



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

notice to members 86-48

July 8, 1986

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

RE: NASDAQ National Market System Grows to 2,457 Securities With 33 Voluntary Additions on July 15, 1986

On Tuesday, July 15, 1986, 33 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,457. These 33 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 33 issues scheduled to join NASDAQ/NMS on Tuesday, July 15, 1986, are:

Symbol*	Company	Location
AIMT	AIM Telephones, Inc.	Fairfield, NJ
ADMG	Advanced Magnetics, Inc.	Cambridge, MA
AMFI	Amcore Financial, Inc.	Rockford, IL
AGLS	Anchor Glass Container Corporation	Tampa, FL
AFED	Atlantic Federal Savings Bank	Baltimore, MD
BSGI	BancServe Group, Inc.	Rockford, IL
BWRLF	Breakwater Resources, Ltd	Vancouver, Canada
BFBS	Brookfield Federal Bank for Savings	Brookfield, IL
CCAM	CCA Industries, Inc.	East Rutherford, NJ
CCAZV	CCA Industries, Inc. (Wts) (WI)	East Rutherford, NJ
CWCC	Capital Wire & Cable Corporation	Plano, TX
COSF	Cosmetics and Fragrance Concepts, Inc.	Beltsville, MD

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

Symbol*	Company	Location
DSTS	DST Systems, Inc.	Kansas City, MO
FLAEF	Florida Employers Insurance Company (The)	Grand Cayman, British West Indies
FKFD	Frankford Corporation (The)	Philadelphia, PA
GWAYV GSSC	Gateway Communications, Inc. (WI) Grenada Sunburst System Corporation	Irvine, CA Grenada, MS
HFMD HSLD HTCH	Home Federal Savings Bank Home Savings & Loan Association, Inc. Hutchinson Technology Incorporated	Hagerstown, MD Durham, NC Hutchinson, MN
AIMBZ	Integrated Resources American Insured Mortgage Investors Series '85, A California Limited Partnership	New York, NY
KENS KEYC	Kenilworth Systems Corporation Key Centurion Bancshares, Inc.	Plainview, NY Charleston, WV
MHBK	Mid-Hudson Savings Bank, FSB	Fishkill, NY
NIEX	Niagara Exchange Corporation	Buffalo, NY
PACN PWSB	Pacific Nuclear Systems, Inc. Peoples Westchester Savings Bank	Federal Way, WA Hawthorne, NY
SESL SSBB	Southeastern Savings & Loan Company Southington Savings Bank	Charlotte, NC Southington, CT
TCTC	Tompkins County Trust Company	Ithaca, NY
UFCS UNSL	United Fire & Casualty Company United Savings and Loan Association	Cedar Rapids, IA Lebanon, MO
VMSI	VM Software, Inc.	Vienna, VA

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

Pending Additions

Symbol*	Company	Location
READ	American Learning Corporation	Huntington Beach, CA
BPCO	Bonneville Pacific Corporation	Salt Lake City, UT
GWTI	Groundwater Technology, Inc.	Norwood, MA
NPIC	Native Plants Incorporated	Salt Lake City, UT

Symbol*	Company	Location
PSVB	Penn Savings Bank	Wyomissing, PA
SHOE	Shoe City Corporation	Montgomery, AL
TIPT	Tipton Centers, Inc.	St. Louis, MO
WATTA	Watts Industries, Inc. (Cl A)	North Andover, MA

NASDAQ/NMS Interim Additions

Symbol*	Security	Date of Entry
DIET	American Health Companies, Inc.	6/24/86
ELDC	Eldec Corporation	6/25/86
GECM	Genicom Corporation	6/25/86
LEAF**	Interleaf, Inc.	6/26/86
SKYW	Skywest, Inc.	6/26/86
RBCO	Ryan, Beck & Co., Inc.	6/27/86
SCFB	South Carolina Federal Savings Bank	7/01/86
WATFY	Waterford Glass Group, plc	7/01/86
KLLM	KLLM Transport Services, Inc.	7/02/86
POLK	Polk Audio, Inc.	7/02/86
XYVI	Xyvision, Inc.	7/02/86

The following changes to the list of NASDAQ/NMS securities occurred since June 21, 1986:

NASDAQ/NMS Symbol* and/or Name Changes

New/Old Symbol*	New/Old Security	Date of Change
ARDNA/ARDN	Arden Group, Inc. (Cl A)/Arden Group, Inc.	7/01/86
GMSI/MHOM	Gateway Medical Systems, Inc./Medical Homecare Systems, Inc.	7/01/86
IWCR/IWTR	IWC Resources Corp./Indianapolis Water Co.	7/01/86

** This issue was previously announced as an interim NASDAQ/NMS addition on June 20, 1986. This offer was rescinded on June 23, 1986, and was subsequently re-issued on June 26, 1986.

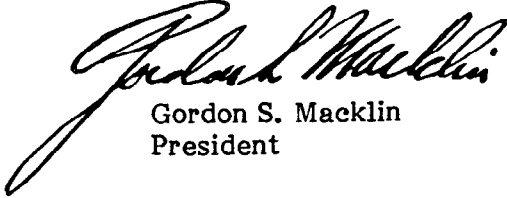
New/Old Symbol*	New/Old Security	Date of Change
PMSI/CRHB	Prime Medical Services, Inc./C.P. Rehab Corp.	7/01/86
VIKG/VIKG	Viking Freight, Inc./Viking Freight System, Inc.	7/01/86
ETCC/ETCC	Environmental Treatment and Technologies Corporation/ Environmental Testing and Certification Corporation	7/02/86

NASDAQ/NMS Deletions

Symbol*	Security	Date
ACVAA	Alberto-Culver Company (CI A)	6/23/86
CHSI	Continental Healthcare Systems, Inc.	6/23/86
LILY	Lily Tulip, Inc.	6/25/86
ESCO	Environmental Systems Company	6/27/86
SLON	Sloan Technology Corporation	6/27/86
TTEC	Thoratec Laboratories, Inc.	6/30/86
SBPS	Savings Bank of Puget Sound, F.S.B.	7/01/86

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 the NASD Market Surveillance Section at (202) 728-8201.

