



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

notice to members 87-73

November 4, 1987

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Amendment to Board of Governors' Free-Riding Interpretation Concerning Investment Partnerships

LAST DATE FOR COMMENT: DECEMBER 4, 1987.

EXECUTIVE SUMMARY

The NASD is publishing for comment a revision to its proposed amendment to the Interpretation of the Board of Governors on Free-Riding and Withholding that would provide members with an alternative means of complying with the Interpretation for sales of new issues to investment partnerships.

The text of the proposed amendment is attached.

BACKGROUND

In Notice to Members 86-40, dated May 23, 1986, the NASD published for comment a proposed amendment to the Interpretation of the Board of Governors on Free-Riding and Withholding (Free-Riding Interpretation) ^{1/} that would provide members with an alternative means of complying with the Interpretation for sales of new issues to investment partnerships. The section of the Free-Riding Interpretation titled "Investment Partnerships and Corporations" ^{2/} currently prohibits members and their associated persons from selling securities of a new issue that trades at a

^{1/} The complete text of the Free-Riding Interpretation can be found beginning on page 2039-3 of the NASD Manual (CCH).

^{2/} NASD Manual (CCH), p. 2043.

premium ("hot issue" securities) to any investment partnership, corporation, or similar account unless "the member receives from such account, prior to the execution of the transaction, the names and business connections of all persons having any beneficial interest in the account." If the information discloses that a restricted person has a beneficial interest in the account, the transaction can be effected only in compliance with the restrictions of the Interpretation.

The Free-Riding Interpretation has been interpreted strictly by the NASD and is intended to protect the integrity of the public offering system by ensuring that underwriters make a bona fide public distribution of "hot issue" securities and do not retain those securities for their own benefit or use those securities to favor persons who can direct future business to the firm. Without restricting purchases by investment partnerships, the provisions of the Interpretation could be evaded easily.

The NASD National Business Conduct Committee (NBCC) and the NASD Board of Governors determined that it would be appropriate to propose an amendment to the Free-Riding Interpretation that would provide an alternative means for members to comply with the Interpretation when selling "hot issue" securities to investment partnerships and similar accounts. Because members often encounter difficulty in complying with the requirements of the provision (since persons responsible for the management of investment partnerships and similar accounts may be hesitant to release the names of persons holding beneficial interests in such accounts), the NASD proposed in Notice to Members 86-40 that a member or associated person would be presumed to be in compliance with the requirements of the Interpretation's section on investment partnerships either by obtaining the list of actual names pursuant to the existing requirement or by receiving from the account manager specific written representations that none of the beneficial owners are restricted persons.

The NBCC reviewed 10 comment letters received concerning the proposed amendment to the Interpretation. Generally, commentators either made recommendations on specific provisions of the amendment or requested clarification of its scope. However, one commentator pointed out that the proposed amendment did not adequately address the problem members experience when seeking to comply with the Interpretation's section on investment partnerships.

The NBCC noted that, as proposed, the amendment could result in pressure on the account manager from beneficial owners and its reliability would be determined by the time and effort expended by the account manager to understand and properly apply the complex provisions of the Interpretation. As a result, the NBCC determined that it should consider other approaches to provide members with an effective means of ensuring that restricted accounts are not recipients of "hot issue" securities in violation of the Interpretation.

The NBCC appointed a subcommittee to consider alternatives to amending the Free-Riding Interpretation, including the May 1986 proposal and subsequent proposed modifications to it, as well as a new proposal to establish a "safe harbor" procedure by requiring a member to obtain an opinion of counsel through the account manager.

Based on the subcommittee's study of the alternative proposals, the NBCC concluded that the original proposal appeared to be a less-effective means of ensuring that members are correctly advised of the restricted status of an account than is offered by the opinion-of-counsel approach (discussed below). The NBCC also

concluded that an assurance by the account manager may be accurate in many situations, but does not offer as positive an assurance as does the opinion of counsel. In particular, it was also noted that account managers are not subject to NASD jurisdiction and cannot be held responsible or accountable for inaccurate or false information.

In consideration of these concerns, the NBCC and the NASD Board of Governors determined that it would be appropriate to propose a revised amendment to the Free-Riding Interpretation.

EXPLANATION OF PROPOSED AMENDMENT

New "Safe Harbor." The proposed amendment is intended to provide an alternative means for members to comply with the Free-Riding Interpretation when selling "hot issue" securities to investment partnerships and similar accounts. The amendment would provide a member or associated person a "safe harbor" presumption of compliance with the requirements of the Free-Riding Interpretation if, prior to executing a transaction with an investment partnership, the member has obtained a copy of a current opinion from counsel stating that counsel reasonably believes that no person with a beneficial interest in the account is a restricted person under the Free-Riding Interpretation and stating that, in providing such opinion, counsel:

1. has reviewed and is familiar with the Interpretation;
2. has reviewed a current list of all persons with a beneficial interest in the account supplied by the account manager;
3. has reviewed information supplied by the account manager with respect to each person with a beneficial interest in the account, including identity, employment, and any other business connections of such persons; and
4. has requested and reviewed other documents and other pertinent information and made inquiries of the account manager and received responses thereto, if counsel determines that such further review and inquiry are necessary and relevant to determine the correct status of such persons under the Interpretation.

In addition, the member would be required to maintain in its files a copy of the current opinion of counsel for at least three years following the member's last sale of a new issue to that account.

Alternatively, the member could comply with the current requirements of the Interpretation's section on investment partnerships by obtaining a list of the names and business connections of all persons having a beneficial interest in the account from the account manager.

The NBCC and the NASD Board of Governors believe that an opinion of counsel has the advantage of building into a "safe harbor" procedure a greater degree of accountability than a representation by the account manager.

Amendment to Present "Safe Harbor." The NBCC also concluded that, to be consistent, the existing provisions of the Free-Riding Interpretation should be amended to specify that information obtained from the account manager is current. Thus, a firm would be required to hold a current list of beneficial owners when selling a "hot issue" to the partnership.

Definition of "Current." Both amendments would require members to hold "current" documents at the time of a sale to an investment partnership. The NBCC and the NASD Board considered two approaches to ensure that the information regarding beneficial ownership of account holders or the opinion of counsel relied on by the member is current. Under the first approach, members would be required to have information as of a date not more than 18 months prior to a transaction. The attached text of the proposed amendment reflects the first approach.

