

NASD

NOTICE TO MEMBERS

July 1, 1987

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

RE: NASDAQ National Market System Grows to 2,972 Securities With 29 Voluntary Additions on July 7, 1987

On Tuesday, July 7, 1987, 29 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,972. These 29 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 29 issues scheduled to join NASDAQ/NMS on Tuesday, July 7, 1987, are:

Symbol*	Company	Location
ELUXY	A. B. Electrolux	Stockholm, Sweden
ALDC	Aldus Corporation	Seattle, WA
ALCI	Allcity Insurance Company	New York, NY
ALET	Aloette Cosmetics, Inc.	Malvern, PA
BARL	Barr Laboratories, Inc.	Northvale, NJ
CRBI	Cal Rep Bancorp, Inc.	Bakersfield, CA
PAWN	Cash America Investments, Inc.	Fort Worth, TX
CCAX	Corrections Corporation of America	Nashville, TN
DVRS	Diverseco, Inc.	Spartanburg, SC
FLOG	Falcon Oil & Gas Company, Inc.	Odessa, TX
FGBC	First Golden Bancorporation	Golden, CO
FABKM	First of America Bank Corporation (Ser G Pfd)	Kalamazoo, MI

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

Symbol*	Company	Location
FABKN	First of America Bank Corporation (Ser E Pfd)	Kalamazoo, MI
GROF	Groff Industries, Inc.	Tampa, FL
HBSI	Hamptons Bancshares, Inc.	East Hampton, NY
IGEI	International Genetic Engineering, Inc.	Santa Monica, CA
IMPX	International Microelectronic Products, Inc.	San Jose, CA
ITIC	Investors Title Company	Chapel Hill, NC
KMSI	KMS Industries, Inc.	Ann Arbor, MI
LCNB	Lincoln Bancorp	Encino, CA
MAYF	Mayfair Industries, Inc.	New York, NY
NYCO	NYCOR, Inc.	Peapack, NJ
ONPR	One Price Clothing Stores, Inc.	Spartanburg, SC
PDLPY	Pacific Dunlop Limited	Melbourne, Australia
PHMT	PhoneMate, Inc.	Torrance, CA
RRMN	Railroadmen's Federal Savings & Loan Association of Indianapolis	Indianapolis, IN
SHIP	Regency Cruises, Inc.	New York, NY
RDWI	Roadway Motor Plazas, Inc.	Rochester, NY
SALN	Sahlen & Associates, Inc.	Deerfield Beach, FL

The following issues have filed for inclusion in NASDAQ/NMS upon effectiveness of their registration statements with the SEC or other appropriate regulatory authority. Their inclusion may commence prior to the next regularly scheduled phase-in date.

NASDAQ/NMS Pending Additions

Symbol*	Company	Location
ADMS	Advance Marketing Services, Inc.	San Diego, CA
DLPH	Delphi Information Systems, Inc.	Westlake Village, CA
EMLD	Emerald Systems Corporation	San Diego, CA
INEL	Intelligent Electronics, Inc.	Exton, PA
JENY	Jenny Craig, Inc.	Carlsbad, CA
LDIC	LDI Corporation	Cleveland, OH
MICA	MicroAge, Inc.	Tempe, AZ
PVSA	Parkvale Savings Bank	Pittsburgh, PA
SVMT	Save Mart Supermarts	Modesto, CA
SLFX	Selfix, Inc.	Chicago, IL
UCOA	United Coasts Corporation	Hartford, CT

The registration statements of the following issues have been declared effective by the SEC or other appropriate regulatory authority and commenced trading in NASDAQ/NMS since June 8, 1987.

NASDAQ/NMS Interim Additions

Symbol*	Security	Date of Entry
FFWP	First Federal of Western Pennsylvania	6/09/87
ECAD	ECAD, Inc.	6/10/87
ESSF	ESSEF Corporation	6/12/87
ISPC	Interspec, Inc.	6/16/87
BNDY	Brandywine Savings & Loan Association	6/17/87
DDDI	Downey Designs International, Inc.	6/17/87
GRTR	Greater New York Savings Bank (The)	6/17/87
MLMC	Multi-Local Media Corporation	6/17/87
SMNA	Samna Corporation	6/17/87
FFES	First Federal Savings & Loan of East Hartford	6/23/87
HWCD	HWC Distribution Corporation	6/23/87
MYCO	Mycogen Corporation	6/23/87
NYCOP	NYCOR, Inc. (Pfd)	6/24/87
ITGN	Integon Corporation	6/25/87
RFBK	Raleigh Federal Savings Bank	6/26/87
TCGN	Tecogen, Inc.	6/26/87

The following changes to the list of NASDAQ/NMS securities occurred since June 5, 1987:

NASDAQ/NMS Symbol* and/or Name Changes

New/Old Symbol*	New/Old Security	Date of Change
KVPHB/KVPH	K-V Pharmaceutical Company (Cl B)/ K-V Pharmaceutical Company	6/11/87
VENT/NPCO	Venturian Corporation/Napco International, Inc.	6/15/87
CUCD/CUCD	CUC International, Inc./Comp-U-Card International, Inc.	6/18/87
RHII/BCMP	Robert Half International, Inc./ Boothe Financial Corporation	6/18/87
HARG/HARG	Harper Group, Inc. (The)/Harper Group (The)	6/19/87
UACI/UACIA	United Artists Communications, Inc./ United Artists Communications, Inc. (Cl A)	6/23/87
FAMF/FAMF	First AmFed Corporation/First American Savings & Loan Association	6/25/87

New/Old Symbol*	New/Old Security	Date of Change
ACLE/ACLE	Accel International Corporation/ Acceleration Corporation	6/29/87

NASDAQ/NMS Deletions

Symbol*	Security	Date
KLOS	Kloss Video Corporation	6/05/87
RDSIP	ANAC Holding Corporation (Pfd)	6/09/87
AUXT	Auxton Computer Enterprises, Inc.	6/09/87
KDNY	Home Intensive Care, Inc. (Pfd)	6/09/87
SRGY	American Surgery Centers Corporation	6/11/87
PSSB	Palm Springs Savings Bank	6/12/87
THMD	Thermedics, Inc.	6/16/87
TCJCA	Town and Country Jewelry Manufacturing Corporation (Cl A)	6/16/87
MTRUS	Meditrust (SBI)	6/23/87
NCFS	North Carolina Federal Savings & Loan Association	6/24/87
AMWE	Amwest Insurance Group, Inc.	6/25/87
UFSL	Union Federal Savings & Loan Association	6/25/87
PRMD	Pro-Med Capital, Inc.	6/26/87

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 Leon Bastien, Assistant Director, NASD Market Surveillance, at (202) 728-8192.

Sincerely,


Lynn Nellius
Corporate Secretary



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

notice to members 87-43

July 1, 1987

TO: All NASD Members and Other Interested Persons

RE: Adoption of Amendment to Article III, Section 35 of the NASD Rules of Fair Practice Regarding Advertising and Sales Literature for Direct Participation Programs

EXECUTIVE SUMMARY

This notice announces adoption of an amendment to Article III, Section 35 of the NASD Rules of Fair Practice. The amendment was adopted by the NASD Board of Governors in response to the use by certain members of misleading advertising and improper sales literature in the marketing of public direct participation programs.

