

**Approval of Change in Exempt Status  
Under SEC Rule 15c3-3**

**Sec. 7.** (a) Application—For the purposes of this rule, the term "member" shall be limited to any member of the Association that is not designated to another self-regulatory organization by the Securities and Exchange Commission for financial responsibility pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17d-1 thereunder. Further, the term shall not be applicable to any member that is subject to Section 402.2(c) of the rules of the Treasury Department.

(b) A member operating pursuant to any exemptive provision as contained in subparagraph (k) of SEC Rule 15c3-3 under the Securities Exchange Act of 1934 (Rule 15c3-3), shall not change its method of doing business in a manner that will change its exemptive status from that governed by subparagraph (k)(1) or (k)(2)(ii) to that governed by subparagraph (k)(2)(i); or from subparagraph (k)(1), (k)(2)(i), or (k)(2)(ii) to a fully computing firm that is subject to all provisions of Rule 15c3-3; or commence operations that will disqualify it for continued exemption under Rule 15c3-3 without first having obtained the prior written approval of the Association.

(c) In making the determination as to whether to approve or to deny in whole or in part an application made pursuant to subsection (b), the Association staff shall consider, among other things, the type of business in which the member is engaged, the training, and experience, of persons associated with the member, the member's procedures for safeguarding customer funds and securities, the member's overall financial and operational condition and any other information deemed relevant in the particular circumstances and the time these measures would remain in effect.

**Communications With the Public**

**Sec. 8**

(a) **Definitions**

(1) Advertisement—For purposes of this section and any interpretation thereof, "advertisement" means material published, or designed for use in, a newspaper, magazine, or other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures, telephone directories (other than routine listings), or other public media.

(2) Sales Literature—For purposes of this section and any interpretation thereof, "sales literature" means any written communication distributed or made generally available to customers or the public that does not meet the foregoing definition of "advertisement." Sales literature includes, but is not limited to, circulars, research reports, market letters, performance reports or summaries, form letters, standard forms of option worksheets, seminar texts, and reprints or excerpts of any other advertisement, sales literature, or published article.

(b) **Approval and Recordkeeping**

(1) Each item of advertising and sales literature shall be approved by signature or initial, prior to use, by a registered principal (or designee) of the member.

(2) A separate file of all advertisements and sales literature, including the name(s) of the person(s) who prepared them and/or approved their use, shall be maintained for a period of three years from the date of each use.

(c) **Filing Requirements and Review Procedures**

(1) Advertisements concerning government securities (as defined in Section 3(a)(42) of the Securities Exchange Act of 1934) shall be filed by members with the Association's Advertising Department for review within 10 days of first use or publication.

(2) (A) Each member of the Association that has not previously filed advertisements with the Association shall file its initial advertisement concerning government securities with the Association's Advertising Department at least 10 days prior to use and shall continue to file its advertisements concerning government securities at least 10 days prior to use for a period of one year.

(B) Each member that, on the effective date of this section, had been filing advertisements with the Association for a period of less than one year shall continue to file its advertisements concerning government securities at least 10 days prior to use, until the completion of one year from the date the first advertisement was filed with the Association.

(3) Notwithstanding the foregoing provisions, any District Business Conduct Committee of the Association, upon review of a member's government securities advertising and/or sales literature, and after determining that the member will again depart from the standards of this section, may require that such member file all government securities advertising and/or sales literature, or the portion of such member's material that is related to any specific types or classes of securities or services, with the Association's Advertising Department and/or the District Committee, at least 10 days prior to use.

The Committee shall notify the member in writing of the types of material to be filed and the length of time such requirement is to be in effect. The requirement shall not exceed one year, however, and shall not take effect until 30 days after the member receives the written notice, during which time the member may request a hearing before the District Business Conduct Committee, and any such hearing shall be held in reasonable conformity with the hearing and appeal procedures of the Code of Procedure.

(4) In addition to the foregoing requirements, every member's government securities advertising and sales literature shall be subject to a routine spot-check procedure. Upon written request from the Association's Advertising Department, each member shall promptly submit the material requested. Members will not be required to submit material under this procedure that has been previously submitted pursuant to one of the foregoing requirements.

(5) The following types of material are excluded from the foregoing filing requirements and spot-check procedure:

(A) Advertisements of sales literature solely related to changes in a member's name, personnel, location, ownership, offices, business structure, officers or partners, telephone or teletype numbers, or concerning a merger with, or acquisition by, another member;

(B) Advertisements or sales literature that do no more than identify the member and/or offer a specific security at a stated price;

(C) Material sent to branch offices or other internal material that is not distributed to the public;

(6) Material that refers to government securities solely as part of a listing of products and/or services offered by the member, is excluded from the requirements of paragraph (c)(1) of this section.

(d) **Standards Applicable to Communications With the Public**

(1) **General Standards**

(A) All member communications with the public shall be based on principles of fair dealing and good faith and should provide a sound basis for evaluating the facts in regard to any particular security or securities or type of security, industry discussed, or service offered. No material fact or qualification may be omitted if the omission, in light of the context of the material presented, would cause the advertising or sales literature to be misleading.

(B) Exaggerated, unwarranted, or misleading statements or claims are prohibited in all public communications of members. In preparing such literature, members must bear in mind that inherent in investment are the risks of fluctuating prices and the uncertainty of dividends, rates of return, and yield, and no member shall, directly or indirectly, publish, circulate, or distribute any public communication that the member knows or has reason to know contains any untrue statement of a material fact or is otherwise false or misleading.

(C) When sponsoring or participating in a seminar, forum, radio, or television interview, or when otherwise engaged in public appearances or speaking activities that may not constitute advertisements, members and persons associated with members shall nevertheless follow the standards of paragraph (d) of this section.

(2) **Specific Standards**

In addition to the foregoing general standards, the following specific standards apply:

(A) **Necessary Data:** Advertisements and sales literature shall contain the name of the member, the person or firm preparing the material, if other than the member, and the date on which it is first published, circulated, or distributed (except that, in advertisements, only the name of the member need be stated; and except also that, in any so-called "blind" advertisement used for recruiting personnel, the name of the member may be omitted). If the information in the material is not current, this fact should be stated.

(B) **Recommendations:** In making a recommendation, whether or not labeled as such, a member must have a reasonable basis for the recommendation made and must disclose the price at the time the recommendation is made, as well as any of the following situations which are applicable:

(i) that the member usually makes a market in the securities being recommended, or in the underlying security if the recommended security is an option, and/or that the member or associated persons will sell to or buy from customers on a principal basis;

(ii) that the member and/or its officers or partners own options, rights, or warrants to purchase any of the securities of the issuer whose securities are recommended, unless the extent of such ownership is nominal;

(iii) that the member was manager or co-manager of a public offering of any securities of the recommended issuer within the last three years.

