

NASD

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

notice to members 85-73

November 4, 1985

TO: All NASD Members

RE: Beacon Securities, Inc.
P.O. Box 5969
Hilton Head Island, South Carolina 29938

ATTN: Operations Officer, Cashier, Fail-Control Department

On October 30, 1985, the United States District Court of South Carolina, Charleston Division, appointed a Temporary Receiver for the above-captioned firm.

Members may use the "immediate close-out" procedures as provided in Section 59(i)(2) of the NASD's Uniform Practice Code to close out open OTC contracts. Also, MSRB Rule G-12(h)(iii) provides that members may use the above procedures to close out transactions in municipal securities.

Questions regarding the firm should be directed to:

Temporary Receiver

Norman W. Stevenson, Esquire
Barnwell & Stevenson
P.O. Box 1429
Charleston, South Carolina 29402
Telephone: (803) 577-2960

NASD

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

notice to members 85-74

November 5, 1985

TO: All NASD Members and Municipal Securities Dealers
ATTN: All Operations Personnel
RE: Thanksgiving Day: Trade Date - Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Thursday, November 28, 1985, in observance of Thanksgiving Day. "Regular-way" transactions made on the preceding business days will be subject to the settlement date schedule listed below.

Trade Date-Settlement Date Schedule

For "Regular-Way" Transactions

| <u>Trade Date</u> | <u>Settlement Date</u> | <u>Regulation T Date*</u> |
|-------------------|------------------------|---------------------------|
| November 20 | November 27 | December 2 |
| 21 | 29 | 3 |
| 22 | December 2 | 4 |
| 25 | 3 | 5 |
| 26 | 4 | 6 |
| 27 | 5 | December 9 |
| 28 | Markets Closed | — |
| 29 | 6 | 10 |

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

NASD

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

notice to members 85-75

November 11, 1985

TO: All NASD Members and Other Interested Persons

RE: Amendments to SEC Rule 15c3-3, Customer Protection Rule

The Securities and Exchange Commission has amended Rule 15c3-3 under the Securities Exchange Act of 1934. These amendments, which for the most part, become effective on November 22, 1985, are designed to assure that customer funds and securities held by broker-dealers are protected against misuse or insolvency. It is anticipated that the net effect of these amendments will not materially affect most members, but could require greater deposits to be made in the Reserve Bank Account of some broker-dealers.

The salient points of the amendments to Rule 15c3-3 are set forth below, and will for purposes of the debit items in the reserve formula:

- (1) Exclude from the reserve formula the debit balances of household members and other persons related to principals of a broker-dealer or affiliated in a certain way with a broker-dealer, unless the member can demonstrate that such debit balances are directly related to formula credit items for those same persons;
- (2) Depending upon the extent of non-customer ownership, exclude from the reserve formula, some or all of the debit balances of accounts in which "principals" of a broker-dealer have an ownership interest, e.g. joint account, custodian account, participation in a hedge fund, unless it can be demonstrated that such debit balances are directly related to credit items in the formula; and,
- (3) Reduce debit balances in margin accounts in the reserve formula (other than omnibus accounts) by the amount of which any single customer's debit balance exceeds 25% (to the extent such amount is greater than \$50,000) of the net

The above settlement dates should be used by brokers, dealers, and municipal securities dealers for purposes of clearing and settling transactions pursuant to the NASD's Uniform Practice Code and Municipal Securities Rulemaking Board Rule G-12 on Uniform Practice.

Questions regarding the application of these settlement dates to a particular situation may be directed to the Uniform Practice Department of the NASD at (212) 839-6256.

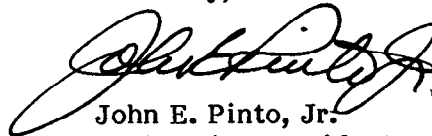
* * * * *

capital of the broker-dealer prior to securities haircuts ("tentative net capital"), unless the member can demonstrate that the debit balance is related to credit items in the formula. The designated examining authority may grant partial or total exemption from this provision if circumstances so warrant.

The amendments become effective on November 22, 1985, except for the concentration provision under Item (3) above which becomes effective on April 1, 1986.

A copy of the SEC's release is attached. Questions concerning this notice may be directed to I. William Fishkind, Assistant Director, Financial Responsibility, at (202) 728-8405.

Sincerely,



John E. Pinto, Jr.
Senior Vice President
Compliance Department

Attachment

SECURITIES AND EXCHANGE COMMISSION

[17 CFR Part 240]

[Release No. 34-22499; File No. S7-8-84]

Customer Protection Rule

AGENCY: Securities and Exchange Commission.

