

NASD

National Association of Securities Dealers, Inc.
1735 K St., N.W. • Washington, D.C. 20006 • (202) 726-8000

notice to members 86-1

January 2, 1986

TO: All NASD Members and Other Interested Persons

RE: Amendments to Venture Capital Restrictions Effective

The National Association of Securities Dealers, Inc., has adopted amendments to the Venture Capital Restrictions of the Corporate Financing Interpretation under Article III, Section 1 of the NASD Rules of Fair Practice, which apply to venture capital investments by NASD members and certain of their associated and affiliated control persons prior to the initial public offering of a corporation.

The amendments were effective upon approval by the Securities and Exchange Commission (Securities Exchange Act Release No. 22402). Certain of the amendments incorporate interpretations previously announced in NASD Notice to Members 84-37 (July 18, 1984). Following is an explanation of the revised Venture Capital Restrictions, along with a discussion of such prior interpretations. The text of the amendments is attached.

SUMMARY OF AMENDMENTS

The Venture Capital Restrictions provide that when a member participates in an initial public offering of a security, such member and certain control persons of that member who own any securities of the issuer may not sell those securities during the offering and may not sell those securities for a specified period following the offering. The basis for the restrictions is to protect against a potential conflict of interest present when a member or its control persons own securities of an issuer and is also involved in pricing and due diligence in its initial public offering.

The amendments clarify the categories of control persons covered by the Venture Capital Restrictions and shorten the holding period applied to securities held by such persons from one year to 90 days. Securities currently subject to the one-year lock-up are relieved of further lock-up if such securities are held for 90 days following the effective date of the offering. In addition, the amendments provide two exemptions from compliance with these requirements.

The first exemption is provided when a qualified independent underwriter who does not own any securities of the issuer establishes the price for the issue and

also conducts due diligence for the offering. The presence of an independent underwriter to conduct pricing and due diligence is sufficient protection against potential conflicts of interest to justify an exemption from the restrictions. The second exemption applies when the member and certain of its control persons own less than 1 percent of the securities being offered. Such a small amount of securities does not result in the conflicts of interest that the restrictions are intended to address.

BACKGROUND

In the late 1960s, the NASD promulgated the Policy of the Board of Governors on Venture Capital and Other Investments by Broker-Dealers Prior to Public Offerings ("Venture Capital Policy") under the Interpretation of the Board of Governors—Review of Corporate Financing, Article III, Section 1 of the NASD Rules of Fair Practice. The Venture Capital Policy was originally intended to regulate members' venture capital activities to resolve conflicts of interest in negotiating the public offering price and conducting due diligence when a member or its control persons own shares of the issuer while it also functions as an underwriter in the issuer's initial public offering. The Venture Capital Policy was amended in 1983 to prohibit members participating in an initial public offering from selling their holdings during the initial public offering period and for 12 months following the effective date.

The NASD found the Venture Capital Restrictions effective in resolving the potential conflicts of interest encountered by a member in negotiating the public offering price and conducting due diligence in its capacity as an underwriter for an issuer's initial public offering of equity securities when the member and certain of its associated or affiliated control persons own shares of the issuer. However, the NASD also found that in certain circumstances the restrictions created a burden on the bona fide venture capital operations of members and their associated and affiliated persons. Therefore, to afford some measure of relief to members and their associated or affiliated control persons who engage in dual occupations as venture capitalists and underwriters while addressing the conflicts of interest inherent in such dual occupation, the NASD approved amendments that narrow the application of the Venture Capital Restrictions.

EXPLANATION OF THE VENTURE CAPITAL RESTRICTIONS

The terms of the Venture Capital Restrictions apply to the initial public offering of equity securities of a corporation regardless of when the securities were acquired. The prohibitions of the restrictions apply only to the equity securities of the issuer beneficially owned by:

1. a member participating in the public offering;
2. an officer, director or general partner of such member;
3. a controlling shareholder or subsidiary of a controlling shareholder of such member, i.e., a "sister subsidiary";
4. a subsidiary of such member; and
5. any member of the immediate family of the foregoing persons.

Securities subject to the Venture Capital Restrictions may not be sold in the initial public offering and for 90 days after the effective date of the offering.

Participation of a Qualified Independent Underwriter

An exemption from the provisions of the Venture Capital Restrictions is provided if a qualified independent underwriter, as defined in Section 2(k) of Schedule E to the NASD By-Laws, provides an opinion that the price at which the issue is to be distributed to the public is no higher than its recommendation. Schedule E is the NASD's rule that regulates a member's offering of its own or an affiliate's securities.

To qualify as an independent underwriter, Schedule E requires that a broker-dealer must have been actively engaged in underwriting public offerings for the immediately preceding five years and been profitable in three of those five years, and that a majority of its board of directors or general partners have actively engaged in the securities business for the immediately preceding five years. In addition, the Venture Capital Restrictions specify that the qualified independent underwriter may not own securities of the issuer, must participate in the preparation of the registration statement and other offering documents, and must exercise the usual standards of "due diligence" with respect to such participation.

The NASD believes the provisions of Schedule E have worked effectively to protect investors from a member's potential conflicts of interest when selling its own shares or those of an affiliate. It is anticipated that the participation of a qualified independent underwriter will effectively alleviate any conflicts of interest on the part of members and their control persons who participate in an initial public offering while selling their holdings.

De Minimis Transactions

An exemption from the provisions of the Venture Capital Restrictions is also provided when the total amount of securities held or proposed to be sold by a member and certain of its control persons does not exceed 1 percent of the equity securities being offered. The NASD believes that the ownership of such a small amount of securities does not result in the conflicts of interest addressed by the restrictions. To qualify for this exemption, the total amount of securities held by a member and certain of its associated and affiliated control persons, including those to be sold in the offering, may not exceed 1 percent of the equity securities being offered.

Immediate Family

A footnote to the Venture Capital Restrictions indicates that the definition of the term "immediate family" as used in the restrictions is the same as that defined in the NASD's Interpretation of the Board of Governors on Free-Riding and Withholding, Article III, Section 1 of the NASD Rules of Fair Practice. Pursuant to that definition, the term "immediate family" includes the parents, mother-in-law or father-in-law, husband or wife, brother or sister, brother-in-law or sister-in-law, son-in-law or daughter-in-law, and children, as well as any other person who is supported, directly or indirectly, to a material extent by the person specified in the Venture Capital Restrictions.