The member shall also provide, or offer to furnish upon request, available investment information supporting the recommendation.

A member may use material referring to past recommendations if it sets forth all recommendations as to the same type, kind, grade, or classification of securities made by a member within the last year. More years may be covered if they are consecutive and include the most recent year. Such material must also name each security recommended and give the date and nature of each recommendation (e.g., whether to buy or sell), the price at the time of the recommendation, the price at which or the price range within which the recommendation was to be acted upon, and the general market conditions during the period covered.

Also permitted is material that does not make any specific recommendation but offers to furnish a list of all recommendations made by a member within the past year or over more consecutive years, including the most recent year, if this list contains all the information specified in the previous paragraph. Neither the list of recommendations, nor material offering such list, shall imply comparable future performance. Reference to the results of a previous specific recommendation, including such a reference in a follow-up research report or market letter, is prohibited if the intent or the effect is to show the success of a past recommendation, unless all of the foregoing requirements with respect to past recommendations are met.

(C) Claims and Opinions: Communications with the public must not contain promises of specific results, exaggerated, or unwarranted claims or unwarranted superlatives, opinions for which there is no reasonable basis, or forecasts of future events that are unwarranted or that are not clearly labeled as forecasts.

(D) Testimonials: In testimonials concerning the quality of a firm's investment advice, the following points must be clearly stated in the communication:

(i) the testimonial may not be representative of the experience of other clients;

(ii) the testimonial is not indicative of future performance or success;

(iii) if more than a nominal sum is paid, the fact that it is a paid testimonial must be indicated;

(iv) if the testimonial concerns a technical aspect of investing, the person making the testimonial must have knowledge and experience to form a valid opinion.

(E) Offers of Free Service: Any statement to the effect that any report, analysis, or other service will be furnished free or without any charge must not be made unless such report, analysis, or other service actually is or will be furnished entirely free and without condition or obligation.

(F) Claims for Research Facilities: No claim or implication may be made for research or other facilities beyond those that the member actually possesses or has reasonable capacity to provide.

(G) Hedge Clauses: No cautionary statements or caveats, often called "hedge clauses," may be used if they are misleading or inconsistent with the content of the material.

(H) Recruiting Advertising: Advertisements in connection with the recruitment of sales personnel must not contain exaggerated or unwarranted claims or statements about opportunities in the investment banking or securities business and should not refer to specific earnings figures or ranges that are not reasonable under the circumstances.

(I) Periodic Investment Plans: Communications with the public should not discuss or portray any type of continuous or periodic investment plan without disclosing that such a plan does not assure a profit and does not protect against loss in declining markets. In addition, if the material deals specifically with the principles of dollar cost averaging, it should point out that since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels.

(J) References to Regulatory Organizations: Communications with the public shall not make any reference to membership in the Association or to registration or regulation of the securities being offered, or of the underwriter, sponsor, or any member or associated person, that could imply endorsement or approval by the Association or any federal or state regulatory body.

References to membership in the Association or the Securities Investor Protection Corporation shall comply with all applicable by-laws and rules pertaining thereto.

(K) Identification of Sources: Statistical tables, charts, graphs, or other illustrations used by members in advertising or sales literature should disclose the source of the information if not prepared by the member.

**Availability to Customers of Certificate, By-Laws, Rules,  
and Code of Procedure**

**Sec. 9.** Every member of the Corporation shall keep in each office maintained by him, in the form to be supplied by the Board of Governors, a copy of the Certificate of Incorporation, By-Laws, Government Securities Rules, and Code of Procedure of the Corporation, and of all additions and amendments from time to time made thereto, and of all interpretative rulings made by the Board of Governors, all of which shall be available for the examination of any customer who makes requests therefore.

**Complaints**

**Sec. 10.**

**Complaints by public against members**

(a) Any person feeling aggrieved by any act, practice, or omission of any member or any person associated with a member of the Corporation, which such person believes to be in violation of the Securities Exchange Act of 1934, the rules and regulations thereunder including the rules of the Treasury Department or these Government Securities rules, may, on the form to be supplied by the Board of Governors, file a complaint against such member or such persons associated with a member in regard thereto with any District Business Conduct Committee of the Corporation, and any such complaint shall be handled in accordance with the Code of Procedure of the Corporation.

**Complaints by District Business Conduct Committees**

(b) Any District Business Conduct Committee which, on information and belief, is of the opinion that any act, practice, or omission of any member of the Corporation or any person associated with a member is in violation of the Securities Exchange Act of 1934, the rules and regulations thereunder including the rules of the Treasury Department or these Government Securities rules may, on the form to be supplied by the Board of Governors, file a complaint against such member or such person associated with a member in regard thereto with itself or with any other District Business Conduct Committee of the Corporation, as the necessities of the complaint may require, and any such complaint shall be handled in accordance with the Code of Procedure and in the same manner as if it had been filed by an individual or member.

**Complaints by the Board of Governors**

(c) The Board of Governors shall have authority, when on the basis of information and belief, it is of the opinion that any act, practice, or omission of any member of the Corporation or of any person associated with a member is in violation of the Securities Exchange Act of 1934, the rules and regulations thereunder including the rules of the Treasury Department or these Government Securities rules, to file a complaint against such member or such person associated with a member in respect thereto or to instruct any District Business Conduct Committee to do so, and any such complaint shall be handled in accordance with the Code of Procedure.

### **Reports and Inspection of Books for Purpose of Investigating Complaints**

**Sec. 11.** For the purpose of any investigation, or determination as to filing of a complaint, or any hearing of any complaint against any member of the Corporation or any person associated with a member made or held in accordance with the Code of Procedure, any District Business Conduct Committee, or the Board of Governors, or any duly authorized member or members of any such Committees or Board, [or any duly authorized member or members of any such Committees or Board,] or any duly authorized agent or agents of any such Committee or Board shall have the right to:

- (1) require any member of the Corporation or person associated with a member to report orally or in writing with regard to any matter involved in any such investigation or hearing; and
- (2) to investigate the books, records and accounts of any such member with relation to any matter involved in any such investigation or hearing.

No member or person associated with a member shall refuse to make any report as required in this Section, or refuse to permit any inspection of books, records, and accounts as may be validly called for under this Section.

### **● ● ● Resolution of the Board of Governors**

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#### **Suspension of Members for Failure to Furnish Information Duly Requested**

1. The President is hereby directed and authorized to notify members of the Corporation that fail to provide information with respect to their business practices, and/or that fail to keep membership applications and supporting documents current, and/or that fail to furnish such other information or reports or other material or data duly requested by the Corporation pursuant to the powers duly vested in it by its Certificate of Incorporation, By-Laws, and such other duly authorized resolutions and directives as are necessary in the conduct of the business of the Corporation, and that the continued failure to furnish duly requested information, reports, data, or other material, constitutes grounds for suspension from membership.

