

NASD

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

notice to members 87-81

December 9, 1987

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

RE: NASDAQ National Market System Totals 3,066 Securities With 5 Additions on December 15, 1987

On Tuesday, December 15, 1987, the following 5 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 3,066:

Symbol*	Company	Location
CLHB	Clean Harbors, Inc.	Braintree, MA
CFINP	Consumers Financial Corporation (Pfd)	Camp Hill, PA
TFSB	Federal Savings Bank (The)	New Britain, CT
MBLA	National Mercantile Bancorp	Los Angeles, CA
TFTY	Thrifty Rent-A-Car System, Inc.	Tulsa, OK

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	Location
HNCO	Henley Manufacturing Corporation	Hampton, NH
MSRRV	MidSouth Corporation (WI)	Jackson, MS

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

Symbol*	Company	Location
OMET	Orthomet, Inc.	Minneapolis, MN
PBKS	Provident Bankshares Corporation	Baltimore, MD

The following changes to the list of NASDAQ/NMS securities occurred since November 20, 1987:

NASDAQ/NMS Symbol* and/or Name Changes

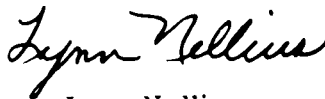
New/Old Symbol*	New/Old Security	Date of Change
TMCIW/TMCIW	TM Communications, Inc. (12/1/88 Wts)/TM Communications, Inc. (12/1/87 Wts)	11/24/87
TCFC/TCFC	TCF Financial Corporation/TCF Banking and Savings, F.A.	11/30/87
SBLI/TLCI	Staff Builders, Inc./Tender Loving Care Health Care Services, Inc.	12/01/87
SCNN/SCNN	Scantron Corporation/Scan-Tron Corporation	12/04/87

NASDAQ/NMS Deletions

Symbol*	Security	Date
GTRE	Grantree Corporation	11/23/87
RSTY	Rusty Pelican Restaurants, Inc.	11/23/87
PNUTE	Specialty Retail Concepts, Inc.	11/24/87
BIORC	Bio-Response, Inc.	11/25/87
GDFY	Godfrey Company	11/27/87
AJGC	Arthur J. Gallagher & Company	12/02/87
ZNTL	Zehntel, Inc.	12/02/87
KVPHB	K. V. Pharmaceutical Company (C1 B)	12/03/87
JEPS	Jepson Corporation (The)	12/04/87

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



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

notice to members 87-82

December 9, 1987

TO: All NASD Members and Municipal Securities Bank Dealers
 FROM: All Operations Personnel
 RE: Christmas Day - New Year's Day: Trade Date-Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Friday, December 25, 1987, Christmas Day, and Friday, January 1, 1988, New Year's Day. "Regular way" transactions made on the preceding business days will be subject to the settlement date schedule listed below.

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

<u>Trade Date</u>		<u>Settlement Date</u>		<u>Regulation T Date*</u>	
December	17, 1987	December	24, 1987	December	29, 1987
	18		28		30
	21		29		31
	22		30	January	4, 1988
	23		31		5
	24	January	4, 1988		6
	25	MARKETS CLOSED			—
	28		5		7
	29		6		8
	30		7		11
	31		8		12
January	1, 1988	MARKETS CLOSED			—
	4		11		13

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

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

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

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

notice to members 87-83

December 10, 1987

TO: All NASD Members and Other Interested Persons

RE: Member Comment on NASD Proposals

The NASD Board of Governors is concerned that some NASD members may not have sufficient time to comment on NASD proposals published in Notices to Members because the appropriate person in the firm does not receive the notices on a timely basis. The NASD normally provides a thirty-day period in which members and other interested persons can submit comments on proposed new rules or amendments to current rules.

All NASD members receive one copy of all Notices to Members. The notices are directed to the person designated by the firm on Form BD (Uniform Application for Broker-Dealer Registration) as its "contact employee." The NASD recommends that members ensure that the firm's designated contact employee is appropriate and up to date. In this way, the NASD Board believes that all members will have an opportunity to comment on NASD proposals on a timely basis.

In this connection, the NASD also offers two subscription services for both members and non-members. The first is a subscription to all Notices to Members and is available for the 1988 annual fee of \$100. NASD member firms may be interested in subscribing to this service to ensure that certain key persons within their firms receive the notices in addition to the designated contact person.