Beneficial Ownership

The concept of beneficial ownership as used in the Venture Capital Restrictions refers to an ownership interest in the economic benefits of the security. This reflects the fact that the conflicts the Venture Capital Restrictions address are present only when the enumerated person stands to gain economically from an ownership interest.

For securities held in accounts managed by a member, the right to receive a management fee based on performance does not constitute beneficial ownership because the economic participation is usually of a sufficiently limited nature and does not present a meaningful conflict. Therefore, the Venture Capital Restrictions do not apply to securities held in managed accounts (including securities held in the name of a broker-dealer) so long as no participating member or its enumerated affiliated or associated persons beneficially own the securities. When a portion of the securities in an account are beneficially owned by a restricted firm or person, that portion of the account's position is subject to the Venture Capital Restrictions. In this event, the restrictions can be satisfied either by delivering these securities to the restricted parties to remove the restrictions on the remaining holdings, or by implementing procedures to assure that no restricted party receives any economic benefit from the sale of the unrestricted portion of the holdings.

* * * *

All comments or questions pertaining to the amendments may be directed to Suzanne E. Rothwell, NASD Corporate Financing Department, at (202) 728-8258.

Sincerely,



Frank J. Wilson
Executive Vice President
Legal and Compliance

Attachment

VENTURE CAPITAL RESTRICTIONS*

[No member or officer, director, general partner or controlling shareholder of a member which participates in the initial public offering of an issuer's securities and which beneficially owns any securities of said issuer at the time of filing of the offering shall sell those securities during the offering or sell, transfer, assign or hypothecate those securities for one year following the effective date of the offering.]

When a member participates in the initial public offering of an issuer's securities, such member or any officer, director, general partner, controlling shareholder or subsidiary of the member or subsidiary of such controlling shareholder or a member of the immediate family** of such persons, who beneficially owns any securities of said issuer at the time of filing of the offering, shall not sell such securities during the offering or sell, transfer, assign or hypothecate such securities for ninety days following the effective date of the offering unless:

- (1) the price at which the issue is to be distributed to the public is established at a price no higher than that recommended by a qualified independent underwriter, as defined in Section 2(k) of Schedule E to Article VII, Section 1(a)(4) of the By-Laws, who does not beneficially own securities of the issuer, who shall also participate in the preparation of the registration statement and the prospectus, offering circular, or similar document and who shall exercise the usual standards of "due diligence" in respect thereto; or
- (2) the sale of such securities by such member or related person would not exceed one percent of the securities being offered.

* New material is underlined. Deleted material is in brackets.

** See definition of "immediate family," Interpretation of the Board of Governors on Free-Riding and Withholding, Article III, Section 1 of the NASD Rules of Fair Practice.

January 8, 1986

TO: All NASD Members and Other Interested Persons

RE: NASD Guide to Information and Services

Enclosed is the latest edition of the NASD Guide to Information and Services. In it, you will find the names and phone numbers of the NASD staff who work with our various services, rules and regulations.

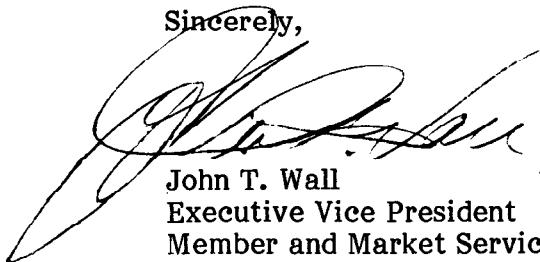
The reference guide, which was first published in 1981, is designed to help you receive prompt and efficient service when you call the NASD. For your information, the directory is being mailed to all main offices and branch offices of members, as well as to other interested persons.

If you would like additional copies of the directory, please let us know how many you require and send a self-addressed mailing label to:

National Association of Securities Dealers, Inc.
Attention: Communications Group
1735 K Street, N.W.
Washington, D.C. 20006

We hope you find the directory useful and if you have suggestions for improving it, we would be most anxious to hear from you.

Sincerely,



John T. Wall
Executive Vice President
Member and Market Services

Enclosure

NASD

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

notice to members 86-2

January 13, 1985

TO: All NASD Members and Other Interested Persons

RE: Quarterly Checklist of Notices to Members

The following is a list of NASD Notices to Members issued during the fourth quarter of 1985. Requests for copies of any notice should be accompanied by a self-addressed mailing label and directed to: NASD Administrative Services, 1735 K Street, N.W., Washington, D. C. 20006.

Notice Number	Date	Topic
85-65	October 1, 1985	SIPC Trustee Appointed R. H. Stewart & Co., Inc. 1975 E. Sunrise Blvd., #817 Fort Lauderdale, Florida 33304
85-66	October 4, 1985	Quarterly Checklist of Notices to Members
85-67	October 7, 1985	SIPC Trustee Appointed TK Securities, Inc. 1450 North Dixie Highway Fort Lauderdale, Florida 33304
85-68	October 8, 1985	NASDAQ National Market System Grows to 2,149 Securities With 14 Voluntary Additions on October 15, 1985
85-69	October 21, 1985	Request for Comments on Pro- posed Amendment to Article III, Section 35 of the NASD's Rules of Fair Practice Concerning Adver- tising and Sales Literature for Direct Participation Programs

Notice Number	Date	Topic
85-70	October 23, 1985	REVISED Trade Date-Settlement Date Schedule for Early November
85-71	October 28, 1985	NASDAQ National Market System Grows to 2,163 Securities With 19 Voluntary Additions on November 5, 1985, and 1 Mandatory Inclusion on November 12, 1985
85-72	October 30, 1985	Trade Reporting Rule Changes for NASDAQ Equity Audit Trail — Phase II
85-73	November 4, 1985	Temporary Receiver Appointed Norman W. Stevenson, Esquire Barnwell & Stevenson P.O. Box 1429 Charleston, South Carolina 29402
85-74	November 5, 1985	Thanksgiving Day: Trade Date-Settlement Date Schedule
85-75	November 11, 1985	Amendments to SEC Rule 15c3-3, Customer Protection Rule
85-76	November 12, 1985	NASDAQ National Market System Grows to 2,172 Securities With 18 Voluntary Additions on November 19, 1985
85-77	November 22, 1985	NASD Actions in the Area of Short Sale Regulation
85-78	November 25, 1985	NASDAQ National Market System Grows to 2,183 Securities With 23 Voluntary Additions on December 3, 1985
85-79	November 26, 1985	1986 Schedule of Holidays
85-80	December 2, 1985	Final Rules Regarding the Securities and Exchange Commission's Direct Shareholder Communication Program
85-81	December 2, 1985	Request for Comments on Proposed Exemption from Free-Riding Interpretation for Conversions of Savings and Loan Associations