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 86-49

July 9, 1986

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Proposed Amendment to Schedule G of the
NASD By-Laws

LAST DATE FOR COMMENTS: August 9, 1986.

The National Association of Securities Dealers, Inc. (NASD), is requesting comments on a proposed amendment to Section 2 of Schedule G of the NASD By-Laws. The proposed amendment would require NASD members to report transactions in listed securities executed between 4 p.m. and 4:30 p.m. Eastern Time to the Consolidated Tape Association (CTA) through the NASDAQ System. The text of the proposed amendment is attached.

BACKGROUND

The proposed amendment to Section 2 of Schedule G was recommended to the NASD Board of Governors by the Trading Committee as a result of concern over apparent non-uniformity of transaction reporting procedures with respect to transactions in listed securities executed between 4 p.m. and 4:30 p.m. Eastern Time. Some NASD members currently utilize NASDAQ facilities to report transactions in listed securities executed between 4 p.m. and 4:30 p.m. Eastern Time, while other NASD members report such trades via Form T. Form T is used to report trades that are executed after the close of CTA trading hours and is submitted to the NASD on a weekly basis. Information from Form T is not included in daily market activity summaries.

The proposed requirement to report transactions in listed securities executed between 4 p.m. and 4:30 p.m. Eastern Time to CTA through NASDAQ will ensure uniformity of transaction reporting procedures and will also result in the dissemination of more complete data on daily trading activity to the wire services and print media and, thus, to public investors.

It should be emphasized that transactions in listed securities executed outside exchange trading hours are considered to be over-the-counter transactions. Therefore, the proposed requirement to report to CTA through NASDAQ will be applicable to domestic transactions in listed securities executed between 4 p.m. and 4:30 p.m. by all NASD members, including those that are also members of a national securities exchange. The proposed amendment does not address the reporting of transactions in listed securities executed abroad after the close.

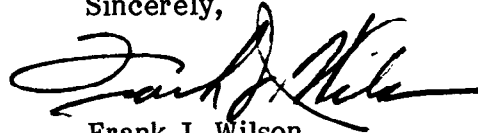
All members and other interested persons are invited to submit comments on the proposed amendment. Comments should be received no later than August 9, 1986, and should be directed to:

Mr. Lynn Nellius, Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006

Comments received will be considered by the Trading Committee and the NASD Board of Governors. If approved by the Board, the proposed amendment must be filed with and approved by the Securities and Exchange Commission.

Questions concerning this notice may be directed to S. William Broka, Vice President, NASDAQ Operations-Companies, at (202) 728-8050.

Sincerely,



Frank J. Wilson
Executive Vice President
and General Counsel

Attachment

**PROPOSED AMENDMENT TO SCHEDULE G
OF THE NASD BY-LAWS***

Schedule G, Section 2 — Transaction Reporting

(a) When and How Transaction Reported

(1) Designated Reporting Members shall transmit through the NASDAQ Transaction Reporting System, within 90 seconds after execution, last sale reports of transactions in eligible securities executed in the United States between the hours of 9:30 a.m. and 4:30 p.m. Eastern Time [during the trading hours of the Consolidated Tape]. Transactions not reported within 90 seconds after execution shall be designated as late.

(2) Non-Designated Reporting Members shall transmit through the NASDAQ Transaction Reporting System or, if such System is unavailable, via Telex, TWX or telephone, to the NASDAQ Department in New York City, within 90 seconds after execution, last sale reports of transactions in eligible securities executed in the United States between the hours of 9:30 a.m. and 4:30 p.m. Eastern Time [during the trading hours of the Consolidated Tape] unless all of the following criteria are met:

- (A) The aggregate number of shares of eligible securities which the member executed and is required to report does not exceed 1,000 shares in any one trading day;
- (B) The total dollar amount of shares of eligible securities that the member executed and is required to report does not exceed \$25,000 in any one trading day; and
- (C) The member's transactions in eligible securities have not exceeded the limits of (A) or (B) above on five or more of the previous ten trading days.

Transactions not reported within 90 seconds after execution shall be designated as late. If the member has reason to believe that its transactions in a given day will exceed the above limits, it shall report all transactions in eligible securities within 90 seconds after execution; in addition, if the member exceeds the above limits at any time during the trading day, it shall immediately report and designate as late any unreported transactions in eligible securities executed earlier that day.

(3) Non-Designated Reporting Members shall report weekly to the NASDAQ Department in New York City, on Form T, last sale reports of transactions in eligible securities that are not required by paragraph (2) to be reported within 90 seconds after execution.

* New language is underlined; deleted language is bracketed.

(4) All members shall report weekly to the NASDAQ Department in New York City, on Form T, last sale reports of transactions in eligible securities executed in the United States outside the hours of 9:30 a.m. and 4:30 p.m. Eastern Time [trading hours of the Consolidated Tape].

(5) All trade tickets for transactions in eligible securities shall be time-stamped at the time of execution.