For a 1988 annual fee of \$125, a subscription to a variety of NASD and NASDAQ publications can be ordered. Subscribers to this service receive:

- Notices to Members
- Executive Digest
- Committee & Staff Report
- NASD Press Releases
- NASD Guide to Information & Services
- Qualification & Registration (Q&R) Report
- Regulatory Compliance Alert
- NASD Annual Report
- NASDAQ Fact Book
- NASDAQ Company Directory
- NASDAQ Notes
- NASDAQ Subscriber Bulletin

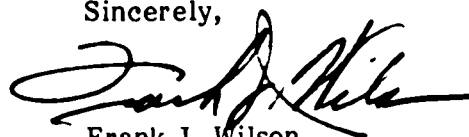
To subscribe to either subscription service, send a request with a check or money order in the correct amount to:

National Association of Securities Dealers, Inc.
Attn: Book Order Department
P.O. Box 9403
Gaithersburg, MD 20898-9403

* * * * *

Questions concerning this notice can be directed to either Suzanne E. Rothwell, NASD Associate General Counsel, at (202) 728-8247, or NASD Administrative Services, at (301) 738-6703.

Sincerely,

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

Frank J. Wilson
Executive Vice President
and General Counsel

NASD

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

notice to members 87-84

December 11, 1987

TO: All NASD Members and Other Interested Persons
RE: Annual State, Agent, and Broker-Dealer Renewals for 1988

IMPORTANT REMINDER

ALL STATE, AGENT, AND BROKER-DEALER RENEWAL FEES MUST BE RECEIVED BY THE NASD NO LATER THAN DECEMBER 18, 1987, IF YOUR FIRM INTENDS TO CONTINUE DOING BUSINESS IN 1988. PLEASE NOTE THE FOLLOWING:

Invoices for the 1987-1988 renewal cycle have been mailed to your firm. The invoices include annual fees that must be paid to allow business to be conducted from January 1, 1988, through December 31, 1988, in states in which your firm is licensed. The invoices apply to NASD personnel assessments, NASD branch office fees, New York Stock Exchange maintenance fees, state agent renewal fees, state broker-dealer renewal fees, and annual SIPC assessments. In addition, investment advisors currently registered under the Virginia Investment Advisor Pilot Program were also assessed.

Firms are reminded that full payment of the invoice must be received no later than **December 18, 1987**, if your firm intends to continue doing business in 1988. **FAILURE TO DO SO WILL MEAN LOSS OF ELIGIBILITY TO DO BUSINESS IN THE STATES, EFFECTIVE JANUARY 1, 1988.**

No adjustments should be made to the invoice. The full amount noted on the invoice must be remitted. At year end, a final calculation will be made of all renewal fees owed by your firm. If your firm has more agents registered at year end than on the November invoice date, additional fees will be assessed and reflected on the adjusted invoice mailed to your firm in January 1988. Similarly, your firm will be credited if it has fewer registered personnel at year end than in November.

Please refer to the Q&R REPORT, Volume 7, Number 9, dated November 12, 1987, for additional information.

* * * * *

NASD

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

notice to members 87-85

December 24, 1987

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

RE: SEC Approves Revised Rules for Reporting NASDAQ/NMS Trades Executed Between 4 p.m. and 5 p.m. Under Schedule D to the NASD By-Laws

The Securities and Exchange Commission has approved amendments to Schedule D to the NASD's By-Laws with respect to reporting trades in NASDAQ National Market System (NASDAQ/NMS) securities.

Under the amendments, which become effective January 8, 1988, orders that are executed between 4 p.m. and 5 p.m., Eastern Time, are to be reported through the NASDAQ System. Transaction reports can be made between 4:10 p.m. and 5 p.m. and must be identified by appending a ".T" to the trade report. The ".T" function cannot be used prior to 4:10 p.m.

Currently, Section 2 of Part XII of Schedule D to the NASD By-Laws requires transactions in NASDAQ/NMS securities that are executed outside the hours of operation of the transaction reporting system (that is, outside the hours of 9:30 a.m. and 4 p.m., Eastern Time) are to be reported to the NASD on a weekly basis, via Form T. Information submitted on the weekly Form T is not included, however, in daily market activity summaries and is not currently integrated into the NASD's automated surveillance systems.