Notice Number	Date	Topic
85-82	December 3, 1985	Christmas Day - New Year's Day: Trade Date-Settlement Date Schedule
85-83	December 10, 1985	NASDAQ National Market System Grows to 2,194 Securities With 16 Voluntary Additions on December 17, 1985
85-84	December 18, 1985	New Rule of Fair Practice Relating to Private Securities Transactions
85-85	December 23, 1985	Martin Luther King, Jr.'s Day: Trade Date-Settlement Date Schedule
85-86	December 24, 1985	Request for Further Comments on a Proposed New Rule Governing the Prompt Payment for Invest- ment Company Shares Sold to Customers by NASD Members
85-87	December 24, 1985	Request for Comments on Amendments Concerning Short Sales
85-88	December 31, 1985	NASDAQ National Market System Grows to 2,214 Securities With 29 Voluntary Additions on January 7, 1986
85-89	December 31, 1985	Adoption of New Rule of Fair Practice Relating to Permission for Members to Alter Their Methods of Operation Under SEC Rule 15c3-3 (the "Customer Protection Rule")

NASD

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

notice to members 86-3

January 15, 1986

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

RE: NASDAQ National Market System Grows to 2,218 Securities With 16 Voluntary Additions on January 21, 1986

On Tuesday, January 21, 1986, 16 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,218. These 16 issues, which will begin trading under real-time trade reporting, are entering NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 16 issues scheduled to join NASDAQ/NMS on Tuesday, January 21, 1986, are:

Symbol*	Company	Location
ALFD	Alabama Federal Savings & Loan Association	Birmingham, AL
BJIC	Ben & Jerry's Homemade, Inc.	Waterbury, VT
COAS	Coast Savings & Loan Association	Los Angeles, CA
DMCVA	Dairy Mart Convenience Stores, Inc. (CI A)	Enfield, CT
DSBC	Derby Savings Bank	Derby, CT
FRSL	Frost & Sullivan, Inc.	New York, NY

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

Symbol*	Company	Location
HABEP	Haber, Inc. (Pfd)	Towaco, NJ
HABEZ	Haber, Inc. (Wts)	Towaco, NJ
HFED	Heart Federal Savings & Loan Association	Auburn, CA
HYTK	Hytek International Corporation	Brookfield, WI
ICPYY	Institute of Clinical Pharmacology, plc (The)	Dublin, Ireland
MTRUS	Meditrust Corporation	Newton, MA
PALM	Palmetto Federal Savings Bank of South Carolina	Aiken, SC
RCCAA	Rogers Cablesystems of America, Inc. (Cl A)	Wilmington, DE
SCOAP	SCOA Industries, Inc. (Pfd)	Columbus, OH
SPLF	Sporting Life, Inc. (The)	Alexandria, VA

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

Pending Additions

Symbol*	Company	Location
CCCOA	Century Communications Corp. (Cl A)	New Canaan, CT
GGUY	Good Guys, Inc. (The)	San Francisco, CA
TNII	Telecommunications Network, Inc.	Kearny, NJ

NASDAQ/NMS Interim Addition

Symbol*	Company	Date of Entry
DAYS	Days Inns Corporation	12/31/85

The following changes to the list of NASDAQ/NMS securities occurred since December 27, 1985:

NASDAQ/NMS Symbol* And/Or Name Changes

New/Old Symbol*	New/Old Security	Date of Change
BNBGA/ BNBGV	Bull & Bear Group, Inc. (Cl A)/ Bull & Bear Group, Inc. (WI)	1/06/86

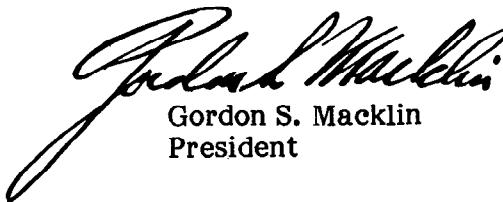
New/Old Symbol*	New/Old Security	Date of Change
CELC/ CELC	CEL Communications, Inc./ Corporation for Entertainment and Learning, Inc.	1/07/86

NASDAQ/NMS Deletions

Symbol*	Security	Date
RSYS	Restaurant Systems, Inc.	12/30/85
CSCSQ	Continental Steel Corporation	12/31/85
DFFC	Dallas Federal Financial Corporation	12/31/85
FLTI	Flight International Group, Inc. (The)	12/31/85
JNAT	Jefferson National Life Insurance Company	12/31/85
TLSC	TLS Company	12/31/85
BKNG	Banknorth Group, Inc.	1/02/86
TFCI	Times Fiber Communities	1/02/86
UTBC	Union Trust Bancorp	1/02/86
IBKW	International Bank-Washington	1/07/86
IBKWA	International Bank-Washington (CI A)	1/07/86
HCLB	Home Club, Inc.	1/10/86

Any questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Sharon Belanger, 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 86-4

January 20, 1986

TO: All NASD Members and Other Interested Persons

RE: New NASD Rule of Fair Practice Relating to Monthly Reporting of Aggregate "Short" Positions

On December 19, 1985, the Securities and Exchange Commission approved a new Article III, Section 41 of the NASD Rules of Fair Practice (SEC Release No. 34-22731). The rule establishes a new requirement for members to maintain a record of their total "short" positions in NASDAQ securities in all customer and proprietary firm accounts and to report such information to the NASD on a monthly basis. Reports must be made as of the close of business on the settlement date falling on the 15th of each month, or, where the 15th is a non-settlement date, on the preceding settlement date. Reports must be received by the NASD no later than the second business day after the reporting settlement date.

The new rule became effective upon approval by the SEC. The text of the new rule as well as a copy of the reporting form is attached.