NASD

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

notice to members 86-50

July 11, 1986

IMPORTANT

TO: All NASD Members and Other Interested Persons

ATTN: Compliance and Sales Management Personnel

RE: Accurate Completion of Form U-4 (Uniform Application for Securities Industry Registration)

The NASD has noted that an increasing number of applications for registration have been found to be inaccurate or incomplete when compared with the applicant's disciplinary history contained in the Central Registration Depository (CRD) data base. Examples of inaccurate filings include failure to disclose past arrests, convictions, administrative orders, major complaints or legal proceedings when responding to questions 22A through 22J and 22M on Form U-4 (see the attached).

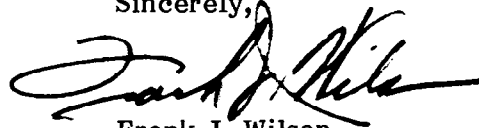
Accurate and complete Form U-4 filings remain a critical aspect of the CRD System. NASD policy requires that any individual failing to disclose a past disciplinary history on Form U-4 must file an amended form disclosing the information with a written statement prepared by the applicant explaining the reason for the initial inaccurate filing. Registration with the member will not become effective until an amended Form U-4 and a statement of explanation are received by the NASD.

Effective immediately, incidents of substantive non-disclosure will be subject to review by the appropriate District Business Conduct Committee (DBCC). The DBCC, upon review of all available information, including the applicant's written explanation, will take whatever action it deems appropriate. This could include formal disciplinary proceedings and sanctions imposed upon individual applicants. Because the failure to disclose such material information could raise a question on the adequacy of the review process conducted by members, DBCCs will consider members' activities as well since members are obligated to verify the statements contained in the application and make inquiry into the past record and business repute of the applicant.

The NASD encourages members to inform all applicants for registration of their responsibilities when answering questions 22A through 22J and 22M on Form U-4. All members should take appropriate steps to ensure that each applicant reads and follows the general instructions for preparing and filing Form U-4.

Questions concerning completion of Form U-4 may be directed to H. Craig Thompson, Assistant Director, Special Registration Review, at (202) 728-8362. Questions regarding any DBCC matters may be directed to your local District Office.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Wilson", written over a horizontal line.

Frank J. Wilson
Executive Vice President
Legal and Compliance

Attachment

FORM U-4
UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER

If there is an amendment to this page, complete only Item 21 and Items being amended.

(21) FIRM CRD #	SOCIAL SECURITY #	APPLICANT'S CRD #
FIRM NFA #		APPLICANT'S NFA #

IF THE ANSWER TO ANY OF THE FOLLOWING QUESTIONS IS "YES", ATTACH COMPLETE DETAILS.

(22) DEFINITIONS

- **Charged** – Accused of a crime in a formal complaint, information, or indictment.
- **Investment or Investment-Related** – Pertaining to securities, commodities, banking, insurance, or real estate (including, but not limited to acting as or being associated with a broker-dealer, investment company, investment adviser, futures sponsor, bank, or savings and loan association).
- **Involved** – Doing an act or aiding, abetting, counseling, commanding, inducing, conspiring with or failing reasonably to supervise another in doing an act.