ACTION: Rule Amendment.

SUMMARY: The Securities and Exchange Commission

("Commission") is adopting amendments to Rule 15c3-3 under the Securities Exchange Act of 1934 ("Act"). Under the rule, the broker-dealer is required to make a weekly computation (or in certain cases a monthly computation), as of the close of business Friday, to determine how much money it is holding which is either customer money or money obtained from use of customer securities (i.e., formula credits). From that amount the broker-dealer subtracts the amount of money it is owed by its cash or margin customers or by other broker-dealers because of customer transactions (i.e., formula debits). If the credits exceed the debits, the broker-dealer must deposit the excess by Tuesday morning in a Reserve Bank Account. If the debits exceed the credits, no deposit is necessary. This process is commonly referred to as the Reserve Formula Computation.

The amendments will, for purposes of the debit items of the Reserve Formula: 1) exclude the debit balances of household members and other persons related to broker-dealer principals or affiliated in a certain way with a broker-dealer; 2) exclude, under certain circumstances, the debit balances of accounts in which "principals" of a broker-dealer have ownership interests; and 3) exclude, under certain circumstances, the amount by which a broker-dealer's margin accounts receivable (a debit item) with a single customer exceeds twenty-five percent of the net capital of the broker-dealer prior to securities haircuts ("tentative net capital").

The amendments are designed to assure that customers' funds and securities held by broker-dealers are protected against misuse or insolvency. The net effect of the proposed amendments may be to require that greater deposits be made in the Reserve Bank Accounts of some broker-dealers.

EFFECTIVE DATE: November 22, 1985 except the concentration provision which will be effective on April 1, 1986.

FOR FURTHER INFORMATION CONTACT: Michael A. Macchiaroli,
Division of Market Regulation, 450 5th Street, N.W.,
Washington, D.C. 20549 (202) 272-2904.

SUPPLEMENTARY INFORMATION

I. INTRODUCTION

Rule 15c3-3 is designed to assure that customers' funds (as well as securities) held by broker-dealers are protected against broker-dealer misuse or insolvency. The rule requires, among other things, that a broker-dealer maintain with a bank or banks a "Special Reserve Bank Account for the Exclusive Benefit of Customers" ("Reserve Bank Account") and deposit in this account its reserve requirement as computed in accordance with the Formula for Determination of Reserve Requirement For Brokers and Dealers ("Reserve Formula"), Exhibit A of Rule 15c3-3. In addition, before making a withdrawal from the Reserve Bank Account, a broker-dealer must make a computation which shows that after the withdrawal there is an amount remaining in the Reserve Bank Account at least equal to that required to be on deposit.

Under the Rule, a broker-dealer is required to make a weekly computation (or in certain cases a monthly computation), as of close of business Friday, to determine how much money it is holding which is either customer money or money obtained from use of customer securities (i.e., formula credits). From that amount the broker-dealer subtracts the amount

of money it is owed by its cash or margin customers or by other broker-dealers and certain other entities because of customer transactions (i.e., formula debits). If the credits exceed the debits, the broker-dealer must deposit the excess by Tuesday morning in a Reserve Bank Account. If the debits exceed the credits, no deposit is necessary.

One of the purposes of the Reserve Formula is to ensure that customers' funds held by a broker-dealer are deployed only in areas of the broker-dealer's business related to servicing its customers (i.e., debit items in the Reserve Formula) or, to the extent that the funds are not deployed in these limited areas, that they be deposited in a Reserve Bank Account. Thus, the Reserve Bank Account includes all funds held by a broker-dealer that have as their source customer assets and which have not been utilized to finance the broker-dealer's customer related transactions. The rule makes it unlawful for a broker-dealer to accept or use customer funds to finance any part of its proprietary business activities. This prohibition applies as well to transactions of principal officers, directors, and general partners ("principals") of a broker-dealer and thereby prevents the broker-dealer from using customer funds to finance the insiders' own personal investment activities.

Recent events, particularly the financial failures of two broker-dealers, caused renewed concern in the area of misuse of customer free credit balances. Proposed revisions to Rule 15c3-3 were recommended by a Committee of the Securities Industry Association ("SIA") in response to the problem of protecting customer free credit balances. Based on these recommendations the Commission proposed remedial revisions to Rule 15c3-3 in Securities Exchange Act Release No. 20655 (February 15, 1984). In response to comments received on that proposal, the Commission modified its proposal and repropoed the amendments for public comment in Securities Exchange Act Release No. 21865 (March 26, 1985).