2. After fifteen (15) days' notice in writing thereof and continued failure to furnish the information, reports, data, or other material as described above in paragraph 1, the President is hereby directed and authorized to suspend the membership of any such member on behalf of the Board of Governors and to cause notification thereof in the next following membership supplement, to the effect that the membership has been suspended for failure to furnish such duly requested information.

3. Prior to such notice in writing to the member, the Executive Committee of the Board of Governors shall be notified in writing of such contemplated action by the President.

4. The President shall advise the member concerned, in writing, of the suspension.

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### Sanctions for Violation of the Rules

**Sec. 12.** Any District Business Conduct Committee, or the Board of Governors, in the administration and enforcement of the Securities Exchange Act of 1934, the rules and regulations thereunder including the rules of the Treasury Department or these Government Securities rules, and after compliance with the Code of Procedure, may:

- (1) censure any member or person associated with a member; and/or
- (2) impose a fine not in excess of Fifteen Thousand Dollars (\$15,000.00) upon any member or person associated with a member; and/or
- (3) suspend the membership of any member or suspend the registration of a person associated with a member, if any, for a definite period; and/or
- (4) expel any member or revoke the registration of any person associated with a member, if any; and/or
- (5) suspend or bar a member or person associated with a member from association with all members; or
- (6) impose any other fitting sanction deemed appropriate under the circumstances, for each or any violation of such provisions by a member or person associated with a member or for any neglect or refusal to comply with any orders, directions, or decisions issued by any District Business Conduct Committee or by the Board of Governors in the enforcement of these rules, including any interpretation made by the Board of Governors, as any such Committee or Board, in its discretion, may deem to be just;

provided, however, that no such sanction imposed by any District Business Conduct Committee shall take effect until the period for appeal therefrom or review has expired, as provided in Article III, Section 1 of the Code of Procedure; and provided, further, that all parties to any proceeding resulting in a sanction shall be deemed to have assented to or to have acquiesced in the imposition of such sanction unless any party aggrieved thereby shall have made application to the Board of Governors for review pursuant to the Code of Procedure, within fifteen (15) days after the date of such notice.

### Payment of Fines or Costs

**Sec. 13.** All fines imposed pursuant to Section 12 of these rules shall be paid to the Treasurer of the Corporation and shall be used for the general corporate purposes. Any member that fails promptly to pay any fine imposed pursuant to Section 12 of these rules, or any costs imposed pursuant to Section 12 of these rules, or any costs imposed pursuant to Section 14 of these rules after such fine or costs have



become finally due and payable, may after seven (7) days' notice in writing be summarily suspended or expelled from membership in the Corporation. A member may also be summarily suspended or expelled from membership in the Corporation if the member fails to immediately terminate the association of any person who fails to pay promptly any fine imposed pursuant to Section 12 of these rules or any costs imposed pursuant to Section 14 of these rules after such fine or costs have become finally due and payable after seven (7) days' notice in writing. The registration of a person associated with a member, if any, may be summarily revoked if such person fails to pay promptly any fine imposed pursuant to Section 12 of these rules, or any costs pursuant to Section 14 of these rules after such fine or costs have become finally due and payable after seven (7) days' notice in writing.

#### **Cost of Proceedings**

**Sec. 14.** Any member or person associated with such member disciplined pursuant to Section 12 of these rules shall bear such part of the costs of the proceedings as the District Business Conduct Committee or the Board of Governors deems fair and appropriate in the circumstances.



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

# notice to members 88-2

January 5, 1988

TO: All NASD Members and Municipal Securities Bank Dealers  
 ATTN: All Operations Personnel  
 RE: Martin Luther King, Jr.'s Day: Trade Date-Settlement Date Schedule

The schedule of trade dates/settlement dates below reflects the observance by the financial community of Martin Luther King, Jr.'s Day, Monday, January 18, 1988. On January 18, the NASDAQ System and the exchange markets will be open for trading. However, it will not be a settlement date since many of the nation's banking institutions will be closed.

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

<u>Trade Date</u>		<u>Settlement Date</u>		<u>Regulation T Date*</u>	
January	8	January	15	January	19
	11		19		20
	12		20		21
	13		21		22
	14		22		25
	15		25		26
	18		25		27
	19		26		28

\* 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."

January 18, 1988, is considered a business day for receiving customers' payments under Regulation T of the Federal Reserve Board.

Securities will not be quoted ex-dividend, and settlements, marks to the market, reclamations, buy-ins and sell-outs, as provided in the Uniform Practice Code, will not be made and/or exercised on January 18.

The foregoing settlement dates should be used by broker-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 this notice should be directed to the NASD Uniform Practice Department at (212) 839-6256.

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# NASD

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

## **notice to members 88-3**

January 7, 1988

TO: All NASD Members and Other Interested Persons

ATTN: Operations Principal, Cashier

RE: Amendment to Section 64 of the NASD Uniform Practice Code Regarding Acceptance and Settlement of COD Orders, Effective February 11, 1988

### **EXECUTIVE SUMMARY**

The Securities and Exchange Commission has approved an amendment to Section 64 of the NASD Uniform Practice Code, entitled "Acceptance and Settlement of COD Orders." Effective February 11, 1988, NASD members must settle all depository-eligible customer COD/POD domestic securities transactions through the confirmation and book-entry facilities of registered clearing agencies and/or depositories. If book-entry settlement of depository-eligible securities transactions is not used, the COD/POD privilege cannot be extended to the customer, and the transaction(s) must be settled "regular way," i.e., by the fifth business day following trade date.

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**Note:** COD (Collect on Delivery) refers to a purchase by a customer and POD (Payment on Delivery) refers to a sale by a customer, wherein a broker-dealer receives or makes payment at the time the securities are delivered. COD/POD customers may be individual investors, but they are generally institutions, such as banks, insurance companies, registered investment companies, and pension funds that request that securities purchased on a COD/POD basis be delivered to a clearing agent (generally a bank) that will receive the securities and make payment.

The NASD Board of Governors found that transactions exempt from the provisions of Section 64, which do not require settlement on a book-entry basis and are physically settled, contributed to significant delays in securities processing and resulted in increased brokerage costs. The Board believes that the effects of eliminating the exemption would be negligible and would result in benefits to the industry.

The text of the amendment is attached.

#### **BACKGROUND AND EXPLANATION OF AMENDED SECTION 64**

On January 1, 1983, the NASD adopted Section 64 of the Uniform Practice Code, entitled "Acceptance and Settlement of COD Orders," which standardized the procedures for accepting and processing customer COD/POD orders. As originally adopted, Section 64 required that a customer or its agent (normally a bank) confirm, acknowledge, and settle all depository-eligible COD/POD transactions on a book-entry basis. NASD members were exempted from this provision when both the member and its agent, or the customer and its agent, were not depository participants.