	YES	NO	
22A. Have you been convicted of or plead guilty or nolo contendere ("no contest") to:			
(1) a felony or misdemeanor involving: investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, or bribery, forgery, counterfeiting or extortion?	<input type="checkbox"/>	<input type="checkbox"/>	1
(2) gambling?	<input type="checkbox"/>	<input type="checkbox"/>	2
(3) any other felony?	<input type="checkbox"/>	<input type="checkbox"/>	3
B. Have you, or an organization over which you exercised management or policy control, ever been charged with any felony or charged with a misdemeanor specified in question A(1) or (2)?	<input type="checkbox"/>	<input type="checkbox"/>	4
C. Has any court ever:			
(1) enjoined you in connection with any investment-related activity?	<input type="checkbox"/>	<input type="checkbox"/>	5
(2) found that you were involved in a violation of investment-related statutes or regulations?	<input type="checkbox"/>	<input type="checkbox"/>	6
D. Has the U.S. Securities and Exchange Commission or the Commodity Futures Trading Commission ever:			
(1) found you to have made a false statement or omission?	<input type="checkbox"/>	<input type="checkbox"/>	7
(2) found you to have been involved in a violation of investment-related regulations or statutes?	<input type="checkbox"/>	<input type="checkbox"/>	8
(3) found you to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?	<input type="checkbox"/>	<input type="checkbox"/>	9
(4) entered an order denying, suspending or revoking your registration or disciplined you by restricting your activities?	<input type="checkbox"/>	<input type="checkbox"/>	10
E. Has any other Federal regulatory agency or any state regulatory agency ever:			
(1) found you to have made a false statement or omission or been dishonest, unfair or unethical?	<input type="checkbox"/>	<input type="checkbox"/>	11
(2) found you to have been involved in a violation of investment regulations or statutes?	<input type="checkbox"/>	<input type="checkbox"/>	12
(3) found you to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?	<input type="checkbox"/>	<input type="checkbox"/>	13
(4) entered an order against you in connection with investment-related activity?	<input type="checkbox"/>	<input type="checkbox"/>	14
(5) denied, suspended, or revoked your registration or license or otherwise prevented you from associating with an investment-related business, or disciplined you by restricting your activities?	<input type="checkbox"/>	<input type="checkbox"/>	15
(6) revoked or suspended your license as an attorney, accountant or federal contractor?	<input type="checkbox"/>	<input type="checkbox"/>	16
F. Has any self-regulatory organization or commodities exchange:			
(1) found you to have made a false statement or omission?	<input type="checkbox"/>	<input type="checkbox"/>	17
(2) found you to have been involved in a violation of its rules?	<input type="checkbox"/>	<input type="checkbox"/>	18
(3) found you to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked or restricted?	<input type="checkbox"/>	<input type="checkbox"/>	19
(4) disciplined you by expelling or suspending you from membership, barring or suspending your association with its members, or restricting your activities?	<input type="checkbox"/>	<input type="checkbox"/>	20
G. Has any foreign government, court, regulatory agency, or exchange ever entered an order against you related to investments or fraud?	<input type="checkbox"/>	<input type="checkbox"/>	21
H. Have you ever been the subject of an investment-related, consumer-initiated complaint or proceeding that:			
(1) alleged compensatory damages of \$10,000 or more, fraud, or wrongful taking of property?	<input type="checkbox"/>	<input type="checkbox"/>	22
(2) was settled or decided against you for \$5,000 or more, or found fraud or the wrongful taking of property?	<input type="checkbox"/>	<input type="checkbox"/>	23
I. Are you now the subject of any complaint, investigation, or proceeding that could result in a "yes" answer to parts A-H of this item?	<input type="checkbox"/>	<input type="checkbox"/>	24
J. Has a bonding company denied, paid out on, or revoked a bond for you?	<input type="checkbox"/>	<input type="checkbox"/>	25
K. Do you have any unsatisfied judgments or liens against you?	<input type="checkbox"/>	<input type="checkbox"/>	26
L. Have you or a firm that you exercised management or policy control over, or owned 10% or more of the securities of, failed in business, made a compromise with creditors, filed a bankruptcy petition or been declared bankrupt?	<input type="checkbox"/>	<input type="checkbox"/>	27
M. Has a broker or dealer firm that you exercised management or policy control over, or owned 10% or more of the securities of, been declared bankrupt, had a trustee appointed under the Securities Investor Protection Act, or had a direct payment procedure initiated?	<input type="checkbox"/>	<input type="checkbox"/>	28
N. Have you been discharged or permitted to resign because you were accused of:			
(1) violating investment-related statutes, regulations, rules, or industry standards of conduct?	<input type="checkbox"/>	<input type="checkbox"/>	29
(2) fraud or the wrongful taking of property?	<input type="checkbox"/>	<input type="checkbox"/>	30
(3) failure to supervise in connection with investment-related statutes, regulations, rules or industry standards of conduct?	<input type="checkbox"/>	<input type="checkbox"/>	31

The applicant and appropriate signatory area **DOES NOT** have to be completed **UNLESS** this page is being submitted as an amendment.

MONTH DAY YEAR	SIGNATURE OF APPLICANT
	TYPE OR PRINT NAME OF APPLICANT
MONTH DAY YEAR	SIGNATURE OF APPROPRIATE SIGNATORY
	TYPE OR PRINT NAME OF APPROPRIATE SIGNATORY

CRD USE ONLY

NASD

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

notice to members 86-51

July 14, 1986

TO: All NASD Members and Other Interested Persons

ATTN: TRAINING DIRECTORS AND REGISTRATION PERSONNEL

RE: Automation of Test Administration for the Financial and Operations Principal Examination

The Qualifications Committee of the NASD Board of Governors is pleased to announce that starting on August 1, 1986, the Financial and Operations Principal Examination (Series 27) will be administered on the PLATO system. Currently, Series 27 is administered as a written examination on the third Saturday of each month at the same time as the Series 7 program. The last written administration of Series 27 tests will be July 19, 1986. Beginning in August, the Series 27 test will be administered daily on an appointment basis through the Control Data Education Center Network.

All new applicants for registration as Financial and Operations Principals will be enrolled for testing on the PLATO system beginning July 15, 1986. Candidates who apply for registration as Financial and Operations Principals before July 15, and who are holding open admission tickets for the Series 27 exam, will also be enrolled on the PLATO system.

The structure of the Series 27 exam will remain the same:

1. 85 multiple-choice questions covering applicable rules and statutory provisions relating to broker-dealer financial responsibility and recordkeeping.
2. A series of questions that require candidates to perform net capital and reserve account calculations pursuant to SEC Rules 15c3-1 and 15c3-3 based on financial information in a hypothetical firm's trial balance.

Delivery of the multiple-choice questions on the PLATO system is the same as for the other PLATO-administered examinations. However, new software has been developed for the computation section which requires more interaction between the candidates and the PLATO system. At the beginning of this section, candidates will be given a brief introductory lesson to familiarize them with the procedures for performing the required calculations.

For each computation, the candidate will be shown a trial balance on the computer terminal from which to select appropriate accounts. Once selected, these accounts will be highlighted, and upon completion of this process, the accounts will be summarized, and the candidate will be given the option of either storing the answer or taking adjustments, deductions or "haircuts" on any account prior to storing the answer.

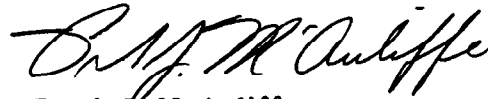
Net capital must be computed using the standard method ratio of aggregate indebtedness to net capital. The net capital computation must be done by calculating (1) total assets, (2) total liabilities and net worth, and (3) "haircuts" and other deductions from net worth. The total testing time is three hours, with two hours allowed for the multiple-choice section and one hour for the computation section. Although candidates may opt to take either the multiple-choice section or the computation section first, both sections must be completed at one session. One score will be given at the end of the test.