The Commission received fifteen comment letters on the proposed amendments. Most of the commentators supported the stated objective of the proposed amendments: to protect customers' funds held by broker-dealers from misuse or insolvency, and to ensure that those funds are used only to service bona fide customer accounts. Some of the commentators however, still believed that the costs of compliance (e.g., computer programming and financing costs) would be unduly burdensome on smaller and medium sized broker-dealers. Others believed that the mechanism of allowing the Designated Examining Authority

("DEA") to grant exceptions to the concentration provision would be unworkable absent uniform guidelines for granting exceptions. In light of the specific comments received and, with the view towards minimizing the compliance burden on broker-dealers, the Commission has determined to adopt the proposed amendments in modified form.

II. DISCUSSION

The Commission proposed three amendments to Rule 15c3-3. Each of these amendments is described below along with a summary of the comments received and any modifications made in adopting the amendments.

A. Household Members, Related Persons and Affiliates

As stated in its prior releases, the Commission is concerned that certain broker-dealer principals have been able to utilize the securities accounts of family members (or persons under their control) or affiliates to circumvent the prohibition against the use of customer funds held by their firms (i.e., credit items in the Reserve Formula) to finance their own securities activities. The Commission is concerned that this financing activity can lead to a reduction or total elimination of the broker-dealer's reserve deposit requirements to the possible detriment of bona fide public customers.

The Commission thus proposed to add a paragraph to Note E of the Reserve Formula which would provide

that:

the debit balances in the accounts of household members and other persons related to principals of a broker-dealer or affiliated with a broker-dealer are not "customer" debit balances, and therefore should not be included in the Reserve Formula, unless it can be shown that such debit balances are directly related to formula credit items for those same persons.

The Commission proposed to define the terms "household members and other persons related to..." to include parents, mothers-in-law or fathers-in-law, husbands or wives, brothers or sisters, brothers-in-law or sisters-in-law, children or any relative to whose support the broker-dealer principal contributes directly or indirectly.

Commentators on the original proposal suggested that the proposed definition was too broad. In response to those comments, the Commission repropoed the definition and asked commentators to suggest alternative definitions. Although none of the latest round of commentators suggested alternative definitions, two of the commentators suggested establishing a de minimis threshold of \$50,000 below which the debit balances of household members and other persons related to principals of a broker-dealer would not be affected by the amendment.

The Commission is not incorporating the threshold concept into the amendment it is adopting because, with respect to the debit balances of close relatives such as

spouses and children, there is no basis for distinguishing those debit balances from the debit balances of principals of a broker-dealer. The Commission believes it is fair to assume that the principals may be exerting control over the accounts of close relatives, or that these will be favored accounts. In contrast, the Commission believes, that the accounts of parents, siblings and inlaws, absent some financial dependence, would not necessarily be controlled by the principals.

Based on the above, and in the interest of reducing any recordkeeping burden on broker-dealers, the Commission is adopting a narrower definition. For purposes of the Reserve Formula, the term "household members and other persons related to . . ." will include only husbands or wives, children, sons-in-law or daughters-in-law and any other relative or household member to whose support the broker-dealer principal contributes directly or indirectly. The Commission recognizes that narrowing the definition might make it possible for principals to use the accounts of certain relatives. However, on balance, the Commission believes that the revised household member restriction combined with the concentration provision described below will adequately address the most egregious cases which pose the greatest threat to the public customers of broker-dealers.

B. Joint Accounts, Etc.

In Securities Exchange Act Release No. 20655 the Commission proposed a revision of an earlier interpretation (issued in Securities Exchange Act Release No. 9922) regarding the definition of the term "customer" for purposes of Rule 15c3-3. In that earlier release, a joint account, custodian account, participation in a hedge fund or limited partnership, or a similar type account or arrangement by a person who would be excluded from the definition of customer (i.e., a general partner, director or principal officer of a broker-dealer) with persons includible in the definition of customer, was considered a customer's account. The proposal would have treated those accounts as non-customer accounts insofar as the debit items in the Reserve Formula were concerned, unless the broker-dealer demonstrated that the debits were directly related to formula credit items.

Based on comments that this proposal was too broad, the Commission modified its proposed note E(6) to the Reserve Formula as follows: if the non-customer has less than a five percent ownership interest in the subject account, then the entire debit balance will be included in the formula; if such percentage ownership is between five percent and fifty percent, then the portion of the debit balance attributable to the non-customer will be excluded

from the formula and the remainder of the debit balance will be included in the formula, unless the broker-dealer can demonstrate that such debit balances are directly related to credit items in the formula; if such percentage ownership by a non-customer is greater than fifty percent, then the entire debit balance shall be excluded from the formula unless the broker-dealer can demonstrate that such debit balances are directly related to credit items in the formula.