Under the second approach, the member would be required to have current information, but the term "current" would not be defined. If the second approach is adopted, the last sentence of the proposed new language would be deleted.

The NASD is specifically soliciting comments on both approaches.

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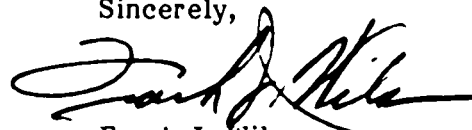
The NASD encourages all members and other interested persons to comment on this proposed amendment. In particular, the NASD is soliciting comments on alternative approaches to ensure that the information provided regarding beneficial ownership of account holders or the opinion of counsel relied upon by the member is current. Comments should be addressed to:

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

Comments must be received no later than December 4, 1987. Comments received by this date will be considered by the NBCC and the NASD Board of Governors. If the proposed amendment is approved by the Board, the amendment must be filed with and approved by the Securities and Exchange Commission before becoming effective.

Questions concerning this notice may be directed to either Dennis C. Hensley, NASD Vice President and Deputy General Counsel, or John F. Mylod, NASD Assistant General Counsel, at (202) 728-8294.

Sincerely,



Frank J. Wilson
Executive Vice President
Legal and Compliance

PROPOSED AMENDMENT TO FREE-RIDING INTERPRETATION

Amend the section titled "Investment Partnerships and Corporations" of the Interpretation of the Board of Governors, Free-Riding and Withholding, as follows:*

Investment Partnerships and Corporations

A member may not sell securities of a public offering which trade at a premium in the secondary market whenever such secondary market begins ("hot issue"), to the account of any investment partnership or corporation, domestic or foreign (except companies registered under the Investment Company Act of 1940) including but not limited to, hedge funds, investment clubs, and other like accounts unless the member complies with either of the following alternatives:

(A) [receives from such account,] prior to the execution of the transaction, the member has received from the account a current list of the names and business connections of all persons having any beneficial interest in the account, and if such information discloses that any person enumerated in paragraphs (1) through (4) hereof has a beneficial interest in such account, any sale of securities to such account must be consistent with the provisions of this Interpretation [; provided, however, that if the disclosure of such information by the account is prohibited by law, then in such case, the member must receive written assurance from the account that no person enumerated in paragraphs (1) through (4) hereof has a beneficial interest in such account], or

(B) prior to the execution of the transaction, the member has obtained a copy of a current opinion from counsel admitted to practice law before the highest court of any state stating that counsel reasonably believes that no person with a beneficial interest in the account is a restricted person under this Interpretation and stating that, in providing such opinion, counsel:

- (1) has reviewed and is familiar with this Interpretation;
- (2) has reviewed a current list of all persons with a beneficial interest in the account supplied by the account manager;
- (3) has reviewed information supplied by the account manager with respect to each person with a beneficial interest in the account, including the identity, the nature of employment, and any other business connections of such persons; and

* New language is underlined, deleted language is in brackets.

- (4) has requested and reviewed other documents and other pertinent information and made inquiries of the account manager and received responses thereto, if counsel determines that such further review and inquiry are necessary and relevant to determine the correct status of such persons under the Interpretation.

The member shall maintain a copy of the names and business connections of all persons having any beneficial interest in the account or a copy of the current opinion of counsel in its files for at least three years following the member's last sale of a new issue to the account, depending upon which of the above requirements the member elects to follow. For purposes of this section, a list or opinion shall be deemed to be current if it is based upon the status of the account as of a date not more than 18 months prior to the date of the transaction.

The term beneficial interest means not only ownership interests, but every type of direct financial interest of any persons enumerated in paragraphs (1) through (4) hereof in such account, including, without limitation, management fees based on the performance of the account.



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

notice to members 87-74

November 12, 1987

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

RE: NASDAQ National Market System Grows to 3,076 Securities With 10 Additions on November 17, 1987

On Tuesday, November 17, 1987, the following 10 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 3,076:

Symbol*	Company	Location
BCKY	Buckeye Financial Corporation	Columbus, OH
CRLNF	Carolin Mines, Ltd. (Cl A)	Vancouver, Canada
GNTE	Granite Co-Operative Bank	North Quincy, MA
LPLI	LPL Investment Group, Inc.	Wallingford, CT
LUNDV	Lund Enterprises, Inc. (WI)	Minnetonka, MN
LUNWV	Lund Enterprises, Inc. (Wts) (WI)	Minnetonka, MN
PGEN	Plant Genetics, Inc.	Davis, CA
SIVB	Silicon Valley Bancshares	Santa Clara, CA
SVMHF	Silver Hart Mines, Ltd.	Edmonton, Canada
WFRAF	Wharf Resources, Ltd.	Calgary, Canada

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

NASDAQ/NMS Pending Additions

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.

Symbol*	Company Name	Location
COFI	Charter One Financial, Inc.	Cleveland, OH
INSY	Interim Systems Corporation	Northbrook, IL

NASDAQ/NMS Interim Addition

The registration statement of the following issue has been declared effective by the SEC or other appropriate regulatory authority and commenced trading in NASDAQ/NMS since October 23, 1987:

Symbol*	Security	Date of Entry
CMAFC	Campeau Corporation	11/04/87

NASDAQ/NMS Symbol* and/or Name Changes

The following changes to the list of NASDAQ/NMS securities occurred since October 23, 1987:

New/Old Symbol*	New/Old Security	Date of Change
ALEC/ABEV	Alleco, Inc./Allegheny Beverage Corporation	10/27/87
AMSR/PHOG	Amserv, Inc./Phone-A-Gram System, Inc.	10/27/87
ANDB/ANDB	Andover Bancorp, Inc./Andover Savings Bank	11/02/87
FBRC/FBRC	Fabricland, Inc./Fabric Wholesalers, Inc.	11/03/87
BLCC/BLCCB	Balchem Corporation/Balchem Corporation (Cl B)	11/04/87
CGPS/INHO	Stamford Capital Group, Inc./Independence Holding Company	11/05/87
HABEZ/HABEZ	Haber, Inc. (11/25/88 Cl B Wts)/ Haber, Inc. (11/26/87 Cl B Wts)	11/06/87