However, eligible COD/POD domestic securities transactions that were exempt from Section 64 requirements and settled physically contributed to significant delays in securities processing. Physical settlement requires securities depositories to maintain surplus stock certificates in working denominations to accommodate deliveries by depository members to customers outside the depository network. This results in increased brokerage operational expenses and depository costs.

To resolve these problems, the ID Implementation Committee, a securities industry group, proposed that the NASD and the NYSE amend their respective rules to require that all depository-eligible COD/POD transactions executed by a broker-dealer for a domestic customer be processed through the confirmation and book-entry delivery facilities provided by registered clearing agencies and depositories.

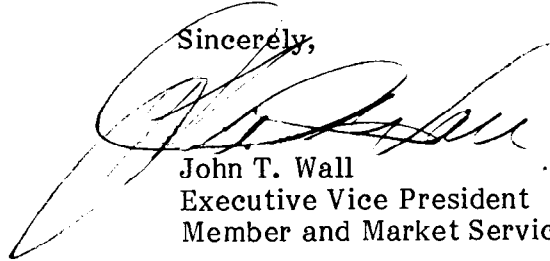
The NASD Uniform Practice Committee considered the request along with reviewing a staff study of the application of Section 64. The NASD Committee concluded that the effects of removing the exemption would be negligible and would result in increased benefits to the industry. Some of these benefits are the reduction of DK rates, the lowering of processing costs, and timely settlement of transactions. In reaching its decision, the NASD Uniform Practice Committee and the NASD Board of Governors noted that it was not necessary for a broker-dealer to become a member of a securities depository or clearing agency directly, but only that it have access to a bank or broker that is a member of a depository.

To resolve problems inherent in the physical delivery of securities, the exemption pertaining to domestically transacted customer COD/POD transactions has been eliminated. The amendment to Section 64 requires that all COD/POD

transactions that are eligible for book-entry settlement be settled through such systems or, as an alternative, be handled on a regular-way, five-business-day settlement basis.

Questions concerning this notice should be directed to Donald J. 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 the typed name and title.

John T. Wall  
Executive Vice President  
Member and Market Services

Attachment

**AMENDMENT TO SECTION 64  
OF THE  
NASD UNIFORM PRACTICE CODE\***

**Effective February 11, 1988**

**Acceptance and Settlement of COD Orders**

**Sec. 64.**

(Subsections (a)(1) through (4) remain unchanged.)

(a)(5) The facilities of a securities depository shall be utilized for the confirmation, acknowledgement, and book-entry settlement of all depository-eligible transactions covered by this rule except~~:]~~ transactions that are to be settled outside of the United States.

[(i) transactions that are to be settled outside of the United States;]

[(ii) transactions wherein both a member and its agent are not participants in a security depository, or where both the customer and its agent are not participants in a securities depository.]

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

# NASD

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

## **notice to members 88-4**

January 14, 1988

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

RE: NASDAQ National Market System Totals 3,040 Securities With Four Additions on January 19, 1988

On Tuesday, January 19, 1988, the following four issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 3,040:

<b>Symbol*</b>	<b>Company</b>	<b>Location</b>
DIFD	Diversified Foods, Inc.	Portland, ME
NUCO	Nucorp Energy, Inc.	Chicago, IL
POOL	Poseidon Pools of America, Inc.	Brooklyn, NY
PVNA	Provena Foods, Inc.	Santa Ana, CA

### **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.

<b>Symbol*</b>	<b>Company</b>	<b>Location</b>
COFI	Charter One Financial, Inc.	Cleveland, OH
HOMF	Home Federal Savings Bank	Seymour, IN
RPAPF	Repap Corporation	Montreal, Canada

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



### NASDAQ/NMS Interim Additions

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 December 28, 1987.

<b>Symbol*</b>	<b>Security</b>	<b>Date of Entry</b>
WPPGY	WPP Group, plc.	12/29/87

The following changes to the list of NASDAQ/NMS securities occurred since December 28, 1987:

### NASDAQ/NMS Symbol\* and/or Name Changes

<b>New/Old Symbol*</b>	<b>New/Old Security</b>	<b>Date of Change</b>
AIRC/AIRC	AIRCOA Hospitality Services, Inc./ Associated Inns & Restaurants Company of America	12/30/87
ASAL/ASAL	BankAtlantic, A Federal Savings Bank/Atlantic Federal Savings & Loan Association of Ft. Lauderdale	1/04/88
CGAS/LDCO	Clinton Gas Systems, Inc./Leader Development Corporation	1/04/88
GCOR/MCHT	Gencor Industries, Inc./Mechtron International Corporation	1/04/88
TREX/LSBX	Intrex Financial Services, Inc./Lawrence Savings Bank	1/08/88


### NASDAQ/NMS Deletions

<b>Symbol*</b>	<b>Security</b>	<b>Date</b>
AMABC	Alaska Mutual Bancorporation	12/29/87
UBAKC	United Bancorporation Alaska, Inc.	12/29/87
ILLR	Illinois Regional Bancorp, Inc.	12/30/87
RCCAA	Rogers Cablesystems of America, Inc. (CI A)	12/30/87
AIFS	AIFS, Inc.	12/31/87
SOFA	Bench Craft, Inc.	01/04/88
CSEC	Commercial Security Bancorporation	01/04/88

<b>Symbol*</b>	<b>Security</b>	<b>Date</b>
EBII	Electro-Biology, Inc.	01/05/88
FNTM	Funtime, Inc.	01/05/88
LWSI	Laidlaw Industries, Inc.	01/05/88
VLIS	VLI Corporation	01/05/88
ATRC	Atlantic Research Corporation	01/06/88
DETX	Detector Electronics Corporation	01/06/88

Questions regarding this notice can be directed to Kit Milholland, Senior Analyst, NASDAQ Operations, at (202) 728-8281. Questions pertaining to trade reporting rules can 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 88-5**

January 14, 1988

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Proposed NASD Rule of Fair Practice Regarding  
Outside Business Activities

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**LAST DATE FOR COMMENT: FEBRUARY 14, 1988.**

### **EXECUTIVE SUMMARY**

The NASD requests comments on a proposed NASD Rule of Fair Practice that would require all persons associated with a member firm to provide prior written notice to the firm of certain outside business activities.

The NASD Board of Governors believes the proposed rule is necessary to inform member firms of the nature and extent of the outside activities of their principals, associated persons, and employees so the firms can more effectively carry out the supervisory responsibilities mandated by the NASD Rules of Fair Practice and the federal securities laws.