The commentators were uniformly supportive of the proposal, as modified. Accordingly, the Commission is adopting the amendment in its modified form.

C. Concentration Provision

Finally, the Commission's original proposal would have provided that debit balances in margin accounts must be reduced by the amount by which a single customer's margin debit balance exceeds ten percent of the aggregate of all debit balances in customers' margin accounts included in Item 10 of the Reserve Formula.

Based on the comments received on that proposal, the Commission modified the proposed concentration provision to provide for a more flexible approach to the treatment of concentrated margin debits. The modified proposal tied the concentration charge to the broker-dealers tentative net capital rather than its overall margin debt, provided for an exception mechanism through the broker-dealers Designated Examining Authority ("DEA") and, made it clear that a

concentrated debit balance may be included in the formula to the extent that it is directly related to credit items in the formula.

In general, the comments received on the modified concentration provision indicated that the changes made alleviated some of the concerns raised by the original proposal. Three of the commentators stated their general support for the provision, as modified. Some of the commentators expressed their concern that the concentration provision might have a disproportionate impact on small and medium-sized broker-dealers. Other commentators were fearful that, unless industry wide criteria were established, the DEA exception procedures would present administrative difficulties. Still other commentators were uncertain as to how to demonstrate the required relationship between debits and credits, in order to avoid the impact of the concentration charge. The last comment also applies to the "household members and other persons related to . . ." amendment.

This concentration provision effectively restricts a broker-dealer from lending a large percentage of other customers' money to any one customer except under certain conditions intended to alleviate the risks of such a concentrated position. The Commission believes that this is an appropriate limitation on the use of other customers' money and consistent with the purposes of Rule 15c3-3. The

amendments have been designed to minimize any concomitant burdens. Indeed, the impact on broker-dealers is expected to be minimal. While the amendments will not absolutely prevent fraud or abuse, they will reduce the financial exposure of broker-dealers and perhaps lead to more investor confidence in broker-dealers who hold customer monies.

With regard to establishing industry guidelines for granting requests for exceptions from the concentration provision, the Commission is delaying the effective date of this amendment until April 1, 1986. The DEAs, with the aid of the Commission's staff, will be able to formulate objective criteria for granting exceptions during this time period. Such criteria will enable the DEAs to review the exception requests expeditiously and should provide guidance to broker-dealers in seeking an exception. In addition, the amendment adopted by the Commission will make it clear that during any review period, the concentrated debit may be included in the reserve formula computation for five business days after a request for DEA exception is made.

With regard to demonstrating the relationship between particular debit balances with credit items in the formula, broker-dealers are free to choose any method of allocating debits and credits. The Commission believes that many broker-dealers will use the allocation systems that they use in making other determinations required by Rule 15c3-3.

However, broker-dealers are not limited to such systems. In fact, because the principal objective of the amendments is to ensure that customer free credit balances are not being misused by principals of a broker-dealer, it would be sufficient for a broker-dealer to demonstrate the requisite relationship indirectly by showing that it did not carry any customer free credit balances.

In sum, the Commission believes that establishing objective criteria for granting exceptions, allowing concentrated debit balances to be included in the formula during any review period and, allowing broker-dealers flexibility in demonstrating that a particular debit balance is related to a formula credit item will ensure that the amendments will not be unduly burdensome on broker-dealers. At the same time, the Commission believes the amendments it is adopting are necessary and appropriate in the public interest to ensure that customer funds and securities are not placed at undue risk because of fraudulent practices by broker-dealers or large extensions of credit to individual accounts financed with free credit balances.

III. SUMMARY OF FINAL REGULATORY FLEXIBILITY ANALYSIS

The Commission has prepared a Final Regulatory Flexibility Analysis in accordance with 5 U.S.C. §604 regarding the amendments to Rule 15c3-3. The Analysis notes that

the amendments are necessary in order to ensure that broker-dealers do not circumvent the prohibition against broker-dealer principals using customer funds to finance their own personal/proprietary investment activities and toward unnecessary concentrations in broker-dealers margin lending. The analysis states that the Commission did not receive any comments concerning the Initial Regulatory Flexibility Analysis. The Analysis points out that in response to commentators concern about the costs involved in compliance with the amendments to Rule 15c3-3, the Commission modified the amendments to lessen any compliance burden.

A copy of the Final Regulatory Flexibility Analysis may be obtained by contacting Julio Mojica, Division of Market Regulation, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, (202) 272-2372.

