

NASD

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

notice to members 85-40

June 3, 1985

TO: All NASD Members
ATTN: Compliance and Registration Personnel
RE: Implementation of Revised Forms U-4 and U-5

Effective July 1, 1985, the revised Form U-4 (Uniform Application for Securities Industry Registration or Transfer) and Form U-5 (Uniform Termination Notice for Securities Industry Registration) will be used to register and terminate individuals with the NASD through the Central Registration Depository (CRD). The revised forms are the result of considerable time and effort by the North American Securities Administrators Association Forms Revision Committee, which included representatives from NASD, SEC, NYSE, AMEX and various industry groups. The Committee has been working since February of 1984 on the revisions, and the results will significantly reduce the time and paperwork involved in preparing these documents. It is our belief that these changes will benefit the securities industry by eliminating unnecessary paperwork, speed the filing process and reduce attendant costs. Further, the Securities and Exchange Commission is proposing to amend Rule 17a-3, "Records to be Made by Certain Exchange Members, Brokers and Dealers," in an effort to conform the rule to the information required in the revised Form U-4.

This notice details the major revisions to these forms and further describes the methods of filing the revised documents with CRD.

REVISED FORM U-4

Initial Registration Filings

All initial registration filings must be made on a complete four-page Form U-4 with fingerprints (unless exempt). Individuals who have been previously registered but not within the last 120 days must also file a complete Form U-4.

Partial Filings

All transfers of registration occurring within 120 days from the last registration should be made as a partial filing by submitting only pages 1, 3 and 4, including fingerprints (unless exempt), provided that Item 12 is answered completely. Page 2 should not be submitted unless changes which are not detailed in Item 12 have occurred since the previous filing.

Temporary Agent Transfer (TAT)

Temporary agent transfer filings should be made via a partial filing with Item 12 completed and the appropriate box (TAT) checked on page 1. Temporary agent transfers are only available to applicants who have terminated their employment and registration with a member within the preceding seven calendar days. Transfer applications filed to make permanent a temporary transfer must be made within the 21 days stipulated in the TAT program guidelines.

Branch I.D. #/Office of Employment Address (Item 7)

While the entry of the office of employment address is required, the Branch I.D. # is voluntary, should the member wish to identify the applicant's office of employment by its own branch, or billing, designation. The number or code must not exceed eight characters. The entry of the branch numbers will provide the NASD with the basis for a new billing concept, which will display the numbers or codes in the firm's monthly accounting report and will assist the firm in allocating fees to specific branches. If used, this designation will also be displayed in the individual's employment record and may be viewed by FAQs subscribers.

Multiple Registrations (Item 9)

The new U-4 has been expanded to accommodate multiple registrations with one or more firms under common ownership or control. The primary or sponsoring BD shown under Item 4 must indicate under Item 9 its affiliates and their respective firm CRD numbers with which the applicant desires registration. If the firm(s) wishes to register the applicant with self-regulatory organizations and/or states different from those shown for the primary firm, separate and distinct page 1 filings must be completed on behalf of each affiliate firm and attached to the common, complete U-4 filing. Remember, this one-form, one-registration fee concept is applicable only to firms under common ownership and control as evidenced on Form BD as submitted to the NASD and the SEC. For more details on this concept, call Raymond Heffron at (202) 728-8367.

Type of Examination/Registration (Item 11)

This section has been expanded to show the series number and name of each NASD-administered examination. You will note there is no longer an exam request box on the form (formerly in the state registration area). This means all state or Series 63 exams must be requested under Item 11 by checking the applicable box. There is a new box titled, "Reschedule Exam Series ____." This box should be checked and completed to reschedule exams that have expired, have been failed and for exams which have been passed but a higher score is required by a self-regulatory organization or state. Remember, all exams or registrations must be requested under Item 11 by checking the applicable box.

Please note that the S-42 (Options Representative) and S-62 (Corporate Securities Representative) boxes, although included in the revised form, are reserved for future use. The CRD System will disregard these items until such time as these examinations become available.

Page 2 of Form U-4

This page has been revised to eliminate the following items:

- Marital Status
 - Mother's Name
 - Identifying Marks
 - Entire Educational History Section
 - Residential History has been revised to require five years of information rather than ten years. The applicant's current address should be the first entry in this item, (formerly located under Personal History category).
 - Employment and Personal History have been revised to eliminate street address, zip codes, full or part-time (employment) and reason for leaving.
- Father's Name
 - Spouse's Name
 - Maiden Name

Page 3 of Form U-4

The disciplinary questions have been revised and condensed to make the questions easier to understand and answer. Item 22 begins with basic definitions relative to disciplinary questions 22 A through N. The numbers 1 through 31 on the right margin exist solely for the benefit of operator entry and should not be used to identify items.

Photographs

Photographs are no longer required.

Page 4 of Form U-4

The requirements for notarization of the applicant's signature have been deleted and the certification requirements have been revised and expanded to include Items 8 and 9, relating to the requirement to file timely amendments to Form U-4 and facilitating language for the TAT program.

Signature Requirement for Complete/Partial Filings

Signatures of the applicant and appropriate signatory must be original and are required only on page 4 of complete or partial form filings. Pages 1, 2 and 3 need not be signed. The signature requirement relative to amendments is outlined under Amendments to Form U-4.

Attachment Sheet

The attachment sheet to Form U-4 should be used to continue items from the form, e.g., Item 18, Residential History, Item 19, Business History, and to provide details to affirmative answers on page 3. The item number must be

identified in the left column next to the answer, and the sheet must be attached to the relevant Form U-4. Attachment sheets received by the CRD which are not attached to a Form U-4, or to a page 2 or 3 amendment will be returned to the firm.

Amendments to Form U-4

Page 1

When filing a page 1 amendment, Items 1, 2, 3 and 4 must be completed to identify the individual and firm submitting the form, and the page must be manually signed by the appropriate signatory.

Page 2

Items 13 and 14 must be completed to establish identity. When reporting changes or new data, you need only complete the relevant items; do not complete the entire page (unless it is necessary). Page 2 must be manually signed by the appropriate signatory.

Page 3

Item 21 must be completed to establish identity. When reporting changes, complete the relevant item(s) only; you need not complete the entire page. A page 3 amendment requires both the signature of the applicant and appropriate signatory.

Page 4

Item 23 must be completed to establish identity. The only time an amendment to page 4 would be necessary is to correct signature and/or verification deficiencies from a previous filing.

Note: All amendments to pages 1, 2, 3 and 4 must be manually signed. Page 3 must be manually signed by both the applicant and appropriate signatory. Page 4 must be manually signed by both parties if the signatures were missing or not manually signed on the original U-4 submission. If the verification of employment section was missing or deficient on the original U-4 filing, the corrective page 4 amendment would have to be manually signed by the appropriate signatory.

REVISED FORM U-5

Form U-5 (4/85) has been revised to include filing instructions, to accommodate certain amendments to the form, to permit multiple terminations and to distinguish between full and partial terminations. In addition, a revised set of disciplinary questions has been approved for Form U-5.

Branch I.D. # (Item 6)

As in the case of the Form U-4, if the firm has assigned or identified its branches, a branch or billing code (not to exceed eight characters) should be

**FORM U-5
UNIFORM TERMINATION NOTICE FOR SECURITIES INDUSTRY REGISTRATION**

Only items 13-15 may be amended. To amend, complete only items 1-4 and the item(s) being amended. Provide details on reverse side.

1 LAST NAME JR./SR. etc.	FIRST NAME	MIDDLE NAME (SPECIFY IF NONE)	2 CRD #
			NFA #
			SOC. SEC. #

3 FIRM NAME	4 FIRM CRD #
FIRM NFA #	

5 FIRM MAIN ADDRESS	STREET	CITY	STATE	ZIP
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6 BRANCH I.D. #	7 OFFICE OF EMPLOYMENT ADDRESS	STREET	CITY	STATE	ZIP
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8 If this is a multiple termination with one or more firms under common ownership or control with the firm named in item 3 above, list all firm CRD numbers and the firm name(s).

Firm CRD # _____ Name of Firm _____

Firm CRD # _____ Name of Firm _____

Firm CRD # _____ Name of Firm _____

9 CHECK ONE: Full Termination (skip item 10.) Partial Termination (If partial termination, check appropriate box(es) in item 10.)

