

NASD

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

September 1, 1976

To: All NASD Members and Interested Persons

Re: Proposed Amendments to Schedule D Under Article XVI
of the Association's By-Laws Relating to a Consolidated
Quotations Service

The Board of Governors of the Association has proposed a new Part III of Schedule D under Article XVI of the By-Laws which is being published at this time to give all interested persons an opportunity to comment. The new Part III of Schedule D contains rules and procedures governing the Association's Consolidated Quotations Service.

All comments must be in writing and received by September 15, 1976, in order to receive consideration. After the comment period has closed, the proposals must again be reviewed by the Board. Thereafter, if approved by the Board, the proposal must be submitted to and approved by the Securities and Exchange Commission prior to becoming effective.

Background and Explanation of Proposal

The U. S. Congress and the Securities and Exchange Commission have repeatedly stated that an essential element in the creation of a national market system for listed securities is a nationwide information system containing quotations from all marketplaces. In recognition of the importance of such a quotations system, the Association's Board of Governors appointed, in mid-1975, a committee of industry members to study and make recommendations to the Association's Board on the feasibility of utilizing the NASDAQ System to provide a Consolidated Quotations Service. The Consolidated Quotations Committee and the Association's Board of Governors has concluded that a Consolidated Quotations Service for listed securities utilizing the NASDAQ System should be implemented. The Board feels that the Service will be a major contribution to the development of a national market system and is a natural extension of the capabilities of the NASDAQ System.

The Consolidated Quotations Service (CQS) will be displayed on NASDAQ terminals utilizing the same formats currently existing for the display of quotations in over-the-counter securities. The CQS will initially provide the subscriber with access to bid and ask quotations for approximately 2,000 securities listed or admitted to unlisted trading privileges on the New York Stock Exchange. It is expected that securities listed on other national securities exchanges will be added at a later date. The subscriber to the CQS will initially have access to quotations from all CQS registered Third Market Makers and the Boston, Midwest, New York, Pacific and Philadelphia Stock Exchanges.

The CQS will operate between 9:00 a.m. and 6:30 p.m. EST. All quotations from marketplaces that are open will be listed according to the best bid quotation or the best ask quotation depending on the request of the interrogator. Quotations of open marketplaces will be listed above those that are closed. Quotations of marketplaces that are closed will also be listed according to the best bid or the best ask.

Under the rules, quotations entered and displayed by registered Third Market Makers are required to be reasonably related to the prevailing market for that security and are required to be firm for at least a normal unit of trading. The character of exchange quotations is, of course, determined by each individual exchange and will also be dependent on the requirements contained in the final adoption of SEC Proposed Rule 11Ac1-1 (Securities Exchange Act Rel. No. 34-12670). It is expected that the requirements contained in Rule 11Ac1-1 as adopted with respect to the nature and character of quotations will be incorporated into the CQS as soon as it is technically feasible.

The proposal also contains rules and procedures for registered Third Market Makers relating to hours of operation; opening and closing of markets; initiating service; and withdrawal, termination and suspension of quotations. These provisions are similar to those currently in effect for NASDAQ market makers.

The proposal also contains a schedule of charges for CQS. For adding CQS to existing NASDAQ Level 2 or 3 terminals, the schedule provides for a charge of \$50 per month for the first terminal, \$45 for the second terminal and \$40 for each additional terminal. The proposed charge for a terminal providing CQS only at a location which does not have NASDAQ Level 2 or 3 service ranges from \$300 to \$700 per month depending on the category of usage. The proposed charge for a terminal providing CQS only at a location which already has NASDAQ Level 2 or 3 service is \$125 per month for the first terminal and \$100 per month for each additional terminal.

Charges for installation, removal and relocation of equipment are the same as the current charges for NASDAQ equipment. The one-time charge for adding CQS at a location is \$120 per location. This charge is in addition to the regular installation charges.