The amendment requires that advertising and sales literature concerning publicly offered direct participation programs be filed with the NASD Advertising Department for review within 10 days of first use or publication by an NASD member.

The text of the amended section is attached.

BACKGROUND

Article III, Section 35 of the NASD Rules of Fair Practice regulates members' communications with the public. It requires that all such communications be based on principles of fair dealing and good faith and that the communications provide a sound basis for evaluating the facts regarding the securities offered by members.

Material facts and qualifications may not be omitted if, in the context of the material presented, the omission would make the advertising or sales literature

**AMENDMENT TO ARTICLE III, SECTION 35
OF THE
NASD RULES OF FAIR PRACTICE**

(New language is underscored.)

Section 35. Communications with the Public

(c) Filing Requirements and Review Procedures

(3) Advertisements and sales literature concerning public direct participation programs as defined in Article III, Section 34 of the Rules of Fair Practice shall be filed with the Association's Advertising Department for review within 10 days of first use or publication. Filing in advance of use is recommended. Members need not file for review advertising and sales literature that has been filed by the sponsor, general partner or underwriter of the program or by another member.

Note: Current subsections (3) through (7) will be renumbered (4) through (8), respectively.

misleading. Exaggerated or misleading statements are prohibited, and members may not publish or distribute any public communications that the member knows or has reason to know contain any untrue statements of material fact or are otherwise false or misleading.

Article III, Section 35 currently requires a member to file advertisements with the NASD Advertising Department for review prior to use for one year after becoming a member, commencing with the member's initial advertisement. In addition, an NASD District Business Conduct Committee may, under certain circumstances, require a member to file advertising and sales literature with the NASD Advertising Department at least 10 days prior to use. All members are also subject to routine spot checks of their advertising and sales literature.

The NASD has noted that certain advertising and sales literature used in connection with public direct participation programs have involved misleading illustrations of past performance, the inclusion of information on projected performance, and the unbalanced presentation of programs by not including a statement of significant risks. The NASD has referred such practices to the appropriate District Business Conduct Committees.

The NASD Direct Participation Programs/Real Estate Committee considered whether specific guidelines should be developed and applied to sales literature and advertising used in connection with public direct participation program offerings but concluded that current guidelines contained in Article III, Section 35 are adequate to regulate the content of member communications with the public. However, the Board of Governors believes that a filing requirement for public direct participation program advertising and sales literature is necessary.

SUMMARY OF AMENDMENT

The amendment, which was approved by the SEC on June 5, 1987, requires that advertising and sales literature used in connection with public direct participation programs be filed with the NASD Advertising Department within 10 days of first use or publication by a member. Filing prior to use is recommended. The NASD will review the material for conformance with the standards contained in Article III, Section 35 of the NASD Rules of Fair Practice.

The responsibility of members to comply with the filing requirement applies regardless of whether the advertising and/or sales literature is prepared by a sponsor, general partner, underwriter, or member. However, the member need not file advertising and/or sales literature that was previously filed by the sponsor, general partner, or underwriter.

In order to expedite the review of this material, the NASD Advertising Department suggests that a prospectus for the offering accompany the filing of advertising and/or sales literature relating to that offering.

* * * * *

Questions regarding this notice should be directed to Ms. R. Clark Hooper,
Director, NASD Advertising Department, at (202) 728-8330.

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

Attachment

NASD

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

notice to members 87-44

July 6, 1987

IMPORTANT MAIL VOTE OFFICERS, PARTNERS AND PROPRIETORS

TO: All NASD Members

RE: Proposed Amendment to Article III, Section 26(m) of the NASD Rules of Fair Practice Governing Prompt Payment for Investment Company Shares

LAST VOTING DATE IS AUGUST 6, 1987.

EXECUTIVE SUMMARY

NASD members are invited to vote on a proposal to amend recently adopted Article III, Section 26(m) of the NASD Rules of Fair Practice. (See Notice to Members 86-54, dated July 30, 1986.) The proposed amendment to Section 26(m) would limit the circumstances under which members are required to transmit payments for investment company shares purchased by customers to mutual funds or their agents to those instances in which payments for those shares have actually been received from the customers.

The text of the proposed amendment is attached.

BACKGROUND AND SUMMARY OF PROPOSED AMENDMENT

Article III, Section 26(m) of the NASD Rules of Fair Practice as originally approved by the membership would require members, including underwriters, that engage in direct retail transactions with customers to transmit payments to mutual funds or their agents by the later of trade date plus five business days or by the end of one business day following receipt of a customer's payment for such shares. The rule would also require members to transmit to the mutual fund or its agent

payments by the end of the seventh business day following receipt of the customer's order whether or not payment has been received from the customer.

The NASD was advised by the staff of the SEC's Division of Market Regulation that the provision in the rule requiring transmittal, irrespective of receipt of payment, was an impermissible requirement which would violate the provisions of Section 11(d)(1) of the Securities Exchange Act of 1934 (1934 Act). This section prohibits a person that acts as both a broker and a dealer from effecting transactions in which the broker-dealer extends to or maintains credit for a customer on a security that is part of a new issue in which it participated as a member of the selling group or syndicate within thirty days prior to the transaction. Since investment company shares are continuously in registration and members normally offer these shares pursuant to a sales agreement with a principal underwriter, the SEC believes that members that are both brokers and dealers and that offer investment company shares are subject to the provisions of Section 11(d)(1) of the 1934 Act.

The NASD Investment Companies Committee considered various courses of action including limiting the scope of the NASD's rule to members that do not function both as brokers and dealers and petitioning the SEC for a rule exempting such payments from the provisions of Section 11(d)(1). The Committee concluded, however, and the Board of Governors concurred, that the appropriate course of action is to amend the proposal to require that members transmit payments for investment company shares received from customers by the end of trade date plus five business days or within 24 hours after the receipt of a customer's payment, whichever is the later date. Both the Committee and the Board of Governors believe that such an approach will fulfill the primary purposes of the NASD's rule by requiring prompt turnaround of customer funds and by establishing definitive time frames for such action. The amendment would remove the requirement that payments be transmitted in instances in which customer payments have not been received by the member.

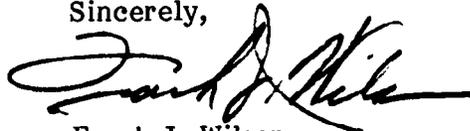
* * * *

The Board believes that the proposed amendment is appropriate and recommends that members vote their approval.

Please mark the attached ballot according your convictions and return it in the enclosed, stamped envelope to "The Corporation Trust Company." Ballots must be postmarked no later than August 6, 1987.

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

Sincerely,



Frank J. Wilson
Executive Vice President
and General Counsel

Attachment

PROPOSED AMENDMENT TO NASD RULES OF FAIR PRACTICE*

Investment Companies

Sec. 26

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. .

Prompt Payment for Investment Company Shares

- m (1) Members (including underwriters) that engage in direct retail transactions for investment company shares shall transmit payments received from customers 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's 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 that are underwriters and that 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.

* New language is underlined; deleted language is bracketed.