The text of the proposed rule is attached.

### **BACKGROUND**

The growing diversification of the financial services industry has provided increased business opportunities for persons associated with member firms, both within the scope of their employment and otherwise. The NASD Board of Governors has noted that in recent disciplinary cases, prior notice to a member firm of an associated person's outside business activities could have prevented the firm's entanglement in legal difficulties and harm to the investing public. The Board concluded that it is imperative that member firms receive prior notification of all outside business activities of their associated persons so that the member's objections, if any, to such activities may be raised at a meaningful time and so that appropriate supervision may be exercised as necessary under applicable law.

The internal rules of many member firms already include limitations on outside business activities and notification requirements. In addition, both the New York Stock Exchange and the American Stock Exchange require associated persons of member firms to notify their firms of outside business activities.<sup>1/</sup>

The proposed NASD Rule of Fair Practice would not distinguish between supervisors and other associated persons and would impose an obligation upon principals, associated persons, and employees to notify their member firms prior to engaging in outside business activities. The NASD Board of Governors believes that the adoption of the proposed rule would serve to protect investors and the public interest by involving member firms in the prior review of all business activities of their associated persons.

### PROPOSED RULE

The proposed rule would prohibit any person associated with a member firm from being employed by, or accepting compensation from, any other person for any outside business activity unless the individual has provided his employer firm with advance written notice. The rule also would apply to business activities that are outside the scope of an associated person's relationship with the employer firm.

\* \* \* \*

The NASD encourages all members and other interested persons to comment on the proposed rule. 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

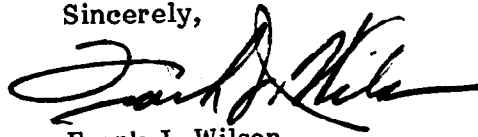
Comments must be received no later than February 14, 1988. Comments received by this date will be considered by the NASD National Business Conduct Committee and the NASD Board of Governors. If the proposed rule is approved by the Board, it will be submitted to the membership for a vote. If approved by the membership, the rule must be filed with and approved by the Securities and Exchange Commission before becoming effective.

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<sup>1/</sup> New York Stock Exchange Rule 346(b), (e), and Supplementary Material .10; American Stock Exchange Rule 342(a), (b), and Commentary .20. Both organizations also require persons in supervisory positions to devote their entire time during business hours to the business of their firms and allow such persons to obtain permission from the exchange to devote less than full time to the business of their firm when it will not impair the protection of investors or the public interest.

Questions concerning this notice can be directed to Norman Sue, Jr., Senior Attorney, NASD Office of General Counsel, at (202) 728-8117.

Sincerely,

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

Frank J. Wilson  
Executive Vice President  
and General Counsel

Attachment

**PROPOSED NASD RULE OF FAIR PRACTICE**

**Outside Business Activities**

**Sec. \_\_.** No person associated with a member shall be employed by, or accept compensation from, any other person pursuant to any business activity outside the scope of his relationship with his employer firm unless he has provided written advance notice to that firm.

# NASD

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

## **notice to members 88-6**

January 15, 1988

TO: NASD Members and Other Interested Persons

RE: SEC Approves NASD New Order Confirmation Transaction (OCT) Service

### **BACKGROUND**

On January 11, 1988, the Securities and Exchange Commission approved the Order Confirmation Transaction (OCT) service, a new communications enhancement for the NASDAQ System.

The SEC granted approval for a period of 90 days under the accelerated approval provisions of the Securities Exchange Act of 1934. During this 90-day period, the SEC is soliciting public comment as a basis for taking final action on the service.

The OCT allows NASDAQ subscribers with Level 3 service to send orders in NASDAQ securities to market makers over the computer, without voice contact. This alternative means of accessing market makers helps overcome the limitations of telephone contact, particularly in high-volume, fast-moving markets, as were experienced in October.

The new service permits member firms to direct orders -- of any size and for both firm and customer accounts -- to specific market makers using NASDAQ terminals and a pre-formatted message layout. Orders sent via this service instantly appear on designated NASDAQ terminals in the market-making firms receiving the orders -- normally the terminals from which the quotations in the securities to be bought or sold are entered. The trader who receives an order sent via OCT can either accept or decline the order by making a few simple keyboard entries. Following an accept/ decline decision, a report is immediately sent to the order-entry firm.

Orders entered and accepted through OCT are "locked-in." That is, the transactions are automatically (1) confirmed via displays on the terminals of both the

order-entry and market-making firms (with printed copies an available option); (2) reported to the NASDAQ System and distributed worldwide to information vendors; and (3) sent to the clearing corporation as compared trades.

The new service is now operational and available for use on NASDAQ Harris terminals and with the Harris Standard Terminal Emulation and the new NASDAQ Workstation™ software. There will be no separate charge or fee for this new NASDAQ System enhancement.

## HOW TO USE OCT

### Order-Entry Firms

Use Partition A to enter an order. Press Display Select, type the letter A. Then type the letters K and O, and press the TRansmit key. The following OCT order-entry mask will then appear:

,KO*	O-
PREF-	P/A/X-
BRSQ-	

Next, enter the details of the order, i.e., Buy or Sell, number of shares, security symbol, and price. For example, to place an order to buy 2,000 shares of MCI Communications at 11 1/2, type B2000MCIC111/2. Next, type in the four-character MMID of the market maker to whom the order will be sent. Following P/A/X-, type P for principal trade, A for an agency trade, or X for a cross transaction. If no letter is entered after P/A/X-, the system will consider it an agency trade and will assign an A. Entries following BRSQ, i.e., Branch Identifier and Sequence Number, are optional at the election of the order-entry firm. To send the order, press TRansmit. When the order is accepted by the system, an "accepted message" will be displayed.

Pending orders of order-entry firms sent via OCT immediately appear on the bottom of Partition B preceded by the designation EORD. If the market maker accepts the order within two minutes, the order-entry firm will receive a report of the transaction. If the market maker takes no action within two minutes, the order will automatically expire and the order-entry firm will receive an expiration report. If the market maker declines the order, a rejection notice will be sent. All transaction, expiration, and rejection reports appear at the bottom of Partition B and scroll upward as additional messages are received.

### Market-Maker Firms

Market makers receive notifications of incoming orders sent via OCT on the "unsolicited message" segment of Partition B. The notifications arrive on the specific NASDAQ terminals designated by the market maker to receive orders in specific securities. Labeled EOCT, the single-line message shows the details of the order and the control number assigned to it by the system. To accept or reject the order, press the letters K and A, followed by the SPACE bar. Then enter the control number and press the TRansmit key. This produces the order-acceptance mask with the details of the order. To accept the order, type A and press the TRansmit key. To decline an order, type D and press the TRansmit key.