BACKGROUND

The adoption of new Article III, Section 41 of the NASD Rules of Fair Practice is the first in a series of actions taken by the NASD Board of Governors in consideration of the possible need for additional regulation of short-selling activity in the over-the-counter market. Data to be collected from members pursuant to Article III, Section 41 will be used in connection with a study of current short-selling practices in the over-the-counter market, which was commissioned by the Board of Governors and is now being conducted by former SEC Commissioner Irving M. Pollack, a recognized expert in the field of securities regulation. In view of the immediate need for data, Section 41 was adopted under procedures which permit its expedited effectiveness. In the absence of further Board action, the rule will expire after six months.

In Notice to Members 85-87, dated December 24, 1985, the NASD published for comment two additional proposals relating to possible short-sale regulation. Such proposals include the requirement to mark all customer order tickets

"long" or "short" and the requirement for members to make an affirmative determination, prior to accepting a customer's "short" sell order, that the securities will be delivered or borrowed prior to settlement date.

REPORTING EFFECTIVE FEBRUARY 1986

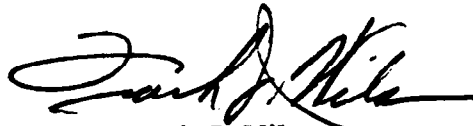
The Board of Governors requested Mr. Pollack to present the results of his study at the Board's March 1986 meeting. Because data on members' short-selling practices will be important to the Pollack study, members will be required to commence their monthly reporting of aggregate "short" positions as of settlement date on February 15, 1986.

In establishing this date, the Board of Governors recognized that for many members it would be difficult to collect and report information regarding aggregate "short" positions as of January 15, 1986. However, for those members that can do so, the Board urges that aggregate "short" positions as of settlement date on January 15, 1986 be reported as well.

Members should utilize the enclosed reporting form to submit the required information to the NASD's Market Surveillance Department. The form requires the identification of each NASDAQ security in which the firm or its customers maintains a "short" position, the security's NASDAQ symbol and the aggregate number of shares held "short" in the security for both the current and immediately preceding month. Additional forms are available from the NASD District Offices.

Questions concerning the form may be directed to either Leon Bastien, Assistant Director, Market Surveillance, at (202) 782-8192 or Christopher R. Franke, Director, Market Surveillance, at (202) 728-8186.

Sincerely,



Frank J. Wilson
Executive Vice President
and General Counsel

Attachments

NEW NASD RULE OF FAIR PRACTICE 1/

Section 41: Reporting of Aggregate "Short" Positions

Each member shall maintain a record of total "short" positions in all customer and proprietary firm accounts in securities included in the NASDAQ System and shall regularly report such information to the Corporation in such a manner as may be prescribed by the Corporation. Reports shall be made as of the close on the settlement date falling on the 15th of each month, or, where the 15th is a non-settlement date, on the preceding settlement date. Reports shall be submitted as soon as possible but not later than noon on the second day after the reporting settlement date. 2/

1/ All language is new. On December 19, 1985, the SEC approved new Article III, Section 41 on a temporary basis for 60 days pending the NASD's filing of a second rule change and a public comment period. The second filing was submitted to the SEC on December 30, 1985.

2/ The last sentence of the rule is shown as approved by the SEC on a temporary basis. In the second filing, the last sentence has been amended as follows: "Reports shall be received by the Corporation no later than the second business day after the reporting settlement date."



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

notice to members 86-5

January 21, 1986

TO: All NASD Members and Municipal Securities Dealers
ATTN: All Operational Personnel
RE: Presidents' Day: Trade Date-Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Monday, February 17, 1986, in observance of Presidents' Day. "Regular-way" transactions made on the preceding business days will be subject to the settlement date schedule listed below.

The NASDAQ System and the banks in New York State will be open on February 12, 1986, Lincoln's Birthday.

Trade Date-Settlement Date Schedule
For "Regular-Way" Transactions

<u>Trade Date</u>		<u>Settlement Date</u>		<u>Regulation T Date*</u>	
February	7	February	14	February	19
	10		18		20
	11		19		21
	12		20		24
	13		21		25
	14		24		26
	17	MARKETS CLOSED			—
	18		25		27

* 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."

The preceding 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 NASD's Uniform Practice Department at (212) 839-6256.

* * * * *



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

notice to members 86-6

January 29, 1986

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

RE: NASDAQ National Market System Grows to 2,237 Securities With 19 Voluntary Additions on February 4, 1986, and 4 Mandatory Inclusions on February 11, 1986

On Tuesday, February 4, 1986, 19 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,237. These 19 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 19 issues scheduled to join NASDAQ/NMS on Tuesday, February 4, 1986, are:

Symbol*	Company	Location
AEGNY	AEGON, N.V.	The Hague, Netherlands
BLSC	Bio-Logic Systems Corp.	Northbrook, IL
BRWD	Brentwood Instruments, Inc.	Torrance, CA
CCBT	Cape Cod Bank and Trust Company	Hyannis, MA
CODNW	Codenoll Technology Corporation (Wts)	Yonkers, NY
CCUR	Concurrent Computer Corporation	Holmdel, NJ
FACT	First Albany Companies, Inc.	Albany, NY
FMSB	First Mutual Savings Bank	Bellevue, WA

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

Symbol*	Company	Location
HWSI	HealthWays Systems, Inc.	Woodcliff Lake, NJ
JKHY	Jack Henry & Associates, Inc.	Monett, MO
LSER	Laser Corporation	Salt Lake City, UT
NSBA	National Savings Bank of Albany	Albany, NY
OTFE	OTF Equities, Inc.	Detroit, MI
PATN	Patten Corporation	Stamford, VT
PTCC	Polycast Technology Corporation	Stamford, CT
PTCCW	Polycast Technology Corporation (Wts)	Stamford, CT
PSMN	Prism Entertainment Corporation	Los Angeles, CA
SHSB	Southern Home Savings Bank	Pensacola, FL
TVXG	TVX Broadcast Group, Inc.	Virginia Beach, VA

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

Pending Additions

Symbol*	Company	Location
ABSB	Alex. Brown Incorporated	Baltimore, MD

Additionally, the following four securities will enter NASDAQ/NMS under the mandatory Tier 1 criteria on February 11, 1986:

Symbol*	Company	Location
ACAD	Autodesk, Inc.	Sausalito, CA
COST	Costco Wholesale Corporation	Seattle, WA
RCINZ	Rogers Cablestems, Inc.	Toronto, Canada
SEAM	Seaman Furniture Company, Inc.	Carle Place, NY

NASDAQ/NMS Interim Additions

Symbol*	Company	Date of Entry
FIGAV	Figgie International Holdings, Inc. (CI A) (WI)	1/24/86