10 TO BE TERMINATED WITH THE FOLLOWING:

S	<input type="checkbox"/> ASE	<input type="checkbox"/> BSE	<input type="checkbox"/> CBOE	<input type="checkbox"/> CSE	<input type="checkbox"/> MSE	<input type="checkbox"/> NASD	<input type="checkbox"/> NFA	<input type="checkbox"/> NYSE	<input type="checkbox"/> PHLX	<input type="checkbox"/> PSE	<input type="checkbox"/> _____	OTHER (Specify)	
R	<input type="checkbox"/> AL	<input type="checkbox"/> AK	<input type="checkbox"/> AZ	<input type="checkbox"/> AR	<input type="checkbox"/> CA	<input type="checkbox"/> CO	<input type="checkbox"/> CT	<input type="checkbox"/> DE	<input type="checkbox"/> DC	<input type="checkbox"/> FL	<input type="checkbox"/> GA	<input type="checkbox"/> HI	<input type="checkbox"/> ID
O	<input type="checkbox"/> IL	<input type="checkbox"/> IN	<input type="checkbox"/> IA	<input type="checkbox"/> KS	<input type="checkbox"/> KY	<input type="checkbox"/> LA	<input type="checkbox"/> ME	<input type="checkbox"/> MD	<input type="checkbox"/> MA	<input type="checkbox"/> MI	<input type="checkbox"/> MN	<input type="checkbox"/> MS	<input type="checkbox"/> MO
S	<input type="checkbox"/> MT	<input type="checkbox"/> NE	<input type="checkbox"/> NV	<input type="checkbox"/> NH	<input type="checkbox"/> NJ	<input type="checkbox"/> NM	<input type="checkbox"/> NY	<input type="checkbox"/> NC	<input type="checkbox"/> ND	<input type="checkbox"/> OH	<input type="checkbox"/> OK	<input type="checkbox"/> OR	<input type="checkbox"/> PA
T	<input type="checkbox"/> RI	<input type="checkbox"/> SC	<input type="checkbox"/> SD	<input type="checkbox"/> TN	<input type="checkbox"/> TX	<input type="checkbox"/> UT	<input type="checkbox"/> VT	<input type="checkbox"/> VA	<input type="checkbox"/> WA	<input type="checkbox"/> WV	<input type="checkbox"/> WI	<input type="checkbox"/> WY	<input type="checkbox"/> PR

11 DATE TERMINATED _____ (Complete date of termination is required for full or partial termination.)
(Month / Day / Year)

12 REASON FOR TERMINATION: (Check one)

Voluntary Permitted to Resign _____

Deceased Discharged _____

*Provide Brief Explanation. Other _____

13 WHILE EMPLOYED BY OR ASSOCIATED WITH YOUR FIRM, WAS THE INDIVIDUAL:

	Yes	No
A. involved in any disciplinary action by a governmental body or self-regulatory organization with jurisdiction over investment-related businesses?	<input type="checkbox"/>	<input type="checkbox"/> 1
B. the subject of an investment-related, consumer-initiated complaint that:		
(1) alleged compensatory damages of \$10,000 or more, fraud, or the wrongful taking of property?	<input type="checkbox"/>	<input type="checkbox"/> 2
(2) was settled or decided against the individual for \$5,000 or more, or found fraud, or the wrongful taking of property?	<input type="checkbox"/>	<input type="checkbox"/> 3
C. convicted of, or plead guilty or nolo contendere ("no contest") to:		
(1) a felony or misdemeanor involving:		
investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, or bribery, forgery, counterfeiting, or extortion, or gambling?	<input type="checkbox"/>	<input type="checkbox"/> 4
(2) any other felony?	<input type="checkbox"/>	<input type="checkbox"/> 5

14 Currently, or at termination, was the individual involved in an investigation or proceeding by a governmental body or self-regulatory organization with jurisdiction over investment-related businesses?

Yes No 6

15 Currently, or at termination, was the individual under internal review for fraud or wrongful taking of property, or violating investment-related statutes, regulations, rules or industry standards of conduct?

Yes No 7

Furnish full details on the reverse side for all "YES" answers.

<p>MONTH DAY YEAR _____</p> <p>SIGNATURE OF APPROPRIATE SIGNATORY _____</p> <p>TYPE NAME OF APPROPRIATE SIGNATORY _____</p> <p>PERSON TO CONTACT FOR FURTHER INFORMATION _____</p> <p>TELEPHONE # OF PERSON TO CONTACT _____</p>	<p align="center">CRD USE ONLY</p>
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FORM U-5 INSTRUCTIONS

Definitions

1. For purposes of this form:
 - (A) "Disciplinary Action" means a denial, revocation or suspension of a registration, or a censure, fine, cease and desist order, order of prohibition, temporary restraining order, injunction, bar or expulsion.
 - (B) "Investment-Related" means pertaining to securities, commodities, banking, insurance, or real estate (including, but not limited to, acting as or being associated with a broker-dealer, investment company, investment adviser, futures sponsor, bank, or savings and loan association).
 - (C) **Full Termination** - is the termination of registration with all self-regulatory and state affiliations. To denote a full termination, check the appropriate box in item 9 and **do not** complete item 10.
 - (D) **Partial Termination** - is the termination of registration with one or more state affiliations. To denote a partial termination, check the appropriate box in item 9 and only those state affiliations where registration is to be terminated in item 10.
 - (E) **Multiple Termination** - applies when an individual is to be terminated with more than one firm under common ownership or control. To effect a multiple termination, list the primary firm in item 3 and all other affiliates with which the individual is registered under item 8. Multiple termination is available only to those firms who have reported such common ownership under item 9 of Form BD.
 - (F) **Date Terminated** - is the **actual** date the individual ceased doing business for a broker-dealer or, in the case of a partial termination, the actual date the individual ceased doing business in the state affiliations noted in item 10. This item **must** be completed in all circumstances.
2. All information must be typed or neatly printed in **BLACK INK**.
3. For each question answered "Yes" in items 13, 14 and 15, supply below the following information in complete detail:
 1. who was involved (e.g., the parties to any proceedings);
 2. when it happened;
 3. what the circumstances were, in your own words;
 4. what the final disposition was, if any, and the date on which that disposition was made;
 5. a copy of any applicable documents such as any complaint, plea, order, agreement of settlement, verdict or other findings made, and sanctions or sentences imposed.
4. Items 13-15 should be amended to report the disposition of items pending as of initial submission of the form. Amendments to other items are prohibited. To amend items 13-15, complete only items 1-4 and the item(s) being amended. Details should be provided below.

Note: When answering item 13 in the affirmative to report matters which have already been reported to the Central Registration Depository via a full or amended U-4 filing, a brief narrative disclosing the action is sufficient. Copies of documents need not be included in such cases.

NASD

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

notice to members 85-41

June 10, 1985

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Amendment Concerning Associated Persons' Accounts with Investment Advisers, Banks, and Other Financial Institutions

LAST DATE FOR COMMENT IS JULY 10, 1985

The National Association of Securities Dealers, Inc. is soliciting comments from members and other interested persons on a proposed amendment to Article III, Section 28 of the NASD's Rules of Fair Practice ("Section 28"), ^{1/} which would impose certain requirements on associated persons of members in connection with their securities accounts with investment advisers, banks, and other financial institutions. The text of the proposed amendment is attached to this notice.

Section 28 presently provides that an associated person who opens an account or places an order with a member other than the person's employer member is required to notify the executing member of his or her association with the employer member if the associated person has a financial interest in or discretionary authority over the account or order. The provision also requires that the member with which such an associated person opens the account or places the order must notify the person's employer member and provide the member with duplicate confirmations and statements upon request. Section 28 is intended to assure that each associated person's employer member is provided with the necessary information to properly supervise all of the person's securities transactions. A member firm's ability to enforce compliance by its associated persons with certain important NASD rules, (e.g., the Free-Riding Interpretation) is significantly hampered unless the member is provided information on each associated person's securities transactions.

As banks and other financial institutions have come to offer a broader range of securities-related services, there is a greater likelihood that associated persons will establish securities accounts with such institutions. Banks are not

^{1/} NASD Manual (CCH) ¶2178.

required to become registered as broker-dealers with the Securities and Exchange Commission and are not eligible for membership in the NASD. Therefore, they are not subject to Section 28. Investment advisers and certain other financial institutions are likewise not members of the NASD and therefore are not subject to Section 28.

The National Business Conduct Committee and Board of Governors have become concerned that the inapplicability of Section 28 to securities accounts of associated persons with non-members may undermine members' ability to supervise their associated persons and possibly lead to abuses. Accordingly, the NASD is proposing to amend Section 28 to require any associated person to notify the person's employer member when opening a securities account with an investment adviser, bank, or other financial institution or before placing an order to buy or sell securities with such an organization. The amendment would apply to any account or transaction in which the person has a financial interest or discretionary authority. The amendment would also require associated persons to arrange for the employer member to receive duplicate confirmations and account statements upon request.

- All members and other interested persons are invited to submit comments on the proposed amendment. Comments should be received no later than July 10, 1985, and should be directed to:

James M. Cangiano
Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006

Comments received by the indicated date will be considered by the National Business Conduct Committee and the Board of Governors. If the amendment is approved by the Board of Governors, it must thereafter be submitted to the membership for a vote. Any rule change approved by the Board and the membership must be filed with and approved by the Securities and Exchange Commission before becoming effective.

Questions concerning this notice may be directed to Dennis C. Hensley or John F. Mylod at (202) 728-8245 or (202) 728-8288.

Sincerely,



Frank J. Wilson
Executive Vice President
and General Counsel

Attachment

**PROPOSED AMENDMENT TO ARTICLE III, SECTION 28
OF THE NASD RULES OF FAIR PRACTICE***

Sec. 28

Transactions for [Personnel of Another Member] or by Associated Persons

Determine Adverse Interest

(a) A member ("executing member") who knowingly executes a transaction for the purchase or sale of a security for the account of a person associated with another member ("employer member"), or for any account over which such associated person has discretionary authority, shall use reasonable diligence to determine that the execution of such transaction will not adversely affect the interests of the employer member.