The NASD believes that requiring last-sale reports to the System of transactions in NASDAQ/NMS securities executed between 4 p.m. and 5 p.m., Eastern Time, will capture approximately 80 percent of the transactions that are executed after the close of the market. This requirement will increase the scope and effectiveness of the NASD's automated surveillance programs, permit the dissemination of more accurate information to the news media with respect to daily trading volume, and lessen the manual reporting burden currently placed on members having to submit Form T.

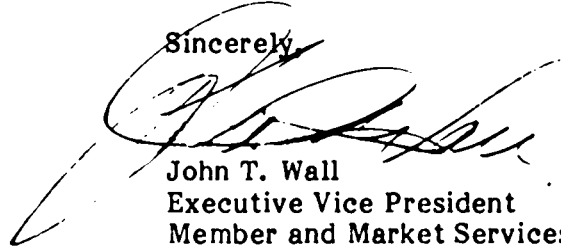
The required last-sale reports will affect only daily volume totals. The amendments do not affect the calculation of daily high, low, and last-sale prices, which will continue to be established as of the close of the market.

Members should continue to submit Form T to the NASD on a weekly basis for transactions in NASDAQ/NMS securities occurring after 5 p.m. and prior to 9:30 a.m.

The text of the amendments to Part XII, Section 2 of Schedule D to the NASD By-Laws is attached.

Questions concerning this notice should be directed to NASDAQ Operations—Members at (212) 839-6211.

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

AMENDMENTS TO NASD BY-LAWS

SCHEDULE D

PART XII

REPORTING TRANSACTIONS IN NASDAQ NATIONAL MARKET SYSTEM DESIGNATED SECURITIES

(a) When and How Transaction Reported

(1) Registered Reporting Market Makers shall transmit through the Transaction Reporting System, within 90 seconds after execution, last-sale reports of transactions in designated securities executed during the hours of the Transaction Reporting System. Transactions not reported within 90 seconds after execution shall be designated as late.

(2) Non-Registered Reporting Members shall transmit through the Transaction Reporting System or, if such System is unavailable, via Telex, TWX, or telephone, to the NASDAQ Operations Department in New York City, within 90 seconds after execution, last-sale reports of transactions in designated securities executed during the trading hours of the Transaction Reporting System unless all of the following criteria are met:

(A) The aggregate number of shares of designated securities that the member executed and is required to report during the trading day does not exceed 1,000 shares; and

(B) The total dollar amount of shares of designated securities that the member executed and is required to report during the trading day does not exceed \$25,000; and

(C) The member's transactions in designated securities have not exceeded the limits of (A) or (B) above on five or more of the previous 10 trading days.

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

(3) Non-Registered Reporting Members shall report weekly to the NASDAQ Operations Department in New York City, on a form designated by the Board of Governors, last-sale reports of transactions in designated securities that are not required by paragraph (2) to be reported within 90 seconds after execution.

(4) Last-sale reports of transactions in designated securities executed between the hours of 4 p.m. and 5 p.m. Eastern Time shall be transmitted through the Transaction Reporting System no later than 5 p.m. Eastern Time.

(5) All members shall report weekly to the NASDAQ Operations Department in New York City, on a form designated by the Board of Governors, last-sale reports of transactions in designated securities executed outside the hours of 9:30 a.m. and 5 p.m. Eastern Time (during the trading hours of the Transaction Reporting System).

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



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

notice to members 87-86

December 30, 1987

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

RE: NASDAQ National Market System Totals 3,052 Securities With Four Additions on January 5, 1988

On Tuesday, January 5, 1988, the following four issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 3,052:

Symbol*	Company	Location
CPBI	CPB, Inc.	Honolulu, HI
CBWA	Central Bancorporation	Wenatchee, WA
INCL	Intellicall, Inc.	Carrollton, TX
WSBC	Wesbanco, Inc.	Wheeling, WV

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	Location
EIGR	Empire Mutual Insurance Corporation	New York, NY
WPPGY	WPP Group, plc	London, England

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

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 December 7, 1987.