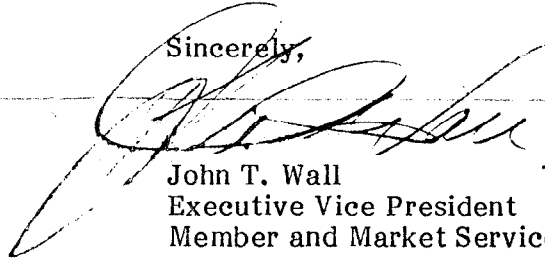
Confirmation of the action instantly appears on the terminals of both the order-entry firm and the market maker in Partition B of their respective terminals.

Market makers may scan all orders directed to them via OCT during the trading day. The service will not route orders to firms that are not registered as market makers.

**FOR INFORMATION**

For more information or assistance in using this new communications service, members are invited to contact the OCT Operations Department at (212) 839-6363. An OCT user guide will be sent to all Level 3 subscribers shortly.

Sincerely,

A handwritten signature in dark ink, appearing to read "John T. Wall", is written over a horizontal line. The signature is fluid and cursive.

John T. Wall  
Executive Vice President  
Member and Market Services

# NASD

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

## **notice to members 88-7**

January 15, 1988

TO: All NASD Members and Other Interested Persons

RE: Year-End Check List of NASD Notices to Members

The following are NASD Notices to Members issued during 1987. Requests for copies of any notice should be accompanied by a self-addressed mailing label and directed to: NASD Administrative Services, 1735 K Street, N.W., Washington, D.C. 20006-1506.

Notice Number	Date	Topic
87-1	January 6	Martin Luther King, Jr.'s Day: Trade Date-Settlement Date Schedule
87-2	January 7	Adoption of Amendments to Article III, Section 28 of the NASD Rules of Fair Practice Regarding Securities Accounts Of Associated Persons at Non-NASD Members
87-3	January 14	NASDAQ National Market System Grows to 2,729 Securities With 17 Voluntary Additions on January 20, 1987
87-4	January 21	Presidents' Day: Trade Date-Settlement Date Schedule
87-5	January 29	NASDAQ National Market System Grows to 2,754 Securities With 24 Voluntary Additions on February 3, 1987
87-6	January 30	Request for Comments on Proposed Amendments to the NASD's Rules of Practice and Procedure for the Small Order Execution System (SOES)

<b>Notice Number</b>	<b>Date</b>	<b>Topic</b>
87-7	February 10	NASDAQ National Market System Grows to 2,775 Securities With 17 Voluntary Additions on February 17, 1987
87-8	February 17	South African Sanctions Act Regulations
87-9	February 19	Proposed Amendments to Article XIV of the NASD By-Laws and Article V, Sections 1 and 2 of the NASD Rules of Fair Practice Concerning Disciplinary Sanctions
87-10	February 25	Proposed Amendment to Section 66 of The NASD Uniform Practice Code Regarding Prompt Settlement of Syndicate Accounts
87-11	February 25	NASDAQ National Market System Grows to 2,788 Securities With 17 Voluntary Additions on March 3, 1987
87-12	February 26	Adoption of Amendment to Schedule G Of the NASD By-Laws
87-13	February 27	Proposed Amendments to Article II, Sections 3, 4, and 5 of the NASD By-Laws
87-14	March 2	Request for Comments on Proposed Amendments to Article I, Section (c) of The NASD By-Laws and Schedule C to The NASD By-Laws Relating to the Definition of the Term "Branch Office"
87-15	March 6	Proposed Amendments to Article III, Sections 21(b) and 41 of the NASD Rules of Fair Practice and the Interpretation of the Board of Governors Concerning Short Sales
87-16	March 10	Request for Comments on Proposed Amendments to Article IV, Sections 3 And 4 of the NASD By-Laws and Article IV, Section 5 of the NASD Rules of Fair Practice
87-17	March 11	NASDAQ National Market System Grows to 2,802 Securities With 20 Voluntary Additions on March 17, 1987

<b>Notice Number</b>	<b>Date</b>	<b>Topic</b>
87-18	March 25	Good Friday: Trade Date-Settlement Date Schedule
87-19	March 27	Federal Regulation of Government Securities Brokers and Dealers Under The Government Securities Act of 1986
87-20	April 1	Request for Comments on Proposed Amendment to Article V, Section 1 of The NASD Rules of Fair Practice
87-21	April 2	NASDAQ National Market System Grows to 2,847 Securities With 37 Voluntary Additions on April 7, 1987
87-22	April 13	Amendments to Resolution of the Board of Governors Concerning Its Policy on Publication of Disciplinary Actions
87-23	April 14	Effectiveness of Amendment to Section 66 of the NASD Uniform Practice Code Regarding Prompt Settlement of Syndicate Accounts
87-24	April 14	Request for Comments on Proposed Amendments to Article III, Section 35 of The NASD Rules of Fair Practice
87-25	April 14	Request for Comments and Suggestions On Regulation of Market Making by Affiliates of Issuers
87-26	April 14	NASDAQ National Market System Grows to 2,850 Securities With 12 Voluntary Additions on April 21, 1987
87-27	April 30	NASDAQ National Market System Grows to 2,873 Securities With 19 Voluntary Additions on May 5, 1987, And Four Mandatory Inclusions on May 12, 1987
87-28	May 4	Memorial Day: Trade Date-Settlement Date Schedule
87-29	May 14	NASDAQ/MSE: Unlisted Trading Privileges
87-30	May 14	NASDAQ National Market System Grows to 2,893 Securities With 21 Voluntary Additions on May 19, 1987

<b>Notice Number</b>	<b>Date</b>	<b>Topic</b>
87-31	May 28	Mark-Ups and Mark-Downs on Zero-Coupon Securities
87-32	June 1	Request for Comments on Shareholder Voting Rights Proposal for NASDAQ Companies
87-33	June 1	Forms BD and U-4 Revisions, Government Securities Brokers and Dealers Registration Requirements
87-34	June 2	NASDAQ National Market System Grows to 2,917 Securities With 28 Voluntary Additions on June 2, 1987
87-35	June 9	NASDAQ National Market System Grows to 2,940 Securities With 23 Voluntary Additions on June 16, 1987
87-36	June 12	Split Expiration of Index Options and Futures on June 19, 1987
87-37	June 16	Proposed Amendment to Article I, Section (c) of the NASD By-Laws Relating to the Definition of the Term "Branch Office"
87-38	June 17	Independence Day: Trade Date-Settlement Date Schedule
87-39	June 19	Request for Comments on Addition of a Corporate Securities Limited Representative Category of Registration Under Schedule C to the NASD By-Laws
87-40	June 22	Request for Comments on a Proposed Amendment to Article III, Section 35 of The NASD Rules of Fair Practice Concerning Testimonials
87-41	June 29	Proposed Amendments to Definitions of "Branch Office" and "Office of Supervisory Jurisdiction" Under the NASD By-Laws, Schedule C to the By-Laws, and the Rules of Fair Practice
87-42	July 1	NASDAQ National Market System Grows to 2,972 Securities With 29 Voluntary Additions on July 7, 1987