Obligations of Executing Member

(b) Where an executing member knows that a person associated with an employer member has or will have a financial interest in, or discretionary authority over, any existing or proposed account carried by the executing member, the executing member shall:

- (1) notify the employer member in writing, prior to the execution of a transaction for such account, of the executing member's intention to open or maintain such an account;
- (2) upon written request by the employer member, transmit duplicate copies of confirmations, statements, or other information with respect to such account; and
- (3) notify the person associated with the employer member of the executing member's intention to [transmit] provide the notice and [the] information required by paragraphs (1) and (2) of this subsection (b).

Obligations of Associated Persons [Associated] Concerning an Account with a Member

[[d]] (c) A person associated with a member who opens an account or places an order for the purchase or sale of securities with [any other] another

* Deleted language is bracketed; new language is underlined.

member, shall, where such associated person has a financial interest in such transaction and/or any discretionary authority over such account] notify the executing member of his or her association with [an] the employer member [regardless of any other function, capacity, employment or affiliation of such associated person. If]; provided, however, that if the account [is] was established prior to the association of [such] the person with [an] the employer member, the associated person shall notify the executing member promptly after becoming so associated.

Obligations of Associated Persons Concerning an Account with an Investment Adviser, Bank, or Other Financial Institution

(d) A person associated with a member who opens a securities account or places an order for the purchase or sale of securities with a domestic or foreign investment adviser, bank, or other financial institution, except a member, shall:

(1) notify his or her employer member in writing, prior to the execution of any transaction, of the intention to open the account or place the order; and

(2) upon written request by the employer member, request in writing that the investment adviser, bank, or other financial institution provide the employer member with duplicate copies of confirmations, statements, or other information concerning the account or order;

provided, however, that if an account subject to this subsection (d) was established prior to a person's association with a member, the person shall comply with this subsection promptly after becoming so associated.

(e) Subsections (c) and (d) of this section shall apply only to an account or order in which an associated person has a financial interest or with respect to which such person has discretionary authority.

Exemption for Transactions in Investment Company Shares

[(c)] (f) The provisions [of subsection (b)] of this section shall not be applicable to transactions in variable contracts or redeemable securities of companies registered under the Investment Company Act of 1940, as amended, or to accounts which are limited to transactions in such securities.

entered here. The billing number will assist the firm in identifying, by office, charges which may be associated with the individual's termination.

Multiple Terminations (Item 8)

The Form U-5 (4/85) has been revised to incorporate a new item to facilitate a multiple termination with one or more firms under common ownership or control on a single form submission. This should be used when the individual is terminating registrations in the same self-regulatory organizations (SROs) and states with all the affiliated firms entered on the form.

Full/Partial Terminations (Item 9 & Item 10)

The new U-5 has been expanded to require terminations to be specifically identified as a full or partial termination and the complete date of termination is required for each category. To accomplish a full termination (NASD), check the appropriate box under Item 9 and do not complete Item 10. If the form is being filed as a partial termination, (selected state(s) or SROs other than NASD), check the appropriate box under Item 9 and identify only the states/SROs under Item 10 in which the individual is terminating.

Reason For Termination (Item 12)

This category has been changed to address the reason and, in certain cases, require an explanation for an individual's termination. If a box with an asterisk to its left is checked, a brief explanation for the reason must be provided on the adjacent line. Remember, this information must be provided for both full and partial terminations. **Answers to Item 12 will no longer have an effect on an individual's disciplinary status in the CRD.**

Items 13, 14 and 15

The disciplinary questions have been reworked to correspond to Form U-4. An affirmative response to any of these questions will require a special review of the record. Details to "yes" answers must be provided on the reverse of the form, after identifying the item number in question.

Amendments to Form U-5 Disciplinary Questions

Amendments to Form U-5 disciplinary questions should be filed to report the disposition of items pending at the time of initial submission of the form. To amend, complete Items 1 through 4 for identification purposes and amend Items 13 through 15 as appropriate. Include relevant details on the reverse side of the form. Remember, when submitting a U-5 amendment, ONLY Items 13 through 15 may be amended. The CRD will not effect changes to any other item on the form. The form must be manually signed by the appropriate signatory.

IMPLEMENTATION DATES OF FORMS U-4 AND U-5

Form U-4

Beginning on July 1, 1985, and throughout the month of July, the CRD System will accept both Form U-4 (1/81) (the old form) as well as the revised Form

U-4 (4/85). Each version of the form is identified by the effective date found in the lower left-hand corner of each page. This dual processing period has been arranged to ensure a smooth transition to the revised form. However, old (1/81) forms received by the CRD after July 31, 1985, will be returned without being processed.

Form U-5

The revised Form U-5 (4/85) will be processed by the CRD effective July 1, 1985. Unlike the Form U-4, the CRD will not accept the Uniform Termination Notice for Securities Industry Registration, the old Form U-5 (2/81), after June 28, 1985. Any old (1/81) forms received after this date will be returned to the firm without being processed. The forms can be identified by the effective date in the lower left-hand corner of the form.

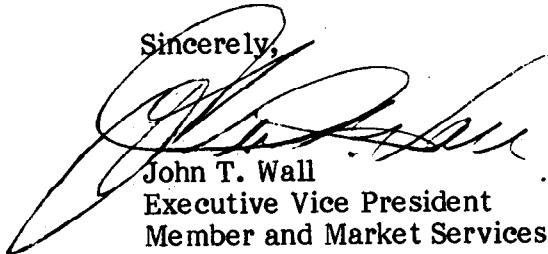
Copies of the revised Forms U-4 and U-5 are enclosed for your information and use. Mechanical reproductions of these forms which are clear, legible and of identical type and size will be accepted. Also, additional supplies of Forms U-4 and U-5 can be ordered through CRD Information Services at (202) 728-8800.

GUIDE FOR CRD FORM FILINGS

The Guide For CRD Form Filings has been revised to incorporate the revisions to Forms U-4 and U-5 and can be ordered for a fee through the CRD Information Services (202) 728-8800.

Questions regarding this notice should be directed to Raymond Heffron at (202) 728-8367.

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

Attachments



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

notice to members 85-42

June 10, 1985

TO: All NASD Members and Municipal Securities Bank Dealers

ATTN: All Operations Personnel

RE: Independence Day Trade Date-Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Thursday, July 4, 1985, in observance of Independence Day. "Regular-way" transactions made on the business days noted below will be subject to the following schedule.

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

<u>Trade Date</u>		<u>Settlement Date</u>		<u>Regulation T Date *</u>
June	26	July	3	July 8
	27		5	9
	28		8	10
July	1		9	11
	2		10	12
	3		11	15
	4	Markets Closed		—
	5		12	16

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's Uniform Practice Code and Municipal Securities Rule-making Board Rule G-12 on Uniform Practice.

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

* Pursuant to Sections 22.8(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."

NASD

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

notice to members 85-43

June 12, 1985

IMPORTANT MAIL VOTE

OFFICERS, PARTNERS AND PROPRIETORS

TO: All NASD Members

RE: Proposed New Rule of Fair Practice Relating to Permission for Members to Alter Their Methods of Operation Under SEC Rule 15c3-3 (the "Customer Protection Rule")

LAST VOTING DATE IS JULY 12, 1985

Enclosed is a proposed new rule under Article III of the NASD Rules of Fair Practice. Proposed Section 39 was approved by the NASD'S Board of Governors and now requires the membership's approval. If approved, it must then be filed with and approved by the Securities and Exchange Commission. As discussed below, the proposed rule was published for member comment on August 22, 1983 (Notice to Members 83-48).

BACKGROUND AND EXPLANATION OF THE PROPOSED RULE

The proposed rule provides the NASD with an additional regulatory tool in monitoring the financial and operational condition of members that are not designated to another self-regulatory organization for financial responsibility pursuant to SEC Rule 17d-1. The proposed rule is intended to provide the NASD with the authority to evaluate, in advance and on a case-by-case basis, a firm's capacity to alter the nature of its business by virtue of a change in its exempt status under SEC Rule 15c3-3 (the "Customer Protection Rule") in such a manner that increases customer financial exposure. Such a change could involve, for example, a member converting its business operation from clearing on a fully disclosed basis through another member to processing and clearing its own transactions and/or holding customers' funds or securities. The proposed rule is designed to ensure that a member has the necessary capabilities, including adequate net capital and qualified personnel, to conduct the type of business it plans.

The proposed rule would require an existing member to obtain the NASD's prior written approval before altering its method of operation by changing its exempt status under SEC Rule 15c3-3. Currently, a member could alter its status under SEC Rule 15c3-3 at any time without prior approval, provided it has the minimum amount of net capital prescribed by SEC Rule 15c3-1 (the "Net Capital Rule") and complies with other minimum qualifications standards. It is the Board's view that the requirements put forth in this proposed rule are necessary to provide appropriate regulatory oversight for an orderly transition of a member's business at a time when there would be an increase in overall financial exposure, thereby providing further protection for the public and other members.