NASDAQ/NMS Deletions

Symbol*	Security	Date
ANBN	Alaska National Bank of the North	10/23/87
LYND	Lynden Incorporated	10/26/87
CPBI	CPB, Inc.	10/28/87
FEGP	Federated Group (The)	10/28/87
HHHCE	Hanover Companies, Inc.	10/28/87
PARR	PAR Technology Corporation	10/28/87
PKLBW	Pharmakinetics Labs, Inc. (Wts)	10/28/87
PRST	Present Company, Inc. (The)	10/28/87
TRIM	Inertia Dynamics Corporation	10/29/87
PAWN	Cash America Investments, Inc.	10/30/87
COMU	Commerce Union Corporation	11/02/87
DATA	Endata, Inc.	11/02/87
FMSA	First Mutual Savings Association of Florida	11/02/87
GGLF	Georgia Gulf Corporation	11/02/87
GFCC	Guarantee Financial Corporation of California	11/02/87
CRPG	CRPL, Inc.	11/03/87

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

NASD

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

notice to members 87-75

November 17, 1987

TO: All NASD Members and Other Interested Persons

RE: Revised Series 4—Registered Options Principal (ROP) Qualification Examination and New Study Outline

EXECUTIVE SUMMARY

On January 1, 1988, the options regulators will install a revised ROP qualification examination on the PLATO testing network. The revised examination will be expanded to include index, interest rate, and foreign currency option questions. A revised Series 4 study outline incorporating the new material will be available shortly.

BACKGROUND

As different standardized option products have been introduced to the marketplace, the options qualification examinations have been revised to include new questions on those products. The first Registered Options Principal (ROP) examinations in late 1974 only tested for equity call options. Equity put option questions were added in 1977. In 1980, a joint industry/regulatory task group completely upgraded the ROP examination to reflect the expanded importance of options in the securities industry.

Since 1980, however, several non-equity option products have been introduced, along with specialized examinations for those product lines. The Interest Rate Options Examination (Series 5) was installed when standardized U.S. Treasury debt options became available. Likewise, the Foreign Currency Options Examination (Series 15) was installed when foreign currency options were introduced. Index options were also introduced during this period, although no specialized examination beyond the Series 7—General Securities Registered Representative Examination was required.

In 1986, a joint industry/self-regulatory organization task group began to review the ROP examination program and to revise the test questions and study outline to include new material on index, interest rate, and foreign currency options. This group's work is nearing completion and a revised study outline will be available shortly.

THE REVISED SERIES 4 EXAMINATION

On January 1, 1988, the revised Series 4--Registered Options Principal Qualification Examination will be installed on the PLATO testing network. It will include questions on index, interest rate, and foreign currency options in addition to the traditional equity option, put, and call questions. To accommodate this new material, the ROP examination has been increased to 125 questions. Three hours will be allowed to complete the test.

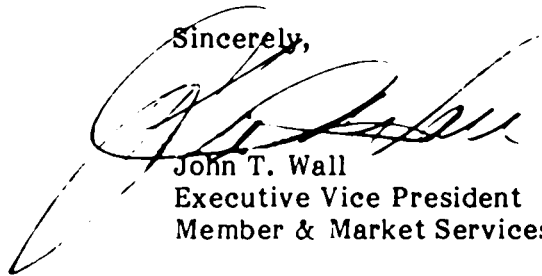
The prerequisite for ROP registration status continues to be the Series 7--General Securities Registered Representative Examination or previous registration as a general securities registered representative. The \$50 examination fee remains unchanged.

A revised examination study outline will be available shortly and can be obtained by sending a request with a check for \$2, payable to the NASD, to: NASD, Attn: Book Order Department, P.O. Box 9403, Gaithersburg, MD 20898-9403. (Add 20 percent per order for first class return.)

* * * * *

Questions concerning this notice can be directed to David Uthe, Senior Qualifications Analyst, NASD Qualifications Department, at (301) 738-6695.

Sincerely,



John T. Wall
Executive Vice President
Member & Market Services

NASD

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

notice to members 87-76

November 17, 1987

TO: All NASD Members and Other Interested Persons

RE: New Category of Limited Representative Registration for Corporate Securities and Availability of a Study Outline for the Series 62--Corporate Securities Limited Representative Qualification Examination

EXECUTIVE SUMMARY

On January 4, 1988, the NASD will install the Limited Representative--Corporate Securities category of registration on the Central Registration Depository System. This new registration category will qualify persons associated with NASD members to solicit, purchase, or sell corporate securities, as defined in the amendment to Schedule C Part III, Section 2(e) to the NASD By-Laws.

A study outline for the new Series 62--Corporate Securities Limited Representative Qualification Examination is now available. The Series 62 examination will, under certain conditions, fulfill the prerequisite examination requirements for candidates seeking General Securities Principal registration. The new examination will be administered in the PLATO network.

The text of the amendment to Schedule C, Part III, to the By-Laws as well as the conforming change to Schedule C, Part II, is attached.

BACKGROUND

When the NASD adopted the Series 7--General Securities Registered Representative Examination in 1974, the NASD Board of Governors recognized that the broad product coverage in test was not suitable for many representatives whose

firms specialized in limited products. The Board therefore elected to retain the predecessor Series 1--Registered Representative Examination to qualify representatives who "limited" their securities activities to either investment company products and variable annuities, or to direct participation programs. The Series 1 examination was used until August 1980, when the Series 6--Investment Company Products/Variable Contracts Representative Examination and the Series 22--Direct Participation Programs Representative Examination were implemented. In addition, in 1978, the Municipal Securities Rulemaking Board introduced the Series 52--Municipal Securities Representative Examination which created, from an NASD perspective, another category of limited representative registration.

These three limited examinations offered members and their representatives some, but not total, flexibility in qualifying for registration. For example, representatives who were already registered in one or more limited areas would be re-tested in those same areas when they sought General Securities Representative status through the Series 7 examination. Also, limited representatives who only wanted to add equity products to their qualifications would still have to study the full spectrum of municipal securities, investment company/variable products, and options products for the General Securities test. Compounding this problem, the options material in the Series 7 examination was significantly revised in June 1986 to include debt, foreign currency, and index options as well as the traditional coverage of equity options.

Therefore, the NASD Qualifications Committee decided to add two more limited representative registration categories:

1. Series 62--Corporate Securities Limited Representative Examination.
2. Series 42--Options Limited Representative Examination (planned for the near future).