Symbol*	Security	Date of Entry
MSRR	MidSouth Corporation	12/14/87
PBKS	Provident Bankshares Corporation	12/15/87
OMET	Orthomet, Inc.	12/17/87
FSFI	First State Financial Services, Inc.	12/21/87
HNCO	Henley Manufacturing Corporation	12/21/87
GBBS	Great Bay Bankshares, Inc.	12/23/87
MFLR	Mayflower Co-Operative Bank	12/23/87

NASDAQ/NMS Symbol* and/or Name Changes

The following changes to the list of NASDAQ/NMS securities occurred since December 7, 1987:

New/Old Symbol*	New/Old Security	Date of Change
WCYS/WCYS	Bank Worchester Corporation/ Worchester County Institution for Savings	12/14/87
PROS/PROSZ	Prospect Group, Inc. (The)/Prospect Group, Inc. (The) (Combined Cfts)	12/14/87
BFSB/BFSB	BFS Bancorp, Inc./Bristol Federal Savings Bank	12/17/87
TRSP/TRSP	Columbia Pictures Entertainment, Inc./Tri-Star Pictures, Inc.	12/18/87
TRSPW/TRSPW	Columbia Pictures Entertainment, Inc. (1993 Wts)/Tri-Star Pictures, Inc. (1993 Wts)	12/18/87
FAMB/FAMB	1st American Bancorp, Inc./1st American Bank of Savings	12/21/87

New/Old Symbol*	New/Old Security	Date of Change
BNKW/WCYS	Bank Worchester Corporation/ Bank Worchester Corporation	12/21/87
HFMD/HFMD	Home Federal Corporation/Home Federal Savings Bank	12/21/87
SVRN/PSVB	Sovereign Bancorp, Inc./Penn Savings Bank, F.S.B.	12/21/87
RSLA/RSLA	Republic Capital Group, Inc./ Republic Savings & Loan Association of Wisconsin	12/23/87
DING/FFED	Diversified Investment Group, Inc./Fidelity Federal Savings & Loan Association	12/28/87
JGRP/PTCC	Jesup Group Inc. (The)/ Polycast Technology Corp.	12/28/87

NASDAQ/NMS Deletions

Symbol*	Security	Date
SACHY	Saatchi and Saatchi, plc.	12/08/87
SEMEE	Semicon, Inc.	12/08/87
GAPZQ	Great American Partners (Cl A Uts)	12/09/87
USSC	United States Surgical Corporation	12/09/87
UPRI	Up-Right, Inc.	12/09/87
GFLA	Growth Fund of Florida, Inc. (The)	12/10/87
LEYS	Lands' End, Inc.	12/10/87
DCAI	Digital Communication Associates	12/11/87
EQUA	Equatorial Communications Company	12/11/87
SOSI	Sippican, Inc.	12/11/87
EECIF	ENCOR Energy Corporation, Inc.	12/15/87
VIRO	Enviropack, Inc.	12/15/87
ANTC	Anitec Image Technology Corporation	12/18/87
TRRO	Triton Group Ltd.	12/18/87
ACAJC	Aca Joe, Inc.	12/21/87
FABKP	First of America Bank Corporation (Pfd)	12/21/87
THIS	Thermo Instruments Systems, Inc.	12/21/87
CAVH	Cavalier Homes, Inc.	12/22/87
GWII	Greater Washington Investors, Inc.	12/22/87
MTRXE	Matrix Science Corporation	12/22/87

Symbol*	Security	Date
MILI	Millipore Corporation	12/23/87
PEOP	Peoples Bancorporation	12/23/87
TCOMW	Tele-Communications Inc. (Wts)	12/24/87
USPC	U.S. Playing Card Corp.	12/28/87

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



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

notice to members 87-87

December 30, 1987

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Proposed Amendments to Schedule E to the NASD By-Laws Regarding the Definition of a Qualified Independent Underwriter

LAST DATE FOR COMMENT: JANUARY 30, 1988.

EXECUTIVE SUMMARY

The NASD is requesting comments on proposed amendments to Schedule E to the NASD By-Laws relating to the definition of a qualified independent underwriter. A qualified independent underwriter is required by Schedule E to establish the price and conduct due diligence in public offerings of securities of a member or an affiliate of a member.

The proposed amendments would preclude a member from acting as a qualified independent underwriter if the member or its senior associated persons or a controlling shareholder has been convicted or enjoined for securities-related activities or has been the subject of serious disciplinary action by the NASD, the SEC, or any self-regulatory organization. Additionally, the proposed amendments would require a qualified independent underwriter to have experience in managing or co-managing public offerings of a size and type similar to the proposed offering and would restrict the qualified independent underwriter's direct or indirect ownership of the issuer's equity securities.