NASD

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

notice to members 87-45

July 15, 1987

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

RE: NASDAQ National Market System Grows to 2,993 Securities With 20 Voluntary Additions on July 21, 1987

On Tuesday, July 21, 1987, 20 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,993. These 20 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 20 issues scheduled to join NASDAQ/NMS on Tuesday, July 21, 1987, are:

Symbol*	Company	Location
BNHC	Bank of New Hampshire Corporation	Manchester, NH
BRRYA	Berry Petroleum Company (Cl A)	Taft, CA
CBOT	Cabot Medical Corporation	Langhorne, PA
CBOTW	Cabot Medical Corporation (Wts)	Langhorne, PA
CITI	CitiPostal, Inc.	New York, NY
COMI	Computer Microfilm Corporation	Atlanta, GA
TOOL	Easco Hand Tools, Inc.	Hunt Valley, MD
ENEX	Enex Resources Corporation	Kingwood, TX
HOSPW	Hosposable Products, Inc. (Wts)	Bound Brook, NJ
HIGB	Higby's (J.), Inc.	Sacramento, CA
METB	Metropolitan Bancorp, Inc.	Lima, OH
MCOM	Midwest Communications Corporation	Edgewood, KY

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

Symbol*	Company	Location
PLNS	Plains Resources, Inc.	Oklahoma City, OK
PLNSP	Plains Resources, Inc. (Pfd)	Oklahoma City, OK
RCDC	Ross Cosmetics Distribution Centers, Inc.	Staten Island, NY
SALNW	Sahlen & Associates, Inc. (Wts)	Deerfield Beach, FL
SWAR	Schwartz Brothers, Inc.	Lanham, MD
SNCO	Sensor Control Corporation	Sunnyvale, CA
WEXC	Wolverine Exploration Company	Fort Worth, TX
WEXCW	Wolverine Exploration Company (Wts)	Fort Worth, TX

The following issues have filed for inclusion in NASDAQ/NMS upon effectiveness of their registration statements with the SEC or other appropriate regulatory authority. Their inclusion may commence prior to the next regularly scheduled phase-in date.

NASDAQ/NMS Pending Additions

Symbol*	Company	Location
CGRP	Chase Medical Group, Inc.	Hialeah, FL
CSOF	Corporate Software Incorporated	Westwood, MA
DOMN	Domain Technologies, Incorporated	Milpitas, CA
EBKC	Eliot Savings Bank	Boston, MA
ECLAY	English China Clays, Plc	Cornwall, England
FILE	FileNet Corporation	Costa Mesa, CA
DNNY	Frances Denney Companies, Inc. (The)	New York, NY
HRHC	Hilb, Rogal and Hamilton Company	Richmond, VA
HORL	Home Office Reference Laboratory, Inc.	Lenexa, KS
NRTN	Norton Enterprises, Inc.	Salt Lake City, UT
PFPF	Price Pfister, Inc.	Pacoima, CA
PNET	ProNet, Inc.	Richardson, TX
UBSC	United Building Services Corporation of Delaware	Phoenix, AZ
VKSI	Vikonics, Inc.	Secaucus, NJ
WWGPY	Ward Wright Group, Plc	Wellingborough, England
WINS	Winston Resources, Inc.	New York, NY

The registration statements of the following issues have been declared effective by the SEC or other appropriate regulatory authority and commenced trading in NASDAQ/NMS since June 29, 1987:

NASDAQ/NMS Interim Additions

Symbol*	Security	Date of Entry
INEL	Intelligent Electronics, Inc.	6/30/87
ADMS	Advanced Marketing Services, Inc.	7/01/87
DLPH	Delphi Information Systems, Inc.	7/01/87
LDIC	LDI Corporation	7/01/87
MICA	MicroAge, Inc.	7/01/87
CKSB	CK Federal Savings & Loan Association	7/06/87
UCOA	United Coasts Corporation	7/07/87
EFSB	Elmwood Federal Savings Bank	7/09/87

The following changes to the list of NASDAQ/NMS securities occurred since June 29, 1987:

NASDAQ/NMS Symbol* and/or Name Changes

New/Old Symbol*	New/Old Security	Date of Change
TYGR/FSYS	Tigera Group, Inc./Fortune Systems Corporation	7/01/87
ITIC/ITIC	Investors Title Company/Investors Title Insurance Company	7/08/87

NASDAQ/NMS Deletions

Symbol*	Security	Date
BSGI	BancServe Group, Inc.	7/01/87
FDLB	Faraday Laboratories, Inc.	7/01/87
UTEL	United Telecontrol Electronics, Inc.	7/01/87
OLNB	Old National Bancorporation	7/02/87
DUAL	Dual-Lite Incorporated	7/06/87
KMWS	KMW Systems Corporation	7/06/87
PESoz	Two Pesos, Inc. (Wts)	7/08/87
GATO	Lewis Galoob Toys, Inc.	7/09/87

Questions regarding this notice may be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules should be directed to Leon Bastien, Assistant Director, NASD Market Surveillance, at (202) 728-8192.

Sincerely,



Lynn Nellius
Corporate Secretary



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

notice to members 87-46

July 21, 1987

TO: All NASD Members and Other Interested Persons

RE: SEC Approval of NASD Corporate Governance Standards for NASDAQ/NMS Issuers and Amendments to Schedule D to the NASD By-Laws Concerning Designation of NASDAQ National Market System (NASDAQ/NMS) Securities

EXECUTIVE SUMMARY

The Securities and Exchange Commission has approved amendments to its rules, to Schedule D to the NASD By-Laws, and to the NASD's Transaction Reporting Plan, which will have the effect of: (1) requiring NASDAQ/NMS companies to comply with certain standards of corporate governance; (2) moving NASDAQ/NMS designation criteria from an SEC rule to Schedule D to the NASD By-Laws; (3) eliminating the concept of mandatory NASDAQ/NMS designation; and (4) designating all securities subject to an effective transaction reporting plan as "national market system securities."

The new corporate governance standards will become effective for issuers that have securities designated as NASDAQ/NMS securities after August 4, 1987. For issuers having securities that are currently designated or will become designated on or before August 4, the standards will become effective 18 months thereafter.

The text of the amendments to Schedule D to the NASD By-Laws is attached.

BACKGROUND

At a meeting on June 11, 1987, the SEC approved amendments to Schedule D to the NASD By-Laws and to the NASD's Transaction Reporting Plan. The primary effect of these amendments is to give SEC approval to corporate governance rules for NASDAQ/NMS securities that were adopted by the NASD Board of Governors in July 1985. The rules were developed by the NASD Corporate Advisory Board and the NASD Board of Governors during late 1984 and early 1985. Comments on the proposed rules were solicited from NASD members and NASDAQ issuers in March 1985. The SEC also solicited public comment on the proposed rules as its normal routine in its consideration of them.

SUMMARY OF AMENDMENTS

In addition to corporate governance standards, the amendments to Schedule D to the NASD By-Laws incorporate the Tier 2 NASDAQ/NMS criteria currently in SEC Rule 11Aa2-1.

The SEC is amending Rule 11Aa2-1 to replace the existing NASDAQ/NMS designation criteria with a standard that will designate as "national market system securities" all over-the-counter and exchange-listed securities for which transactions are reported pursuant to an effective transaction reporting plan approved by the SEC.