The study outline for the Financial and Operations Principal Examination is available from the NASD Executive office as well as NASD District offices at a cost of \$5.

* * * * *

The Qualifications Committee is pleased to announce this additional automated testing service in keeping with the Association's goal of providing the most efficient registration and qualification system possible. Questions regarding this notice should be directed to Carole Hartzog, NASD Qualifications Department, at (202) 728-8141.

Sincerely,



Frank J. McAuliffe
Vice President
Qualifications

**NASD
QUALIFICATIONS COMMITTEE**

David M. Underwood, Chairman
Underwood, Neuhaus & Co., Inc.

Thomas J. Asher, Robinson-Humphrey Company, Inc.

Bruce Avedon, Carillon Investments, Inc.

Judith Belash, Goldman, Sachs & Co.

Lewis W. Brothers, Jr., Virginia Division of Securities

John F. Cogan, Jr., The Pioneer Group, Inc.

Larry D. Hayden, Hayden Financial Management, Inc.

John G. Higgins, Kidder Peabody & Co., Incorporated

Thomas J. McAllister, Connecticut Mutual Financial Services, Inc.

Glenn R. Oxner, Tryon Securities Corp.

Allan Pessin, Salomon Brothers

Bill T. Wall, Stern Brothers & Co., Inc.

NASD

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

notice to members 86-52

July 29, 1986

TO: All NASD Members and Level 2 and Level 3 Subscribers
RE: NASDAQ National Market System Grows to 2,507 Securities With 52 Voluntary Additions on August 5, 1986, and 2 Mandatory Inclusions on August 12, 1986

On Tuesday, August 5, 1986, 52 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,505. These 52 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 52 issues scheduled to join NASDAQ/NMS on Tuesday, August 5, 1986, are:

Symbol*	Company	Location
ALFL	Alliance Financial Corporation	Dearborn, MI
ALOY	Alloy Computer Products, Inc.	Framingham, MA
AMFI	Amcore Financial, Inc.	Rockford, IL
AMWD	American Woodmark Corporation	Winchester, VA
AMWE	Amwest Insurance Group, Inc.	Woodland Hills, CA
BMJF	B.M.J. Financial Corp.	Bordentown, NJ
BTSB	Braintree Savings Bank (The)	Braintree, MA
CJIA	CJI Industries, Inc. (CI A)	New York, NY
CGNE	Calgene, Inc.	Davis, CA
CPCO	Central Pacific Corporation	Bakersfield, CA
CSBN	Community Savings Bank	Holyoke, MA
DATX	Data Translation, Inc.	Marlborough, MA
DFED	Dominion Federal Savings & Loan Association	McLean, VA

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

Symbol*	Company	Location
ESCA	Escalade, Incorporated	Evansville, IN
FMFS	F & M Financial Services Corporation	Menomonee Falls, WI
FHPC	FHP Corporation	Fountain Valley, CA
FFCA	First Federal of the Carolinas, F.A.	High Point, NC
FFCAP	First Federal of the Carolinas, F.A. (Pfd)	High Point, NC
HANA	Hana Biologics, Inc.	Berkeley, CA
HGIC	Harleysville Group, Inc.	Harleysville, PA
BLUD	Immucor, Inc.	Norcross, GA
INSO	Innovative Software, Inc.	Lenexa, KS
INTG	Intergroup Corporation (The)	Los Angeles, CA
IHIRF	International H.R.S. Industries, Inc.	Toronto, Canada
LSBX	Lawrence Savings Bank	Lawrence, MA
LLEC	Long Lake Energy Corporation	New York, NY
MSCA	M.S. Carriers, Inc.	Memphis, TN
MAGE	Magma Energy, Inc.	Los Angeles, CA
BILT	MicroBilt Corporation	Atlanta, GA
AMTC	Nature's Sunshine Products, Inc.	Spanish Fork, UT
NUCP	New Century Productions, Ltd.	Beverly Hills, CA
NUCPP	New Century Productions, Ltd. (Ser A Pfd)	Beverly Hills, CA
NUCPO	New Century Productions, Ltd. (Ser B Pfd)	Beverly Hills, CA
NCFS	North Carolina Federal Savings & Loan Association	Charlotte, NC
PSSB	Palm Springs Savings Bank	Palm Springs, CA
PBFI	Paris Business Forms, Inc.	Burlington, NJ
PCEP	Perception Technology Corporation	Canton, MA
PRST	Present Co., Inc. (The)	Rochester, NY
RAWC	Republic American Corporation	Encino, CA
SRCO	Sealright Co., Inc.	Kansas City, MO
STWB	Statewide Bancorp	Toms River, NJ
STWBW	Statewide Bancorp (Wts)	Toms River, NJ
SUBBA	Suburban Bancorp, Inc. (Cl A)	Palatine, IL
SBIO	Synbiotics Corporation	San Diego, CA
TKAI	Teknowledge, Inc.	Palo Alto, CA
TCOMB	Tele-Communications, Inc. (Cl B)	Englewood, CO
TCOMW	Tele-Communications, Inc. (Wts)	Englewood, CO
TLOS	Telos Corporation	Santa Monica, CA
TCSFY	Thomson-CSF	Paris, France
VFBK	Vermont Federal Bank, F.S.B.	Burlington, VT
TVOPZ	Vista Organization Partnership, L.P. (The)	New York, NY
ZEUS	Zeus Components, Inc.	Port Chester, NY