The following changes to the list of NASDAQ/NMS securities occurred since January 10, 1985:

NASDAQ/NMS Symbol* And/Or Name Changes

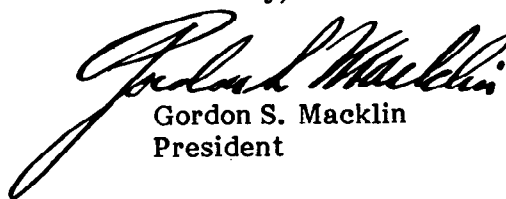
New/Old Symbol*	New/Old Security Name	Date of Change
DSIIW/DSIIW	Decom Systems, Inc. 9/30/86 (Wts)/ Decom Systems, Inc. 1/23/86 (Wts)	1/20/86
FIGIV/FIGI	Figgie International Holdings, Inc. (C1 B) (WI)/Figgie International Holdings, Inc.	1/24/86

NASDAQ/NMS Deletions

Symbol*	Security	Date
HCWHQ	Homecrafters Warehouse, Inc.	1/15/86
AMTC	Nature's Sunshine Products, Inc.	1/15/86
RCHI	Rauch Industries, Inc.	1/15/86
ESNE	Edgecomb Steel of New England, Inc.	1/23/86
TIMEE	Time Energy Systems, Inc.	1/23/86

Any questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Sharon Belanger, Market Surveillance, at (202) 728-8206.

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 86-7

January 29, 1986

TO: All NASD Members

RE: Bartel Securities, Inc.
1 Oxford Valley, Suite 702
Langhorne, Pennsylvania 19047

ATTN: Operations Officer, Cashier, Fail-Control Department

On January 27, 1986, the United States District Court of Pennsylvania, Eastern Division, appointed a SIPC Trustee 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:

SIPC Trustee

Victoria Hirschland, Esquire
Securities Investor Protection Corporation
Farragut Building, Suite 800
900 Seventeenth Street, N.W.
Washington, D. C. 20006
Telephone Number: (202) 223-8400

NASD

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

notice to members 86-8

February 3, 1986

TO: All NASD Members

RE: Brittenum & Associates, Inc.
Lafayette Building
525 Louisiana
Little Rock, Arkansas 72201

ATTN: Operations Officer, Cashier, Fail-Control Department

On January 30, 1986, the United States District Court for the Eastern District of Arkansas appointed a SIPC Trustee for the above-captioned firm. Previously on January 28, Richard Smith, Esquire had been appointed a Trustee under Chapter 7 of the Bankruptcy Act.

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:

SIPC Trustee

James Dowden, Esquire
Arnold & Grobmyer
1 Union National Bank Bldg.
P. O. Box 70
Little Rock, Arkansas 72203
Telephone: (501) 376-1171

NASD

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

notice to members 86-9

February 7, 1986

TO: All NASD Members and Other Interested Persons
RE: Amendments to Article III of the NASD Rules of Fair Practice

LAST DATE FOR COMMENT: MARCH 26, 1986

The amended NASD Rules of Fair Practice, proposed by the NASD's Ad Hoc Committee on Rule and By-Law Amendments, which reviews and revises the NASD's By-Laws, rules and interpretations, are attached for comment by members and other interested persons.

The Committee's review began with adoption by the NASD Board of Governors of a revised Code of Procedure and revisions to the NASD's By-Laws, which were recently approved by the Securities and Exchange Commission. The enclosed revision of the Rules of Fair Practice is part of the Committee's review and has been approved by the NASD Board of Governors.

After March 26, 1986, the Committee will review the comments and re-submit the Rules of Fair Practice, as may be further amended, to the NASD Board of Governors. If the Rules of Fair Practice are approved by the Board, they will be submitted to the membership for a vote. If approved by the membership, the proposed amendments will be filed with the Securities and Exchange Commission for approval.

The proposed amendments to the Rules of Fair Practice are primarily designed to conform the language to certain statutory changes, codify existing Board interpretations to rules, clarify the application of certain provisions and generally update and modernize the Rules of Fair Practice. This notice contains the current text of each rule followed by any proposed new text. Where appropriate, an explanation of the proposed change is included. To assist commentators, the proposed rules have been designated alphabetically. When the revisions are finalized, all rules of fair practice will be numbered.

The proposed amendments are limited to Article III, Sections 1 through 28 of the Rules of Fair Practice. Sections 29 through 41 have been adopted in recent years and generally appear adequate. In cases where appendices are attached to

these rules, it is proposed to leave the provisions intact. Those sections appear in the NASD Manual beginning at page 2109-8.

In reviewing the Rules of Fair Practice, Article I and Article II, dealing with "Adoption and Application" and "Definitions," respectively, required no revision other than the possible substitution of citations to revised sections of the NASD By-Laws. Likewise, no amendments are proposed for Articles IV and V. In Article III, the revisions are limited to Sections 1 through 28, the various interpretations, statements of policy and other matters contained therein.

The enclosed recodification proposes the deletion of a number of interpretations, resolutions, explanations and policy statements by the Board which had accompanied a number of sections of the rules. The Committee on Rule and By-Law Amendments believed that, while these statements are no longer necessary or appropriate for inclusion in the NASD Manual, it may be appropriate to retain certain of these items for reference by members. It is, therefore, anticipated that upon ultimate adoption of the rule recodification and approval by the SEC, an "omnibus" notice to members will be issued setting forth the deleted materials that are deemed appropriate for retention by members. These cases are noted in the accompanying proposal. The NASD is studying the feasibility of publishing a manual of interpretative notices that would be updated on a regular basis and could contain such an "omnibus" notice.

In the case of numerous sections (and the various articles noted above), no change is being proposed. Commentators are encouraged to study those provisions, however, and to offer any suggestions for change.

Members and other interested persons are encouraged to comment on the Rules of Fair Practice. All comments should be directed to:

Mr. James M. Cangiano, Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D. C. 20006

Comments should be received no later than March 26, 1986.

Any questions concerning this notice should be directed to Dennis C. Hensley, Vice President and Deputy General Counsel, at (202) 728-8245, or John F. Mylod, Assistant General Counsel, at (202) 728-8294.