The SEC is also amending Rule 11Aa3-1, its transaction reporting rule, to require the NASD to designate those NASDAQ securities that are subject to transaction reporting.

The amendments are contained in a new Part III of Schedule D to the NASD By-Laws. The following summarizes the provisions of the corporate governance standards as well as other changes approved by the SEC.

● Corporate Governance Provisions

The NASD's new corporate governance standards for NASDAQ/NMS issuers are included in Section 5 of new Part III of Schedule D. The rules will become effective for issuers having securities designated as NASDAQ/NMS securities after August 4, 1987. For issuers having securities that are currently designated or will become designated as NASDAQ/NMS securities on or before August 4, the standards will become effective 18 months thereafter (February 1989).

Substantive provisions of the corporate governance rules are:

Applicability of Rules to Foreign Issuers—The NASD has the authority to exempt a foreign issuer from application of the rules in cases where compliance would be in contravention of law or business practice in the issuer's country of domicile.

Distribution of Annual and Interim Reports—Issuers are required to distribute annual, quarterly, and other interim reports to shareholders. Annual reports

must be distributed a reasonable period of time prior to the company's annual meeting. Interim reports must be distributed either before or as soon as practicable following filing of reports with the issuer's regulatory authority. Issuers filing Form 10-Q with the SEC must distribute statements of operations. Other issuers must distribute information as contained in their required interim reports.

Independent Directors—Issuers are required to maintain a minimum of two independent directors on their boards. An "independent director" is defined to exclude officers or employees of the company or its subsidiaries or other individuals having a relationship with the issuer that, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit Committees—Issuers are required to establish and maintain an audit committee, a majority of the members of which must be independent directors.

Shareholder Meetings—Issuers are required to hold an annual shareholder meeting.

Quorum—Issuers must establish a quorum requirement of at least 33 1/3 percent of the outstanding shares, or at such greater level as specified in the corporate by-laws, for any meeting of the holders of common stock.

Solicitation of Proxies—Issuers are required to solicit proxies for all shareholder meetings and to file copies of proxy solicitations with the NASD.

Conflicts of Interest—Issuers are required to conduct an appropriate review of all related-party transactions. The rules provide that either the audit committee or a comparable body must be used for reviewing potential conflicts.

Listing Agreement—Each NASDAQ/NMS issuer must execute a listing agreement as prescribed by the NASD.

● Related Amendments

Also approved by the SEC was a restructuring, without major substantive change, of the manner in which "national market system securities" are designated. These amendments eliminate from SEC Rule 11Aa2-1 the NASDAQ/NMS financial designation criteria and place those criteria in Schedule D to the NASD By-Laws. Also, the mandatory designation criteria that were included in the SEC rule have been eliminated.*

In addition, the SEC approved amendments which transfer the NASDAQ/NMS designation procedures in the NASD's National Market System

* The original purpose of establishing mandatory designation criteria was to enable the SEC and the securities industry to gain experience in transaction reporting for over-the-counter securities which had not previously been subject to last-sale trade reporting. While this was true in 1981 when the rule was adopted, both the NASD and the SEC have concluded that last-sale trade reporting in the over-the-counter market has been well established and, since most issuers enter NASDAQ/NMS by voluntary designation, the mandatory designation standards no longer serve a useful purpose.

Designation Plan to Schedule D to the By-Laws. The overall effect of these changes is to place NASDAQ/NMS designation procedures in the same posture under SEC rules as the listing procedures of the exchanges.

* * * * *

Questions concerning this notice may be directed to either S. William Broka, Vice President, NASDAQ Operations-Companies, at (202) 728-8050, or T. Grant Callery, NASD Associate General Counsel, at (202) 728-8285.

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

Attachment

AMENDMENTS TO SCHEDULE D TO THE NASD BY-LAWS

NEW PART III

III

DESIGNATION OF NASDAQ NATIONAL MARKET SYSTEM SECURITIES

INTRODUCTION

Pursuant to Securities and Exchange Commission Rule 11Aa2-1, those securities for which transaction reporting is required by an effective transaction reporting plan are designated as national market system securities. The Association has filed with the Securities and Exchange Commission a transaction reporting plan under which securities satisfying the requirements of this Part III are covered by the transaction reporting plan and transactions in such securities are subject to the transaction reporting provisions of Part XI of this schedule.

Section 1

Applications for Designation

(a) Application for designation shall be on a form supplied by the Association and signed by a corporate officer of the issuer. Compliance with the designation criteria will be determined on the basis of information filed with the appropriate regulatory authority and the records of the Association as of the application date. The Association may require the issuer to submit such other information as is relevant to a determination of designation as a national market system security.

(b) Designation of a security shall be declared effective within a reasonable time after determination of qualification. The effective date of designation shall be determined by the Association giving due regard to the requirements of the NASDAQ System, the media and market makers. Effectiveness of designation may be delayed upon written request by the issuer. An issuer which has been determined to be qualified but is pending effectiveness shall not be required to meet the designation criteria prior to effectiveness.

(c) The Association may make exceptions to the criteria contained in this Part III where it deems appropriate.

Section 2

Quantitative Designation Criteria

In order to be designated, an issuer shall be required to substantially meet the criteria set forth in paragraph (a), (b), or (c) below.

Initial public offerings substantially meeting such criteria are eligible for immediate inclusion in NASDAQ/NMS upon prior application and with the written consent of the managing underwriter that immediate inclusion is desired. All other qualifying issues, excepting special situations, are included on the next inclusion date established by the Association.

(a) Alternative 1

(1) The issuer of the security had annual net income of at least \$300,000 in the most recently completed fiscal year or in two of the last three most recently completed fiscal years.

(2) There are at least 350,000 publicly held shares.

(3) The market value of publicly held shares is at least \$2 million.

(4) The price per share on each of the five business days prior to the date of application by the issuer is \$3 or more.

(5) At least two dealers act as NASDAQ market makers with respect to the security on each of the five business days preceding the date of application by the issuer.

(b) Alternative 2

(1) The issuer of the security has capital and surplus of at least \$8 million.

(2) There are at least 800,000 publicly held shares.

(3) The market value of publicly held shares is at least \$8 million.

(4) At least two dealers act as NASDAQ market makers with respect to the security on each of the five business days preceding the date of application by the issuer.

(5) The issuer has a four-year operating history.

(c) Warrants

Warrants to purchase designated securities may be designated if the warrants substantially meet the above criteria; provided, however, that they shall not be required to meet the criteria set forth in paragraph (a)(2) if immediately after the distribution, there are at least 450,000 warrants outstanding.

(d) Computations

The computations required by paragraphs (a)(1) and (b)(1) shall be taken from the issuer's most recent financial information filed with the Association. The computations required in paragraphs (a)(2), (a)(3), (b)(2), and (b)(3) shall be as of the date of application of the issuer. Determinations of beneficial ownership for purposes of paragraphs (a)(2) and (b)(2) shall be made in accordance with SEC Rule 13d-3. In the case of American Depositary Receipts, the computations

required by paragraphs (a)(1) and (b)(1) shall relate to the foreign issuer and not to any depository or any other person deemed to be an issuer for purposes of Form S-12 under the Securities Act of 1933.