NATURE OF EXEMPTIONS PROVIDED BY SEC RULE 15c3-3

All broker-dealers, regardless of the nature of their businesses, are obligated to comply with SEC Rule 15c3-3. However, depending on their types of business and methods of operation, broker-dealers may avail themselves of various exemptions contained in this Customer Protection Rule.

The exemptions provided in subparagraph (k) of the Customer Protection Rule are self-operative and, heretofore, no formal notification was required of a broker-dealer operating pursuant to such an exemption that determined to alter its status under the rule. For instance, currently a broker-dealer that introduces transactions for customers on a fully disclosed basis as provided for in paragraph k(2)(b) of the rule, could begin clearing for itself, carrying customer accounts, and holding customer funds and securities without any prior notification to the NASD even though the NASD has responsibility for monitoring the financial and operational condition of that member. The Board believes that such major changes to the method in which a member conducts its business are substantial events which should be subject to notification and prior approval by the NASD through its local District Offices, given the potential risks involved for the public and other members. The Board further believes that the NASD needs this authority if it is to continue to carry out its regulatory responsibilities in an effective and efficient manner.

Under the proposed rule, any member planning to change its exemptive status under subparagraph (k) of SEC Rule 15c3-3 to enable it to begin carrying customer accounts and/or to maintain customer free-credit balances or hold customer securities, or to operate in some other manner so that the member no longer qualifies for continued exemptive status under the Customer Protection Rule must obtain the prior written approval of the District in which the member's main office is located before effectuating such change. This would be accomplished by submitting a written request to the District, which, among other things, fully describes the procedures the member has established to effect an orderly transition of its business. In turn, under an amendment to the NASD's Code of Procedure, the District staff is required to notify the member in writing of its decision to approve or disapprove the change within 15 business days.

The proposed rule also cites several factors to be considered by a District in determining whether to approve or disapprove any proposed change in a member's operations. Finally, if approval is denied by the District staff, or approval is granted with modifications, procedures are provided for a member to appeal that decision to the District Business Conduct Committee and thereafter to the NASD Board of Governors.

In conjunction with adoption of the proposed rule, the Board has also adopted amendments to the NASD's Code of Procedure which provide a special procedure to implement the provisions of the proposed rule. The procedures provide the member with an opportunity for an impartial hearing, an independent review by the Board of Governors and an appeal to the Securities and Exchange Commission.

COMMENTS RECEIVED

The NASD received 19 comment letters on the proposed rule. Each letter was reviewed by the NASD's Capital and Margin Committee and the Board of Governors. Five letters were in favor of adopting the proposed rule, eight expressed opposition and six asked for further explanation or clarification of the proposed rule's provisions or applicability. The general concerns expressed in these letters and the Board's decisions regarding such are described below.

Opposition to the Proposed Rule

While each letter was reviewed individually, the letters that were opposed to the adoption of the proposed rule generally expressed the belief that the proposed rule was unwarranted and represented an additional regulatory burden on members. The commentators also believed that ample requirements already exist for broker-dealers who decide to change their mode of business, and pointed to the protections offered by the Customer Protection Rule, the Net Capital Rule and the applicable qualification standards for financial and operations principals.

The Board concluded, however, and the NASD's experience has shown, that the proposed rule is necessary to ensure that members adequately demonstrate, in advance of start-up, their ability and capacity to clear their own transactions and/or carry customer accounts. The Board further believes that if any added regulatory burden is attached to this new rule, it is far outweighed by the additional protections afforded customers and other members.

Applicability of the Proposed Rule

Certain commentators believed that, in order to avoid duplicative regulation, the proposed rule should be clarified to limit its applicability to members that are not designated for financial responsibility to another self-regulatory organization by the Securities and Exchange Commission, pursuant to SEC Rule 17d-1 (the regulatory allocation rule for financial responsibility matters).

The Board concurred with these comments and approved the recommendation to limit the applicability of the new rule to such firms.

Clarification of the Term "Carrying Customer Accounts"

When originally published for comment, the proposed rule dealt solely with members requesting permission to "carry customer accounts." Some commentators felt that clarification of the proposed rule's language was needed to define what was meant by "carrying customer accounts" since it was unclear as to exactly what situations would trigger the provisions of this new rule.

The Board therefore determined to clarify the proposed rule by applying it only in those instances where a member was changing its status from exempt under subparagraph (k)(1) or (k)(2)(b) to exempt under subparagraph (k)(2)(a); or from exempt under subparagraph (k)(1), (k)(2)(a) or (k)(2)(b) to a fully computing firm that is subject to all provisions of SEC Rule 15c3-3; or to commence operation in some other manner so that the member no longer qualifies for continued exemptive status under SEC Rule 15c3-3. Not only does this define the proposed rule's applicability, but it also provides the regulatory coverage desired by the Board and certainty as to when the proposed rule's provisions will be applicable.

Expansion of the Review Period

Finally, one commentator suggested that the originally proposed five-business day review period within which a District Office must advise a member of its decision to approve or disapprove the member's change in exemptive status be expanded to give the NASD staff sufficient time to evaluate the member's plan of operation and to conduct an on-site inspection of the firm, if it was deemed necessary.

The Board concurred with this recommendation, and the proposed rule now provides for a period of 15 business days within which the District Office must inform a member of its decision to approve, deny or modify the member's request.

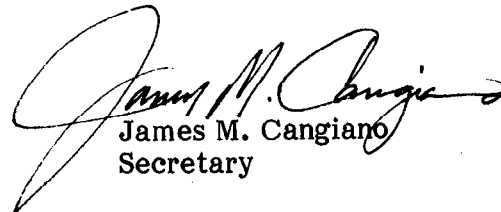
* * * *

The text of the proposed rule is attached and merits your immediate attention. Also attached are amendments to the NASD Code of Procedure, which do not require a membership vote and are included for informational purposes only. Please mark the ballot and return it in the enclosed, stamped envelope to "The Corporation Trust Company." Ballots must be postmarked no later than July 12, 1985.

The Board of Governors believes that the proposed rule is necessary and appropriate and recommends that members vote their approval.

Questions concerning this notice may be directed to Thomas R. Cassella, Director, Financial Responsibility, at (202) 728-8237.

Sincerely,


James M. Cangiano
Secretary

Attachments

PROPOSED RULE OF FAIR PRACTICE

Proposed Article III, Section 39 of the Rules of Fair Practice

(a) Application - For the purposes of Article III, Section 39 of the Rules of Fair Practice, the term "member" shall be limited to any member of the Association who 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 promulgated thereunder.

(b) A member operating pursuant to any exemptive provision as contained in subparagraph (k) of SEC 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)(b) to that governed by subparagraph (k)(2)(a); or from subparagraph (k)(1), (k)(2)(a) or (k)(2)(b) to a fully computing firm that is subject to all provisions of SEC Rule 15c3-3; or commence operations that will disqualify it for continued exemption under the SEC Rule 15c3-3 without first having obtained the prior written approval of the Association.

(c) In making the determination to approve, deny or amend 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, experience and qualifications 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 for the time these measures would remain in effect.

PROPOSED ADDITION TO THE CODE OF PROCEDURE

Procedures Under Article III, Section 39 of the Rules of Fair Practice

(a) District Staff Procedures

Applications for approval of a change in exemptive status under SEC Rule 15c3-3, required pursuant to Article III, Section 39 of the Rules of Fair Practice, shall be made by filing a written request with the District Office in which the member's principal place of business is located. Such request shall address the criteria set forth in Section 39(c) of Article III of the Rules of Fair Practice. Within fifteen (15) business days of the receipt of such application, the District staff shall make a determination and inform the member, in writing, of its decision to approve, deny or amend the member's request as submitted. If the decision is to deny or amend the member's request in any way, the written decision shall set forth the reasons for such action.

(b) District Business Conduct Committee Review

Whenever a request under subparagraph (b) of Article III, Section 39 of the Rules of Fair Practice is denied in whole or in part by the District staff, the member may, within five (5) business days of receipt of the District's determination letter, petition the District Business Conduct Committee ("DBCC" or "District Committee") for review of such decision. The member will have the opportunity to be heard and to present the reasons why it believes that the decision by the staff should be set aside or modified. Such hearing shall be held before the DBCC or a designated subcommittee thereof within seven (7) business days of receipt of the petition for review. The member shall be entitled to be represented by counsel and a record shall be kept of the proceeding. Thereafter, the District Committee shall, within five (5) business days of the hearing or within five (5) business days of receipt of the member's petition for review if the member waives a hearing and elects to proceed by written petition, issue a written decision affirming, modifying or setting aside the District staff decision and setting forth the reasons for such action. This written decision shall also provide for an appropriate sanction to be immediately imposed for failure to comply with the Committee's determination.

(c) Review by the Board

The written decision issued by the District Committee pursuant to subsection (b) shall be subject to review by the Board of Governors upon application by the mem-

ber filed within five (5) business days of the date of the decision, or the matter may be called for review by the Board on its own motion within thirty (30) calendar days of the District Committee's decision. In the case of an appeal, the member shall be entitled to a hearing before a subcommittee of the Board within fifteen (15) business days. If called for review by the Board on its own motion, the member shall be entitled to a hearing within thirty (30) business days of such call for review. The member shall be entitled to be represented by counsel. Instituting a review, whether by application or on the action of the Board, shall not act as a stay of the action taken by the DBCC unless otherwise ordered by the Board.