In addition, the New York Stock Exchange has established charges for receiving NYSE quotations through retrieval devices and each subscriber to CQS will be required to pay the NYSE its charges for quotations. For an NYSE member who has already contracted with the NYSE to receive quotations, the NYSE charge is \$3.50 per month for each additional unit. For non-NYSE members who have already contracted with the NYSE to receive quotations, the NYSE charge is \$5.70 per month. For subscribers to CQS who do not currently receive NYSE quotations, the NYSE charge for the first unit is \$35 per month for NYSE members and \$57 per month for non-NYSE members.

The Consolidated Quotations Service is expected to become operational in January 1977 and the Association's Board of Governors is seeking to determine the extent of interest in the Service. Accordingly, the Board requests members and other persons who would be interested in subscribing to CQS to complete the attached form and return it to the Association.

All communications should be addressed to Thomas D. Walsh, Secretary, National Association of Securities Dealers, Inc., 1735 K Street, N. W., Washington, D. C. 20006. All comment letters must be received by September 15, 1976, in order to receive consideration. All comment letters will be considered available for inspection.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Thomas D. Walsh".

Thomas D. Walsh
Secretary

TEXT OF AMENDMENTS

EXISTING PARTS III THROUGH X OF SCHEDULE D
WILL BE REDESIGNATED PARTS IV THROUGH XI
AND A NEW PART III WILL BE ADDED

III

CONSOLIDATED QUOTATIONS SERVICE

A. Description of Service

The Consolidated Quotations Service (CQS) will provide the subscriber with access to bid/ask quotations for securities listed on national stock exchanges. Initially, the CQS will include approximately 2,000 common stocks, preferred stocks, warrants and rights registered or admitted to unlisted trading privileges on the New York Stock Exchange. The subscriber will have access to quotations in such securities from all registered CQS Third Market Makers and the Boston, Midwest, New York, Pacific and Philadelphia Stock Exchanges. Quotations entered and displayed by registered Third Market Makers are required to be firm for at least a normal unit of trading.

The CQS will operate between 9:00 a.m. and 6:30 p.m. Eastern Time. All quotations for marketplaces that are open will be listed according to the best bid quotation or the best ask quotation depending upon the request of the interrogator. Some marketplaces close at 4:00 p.m. Eastern Time, and the quotations of marketplaces remaining open will be listed above those that are closed. The closed quotations will also be listed according to the best bid quotation or the best ask quotation following the quotations of the open marketplaces. If a stock exchange suspends trading in a security, a "HALT" notation will be displayed along with the last quotation. During any such suspension, quotations from marketplaces remaining open will continue to be displayed.

B. Availability

The Consolidated Quotations Service is available only to persons approved by the Corporation.

C. Character of Quotations Entered into the CQS

A registered Third Market Maker which receives a buy or sell order must execute a trade for at least a normal unit of trading at his quotations as they appear on the CQS CRT screens at the time of receipt of any buy or sell order. Each quotation entered and displayed by a

registered Third Market Maker must be reasonably related to the prevailing market.

D. Business Hours

A registered Third Market Maker shall be open and active as of 10:00 a.m. Eastern Time and no Third Market Maker shall close sooner than 4:00 p.m. Eastern Time. A registered Third Market Maker shall designate a closing time for each security from 4:00 p.m. to 6:30 p.m. Eastern Time, and the closed symbol will be appended to the quotation at the designated time. The designated closing time may only be on the hour or the half hour. A registered Third Market Maker may reopen his market in a security up to 6:30 p.m. Eastern Time upon appropriate notification to the Corporation.

E. Initiating Service

If accepted for registration, and a terminal is timely installed, a Third Market Maker's registration shall be effective at the start of business on the second business day following receipt of its application by the Corporation. Otherwise registration shall be effective at the start of business on the second business day following installation of the terminal.

F. Withdrawal Procedure

1. With the approval of the Corporation upon a showing that it is seriously impaired in its ability to enter quotations, a registered Third Market Maker may suspend its quotations for a specified period of time in the case of contemplated financing in the security, the presence of statutory prohibitions or restriction, or such other reason acceptable to the Corporation.

2. A Third Market Maker who withdraws and then re-enters quotations during the day may do so only with the prior approval of the Corporation.