The text of the proposed amendments is attached.

BACKGROUND AND EXPLANATION

The NASD adopted Schedule E in 1972 to address the conflicts of interest present in a public distribution by a member of its own securities or those of an affiliate. A major conflict of interest arises when the member participates in establishing the price at which the securities are to be distributed to the public and in conducting due diligence. Schedule E addresses this conflict by requiring that a qualified independent underwriter, with a background in underwriting and a track record of profitable operations and experienced management, conduct due diligence, participate in the preparation of the offering documents, and provide an opinion as to the price at which an equity issue, or the yield at which a debt issue, is to be distributed. The NASD believes that the objectivity and independence provided by a qualified independent underwriter resolves the conflict of interest present in such offerings.

The NASD's Corporate Financing Committee reviewed the current criteria for a qualified independent underwriter, contained in Section 2(k) of Schedule E, and recommended to the NASD Board of Governors certain amendments, which the Board approved.

Currently, a qualified independent underwriter must be actively engaged in the underwriting of public offerings for at least five years immediately preceding the filing of the registration statement. The NASD proposes to amend Section 2(k)(4) of Schedule E to specifically require that a member acting as a qualified independent underwriter must have been actively engaged in the underwriting of public offerings of securities of a similar type and size as the proposed offering and has acted as a manager or co-manager of such offerings for the prior five-year period. The NASD believes that the five-year experience requirement should be as a manager or co-manager of public offerings since this is the type of experience necessary to conduct the pricing and due-diligence functions of a qualified independent underwriter.

In addition, the amendments require the qualified independent underwriter to be experienced in the same type and size of offering as the proposed offering. This requirement would prevent, for example, a member with experience as an underwriter of small equity offerings from acting as a qualified independent underwriter for a large firm-commitment offering of high-risk, high-yield debt.

The NASD also proposes to amend Section 2(k)(4) to preclude a member from acting as a qualified independent underwriter if the member or a senior associated person or controlling shareholder associated with the member at the time of the offering has had a previous conviction, injunction, or serious disciplinary history. Specifically, the proposed amendment would preclude a member from acting as a qualified independent underwriter if the member or any senior officer, director, general partner, or controlling shareholder of the member:

- (1) has been convicted within five years prior to the filing of the registration statement of any felony or misdemeanor in connection with the purchase or sale of any security or arising out of the conduct of a broker-dealer;
- (2) has been barred, expelled, or had its registration revoked by the NASD, SEC, or any self-regulatory organization;

- (3) has been suspended from membership or association within the previous five years by the NASD, SEC, or any self-regulatory organization for any conduct or practice relating to a registered or unregistered offering of securities; or
- (4) has been subject to any injunction within the previous five years for any conduct in connection with a registered or unregistered offering of securities.

The NASD also proposes to amend Section 2(k)(5) of Schedule E to require that the qualified independent underwriter not own 5 percent or more of the issuer's securities. Currently, Section 2(k)(5) requires that the qualified independent underwriter not be an affiliate of the entity issuing the securities. The definition of "affiliate" contained in Schedule E is based on common control, and control is not presumed until a member owns 10 percent of the voting securities of the issuer. Therefore, a qualified independent underwriter could, for example, own 8 percent of the outstanding securities of an issuer and function as a qualified independent underwriter.

The NASD believes that such an ownership interest is inconsistent with the intent of the requirement to establish objectivity and independence in the pricing and due-diligence functions. Therefore, the NASD proposes to amend the definition to require that a member that proposes to act as a qualified independent underwriter not own, directly or indirectly, 5 percent or more of the equity securities of the issuer. The 5 percent requirement would include all securities beneficially owned by the member including securities in the member's trading account.

REQUEST FOR COMMENTS

The NASD encourages all members and other interested persons to comment on the proposed amendment. 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 no later than January 30, 1988. Comments received by this date will be reviewed by the NASD Corporate Financing Committee and the NASD Board of Governors. If approved by the Board, the proposed amendments must be filed with and approved by the Securities and Exchange Commission before becoming effective.

Questions regarding the proposed amendments can be directed to Charles L. Bennett, NASD Corporate Financing Department, at (202) 728-8258.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Wilson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Frank J. Wilson
Executive Vice President
and General Counsel

Attachment

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

[New language is underlined.]