(d) Decision of the Board

Upon consideration of the record, the Board of Governors shall, in writing, affirm, modify, reverse or dismiss the decision of the DBCC or remand the matter to the District for further proceedings consistent with its instructions. If a hearing is held, a decision, which shall be the final action of the Board, shall be issued within five (5) business days of the hearing. If no hearing is requested, the matter shall be considered based on the record and a decision shall be issued promptly. In its decision, the Board shall set forth the specific grounds upon which its determination is based and shall provide for an appropriate sanction to be immediately imposed for failure to comply with its directives. Board action restricting the member's activity shall become effective immediately upon issuance of its decision and shall remain in effect until the limitation is removed or modified by the DBCC.

(e) Application to Commission for Review

In any case where a member is aggrieved by an action taken or approved by the Board of Governors, such member may make application for review to the Securities and Exchange Commission in accordance with Section 19 of the Securities Exchange Act of 1934, as amended. There shall be no stay of the Board's action upon appeal to the Commission unless the Commission determines otherwise.

NASD

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

notice to members 85-44

June 11, 1985

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

RE: NASDAQ National Market System Grows to 2,012 Securities With 22 Voluntary Additions on June 18, 1985

On Tuesday, June 18, 1985, 22 issues are scheduled to join the NASDAQ National Market System bringing the total number of issues in NASDAQ/NMS to 2,012. These 22 issues, which will begin trading under real-time trade reporting, are entering the NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 22 issues scheduled to join NASDAQ/NMS on Tuesday, June 18, 1985, are:

Symbol	Company Name	Location
AMTA	Amistar Corporation	Torrance, CA
APEC	Apeco Corporation	Northfield, IL
CRVI	Coast R.V. Inc.	San Jose, CA
CDII	Concept Development, Inc.	Omaha, NE
DRCH	Data Architects, Inc.	Waltham, MA
DNSF	Detroit & Northern Savings, F.A.	Hancock, MI
ERBL	Erb Lumber Co.	Birmingham, MI
FPUT	Florida Public Utilities Company	West Palm Beach, FL
GAPRZ	Great American Partners	San Diego, CA
ITRN	Intertrans Corporation	Irving, TX

Symbol	Company	Location
LSSTV	Lone Star Steel Company	Dallas, TX
MGLL	McGill Manufacturing Company, Inc.	Valparaiso, IN
MNCO	Michigan National Corporation	Bloomfield Hills, MI
MTRM	Moniterm Corporation	Minnetonka, MN
MLAB	Monitor Labs Incorporated	San Diego, CA
RPSAS	Resources Pension Shares 1	New York, NY
RPSBS	Resources Pension Shares 2	New York, NY
RPSCS	Resources Pension Shares 3	New York, NY
SIAL	Sigma-Aldrich Corporation	St. Louis, MO
TECU	Tecumseh Products Company	Tecumseh, MI
USPMF	U.S. Precious Metals, Inc.	Vancouver, BC
ZIGO	Zygo Corporation	Middlefield, CT

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

Pending Addition

Symbol	Company	Location
ZAPSV	Cooper LaserSonics, Inc.	Santa Clara, CA

The following changes to the list of NASDAQ/NMS securities occurred since May 24, 1985:

NASDAQ/NMS Symbol And/Or Name Changes

New/Old Symbol	New/Old Security Name	Date of Change
ROPK/ROPK	Ropak Corporation/Ropak West, Inc.	05/29/85
CJER/CJER	Central Jersey Bancorp/Central Jersey Bank & Trust Co.	06/03/85
FUFVS/MPSB	First United Financial Services, Inc./MPS Bancorp Inc.	06/03/85
PACEF/PACEF	Pasadena Technology Corporation/ Pasadena Energy Corporation	06/03/85

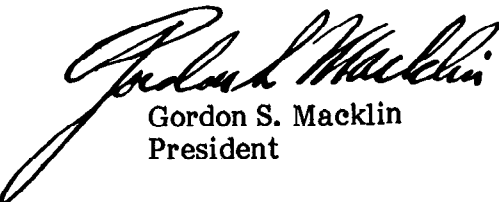
New/Old Symbol	New/Old Security Name	Date of Change
PRAT/DRWN	Pratt Hotel Corporation/Drew National Corporation	06/03/85
ORSI/ORSI	ORS Automation, Inc./Object Recognition Systems, Inc.	06/04/85
DOYL/DOYL	Doyle Dane Bernbach Group, Inc./ Doyle Dane Bernbach International, Inc.	06/05/85
PSBF/PSBF	Pioneer Savings Bank/Pioneer Savings Bank, FSB	06/05/85
CNFG/CNFG	Conifer Group, Inc. (The)/ Conifer/Essex Group, Inc.	06/06/85

NASDAQ/NMS Deletions

Symbol	Security Name	Date
ELLM	Ellman's Inc.	05/28/85
HOOK	Hook Drugs, Inc.	05/29/85
BELLE	Bell National Corporation	06/03/85
CLRS	Claire's Stores, Inc.	06/03/85
CMPC	Compucare, Inc.	06/03/85
KONX	Eikonix Corporation	06/03/85
RYBF	Royal Business Group, Inc.	06/03/85
CSHP	CompuShop, Inc.	06/04/85
WILN	H. J. Wilson Company, Inc.	06/04/85

Any questions regarding this notice should be directed to Donald Botic, Assistant Director, NASDAQ Operations, at (202) 728-8043. Questions pertaining to trade reporting rules should be directed to Steve Hickman, Market Surveillance, at (202) 728-8202.

Sincerely,


Gordon S. Macklin
President

NASD

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

notice to members 85-45

June 24, 1985

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

RE: NASDAQ National Market System Grows to 2,045 Securities With 40 Voluntary Additions on July 2, 1985

On Tuesday, July 2, 1985, 40 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,045. These 40 issues, which will begin trading under real-time trade reporting, are entering NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 40 issues scheduled to join NASDAQ/NMS on Tuesday, July 2, 1985, are:

Symbol	Company	Location
ALCR	American Land Cruisers, Inc.	Miami, FL
ACCMA	Associated Communications Corporation (CI A)	Pittsburgh, PA
ACCMB	Associated Communications Corporation (CI B)	Pittsburgh, PA
ACLV	Autoclave Engineers, Inc.	Erie, PA
BTRI	BTR Realty, Inc.	Baltimore, MD
BVSC	Birdview Satellite Communications, Inc.	Olathe, KS
CBCO	Cobanco, Inc.	Santa Cruz, CA
DHTK	DH Technology, Inc.	Sunnyvale, CA
DAXR	Daxor Corporation	New York, NY
DRWI	Drew Industries Incorporated	White Plains, NY
DRKN	Durakon Industries, Inc.	Lapeer, MI
EMCI	EMC Insurance Group, Inc.	Des Moines, IA
EPIC	Environmental Processing, Inc.	Richardson, TX
EXPD	Expeditors International of Washington, Inc.	Seattle, WA

Symbol	Company	Location
FFED	Fidelity Federal Savings & Loan Association	Philadelphia, PA
HGIS	Healthgroup International, Inc.	Los Angeles, CA
HEMO	HemoTec, Inc.	Englewood, CO
HLNI	Highlands-National, Inc.	Jackson, MS
IHBI	Indian Head Banks, Inc.	Nashua, NH
IGLSF	Insituform Group Limited	United Kingdom
IGLWF	Insituform Group Limited (Wts)	United Kingdom
INSUW	Insituform of North America, Inc. (Wts)	Memphis, TN
INTCW	Intel Corporation (Wts)	Santa Clara, CA
INAI	IntelliCorp, Inc.	Menlo Park, CA
INVG	Investors GNMA Mortgage- Backed Securities Trust, Inc.	New York, NY
MALRA	Malrite Communications Group, Inc. (CI A)	Cleveland, OH
MTLI	Marine Transport Lines, Inc.	Secaucus, NJ
MAVR	Maverick Restaurant Corporation	Wichita, KS
MGCC	Medical Graphics Corporation	St. Paul, MN
NOVL	Novell, Inc.	Orem, UT
PDAS	PDA Engineering	Santa Ana, CA
PMWI	Pace Membership Warehouse, Inc.	Aurora, CO
PSBK	Pawling Savings Bank	Pawling, NY
PHOG	Phone-A-Gram System, Inc.	Reno, NV
STBY	Stansbury Mining Corporation	Alpine, UT
SYMK	Sym-Tek Systems, Inc.	San Deigo, CA
TOYS	Toys Plus, Inc.	St. Charles, MO
UPCI	USPCI, Inc.	Oklahoma City, OK
USEC	Universal Security Instruments, Inc.	Owings Mills, MD
XLDC	XL/Datacomp, Inc.	Hinsdale, IL

The following changes to the list of NASDAQ/NMS securities occurred since June 7, 1985:

NASDAQ/NMS Symbol And/Or Name Changes

New/Old Symbol	New/Old Security Name	Date of Change
INET/INET	Instinet Corporation/ Institutional Networks Corporation	6/12/85

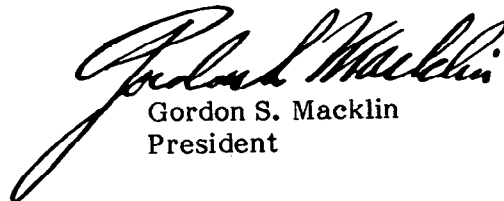
New/Old Symbol	New/Old Security Name	Date of Change
VETS/VETS	Animed, Inc./Cardio Pet, Inc.	6/13/85
FIIA/UCBI	First Interstate of Iowa, Inc./ United Central Bancshares, Inc.	6/24/85

NASDAQ/NMS Deletions

Symbol	Security Name	Date
ITHM	Intertherm, Inc.	06/11/85
ROCK	Rockcor, Inc.	06/11/85
PLMN	The Plasmine Corporation	06/12/85
SMFG	Stearns Manufacturing Co.	06/13/85
ACME	Acme General Corporation	06/17/85
CBCT	CBT Corporation	06/17/85
PAYN	Pay 'N Save Corporation	06/18/85

Any questions regarding this notice should be directed to Donald Bosc, Assistant Director, NASDAQ Operations, at (202) 728-8043. Questions pertaining to trade reporting rules should be directed to Steve Hickman, Market Surveillance, at (202) 728-8202.