Section 3

Registration Standards

In addition to meeting the quantitative criteria for NASDAQ/NMS inclusion, the issue must also be:

(a) registered under Section 12(g)(1) of the Securities Exchange Act of 1934 (Act); or

(b) issued by an insurance company meeting the conditions of Section 12(g)(2)(G) of the Act; or

(c) registered under the Securities Act of 1933 and issued by a closed-end investment management company registered under Section 8 of the Investment Company Act of 1940; or

(d) an American Depositary Receipt issued against the equity security of a foreign issuer if such equity securities are registered pursuant to Section 12 of the Act; or

(e) registered under Section 12(b) of the Act and listed on a national securities exchange, or admitted to unlisted trading privileges on an exchange, provided that:

(1) No rule, stated policy, or practice of such exchange shall prohibit or condition, or be construed to prohibit or condition or otherwise limit, directly or indirectly, the ability of any member to effect any transaction in such security otherwise than on such exchange; and

(2) Such exchange shall permit NASDAQ market makers telephone access to exchange trading facilities with respect to transactions in NASDAQ/NMS securities to the same extent that exchange market makers are permitted access to NASDAQ market makers; and

(3) Transaction reports in such security are not collected, processed, and made available pursuant to the plan submitted to the Securities and Exchange Commission pursuant to Rule 11Aa3-1 under the Securities Exchange Act of 1934, as amended, (the "CTA Plan"), which plan was declared effective as of May 17, 1974.

(f) Foreign securities and American Depositary Receipts where either the issuer is required to file reports pursuant to Section 15(d) of the Act or the security is exempt from registration under Section 12(g) of the Act by reason of the applicability of Rule 12g3-2(b) are not eligible for designation in NASDAQ/NMS.

Section 4

Quantitative Maintenance Criteria

After designation as a NASDAQ National Market System security, a security must substantially meet the criteria set forth below to continue to be designated as a national market system security.

(a) Common Stock, Preferred Stock, Shares or Certificates of Beneficial Interest of Trusts, and Limited Partnership Interests in Foreign or Domestic Issues

(1) 200,000 shares publicly held.

(2) Market value of publicly held shares of \$2 million.

(3) Either annual net income of \$200,000 for the previous fiscal year or in two of the last three fiscal years or net worth of at least \$1 million.

(b) Rights and Warrants

Common stock of issuer must continue to be designated.

(c) Market Makers

At least two authorized NASDAQ market makers.

(d) Bankruptcy and/or Liquidation

Should an issuer file under any of the sections of the Bankruptcy Act or announce that liquidation has been authorized by its board of directors and that it is committed to proceed, its securities shall not remain designated unless it is determined that the public interest and the protection of investors would be served by continued designation.

Section 5

Non-Quantitative Designation Criteria

(a) Applicability

No provision of this Section 5 shall be construed to require any foreign issuer to do any act that is contrary to a law, rule, or regulation of any public authority exercising jurisdiction over such issuer or that is contrary to generally accepted business practices in the issuer's country of domicile. The Association shall have the ability to provide exemptions from the applicability of these provisions as may be necessary or appropriate to carry out this intent.

(b) Distribution of Annual and Interim Reports

(1) Each NASDAQ/NMS issuer shall distribute to shareholders copies of an annual report containing audited financial statements of the company and its subsidiaries. The report shall be distributed to shareholders a reasonable

period of time prior to the company's annual meeting of shareholders and shall be filed with the Association at the time it is distributed to shareholders.

(2) a. Each NASDAQ/NMS issuer that is subject to SEC Rule 13a-13 shall distribute copies of quarterly reports including statements of operating results to shareholders either prior to or as soon as practicable following the company's filing of its Form 10-Q with the Securities and Exchange Commission. If the form of such quarterly report differs from the Form 10-Q, the issuer shall file one copy of the report with the Association in addition to filing its Form 10-Q pursuant to Section 1(c)(13) of Part II. The statement of operations contained in quarterly reports shall disclose, as a minimum, any substantial items of unusual or non-recurrent nature and net income before and after estimated federal income taxes or net income and the amount of estimated federal taxes.

b. Each NASDAQ/NMS issuer that is not subject to SEC Rule 13a-13 and that is required to file with the Securities and Exchange Commission, or another federal or state regulatory authority, interim reports relating primarily to operations and financial position, shall distribute to shareholders reports that reflect the information contained in those interim reports. Such reports shall be distributed to shareholders either before or as soon as practicable following filing with the appropriate regulatory authority. If the form of the interim report provided to shareholders differs from that filed with the regulatory authority, the issuer shall file one copy of the report to shareholders with the Association in addition to the report to the regulatory authority that is filed with the Association pursuant to Section 1(c)(13) of Part II.

(c) Independent Directors

Each NASDAQ/NMS issuer shall maintain a minimum of two independent directors on its board of directors. For purposes of this section, "independent director" shall mean a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship that, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

(d) Audit Committee

Each NASDAQ/NMS issuer shall establish and maintain an audit committee, a majority of the members of which shall be independent directors.

(e) Shareholder Meetings

Each NASDAQ/NMS issuer shall hold an annual meeting of shareholders and shall provide notice of such meeting to the Association.

(f) Quorum

Each NASDAQ/NMS issuer shall provide for a quorum as specified in its by-laws for any meeting of the holders of common stock; provided, however, that in no case shall such quorum be less than 33 1/3 percent of the outstanding shares of the company's common voting stock.

(g) Solicitation of Proxies

Each NASDAQ/NMS issuer shall solicit proxies and provide proxy statements for all meetings of shareholders and shall provide copies of such proxy solicitation to the Association.

(h) Conflicts of Interest

Each NASDAQ/NMS issuer shall conduct an appropriate review of all related party transactions on an ongoing basis and shall utilize the company's audit committee or a comparable body for the review of potential conflict-of-interest situations where appropriate.

(i) Listing Agreement

Each NASDAQ/NMS issuer shall execute a Listing Agreement in the form designated by the Association.

(j) Effective Date

This Part III, Section 5 shall apply to any issuer that first has a security designated as a national market system security after August 4, 1987, and shall become effective as to any other NASDAQ/NMS issuer on February 1, 1989.

Section 6

Termination Procedure

(a) Failure to maintain compliance with the provisions of Sections 4 and 5 of this Part III will result in the termination of an issue's designation unless an exception is granted as provided in this section. Termination shall become effective in accordance with the terms of notice by the Association.

(b) An issuer that is subject to termination of its designation may request a review by a Committee of the Board of Governors. If a review is requested, the issuer is entitled to submit materials and arguments in connection with such review.

(c) The Committee may grant or deny continued designation on the basis of the written submission by the issuer and whatever other data it deems relevant.

(d) Determinations by the Committee may be appealed to the NASD Board of Governors by any aggrieved person. An appeal to the Board shall not operate as a stay of the decision of the Committee unless the Board in its discretion determines to grant such a stay.

(e) An issuer may voluntarily terminate its designation upon written notice to the Association.

Note: Current Parts III through XI are renumbered Parts IV through XII, respectively.

