipal bonds and in securities not eligible for continuous net settlement. These basic systems concepts will be carried forward into the National Envelope Settlement System.

The differences would be:

- Envelopes would not be the property of the receiving participant until they are stamped "Received" in at that participant's Regional Center.
- Payment and delivery would be made on a next day basis for Regional transactions.

- Each envelope can contain only one security.
- NCC assumes responsibility for an envelope while such envelope is in transit between Regional Centers.

III. Benefits to NCC and the National Envelope Settlement System Participants

- Allows NCC to use it's existing network of centers, communications and couriers which results in lower cost to participants.
- One day delivery to any NCC Regional Center, which eliminates the need for "extended" draft charges and/or carrying costs.
- Participants may still work out collateralized deliveries with banks.
- Supplements the planned National Trade Comparison Service (NTCS) which compares transactions not eligible for continuous net settlement.

January 18, 1974
Allen Karron

RULES OF THE NATIONAL CLEARING CORPORATION

- NATIONAL ENVELOPE SETTLEMENT SYSTEM -

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Rule 1. Definitions and Descriptions

National Envelope Settlement System (NESS)

The term "National Envelope Settlement System" means that procedure by which NESS Deliveries are settled through the facilities of the Clearing Corporation for NESS "Participants," "Correspondent Participants" and "Special Participants."

NESS

The abbreviation "NESS" means the National Envelope Settlement System.

Settlement

The term "settlement" means that procedure whereby Participants make and receive NESS Deliveries through the facilities of the Clearing Corporation, thereby satisfying contractual obligations arising out of securities transactions between Participants.

Participant

The term "Participant" means any firm or corporation which has qualified pursuant to Rule 3 of these Rules to effect settlement of NESS Deliveries through the facilities of the Clearing Corporation.

Special Participant

The term "Special Participant" means any bank or trust company which has been qualified, as determined by the Clearing Corporation pursuant to Rule 3 of these Rules, to effect settlement of NESS Deliveries through the facilities of the Clearing Corporation, or any financial institution, other clearing corporation, or such other organization which the

Board of Directors, in its discretion, has permitted to participate to such extent and under such terms as the Clearing Corporation may prescribe. Whenever a provision of these Rules applies, by its terms, to a "Participant" or refers to a "Participant," it shall also apply to, and be deemed to refer to, a "Special Participant" unless determined otherwise by the Board of Directors.

Correspondent Participant

The term "Correspondent Participant" means any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended, or any bank or trust company who either does not desire to be a Participant or a Special Participant or is not qualified as a Participant or Special Participant as determined by the Clearing Corporation pursuant to the provisions of Rule 3 of these Rules, if, in either case, it has entered into an agreement with a Participant or a Special Participant approved by the Clearing Corporation, pursuant to Rule 3 of these Rules, whereby the Participant or Special Participant effects settlement of the Correspondent Participant's contractual obligations with Participants, Special Participants, or other Correspondent Participants of NESS Deliveries through the Clearing Corporation's facilities.

Non-Participant

The term "Non-Participant" means any firm or corporation other than a "Participant," "Correspondent Participant," or "Special Participant."

NESS Delivery

The term "NESS Delivery" means any delivery which is qualified, as determined by the Clearing Corporation, for settlement in NESS through the facilities of the Clearing Corporation, pursuant to Rule 4 of these Rules.

Non-NESS Delivery

The term "Non-NESS Delivery" means any delivery which is not qualified, as determined by the Clearing Corporation, for settlement in NESS through the facilities of the Clearing Corporation, pursuant to Rule 4 of these Rules.

Interim Balance

The term "Interim Balance" means the difference, at any time prior to the completion of settlement operations on any business day, between the amounts which the Clearing Corporation has paid out or is obligated to pay out for the account of a Participant pursuant to these Rules, plus the amounts payable by such Participant to the Clearing Corporation on account of charges imposed, and the credits to which such Participant has become definitively entitled pursuant to these Rules, without any adjustment for any amounts paid or payable by the Participant to the Clearing Fund or by the Clearing Fund to the Participant pursuant to Rule 12 of these Rules.

Final Balance

The term "Final Balance" means the difference between the amounts owed by the Clearing Corporation to a Participant and the amounts owed by such Participant to the

Clearing Corporation, as calculated by the Clearing Corporation at the completion of the settlement operations on any business day, without any adjustment for any amounts paid or payable to the Clearing Fund or by the Clearing Fund to the Participant pursuant to Rule 11 of these Rules.

Other Terms

Those terms not defined above or herein shall have such meaning as may be specified by the By-Laws, Operating Rules, Interim Rules or other rules of the Clearing Corporation, and the several codes of the NASD. In all other cases, such terms shall be defined as generally used in the securities industry.

Rule 2. Scope and Applicability of Rules

Unless the Clearing Corporation shall provide otherwise, all NESS Deliveries among Participants and Special Participants shall be subject to the provisions of these Rules and the schedules adopted in accordance with these Rules. Excluded are those transactions settled through the Clearing Corporation pursuant to its Operating Rules.

These Rules and any amendments thereto shall become effective when approved, in the manner provided by the By-Laws of the Clearing Corporation, by the Board of Directors of the Clearing Corporation and the Board of Governors of the NASD, and not disapproved by the Securities and Exchange Commission. In the event that the proposed amendments to these Rules would involve a substantive change in the existing policy of the Clearing Corporation, such proposed amendments will be submitted to the membership of the NASD for comment.

Whenever these Rules provide that a particular matter is to be determined by the Clearing Corporation, such determination shall be made by an authorized officer of the Clearing Corporation.

Any time established in accordance with these Rules or with schedules adopted in accordance with these Rules for any money payment or money settlement which is to be made by a Participant may be waived or extended by the Board of Directors whenever, in the judgment of the Board of Directors, such extension or waiver is necessary or expedient.

Any aspect of a securities transaction not provided for in, or exempted under, these Rules or in such other Rules as may be adopted by the Clearing Corporation, shall be governed by such NASD Rules, regulations, or codes as would apply to such transactions in the absence of these Rules.

Rule 3. Participants and Special Participants

(a) Upon application to and approval by the Clearing Corporation, in the manner prescribed by the Board of Directors, any broker-dealer may be a Participant, provided that such broker-dealer:

(i) shall be registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended;

(ii) shall not be known to be in violation of any law, regulation or rule which the Clearing Corporation determines would materially affect its ability to perform as a Participant; and

(iii) shall have executed and delivered the required agreement between each Participant and the Clearing Corporation.

(b) Upon application to and approval by the Clearing Corporation, in the manner prescribed by the Board of Directors, any bank or trust company may be a Special Participant if it is subject to regulation by Federal or State banking authorities, and is not known to be in violation of any rule, regulation, or law administered by such authority, which the Clearing Corporation determines would materially affect its ability to perform as a Special Participant, and has executed and delivered the required agreement provided for by these Rules as the Board of Directors may designate. Also, any financial institution, other clearing corporation, or such other organization may become a Special Participant upon application to and approval by the Board of Directors. A Special Participant shall have all the rights,

duties and obligations provided by these Rules for a Participant, unless otherwise provided by the Board of Directors.

(c) A Clearing Member of the Clearing Corporation, as defined in the Operating Rules, is eligible to be a Participant in NESS upon application to and approval by the Clearing Corporation.

(d) Except as hereinafter provided in paragraph (f), only Participants and Special Participants shall be entitled to settle NESS Deliveries through the facilities of the Clearing Corporation; the Clearing Corporation shall act only for Participants and Special Participants.

(e) Any broker or dealer, bank, trust company, firm or corporation, whose application to become a Participant or a Special Participant has not been approved within 30 days by the Clearing Corporation, or whose application has been denied by the Clearing Corporation, may request that such delay or such decision be reviewed in the manner provided in Rule 12 of these Rules.