3. A Third Market Maker whose quotations in an issue are withdrawn without the approval of the Corporation at the time CQS closed for the day shall cause its registration in such issue to be terminated subject, however, to re-registration.

4. A Third Market Maker may, by making application to the Corporation, re-register as a market maker in any security in which its registration is terminated pursuant to subparagraph 3. above.

G. Voluntary Termination

A registered Third Market Maker may voluntarily terminate its registration as to a given security by withdrawing its quotations from the System.

H. Suspension and Termination of Quotations by Action of the Corporation

The Corporation may, pursuant to the procedures set out in Parts VII, VIII, or IX below, suspend, condition, limit, prohibit, or terminate a registered Third Market Maker's authority to enter quotations on one or more authorized securities for violations of the applicable standards of this Schedule "D" or if the Corporation makes a determination as provided in Part IX A.

CQS

Service Categories	1st	2nd	3rd	CQS		Rate for Quote Requests in Excess of Free Quote Requests	Level 3 Service Only	
				Free Quotes Per Terminal	Requests Per Day		Charge for Stock Listing in Excess of Five Free per Terminal	
SDAQ Level 2 or Service								
Standard	475	380	350	100		\$.10	\$5/	listing
High (1)	675	380	350	650		\$.10	\$5/	listing
Unlimited (2)	875	380	350	Unlimited		N/A	\$5/	listing
Charges for Adding CQS to Existing NASDAQ Terminal (6)(8)								
Standard	50	45	40	100		\$.10 (4)	\$0 (3)	
High (5)	50	45	40	650		\$.10 (4)	\$0 (3)	
Unlimited (2)	50	45	40	Unlimited		N/A	\$0 (3)	
CQS Only Service at New Location (6)(8)								
Standard	300	100	100	100		\$.10 (4)	\$0 (3)	
High (7)	500	100	100	650		\$.10 (4)	\$0 (3)	
Unlimited (2)	700	100	100	Unlimited		N/A	\$0 (3)	
CQS Only Service on Additional Terminals at Existing Location (6)(8)								
Standard	125	100	100	100		\$.10	\$0	
High (1)	125	100	100	650		\$.10	\$0	
Unlimited	125	100	100	Unlimited		N/A	\$0	

¹ The total monthly basic and usage charges under the High Usage Plan for offices with five or fewer NASDAQ only terminals located on the same premises shall not exceed \$2,655. The total charge does not include the \$5 charge for each excess stock listing for NASDAQ OTC stocks.

² Unlimited service is restricted to offices with six or more terminals of the same level.

³ No charge will be made for stock listings for CQS securities.

⁴ Quote requests for CQS securities will be included in the same count made for quote requests for NASDAQ OTC securities. The combined count will be measured against the number of free quote requests provided in the basic charge and excess quote requests will be billed at the rate of \$.10 each. There are no charges for entering or changing quotations for NASDAQ or CQS securities in the system.

⁵ The total monthly basic and usage charges under the High Usage Plan for offices with five or fewer NASDAQ with CQS terminals located on the same premises shall not exceed \$2,910. The total charge does not include the \$5 charge for each excess stock listing for NASDAQ OTC stocks.

⁶ The one-time charge for adding CQS to installed terminals or for receiving CQS only is \$120 per location. This charge is applicable for each request for new service irrespective of the number of terminals. The charge for removal of CQS is \$70 per location.

⁷ The total monthly basic and usage charges under the High Usage Plan for offices with five or fewer CQS only terminals located on the same premises shall not exceed \$1,200.

⁸ The NYSE has established charges for receiving bid-asked quotations from the NYSE through retrieval devices as follows:

NYSE Members	\$35 first unit 3.50 each additional unit
Non-NYSE Members	\$57 first unit 5.70 each additional unit

Only one "first unit" charge applies in an office subscribing to units from two or more vendors.

CONSOLIDATED QUOTATIONS SERVICE

PLEASE RETURN TO:

Thomas D. Walsh
Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N. W.
Washington, D. C. 20006

NAME OF FIRM: _____

ADDRESS: _____

_____ TELEPHONE: _____

REPRESENTATIVE _____

TITLE: _____

Is it your present intention to subscribe to the Consolidated Quotations
Service (CQS)

Yes/ / No/ /

If YES, please estimate the total number of CQS terminals contemplated.

number of terminals _____

Corp. Fin.