NASD

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

notice to members 87-47

July 22, 1987

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on a Proposed New Level of Registration, Designated Assistant Representative-Order Processing, Under Schedule C to the NASD By-Laws

LAST DATE FOR COMMENT: AUGUST 22, 1987.

EXECUTIVE SUMMARY

The NASD requests comments on a proposed amendment to Schedule C to the By-Laws that would establish a new level of registration -- below the level of "Representative" -- for persons in member firms whose activities are limited to providing current securities quotations and accepting unsolicited customer orders and unsolicited new accounts.

The text of the proposed amendment is attached.

BACKGROUND

The growth of discount brokerage operations in recent years has raised questions regarding the appropriate level of qualification for persons who accept orders and provide certain related information services on behalf of public customers. Typically, such persons do not solicit transactions or new accounts, render investment advice, or make recommendations to customers regarding the appropriateness of securities transactions. The NASD Board of Governors is concerned that members may be allowing persons to accept customer orders who are not properly registered pursuant to Schedule C to the NASD By-Laws.

The NASD currently requires that persons engaged in accepting customer orders be registered as General Securities Representatives and pass the Series 7 examination. This is the most comprehensive representative examination the NASD administers. The appropriateness of this requirement has been challenged at the SEC and in the courts and, while the NASD's position has been upheld, both the SEC and a federal court have suggested that a more narrow qualification standard may be appropriate for persons in member firms who accept unsolicited customer orders and provide certain related information services.

SUMMARY OF PROPOSED AMENDMENT

The Qualifications Committee of the NASD Board of Governors has proposed a new level of registration, below the level of "Representative," that is designated "Assistant Representative-Order Processing." A new Part IV to Schedule C to the NASD By-Laws would establish this new registration level. This registration level would continue the requirement that persons who accept customer orders be registered and subject to the statutory disqualification and fingerprint screening processes, while establishing a qualification requirement commensurate with their job responsibilities.

Persons registered at this new level would be limited to accepting unsolicited customer orders or accounts and providing current market quotations to the public. Under no circumstances would they be permitted to solicit transactions or new accounts, render investment advice, make recommendations regarding the appropriateness of securities transactions, or function as market makers or traders in securities markets. Members would be required to compensate such persons on an hourly wage or salaried basis only and to directly supervise their activities on the members' premises. Persons registered as Assistant Representatives-Order Processing would not be eligible to register as Representatives or Principals pursuant to Parts I and II of Schedule C to the By-Laws.

The Assistant Representative-Order Processing level of registration is intended to apply to persons employed by members for the sole or primary purpose of accepting unsolicited customer orders -- typically, in a discount brokerage operation. The proposed registration level would not affect the "ministerial" exemption from registration contained in existing Part V of Schedule C for certain administrative personnel in member firms. In keeping with long-standing NASD policy and rule interpretations of other self-regulatory organizations, the "ministerial" exemption would continue to apply to administrative personnel who occasionally receive communications from the public at a time when appropriately qualified representatives or principals are unavailable. In these circumstances, unregistered administrative personnel may record and transmit unsolicited customer orders to the firm's normal order-processing channels, provided such orders are subsequently reviewed by a registered principal of the firm and the unregistered personnel do not routinely accept customer orders as part of their normal duties.

* * * * *

The NASD encourages members to comment on these proposals. The NASD Board of Governors requests that commentators specifically address whether

this new level of registration would lower the qualification standards for the industry and whether it would be burdensome for firms to supervise their associated persons' activities.

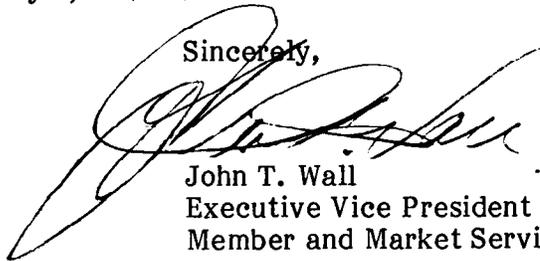
Comments should be directed to:

Mr. Lynn Nellius
Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006-1506

All comments and suggestions must be received no later than August 22, 1987. Comments and suggestions received by this date will be considered by the NASD Qualifications Committee and the NASD Board of Governors. If the proposed amendments are approved by the Board, they must be filed with and approved by the Securities and Exchange Commission before they become effective.

Questions concerning this notice may be directed to either Frank J. McAuliffe, Vice President, NASD Qualifications, at (301) 738-6694, or Carole Hartzog, Senior Qualifications Analyst, at (301) 738-6696.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Wall", is written over the typed name and title.

John T. Wall
Executive Vice President
Member and Market Services

Attachment

AMENDMENT TO SCHEDULE C TO THE NASD BY-LAWS

NEW PART IV

IV

REGISTRATION OF ASSISTANT REPRESENTATIVE-ORDER PROCESSING

(1) All Assistant Representatives-Order Processing Must Be Registered--All persons associated with a member who are to function as Assistant Representatives-Order Processing shall be registered with the Corporation and shall pass a Qualification Examination for Assistant Representatives-Order Processing specified by the Board of Governors before such registrations may take effect.

(2) Definition of Assistant Representative-Order Processing--The term "Assistant Representative-Order Processing" shall apply to persons associated with a member who accept telephone or other communications from the public for the purposes of providing current securities quotations, accepting unsolicited customer orders for submission to the normal execution operations of the member, and/or accepting unsolicited new accounts for submission to the normal account-approval operations of the member.

(3) Prohibitions--Under no circumstances may an Assistant Representative-Order Processing solicit transactions or new accounts on behalf of members, render investment advice, or make recommendations to customers regarding the appropriateness of securities transactions, or effect transactions in securities markets on behalf of members.

(4) Compensation--Members may only compensate Assistant Representatives-Order Processing on an hourly wage or salaried basis and may not in any way directly or indirectly relate their compensation to the number or size of transactions effected for customers or to the number of accounts submitted to the member's account-approval operations.

(5) Supervision--The activities of Assistant Representative-Order Processing must be conducted on the premises of a member under the direct supervision of an appropriately registered principal.

(6) Requirement for Examination on Lapse of Registration--Any person whose most recent registration as an Assistant Representative-Order Processing has been terminated for a period of two (2) or more years immediately preceding the date of receipt by the Corporation of a new application shall be required to pass a Qualification Examination for Assistant Representative-Order Processing.

July 27, 1987

TO: Selected NASD Members and Other Interested Persons

RE: Communications With the Public

The purpose of this notice is to express the concern of the NASD Advisory Council regarding the advertising developed by some NASD members that are subsidiaries or affiliates of banks, insurance companies, and other financial institutions (hereinafter referred to as "financial institutions") and to remind NASD members of their responsibilities under the NASD's advertising rule.

The Advisory Council, which is comprised of the Chairman of each District Business Conduct Committee in the 14 NASD District Offices, meets twice a year to consider major issues and problems in the districts and to make recommendations to the NASD Board of Governors as to those issues that are important to the industry.

Article III, Section 35 of the NASD Rules of Fair Practice governs members' communications with the public. In addition to the filing requirements for such communications, the rule sets forth standards that basically require accuracy, balance, and substantiation of information presented in members' advertising and sales literature. The Advisory Council recognizes that certain standards for securities advertising differ from those applicable to financial institutions' advertising and believes that these differences may cause confusion for financial institutions preparing material subject to Article III, Section 35.