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

Pending Additions

Symbol*	Company	Location
BALD	Baldwin Piano & Organ Company	Loveland, OH
CONH	Continental Homes Holding Corporation	Scottsdale, AZ
DEVN	Devon Group, Inc.	Stamford, CT
DIME	Dime Savings Bank of New York, F.S.B.	Garden City, NY
FSBK	First Service Bank For Savings	Leominster, MA
GPAR	General Parametrics Corporation	Berkeley, CA
GEOX	Genox Corporation	St. Petersburg, FL
MNXI	MNX Incorporated	St. Joseph, MO
KITS	Meridian Diagnostics, Inc.	Cincinnati, OH
MNPI	Microcom, Inc.	Norwood, MA
PRXS	Praxis Biologics, Inc.	Rochester, NY
QDEL	QUIDEL	La Jolla, CA
QUIP	Quipp, Inc.	Miami, FL
SFFS	San Francisco Federal Savings & Loan Association	San Francisco, CA
SLHC	Southlife Holding Company	Nashville, TN
STHF	Stanley Interiors Corporation	Stanleytown, VA
SYNT	Syntro Corporation	San Diego, CA
THIS	Thermo Instrument Systems, Inc.	Waltham, MA
USRLZ	U.S. Realty Partners, L.P.	Greenville, SC
UGNE	Unigene Laboratories, Inc.	Fairfield, CT
WTBK	Westerbeke Corporation	Avon, CA
ZZND	Zond Group (The)	Tehachapi, CA

Additionally, the following two securities will enter NASDAQ/NMS under the mandatory Tier 1 criteria on August 12, 1986:

Symbol*	Company	Location
HRSI	Hal Roach Studios, Inc.	Los Angeles, CA
TMED	Trimedyn, Inc.	Santa Ana, CA

NASDAQ/NMS Interim Additions

Symbol*	Security	Date of Entry
ACRL	American Cruise Lines, Inc.	7/09/86
GNMR	Genmar Industries, Inc.	7/09/86
RICH	Richmond Hill Savings Bank	7/11/86
SHOE	Shoe City Corporation	7/11/86
TKUKV	TMK/United, Inc. (WI)	7/16/86
AGCI	American Capacity Group, Inc.	7/17/86
SWCB	Sandwich Co-operative Bank (The)	7/18/86
CURY	Bombay Palace Restaurants, Inc.	7/23/86

Symbol*	Security	Date of Entry
PSWA	Pacific Southwest Airlines	7/24/86
TWMC	TransWorld Music Corp.	7/24/86

The following changes to the list of NASDAQ/NMS securities occurred since July 3, 1986:

NASDAQ/NMS Symbol* and/or Name Changes

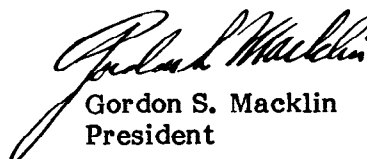
New/Old Symbol*	New/Old Security	Date of Change
VBNB/VBNB	VeloBind, Inc./Velo-Bind, Inc.	7/09/86
MLAB/MLAB	Monitor Technologies, Inc./Monitor Labs, Inc.	7/10/86
DTRX/DTRX	Detrex Corp./Detrex Chemical Industries, Inc.	7/16/86
ISLA/ISLA	Investors Savings Bank/Investors Savings & Loan Association	7/17/86
PBNK/PBNK	Progress Financial Corp./Progress Federal Savings Bank	7/21/86
KRUG/TNLG	KRUG International Corporation/Technology, Inc.	7/23/86
STRWA/STRW	Strawbridge & Clothier (CI A)/Strawbridge & Clothier	7/24/86

NASDAQ/NMS Deletions

Symbol*	Security Name	Date
RGAS	Rocky Mountain Natural Gas Company, Inc.	7/08/86
UBAN	Union Bancorp, Inc.	7/08/86
AMFD	A&M Food Services, Inc.	7/09/86
MCBC	Midwest Commerce Corporation	7/10/86
PATB	Patriot Bancorporation	7/11/86
PATBP	Patriot Bancorporation (Pfd)	7/11/86
ULTR	Ultra Systems, Inc.	7/14/86
GSHL	General Shale Products Corporation	7/18/86
RECT	Rectisel Corporation	7/22/86
CGESP	Colonial Gas Company (Pfd)	7/25/86
SCPE	Scope, Inc.	7/25/86

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 the NASD Market Surveillance Section at (202) 728-8201.

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 86-53

July 30, 1986

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 second quarter of 1986. 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
86-24	April 4, 1986	SIPC Trustee Appointed Kobrin Securities Inc. 415 Route 18 East East Brunswick, New Jersey 08816
86-25	April 7, 1986	NASDAQ National Market System Grows to 2,307 Securities with 37 Voluntary Additions on April 15, 1986
86-26	April 8, 1986	Request for Comments on Proposed Exemption From Free-Riding Interpreta- tion for Conversion of Savings and Loan Associations
86-27	April 16, 1986	Amendments to Corporate Financing Filing Requirements Effective Imme- diately
86-28	April 22, 1986	Request for Comments on Proposed Amendments to Schedule E of the NASD By-Laws
86-29	April 23, 1986	Proposed Amendment to Article III, Section 21 of the NASD Rules of Fair Practice Relating to Short Sales