(f) A Participant and a Correspondent Participant may enter into an agreement which is not in conflict with these Rules and which is acceptable to the Clearing Corporation, by the terms of which agreement such Participant, in its own name, may act for such Correspondent Participant through the Clearing Corporation. Any such agreement must be approved by the Clearing Corporation prior to its Effective Date, and shall provide that a Participant who thus acts for a Correspondent Participant

shall, so far as the rights of the Clearing Corporation and all other Participants are concerned, be liable as though such transaction were by the Participant itself. Approval of any such agreement by the Clearing Corporation shall not be deemed to imply that the Correspondent Participant has any of the rights or benefits of a Participant other than the right to have the Participant act on its behalf.

(g) Every Participant shall file with the Clearing Corporation the names of all persons whom the Clearing Corporation can contact to ascertain the authority of any of the Participant's agents, representatives or employees to sign any paper or instrument necessary for conducting business with the Clearing Corporation on behalf of the Participant. Every Participant shall promptly notify the Clearing Corporation of any changes in such persons so authorized.

(h) The name of a Participant printed, stamped or written by such Participant, or by any of its authorized agents, representatives, or employees, or any paper or instrument necessary for conducting business with the Clearing Corporation, and subsequently processed by the Clearing Corporation, shall be deemed to have been adopted by such Participant as its signature and shall be valid and binding upon the Participant in all respects as though it had manually affixed its signature to such paper or instrument.

(i) The Clearing Corporation will allot to each Participant a symbol which must appear on the face of all papers or instruments used by the Participant in connection with the operations of the Clearing Corporation; whenever under these Rules

the names of Participants are to be used, the Clearing Corporation may use, and may require all Participants to use, the symbol in lieu of their names.

(j) The Clearing Corporation may demand assurances from each Participant of its ability to meet commitments, and the Clearing Corporation may take such action or impose conditions including, but not limited to, the following:

(i) to require, at any time, a Participant to increase its Clearing Fund required balance to an amount deemed appropriate by the Clearing Corporation;

(ii) to deliver securities to a Participant only against receipt from the Participant of cash or a certified check in payment for the NESS Delivery;

(iii) to decline to act, without otherwise ceasing to act for a Participant, with respect to any particular NESS Delivery or class of NESS Deliveries, or to cease to act with respect to all NESS Deliveries of one or more Participants, pursuant to Rule 8 of these Rules; or

(iv) to impose such other condition or take such other action as the Clearing Corporation may determine to be appropriate to protect the public, the Participants, or the Clearing Corporation from financial loss.

(k) A Participant may withdraw from NESS when such Participant has, in the determination of the Clearing Corporation, complied with such procedure for withdrawal, as may be prescribed by the Board of Directors. A Participant may also withdraw from NESS upon approval of the Clearing Corporation of such Participant's application to become a Correspondent Participant.

Rule 4. NESS Deliveries

The Clearing Corporation shall determine which deliveries are qualified for settlement through its facilities, which determination shall be based upon the following standard: all securities contained in envelopes delivered pursuant to Rule 5 of these Rules must be listed in the CUSIP Directory, unless the Clearing Corporation has, in its discretion, determined otherwise and notified the Participants in an official publication that such security is excluded.

Rule 5. National Envelope Settlement

(a) Unless the Clearing Corporation shall have previously agreed otherwise, delivery of envelopes to Participants must be to a Clearing Center maintained by the Clearing Corporation in such manner as may be prescribed by the Clearing Corporation; however, each Participant shall only receive envelopes from other Participants at the Clearing Center(s) assigned to such receiving Participant by the Clearing Corporation. Upon receipt of such envelopes, the Clearing Corporation will sort such envelopes and make them available to the Clearing Center(s) assigned to the receiving Participant in accordance with such schedules and procedures as the Clearing Corporation shall prescribe pursuant to Rule 13 of these Rules.

(b) All NESS Deliveries shall be made only in such envelopes as the Clearing Corporation may prescribe.

(c) Each envelope delivered to the Clearing Corporation under this Rule must be sealed and must contain only one security, and such other items as the Clearing Corporation may from time to time designate. Provided, however, that the value of the security contained in an envelope shall not exceed the coverage afforded under the delivering Participant's bond, or in any event that the value of such security shall not exceed the Clearing Corporation's bond.

(d) A credit list, in the form prescribed by the Clearing Corporation, shall be attached to each envelope and shall be presented to the Clearing Corporation. The credit list shall indicate: the symbol of the Participant to whom such envelope

is addressed, the sum of money values of the security contained in the envelope, and such other items as the Clearing Corporation may prescribe. In addition, the Participant shall present a Batch Control Ticket, in the form prescribed by the Clearing Corporation, which indicates the number of credit lists submitted and a total of the money values of all such credit lists.

(e) The Clearing Corporation will check each envelope which it receives against the accompanying credit list. If the envelopes are properly sealed, the Clearing Corporation will stamp the duplicate credit list as received and make it available promptly to the Participant who issued it. When the Clearing Center assigned to the receiving Participant receives the envelope and the accompanying credit list, it shall stamp such credit list and make the envelope available to the receiving Participant.

(i) A sealed envelope with its accompanying credit list shall be deemed to have been accepted for delivery by the Clearing Corporation when stamped at the Clearing Center assigned to the delivering Participant. An envelope shall be deemed to be delivered to the receiving Participant as of the time when the Clearing Corporation stamps the credit list at the Clearing Center assigned to the receiving Participant; provided, however, the Clearing Corporation will neither examine the contents of such envelope nor verify the amount of money shown on the credit list accompanying it;

(ii) Before the Clearing Corporation has stamped the accompanying credit list at the Clearing Center assigned to the receiving Participant, it will hold the envelope as the property of the delivering Participant; and after such stamping, it will hold the envelope as the property of the receiving Participant;

(iii) The Clearing Corporation shall assume responsibility for the value of the security in an envelope up to the amount indicated on the accompanying credit list between the period of time when the Clearing Corporation has stamped a copy of the credit list attached to the envelope at the Clearing Center of the delivering Participant and the time when the envelope is deemed to be delivered to the receiving Participant if:

- (a) the seal is broken on an envelope; or
- (b) a sealed envelope with its accompanying credit list is lost, stolen, destroyed, or the like.

Provided, however, that in no event shall the Clearing Corporation be liable for any amount in excess of the value of the security as indicated on the accompanying credit list. In any event, it shall be the responsibility of the delivering Participant to furnish the Clearing Corporation with certificate numbers and such other information as the Clearing Corporation shall deem appropriate.

(f) The security in an envelope shall be accompanied by tickets or orders or such other documents as may be designated

by the Clearing Corporation, containing such information as may be necessary for the receiving Participant to identify it.

(g) The Clearing Corporation shall have no liability or responsibility for the delay in delivery of envelopes which have been delivered to it under this Rule nor shall it be liable or responsible for the non-delivery of envelopes which have been delivered to it under this Rule except as hereinabove noted in paragraph (e) if such delay or non-delivery is the result of causes beyond its control or acts of its employees, agents or representatives not within the scope of their authority.

(h) Each Participant shall have the sole responsibility to deliver and pick up from its assigned Clearing Center(s) on each business day, at the prescribed times, all envelopes or documents in accordance with schedules published by the Clearing Center pursuant to Rule 13 of these Rules.

(i) The Clearing Corporation, after it has stamped a credit list at the assigned Clearing Center of the receiving Participant, will credit the delivering Participant's account with the amount on such stamped credit list and debit the receiving Participant's account with the same amount. Such debits and credits will be included in the settlement for such day.

(j) The Clearing Corporation will sort the envelopes accepted by it and, subject to its right to hold property as security for the obligations of Participants pursuant to Rule 9 of these Rules, will make such envelopes available to the authorized representatives at the assigned Clearing Center(s) of the receiving Participant.

(k) The Clearing Corporation will not be responsible for the loss, destruction, disappearance, theft, or the like, of any security or other items contained in a sealed envelope delivered to a Participant under this Rule.