IV. STATUTORY BASIS

Pursuant to the Securities Exchange Act of 1934 and particularly Sections 15(c)(3), 17 and 23(a) thereof, 15 U.S.C. §§78o(c)(3), 78q and 78w(a), the Commission is adopting amendments to §240.15c3-3 in Part 240 of Chapter II of Title 17 of the Code of Federal Regulations in the manner set forth below.

Lists of Subjects in 17 CFR Part 240

Reporting and recordkeeping requirements, Securities.

V. TEXT OF THE PROPOSED AMENDMENTS

In accordance with the foregoing, 17 CFR Part 240 is amended as follows:

PART 240 - GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

1. The authority citation for Part 240 continues to read as follows:

Authority: Sec. 23, 98 Stat. 901, as amended, 15 U.S.C. 78W * * *.

§240.15c3-3 also issued under Secs. 15(c)(2), 15(c)(3) and 17(a), 48 Stat. 895, 897, as amended; 15 U.S.C 78o(c), 78q(a) * * *.

§240.15c3-3a also issued under Secs. 15(c)(2), 15(c)(3) and 17(a), 48 Stat. 895, 897, as amended; 15 U.S.C., 78o(c), 78q(a) * * *.

2. Section 240.15c3-3 is amended by revising paragraph (a)(1), and by adding paragraphs (a) (11), (a)(12) and (a)(13) as follows: §240.15c3-3 Customer protection - reserves and custody of securities.

(a) * * *

(1) The term "customer" shall mean any person from whom or on whose behalf a broker or dealer has received or acquired or holds funds or securities for the account of that person. The term shall not include a broker or dealer or a registered municipal securities dealer. The term shall not include

general partners or directors or principal officers of the broker or dealer or any other person to the extent that that person has a claim for property or funds which by contract, agreement or understanding, or by operation of law, is part of the capital of the broker or dealer or is subordinated to the claims of creditors of the broker or dealer. The term customer shall, however, include another broker or dealer to the extent that that broker or dealer maintains an omnibus account for the account of customers with the broker or dealer in compliance with Regulation T under the Securities Exchange Act of 1934.

* * * * *

(11) The term "principal officer" shall mean the president, executive vice president, treasurer, secretary or any other person performing a similar function with the broker or dealer.

(12) The term "household members and other persons related to principals" includes husbands or wives, children, sons-in-law or daughters-in-law and any household relative to whose support a principal contributes directly or indirectly. For purposes of this paragraph (a)(12), a principal shall be deemed to be a director, general partner, or principal officer of the broker or dealer.

(13) The term "affiliated person" includes any person who directly or indirectly controls a broker or dealer or any person who is directly or indirectly controlled by or under common control with the broker or dealer. Ownership of 10% or more of the common stock of the relevant entity will be deemed prima facie control of that entity for purposes of this paragraph.

* * * * *

3. Section 240.15c3-3a is amended by adding paragraphs 4,5 and 6 to Note E as follows: §240.15c3-3a Exhibit A - formula for determination of reserve requirement for brokers and dealers under §240.15c3-3.

* * * * *

NOTE E.

* * *

(4) Debit balances in cash and margin accounts of household members and other persons related to principals of a broker or dealer and debit balances in cash and margin accounts of affiliated persons of a broker or dealer shall be excluded from the Reserve Formula, unless the broker or dealer can demonstrate that such debit balances are directly related to credit items in the formula.

(5) Debit balances in margin accounts (other than omnibus accounts) shall be reduced by the amount by which any single customer's debit balance exceeds 25% (to the

extent such amount is greater than \$50,000) of the broker-dealer's tentative net capital (i.e., net capital prior to securities haircuts) unless the broker or dealer can demonstrate that the debit balance is directly related to credit items in the Reserve Formula. Related accounts (e.g., the separate accounts of an individual, accounts under common control or subject to cross guarantees) shall be deemed to be a single customer's accounts for purposes of this provision.

If the registered national securities exchange or the registered national securities association having responsibility for examining the broker or dealer ("designated examining authority") is satisfied, after taking into account the circumstances of the concentrated account including the quality, diversity, and marketability of the collateral securing the debit balances of margin accounts subject to this provision, that the concentration of debit balances is appropriate, then such designated examining authority may grant a partial or plenary exception from this provision.

The debit balance may be included in the reserve formula computation for five business days from the day the request is made.