Sincerely,



Frank J. Wilson
Executive Vice President
and General Counsel

Attachment

NASD

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

notice to members 86-10

February 12, 1986

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

RE: NASDAQ National Market System Grows to 2,246 Securities With 22 Voluntary Additions on February 18, 1986

On Tuesday, February 18, 1986, 22 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,246. These 22 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 22 issues scheduled to join NASDAQ/NMS on Tuesday, February 18, 1986, are:

Symbol*	Company	Location
ASSRF	ARC International Corporation	Downsview, Ont.
CADX	Cadnetix Corporation	Boulder, CO
CTST	Centrust Savings Bank	Miami, FL
CMTK	Comptek Research, Inc.	Buffalo, NY
CKCP	Cybertek Computer Products, Inc.	Culver City, CA
ELMG	Electromagnetic Sciences, Inc.	Norcross, GA
FNNI	Financial News Network, Inc.	Santa Monica, CA
FRTH	Fourth Financial Corporation	Wichita, KS
FSLA	Franklin Savings & Loan Association	Southfield, MI

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

Symbol*	Company	Location
GRGI	Greenery Rehabilitation Group, Inc.	Woburn, MA
BULB	Melridge, Inc.	Sandy, OR
OMIC	OMI Corp.	New York, NY
PHSY	PacifiCare Health Systems, Inc.	Cypress, CA
REIC RONC	Research Industries Corporation Ronson Corporation	Salt Lake City, UT Bridgewater, NJ
SCPE SNDS SMNI SMNIW	SCOPE Incorporated Sands Regent (The) Satellite Music Network, Inc. Satellite Music Network, Inc. (Wts)	Reston, VA Reno, NV Dallas, TX Dallas, TX
TPBR	Top Brass Enterprises, Inc.	Merrick, NY
VEOXF	Veronex Resources, Ltd.	Vancouver, B.C.
WIMI	Warwick Insurance Managers, Inc.	Morristown, NJ

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

Pending Additions

Symbol*	Company	Location
FFAM NSBK OLVR	First Family Group, Inc. North Side Savings Bank Oliver's Stores, Inc.	Akron, OH Bronx, NY Ridgefield, NJ

NASDAQ/NMS Interim Additions

Symbol*	Company	Date of Entry
TNII GGUY	Telecommunications Network, Inc. Good Guys, Inc. (The)	2/4/86 2/6/86

The following changes to the list of NASDAQ/NMS securities occurred since January 24, 1986:

NASDAQ/NMS Symbol* And/Or Name Change

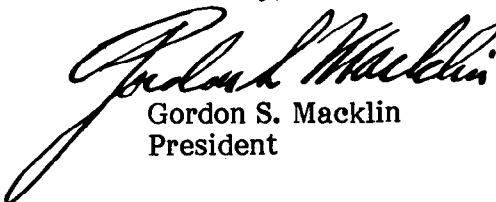
New/Old Symbol*	New/Old Security	Date of Change
SCOR/NURX	Syncor International Corporation/ Nuclear Pharmacy, Inc.	2/3/86

NASDAQ/NMS Deletions

Symbol*	Security	Date
GEEN	Genetic Engineering, Inc.	1/27/86
PKLBC	Pharmakinetics Laboratories, Inc.	1/27/86
PKLWC	Pharmakinetics Laboratories, Inc. (Wts)	1/27/86
VAND	Van Dusen Air, Inc.	1/27/86
WBRO	Wood Brothers Homes, Inc.	1/27/86
DONOA	Donovan Companies Inc. (Cl A)	1/29/86
LIFT	The Aviation Group, Inc.	2/3/86
HCWO	HCW, Inc.	2/4/86
EAIR	Empire Airlines, Inc.	2/5/86
ALAR	Acapulco Restaurants, Inc.	2/6/86

Any questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Sharon Belanger, 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 86-11

February 13, 1986

TO: All NASD Members and Other Interested Persons

RE: New Application Fee For Statutorily Disqualified Individuals

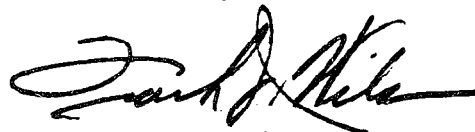
On January 29, 1986, a new Section 12 to Schedule A of the NASD By-Laws became effective, as announced in SEC Release No. 34-22861, dated February 4, 1986. The rule establishes a \$500 fee to be paid in connection with application for registration in the securities industry by individuals subject to a disqualification pursuant to Article II, Section 4 of the NASD By-Laws. The rule requires member firms seeking to employ, or continuing to employ, a statutorily disqualified individual to submit the fee with the filing of the Membership Continuance Application (Form MC-400). The text of the new rule is attached.

The purpose of the new rule is to assist the NASD in recovering the costs associated with processing these applications. Frequently, a hearing before a sub-committee of the NASD Board of Governors is required to determine whether the admission of the individual into the securities industry is appropriate. The costs connected with these hearings can be significant. Even in situations where a hearing is not required, significant commitments of time and staff resources are required to process such applications.

* * * * *

Questions concerning this notice may be directed to either Dennis C. Hensley or Eugene Bleier, NASD Office of the General Counsel, at (202) 728-8287.

Sincerely,



Frank J. Wilson
Executive Vice President
and General Counsel

Attachment

AMENDMENT TO SCHEDULE A OF THE NASD BY-LAWS*

Section 12 - Application Fee for Statutorily Disqualified Individuals

(a) Any member firm seeking to employ, or continuing to employ, as an associated person any individual who is subject to a disqualification from association with a member as set forth in Article II, Section 4 of the Association's By-Laws shall, upon the filing of an application pursuant to Article II, Section 3, paragraph (d) of the Association's By-Laws, pay to the Association a fee of \$500.

* All language is new and became effective on January 29, 1986.

Notice to members 86-12

NOT AVAILABLE AT THIS TIME



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

notice to members 86-13

February 21, 1986

TO: All NASD Members, NASDAQ Issuers and Other Interested Persons

RE: Request for Comments on Proposed Amendment to Schedule D of the NASD By-Laws to Authorize Trading Halts in NASDAQ Securities and Listed Securities Traded Over-the-Counter

LAST DATE FOR COMMENT: MARCH 23, 1986

The National Association of Securities Dealers, Inc. (NASD), requests comments on a proposed amendment to Schedule D of the NASD By-Laws that would authorize the NASD to halt over-the-counter trading in a NASDAQ security pending the dissemination of material news by the issuer. Schedule D currently provides only for the suspension of NASDAQ System quotations in a NASDAQ security while material news is being disseminated. The proposed amendment would also authorize the NASD to halt over-the-counter trading in a security listed on a national securities exchange when a trading halt is imposed by the exchange to permit the dissemination of material news.