Notice Number	Date	Topic
86-30	April 24, 1986	Quarterly Checklist of Notices to Members
86-31	April 25, 1986	Request for Comments on a Proposed Amendment to Article III, Section 19(f) of the NASD Rules of Fair Practice
86-32	April 28, 1986	NASDAQ National Market System Grows to 2,342 Securities with 36 Voluntary Additions on May 6, 1986, and 5 Mandatory Inclusions on May 13, 1986
86-33	May 7, 1986	Request for Comments on a Proposed Amendment to the Corporate Financing Interpretation Concerning Sales Incentives for Real Estate Investment Trusts and Corporate Debt and Equity Offerings
86-34	May 13, 1986	NASDAQ National Market System Grows to 2,363 Securities with 28 Voluntary Additions on May 20, 1986
86-35	May 14, 1986	Adoption of Amendments to the Interpretation of the NASD Board of Governors on "Forwarding of Proxy and Other Materials"
86-36	May 14, 1986	Firm Agreements with Customers Not To Testify In NASD Proceedings
86-37	May 14, 1986	Memorial Day Trade Date-Settlement Date Schedule
86-38	May 21, 1986	Membership Vote on Proposed Amendments to Article III, Section 28 of the NASD Rules of Fair Practice and Article VII, Section 8 of the NASD By-Laws
86-39	May 23, 1986	Request for Comments on Proposed Amendment to the Code of Procedure to Grant Discretion to the NASD to Hold Hearings in Eligibility Proceedings
86-40	May 23, 1986	Request for Comments on Amendment to Free-Riding Interpretation Concerning Investment Partnerships
86-41	May 27, 1986	Presentation of Yield Quotations for Investment Company Shares in Communications with the Public

Notice Number	Date	Topic
86-42	May 27, 1986	NASDAQ National Market System Grows to 2,385 Securites with 25 Voluntary Additions on June 3, 1986
86-43	June 11, 1986	NASDAQ National Market System Grows to 2,398 Securites with 10 Voluntary Additions on June 17, 1986
86-44	June 13, 1986	Independence Day Trade Date-Settlement Date Schedule
86-45	June 23, 1986	NASDAQ National Market System Grows to 2,420 Securities with 18 Voluntary Additions on July 1, 1986
86-46	June 26, 1986	Amendments to the Interpretation of the NASD Board of Governors on "Forwarding of Proxy and Other Materials"
86-47	June 26, 1986	SIPC Trustee Appointed Cusack, Light & Company, Inc. 101 Old Short Hills Road West Orange, New Jersey 07052

NASD

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

notice to members 86-54

July 30, 1986

IMPORTANT MAIL VOTE

OFFICERS, PARTNERS AND PROPRIETORS

TO: All NASD Members

RE: Proposed Amendment to Article III, Section 26 of the NASD Rules of Fair Practice Governing the Prompt Payment for Investment Company Shares Sold to Customers by NASD Members

LAST VOTING DATE IS SEPTEMBER 2, 1986.

Enclosed is a proposed new rule (attached as Exhibit I) that will amend Article III, Section 26 of the NASD Rules of Fair Practice by the addition of new subsection (m). Proposed new subsection (m) was approved by the NASD Board of Governors and now requires membership approval. If approved by the membership, it must be filed with and approved by the Securities and Exchange Commission before becoming effective. As discussed below, the proposed rule was published for comment on August 30, 1985 (Notice to Members 85-58) and again on December 24, 1985 (Notice to Members 85-86).

BACKGROUND OF THE PROPOSED RULE

In recent years, the investment company ("mutual fund") industry has experienced unprecedented growth. In 1957, there were 143 mutual funds with \$87 billion in net assets and annual sales of \$1.4 billion. By 1985, there were 1,531 mutual funds with \$495 billion in net assets and annual sales of \$114 billion.

Almost 60 percent of investors' purchases and redemptions of mutual funds (excluding short-term funds) are processed by NASD member firms and their agents using a variety of non-uniform procedures and systems, many of which are costly and inefficient. The ever-increasing number of transactions led to the development of the FUND/SERV system. This system, which is operated by the National Securities Clearing Corporation (NSCC), will automate, standardize and centralize the

processing of mutual fund transactions by interposing NSCC between broker-dealers and mutual funds. A pilot program has recently been completed and the FUND/SERV system will gradually be phased in over the next few years.

The system will provide for net settlement in a participant's account with NSCC on the fifth business day following trade date (T + 5).

For the past 29 years, prompt payment by members for mutual fund shares that they have sold to customers has been governed by the NASD Board of Governors Prompt Payment Interpretation (Paragraph 5265 of the NASD Manual). (See Exhibit II, which is attached.) The Interpretation does not include a definition of "prompt payment." It is proposed that this Interpretation will be rescinded and new subsection (m) will be adopted.

EXPLANATION OF PROPOSED RULE

New subsection (m) will contain a definition of "prompt payment."

Paragraph (1) of subsection (m) will require members, including underwriters, who engage in direct retail transactions with customers, to transmit payments to mutual funds or their agents ("payees") by the later of trade date plus five business days (T + 5) or the end of one business day following receipt of a customer's payment for such shares. However, members will be required to transmit payments to payees by the end of the seventh business day following receipt of a customer's order (T + 7) whether or not they have received payment from a customer.

Essentially, the proposed rule adopts a standard for settlement (T + 5) similar to that being used by the FUND/SERV system. However, it recognizes that for members who may not use the system, some flexibility should be permitted in the settlement procedure to allow sufficient time for customers' checks to clear.

Paragraph (2) of subsection (m) will require members that are underwriters and that engage in wholesale transactions with other members to transmit payments received from such members to payees by the end of two business days following receipt of such payments.

As time progresses and the FUND/SERV system becomes fully operative, the Board anticipates that most members that offer mutual fund shares will find it advantageous, in terms of efficiency, ease of settlement and cost, to utilize the FUND/SERV system.