(1) In the event of any irregularity in an item delivered through the Clearing Corporation, the receiving Participant may reclaim such item on the same day to the delivering Participant in the case of NESS Deliveries between Participants located in the same city, or the receiving Participant may redeliver such item one day from the time of receipt at the receiving Participant's Clearing Center in the case of NESS Deliveries between Participants located in different cities. Such reclamation or redelivery shall be accomplished by the Participant following the procedures provided in these Rules for delivery of envelopes, except that such Participant shall indicate in the manner prescribed by the Clearing Corporation, that such envelope is a reclamation or redelivery. Thereupon, the Clearing Corporation will debit and credit the accounts of the Participants involved as if such return were a delivery. Returned items which are received by the Clearing Corporation prior to the final reclamation or redelivery time designated by the Clearing Corporation will be delivered by the Clearing Corporation, and appropriate debits and credits therefor will be entered on the same day they are received in the case of a reclamation, or on the next business day in the case of a redelivery. Only one redelivery or one reclamation is permitted for each NESS Delivery. In the event such redelivery or reclamation

fails to resolve the particular irregularity, the matter shall be settled in accordance with the applicable provisions of the Uniform Practice Code.

(m) Settlement of money balances due between Participants or between the Clearing Corporation and Participants as a result of NESS Deliveries or other matters covered by these Rules shall be made through the Clearing Corporation.

(n) No later than the time specified by the Clearing Corporation, each Participant shall deliver to the Clearing Corporation a copy of the settlement statement which the Clearing Corporation delivered to it, corrected and completed to show the amount it owes to or is owed by the Clearing Corporation as a result of NESS Deliveries made and other settlement operations conducted on that day.

(i) If at the completion of the settlement operations on any business day, a Participant owes a Final Balance to the Clearing Corporation, such Participant shall deliver to the Clearing Corporation a check drawn on a bank or trust company satisfactory to the Clearing Corporation, payable to the order of the Clearing Corporation for the amount of such balance, at the time specified by the Clearing Corporation. When such check is for \$5,000 or more, it shall be certified, unless it is a check drawn by a Special Participant which is a bank.

(ii) If at the completion of the settlement operations on any business day the Clearing Corporation owes a Final Balance to a Participant, the Clearing Corporation will

deliver its check for the amount of the Final Balance to such Participant at the time specified by the Clearing Corporation.

(o) The Clearing Corporation, in its discretion, may require a Participant to immediately pay the whole or any part of any Interim Balance.

Rule 6. Suspension of a Participant

Any Participant suspended pursuant to the Operating Rules, Interim Rules or such other rules of the Clearing Corporation may, in the discretion of the Clearing Corporation, also be suspended from NESS.

Rule 7 Financial Impairment

(a) The Clearing Corporation by action of the Financial Responsibility Committee as authorized by the Board of Directors may deem a Participant financially impaired if:

(i) the Participant fails to fully discharge its liability to the Clearing Corporation for payment of money balances when due or satisfy the Clearing Corporation that proper provision for payment has been made;

(ii) the Clearing Corporation has knowledge that the Participant is at present or threatens to become unable to meet its debts as they become due;

(iii) the Clearing Corporation has notice that the Participant's liabilities exceed its assets and the Clearing Corporation determines in its discretion that such financial conditions prevent the Participant from fulfilling its obligations under these Rules;

(iv) the Clearing Corporation has knowledge that a proceeding has been instituted by the Securities and Exchange Commission, NASD or any national securities exchange alleging that the Participant is violating any rule or regulation requiring the maintenance of a specified minimum net capital or ratio between aggregate indebtedness and net capital, or any official investigation, examination or adverse report relating to its capital position is pending or had been released and the Clearing Corporation has determined in its discretion that such will materially affect the Participant's

ability to continue to operate as a Participant; or

(v) a voluntary or involuntary petition in bankruptcy has been filed with respect to the Participant, it has been adjudged bankrupt or insolvent, is subject to court order appointing a receiver or trustee of its assets, or has been made an assignment for the benefit of creditors.

(b) In the event that a Participant is, or may be deemed to be, financially impaired under the provisions of this Rule 7, such Participant shall immediately so notify the Clearing Corporation by telephone, by telegram or other comparable media and shall promptly confirm such notification by letter.

(c) From and after the time when the Clearing Corporation deems any Participant financially impaired, the Clearing Corporation shall cease to act with respect to all NESS Deliveries by and for such Participant, except as hereinafter provided in this Rule. The Clearing Corporation shall give notice that it has ceased to act with respect to such Participant to all Participants. All NESS Deliveries received from a financially impaired Participant on the day on which the Clearing Corporation receives notice of such Participant's financial impairment will be excluded from NESS.

Rule 8. Refusal of the Clearing Corporation to Act

(a) The Clearing Corporation may, without otherwise ceasing to act for a Participant, decline to act with respect to any particular NESS Delivery or class of NESS Deliveries of one or more Participants, or the Clearing Corporation may cease to act with respect to all NESS Deliveries of one or more Participants when, in either case, in the judgment of the Clearing Corporation such actions are necessary or appropriate in the public interest, or for the protection of investors, or to carry out the purposes of these Rules. In any such case, the provisions of this Rule shall apply unless the Participant is financially impaired, as defined in Rule 7 of these Rules, in which case the provisions of Rule 7 shall apply.

(b) In any case where the Clearing Corporation either declines to act for a Participant, whether with respect to any particular NESS Delivery or class of NESS Deliveries, or ceases to act with respect to all NESS Deliveries of one or more Participants, it will give prompt notice of such fact to the Participant(s) concerned and to all other Participants. If such notice is given, the Clearing Corporation will indicate the steps to be taken in any pending settlement operation.

(c) The action of the Clearing Corporation in declining to act for a Participant with respect to a particular NESS Delivery or class of NESS Deliveries, or in ceasing to act for a Participant with respect to all NESS Deliveries of one or more Participants, shall not affect the Clearing Corporation's rights or remedies in respect to any debt owed by such Participant to the Clearing Corporation or any liability incurred by the Clearing Corporation on behalf of such Participant.

Rule 9. Lien on Securities

(a) The Clearing Corporation shall have a lien upon securities, cash, interests in transactions or any property held by the Clearing Corporation or allocated to the Participant and not paid for by it, to the extent of the amount owed by such Participant to the Clearing Corporation; provided, however, that no liens which the Clearing Corporation may have upon such securities, interests in transactions, or any property held by the Clearing Corporation shall be deemed to require a Participant to violate Rule 8c-1(Hypothecation of Customer's Securities) of the Securities and Exchange Commission. It shall have the right to borrow money and to pledge for the repayment thereof all or any part of the securities which it so holds for the account of a Participant, either alone or together with securities which it holds for the account of other Participants or otherwise, and whether or not the amounts for which such securities are so pledged exceed the debt owed by the Participant or Participants.

(b) In the event a Participant

(i) becomes financially impaired as defined in Rule 7 of these Rules;

(ii) fails to pay any debt to the Clearing Corporation by the time required under these Rules on demand by the Clearing Corporation,

(iii) fails to afford adequate security for its obligations to the Clearing Corporation, or

(iv) fails to comply with Rule 11 of these Rules;

the Clearing Corporation may, in its discretion, and without further demand or notice to the Participant, sell, in any manner the Clearing Corporation designates, all or any part of the securities which it holds for such Participant's account; and the Clearing Corporation will apply the proceeds of any such sale to the payment of the Participant's obligations to the Clearing Corporation and will pay any surplus over to the Participant or its legal representative.