The following are the major areas in which the Advisory Council noted problems:

1. Prominent Disclosure of the NASD Member's Name

Article III, Section 35(d)(2)(A) requires that advertising and sales literature contain the name of the member. Such material should clarify which products and services are offered by the NASD broker-dealer member and which are offered by the financial institution or other subsidiary. If the material solely concerns business of the broker-dealer, the financial institution may be referred to in order to identify the location of the broker-dealer's services, but such reference should not appear prominently. The potential client should be able to determine which company is the broker-dealer and there must be a clear distinction between

the services and products offered by the broker-dealer and those offered by the financial institution. There should be no implication that the financial institution offers securities products or services.

2. Discount Commission Advertising

Many NASD member financial institutions offer discount brokerage services to their clients. The NASD Board of Governors has long recognized the importance of adequate disclosure in written materials promoting commission discounts. Recommendations were developed to assist members in preparing material that is accurate, fair, not misleading, and consistent with the standards set forth in NASD rules. It is not intended that all the recommended disclosures be included in every public communication. However, if the content of the communication dictates specific disclosure, such disclosure must be made. A copy of these recommendations is attached as Exhibit A.

3. Investment Company Advertising

Another area in which a significant number of financial institutions are involved is the sale of investment company securities. In addition to the standards in the NASD advertising rule, such communications, depending on their content, are subject to SEC Rule 156 and also may be subject to either SEC Rules 134, 482, or 135a. The SEC rules set forth specific conditions under which investment company securities may be advertised and are contained in the Investment Company Securities section of the NASD Manual, beginning on page 5041.

Communications concerning investment company securities can be complicated and technical, particularly when related to investment results or comparisons. To assist members in preparing investment company sales material and in complying with the NASD's general rules, the NASD Investment Companies Committee developed and the Board of Governors approved the "Guidelines Regarding Communications With the Public About Investment Companies and Variable Contracts."

These guidelines apply to sales literature as well as to communications subject to the above-mentioned SEC rules. They are also contained in the Investment Company Securities section of the NASD Manual, beginning on page 5101.

The NASD distributed two additional notices to provide guidance to members in this area. The first (Notice to Selected Members, dated December 29, 1983) concerns the advertising of mutual fund performance over short time periods. The second (Notice to Members 86-41, dated May 27, 1986) concerns the presentation of yield quotations for investment company securities. Both of these notices strongly emphasize the importance of disclosing all material information. The general principles outlined apply to such communications of all members. The notices are attached as Exhibits B and C, respectively.

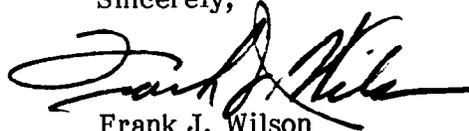
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Some financial institutions utilize a consolidated facility to prepare and distribute advertising and sales literature. Financial institutions are urged to familiarize their staff with the above information, particularly personnel involved in preparing communications with the public. Members are also urged to ensure

that their advertising and sales literature meet the conditions set forth in Article III, Section 35 of the NASD Rules of Fair Practice and to ensure that customers have no basis for claiming that they were misled by the content of such communications.

Questions concerning this notice may be directed to Ms. R. Clark Hooper, Director, NASD Advertising, at (202) 728-8330.

Sincerely,

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

Frank J. Wilson
Executive Vice President
Legal and Compliance

Attachments

**RECOMMENDATIONS CONCERNING
ADVERTISING AND PROMOTION OF
COMMISSION DISCOUNTS**

NASD rules require that members' communications with the public be accurate, fair and not misleading. An investor considering the services of a broker-dealer, including a "discount" broker, should be informed of all factors material to his use of such broker-dealer's services. There are many variables in the charges and services offered by broker-dealers and it isn't reasonable to expect their every variation be included in media advertising, given the expense of such advertising. Relevant factors not included in advertisements should be communicated to persons responding, however. Certain items should be included in the advertisement itself, when the advertisement would be misleading in the absence of their disclosure.

Generally, any communication with the public concerning "discount" brokerage should reflect recognition of the following factors:

- Stocks are not the only types of securities available. Commission rates may vary markedly for other types of products (e.g., options, bonds).
- Certain types of securities offered by prospectus cannot normally be sold at prices reflecting discounts from the commission or sales charge stated in the prospectus (e.g., mutual funds and certain other registered offerings).
- Generalized, unqualified statements concerning a commission or discount rate will be inherently inaccurate and misleading if there are any undisclosed factors which would cause that rate to be unavailable (e.g., minimum commissions, volume requirements, separate service charges, etc.).

Importance of Full Disclosure

The public will have a much better understanding of a member's services, and future disputes will be minimized if certain disclosures are made, preferably in writing. The most common method of disclosing these items is through use of a brochure or mailer. Examples of important basic disclosures include:

1. The basic commission rate schedule of the member, including variations in the rates applicable to larger transactions or to transactions in options, bonds, or other products.
2. Any applicable minimum commission, minimum transaction size, registration fee or initial deposit requirement.
3. Any special service charges applicable to limit orders, safekeeping of securities, transfer or issue of certificates, odd lot transactions, research, or other services.
4. If applicable, the services not offered by the firm which might be expected by an investor. The most common services eliminated by discount brokers are personalized recommendations and research.

5. If mutual funds or fixed-price products are specifically mentioned in advertising or sales literature, the fact that discounts on such products are not available. If such products are not offered by the member, consideration should be given to so stating.

6. If the member ever acts as principal, as a market maker or otherwise, the policies of the member in this regard and the relevance to such transactions, or lack thereof, of the member's agency commission rates.

7. Any other factor which might be necessary to any understanding of the member's rates or services. Where a member's rates may be difficult to determine due to the combined impact of minimum commissions, separate registration or service charges, etc., use of specific examples should be considered.

Discount Advertising

While, as noted, including all of the above disclosures in every advertisement or public communication may be neither necessary nor practical, advertisements which omit such items should include an offer to furnish further information. Also, the content of a particular advertisement may dictate specific disclosures in order to make it accurate and not misleading, and there are certain unwarranted implications which can be contained in advertisements which are not carefully prepared. For example, advertisements and promotional material should disclose:

- any time limitations or material conditions applicable to a rate or discount advertised, especially the conditions under which an advertised maximum savings would be achieved. For example, if a minimum transaction amount is required, or the savings applies only to OTC trades, such should be disclosed.

- what an advertised discount is based upon, e.g., the member's normal commission rates, formerly existing fixed rates, recent survey of competitors, etc. If the discount is based upon a survey of competitors, the date and nature of such survey should be disclosed, and consideration should be given to disclosing the details of the survey, or at least offering such details.

- any factor which would alter an advertised discount which is stated or implied to be a minimum or across-the-board discount. A minimum commission, volume requirement, special service charge, etc., would fall into this category. Even where the context of a particular advertisement doesn't require it, disclosure of a minimum commission charge will reduce both misunderstandings and inquiries from unqualified respondents.

Implications to be avoided in discount advertising include:

- that a single discount or rate is applicable to all transactions in all types of securities.