Sincerely,



Gordon S. Macklin
President

NASD

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

notice to members 85-46

June 27, 1985

IMPORTANT

PLEASE DIRECT THIS NOTICE TO ALL SALES, COMPLIANCE AND CREDIT OFFICERS AND PARTNERS

TO: All NASD Members and Other Interested Persons

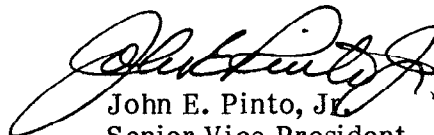
**RE: Offshore Shell Bank Licenses Registered in Majuro, Marshall Islands --
Update**

In Notice to Members 84-69, dated December 18, 1984, the NASD apprised the membership that the Comptroller of the Currency had issued notices concerning certain direct obligations that either may be worthless or have not been honored by a number of offshore bank licenses registered in Majuro, Marshall Islands.

This notice updates the list of names of the above referenced offshore shell bank licenses as reflected in the attached circulars.

Questions concerning this notice may be directed to I. William Fishkind, Assistant Director, Surveillance Department at (202) 728-8405.

Sincerely,



John E. Pinto, Jr.
Senior Vice President
Compliance

Attachments



BANKING ISSUANCE

Comptroller of the Currency
Administrator of National Banks

Type: Banking Circular

Subject: Offshore Shell Banks

TO: Chief Executive Officers of National Banks; all State Banking Authorities; Chairman, Board of Governors of the Federal Reserve System; Chairman, Federal Deposit Insurance Corporation; Conference of State Bank Supervisors; District Deputy Comptrollers; Examining Personnel

RE: EUROPEAN OVERSEAS BANK LIMITED
P.O. Box 726
MAJURO, MARSHALL ISLANDS 96960
and
1901 Avenue of the Stars, Suite 1774
Los Angeles, California 90067

This Office has received information that the subject entity may be operating illegally in the United States. Any information which you have regarding the subject should be brought to the attention of:

Enforcement and Compliance Division (202-447-1818)
Office of the Comptroller of the Currency
Washington, D.C. 20219

C.T. Conover
C.T. Conover
Comptroller of the Currency



BANKING ISSUANCE

Comptroller of the Currency
Administrator of National Banks

Type: Banking Circular

Subject: Offshore Shell Banks

TO: Chief Executive Officers of National Banks; all State Banking Authorities; Chairman, Board of Governors of the Federal Reserve System; Chairman, Federal Deposit Insurance Corporation; Conference of State Bank Supervisors; District Deputy Comptrollers; Examining Personnel

RE: EUROPEAN OVERSEAS BANK LIMITED
P.O. Box 726
MAJURO, MARSHALL ISLANDS 96960
and
1901 Avenue of the Stars, Suite 1774
Los Angeles, California 90067

This Office has received information that the subject entity may be operating illegally in the United States. Any information which you have regarding the subject should be brought to the attention of:

Enforcement and Compliance Division (202-447-1818)
Office of the Comptroller of the Currency
Washington, D.C. 20219

C.T. Conover
Comptroller of the Currency



BANKING ISSUANCE

Comptroller of the Currency
Administrator of National Banks

Type: Banking Circular

Subject: Offshore Shell Banks

TO: Chief Executive Officers of National Banks; all State Banking Authorities; Chairman, Board of Governors of the Federal Reserve System; Chairman, Federal Deposit Insurance Corporation; Conference of State Bank Supervisors; District Deputy Comptrollers; Examining Personnel

RE: First Colonial Bank, Ltd.
Majuro, Marshall Islands 96960

This Office has received information that certain direct obligations on the subject entity have not been honored and that this entity may be operating illegally in the United States. Any information which you may have regarding the subject should be brought to the attention of:

Enforcement and Compliance Division
Office of the Comptroller of the Currency
Washington, D.C. 20219

H. Joe Selby
Acting Comptroller
of the Currency

NASD

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

notice to members 85-47

July 8, 1985

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

RE: NASDAQ National Market System Grows to 2,057 Securities With 21 Voluntary Additions on July 16, 1985

On Tuesday, July 16, 1985, 21 issues are scheduled to join the NASDAQ National Market System bringing the total number of issues in NASDAQ/NMS to 2,057. These 21 issues, which will begin trading under real-time trade reporting, are entering the NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 21 issues scheduled to join NASDAQ/NMS on Tuesday, July 16, 1985, are:

Symbol	Company	Location
ATKN	Guy F. Atkinson Company of California	San Francisco, CA
CHIR	Chiron Corporation	Emeryville, CA
CITN	Citizen's Financial Group, Inc.	Providence, RI
CSFCA	Citizens Savings Financial Corporation (CI A)	Miami, FL
FDGC	Federated Guaranty Corporation	Montgomery, AL
FEMP	First Empire State Corporation	Buffalo, NY
FFSA	First Federal Savings, F.A.	Madison, CT
GRIT	Grubb & Ellis Realty Income Trust	San Francisco, CA
INVX	Innovex, Inc.	Hopkins, MN
ITCPW	International Technology Corporation (Wts)	Torrance, CA
LVTNY	Louis Vuitton S.A.	Paris, France

Symbol	Company	Location
MPMTS	Mellon Participating Mortgage Trust	New York, NY
NVBC	Napa Valley Bancorp	Napa, CA
NBAK	National Bancorp of Alaska, Inc.	Anchorage, AK
PERLF	Perle Systems Limited	Ontario, Canada
RFBC	River Forest Bancorp	River Forest, IL
SMCR	Summcorp	Fort Wayne, IN
SCTC	Systems & Computer Technology Corporation	Malvern, PA
TRATS	Travelers Real Estate Investment Trust	Boston, MA
WTWS	Wall to Wall Sound and Video, Inc.	Cinnaminson, NJ
WILLA	John Wiley & Sons, Inc., (CI A)	New York, NY

The following changes to the list of NASDAQ/NMS securities occurred since June 21, 1985:

NASDAQ/NMS Symbol And/Or Name Changes

New/Old Symbol	New/Old Security Name	Date of Change
OILCA/OILC	Oil Dri Corporation of America, Class A/Oil Dri Corporation of America	6/25/85
ECLIF/ECLIF	ECI Telecom, Ltd/Electronics Corporation of Israel, Ltd.	6/28/85
FCRES/CFGRS	First Continental Real Estate Investment Trust SBI/ Commonwealth Financial Group Real Estate Investment Trust SBI	7/01/85
APIO/APIO	American Pioneer Savings Bank/ First Fidelity Savings & Loan Association	7/01/85
HRCLY/HRCLY	Huntington International Holdings PLC ADR/Huntington Research Centre PLC ADR	7/01/85
PFPS/PFFS	Pacific First Financial Corporation/Pacific First Federal Savings Bank	7/01/85

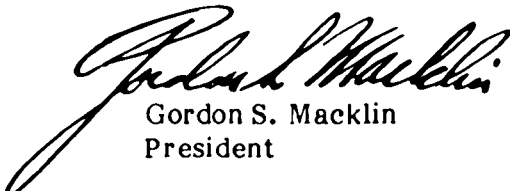
New/Old Symbol	New/Old Security Name	Date of Change
MBOX/MBOX	MBI Business Centers, Inc./ The Math Box, Inc.	7/02/85

NASDAQ/NMS Deletions

Symbol	Security Name	Date
ZTXQE	Zytrex Corporation	6/26/85
TACO	The Good Taco Corporation	6/26/85
STEL	Satelco, Incorporated	6/26/85
GTAC	Green Tree Acceptance, Inc.	6/28/85
TRGA	Trust Company of Georgia	7/01/85
ABPC	Alaska Pacific Bancorporation	7/02/85
AASS	Aid Auto Stores, Inc.	7/05/85

Any questions regarding this notice should be directed to Donald Botic, Assistant Director, NASDAQ Operations, at (202) 728-8043. Questions pertaining to trade reporting rules should be directed to Steve Hickman, Market Surveillance, at (202) 728-8202.