NOTICE TO MEMBERS: ~~76-30~~
Notices to Members should be retained for future reference.

NASD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

1735 K STREET NORTHWEST • WASHINGTON D.C. 20006

September 27, 1976

MAIL VOTE

I M P O R T A N T

OFFICERS: PARTNERS: PROPRIETORS

TO: All NASD Members

RE: Mail Vote on an Amendment to the Rule of Fair Practice Concerning Discretionary Accounts and a Proposed New Rule of Fair Practice Concerning Best Efforts Offerings

LAST VOTING DATE IS: October 27, 1976

Enclosed herewith are proposed new paragraph (b) to Article III, Section 15 of the Rules of Fair Practice prohibiting the use of discretionary accounts for purposes of purchasing shares in initial public issues of securities and proposed new Article III, Section 34 of the Rules of Fair Practice Concerning Best Efforts Offerings of Securities. They must receive an affirmative vote of the membership before they can become effective.

On April 25, 1975, in Notice to Members 75-33, the Board of Governors published for comment a proposed amendment to Article III, Section 15, a proposed amendment to the Policy of the Board of Governors under Article III, Section 2 regarding Recommendations to Customers, and a proposed amendment to the "Review of Corporate Financing" Interpretation of the Board of Governors Concerning Issuer Reserved or Directed Securities as well as proposed new Article III, Section 34 and a new Statement of Policy of the Board of Governors Concerning Due Diligence Requirements For Public Offerings of Securities.

Following the close of the comment period, the Board of Governors reviewed the original proposals and, in consideration of the comments received, has made appropriate revisions thereto. The proposed Statement of Policy Concerning Due Diligence Requirements For Public Offerings of Securities, the proposed amendment to the Policy of the Board of Governors Concerning Fair Dealing With Customers, and the proposed amendment to the "Review of Corporate Financing" Interpretation Concerning Issuer Reserved or Directed Securities pursuant to the Association's By-Laws do not require a vote of the membership prior to their adoption and therefore are currently being submitted to the Securities and Exchange Commission for approval. Following is an analysis of the revised amendments to existing Article III, Section 15 of the Rules of Fair Practice and the revised new Article III, Section 34, the subjects of this mail vote.

Proposed Amendment to Article III
Section 15 of the Rules of Fair Practice

Existing Section 15 would be amended by redesignating existing subsections (b), (c) and (d) thereof as (c), (d) and (e) and by adding a new paragraph (b) thereto. The new paragraph (b) would prohibit the use of discretionary accounts for purposes of purchasing shares in initial issues of securities. Under this prohibition no member would be able to effect for any customer's account in which it or its agents had been vested with discretionary power any transaction of purchase or resale of a security which is part of the initial distribution. A member would, however, be able to handle transactions involving securities of initial offerings through a non-discretionary account. The Board believes that the use of discretionary accounts in the distribution of new issues of securities can, and in a number of instances has, contributed to the artificial inflation of market prices by limiting the number of securities available. It further believes because of the very speculative nature of many initial distributions discretionary power should not be available to the member or its agent but the decision of whether to buy or sell in these situations should rest entirely with the customer.

Proposed Section 34 of the Rules of Fair Practice
Concerning Best Efforts Offerings of Securities

Subparagraph (a)(1) would define the term "best efforts offering" for purposes of the Rule as being any public distribution of an initial issue of securities wherein any portion of such, excluding overallotment options of no more than ten percent of the distribution, is not the subject of a firm commitment by a member or nonmember underwriter. Excluded from the definition would be any public distribution of an investment company registered pursuant to the provisions of the Investment Company Act of 1940, as amended; units of a separate account as defined in Section 2(a)(37) of the Investment Company Act of

1940, as amended; a Direct Participation Program; an exchange offer by a non-traded company for the outstanding securities of a publicly traded company; or any offering of which there is not intended to be free transferability of the securities which are the subject thereof. The latter category would for example include offerings of limited partnership interests, joint ventures, and other investment contracts for which there would not commonly be a public trading market.