Section 2—Definitions

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(k) **Qualified independent underwriter**^{*}—a member which:

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(4) has actively engaged as a manager or co-manager in the underwriting of public offerings of securities of a similar size and type as the offering for at least the five-year period immediately preceding the filing of the registration statement, provided however that no member may act as a qualified independent underwriter if, as of the date of the filing of the registration statement and/or the effective date of the offering, the member, or any senior officer, director, general partner, or controlling shareholder associated with the member:

(i) has been convicted within five years prior to the filing of the registration statement of any felony or misdemeanor in connection with the purchase or sale of any security, or arising out of the conduct of the business of an underwriter, broker, or dealer; or

(ii) is subject to any order, judgment, or decree of any court of competent jurisdiction temporarily or preliminarily enjoining or restraining, or is subject to any order, judgment, or decree of any court of competent jurisdiction entered within five years prior to the filing of the registration statement permanently enjoining or restraining such person from engaging in

* In the opinion of the National Association of Securities Dealers, Inc. and the Securities and Exchange Commission the full responsibilities and liabilities of an underwriter under the Securities Act of 1933 attach to a "qualified independent underwriter" performing the functions called for by the provisions of Section 3 hereof.

or continuing any conduct or practice in connection with the registered or unregistered offering of securities; or

(iii) has been suspended from membership in or suspended from association with any member of the Corporation, or any self-regulatory organization, or has been suspended by an order of the Securities and Exchange Commission, within five years prior to the filing of the registration statement for any conduct or practice in connection with a registered or unregistered offering of securities; or

(iv) has been expelled from membership in, or barred from association with, a member of the Corporation, or any self-regulatory organization, or barred from association with any broker or dealer, or had its registration as a broker or dealer revoked by the Securities and Exchange Commission.

(5) is not an affiliate of the entity issuing securities pursuant to Section 3 of this Schedule and does not beneficially own 5 percent or more of the outstanding securities of such entity which is a corporation, or beneficially own a partnership interest in 5 percent or more of the distributable profits or losses of such entity which is a partnership; and

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

notice to members 87-88

December 30, 1987

TO: All NASD Members and Other Interested Persons

ATTN: Syndicate Department

RE: Request for Comments on Proposed Amendments to Section 66 of the NASD Uniform Practice Code Regarding Syndicate Expense Statements and Prompt Settlement of Commissions

LAST DATE FOR COMMENT: JANUARY 30, 1988.

EXECUTIVE SUMMARY

The NASD requests comments on two proposed amendments to Section 66 of the NASD Uniform Practice Code. The first amendment would require syndicate managers of public offerings to provide members of underwriting syndicates with itemized statements of the expenses incurred by the syndicate. The second amendment would require that all sales commissions or concessions be paid or settled on the syndicate settlement date.

The text of the proposed amendments is attached.

BACKGROUND AND EXPLANATION OF PROPOSED AMENDMENTS

Syndicate Expense Statements

Section 66 of the NASD Uniform Practice Code requires final settlement of syndicate accounts by the syndicate manager within 90 days following the syndicate settlement date. Syndicate accounts are ordinarily established by underwriting groups to process the income and expenses of the syndicate in distributions of corporate securities.

As a result of concerns about the lack of detail provided by syndicate managers in syndicate settlement statements, the NASD Corporate Financing Committee considered the need to require syndicate managers to provide to members of underwriting syndicates itemized statements of the expenses incurred by the syndicate. The Committee noted that Municipal Securities Rulemaking Board Rule G-11(h) requires an itemized statement in municipal underwritings. The Committee reviewed examples of syndicate settlement statements issued under Rule G-11(h) and syndicate settlement statements used in non-municipal underwritings and noted that the non-municipal statements were diverse in format and provided little or no detail about the nature of expenses incurred by the syndicate.

The NASD Corporate Financing and Uniform Practice Committees determined that a requirement for a standardized and detailed syndicate settlement statement is appropriate. Therefore, the Committees recommended to the Board of Governors and the Board approved an amendment to Section 66 of the Uniform Practice Code to require syndicate managers to provide to members of the syndicate an itemized settlement statement including the following expense categories: legal fees, advertising, travel and entertainment, closing expenses, loss on oversales, telephone/postage/communications, co-manager's expenses, computer/data processing charges, interest expense, and miscellaneous. The miscellaneous category would include only minor items that cannot be easily categorized elsewhere in the statement and the amount under miscellaneous would not be disproportionately large in relation to other items. Any other major expenses not included in the above categories would be itemized separately.