<b>Notice Number</b>	<b>Date</b>	<b>Topic</b>
87-43	July 1	Adoption of Amendment to Article III, Section 35 of the NASD Rules of Fair Practice Regarding Advertising and Sales Literature for Direct Participation Programs
87-44	July 6	Proposed Amendment to Article III, Section 26(m) of the NASD Rules of Fair Practice Governing Prompt Payment for Investment Company Shares
87-45	July 15	NASDAQ National Market System Grows to 2,993 Securities With 20 Voluntary Additions on July 21, 1987
87-46	July 21	SEC Approval of NASD Corporate Governance Standards for NASDAQ/NMS Issuers and Amendments to Schedule D to the NASD By-Laws Concerning Designation of NASDAQ National Market System (NASDAQ/NMS) Securities
87-47	July 22	Request for Comments on a Proposed New Level of Registration, Designated Assistant Representative-Order Processing, Under Schedule C to the NASD By-Laws
87-48	July 29	NASDAQ National Market System Grows to 3,019 Securities With 30 Voluntary Additions on August 4, 1987, And One Mandatory Inclusion on August 4, 1987
87-49	August 10	New \$10 NYSE Series 7 Development Fee to Begin in August
87-50	August 10	Amendments to SEC Rules 15c3-1, 17a-3, and 17a-13 Regarding Treatment of Repurchase and Reverse Repurchase Agreements
87-51	August 12	Treasury Department Adopts Changes To the Requirements Concerning Financial Recordkeeping and Reporting Of Currency and Foreign Transactions
87-52	August 12	Request for Comments on Proposed Amendment to the NASD Board Of Governors' Corporate Financing

<b>Notice Number</b>	<b>Date</b>	<b>Topic</b>
87-52 (Cont.)		Interpretation Concerning Public Offerings When Proceeds Are Directed to NASD Members
87-53	August 12	Request for Comments on Proposed Amendments to NASD By-Laws and Rules of Fair Practice, and Proposed New Government Securities Rules
87-54	August 13	NASDAQ National Market System Grows to 3,018 Securities With 8 Additions on August 18, 1987
87-55	August 14	Amendments to NASD Code of Arbitration Procedure Effective July 1, 1987
87-56	August 19	Labor Day: Trade Date-Settlement Date Schedule
87-57	August 27	NASDAQ National Market System Grows to 3,039 Securities With 23 Additions on September 1, 1987
87-58	August 31	Amendments to SEC Rule 15c3-3 Regarding Treatment of Hold-in-Custody Repurchase Agreements
87-59	August 31	Quarterly Check List of NASD Notices To Members
87-60	September 10	NASDAQ National Market System Grows to 3,046 Securities With 11 Additions on September 15, 1987
87-61	September 10	Suggested Escrow Agreement Provisions for Members' Compliance With Securities and Exchange Commission Rule 15c2-4
87-62	September 22	NASD Board of Governors' Decision Concerning Regulation of Market Making by Issuer Affiliates
87-63	September 23	Columbus Day: Trade Date-Settlement Date Schedule
87-64	October 2	NASDAQ National Market System Grows to 3,063 Securities With 17 Additions on October 6, 1987

<b>Notice Number</b>	<b>Date</b>	<b>Topic</b>
87-65	October 9	Statutorily Disqualified Persons Who Obtain a Controlling Interest in an NASD Member Firm and Failure of NASD-Registered Persons Who Become Statutorily Disqualified to Timely Amend Form U-4
87-66	October 14	Quarterly Check List of NASD Notices To Members
87-67	October 14	Proposed Amendment to Article III, Section 35 of the NASD Rules of Fair Practice Concerning Testimonials
87-68	October 15	NASDAQ National Market System Grows to 3,077 Securities With 10 Additions on October 20, 1987
87-69	October 20	Front-Running of Blocks--Interpretation of the Board of Governors on Article III, Section 1 of the Rules of Fair Practice
87-70	October 22	Veteran's Day and Thanksgiving Day: Trade Date-Settlement Date Schedules
87-71	October 23	SIPC Trustee Appointed Cyril Moscow, Esquire c/o Honigman, Miller, Schwarz & Cohn 2290 1st National Building Detroit, Michigan 48226
87-72	October 28	NASDAQ National Market System Grows to 3,087 Securities With 15 Additions on November 3, 1987
87-73	November 4	Request for Comments on Amendment To Board of Governors' Free-Riding Interpretation Concerning Investment Partnerships
87-74	November 12	NASDAQ National Market System Grows to 3,076 Securities With 10 Additions on November 17, 1987
87-75	November 17	Revised Series 4--Registered Options Principal (ROP) Qualification Examination and New Study Outline
87-76	November 17	New Category of Limited Representative Registration for Corporate Securities and Availability of a Study Outline



<b>Notice Number</b>	<b>Date</b>	<b>Topic</b>
87-76 (Cont.)		for the Series 62--Corporate Securities Limited Representative Qualification Examination
87-77	November 20	Request for Comments on Proposed Amendments to the Rules of Fair Practice and Procedures for the NASD's Small Order Execution System and to Schedule D to the NASD By-Laws
87-78	November 23	1988 Schedule of Holidays
87-79	November 24	Request for Comments on Proposed New NASD By-Law Authorizing Mandatory Reporting of Trade Comparison Information
87-80	November 30	NASDAQ National Market System Totals 3,068 Securities With 2 Additions On December 1, 1987
87-81	December 9	NASDAQ National Market System Totals 3,066 Securities With 5 Additions On December 15, 1987
87-82	December 9	Christmas Day - New Year's Day: Trade Date-Settlement Date Schedule
87-83	December 10	Member Comment on NASD Proposals
87-84	December 11	Annual State, Agent, and Broker-Dealer Renewals for 1988
87-85	December 24	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
87-86	December 30	NASDAQ National Market System Totals 3,052 Securities With Four Additions on January 5, 1988
87-87	December 30	Request for Comments on Proposed Amendments to Schedule E to the NASD By-Laws Regarding the Definition of a Qualified Independent Underwriter
87-88	December 30	Request for Comments on Proposed Amendments to Section 66 of the NASD Uniform Practice Code Regarding Syndicate Expense Statements and Prompt Settlement of Commissions

# NASD

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

## **notice to members 88-8**

January 20, 1988

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Proposed New Section 3 to Article VII and an Amendment to Article XI, Section 4 of the NASD By-Laws

**LAST DATE FOR COMMENT: FEBRUARY 20, 1988.**

### **BACKGROUND AND EXPLANATION OF AMENDMENTS**

Under current NASD procedure, the Executive Committee of the NASD Board of Governors has been delegated the authority, pursuant to Article XI, Section 4 of the NASD By-Laws, to exercise the powers of the Board of Governors between meetings of the Board. Typically, the Executive Committee acts via telephone conference calls or by mail. Recent experience has shown, however, that it is sometimes necessary to take action immediately to respond to highly volatile market conditions.