A member or representative would then have total flexibility in qualifying in one or more product areas. Additionally, representatives qualifying in all five limited representative categories would be designated "General Securities Representatives," thereby offering an alternative to the Series 7 examination. The NASD has established procedures with other self-regulatory organizations to ensure comparability of subject matter coverage between the Series 7 examination and the five limited examinations.

Members have indicated a need for qualification tests that reflect the various product areas in the industry, and it is expected that the Corporate Securities Limited Registration category will apply to many firms. Expected users of the program include:

- Existing limited representatives, especially those associated with insurance companies, who want to expand their product offerings to include securities that currently require Series 7--General Securities Representative qualification.

- Representatives of smaller firms who are not involved in all the product areas included in the Series 7--General Securities Representative program.

- Representatives who prefer to attain general securities qualification in successive steps rather than in the all-or-nothing manner required by the Series 7--General Securities Representative program.

- Equity and corporate debt traders.

- Corporate finance personnel.

- Certain research personnel required to be registered under NASD rules.

SUMMARY OF ADOPTED AMENDMENTS TO SCHEDULE C

Under the adopted amendments to Schedule C to the NASD By-Laws, a Series 62--Corporate Securities Limited Representative can transact a member's business in common and preferred stocks, corporate bonds, stock rights, warrants, foreign securities, ADRs, shares of closed-end investment companies and money market funds, privately issued mortgage-backed securities, other asset-backed securities, and REITs. Registration in this category alone will not allow a representative to transact a member's business in municipal securities, direct participation programs, redeemable securities of companies registered under the Investment Company Act of 1940, variable contracts, or options. A representative seeking to transact business in these latter products must register in one or more of the NASD's other limited representative categories, or as a General Securities Registered Representative.

The amendments do not affect a member's ability to require its associated persons to qualify as Series 7--General Securities Representatives as a matter of policy. The Series 62--Corporate Securities Limited Representative Examination, either alone or in conjunction with other limited representative examinations, is intended to provide members greater flexibility in qualifying their personnel, while maintaining the necessary investor protection afforded by the NASD's qualification program. The Series 62 exam, like the other limited examinations, will be administered on a daily basis using the NASD's automated testing system in the PLATO network.

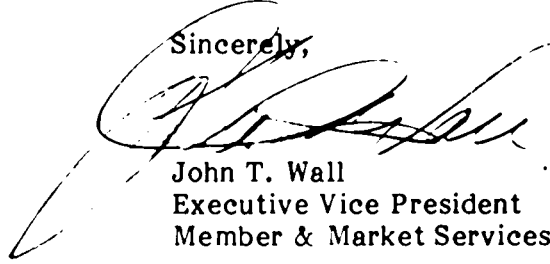
Additionally, the Series 62 exam and registration as a Corporate Securities Limited Registered Representative may be used to fulfill the prerequisite representative qualifications requirement for becoming a General Securities Principal and taking the Series 24--General Securities Principal Examination. A candidate who qualifies as a Corporate Securities Limited Representative as a basis for becoming a General Securities Principal may only supervise a member's corporate securities business, unless the candidate also qualifies in the other limited product areas covered by the Series 24 exam; namely, investment company products/variable contracts and direct participation programs.

* * * * *

The attached amendments to Schedule C to the NASD By-Laws have been approved by the NASD Board of Governors and filed for approval with the Securities and Exchange Commission. Pending SEC approval, the Series 62--Corporate Securities Limited Representative Qualification Examination will be available beginning January 4, 1988. A study outline for the Series 62 examination can be obtained by sending a request with a check for \$2, payable to the NASD, to: NASD, Attn: Book Order Department, P.O. Box 9403, Gaithersburg, Maryland 20898-9403.

Questions concerning this notice can be directed to either Frank J. McAuliffe, Vice President, NASD Qualifications, at (301) 738-6694, or David Uthe, NASD Senior Qualifications Analyst, at (301) 738-6695.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Wall", is written over the word "Sincerely,". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

John T. Wall
Executive Vice President
Member & Market Services

Attachments

**AMENDMENT TO SCHEDULE C, PART III
TO THE NASD BY-LAWS**

III

REGISTRATION OF REPRESENTATIVES

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(2) Categories of Representative Registration

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[The following section is new.]

(e) Limited Representative--Corporate Securities

(i) Each person associated with a member who is included within the definition of a representative in Part III, Section (1) hereof may register with the Corporation as a Limited Representative--Corporate Securities if:

(a.) Such person's activities in the investment banking or securities business involve the solicitation, purchase, and/or sale of a "security," as that term is defined in Section 3(a)(10) of the Securities Exchange Act of 1934 (the "Act"), and do not include such activities with respect to the following securities unless such person is separately qualified and registered in the category or categories of registration related to these securities:

- (1.) Municipal securities as defined in Section 3(a)(29) of the Act;
- (2.) Option securities as defined in Article III, Section 33(d) of the NASD Rules of Fair Practice;
- (3.) Redeemable securities of companies registered pursuant to the Investment Company Act of 1940, except for money market funds;
- (4.) Variable contracts of insurance companies registered pursuant to the Securities Act of 1933; and/or,
- (5.) Direct Participation Programs as defined in Part II, Section 2(d)(ii) thereof.

- (b.) Such person passes an appropriate qualification examination for Limited Representative—Corporate Securities.
- (ii) A person qualified solely as a Limited Representative—Corporate Securities shall not be qualified to function in any area not prescribed by Part III, Section 2(e)(i) hereof.

**CONFORMING CHANGE TO SCHEDULE C, PART II
TO THE NASD BY-LAWS***

II

REGISTRATION OF PRINCIPALS

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(2) Categories of Principal Registration

- (a) General Securities Principal
- (i) [Change to last sentence of this paragraph:]

Each person seeking to register and qualify as a General Securities Principal must, prior to or concurrent with such registration, become registered pursuant to Part III hereof, either as a General Representative or as a Limited Representative--Corporate Securities.

- (ii) A Limited Representative--Corporate Securities seeking registration as General Securities Principal who will have supervisory responsibility over the conduct of business in investment company and variable contracts products and/or direct participation programs as defined herein must, prior to or concurrent with registration as a General Securities principal, become registered pursuant to Part III hereof as a Limited Representative--Investment Company/Variable Contracts Products and/or a Limited Representative--Direct Participation Programs.