(6) Debit balances of joint accounts, custodian accounts, participations in hedge funds or limited partnerships or similar type accounts or arrangements

of a person who would be excluded from the definition of customer ("non-customer") with persons includible in the definition of customer shall be included in the Reserve Formula in the following manner: if the percentage ownership of the non-customer is less than 5 percent then the entire debit balance shall be included in the formula; if such percentage ownership is between 5 percent and 50 percent then the portion of the debit balance attributable to the non-customer shall be excluded from the formula unless the broker or dealer can demonstrate that the debit balance is directly related to credit items in the formula; if such percentage ownership is greater than 50 percent, then the entire debit balance shall be excluded from the formula unless the broker or dealer can demonstrate that the debit balance is directly related to credit items in the formula.

* * * * *

By the Commission.

John Wheeler
Secretary.

Dated: October 3, 1985.

NASD

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

notice to members 85-76

November 12, 1985

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

RE: NASDAQ National Market System Grows to 2,172 Securities With 18 Voluntary Additions on November 19, 1985

On Tuesday, November 19, 1985, 18 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,172. These 18 issues, which will begin trading under real-time trade reporting, are entering the NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 18 issues scheduled to join NASDAQ/NMS on Tuesday, November 19, 1985, are:

| Symbol | Company | Location |
|---------------|-----------------------------------|------------------------|
| ATCC | American Technical Ceramics Corp. | Huntington Station, NY |
| BRIX | BRIntec Corporation | Willimantic, CT |
| BING | Binghamton Savings Bank | Binghamton, NY |
| CNSP | Central Sprinkler Corporation | Lansdale, PA |
| CEFT | Concord Computing Corporation | Bedford, MA |
| FCAP | First Capital Corporation | Jackson, MS |
| FULT | Fulton Financial Corporation | Lancaster, PA |
| HCLB | HomeClub, Inc. | Fullerton, CA |
| INTW | IntraWest Financial Corporation | Denver, CO |
| JMBRS | JMB Realty Trust | Chicago, IL |
| JAGRY* | Jaguar, PLC | Coventry, England |

* This issue is scheduled to commence trading in the NASDAQ System concurrent with its designation as a NASDAQ/NMS security on November 19, 1985.

| Symbol | Company | Location |
|---------------|---|------------------|
| NDCO | Noble Drilling Corporation | Tulsa, OK |
| RPICA | Republic Pictures Corporation (Cl A) | Los Angeles, CA |
| ROTO | Roto-Rooter, Inc. | Cincinnati, OH |
| SPRH | Spearhead Industries, Inc. | Eden Prairie, MN |
| SQAI | Square Industries, Inc. | Jersey City, NJ |
| STVL | Stereo Village, Inc. | Decatur, GA |
| VFSB | Virginia First Savings, F.S.B. | Petersburg, VA |

The following issue may be included in NASDAQ/NMS prior to the next regularly scheduled phase-in date:

Pending Additions

| Symbol | Company | Location |
|---------------|--|-----------------|
| HIRE | Diversified Human Resources Group, Inc. | Dallas, TX |

NASDAQ/NMS Interim Additions

| Symbol | Name | Date of Entry |
|---------------|-----------------------|----------------------|
| MGAN | Morgan Products, Ltd. | 10/30/85 |
| GDMK | Good Mark Foods, Inc. | 11/07/85 |

The following changes to the list of NASDAQ/NMS securities occurred since October 25, 1985:

NASDAQ/NMS Symbol And/Or Name Changes

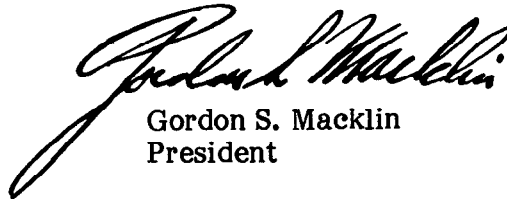
| New/Old Symbol | New/Old Security Name | Date of Change |
|---------------------------|--|-----------------------|
| TNDS/TIND | TS Industries, Inc./TS Industries, Inc. | 10/31/85 |
| TIRE/TIRE | One Liberty Properties, Inc./ One Liberty Firestone Properties, Inc. | 11/01/85 |
| DMCVB/ DMCV | Dairy Mart Convenience Stores, Inc. - Cl. B./Dairy Mart Convenience Stores, Inc. | 11/04/85 |

NASDAQ/NMS Deletions

| Symbol | Security Name | Date |
|---------------|------------------------------|-------------|
| PULLW | Pullman-Peabody Company Wts. | 10/28/85 |
| FDRI | First Data Resources | 10/29/85 |
| MGNT | Magnet Bank, F.S.B. | 10/30/85 |
| TOFU | Tofu Time, Inc. | 10/30/85 |
| NICO | NICO, Inc. | 11/01/85 |
| SDUN | Standun, Inc. | 11/04/85 |
| FCAH | First Capital Holdings Corp. | 11/05/85 |
| MOKE | Morgan Keegan, Inc. | 11/05/85 |
| CHYC | Chyron Corporation | 11/06/85 |

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

Sincerely,



Gordon S. Macklin
President

NASD

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

notice to members 85-77

November 22, 1985

IMPORTANT

TO: All NASD Members and Other Interested Persons

RE: NASD Actions in the Area of Short Sale Regulation

At its November meeting, the NASD's Board of Governors determined to take several actions in the area of short sale regulation in the over-the-counter securities market. This notice summarizes these actions.