The NASD Board of Governors has approved the text of the proposed amendment to Schedule D, which is attached.

BACKGROUND

In March 1979, pursuant to Schedule D of the NASD By-Laws, the Board of Governors adopted a recommendation that NASDAQ issuers notify the NASD of the pending release of material news in advance of or simultaneously with the release of such information to the press, as required by Paragraph B.3.b. of Part II of Schedule D. "Material news" for this purpose is information that might reasonably be expected to affect the value of an issuer's securities or influence investors' decisions. Material news would include information regarding corporate events of an unusual or non-recurrent nature.

The purpose of such notification is to enable the NASD to evaluate the information and its potential impact on the marketplace and to determine, through consultation with the issuer, whether the public interest would be served by halting

quotations in the security through the NASDAQ System while the news is disseminated. Such action, known as a "quotations halt," alerts the marketplace that material news is being announced to the public. Quotations halts, which normally last one hour after the appearance of the news on wire services, provide the public with an opportunity to evaluate the information and consider it when making investment decisions.

Both before and after the adoption of the 1979 recommendation, questions existed as to the permissibility of trading in securities subject to a quotations halt. In Notice to Members 79-37 (November 29, 1979), members were advised that if a market maker decides to trade a security during a quotations halt, it should ensure that all counterparties to such transactions are aware that a quotations halt in the security is in effect pending the release of material news. If the news has been published but quotations are still being held pending full dissemination of the news, the market maker should advise the counterparties that a quotations halt is in effect. If retail customers are involved, the text of the news should also be disclosed.

Members were also advised that should trading activity of a questionable nature occur during a quotations halt, action will be taken by the NASD to determine whether such activity was in conformance with NASD rules and the anti-fraud provisions of the Securities Exchange Act of 1934.

PROPOSED AMENDMENT

The NASD's Market Surveillance and Trading Committees have recently become aware of certain instances in which members have engaged in trading in NASDAQ securities, including NASDAQ National Market System (NASDAQ/NMS) securities, during quotations halts. The appearance of trading during quotations halts has raised questions about the protections afforded investors during the critical disclosure process.

In response to this situation, the Board of Governors is proposing for comment an amendment to Schedule D of the NASD By-Laws to prohibit NASD members from trading a NASDAQ security in the over-the-counter market pending the dissemination of material news, or trading a listed security in the over-the-counter market during a halt imposed by an exchange to permit the dissemination of material news. The Board believes that the authority to halt trading under the limited circumstances specified above would be useful in protecting public investors and maintaining the integrity of the NASDAQ market.

Under the proposed amendment, the Board of Governors will recommend that NASDAQ issuers notify the NASD Market Surveillance Section of the release of any material news no later than simultaneously with the release of such information to the press. Upon receipt of information from a NASDAQ issuer, and in consultation with the issuer, the NASD will promptly evaluate the information, estimate its potential impact on the market and determine whether a trading halt is appropriate. If so, notice of the trading halt will appear on the NASDAQ "NEWS" frame. As soon as notice of a trading halt appears, members will be prohibited from executing any transactions in the halted security. Trading in the halted security will resume after there has been adequate time to disseminate the news and upon notice via the NASDAQ "NEWS" frame that the trading halt is no longer in effect.

In the event that an exchange notifies the NASD that it has halted or will halt trading in a listed security pending the dissemination of material news, the NASD may halt over-the-counter trading in the security. Members will be notified of the trading halt through the NASDAQ "NEWS" frame. When notice of a trading halt appears, members will be prohibited from executing any over-the-counter transactions in the halted security.

As soon as there has been adequate time for dissemination of the news, over-the-counter trading may resume, notwithstanding an ongoing halt on the exchange for order imbalances or other non-regulatory reasons. Trading in a halted security will resume upon notice via the NASDAQ "NEWS" frame that a trading halt is no longer in effect.

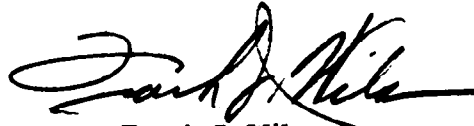
All members and other interested persons are invited to submit written comments on the proposed rule. Comments should be received no later than March 23, 1986, and should be directed to:

Mr. James M. Cangiano, Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006

Comments received by the indicated date will be considered by the NASD Board of Governors. Any rule change approved by the Board must be filed with and approved by the Securities and Exchange Commission before becoming effective.

Questions concerning this notice may be directed to Christopher R. Franke, Director, NASD Market Surveillance, at (202) 728-8186, or John E. Pinto, Senior Vice President, NASD Surveillance, at (202) 728-8233.

Sincerely,



Frank J. Wilson
Executive Vice President
and General Counsel

Attachment

PART _____ OF SCHEDULE D

A. Authority to Initiate Trading Halts

In circumstances in which the Corporation deems it necessary to protect investors and the public interest, the Corporation may, pursuant to the procedures set forth in paragraph B:

(a) halt trading in the over-the-counter market of a security authorized for inclusion in the NASDAQ System pending the dissemination of material news; or

(b) halt trading in the over-the-counter market of a security listed on a national securities exchange during a trading halt imposed by such exchange to permit the dissemination of material news.

B. Procedure for Initiating a Trading Halt

1. The Board of Governors recommends that NASDAQ issuers notify the NASD of the release of any material news no later than simultaneously with the release of such information to the press as required by Paragraph B.3.b. of Part II of Schedule D of the NASD By-Laws.

2. Notification shall be provided directly to the NASD Market Surveillance Department by telephone. ^{1/} Information communicated orally by authorized representatives of a NASDAQ issuer should be confirmed promptly in writing. Where public release of information occurs after 5 p.m. Eastern Time, telephone notification should be made by 9 a.m. Eastern Time the following trading day.

3. Upon receipt of the information, the NASD, after consultation with the issuer, will promptly evaluate the information, estimate its potential impact on the market and determine whether a trading halt in the security is appropriate.

4. Should the NASD determine that a trading halt pending the dissemination of material news is necessary and in the public interest, the trading halt will be effective simultaneously with appropriate notice in the NASDAQ "NEWS" frame.