Rule 10. Agreement Between Each Participant and the Clearing Corporation

(a) Each Participant, prior to effecting settlement of any NESS Delivery through the facilities of the Clearing Corporation shall execute and deliver a written agreement including but not limited to the following:

(i) that the Participant will abide by these Rules and shall be bound by all the provisions thereof;

(ii) that these Rules shall be deemed to be a part of the terms and conditions of every contract or transaction settled under these Rules, whether or not these Rules are expressly made a part of the terms and conditions of the contract or transaction;

(iii) that the Participant will pay within such time as may be specified in these Rules, or any schedules published thereunder, any sum which shall have become due and payable by the Participant to another Participant;

(iv) that the Participant will pay to the Clearing Corporation the charge for services rendered provided for by these Rules and such charges as may be imposed in accordance with these Rules for the failure of the Participant to comply with these Rules;

(v) that the Participant's books and records shall, at all times during business hours, be subject to reasonable inspection by the duly authorized representative of the Clearing Corporation; and that the Clearing Corporation shall be furnished with all such information

in respect to the Participant's business and transactions as it may require; provided, however, that if the Participant shall cease to be a Participant and shall have satisfied all its obligations to the Clearing Corporation, the Clearing Corporation shall have no right to inspect its books and records or to require information relating to transactions wholly subsequent to the time when it ceases to be a Participant;

(vi) that the Participant shall have a duly authorized representative present in its office during the hours that its assigned Clearing Center is open for business;

(vii) that the Participant will be bound by any amendment to these Rules with respect to any transaction submitted for settlement occurring subsequent to the time such amendment takes effect as fully as though such amendment were now a part of these Rules, subject to any right of review which may be provided for in these Rules;

(viii) that the Participant may not refuse to accept a NESS Delivery made to it pursuant to these Rules;

(ix) that the Participant shall maintain appropriate insurance coverage equal to or greater than the total value of any securities delivered by a Participant through NESS on any one business day; and,

(x) that the agreement with the Clearing Corporation shall inure to the benefit of and be binding upon the parties thereto and their respective successors and assigns.

(b) Each Special Participant, prior to any NESS Delivery submitted for settlement to the Clearing Corporation, shall execute and deliver a written agreement wherein such Special Participant shall agree to those terms and conditions enumerated in paragraph (a) of this Rule, and/or such other terms and conditions as the Board of Directors in its discretion may deem appropriate.

(c) In the event that a Participant who is also a Clearing Member under the Clearing Corporation's Operating Rules is a party to a Special Transaction, as defined by Rule 12 of the Operating Rules, with another Participant who is also a Clearing Member, such Participant must effect settlement of such Special Transaction through NESS.

(d) Each Participant prior to effecting settlement of any NESS Delivery through the facilities of the Clearing Corporation for a Correspondent Participant, shall execute and deliver a written agreement including but not limited to the following:

(i) that the Correspondent Participant's books and records shall, at all times during business hours, be subject to reasonable inspection by the duly authorized representative of the Clearing Corporation; and that the Clearing Corporation shall be furnished with all such

information in respect to the Correspondent Participant's business and transactions as it may require; provided, however, that if the Correspondent Participant shall cease to be a Correspondent Participant and shall have satisfied all its obligations to the Clearing Corporation, the Clearing Corporation shall have no right to inspect its books and records or to require information relating to transactions wholly subsequent to the time when it ceases to be a Correspondent Participant;

(ii) that a Participant shall accept any and all securities delivered to it by a Correspondent Participant for settlement through NESS as part of a NESS Delivery in the event that such securities have been compared and cleared for such Correspondent Participant through the National Trade Comparison Service of the Clearing Corporation;

(iii) that a Participant shall accept from a Correspondent Participant any and all Special Transactions, as defined by Rule 12 of the Operating Rules, for settlement through NESS;

(iv) that no part of an agreement between a Participant and a Correspondent Participant shall violate any provision of these Rules;

(v) that any agreement executed between a Participant and a Correspondent Participant shall inure to the benefit of and be binding upon the parties thereto and their successors and assigns.

Rule 11 Clearing Fund

(a) The contribution of each Participant to the Clearing Fund shall be fixed by the Clearing Corporation at the time of the Participant's application pursuant to Rule 3 of these Rules, and may thereafter be increased or diminished by the Clearing Corporation at such time and in such amount as the Clearing Corporation may deem necessary for the protection of Participants and/or the Clearing Corporation, but the minimum contribution to be made by a Participant shall be Ten Thousand Dollars (\$10,000.00).

(b) The contribution of each Participant to the Clearing Fund shall be payable in cash but the Clearing Corporation may, in its discretion, permit a part of such contribution to be covered by deposit of unmatured bearer bonds which are direct obligations of, or obligations guaranteed as to principal and interest by, the United States or a state or political subdivision of a state, having a market value not less than the amount of the Participant's contribution covered thereby. To be acceptable the bonds must also be listed in the first or second rating by at least one nationally recognized statistical service. Such bonds, or certificates of deposit therefor, shall be delivered to the Clearing Corporation in the form approved by the Clearing Corporation pursuant to an agreement containing such terms and conditions as may reasonably be prescribed by the Clearing Corporation to assure the availability of the bonds to meet obligations payable

from the Clearing Fund. The Clearing Corporation may from time to time increase or decrease the proportion, if any, of a Participant's contribution to the Clearing Fund which may be covered by deposit of bonds. Each Participant shall, on the demand of the Clearing Corporation, pay in cash such part of its Clearing Fund contribution as has theretofore been covered by deposit of bonds.

(c) Any cash contributions to the Clearing Fund may in the discretion of the Clearing Corporation be partially or wholly invested by the Clearing Corporation in securities issued or guaranteed by the United States and in securities issued by any United States Government agency whether or not guaranteed by the United States. The Clearing Corporation shall deposit any cash contributions not so invested in a special Clearing Fund trust account or accounts in a depository or depositories having membership in the Federal Deposit Insurance Corporation. Amounts deposited in such Clearing Fund Accounts may be withdrawn only for the purposes specified in this Rule, upon checks or order of the Clearing Corporation signed by a person authorized by the Clearing Corporation.

(d) Any securities in which the Clearing Fund is invested by the Clearing Corporation and any securities deposited by Participants in lieu of paying cash to the Clearing Fund shall be held by the Clearing Corporation or for its account by a bank or trust company, and shall at all times be kept separate and apart from other securities held by the Clearing Corporation in such manner as to be readily identifiable as held in trust

for purposes of the Clearing Fund. Such securities may be pledged by the Clearing Corporation to secure obligations payable from the Clearing Fund, or loans obtained to pay such obligations, and may be sold by the Clearing Corporation to satisfy such obligations.

(e) Any interest paid by the depositories on cash in the Clearing Fund or paid on securities in which the Clearing Corporation has invested cash in the Clearing Fund shall be payable to the Clearing Corporation free of any trust as compensation for administration of the Fund. Interest accrued or paid on securities deposited by a Participant in lieu of paying cash shall belong to the Participant so long as the Participant is not in default of any obligation to the Clearing Corporation.

(f) No deposit of cash in the Clearing Fund and no bank or trust company having custody of securities held for purposes of the Clearing Fund shall have any responsibility or liability for application of cash or securities withdrawn by duly authorized officers of the Clearing Corporation.

(g) If any Participant shall fail to discharge duly any liability to the Clearing Corporation, the amount of its contribution, or so much thereof as is necessary, shall be applied toward the discharge of such liability, and such Participant shall immediately upon demand cover the deficiency in the amount of its contribution resulting from such application.

(h) If the Clearing Corporation suffers a loss in excess of a Participant's contribution to the Clearing Fund by reason of a Participant's failure to discharge duly any liability to

the Clearing Corporation, such excess loss shall be paid to the extent of the earned surplus of the Clearing Corporation. However, to the extent that said surplus is insufficient, such excess loss shall be covered by the Clearing Fund and charged pro rata against the contributions, as fixed at the time of the transaction from which the loss results, of the Participants other than the Participant, if any, primarily liable.

(i) Liabilities of the Clearing Corporation other than liabilities arising out of a loss of the character specified in subsection (h) of this Rule shall be payable from any available assets of the Clearing Corporation other than the Clearing Fund. If the operations of the Clearing Corporation terminate for any reason, the amounts in the Clearing Fund in excess of liabilities payable from such termination, as provided in subsection (h) of this Rule, shall be returned to the Participants for whose account they are held, without charge or diminution on account of claims of creditors, expenses of winding up or otherwise.