Consequently, the Board approved for comment proposed amendments to Article VII of the By-Laws that, in the event of extraordinary market conditions, would grant the Board, or between Board meetings, the Chairman of the Board (or the Vice Chairman in his absence) when the President determines that it is not practical or appropriate to convene the Executive Committee or Board, and the NASD President, acting jointly, with the specific authority to take various actions. These actions pertain to the following:

- operation of NASD quotation, execution, and other systems, and the participation therein of any person or the trading therein of any security;
- operation of, or trading in, the over-the-counter markets;
- operation of firms' offices or systems.

The President would be required, however, to report promptly any action taken under this authority to the Executive Committee and to the Board at its next meeting.

In addition, the NASD is also proposing a technical amendment to Article XI, Section 4 of the NASD By-Laws to clarify the procedure by which the Board delegates authority to the Executive Committee to act between meetings of the Board.

The texts of the proposed amendments are attached.

\* \* \* \*

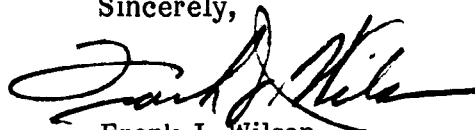
The NASD encourages all members and other interested persons to comment on these proposed amendments. Comments should be addressed to:

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 February 20, 1988. Comments received by this date will be considered by the NASD Board of Governors. If the proposed amendments are approved by the Board, they must be filed with and approved by the Securities and Exchange Commission before becoming effective.

Questions concerning this notice can be directed to either the undersigned or to Dennis C. Hensley, NASD Vice President and Deputy General Counsel, at (202) 728-8295.

Sincerely,



Frank J. Wilson  
Executive Vice President  
and General Counsel

Attachment

## PROPOSED AMENDMENTS TO NASD BY-LAWS

(Amend Article VII of the By-Laws by redesignating Sections 3 through 9 as Sections 4 through 10 and adding new Section 3 as follows:)\*

### **Authority for Actions Affecting Over-the-Counter Market, Corporation Systems, and Member Offices**

**Sec. 3.** (a) The Board of Governors, or between meetings of the Board, a Committee consisting of the Chairman of the Board (or in his absence, a Vice Chairman of the Board) and the President of the Corporation, in the event of an emergency or extraordinary market conditions, shall have the authority to take any action regarding (i) the trading in or operation of the over-the-counter securities market, the operation of any automated system owned or operated by the Corporation or any subsidiary thereof, and the participation in any such system of any or all persons or the trading therein of any or all securities and (ii) the operation of any or all member firms' offices or systems, if, in the opinion of the Board or the Committee hereby constituted, such action is necessary or appropriate for the protection of investors or the public interest or for the orderly operation of the marketplace or the System.

(b) The authority provided in Subsection (a) shall be exercised by the Committee only if the President, in his discretion, concludes that it is not practical or appropriate to convene a meeting of the Board of Governors or Executive Committee to consider the contemplated action.

(c) The President shall promptly report any action taken by the Committee pursuant to this Section to the Executive Committee and to the Board of Governors at its next meeting.

(Amend Article XI, Section 4 as follows:)\*

### **Executive Committee**

**Sec. 4.** By resolution passed not less than annually by a majority of the entire Board of Governors, there may be created an Executive Committee, consisting of five or more members of the Board. [which] The Executive Committee shall exercise such of the powers of the Board in the management of the Corporation between meetings of the Board of Governors as may be delegated to it from time to time by the Board. The Executive Committee created hereunder shall keep minutes of its meetings and shall report its proceedings to the Board of Governors at the next meeting thereof.

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

# NASD

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

## **notice to members 88-9**

January 28, 1988

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

RE: NASDAQ National Market System Totals 3,040 Securities With Six Additions on February 2, 1988

On Tuesday, February 2, 1988, the following six issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 3,040:

<b>Symbol*</b>	<b>Company</b>	<b>Location</b>
AIMG	Alliance Imaging Inc.	La Palma, CA
EESI	Eastern Environmental Services, Inc.	Tampa, FL
JRMX	JRM Holdings, Inc.	Hudson, OH
KEVN	Kimmons Environmental Service Corp.	Tampa, FL
RCOA	Retailing Corporation of America	Milwaukee, WI
RPAPF**	Repap Corporation	Montreal, Canada

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

\*\* This issue is scheduled to commence trading in the NASDAQ System concurrent with its designation as a NASDAQ/NMS security on February 2, 1988.

### **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.

<b>Symbol*</b>	<b>Company</b>	<b>Location</b>
CRCU	Copper Range Company	White Pine, MI
FRMG	FirstMiss Gold, Inc.	Reno, NV
NYBC	New York Bancorp, Inc.	North Hills, NY

### **NASDAQ/NMS Interim Additions**

The registration statements of the following issues have been declared effective by the SEC or other appropriate regulatory authority. The issues have commenced trading in NASDAQ/NMS since January 8, 1988.

<b>Symbol*</b>	<b>Security</b>	<b>Date of Entry</b>
HOMF	Home Federal Savings Bank	1/14/88
EIGR	Empire Insurance Company	1/20/88


### **NASDAQ/NMS Deletions**

<b>Symbol*</b>	<b>Security</b>	<b>Date</b>
COLL	Collins Industries, Inc.	1/11/88
EDMC	Eldorado Motor Corporation	1/11/88
PREW	Preway, Inc.	1/12/88
NOVC	Northview Corporation	1/13/88
LINE	Linear Corporation	1/14/88
TRSP	Columbia Pictures Entertainment, Inc.	1/15/88
TRSPW	Columbia Pictures Entertainment, Inc. (1992 Wts)	1/15/88
TRSPZ	Columbia Pictures Entertainment, Inc. (1993 Wts)	1/15/88
CSLT	Community Shares Ltd.	1/21/88
DIME	Dime Savings Bank of New York, F.S.B. (The)	1/21/88

Symbol*	Security	Date
FIBK	First Interstate Corporation of Alaska	1/21/88
INUC	Incstar Corporation	1/21/88

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

Sincerely,

  
Joseph R. Hardiman  
President