Reporting of Open Short Interest Positions

The first such action will require members to report to the NASD, for purposes of surveillance and study, the aggregate over-the-counter short interest positions of their customer and proprietary accounts on a monthly basis. This information will be used for internal NASD purposes only and will not be distributed to the public.

In view of the NASD's need for over-the-counter short interest information for a study now underway (see below) and surveillance purposes, the NASD Board has determined to adopt this monthly reporting requirement on an expedited basis, with actual reporting expected to begin in early 1986.

Proposed Rules to be Published for Comment

The Board also determined to issue for public comment rules to require (1) that customer order tickets for each sale transaction in an over-the-counter security include a notation that the order is either a long sale or a short sale, and (2) that NASD members make an affirmative determination, before accepting a customer's order to sell an over-the-counter stock short, that delivery of the shares can be made within five business days. Both of these proposals parallel existing requirements in exchange markets.

Expert Selected to Conduct Study of Current Short Selling Practices

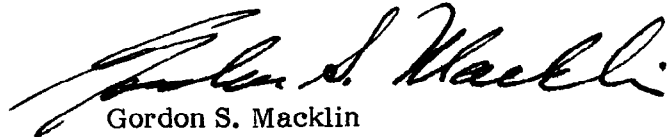
The NASD Board also determined to retain Irving M. Pollack, a recognized expert in the field of securities regulation and surveillance, to conduct a comprehensive study of current short selling practices, complete with findings and recommendations. Mr. Pollack formerly served as an SEC Commissioner following nearly three decades on the SEC staff, including several years as Director of the Division of Enforcement and its predecessor, the Division of Trading and Markets.

This study is being undertaken in light of the profound changes that have taken place in the composition, structure and surveillance of our nation's securities markets since today's system of short sale regulation in exchange markets was adopted in the 1930's. Because of this, Mr. Pollack's study will produce recommendations that take into account (1) the fundamental differences between the over-the-counter market and exchange market in terms of structure and mechanics; (2) the evolution of markets; and (3) the 1980's environment in which markets now operate where the use of technology abounds, where quote and transaction information flows are virtually instantaneous, and where a multitude of derivative products facilitating programmed strategies now exist.

* * * * *

More detailed information concerning each of the above items will be sent to members shortly. In the meantime, questions regarding this notice may be directed to S. William Broka at (202) 728-8050.

Sincerely,



Gordon S. Macklin
President



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

notice to members 85-78

November 25, 1985

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

RE: NASDAQ National Market System Grows to 2,183 Securities With 23 Voluntary Additions on December 3, 1985

On Tuesday, December 3, 1985, 23 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,183. These 23 issues, which will begin trading under real-time trade reporting, are entering the NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 23 issues scheduled to join NASDAQ/NMS on Tuesday, December 3, 1985, are:

| Symbol* | Company | Location |
|----------------|----------------------------------|-----------------|
| ATNG | AlaTenn Resources, Inc. | Florence, AL |
| ABNY | American Savings Bank, FSB | New York, NY |
| ANTC | Anitec Image Technology Corp. | Binghamton, NY |
| BLOCA | Block Drug Company, Inc. (CI A) | Jersey City, NJ |
| CKDN | Circadian, Inc. | San Jose, CA |
| CODN | Codenoll Technology Corporation | Yonkers, NY |
| CRLD | CrossLand Savings, FSB | Brooklyn, NY |
| DUAL | Dual-Lite, Inc. | Newtown, CT |
| EASI | Engineered Support Systems, Inc. | St. Louis, MO |

* NASDAQ symbols are proprietary to the National Association of Securities Dealers, Inc.