[Existing Sections (ii) through (v) are renumbered to reflect the above.]

* New language is underlined.



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

notice to members 87-77

November 20, 1987

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Proposed Amendments to the Rules of Practice and Procedures for the NASD's Small Order Execution System and to Schedule D to the NASD By-Laws

LAST DATE FOR COMMENT: DECEMBER 21, 1987.

EXECUTIVE SUMMARY

The NASD is requesting comments on proposed amendments to the Rules of Practice and Procedures for the Small Order Execution System (SOES) and to Schedule D to the NASD By-Laws. In pertinent part, the proposed rule amendments would:

- (1) prohibit a firm that withdraws, on an unexcused basis, as a NASDAQ market maker in a security from re-entering NASDAQ as a market maker in that security for 30 days;
- (2) limit the acceptable reasons for an excused withdrawal from NASDAQ;
- (3) make SOES participation mandatory for all market makers in NASDAQ National Market System (NASDAQ/NMS) securities;
- (4) enable the NASD to establish different levels of maximum order size limits (e.g., 1,000, 500, and 200 shares) for SOES orders, depending on the characteristics of different securities;
- (5) provide that SOES executions will continue in a NASDAQ/NMS security when quotes are locked or crossed, with executions occurring at the best price; and
- (6) eliminate preferencing of market makers during a locked or crossed market situation.

The text of the proposed amendments is attached.

BACKGROUND

The Small Order Execution System (SOES) was established to permit small orders in NASDAQ securities to be executed efficiently at the best price for the public customer. SOES average weekly volume doubled during the week of October 19, 1987. Notwithstanding the extraordinary volume during that and subsequent weeks, SOES remained open and operating and continues to provide investors an effective means for executing smaller orders. However, problems did occur. As a result, the NASD Trading and SOES Users Committees concluded that certain improvements should be made to the NASDAQ/NMS market to ensure that investors have access to an even more efficient and liquid market, especially during periods of high volume. The Committees concluded that the most effective way to ensure greater investor access is through enhancements to SOES and the NASDAQ System that will help alleviate the need for firms to rely on telephone contact. Therefore, the Committees recommended certain rule changes to the NASD Board of Governors, who authorized their publication for comment.

ANALYSIS OF RULE PROPOSALS

Penalty for Withdrawal as a NASDAQ Market Maker. The proposed amendments to Schedule D to the NASD By-Laws (which contain rules governing the NASDAQ System) would prohibit a firm that withdraws from making a market in a NASDAQ security on an unexcused basis from re-entering as a market maker in that security for 30 days. Currently, market makers may withdraw from and re-enter SOES without penalty and as a NASDAQ market maker after a two-day delay. The Committees and the NASD Board have concluded, however, that it is necessary to impose a penalty on unexcused withdrawals from NASDAQ securities to help ensure that investors in those securities have access to a continuous, liquid market supported by as many market makers as possible.

Market makers will continue to be able to obtain excused withdrawals. However, the conditions under which those withdrawals will be permitted would be limited under the proposal to withdrawals due to physical circumstances (e.g., equipment malfunction or relocation) or legal considerations (e.g., compliance with SEC Rule 10b-6). A market maker obtaining an excused withdrawal could re-enter NASDAQ according to the conditions of the withdrawal (e.g., withdrawals for purposes of equipment relocation would permit market makers to re-enter upon installation at the new location).

Mandatory Participation in SOES. The SOES rules and Schedule D would each be amended to require that every market maker in every NASDAQ/NMS security also be a SOES market maker in that security. SOES participation for market makers in NASDAQ securities that are not NASDAQ/NMS securities would continue to be voluntary. As participants in SOES, all NASDAQ/NMS market makers would be required to clear and settle trades through a registered clearing facility.

This change will facilitate the automatic execution of customers' small orders for every NASDAQ/NMS security without the need for telephone contact between the order-entry and executing firm. Every firm making a market in a NASDAQ/NMS security will be participating in the automatic execution system. By mandating wider participation in SOES, the Committees and the NASD Board believe that the NASD will significantly improve investor access to the NASDAQ/NMS market, particularly in times of high volume.

Tiered Order Limits. The SOES rules would be amended to provide that the NASD could establish different maximum order size limits for different securities. As a small-order system, SOES is available for retail agency orders of limited size. The size limits are currently 1,000 shares for NASDAQ/NMS securities and 500 shares for other NASDAQ securities. On the basis of experience, however, the Board has concluded that the efficiency and liquidity of SOES could be improved by refining order size limits so that different categories of securities having certain trading characteristics would be subject to different size limits.

Under this concept, the NASD will study the trading, volume, and price patterns of all NASDAQ/NMS securities to determine appropriate categories of size limits and those securities which should be in each category. For example, orders in some securities may be restricted to a maximum size of 200 shares, others 500 shares, and still others 1,000 shares. It is contemplated initially that different tiers will be established only for NASDAQ/NMS securities. The NASD specifically solicits comments on appropriate categories of order size and characteristics of securities and on the question of whether all NASDAQ securities (i.e., including non-NASDAQ/NMS securities) should be categorized by tier.

The order size limits establish, to a certain extent, the exposure of any SOES market maker to market risk. Because SOES will be mandatory for every NASDAQ/NMS market maker, a firm's willingness to be exposed to SOES executions may be a factor in its decision to be a market maker in NASDAQ/NMS securities. The NASD is therefore particularly interested in the comments of market makers concerning their willingness to participate in NASDAQ/NMS at various SOES order size limits for different types and prices of securities.

SOES Executions in Locked or Crossed Markets. The SOES rules would be amended to provide that orders in NASDAQ/NMS securities will continue to be executed in a security, notwithstanding that NASDAQ quotations for that security are locked (i.e., at least one market maker is willing to buy for the same price as at least one market maker is willing to sell) or crossed (i.e., at least one market maker is willing to buy at a higher price than another is willing to sell). Under current procedures, SOES orders are executed in rotation against all market makers offering the "inside," or best quotation, * but automatic executions cease if quotations become locked or crossed. In rapidly changing markets, it is more likely that quotations will be inadvertently locked or crossed as the use of telephones limits access to the market.