(j) The Clearing Corporation shall give to each Participant written notice as it may prescribe of any proposed increase in the Participant's contribution to the Clearing Fund which notice shall specify the amount and effective date of the increase. If the Participant should fail to make the payment by such time as the Clearing Corporation may specify the Clearing Corporation may charge the entire amount in the daily settlement statement. If a pro rata charge against any Participant's contribution is made pursuant to the provisions of subsection (h), it shall pay or deliver

to the Clearing Corporation, at such time as the Clearing Corporation may prescribe, such cash and securities as may be necessary to make good the amount of its contribution.

(k) Whenever a Participant ceases to be a Participant, the amount of its contribution shall be returned to it, but not until all obligations open at the time it ceases to be a Participant from which losses or payments chargeable to the Clearing Fund might result have been satisfied and all amounts chargeable against its contribution have been deducted.

(l) The Clearing Corporation may, upon request, refund to a Participant any excess balance or portion thereof in the Clearing Fund contributions which the Clearing Corporation deems appropriate unless in the determination of the Clearing Corporation such refund would not be in the best interests of Participants or the Clearing Corporation. Any excess of a Participant's contribution may be paid to the Participant as soon as all obligations at the time of such decrease have been satisfied.

(m) If a loss charged pro rata against the contributions of Participants is afterward recovered by the Clearing Corporation, in whole or in part, the net amount of such recovery shall be credited to the Participants against whose contributions the loss was charged in proportion to the amount charged against their respective contributions whether or not they are still Participants.

Rule 12 Grievance Procedure

(a) Participants and other persons aggrieved by the actions of the Clearing Corporation in:

(i) denying or unduly delaying the application of any broker or dealer, bank, trust company, firm or corporation to become a Participant; or

(ii) suspending or excluding a Participant from NESS; or

(iii) imposing a non-compliance charge upon any Participant, the amount of which is disputed as being unfair in light of the offense;

shall, upon filing a complaint with the Board of Governors of the NASD, be entitled, upon request, to a hearing thereon, with the decision being reviewed by the Board of Governors in accordance with procedures specified by the Board of Governors. At the same time as the filing of the Complaint with the Board of Governors of the NASD, the complainant shall also serve upon the Board of Directors of the Clearing Corporation notice of such appeal. Such notice shall consist of:

(i) a brief statement of the action complained of by the aggrieved party;

(ii) a brief statement of the facts preceding the decision by the Clearing Corporation; and,

(iii) a brief statement why the complainant believes the action was in error.

(b) By joint resolution made by a majority of its members, the Board of Directors of the Clearing Corporation may, subsequent to such filing of notice of appeal, and before the Board of Governors has rendered its decision, reverse the action of the Clearing Corporation in whole or in part. Wherein a complainant feels aggrieved by the action of the Board of Governors of the NASD in approving, reversing, or modifying the action of the Clearing Corporation in cases involving the three categories above, if the applicable statute or rules of the Securities and Exchange Commission permit appeal, the complainant may make application for review to the Securities and Exchange Commission.

(c) Except for those three specified categories for which provision is made in paragraph (a) above, every dispute, claim or controversy among Participants or between a Participant and the Corporation which involves any act or failure to act by an Participant, or the Clearing Corporation in a transaction subject to these Rules, including any monetary claim for damages which will be reserved from decision under the proceedings in paragraph (a) above, shall be submitted to and resolved by final, binding and conclusive arbitration in accordance with Section 3 of the NASD Code of Arbitration Procedure.

(d) Participants and other persons, against whom action has been taken in categories (i) and (ii) of paragraph (a) above, shall receive prompt written notice stating briefly the reason or reasons for such action.

Rule 13: Schedules

The Clearing Corporation shall adopt and publish schedules which shall set forth, among other things, charges to Participants, times and places for delivery of reports and lists of Participants and Special Participants. Charge schedules and changes therein shall be adopted and become effective only after review and approval by the Board of Directors and the Board of Governors of the NASD and not disapproved by the Securities and Exchange Commission.

Schedules Adopted in Accordance with Rule 13.

A. All charges due from Participants pursuant to these Rules shall be billed and reported to each Participant in a settlement statement on the afternoon for NESS Deliveries made that day between Participants in the same city, and in the case of NESS Deliveries between Participants in different cities, such settlement statement will be presented on the day after the NESS Delivery was made to the Participant. In either case, such statement shall include any cash adjustments for New York bond clearance, monthly charges, CNS collateral loan satisfied, the previous day's suspense entries, dividend claims, regular receipts and deliveries settling that day, a final check or draft amount (for New York Participants only) and any other items which the Clearing Corporation may prescribe.

B. Charges for the services rendered through NESS shall be the following:

(a) a basic service charge of \$40.00 for each calendar month, or any part thereof, for any Participant which is not already a Clearing Member in the Clearing Corporation's Continuous Net Settlement (CNS) system or Envelope Settlement System;

(b) a service charge for each calendar month, or any part thereof, computed on the basis of \$1.00 for each \$100,000.00 (or fraction thereof) of such Participant's aggregate debits and credits made by the Clearing Corporation in such month or part thereof pursuant to Rule 5 of these Rules;

(c) a \$1.00 charge for each envelope requiring inter-city delivery (including each reclamation or redelivery) through NESS; and,

(d) a \$.15 charge per side for each dividend claim item.

C. A Participant may be charged for additional or unusual expenses caused directly or indirectly by or incurred on behalf of such Participant.

D. Non-compliance charges for such failure of a Participant to comply with these Rules or schedules published pursuant thereto, may be imposed, and the amount thereof fixed by the President or an officer designated by the President. Such non-compliance charge shall be limited to a maximum of \$250.00 for any single offense and may be reviewed in accordance with the procedure established in Rule 12 of these Rules. Payment of such non-compliance charges shall be stayed until review has been completed.

Rule 14. Transfer Taxes

(a) It shall be the responsibility of each Participant to pay all transfer taxes which may be payable with regard to any security contained in a NESS Delivery settled through the facilities of the Clearing Corporation, and the Clearing Corporation shall not be liable for the payment of any such taxes. The Clearing Corporation shall be entitled to rely on the representations of a Participant that any applicable transfer tax is payable, with respect to a particular delivery, which representation shall be made in the form prescribed by the Clearing Corporation.

(b) Unless the Participant pays its New York State Stock Transfer Tax through the American Stock Exchange or the New York Stock Exchange, each Participant shall pay its New York State Stock Transfer Tax through the Clearing Corporation on such forms as may be required by the Clearing Corporation.

(c) Each Participant shall submit such forms as the Clearing Corporation may require indicating the amount of transfer taxes due, or that no tax is due, on any security contained in a NESS Delivery. Such forms must accompany each NESS Delivery. Each non-New York Participant shall be debited and charged the amount of the tax indicated on the form as due on the next succeeding business day. New York Participants shall be debited and charged the amount of the tax indicated on the form as due on the same business day.

(d) Each Participant shall be required to indicate one Clearing Center through which all transfer taxes will be paid by such Participant.

Rule 15. Security Provisions

The Clearing Corporation will utilize those security procedures authorized under Rule 21 of the Operating Rules of the Clearing Corporation or such other security procedures as necessary or appropriate.



NATIONAL CLEARING CORPORATION

UNIFORM PRACTICE DIVISION *

January 22, 1974

TO: All NASD Members

RE: Fidelity Registrar & Transfer Co.
 1 Exchange Place
 Jersey City, NJ

Attention: Operations Officer, Cashier

As announced previously in NASD Notices to Members 73-72 and 73-71, Registrar and Transfer Co. was appointed as Receiver for Fidelity Registrar & Transfer Co., Jersey City, New Jersey. The Receiver has requested the Uniform Practice Division to assist in disseminating releases containing information with regard to the transfer of certain issues.

The following information has been provided by the Receiver.