Sincerely,



Gordon S. Macklin
President

NASD

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

notice to members 85-48

July 17, 1985

TO: All NASD Members and Interested Persons
ATTN: Compliance and Registration Personnel
RE: Qualification and Registration Requirements of Schedule C

This notice reviews the application of certain qualification and registration requirements of Schedule C of the NASD By-Laws for persons who solicit new accounts on behalf of members. It also announces the Securities and Exchange Commission's approval of an amendment to Schedule C, which expands the products that may be sold by Limited Representatives—Investment Company and Variable Contracts Products.

Registration of Persons Soliciting Accounts on Behalf of Members

The Qualifications Committee of the NASD Board of Governors recently reviewed some members' use of unregistered personnel to solicit new accounts by telephone. The content of these solicitations may include representations regarding the general products and services of the member, an interview format designed to prequalify potential customers, or a specific description of a security offered by the member. The Qualifications Committee concluded that these and similar activities require registration pursuant to Schedule C of the NASD By-Laws.

Section (1)(b), Part III of Schedule C of the By-Laws defines "representatives" as:

"Persons associated with a member . . . who are engaged in the investment banking or securities business for the member including the functions of supervision, solicitation or conduct of business in securities. . . ."

This definition has been consistently interpreted by the NASD to require registration of persons who engage in activities that only constitute a portion of registered representatives' traditional dealings with public customers. Thus, for example, members are required to register persons who are hired to accept orders from public customers, even if these orders are unsolicited; persons who share in the commissions generated from customer accounts; and persons who solicit

accounts on behalf of members, notwithstanding any limitation of such solicitations to prepared scripts discussing generic products and services offered by the member.

Part V of Schedule C provides an exemption from the registration requirement for persons performing clerical or ministerial functions for the member. Historically, this exemption has been applied to salaried clerical and administrative staff whose jobs are oriented to the internal operations of sales offices. The Qualifications Committee has long recognized that, on occasion and in the absence of appropriately registered personnel, these exempted employees may transcribe an order from a customer for submission to registered personnel or provide customers with approved market quotations. The occasional nature of these activities contrasts with those described above for account solicitors who are assigned the specific function of interacting with public customers on a regular basis, and for persons who are assigned to accept orders from the public on a regular basis.

The NASD's position with respect to account solicitors is substantially the same as that taken by the Municipal Securities Rulemaking Board (MSRB) in its Interpretative Notice on Professional Qualification, MSRB Manual (CCH), paragraph 3511, pages 3514-15, dated December 21, 1984.

The activities of account solicitors may also come within the definition of "offers to sell" pursuant to various state securities laws and regulations and may, therefore, require agent licensing of persons performing these functions in certain state jurisdictions.

Members are advised to review the activities of unregistered personnel having contact with existing or potential public customers to assure that their functions do not require registration pursuant to NASD rules, qualification pursuant to MSRB rules, or agent licensing pursuant to various state laws and regulations.

**Expansion Of Products That May Be Sold By
Limited Principals And Limited Representatives
— Investment Company And Variable Contracts Products**

The SEC has approved an amendment to Part II, Section 2 of Schedule C of the NASD By-Laws. The amendment, which is reprinted at the end of this notice, permits persons registered as Limited Principals and Limited Representatives—Investment Company and Variable Contracts Products to sell contracts that are issued by the general accounts of life insurance companies and registered under the Securities Act of 1933 (1933 Act). The amendment became effective upon approval.

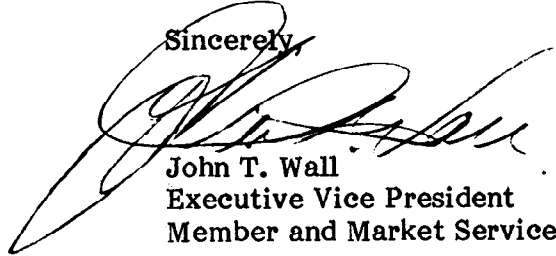
Contracts issued by the general accounts of life insurance companies, which transfer part of the investment risk to the purchaser, may be required to be registered under the 1933 Act. Because such registered contracts do not fit the definition of variable contracts, which are securities issued by the separate accounts of life insurance companies, persons selling them have been required to register as General Securities Principals or General Securities Representatives.

The depth of knowledge required to market these contracts, their product features and the marketing methods used in their distribution do not differ substantially from those involved in the sale of variable contracts. Consequently, the limited qualification requirements that apply to registered principals and

registered representatives for investment companies and variable contracts products are appropriate for persons who engage in the marketing of registered securities issued by the general accounts of life insurance companies.

Questions regarding this notice may be directed to Frank J. McAuliffe, Vice President, Qualifications, at (202) 728-8136.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Wall", is written over the word "Sincerely,".

John T. Wall
Executive Vice President
Member and Market Services

Attachment

**AMENDMENT TO SCHEDULE C
NASD BY-LAWS**

The following is the full text of the amendment to Part II, Section 2(c) of Schedule C of the NASD By-Laws. New language is underlined; deleted language is bracketed.

(c) Limited Principal—Investment Company and Variable Contracts Products —

(i) Each person associated with a member who is included within the definition of principal in Part II, Section (1) hereof, may register with the Corporation as a Limited Principal—Investment Company and Variable Contracts Products if:

- a. his activities in the investment banking and securities business are limited to the solicitation, purchase and/or sale of:

3. variable contracts and insurance premium funding programs [registered pursuant to] and other contracts issued by an insurance company except contracts which are exempt securities pursuant to Section 3(a)(8) of the Securities Act of 1933; and

Remainder of text is unchanged.

NASD

July 19, 1985

TO: All NASD Members, NASDAQ Companies and Other Interested Persons

RE: Request for Comment on Shareholder Voting Rights for NASDAQ National Market System Companies

LAST DATE FOR COMMENT: AUGUST 30, 1985.

The National Association of Securities Dealers, Inc., is requesting comment from NASD members, NASDAQ issuers and other interested persons on certain concepts related to voting rights of the shareholders of companies whose securities are included in the NASDAQ National Market System (NASDAQ/NMS). The NASD Board of Governors is considering various approaches to the regulation of voting rights and has not yet determined which approach to pursue. Accordingly, it is seeking comments to assist it in reaching a determination on this important issue.

HISTORY AND BACKGROUND

This solicitation of comment is part of an overall study of corporate governance standards for NASDAQ/NMS first undertaken in the fall of 1984. This study was conducted primarily through the NASD Corporate Advisory Board, a body consisting of chief executive officers of NASDAQ companies that reports to the NASD Board of Governors. The Advisory Board has played an important role in the evolution of NASDAQ as the fastest-growing and the second-largest securities market in the United States and in the continued development of NASDAQ/NMS.

Since its inception in 1982, NASDAQ/NMS has grown steadily in size and stature. In November 1984, the Securities and Exchange Commission approved a change to NASDAQ/NMS inclusion criteria that has resulted in a further enhancement in the quality of NASDAQ/NMS companies. The new standards shifted the emphasis from transactional volume to financial considerations. As of the end of 1984, the average NASDAQ/NMS company had assets of over \$570 million and equity in excess of \$84 million. Revenues averaged \$181 million with net income of over \$8 million. The average price per share for NASDAQ/NMS issues was in excess of \$15, and the average issue had almost 8 million shares outstanding and a

market value in excess of \$120 million. NASDAQ/NMS had an average of 11.5 broker-dealer firms making a market per security.

As NASDAQ/NMS matured, the Corporate Advisory Board believed it was appropriate to consider the quality of corporate governance of NASDAQ/NMS companies. This concern was heightened by numerous state securities administrators who had noted the differences in approach to corporate governance by NASDAQ/NMS and certain of the exchanges. Thus, the Corporate Advisory Board developed rule proposals relating to a number of corporate governance issues which, upon authorization by the Board of Governors, were published for comment in March of this year ^{1/}. These proposals were the subject of generally favorable comments and were approved with minor amendments by the NASD Board of Governors on July 12, 1985. They were thereafter filed with the Securities and Exchange Commission and final approval is expected shortly ^{2/}. Upon effectiveness they will govern the future activities of NASDAQ/NMS companies.

In their study of corporate governance issues, the Corporate Advisory Board and the Board of Governors both determined that the issue of shareholder voting rights should be considered separately. It was therefore considered appropriate to survey NASDAQ issuers to obtain additional information on the number of NASDAQ issuers having multiple classes of common stock with different voting rights and the nature of such voting rights provisions. The survey, which was mailed to issuers on May 13, 1985, ^{3/} was undertaken in an environment where several Congressional committees, the New York Stock Exchange and the California Corporations Department were conducting reviews of existing policies with respect to voting rights.

Completed surveys were returned by 1,005 NASDAQ companies, including 588 NASDAQ/NMS companies. At their July 1985 meetings, both the Corporate Advisory Board and the NASD Board of Governors reviewed the results of the survey and discussed the possible imposition of common stock voting rights requirements on NASDAQ/NMS issuers. During the time between the mailing of the survey and the July meetings, bills had been introduced in both the United States Senate and the House of Representatives that would impose voting rights requirements on all securities quoted in the NASDAQ System or traded on any registered securities exchange.