Under the proposal, automatic SOES executions in NASDAQ/NMS securities would continue even with locked or crossed quotes. All executions would be made against the firm causing the locked or crossed situation if its price is the best for the customer. An order-entry firm's indication of a preference for a particular market maker would not be recognized so that no other market maker would be required to execute at another dealer's locked or crossed quote. Although this change may create greater potential exposure for firms whose quotes are locked or crossed, it

* An order-entry firm can send an order to the SOES market maker of its choice. This is referred to as "preferencing". If this is done, the order is executed at the best price for that market maker's account even if its quote is not the best.

will help ensure that investors have continuous access to SOES throughout periods of high volume and rapid price movement. The change will also provide an economic incentive for firms to keep their quotations current.

The proposal contains a specific provision to protect market makers in NASDAQ/NMS issues from open-ended liability and repeated executions in the event they are unable to respond and update their quotes. Under the proposal, after a certain number of executions, market makers would be alerted that they have a period of time to respond and, if they have not done so at the expiration of the period, would be removed from the system as a market maker in that security. SOES currently permits each market maker to set a limit on the number of shares of any security that the system will execute against the firm's account each trading day. Since market making in NASDAQ/NMS securities requires SOES participation, a minimum limit capability will be required in those issues. The current capabilities will continue to be available for non-NASDAQ/NMS issues.

Since withdrawal as a SOES market maker in NASDAQ/NMS securities on an unexcused basis would now carry a 30-day penalty, the Board concluded that any NASDAQ/NMS market maker subject to automatic removal because its exposure limit has been reached should be given a grace period within which to renew its limit or re-enter a quote. Under the proposal, the grace period would be a standard established by the NASD from time to time depending upon market conditions and other factors. The NASD is continuing to study appropriate ways to address this issue. In any case, should a market maker be unable to respond because of equipment failure, it will be permitted to re-enter when the equipment failure is removed.

One possible approach to NASDAQ/NMS market-maker protection is to revise SOES operating procedures to automatically establish a minimum exposure limit (e.g., ten times the maximum order size) for a security each time the market maker changes its quote. If the exposure limit were exhausted (i.e., ten maximum size orders were executed), the market maker would have five minutes during which to update or re-enter its quotes, thereby renewing its exposure limit. Failure of a market maker in a NASDAQ/NMS security to update within five minutes for other than equipment failure reasons would result in its removal as a NASDAQ/NMS market maker with a 30-day penalty. Market makers would have the right to set higher limits in NASDAQ/NMS issues. Comments are specifically solicited on this and any other possible approaches.

Telephone Access to Trading Areas. Although the NASD is not proposing specific rules at this time, it is soliciting comments on the concept of a requirement that each NASDAQ market maker maintain at least one telephone line that would provide NASD surveillance staff with direct access to the firm's trading area at all times. Recent experience has demonstrated that it is important during periods of high volume for the NASD surveillance staff to reach the trading area of market-making firms irrespective of the volume of other telephone calls. During the week of October 19, 1987, a system of direct lines was established between the NASD and the trading desks of several firms. That system was instrumental in enabling the NASD staff to address questions and potential problems quickly. The Committees and the NASD Board therefore believe it may be desirable to require each market maker to participate in a system of direct links with the NASD. The NASD specifically solicits comments on this proposal.

SOLICITATION OF COMMENTS

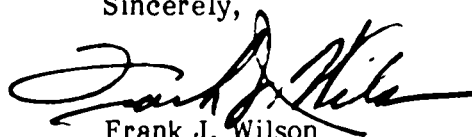
The NASD urges members and their counsel to comment on the proposed amendments. Comments should be addressed to:

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

Comments must be received no later than December 21, 1987. The NASD Trading Committee, SOES Users Committee, and the NASD Board of Governors will review the comments received and determine whether to adopt the proposals. Any rule amendment must be filed with and approved by the Securities and Exchange Commission prior to becoming effective.

Questions concerning this notice may be directed to either S. William Broka, Vice President, NASDAQ Operations, at (202) 728-8050, or Dennis C. Hensley, NASD Vice President and Deputy General Counsel, at (202) 728-8294, or the undersigned at (202) 728-8319.

Sincerely,



Frank J. Wilson
Executive Vice President
Legal and Compliance

Attachments

PROPOSED AMENDMENTS TO SCHEDULE D TO THE NASD BY-LAWS*

PART VI

REQUIREMENTS APPLICABLE TO NASDAQ MARKET MAKERS

Sec. 1. Registration as a NASDAQ Market Maker

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(f) Each NASDAQ market maker that is registered as a market maker in a NASDAQ National Market System (NASDAQ/NMS) security shall also at all times be registered as a market maker in the Small Order Execution System (SOES) with respect to that security and be subject to the Rules and Procedures for SOES.

Sec. 2. Character of Quotations

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(e) Locked and Crossed Markets

(1) A market maker shall not, except under extraordinary circumstances, enter or maintain quotations in the NASDAQ System during normal business hours if:

[(1)] (i) the bid quotation entered is equal to or greater than the asked quotation of another market maker entering quotations in the same security; or

[(2)] (ii) the asked quotation is equal to or less than the bid quotation of another market maker entering quotations in the same security.

(2) A market maker shall, prior to entering a quotation that locks or crosses another quotation, make reasonable efforts to avoid such locked or crossed market by executing transactions with all market makers whose quotations would be locked or crossed. Pursuant to the provisions of paragraph (b) of this section, a market maker whose quotations are causing a locked or crossed market is required to execute transactions at its quotations as displayed through the NASDAQ system at the time of receipt of any order.

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* New language is underlined; deleted language is in brackets.

Sec. 6. Clearance and Settlement

(a) A market maker shall clear and settle transactions in NASDAQ securities other than NASDAQ/NMS securities through the facilities of a registered clearing agency where clearing facilities are located within 25 miles of the market maker.

(b) Notwithstanding its proximity to a particular clearing facility, a market maker may also clear and settle its transactions in a security that is not a NASDAQ/NMS security through a registered clearing facility using a continuous net settlement system; enter into a correspondent clearing arrangement with a member that clears through a continuous net settlement clearing facility; settle transactions "ex-clearing" provided both parties to the transaction agree; or use direct clearing services.

(c) A market maker shall clear and settle its transactions in NASDAQ/NMS securities through a registered clearing facility using a continuous net settlement system or enter into a correspondent clearing arrangement with a member that clears through such a registered clearing facility.