Under the proposed amendment, the itemized settlement statement would be provided to syndicate members by the syndicate manager no later than the date of final settlement of the syndicate account, which Section 66 requires to be within 90 days of the syndicate settlement date.

Prompt Settlement of Commissions

The Corporate Financing Committee also reviewed the practice of including commissions on "designated" sales and "manager bill and deliver" sales as an item on syndicate settlement statements. In a designated sale or manager bill and deliver sale, payment for the sale is made by the customer -- usually an institution -- directly to the manager of the offering and a member is designated to receive the selling commission. The Committee discussed whether commissions on such sales should be paid or settled on the syndicate settlement date -- usually one week after the effective date of the offering -- or later, as part of the final syndicate settlement, which occurs up to 90 days after the syndicate settlement date. Currently, syndicate managers settle commissions on regular sales on the syndicate settlement date and settle selling commissions on designated sales and manager bill and deliver sales as part of the final syndicate settlement 90 days later.

It is the general practice of NASD members participating in a public offering to pay sales commissions to registered representatives shortly after a sale. A delay in the payment of commissions by a syndicate manager can have a negative impact on the net capital of a syndicate member. Therefore, the Corporate Financing and Uniform Practice Committees determined that syndicate managers should not delay the payment of such sales commissions. They

recommended to the Board of Governors and the Board approved an amendment to Section 66 of the Uniform Practice Code to require all commissions or sales concessions to be paid or settled on the syndicate settlement date. This requirement would ensure that all commissions, including commissions on designated sales and manager bill and deliver sales, would be settled on the settlement date rather than be included on the final syndicate settlement statement.

REQUEST FOR COMMENTS

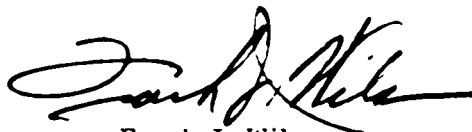
The NASD encourages all members and other interested persons to comment on the proposed amendments. Comments should be directed to:

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

Comments must be received no later than January 30, 1988. Comments received by this date will be considered by the NASD Corporate Financing and Uniform Practice Committees and the NASD Board of Governors. If approved by the Board, the proposed amendments must be filed with and approved by the Securities and Exchange Commission before becoming effective.

Questions regarding the proposed amendments can be directed to Richard J. Fortwengler, NASD Corporate Financing Department, at (202) 728-8258.

Sincerely,



Frank J. Wilson
Executive Vice President
and General Counsel

Attachment

**AMENDMENTS TO
SECTION 66 OF THE NASD UNIFORM PRACTICE CODE***

Sec. 66

Settlement of Syndicate Accounts

(a) Definitions:

(1) "selling syndicate" means any syndicate formed in connection with a public offering to distribute all or part of an issue of corporate securities by sales made directly to the public by or through participants in such syndicate.

(2) "syndicate account" means an account formed by members of the selling syndicate for the purpose of purchasing and distributing the corporate securities of a public offering.

(3) "syndicate manager" means the member of the selling syndicate that is responsible for maintenance of syndicate account records.

(4) "syndicate settlement date" means the date upon which corporate securities of a public offering are delivered by the issuer to or for the account of the syndicate members.

(b) Final settlement of syndicate accounts shall be effected by the syndicate manager within 90 days following the syndicate settlement date.

(c) No later than the date of final settlement of the syndicate account, the syndicate manager shall provide to each member of the selling syndicate an itemized statement of syndicate expenses that shall include, where applicable, the following categories of expenses: legal fees, advertising, travel and entertainment, closing expenses, loss on oversales, telephone/postage/communications, co-manager's expenses, computer/data processing charges, interest expense and miscellaneous. The amount under miscellaneous should not be disproportionately large in relation to other items and should include only minor items that cannot be easily categorized elsewhere in the statement. Any other major items not included in the above categories must be itemized separately.

(d) The syndicate manager shall settle all commissions for sales made by the selling syndicate, including designated sales and/or manager bill and deliver sales, on the syndicate settlement date.

* New language is underlined.