5. Should a national securities exchange notify the NASD that it has halted or will halt trading in a security listed on that exchange pending the dissemination of material news, the NASD may halt trading in such security in the over-the-counter market. The commencement of the trading halt will be effective simultaneously with appropriate notice in the NASDAQ "NEWS" frame.

6. Trading in a halted security shall resume upon notice via the NASDAQ "NEWS" frame that a trading halt is no longer in effect.

C. Execution of Transactions During a Trading Halt

It shall constitute a violation of the provisions of Schedule D and Article III, Section 1 of the NASD Rules of Fair Practice for any member or any person associated with a member to engage in any transaction in a security for which a trading halt is in effect.

^{1/} The current telephone number is (202) 728-8187.

NASD

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

notice to members 86-14

February 24, 1986

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

RE: NASDAQ National Market System Grows to 2,259 Securities With 14 Voluntary Additions on March 4, 1986

On Tuesday, March 4, 1986, 14 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,259. These 14 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 14 issues scheduled to join NASDAQ/NMS on Tuesday, March 4, 1986, are:

Symbol*	Company	Location
FLTI	Flight International Group, Inc. (The)	Atlanta, GA
GEMH	Gemcraft, Inc.	Houston, TX
HARVY	Harvard Securities Group, Plc	London, England
IFRS	IFR Systems, Inc.	Wichita, KS
LNDL	Lindal Cedar Homes, Inc.	Seattle, WA
PMCO	Pan American Mortgage Corporation	Miami, FL
PEBK	Peoples Bank	Catawba, NC
RSCH	Rowley-Scher Reprographics, Inc.	Beltsville, MD

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

Symbol*	Company	Location
SANF	Sanford Corporation	Bellwood, IL
TSOF	TSO Financial Corp.	Horsham, PA
USPC	U.S. Playing Card Corp.	New York, NY
USPCW	U.S. Playing Card Corp. (Wts)	New York, NY
WWIN	Western Waste Industries	Gardena, CA
WHLS	Wholesale Club, Inc. (The)	Indianapolis, IN

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

Pending Additions

Symbol*	Company	Location
SNDT	SunData Corporation	Wayne, PA
VWRXV	VWR Corporation (WI)	Seattle, WA

NASDAQ/NMS Interim Additions

Symbol*	Company	Date of Entry
AATI	Analysis & Technology, Inc.	2/11/86
OLVR	Oliver's Stores, Inc.	2/11/86

The following changes to the list of NASDAQ/NMS securities occurred since February 7, 1986:

NASDAQ/NMS Symbol* And/Or Name Changes

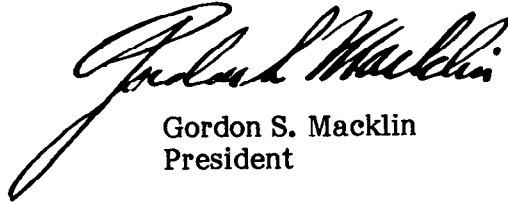
New/Old Symbol*	New/Old Security Name	Date of Change
CFCC/CFCC	Carteret Savings Bank/Carteret Savings & Loan Association, F.A.	2/11/85
PSLA/PSLA	Preferred Savings Bank/Preferred Savings & Loan Association	2/12/86
RWEL/RWEL	Rockwell Technologies, Inc./ Rockwell Oil Co.	2/12/86
DARTA/DRUGA	Dart Group Corporation (Cl A)/ Dart Group Corporation (Cl A)	2/20/86

NASDAQ/NMS Deletions

Symbol*	Security Name	Date
CRLFC	Carolin Mines, Ltd.	2/10/86
CRST	Crestek, Inc.	2/10/86
EHIL	E-H International, Inc.	2/10/86
EMETQ	Eastmet Corporation	2/10/86
MCAL	Merchants Bank of California (The)	2/10/86
PCPI	Personal Computer Products, Inc.	2/10/86
TXON	Texon Energy Corporation	2/10/86
GENS	Genetic Systems Corporation	2/14/86
TPIX	Telepictures Corporation	2/19/86
ZENI	Zenith Laboratories, Inc.	2/19/86
LMRK	Landmark Savings Association	2/20/86

Any questions regarding this notice should be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Sharon Belanger, 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 86-15

February 28, 1986

TO: All NASD Members and Other Interested Persons

RE: Monthly Reports of Aggregate "Short" Positions

On January 20, 1986, the NASD issued Notice to Members 86-4, announcing the Securities and Exchange Commission's approval of new Article III, Section 41 of the NASD Rules of Fair Practice. The new rule requires all NASD members to maintain a record of their total "short" positions in NASDAQ securities in all customer and proprietary firm accounts and to report aggregate "short" positions to the NASD on a monthly basis beginning in February 1986. The Notice to Members also included a copy of Form NS-1, the reporting form that members should utilize in making monthly reports of aggregate "short" positions.

Since the issuance of the notice, certain questions have arisen regarding the use of the form. To clarify:

1. Form NS-1 should be mailed monthly to:

National Association of Securities Dealers, Inc.
P. O. Box 37272
Washington, DC 20013

2. In lieu of completing and returning Form NS-1 to the address specified above, members may submit data on aggregate "short" positions via computer tape. For information on tape format, contact Phil Coma, NASD Information Systems Department, at (202) 728-8887.

3. The requirement under Article III, Section 41 to report monthly aggregate "short" positions in NASDAQ securities applies to all NASD members that maintain proprietary or customer "short" positions on the settlement date falling on the 15th of each month or, when the 15th is a non-settlement date, on the preceding settlement date. The reporting requirement applies to all NASD members, not only registered NASDAQ market makers.

4. Members that do not carry any customer or proprietary "short" positions in NASDAQ securities on a reporting settlement date are not required to complete Form NS-1 that month.

5. "Short" positions created as a result of arbitrated transactions are required to be included in the reported aggregate "short" positions. A member that does not believe that the resulting positions are truly "short" positions must report them on Form NS-1, but may attach an explanation.

6. Long sales by customers who have not yet delivered the securities at the time of reporting should not be included in aggregate "short" positions.

Questions regarding Form NS-1 may be directed to Leon Bastien, NASD Market Surveillance Section, at (202) 728-8192. If you need information concerning the filing of Form NS-1, call Elizabeth A. Wollin, NASD Automated Reports Section, at (202) 728-3111.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Wilson", written in a cursive style.

Frank J. Wilson
Executive Vice President
and General Counsel