COMMENTS RECEIVED

The NASD received 40 responses to Notice to Members 85-58 and 17 responses to Notice to Members 85-86. In response to commentators, the final form of the proposed rule differs considerably from that originally proposed in these earlier notices.

The major concerns expressed by commentators and to which the Board responded are:

1. Some members requested clarification of the term "transmit" in the proposed rule.

The Board believes that it is not necessary to define the term "transmit," since it has the usual and customary meaning for purposes of the rule, i.e., to send, transfer, dispatch or convey payments to payees, by any means, within the time parameters specified in the rule.

2. The proposed rule should not be adopted until the FUND/SERV system is fully operative.

The Board understands that the FUND/SERV system has only recently commenced operations following a successful pilot program. It will be some time, probably as much as two years, before the system is fully operative and all the prospective participants have joined the system. The Board does not consider that there is any reason to delay adopting the proposed rule, particularly since its provisions will mainly affect members that will not participate in the FUND/SERV system. This is because participants in the FUND/SERV system, which uses the standard T + 5 net settlement procedure, will normally be in compliance with the provisions of the proposed rule.

3. The proposed rule should require similar prompt payment by mutual funds to members when mutual funds are redeemed.

Neither the Board's current interpretation regarding prompt payment nor the proposed rule deals with prompt payment on redemption. This is because the law that governs such, Section 22(e) of the Investment Company Act of 1940, requires mutual funds to pay redemption proceeds within seven days after the tender of the security to the fund or to its agent. The Board therefore believes that it is not in a position to amend the rule as suggested by these commentators.

4. The proposed rule does not provide enough time for customers' checks, in payment for mutual funds purchased through members, to clear. Thus, members may not be in possession of "good funds" at the expiration of the time parameters proposed in the rule.

When the rule was originally drafted, a maximum time period of T + 5 business days was proposed. This was modified subsequently, as a result of comments received, to provide the alternative and the T + 7 maximum time period as described above. The Board considers that a total time period of eight days (T + 7) from the trade date to the settlement date is adequate to deal with the majority of mutual fund transactions.

5. A time period of one business day from the day of receipt for transmittal of payments to mutual funds or their agents by underwriters engaged in wholesale transactions does not provide sufficient time for checks to clear.

In response to this comment, the Board amended proposed paragraph (2) of subsection (m) to provide for a time period of two business days from the receipt of payment to transmittal.

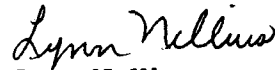
* * * * *

The text of the proposed rule is attached as Exhibit I. Also, attached as Exhibit II, is a copy of the current Paragraph 5265 of the NASD Manual, which is proposed to be rescinded.

The Board of Governors believes that the proposed rule is necessary and appropriate and recommends that members vote their approval. Please mark the attached ballot according to your convictions and return it in the enclosed, stamped envelope to "The Corporation Trust Company." Ballots must be postmarked no later than September 2, 1986.

Questions concerning this notice may be directed to A. John Taylor, Vice President, NASD Investment Companies/Variable Contracts, at (202) 728-8328.

Sincerely,


Lynn Nellius
Secretary

Attachments

**PROPOSED AMENDMENT TO ARTICLE III, SECTION 26
OF THE NASD RULES OF FAIR PRACTICE**

Prompt Payment for Investment Company Shares

- (m) (1) Members (including underwriters) who engage in direct retail transactions for investment company shares shall transmit payments for such shares, which such members have sold to customers, to payees (i.e., underwriters, investment companies or their designated agents) by (1) the end of the fifth business day following receipt of a customer order to purchase such shares or by (2) the end of one business day following receipt of a customer's payment for such shares, whichever is the later date; provided, however, that members shall transmit such payments to payees by the end of the seventh business day following receipt of a customer order to purchase such shares whether or not payment has been received from a customer.
- (2) Members who are underwriters and who engage in wholesale transactions for investment company shares shall transmit payments for investment company shares, which such members have received from other members, to investment company issuers or their designated agents by the end of two business days following receipt of such payments.

... Interpretation of the Board of Governors*

¶5265

**Prompt Payment by Members for Shares
of Investment Companies**

Failure by members to pay underwriters (who are also members) promptly, and failure by underwriters to insist upon such prompt payment by members, for investment company shares which members have sold to customers is contrary to the accepted standards of the business.

Members are required to transmit payment to underwriters (or custodians) promptly after the date of the transaction. Underwriters must pay issuers for shares acquired to fill dealers' orders promptly after the date of the transaction.

Members must maintain records, showing date of transaction, date upon which payment is received from customer, and date of payment to underwriter, as to all transactions in investment company shares.

In the event an underwriter does not receive payment from a member within ten (10) business days following the date of any transaction involving more than \$100, or if any check received from a dealer for payment of an open transaction is returned by a bank as uncollectable, regardless of when the check was originally received, the underwriter must immediately notify the district office of the Association in the district where the dealer's office is located. The notice to the Association shall state that the underwriter has communicated with the member and shall contain any explanation furnished by the member for the failure to make prompt payment. A copy of this notice must be furnished to the member involved.

Failure to comply with the procedures set forth herein may be considered a violation of Section 1 of Article III of the Rules of Fair Practice.

Transactions in investment company shares between customers and members are subject to Regulation T of the Federal Reserve Board. However, the Interpretation above is in no way related to Regulation T.

[As amended effective August 3, 1978.]

* This interpretation of the NASD Board of Governors is proposed to be deleted in its entirety.