Subparagraphs (a)(2) and (a)(3) define the terms "prospectus" and "direct participation program" consistent with the manner in which those terms appear in other rules or proposed rules of the Association.

Paragraph (b) would prohibit a member or person associated with a member from engaging in the distribution of a best efforts offering as an underwriter, a selling group participant or otherwise, unless the prospectus clearly states that the terms of the offering require that the funds received from the distribution be placed in an escrow account until notification is given to the underwriting group by the managing underwriter, or by the issuer in the case of a non-underwritten offering, that the distribution has been completed or terminated and the other provisions of the Rule have been complied with. This would insure protection of investors funds, and the return of such to them, if the terms of the offering had not been achieved and it had to be cancelled.

Paragraph (c) would prohibit trading in the secondary market of securities of any offering subject to the provisions of the Rule and/or prior to publishing any quotation or bid for any security which is or has been part of such an offering until such time as the managing underwriter in the case of an underwritten issue, one of the participating members in the case of a non-underwritten issue, or a potential market maker in the case of an issue which has been sold without the assistance of an Association member, in each case with the written consent of the issuer, files a "Notice of Termination and Release of Issue for Trading" (Notice) with the District Committee in the District where the managing underwriter, issuer, or market maker's main office is located with a copy of the Notice and the final prospectus or offering circular relating to the offering to the Corporate Financing Department in the Association's Executive Office. The Notice would be required to specify the following: (1) that the offering has been terminated as of the time of the filing of the Notice; (2) the date and time of release of the issue for trading; and (3) the total number of shares, units or other appropriate designation of certificates representing the completed offering. This paragraph also provides that the size of the offering would be limited to and fixed at no more than the number of shares specified in the notification to the Association, regardless of the number of shares registered as part of the offering. Additional sales of shares from the issue would

be prohibited after it has been filed. A copy of the proposed Notice form is attached to proposed Section 34. As stated, such requires the acquiescence of the issuer prior to filing.

Paragraph (d) would require that a member who participates in an offering subject to the provisions of the Rule deliver to each purchaser at the time of meeting the conditions of escrow a notice which advises the purchaser of the number of shares of the offering sold and a statement that certificates will be delivered to the purchaser as provided in paragraph (e), unless the purchaser, after receipt of such notice, originates written instructions to the contrary identifying the issue and specifying the alternative disposition of the certificates. Such notice shall accompany the confirmation of sale sent to the customer.

Paragraph (e) outlines the requirements for effecting settlement and delivering certificates to original purchasers of the issue. It requires that settlement be effected and certificates placed in the mails or otherwise delivered in negotiable form at the public offering price within seven business days following the date of the filing of the Notice described in paragraph (c) above. Such delivery would be required to take place unless: (1) the purchaser directed otherwise as provided under this paragraph of the Rule or (2) upon written application made to the Association by the underwriter, or by the issuer in the case of a non-underwritten issue, an extension of time for delivery had been granted whereupon the investor shall be notified of the extension with an indication of a reasonable period of delivery of the securities. Such extension would not be granted unless the applicant was able to clearly demonstrate that delivery within the seven-day period would not be possible because of, for example, the size of the issue, the number of purchasers or some other similar reason. An extension would not automatically be granted and each request and the reasons therefor would be closely studied before any action would be taken on the request.

Paragraph (f) addresses situations in which the distribution of an issue of securities subject to the provisions of the Rule is being made by a nonmember issuer without the services of an underwriter, or where the underwriter is a nonmember of the Association. In such instances, no member would be permitted to trade such securities in the secondary market and/or publish any quotation or bid for any such security, unless the issuer, the nonmember underwriter and/or the member have complied with certain provisions of this Rule.