Listed below are missing and unaccountable certificates of twelve (12) issues. A Plan concerning these issues and certificates has been filed with the United States District Court, District of New Jersey. Members discovering one or more of the indicated certificates should immediately contact the Receiver, Mr. William T. Saeger, at

Fidelity Registrar & Transfer Co.
 1 Exchange Place
 Jersey City, NJ 07302

Missing and Unaccounted for Certificates

Bolar Pharmaceuticals	<u>Hundreds</u>	<u>Unlimited</u>	
	NU 629		
	NU 642		
Craft Electronics Inc.	CRC 636	CRU 554	CRU 613
	1077	555	614
	1250	561	625
	1251	562	793
	1252	579	849
	1253	580	881
	1254	581	882
		582	913

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	<u>Hundreds</u>	<u>Unlimited</u>	<u>Fractions</u>
Davos Inc.	DAC 10336 10536 10537 11706 11707 11708 15377	DAU 1783 1864 1985 1988 2117 2133 2202 2203 2285 2304 2328 2336 2430 2433 2707	DAU 2778 2810 4093 4095 4096 4097 4098 4099 4100 4101 4102 4103 5053 5054
Digi-Log Systems Inc.	DIC 4104	DIU 873 1629 1630	
Metagraphics Systems Inc.	MC 739 740 745 746 747 748 749	MU 894 1263 1264 1265 1266 1267 1269	MU 1270
Micro Therapeutics Inc.	C 3405 3406 3413	U 1597/99 1748 1899 1983 1984 1985 1986 2144	U 2253 2391 2392 2393 2412 2413 2451
Patents International Overseas Corp.		JB 420 421 438 439	JB 488 515 516
Standard Container Transport Corp.	STC 2939 2940 2963 2964 2966 2967 2973 2974	STU 567 568 569 570 664 665 706 707 711	STU 712 750 753 754 835 839 840 990 991

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	<u>Hundreds</u>	<u>Unlimited</u>	
2001, Inc.		TWOU	305 329 332 333 380 381
Uppster Corp.	UCC 809 810 822 823 829 830 831 832 833	UCU	266 267
Urban Computer Systems Inc.	JC 1425 1639 1707 1708 1709 1710 1745 1746 1747	JCU	1516 1565 1566 1573 1574 1677 1678 1725 1726 1727 1728
		JCU	1758 1759 1760 1771 1774 1802 1809 1810 1909 1910
Waitt & Bond, Inc.	C 29801 29802 30046 30047 30261/77 30301/07 30444 30445 30447 30448 30449 30451 30452 30584 31373/77 31875	CU	2106 2107 2108 2432/62 2472/86 2554 2697 3117/21 4834 4983 4984 5136 5137
		CU	5161/63 5192 5193 5194 5264 5339 5340 5846 6133/36 6276 6277 6278

It is further understood that no certificates of the above issues are being transferred.

Questions regarding this notice should be directed to the Receiver.

* * * * *

- * The Board of Directors of National Clearing Corporation has been delegated the authority to interpret and enforce the provisions of the Uniform Practice Code pending full implementation of NCC's national clearing system.

NASD

NOTICE TO MEMBERS: 74-7

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

1735 K STREET NORTHWEST • WASHINGTON D.C. 20006

January 31, 1974

I M P O R T A N T !

TO: All NASD Members
RE: Computer Service Bureaus

During this past year several computer service bureaus serving member firms began to experience severe financial difficulties. Many of these organizations, which provide recordkeeping services to broker-dealer subscribers, were recording steady losses in revenue primarily as a result of the then current decline in the transaction volume of users. In some cases the financial situation at these firms had become so severe that certain hardware suppliers had begun legal action to repossess their equipment. With the recent increase in volume together with various other undertakings in this area, the most critical of these situations appears to have been resolved, at least for the present. It should be emphasized, however, that the profitability of many service bureaus is directly related to volume. This is especially true where the service bureau depends entirely, or nearly so, on securities industry business and is not diversified as to clientele or types of services provided.

Members are reminded that a broker-dealer has a nondelegable responsibility to maintain current and adequate books and records in accordance with the provisions of Rules 17a-3 and 4 under the Securities Exchange Act of 1934. Recognizing the dependency a brokerage firm must necessarily place on a service bureau with which it has contracted to perform all or part of its recordkeeping obligation, it is clear that any interruption in a service bureau's ability to provide necessary records would potentially place the member in violation of the referred-to rules and, hence, seriously affect its legal ability to continue to conduct a securities business. Conceivably, a member could be forced to cease all operations immediately if its service bureau did not perform.

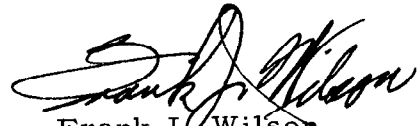
Because of the potential exposure involved, it is essential, therefore, that members who have contracted for such service take steps

immediately to satisfy themselves of the financial stability and future viability of its service bureau supplier. It is equally important that members who contemplate changing from one service bureau to another, or those who are in the process of or have under consideration engaging a service bureau for the first time, make all necessary inquiries to determine its ability to perform. In this connection, it is recommended that members review the background of the company with which it has contracted, or with which it is contemplating contracting, and demand from it sufficient current financial and other data so as to be able to evaluate its current financial condition, the nature of its facilities and equipment, and the arrangements which the service bureau has for back-up facilities in the event of an interruption in service, among other things.

On the basis of a recently completed NASD study of the relationship of service bureaus to the broker-dealer community, the Association's Board of Governors has determined to publish for comment a series of rule proposals designed to protect members in their dealings with these firms. They are expected to be published shortly.

Questions concerning this notice should be directed to either Michael J. Armelin at (202) 833-7822 or George F. Janos at (202) 833-7208.

Very truly yours,


Frank J. Wilson
Senior Vice President
Regulation

NASD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

1735 K STREET NORTHWEST • WASHINGTON D.C. 20006

NOTICE

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

Date: January 31, 1974

Re: Adoption of Appendix A under Article III, Section 30
of the Rules of Fair Practice - The Association's
Margin Maintenance Rule

Enclosed herewith is Appendix A of Article III, Section 30 of the Rules of Fair Practice, the Association's Margin Maintenance Rule, which will become effective on February 15, 1974. Appendix A was submitted to the membership for comment and submitted to and not disapproved by the Securities and Exchange Commission.

When the Federal Reserve Board allowed certain over-the-counter securities to be purchased on margin, the Association adopted Article III, Section 30 of the Rules of Fair Practice which was favorably voted on by the membership and submitted to and not disapproved by the Securities and Exchange Commission. Article III, Section 30 authorizes the Board of Governors to establish minimum amounts of initial and maintenance margin requirements and other specific requirements and prohibitions. Pursuant to Article III, Section 30 the Board of Governors has approved certain standards under which margin accounts are to be carried by the membership and these standards are specified in Appendix A, the Association's Margin Maintenance Rule, which will become a part of Article III, Section 30 of the Rules of Fair Practice.

Appendix A will apply to securities transactions effected on or after February 15, 1974 and will apply only to firms carrying margin accounts which are not members of a national securities exchange named in Section 1. Members of those exchanges are governed by equally comprehensive maintenance rules.

Section 2 requires that the initial margin in an account be consistent with the initial margin requirements of Regulation T and Section 4 of Appendix A. Such initial margin must be obtained from the customer no later than settlement date. Section 2 also allows withdrawals of cash or securities from margin accounts in accordance with Regulation T as long as the equity in the account does not fall below \$2,000 or the amount required by Section 4.

Section 3 sets forth the method of valuation of both listed and over-the-counter securities. It also provides the Association with authority to require additional margin in cases where an account has an undue concentration in one security or the security is subject to unusual price fluctuations.

Section 4 sets forth the minimum margin to be maintained in customer margin accounts. The section contains the margin maintenance requirements for: securities held "long" and "short"; debt securities held "long" and "short"; obligations issued or unconditionally guaranteed as to principal or interest by the U. S. Government or any agency thereof; and other securities exempted under Section 2(g) of Regulation T. In addition, Section 4(a)(4) sets forth the margin required on put and call options where the customer's account is not long or short the underlying securities. Such options are commonly referred to as "naked" or "bare" options. The section requires maintenance equal to 50% of the exercise price of any put option or 50% of the market value of the securities subject to a put option, whichever is lower, and 50% of the exercise price of any call option or 50% of the market value of the securities subject to a call option, whichever is higher. Also, Section 4(b)(3) gives the Association authority to require higher initial or maintenance margin for specific securities as circumstances warrant. When this subsection is invoked a notice describing the security and the higher requirements will be sent to the membership.