Sec. 7. Withdrawal of Quotations

(a) A market maker that wishes to withdraw quotations in a security shall contact NASDAQ Operations-Members to obtain excused withdrawal status prior to withdrawing its quotations. Excused withdrawals shall be granted by NASDAQ Operations-Members only upon the demonstration of the existence of one of the circumstances set forth in paragraph (b) of this section.

(b) Excused withdrawal status based on [illness, vacation or] physical circumstances beyond a market maker's control may be granted for up to five (5) business days, unless extended by NASDAQ Operations-Members. Excused withdrawal status based on investment banking activity or the advice of legal counsel, accompanied by a representation that the condition necessitating the withdrawal of quotations is not permanent in nature, may, upon written request, be granted for not more than sixty (60) days. The withdrawal of quotations because of pending news, a sudden influx of orders or price changes, or to effect transactions with competitors shall not [normally] constitute acceptable reasons for granting excused withdrawal status.

Sec. 8. Voluntary Termination of Registration

A market maker may voluntarily terminate its registration in a security by withdrawing its quotations from the NASDAQ System. A market maker that voluntarily terminates its registration in a security may not re-register as a market maker in that security for [two (2) business] thirty (30) days. Withdrawal as a market maker in a NASDAQ/NMS security in SOES shall constitute termination of registration as a market maker in that security for purposes of this section.

**RULES OF PRACTICE AND PROCEDURES FOR THE
SMALL ORDER EXECUTION SYSTEM ^{1/}**

a) DEFINITIONS

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7. The term "limited size" as it pertains to the maximum size of individual orders for a security which may be entered into or executed through SOES shall mean the amount for that security published [established] from time to time by the Association. [for application to the System, which shall initially be 500 shares or less of an active SOES security.]

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b) SOES PARTICIPANT REGISTRATION

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2) Registration as a SOES market maker is required for any NASDAQ market maker registered to make a market in a NASDAQ National Market System (NASDAQ/NMS) security pursuant to Part VI, Section I of Schedule D to the By-Laws.

[Subsections 2 through 4 are renumbered 3 through 5, respectively.]

c) PARTICIPATION OBLIGATIONS IN SOES

1) Upon the effectiveness of registration as a SOES Market Maker or SOES Order Entry Firm, the SOES Participant may commence activity within SOES for exposure to orders or entry of orders, as applicable. The operating hours of SOES [are currently 10:00 A.M. to 4:00 P.M. Eastern Time, but] may be [modified] established as appropriate by the Association. A SOES Market Maker in a security other than a NASDAQ/NMS security may withdraw from and re-enter SOES at any time, and without limitations, during the operating hours of SOES. The extent of participation in the System by a SOES Order Entry Firm shall be determined solely by the firm in the exercise of its ability to enter orders into the System.

^{1/} New language is underlined; deleted language is in brackets.

A. SOES Market Makers

(1) A SOES Market Maker shall commence participation in SOES by initially contacting the SOES Operation Center to obtain authorization for the trading of a particular SOES security and identifying those terminals on which the SOES information is to be displayed and thereafter by an appropriate keyboard entry which obligates him to execute transactions of limited size, as herein defined, and for aggregate exposure limits so long as the SOES Market Maker remains active in SOES. All entries in SOES shall be made in accordance with the requirements set forth in the SOES User Guide.

(2) At any time a locked or crossed market, as defined in Part VI, Section 2(e) of Schedule D to the NASD By-Laws, exists for a NASDAQ/NMS security, any SOES market maker with any quotation in the NASDAQ System that is causing the locked or crossed market will have orders executed by SOES for that market maker's account at its quoted price if that price is the best price and orders will be executed against such quotes irrespective of any preference indicated by the Order Entry Firm.

(3) The SOES Market Maker may terminate his obligations by keyboard withdrawal from SOES at any time. However, the SOES Market Maker has the specific obligation to monitor his status in SOES to assure that a withdrawal has in fact occurred. Any transaction occurring prior to the effectiveness of the withdrawal shall remain the responsibility of the SOES Market Maker. Except as provided in (4) below, a Market Maker that withdraws in a NASDAQ/NMS security may not reenter SOES as a market maker in that security for 30 days. A Market Maker that is suspended from SOES because its exposure limit is exhausted will be permitted a standard grace period (the duration of which will be established and published by the Association ^{2/}) within which to take action to restore its exposure limit. A Market Maker that fails to renew its limit within the allotted time will be deemed to have withdrawn as a market maker.

(4) Notwithstanding the provisions of (3) above, a market maker that obtains an excused withdrawal pursuant to Part VI, Section 7 of Schedule D to the NASD By-Laws prior to withdrawing from SOES may re-enter SOES according to the conditions of its withdrawal.

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^{2/} The initial grace period is expected to be five minutes.



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

notice to members 87-78

November 23, 1987

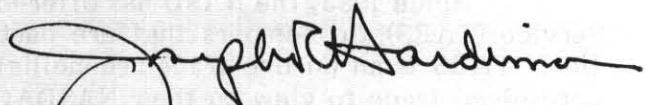
TO: All NASD Members and Other Interested Persons

RE: 1988 Schedule of Holidays

Listed below is the NASD's 1988 schedule of holidays.

January 1 (Friday)	New Year's Day
February 15 (Monday)	Washington's Birthday Observed
April 1 (Friday)	Good Friday
May 30 (Monday)	Memorial Day
July 4 (Monday)	Independence Day
September 5 (Monday)	Labor Day
November 24 (Thursday)	Thanksgiving Day
December 26 (Monday)	Day after Christmas

Sincerely,



Joseph B. Hardiman
President



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

notice to members 87-79

November 24, 1987

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Proposed New NASD By-Law Authorizing Mandatory Reporting of Trade Comparison Information

LAST DATE FOR COMMENT: DECEMBER 24, 1987.

EXECUTIVE SUMMARY

The NASD requests comments on a proposed new By-Law that would permit the NASD to require trade comparison reporting by members conducting an inter-dealer OTC securities business, as intended when the Trade Acceptance and Reconciliation Service (TARS) began development in 1981.

The text of the proposed new By-Law is attached.