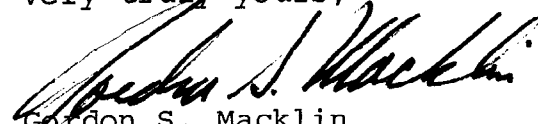
The final paragraph establishes the effectiveness of the provisions and makes the Rule not applicable to offerings which commence distribution within thirty (30) days of the effective date of the Rule nor to the trading of any new issue which commenced distribution prior to the effective date of the Rule.

If the proposed amendments to Article III, Section 15 and the proposed new Article III, Section 34 are approved by the membership, they must be submitted to the Securities and Exchange Commission for approval prior to becoming effective.

The proposed amendments to the Rules of Fair Practice are important and merit your immediate attention. Please mark your ballot according to your conviction and return it in the enclosed, stamped envelope to "The Corporation Trust Company." Ballots must be postmarked no later than October 27, 1976.

The Board of Governors believes the proposed amendments to Article III, Section 15 and the proposed new Article III, Section 34 to be necessary and in the public interest and recommends that members vote their approval.

Very truly yours,



Gordon S. Macklin
President

PROPOSED AMENDMENT TO ARTICLE III,
SECTION 15 OF THE RULES OF FAIR PRACTICE

Section 15 is amended by redesignating existing paragraphs (b), (c) and (d) thereof as (c), (d) and (e) and by adding a new paragraph (b) thereto as follows:

Prohibition in New Issues

(b) No member shall effect with or for any customer's account in respect to which such member or his agent or employer is vested with discretionary power any transaction of purchase or resale of a security for a customer from an initial distribution of an issuer's securities to the public. However, transactions involving the purchase of securities of an initial offering may only be handled through a non-discretionary account.

PROPOSED SECTION 34 OF THE RULES OF FAIR PRACTICE
BEST EFFORTS OFFERINGS OF SECURITIES

(a) Definitions.

For purposes of this section, the following words shall have the stated meanings:

- (1) Best Efforts Offering - Shall mean any initial distribution of an issuer's securities to the public wherein any portion of such, excluding over-allotment options which shall be limited to ten percent of the distribution, is not the subject of a firm commitment by a member or nonmember underwriter; provided, however, such shall not include any distribution of an investment company registered with the Securities and Exchange Commission pursuant to the provisions of the Investment Company Act of 1940; as amended; units of a separate account as defined in Section 2(a)(37) of the Investment Company Act of 1940, as amended; a Direct Participation Program; an exchange offer for the outstanding securities of a publicly traded company, or any offering the securities of which are not intended to be freely transferable.
- (2) Prospectus - Shall have the meaning given to that term by Section 2(10) of the Securities Act of 1933, provided, however, such term as used herein shall also include an offering circular as required by Rule 256 of the General Rules and Regulations under the Securities Act of 1933 and in the case of an intrastate or foreign offering, any document, by whatever name known, which is required by any state or foreign country in connection with the offering of securities to the public.
- (3) Direct Participation Program - A program which provides flow-through tax consequences regardless of the structure of the legal entity or vehicle for distribution including,

but not limited to, oil and gas programs, real estate programs, agricultural programs, cattle programs, condominium securities, Subchapter S corporate offerings and all other programs of a similar nature, regardless of the industry represented by the program, or any combination thereof. Excluded from this definition are real estate investment trusts, tax qualified pension and profit sharing plans pursuant to Sections 401 and 403(a) of the Internal Revenue Code and individual retirement plans under Section 408 of that Code, tax sheltered annuities pursuant to the provisions of Section 403(b) of the Internal Revenue Code, and any company, including separate accounts, registered pursuant to the Investment Company Act of 1940.