Section 5 states that the margin maintenance requirements for "when issued" securities shall be the same as if such securities were issued and also sets forth the method of computation.

Section 6 requires minimum deposits, in the amount specified in Section 4, in special cash accounts of certain public customers of securities exempted under Section 2(g) of Regulation T if full payment is not promptly made after presentation of the securities to the customer. In addition, purchases of "when issued" securities by customers in special cash accounts will also require minimum deposits in the amount specified in Section 4. The transactions covered in Section 6 were incorporated into Appendix A because "exempts" and "when issued" securities have no margin requirements under Regulation T and the Board of Governors felt that purchase of such securities should not be without minimum protective coverage.

Section 7 allows no value for any put or call option carried for a customer for the purpose of computing margin in a customer's account and provides that a put or call sold or written by a customer is subject to the initial margin requirements of Section 2. It should be pointed out that the difference between the exercise price of the option and the market value of the underlying securities is of value only when considering maintenance margin for a particular put or call.

Section 8 permits with certain conditions and exceptions, the consolidation of accounts where one account is guaranteed by another account of a public customer. Section 9 permits the consolidation of accounts which are carried for the same person providing the customer consents in writing.

Section 10 prohibits members from permitting customers to make a practice of effecting margin transactions and then either deferring the margin payment beyond settlement date or meeting the demand for margin by liquidating the same or other commitments in the account.

Section 11 sets forth the recordkeeping requirements with respect to each customer margin account carried by a member.

Section 12 gives recognition to the similarities existing between Specialists on an Exchange and OTC Market Makers. OTC Market Makers are allowed the same latitude in negotiating maintenance charges with carrying members as Specialists are, without rigidly imposed percentages which might operate to hamper their ability to maintain a liquid market.

Finally, Section 13 requires prompt payment of any deposit or call and Section 14 defines a "margin account" as an account established pursuant to Regulation T in which a broker/dealer creditor extends or maintains credit.

Sincerely,



Frank J. Wilson
Senior Vice President
Regulation

TEXT

Appendix A to Article III, Section 30 of the Rules of Fair Practice

Section 1 -- Exception

Members of the American Stock Exchange, Midwest Stock Exchange, New York Stock Exchange, Pacific Coast Stock Exchange, and the Philadelphia-Baltimore-Washington Stock Exchange are exempt from the provisions hereof.

Section 2 -- Initial Margin

For the purpose of effecting and carrying new securities transactions the following provisions shall apply:

(a) Any member who effects a securities transaction, including transactions in "when issued" securities, for a customer in a margin account must obtain from the customer no later than settlement date, initial margin in an amount consistent with the provisions of Regulation T of the Board of Governors of the Federal Reserve System and Section 4 hereof. Every margin account shall have a minimum equity deposit in the account of \$2,000 except that cash need not be deposited in excess of the cost of any security purchased.

(b) Withdrawals of cash or securities in accordance with Regulation T may be made from any account provided that such withdrawal does not reduce the equity in the account below \$2,000 or the amount required by Section 4 hereof, whichever is greater. Provided, however, Special Subscriptions Accounts and Special Equity Funding Accounts maintained in accordance with Sections 4(h) and 4(k) respectively, of Regulation T shall be exempt from the \$2,000 minimum equity requirement.

Section 3 -- Valuation of Securities

For purposes of this Appendix, securities shall be valued at current market prices determined by a reasonable and consistent method. Securities listed on a national securities exchange shall be valued at current market prices as reported by the exchange. OTC marginable securities listed on NASDAQ shall be valued at the current representative market reflected on that system.

Substantial additional margin may be required by the Association when the margin account being carried has any security in such concentrated quantities that its liquidation cannot be accomplished promptly in relation to the volume of trading in the security or if the security is subject to unusually rapid or violent changes in value.

Section 4 -- Minimum Margin

(a) The minimum margin to be maintained in the margin account of a customer shall be as follows:

(1) 25% of the market value of all securities "long" in the account, except securities exempted under Section 2(g) of Regulation T; and,

(2) \$2.50 per share or 100% of the market value, whichever is greater, of each stock "short" in the account with a market value of less than \$5.00 per share; and,

(3) \$5.00 per share or 30% of the market value, whichever is greater, of each stock "short" in the account with a market value of \$5.00 per share or above; and,

(4) Minimum maintenance requirements for put and call options shall be:

(i) 50% of the exercise price of any put option or 50% of market value of the security subject to such put option, whichever is lower;

(ii) 50% of the exercise price of any call option or 50% of market value of the security subject to such call option, whichever is higher;

sold by such customer to or through the member if the customer's account does not contain the corresponding long or short positions in the securities upon which the options are written; and,

(5) 5% of the principal amount or 30% of the market value, whichever is greater, of each debt security "short" in the account, except securities exempted under Section 2(g) of Regulation T; and,

(6) 15% of the principal amount or 25% of the market value, whichever is lower, on each long and short position in securities exempted under Section 2(g) of Regulation T, except as covered in subsection (7); and,

(7) 5% of the principal amount of each long or short position in obligations issued or unconditionally guaranteed as to principal or interest by the United States Government or any agency thereof; and,

(8) Notwithstanding the provisions of paragraphs (1), (6) and (7) of this subsection (a), minimum maintenance requirements for securities exempted under Section 2(g) of Regulation T and for certain

corporate debt securities shall be as follows concerning:

(i) obligations issued or unconditionally guaranteed as to principal or interest by the U. S. Government or any agency thereof with 10 years or less to maturity:

less than 1 year - 1/2% of market value
1 to 2 years - 1% of market value
2 to 3 years - 1 1/2% of market value
3 to 4 years - 2% of market value
4 to 5 years - 2 1/2% of market value
5 to 10 years - 3% of market value

(ii) other securities exempted under Section 2(g) of Regulation T and non-convertible corporate debt securities with 5 years or less to maturity which are in the first three ratings e. g. (AAA, AA, A) according to a nationally known statistical service, the Association may authorize lower requirements upon application.

✓ (b) Notwithstanding the provisions of paragraph (a) hereof, the minimum margin to be maintained in a margin account shall be 10% of the market value of the "long" securities in the following situations:

✓ (1) When a security carried in a "long" position is exchangeable or convertible within a reasonable time and without restriction other than payment of money, into a security carried in a short position; or

(2) When there are offsetting "long" and "short" positions in the same security. In such cases "short" positions must be marked to the market in determining the required minimum margin.

(3) The Association may, for specific securities when it deems circumstances warrant, either at the time of establishing the special initial margin or thereafter, require special initial margin of up to 100% to be deposited in all margin accounts on new transactions within 5 business days of the trade date.

Section 5 -- When Issued Securities

(a) For purposes of this Appendix, the minimum amount of margin on any transaction or net position in each "when issued" security shall be the same as if such security were issued.

(b) Each position in a "when issued" security must be computed separately, and any unrealized profit shall be applied only to the amount of margin required on the position in the particular security.

(c) When an account has both a "short" position in a "when issued" security and a long position in the securities with respect to which the "when issued" security may be issued, such "short" position must be marked to the market and the balance in the account adjusted for any unrealized loss.

Section 6 -- Certain Purchases in Special Cash Accounts

Transactions of the following types in special cash accounts are subject to the margin requirements hereof except when the account is that of a broker/dealer, bank, trust company, investment company, investment trust, insurance company, charitable or non-profit educational institution, or similar fiduciary type account:

(a) Purchases of issued securities exempted under Section 2(g) of Regulation T when payment is not made promptly after presentation of the securities to the customer, except that the \$2,000 minimum equity requirement does not apply; provided however, the Association may waive or extend the above requirements upon application by the creditor made in good faith and in exceptional circumstances;

(b) Transactions in "when issued" securities when payment is not made promptly unless,

(i) such is the subject of a primary distribution in connection with a bona fide offering by the issuer to the general public for "cash", or

(ii) such is exempt by the Association as involving a primary distribution or a registered secondary offering.