PROPOSALS CONSIDERED

The Corporate Advisory Board and Board of Governors have carefully considered the overall issue of shareholder voting rights and have reached certain preliminary conclusions. However, they determined it would be inappropriate to

^{1/} See NASD Notice to Members 85-20 (March 28, 1985).

^{2/} See SEC File No. SR-NASD-85-20.

^{3/} See Notice to All NASDAQ Companies, "Survey on Certain Corporate Governance Issues," May 13, 1985.

adopt a final resolution of this important issue without soliciting comment on possible alternative approaches.

Preliminarily, both Boards have concluded that any restrictions on voting rights adopted by the NASD should apply only to securities included in NASDAQ/NMS and should not apply to non-NMS NASDAQ securities. They have also concluded that it would be unfair to deprive shareholders of existing rights or to require issuers to engage in potentially impossible attempts to obtain shareholder approval of changes in capital structure. Therefore, it has been preliminarily determined that any restrictions on voting rights should not apply to issues of securities presently outstanding, that is, existing NASDAQ/NMS issues with disparate voting rights would be "grandfathered" under any new rule.

Given these preliminary conclusions, two different approaches to voting rights restrictions are being considered without any determination as to which approach is preferable. Comments are therefore being solicited on both approaches as well as other approaches that may be suggested by commentators. Such alternative suggestions will be welcomed and are encouraged. The approaches presently being considered by the Board are as follows:

- Proposal 1. The first proposal would impose a one-share, one-vote standard for the common stock of all NASDAQ/NMS companies. Existing NASDAQ/NMS issues of securities would be grandfathered to avoid the unfairness which would result from the prohibition of voting rights provisions that were permissible at the time they were adopted by the issuer. No company would subsequently be included in NASDAQ/NMS under this proposal unless all classes of its common stock had equal voting rights. A grandfathered NASDAQ/NMS company would not be permitted to issue a new class of stock with other than equal voting rights.
- Proposal 2. The second proposal would set a general requirement of one vote per share, but would allow the creation of different classes of common stock with disparate voting rights if such provisions were approved by the holders of at least two-thirds of the shares outstanding. The differential in voting rights could not exceed ten votes to one and a "sunset" provision on the voting rights differential of a period not to exceed ten years would be imposed. In order to continue the voting rights differential upon the expiration of the ten-year period, the issuer would be required to obtain a favorable vote from the holders of two-thirds of all common stock outstanding. Thus, in the "sunset" vote, all shares including the lesser voting shares would vote equally. Failure to obtain an affirmative vote of two thirds of all shares to continue the two classes of stock with unequal voting rights would result in all shares of each class having an equal vote. As with the first proposal, existing issues of NASDAQ/NMS securities having voting rights other than one vote per share would be grandfathered and there would be no "sunset" provision as to those shares. Subsequent issues of common stock would have to conform to the requirements of this proposal.

REQUEST FOR COMMENTS

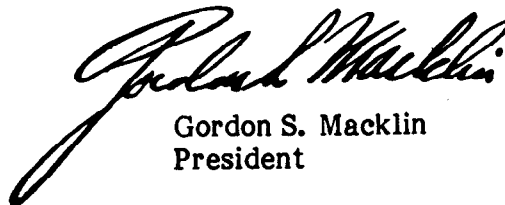
The NASD is requesting comments on the foregoing proposals as well as other constructive alternatives and suggestions which commentators may offer. In particular, commentators may desire to comment on the portability of disparate voting rights from other marketplaces and on enabling the lessor voting shareholders to elect a portion of the Board.

All comments received during this period will be reviewed by the Corporate Advisory Board and the Association's Board of Governors. All written comments should be addressed to:

James Cangiano, Secretary
National Association of Securities Dealers, Inc.
1735 K Street, N.W.
Washington, D.C. 20006

All comments must be received by August 30, 1985. Any questions regarding this notice should be directed to either Frank J. Wilson at (202) 728-8319 or Dennis C. Hensley or T. Grant Callery at (202) 728-8294.

Sincerely,



Gordon S. Macklin
President

NASD

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

notice to members 85-50

July 29, 1985

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

RE: NASDAQ National Market System Grows to 2,077 Securities With 32 Voluntary Additions on August 6, 1985

On Tuesday, August 6, 1985, 32 issues are scheduled to join the NASDAQ National Market System bringing the total number of issues in NASDAQ/NMS to 2,077. These 32 issues, which will begin trading under real-time trade reporting, are entering the NASDAQ/NMS pursuant to the Securities and Exchange Commission's criteria for voluntary designation.

The 32 issues scheduled to join NASDAQ/NMS on Tuesday, August 6, 1985, are:

Symbol	Company Name	Location
ABSI	ABS Industries, Inc.	Willoughby, OH
ACAJ	ACA JOE	San Francisco, CA
AMLE	Amcole Energy Corporation	Dallas, TX
AFSB	Athens Federal Savings Bank	Athens, GA
BARD	Barden Corporation (The)	Danbury, CT
BFTV	Birdfinder Corp.	Sarasota, FL
BLAN	Bridge Communications, Inc.	Mountain View, CA
BUTL	Butler National Corporation	Lenexa, KS
CAPB	Capitol Bancorporation	Boston, MA
CBCF	Citizens Banking Corporation	Flint, MI
CITI	Citizens Cable Communications, Inc.	Fort Wayne, IN
RAGS	Coated Sales, Inc.	Laurence Harbor, NJ
CFGI	Commonwealth Savings Association	Houston, TX
CSLH	Cotton States Life and Health Insurance Company	Atlanta, GA

Symbol	Company	Location
ENCC	Encore Computer Corporation	Wellesley Hills, MA
FCAH	First Capital Holdings Corporation	Los Angeles, CA
HOOP	Hooper Holmes, Inc.	Basking Ridge, NJ
IGLSF	Insituform Group Limited	United Kingdom
IGLWF	Insituform Group Limited (Wts)	United Kingdom
MDXR	Medar, Inc.	Farmington Hills, MI
MTRO	Metro-Tel Corporation	Syosset, NY
MAHI	Monarch Avalon, Inc.	Baltimore, MD
MORL	Morlan International, Inc.	Philadelphia, PA
NUVI	NuVision, Inc.	Flint, MI
RBOK	Reebok International Ltd.	Avon, MA
RIHL	Richton International Corporation	New York, NY
SBCFA	Seacoast Banking Corporation of Florida (Cl A)	Stuart, FL
TIND	TS Industries, Inc.	Salt Lake City, UT
TRGL	Toreador Royalty Corporation	Dallas, TX
TTOR	Transtector Systems, Inc.	Post Falls, ID
TRIIS	Travelers Realty Income Investors	Boston, MA
UHLI	United Home Life Insurance Company	Greenwood, IN

The following changes to the list of NASDAQ/NMS securities occurred since July 8, 1985:

NASDAQ/NMS Symbol and/or Name Changes

New/Old Symbol	New/Old Security Name	Date of Change
OILC/OILCA	Oil Dri Corporation of America/Oil Dri Corporation of America (Cl A)	7/19/85
GNUC/GNUC	GNI, Inc./Gulf Nuclear, Inc.	7/24/85
REDI/URGE	Readi Care, Inc./Urgent Care Centers of America, Inc.	7/24/85
GWSB/GWSB	Great Western Savings Bank/ Great Western Federal Savings Bank	7/25/85

Interim Additions

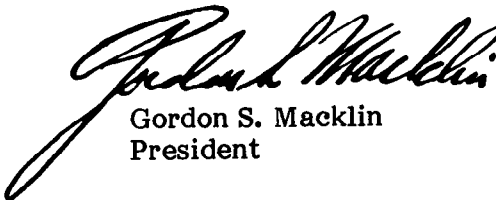
Symbol	Company Name	Date of Entry
BMGCV	Battle Mountain Gold Company (Cl A)	7/15/85

NASDAQ/NMS Deletions

Symbol	Security Name	Date
SOLRW	Applied Solar Energy, Inc. (Wts)	7/10/85
BNHNW	Benihana National Corporation (Wts)	7/10/85
ENDLW	Endo-Lase, Inc. (Wts)	7/10/85
KEJOQ	Kelly-Johnson Enterprises, Inc.	7/10/85
TXTN	Textone, Inc.	7/10/85
MONC	Monarch Capital Corporation	7/11/85
DRLH	Duralith Corporation	7/12/85
CMSV	Comserv Corporation	7/15/85
GROM	Groman Corporation	7/17/85
EOIL	Energy Oil, Inc.	7/18/85
HGIS	Healthgroup International	7/18/85
SNRSA	Sunrise Savings and Loan Association of Florida (Cl A)	7/19/85
CHOM	Chomerics, Inc.	7/25/85

Any questions regarding this notice should be directed to Donald Bosc, Assistant Director, NASDAQ Operations, at (202) 728-8043. Questions pertaining to trade reporting rules should be directed to Steve Hickman, Market Surveillance, at (202) 728-8202.

Sincerely,



Gordon S. Macklin
President