- (b) No member or person associated with a member shall engage in the initial distribution of a best efforts offering as an underwriter, a selling group participant, or otherwise unless the terms of the offering, (a) clearly stated in the prospectus, require that funds received from the offering be placed in an escrow account where they shall remain until the provisions of Rule 15c2-4 under the Securities Exchange Act of 1934, as amended, have been complied with, (b) it has been determined that no further securities are to be offered, (c) notification to the underwriting group is given by the managing underwriter, or issuer in the case of a non-underwritten offering, that the offering has been completed or terminated and (d) the provisions of this Section have been complied with.
- (c) Before the securities of an offering subject to the provisions hereof may be traded by a member in the secondary market, or before a member may publish any quotation or bid for any security which is or has been part of such an offering, a "Notice of Termination and Release of Issue for Trading," with the written consent of the issuer, shall be filed either by the managing underwriter in the case of an underwritten issue; by one of the participating members in the case of a non-underwritten issue or by a potential market maker in the case of an offering which has been sold without the assistance of an Association member with the District Committee in the District where its main office is located with a copy of the Notice and a copy of the final prospectus relating to the offering to the Corporate Financing Department in the Association's Executive Office. Such Notice shall specify that the offering has been terminated as of the time of the filing of the Notice, the date and time of release of the issue for trading, and the total number of shares, bonds, units or other appropriate designation of certificates representing the completed offering. Notwithstanding the number of securities registered as part of the offering, the distribution shall be limited to and fixed at no more than the number of securities specified in the notification filed with the Association. No securities from the offering may thereafter

be sold.

- (d) Immediately following the date of filing the "Notice of Termination and Release of Issue for Trading," a member who participates in an offering subject to the provisions of this section shall, as soon as the provisions of paragraph (d) have been satisfied, deliver to the purchaser with each bona fide confirmation of sale at the public offering price a notice which advises the purchaser of the number of securities of the offering sold and a statement that certificates will be delivered as provided in paragraph (e) hereof unless the customer originates, after receipt of such notice, written instructions to the contrary identifying the issue and specifying the alternative disposition of the certificates.
- (e) Within seven business days following the date of the filing of the "Notice of Termination and Release of Issue for Trading" settlement shall be effected and certificates shall be placed in the mails or otherwise delivered in negotiable form to all original purchasers of the issue at the public offering price unless:
 - (1) the purchaser has directed otherwise as provided in paragraph (d) of this section, or
 - (2) upon written application made to the Association by the underwriter, or by the issuer in the case of a non-underwritten issue, an extension of time for delivery has been granted. Whereupon the investor shall be notified of the extension of time with an indication of a reasonable period of delivery of the securities. Extensions shall not be granted unless the applicant is able to clearly demonstrate that delivery within the stated seven-day period will not be possible because, for example, of the size of the issue, the number of purchasers or some other similar reason. Extensions will not automatically be granted.
- (f) In those cases where a nonmember issuer is making a distribution of an issue of securities subject to the provisions hereof without the services of an underwriter, or where the underwriter is a nonmember of the Association, no member shall trade such securities in the secondary market nor shall a member publish any quotation or bid for any such security, unless the issuer, the nonmember underwriter and/or the member has complied with the provisions of paragraph (c) and any other applicable paragraph.
- (g) This section shall not apply to offerings in which distribution commenced within thirty (30) days of the effective date of the Rule nor to the trading of any new issue which has commenced distribution prior to the effective date of this Rule.

NASD
NOTICE OF TERMINATION AND RELEASE
OF ISSUE FOR TRADING
BEST EFFORTS OFFERINGS ONLY

* * * *

TO: NASD District _____

FROM: _____ PHONE: _____
(member firm)

DATE: _____

RE: _____
(issuing company)

Pursuant to the provisions of Article III, Section 34(c) of the Association's Rules of Fair Practice we hereby confirm that the public offering of _____ of the above issuer (type of securities) has been terminated as of the date of this notice with a total _____ sold. The issue was (will be) released (# and type of securities) for trading at _____ on _____ (time) (date).

Check the appropriate box or boxes for your firm:

- Participated as Managing Underwriter/
Dealer Manager
- Participated as Underwriter or Dealer
- Intend to be Market Maker

(Signature of Registered Principal)

I, _____, _____ of _____,
(name) (title) (issuer)
acting within the scope of my authority as delegated by the by-laws of the issuer or its board of directors hereby certify that I have such authority, hereby agree to and acquiesce in the termination of the above distribution.

NOTE: Both a copy of this notice and a final prospectus must also be filed with the Director, Corporate Financing Department, NASD, Inc., 1735 K Street, N.W., Washington, D.C. 20006 at the time of the filing of this notice.