BACKGROUND

Since 1983, the NASD has offered the Trade Acceptance and Reconciliation Service (TARS) to members that are participants in a registered clearing corporation. TARS is an on-line trade reconciliation facility that allows both parties of an unresolved trade to view on their NASDAQ terminals uncompleted and advisory OTC trades that are cleared through the facilities of a registered clearing agency and to enter corrections at once. Corrections entered by one side are immediately displayed to the other side and this information is automatically transmitted each day to the clearing corporation, eliminating the need to separately prepare and submit trade correction tickets to the clearing corporation.

Since 1981, when TARS was in its developmental stage, the NASD has contemplated that mandatory trade comparison reporting would be required of all NASD members conducting an interdealer OTC securities business. Currently, 105

TARS subscribers account for 86 percent of all cleared OTC transactions. Since its introduction, TARS has substantially reduced the percentage of uncomparated OTC transactions by bringing those transactions into an automated comparison environment.

PROPOSED NEW BY-LAW

The proposed new NASD By-Law would authorize the NASD Board of Governors to require members to report all original and supplemental OTC trade comparison data as the Board deems appropriate. Reporting would be administered either by the NASD or through the facilities of a registered clearing corporation.

The NASD Board approved, in concept, the development of rules that would require (1) mandatory participation in TARS by all NASD members that are participants in a registered clearing agency for purposes of clearing OTC transactions, and (2) all NASD members conducting an interdealer business in OTC securities to submit trade data to a comparison facility. The NASD is currently studying the most cost-effective methods for allowing members that are not clearing corporation participants to input such trade comparison information.

In a related matter, the SEC Division of Market Regulation has urged the NASD to enhance its surveillance capabilities for non-NASDAQ, OTC securities. For the NASD to effectively surveil this segment of the market, the NASD must obtain, in a timely manner, information similar to that now available for NASDAQ securities. In response to the SEC's request, the NASD is currently developing reporting and other requirements to enable it to carry out this task.

Therefore, the proposed new By-Law may be enhanced to permit the NASD Board to require the reporting of trade data, including aggregate volume information. To facilitate reporting of non-NASDAQ, OTC transaction information, the NASD intends to integrate the reporting of this information, to the greatest degree possible, with any trade comparison reporting requirement.

REQUEST FOR COMMENTS

The NASD encourages all members and other interested persons to comment on the proposed new By-Law and to include comments relating to expansion of the By-Law provisions to permit reporting requirements for surveillance of the non-NASDAQ, OTC securities market. Comments should be directed to:

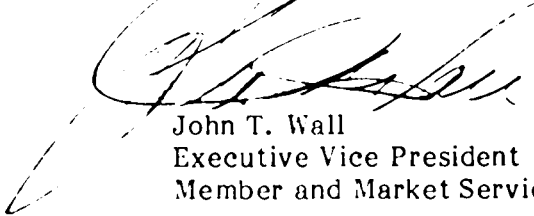
Mr. Lynn Nellius
Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006-1506

Comments must be received by December 24, 1987. Comments received by this date will be considered by the NASD Uniform Practice Committee and the NASD Board of Governors. If approved by the Board, the proposal will be submitted to the membership for a vote. If approved by the membership, the proposal must be

filed with and approved by the Securities and Exchange Commission before becoming effective.

Questions concerning this notice should be directed to Donald C. Catapano, Director, NASD Uniform Practice/TARS, at (212) 839-6255.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Wall", is written over a large, faint, circular watermark or stamp.

John T. Wall
Executive Vice President
Member and Market Services

Attachment

PROPOSED NEW NASD BY-LAW

ARTICLE XXI

The Board of Governors is hereby authorized to require the prompt reporting by members of such original and supplementary trade comparison data as the Board deems appropriate. Such reporting requirement may be administered by the Corporation, a division or subsidiary thereof, or a clearing agency registered under the Securities Exchange Act of 1934.



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

notice to members 87-80

November 30, 1987

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

RE: NASDAQ National Market System Totals 3,068 Securities With 2 Additions on December 1, 1987

On Tuesday, December 1, 1987, the following 2 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 3,068:

Symbol*	Company	Location
HIWDF	Highwood Resources Ltd.	Vancouver, Canada
KPTL	Keptel, Inc.	Tinton Falls, NJ

NASDAQ/NMS Interim Additions

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 November 9, 1987:

Symbol*	Security	Date of Entry
WCRSY	WCRS Group, plc (The)	11/06/87
INSY	Interim Systems Corporation	11/11/87
WEXWV	Wolverine Exploration Company (Cl A Wts) (WI)	11/16/87
POAI	Properties of America, Inc.	11/19/87

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

The following changes to the list of NASDAQ/NMS securities occurred since November 9, 1987:

NASDAQ/NMS Symbol* and/or Name Changes


New/Old Symbol*	New/Old Security	Date of Change
MRGX/MRGX	Margaux, Inc./Margaux Controls, Inc.	11/10/87
VFSB/VFSB	Virginia First Savings Bank, F.S.B./Virginia First Savings, F.S.B.	11/18/87
LLSL/LLSL	Lakeland Savings Bank, S.L.A./Lakeland Savings and Loan Association	11/19/87
BMRA/NMSI	Biomerica, Inc./NMS Pharmaceuticals, Inc.	11/23/87

NASDAQ/NMS Deletions

Symbol*	Security	Date
FNBC	First National Corporation	11/09/87
MORL	Morlan International, Inc.	11/09/87
SIGR	Sigma Research, Inc.	11/09/87
AMSA	American Bank of Connecticut	11/11/87
CESI	Cogenic Energy Systems, Inc.	11/11/87
CYPSA	Cypress Savings Association (CI A)	11/11/87
DNNR	Danners, Inc.	11/11/87
HIII	Harman International Industries, Incorporated	11/11/87
INSI	Information Science, Inc.	11/11/87
PAGE	Page America Group, Inc.	11/11/87
SSKY	Super Sky International, Inc.	11/11/87
WDSI	Worlco Data Systems, Inc.	11/11/87
CSARW	Calstar, Inc. (Wts)	11/13/87
BATM	Baird Corporation	11/17/87
CYPSW	Cypress Savings Association (Wts)	11/17/87
AXCO	American Exploration Company	11/19/87
GPCK	Guardian Packaging Corporation	11/20/87
TIMB	Timberland Industries, Inc.	11/20/87

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,



Joseph R. Hardiman
President