| Symbol* | Company | Location |
|----------------|---|-------------------|
| FITC | Financial Trust Corp. | Carlisle, PA |
| GTWY | Gateway Bank | South Norwalk, CT |
| GRST | Grist Mill Company | Lakeville, MN |
| HFGA | Home Federal Savings Bank of Georgia | Gainesville, GA |
| JALC | John Adams Life Corporation | Los Angeles, CA |
| LDCO | Leader Development Corporation | Columbus, OH |
| MVIC | Machine Vision International Corporation | Ann Arbor, MI |
| MXTR | Maxtor Corporation | San Jose, CA |
| MSLA | Metropolitan Savings & Loan Association | Dallas, TX |
| NTRS | Northern Trust Corporation | Chicago, IL |
| PHOT | Photronics Corporation | Hauppauge, NY |
| ROTC** | Rotech Medical Corporation | Orlando, FL |
| STKY | Stokely USA, Inc. | Oconomowoc, WI |
| SUNA | Sunworld International Airways, Inc. | Las Vegas, NV |

The following issue may be included in the NASDAQ/NMS prior to the next regularly scheduled phase-in date:

Pending Addition

| Symbol* | Company | Location |
|----------------|-----------------|-----------------|
| GWCC | GWC Corporation | Claymont, DE |

NASDAQ/NMS Interim Additions

| Symbol* | Company | Date of Entry |
|----------------|--|----------------------|
| JAGRY | Jaguar Plc | 11/19/85 |
| SKII | S-K-I Ltd. | 11/19/85 |
| HIRE | Diversified Human Resources Group, Inc. | 11/21/85 |

** This issue is scheduled to commence trading in the NASDAQ System concurrent with its designation as a NASDAQ/NMS security on December 3, 1985.

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

NASDAQ/NMS Symbol* And/Or Name Changes

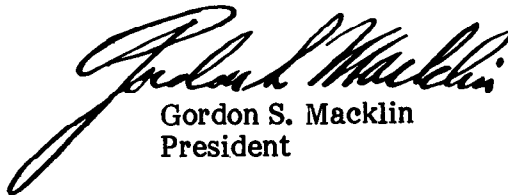
| New/Old Symbol* | New/Old Security Name | Date of Change |
|------------------------|---|-----------------------|
| NBCT/NBAN | National Bancshares Corporation Corporation of Texas/National Bancshares Corporation of Texas | 11/11/85 |
| ACET/ACET | Aceto Corporation/Aceto Chemical Company, Inc. | 11/22/85 |
| GKSRA/GKSR | G&K Services, Inc., Class A/G&K Services, Inc. | 11/22/85 |

NASDAQ/NMS Deletions

| Symbol* | Security | Date |
|----------------|------------------------------------|-------------|
| MCAP | Midland Capital Corporation | 11/08/85 |
| AZIN | Aztech International, Ltd. | 11/13/85 |
| HSYS | Hale Systems, Inc. | 11/13/85 |
| PANS | Pansophic Systems, Inc. | 11/13/85 |
| SMLI | Space Microwave Laboratories, Inc. | 11/13/85 |
| TDSC | Tesdata Systems Corporation | 11/13/85 |
| VCTR | Vector Graphic, Inc. | 11/13/85 |
| RIHT | RIHT Financial Corporation | 11/15/85 |
| ABAN | Atlantic Bancorporation | 11/18/85 |
| MFED | Metropolitan Financial Corporation | 11/18/85 |
| HOOV | The Hoover Company | 11/21/85 |
| PLMX | PLM Financial Services, Inc. | 11/22/85 |

Any questions regarding this notice should be directed to Donald Bosc, Assistant Director, NASDAQ Operations, at (202) 728-8043. Questions pertaining to trade reporting rules should be directed to Sharon Bellanger, Market Surveillance, at (202) 728-8206.

Sincerely,



Gordon S. Macklin
President

NASD

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

notice to members 85-79

November 26, 1985

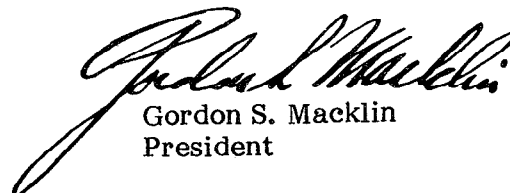
TO: All NASD Members and Interested Persons

RE: 1986 Schedule of Holidays

Listed below is the NASD's 1986 schedule of holidays.

| | |
|------------------------|--------------------------------|
| January 1 (Wednesday) | New Year's Day |
| February 17 (Monday) | Washington's Birthday Observed |
| March 28 (Friday) | Good Friday |
| May 26 (Monday) | Memorial Day Observed |
| July 4 (Friday) | Independence Day |
| September 1 (Monday) | Labor Day |
| November 27 (Thursday) | Thanksgiving Day |
| December 25 (Thursday) | Christmas Day |

Sincerely,



Gordon S. Macklin
President