The term "when issued" herein also means "when distributed".

Section 7 -- Put and Call Options

(a) No put or call option carried for a customer shall be considered of any value for the purpose of computing the margin required in the account of such customer.

(b) A put or call sold or written by a customer shall be considered as a security transaction subject to Section 2 hereof.

(c) For the purpose of Section 4 hereof, puts and calls shall be considered as if they were exercised. Each such put or call shall be margined separately and any difference between the market price of the underlying

securities and the exercise price of a put or call shall be considered to be of value only in providing the amount of margin required on that particular put or call.

(d) If both a put and a call for the same number of shares of the same security are written or sold by a customer, the amount of margin required shall be the margin on the put or call whichever is greater.

(e) When a member issues or guarantees an option to receive or deliver securities for a customer, such option shall be margined as if it were a put or call.

Section 8 -- Guaranteed Customer Accounts

Any account guaranteed by another account of a public customer in writing, may be consolidated with the other account and the required margin may be computed on the net position of both accounts if the guarantee permits the member, without restriction, to use the money and securities in the guaranteeing account to carry the guaranteed account or to pay any deficit therein; provided however, a guaranteeing account shall not be owned directly or indirectly by (a) a partner or a stockholder in the organization carrying the account, or (b) a member, partner or stockholder therein having a definite arrangement for participating in the commissions earned on the guaranteed account. The guarantee of a limited partner or of a stockholder if based upon his resources other than his capital contribution to, or other than his interest in a member organization, shall not be affected by the foregoing prohibition, and such a guarantee may be taken into consideration in computing margin in the guaranteed account.

Section 9 -- Consolidation of Accounts

When two or more accounts are carried for the same person or entity, the required margin may be computed on the net position of such accounts, provided the customer has consented in writing that the money and securities in each of the accounts may be used to carry or pay any deficit in all such accounts.

Section 10 -- Deferred Payment Prohibited

No member shall permit a customer to effect transactions requiring margin and then either defer the payment of margin beyond regular settlement date, or meet such demand for margin by the liquidation of the same or other commitments in the account, except that the provisions of this section shall not apply to any account maintained for another broker/dealer

in which are carried only the commitments of public customers of the other broker/dealer, provided that the latter has agreed in writing that he will maintain a record in accordance with Section 11 hereof.

Section 11 -- Recordkeeping Requirements

Any member carrying securities margin accounts for customers shall make a daily record of each case in which initial or additional margin must be deposited in a customer's account because of transactions in the account on that day. The record shall show, for each account, the amount of margin required and the time when, and the manner in which, such margin is obtained.

Section 12 -- OTC Market Maker

The account of a member in which are effected only transactions in securities in which he is an "OTC Market Maker", as defined in Rule 17a-12 under the Securities Exchange Act of 1934, may be carried upon a margin basis which is mutually agreeable to the market maker and the carrying member.

Section 13 -- Prompt Payment Required

The amount of margin, deposit, or "mark to market" required by any provision of this rule shall be obtained as promptly as possible.

Section 14 -- Margin Account Defined

"Margin account" shall mean every account established pursuant to Regulation T in which a broker/dealer creditor extends or maintains credit, except as otherwise provided by the Association.



NATIONAL CLEARING CORPORATION

UNIFORM PRACTICE DIVISION *

January 30, 1974

ATTENTION: OPERATIONS OFFICER, CASHIER and P & S DEPARTMENT

TO: All NASD Members

SUBJECT: Interest Equalization Tax

President Nixon has signed an Executive Order reducing the Interest Equalization Tax to zero. The text of the Executive Order is quoted as follows:

EXECUTIVE ORDER

MODIFYING RATES OF INTEREST EQUALIZATION TAX

WHEREAS I have determined that the rates of tax prescribed under section 1 of Executive Order No. 11754 of December 26, 1973, with respect to acquisitions of stocks of foreign issuers and debt obligations of foreign obligors made after December 31, 1973, are higher than the rates of tax necessary to limit the acquisitions by United States persons of stocks of foreign issuers, and debt obligations of foreign obligors within a range consistent with the balance-of-payments objectives of the United States:

NOW, THEREFORE, by virtue of the authority vested in me by section 4911(b)(2) of the Internal Revenue Code of 1954, and as President of the United States, it is hereby ordered as follows:

Section 1. Section 1 of Executive Order No. 11464 of April 3, 1969, as amended, is hereby amended to read as follows:

"Section 1. Rates of Tax.

"(a) Rates applicable to acquisitions of stock.

The tax imposed by section 4911 of the Internal Revenue Code of 1954 on the acquisition of stock shall be equal to zero percent of the actual value of the stock.

"(b) Rates applicable to acquisitions of debt obligations.

The tax imposed by section 4911 of the Internal Revenue Code of 1954 on the acquisition of a debt obligation shall be equal to zero percent of the actual value of the debt obligation measured by the period remaining to its maturity."

Sec.2. With respect to acquisitions of stock of foreign issuers and debt obligations of foreign obligors made under the rules of a national securities exchange registered with the Securities and Exchange Commission or under the rules of the National Association of Securities Dealers, Inc., this Order shall be effective for acquisitions made after January 29, 1974, but only if the trade data was after January 29, 1974. In the case of other acquisitions of stock of foreign issuers and debt obligations of foreign obligors, this Order shall be effective for acquisitions made after January 29, 1974.

RICHARD NIXON

THE WHITE HOUSE
January 29, 1974

In view of the order by President Nixon to reduce the Interest Equalization Tax to zero, effective with trades executed on Wednesday, January 30, 1974, only one market should exist for those securities which were subject to payment of the Tax.

Additionally, the United States Treasury Department has advised that member firms are not required to maintain the records, formerly necessary under the Interest Equalization Tax Act regarding prior American ownership, pertaining to trades in foreign securities on or after Wednesday, January 30, 1974. Further, confirmations, comparisons, delivery tickets and orders relating to foreign securities should not contain any notation with respect to the Interest Equalization Tax.

Questions regarding this notice may be directed to the Foreign Department
2 Broadway, 8th Floor, New York, N.Y. 10004, (212) 952-4018.

* The Board of Directors of National Clearing Corporation has been delegated the authority to interpret and enforce the provisions of the Uniform Practice Code pending full implementation of NCC's national clearing system.



NATIONAL CLEARING CORPORATION

UNIFORM PRACTICE DIVISION *

February 6, 1974

TO: All NASD Members

RE: Settlement Date Schedule Involving Lincoln's
Birthday and Washington's Birthday

Transactions made on Lincoln's Birthday, Tuesday, February 12, 1974 and on the business days immediately preceding that day, will be subject to the schedule of settlement dates below (for "regular-way" transactions). No settlements will be made on Tuesday, February 12, since most banking institutions will be closed. Securities markets and the NASDAQ system, however, will be in operation for trading.

The schedule takes into account that securities markets will be closed on Monday, February 18, 1974 in observance of Washington's Birthday.

Transactions made on February 12 will be combined with transactions made on the previous business day, February 11, for settlement on February 20.

February 12 shall not be considered as a business day in determining the day for settlement of a transaction, the day on which stock shall be quoted ex-dividend, or in computing interest on bonds.

Further, marks to the market, reclamations, buy-ins and sell-outs as provided for in the Uniform Practice Code, shall not be exercised on February 12.

- Over -

NATIONAL CLEARING CORPORATION

UNIFORM PRACTICE DIVISION

Settlement dates for "regular-way" transactions

<u>Trade Date</u>		<u>Settlement Date</u>
February	4	February 11
	5	13
	6	14
	7	15
	8	19
11 & 12	Lincoln's Birthday	20
	13	21
	14	22
	15	25
	18	Washington's Birthday observance
	19	26

Questions regarding this notice may be directed to the Uniform Practice Division of National Clearing Corporation, Two Broadway, 8th Floor, New York, N.Y., 10004, (212) 952-4018.

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- * The Board of Directors of National Clearing Corporation has been delegated the authority to interpret and enforce the provisions of the Uniform Practice Code pending full implementation of NCC's national clearing system.