- that all products and services typically offered by broker-dealers are available when such is not the case.

- that a particular service offered (or exchange membership) is that of the advertising member when it is provided by a correspondent or clearing firm.

● that a survey of competitors' commission rates is current when such is not the case. (It may be misleading to base an advertised discount on a survey which isn't current.)

Adherence to principles of full disclosure to clients will reduce troublesome and potentially costly misunderstandings about rates or services. The Association stands ready to assist members in applying its standards with respect to advertising and sales literature (primarily Article III, Section 35 of the Rules of Fair Practice). Inquiries should be directed to:

NASD Advertising Department
1735 K Street, N.W.
Washington, D.C. 20006
(202) 728-8330



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

notice to members 87-48

July 29, 1987

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

RE: NASDAQ National Market System Grows to 3,019 Securities With 30 Voluntary Additions on August 4, 1987, and One Mandatory Inclusion On August 4, 1987

On Tuesday, August 4, 1987, 30 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 3,018. These 30 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 30 issues scheduled to join NASDAQ/NMS on Tuesday, August 4, 1987, are:

Symbol*	Company	Location
ANECF	Aneco Reinsurance Company Limited	Hamilton, Bermuda
BRLN	Brooklyn Savings Bank (The)	Danielson, CT
CECX	Castle Energy Corporation	Blue Bell, PA
CCAB	Communications & Cable, Inc.	West Palm Beach, FL
CWDI	Craft World International, Inc.	Tampa, FL
CXIM	Criticare Systems, Inc.	Waukesha, WI
DXTK	Diagnostek, Inc.	Albuquerque, NM
DXTKZ	Diagnostek, Inc. (Wts)	Albuquerque, NM
EOCA	Equipment Company of America	Hialeah, FL
FAAA	Fine Art Acquisitions, Ltd.	New York, NY
FAAAW	Fine Art Acquisitions, Ltd. (Wts)	New York, NY

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

Symbol*	Company	Location
FASB	First American Savings Bank, F.S.B.	Canton, OH
FSCB	First Commercial Bancshares, Inc.	Birmingham, AL
FABKP	First of America Bank Corporation (Pfd)	Kalamazoo, MI
HIPT	Hi-Port Industries, Inc.	Houston, TX
HORL	Home Office Reference Laboratory, Inc.	Lenexa, KS
HRMR	Hunter-Melnor, Inc.	Memphis, TN
ITIL	International Telecharge, Inc.	Dallas, TX
JASN	Jason, Incorporated	Milwaukee, WI
JETS	Jetborne International, Inc.	Miami, FL
LSNB	Lake Shore Bancorp, Inc.	Chicago, IL
MDCI	Medical Action Industries, Inc.	Farmingdale, NY
NMDY	Normandy Oil & Gas Company, Inc.	Fort Worth, TX
PETD	Petroleum Development Corporation	Bridgeport, WV
ROYG	Royal Business Group, Inc.	Boston, MA
ROYLW	Royalpar Industries, Inc. (Wts)	West Hartford, CT
SWIS	St. Ives Laboratories Corporation	Chatsworth, CA
TMCI	TM Communications, Inc.	Dallas, TX
TMCIW	TM Communications, Inc. (Wts)	Dallas, TX
VISA	Vista Organization, Ltd. (The)	New York, NY

The following issues have filed for inclusion in NASDAQ/NMS upon effectiveness of their registration statements with the SEC or other appropriate regulatory authority. Their inclusion may commence prior to the next regularly scheduled phase-in date.

NASDAQ/NMS Pending Additions

Symbol*	Company	Location
BTHL	Bethel Bancorp	Bethel, ME
ELCO	Electronic Concepts, Inc. .	Eatontown, NJ
HFEI	Home Furnishings Enterprises, Inc.	Monroe, NC
INTCL	Intel Corporation (Wts)	Santa Clara, CA
NJSB	New Jersey Savings Bank	Somerville, NJ
SUGR	Summagraphics Corporation	Fairfield, CT
XSCR	Xscribe Corporation	San Diego, CA

The following security will enter NASDAQ/NMS under mandatory Tier 1 criteria on August 4, 1987:

Symbol*	Company	Location
KMAG	Komag, Incorporated	Milpitas, CA

The registration statements of the following issues have been declared effective by the SEC or other appropriate regulatory authority and commenced trading in NASDAQ/NMS since July 10, 1987:

NASDAQ/NMS Interim Additions

Symbol*	Security	Date of Entry
DNNY	Frances Denney Companies, Inc. (The)	7/10/87
VKSI	Vikonics, Inc.	7/14/87
FFKY	First Federal Savings Bank of Elizabethtown	7/15/87
HRHC	Hilb, Royal and Hamilton Company	7/15/87
PVSA	Parkvale Savings Association	7/16/87
FILE	FileNet Corporation	7/21/87
WWGPY	Ward White Group, plc.	7/21/87
EBKC	Eliot Savings Bank	7/22/87
CGRP	Chase Medical Group, Inc.	7/23/87
EVRX	Everex Systems, Inc.	7/24/87

The following changes to the list of NASDAQ/NMS securities occurred since July 10, 1987:

NASDAQ/NMS Symbol* and/or Name Changes

New/Old Symbol*	New/Old Security	Date of Change
COES/COES	Commodore Environmental Services, Inc./ Commodore Resources Corporation	7/13/87
ATNN/ATNN	American Telemedia Network, Inc./ ATN, Inc.	7/14/87
GMED/GMED	GMI Group, Inc. (The)/Graphic Media, Inc.	7/20/87
GLFS/GLFS	Great Lakes Bancorp, A Federal Savings Bank/Great Lakes Federal Savings	7/20/87
APER/APER	Atlantic Permanent Savings Bank, F.S.B./ Atlantic Permanent Savings & Loan Association	7/22/87
BJIC/BJICA	Ben & Jerry's Homemade Ice Cream, Inc. (Cl A)/Ben & Jerry's Homemade Ice Cream, Inc.	7/24/87
TRNI/TRIN	Trans Industries, Inc./Trans Industries, Inc.	7/27/87

NASDAQ/NMS Deletions

Symbol*	Security	Date
HETC	HETRA Computer and Communications Industries, Inc.	7/13/87
ISOL	Information Solutions, Inc.	7/13/87
IMMCP	International Mobile Machines Corporation (Pfd)	7/13/87
PERLF	Perle Systems, Ltd.	7/13/87
CMTK	Comptek Research, Inc.	7/15/87
JNSV	Jones & Vining, Inc.	7/15/87
SCHL	Scholastic, Inc.	7/17/87
BBUY	Best Buy Company, Inc.	7/20/87
NESA	Northeast Savings, F.A.	7/21/87
NESAP	Northeast Savings, F.A. (Pfd)	7/21/87
CFUR	Cochrane Furniture Company, Inc.	7/23/87
BISC	Barrister Information Systems Corporation	7/24/87
NATH	Nathan's Famous, Inc.	7/24/87
SHAW	Shaw's Supermarkets, Inc.	7/27/87

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 Leon Bastien, Assistant Director, NASD Market Surveillance, at (202) 728-8192.

Sincerely,


Lynn Nellius
Secretary