

NASD

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

notice to members 88-17

March 1, 1988

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Proposed Amendments to NASD Rules of Fair Practice to Prohibit Non-Cash Compensation in Connection with Sales of Investment Company and Variable Contract Products

LAST DATE FOR COMMENT: MARCH 31, 1988.

EXECUTIVE SUMMARY

The NASD requests comments on proposed amendments to the NASD Rules of Fair Practice that would generally prohibit members from accepting non-cash sales compensation in connection with the distribution of investment company and variable contract products.

The purpose of the amendments is to address the NASD Board of Governors' concern that members' ability to supervise their registered representatives is adversely affected when an outside entity offers and provides non-cash compensation.

The texts of the proposed amendments are attached.

BACKGROUND

In July 1986, the NASD Board of Governors approved amendments to Appendix F to Article III, Section 34 of the NASD Rules of Fair Practice that would prohibit members and their associated persons from receiving items of non-cash sales incentive compensation in conjunction with the sales of direct participation program securities if the value of such compensation exceeds \$50 annually. The rule excluded internal non-cash sales incentive programs funded entirely by member firms. This proposal is currently on file with the Securities and Exchange Commission (SEC). The purpose of the proposal was to address a concern that members' ability to supervise their registered representatives is adversely affected when an outside entity offers and provides non-cash compensation, such as exotic trips and luxury merchandise, to the members' retail salespersons.

The NASD Board also approved a similar prohibition in conjunction with corporate offerings and real estate investment trusts. The NASD Board, through its Investment Companies and Variable Contracts Committees, surveyed sponsors and underwriters of these products and determined that, while fewer non-cash sales incentives are used in these areas than in the direct participation program area, relatively little opposition was expressed to eliminate such compensation programs. The NASD Board concluded that it was important to maintain consistency in regulating non-cash sales compensation with respect to the various securities products that may compete for salespersons' attention.

Therefore, at its January 1988 meeting, the Board voted to propose bans on the use of non-cash incentives in conjunction with sales of investment company and variable contract products, similar to the bans pending implementation for other products.

PROPOSED AMENDMENTS

Article III, Section 26

The proposed amendment to Article III, Section 26 that applies to investment companies would replace existing paragraph 1, which currently does not prohibit non-cash compensation but requires that members be given the opportunity to elect a cash equivalent and requires prospectus disclosure. The amendment would prohibit the payment of any non-cash compensation, including sales incentives and securities of any kind, with a value in excess of \$50 per year to each associated person. The proposed rule would exclude non-cash compensation paid by a member to its own associated persons and payments relating to training or educational meetings held where the offeror's main office is located. The proposed rule would also establish requirements for the payment of cash compensation directly to member firms.

Article III, Section 29

Article III, Section 29 deals with variable contracts and currently does not address non-cash compensation. The proposed amendment would add prohibitions almost identical to those for investment company products. The only difference is that the variable contract rule would provide for arrangements where insurance companies maintain commission accounts as ministerial services for member firms and pay commission checks directly to associated persons, as permitted by the SEC, under its interpretive release on the distribution of variable annuities. (See Securities Exchange Act Release No. 34-8389, dated August 29, 1968.)

REQUEST FOR COMMENTS

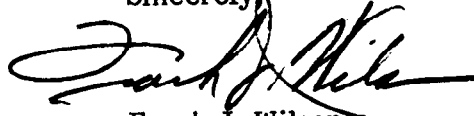
The NASD encourages all members and interested persons to comment on the proposed amendments. Comments should be directed to:

Mr. Lynn Nellius
Secretary
1735 K Street, N.W.
Washington, D.C. 20006-1506

Comments must be received no later than March 31, 1988. Comments received by this date will be considered by the NASD Board of Governors. If approved by the NASD Board, the proposal must be submitted to the membership for a vote. Thereafter, the proposal must be filed with and approved by the SEC before becoming effective.

Questions concerning this notice can be directed to A. John Taylor, Vice President, NASD Investment Companies/Variable Contracts, at (202) 728-8328, or T. Grant Callery, NASD Associate General Counsel, at (202) 728-8285.

Sincerely,

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

Frank J. Wilson
Executive Vice President
and General Counsel

Attachments

**PROPOSED AMENDMENTS TO SECTION 26
OF THE NASD RULES OF FAIR PRACTICE***

Investment Companies

Sec. 26.

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Definitions

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[(7) "Associated person of an underwriter," as used in subsection (1) of this section, shall include an issuer for which an underwriter is the sponsor or a principal underwriter, any investment adviser to such issuer, or any affiliated person (as defined in Section 2(a)(3) of the Investment Company Act of 1940) of such underwriter, issuer, or investment adviser.]

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[Dealer Concessions]

[(1) (1) No underwriter or associated person of an underwriter shall offer, pay, or arrange for the offer or payment to any other member, in connection with retail sales or distribution of investment company securities, any discount, concession, fee or commission (hereinafter referred to as "concession") which:]

[(A) is in the form of securities of any kind, including stock, warrants or options;]

[(B) is in a form other than cash (e.g., merchandise or trips), unless the member earning the concession may elect to receive cash at the equivalent of no less than the underwriter's cost of providing the non-cash concession; or]

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

- [(C) is not disclosed in the prospectus of the investment company. If the concessions are not uniformly paid to all dealers purchasing the same dollar amounts of securities from the underwriter, the disclosure shall include a description of the circumstances of any general variations from the standard schedule of concessions. If special compensation arrangements have been made with individual dealers, which arrangements are not generally available to all dealers, the details of the arrangements, and the identities of the dealers, shall also be disclosed.]
- [(2) No underwriter or associated person of an underwriter shall offer or pay any concession to an associated person of another member, but shall make such payment only to the member.]
- [(3) (A) In connection with retail sales or distribution of investment company shares, no underwriter or associated person of an underwriter shall offer or pay to any member or associated person, anything of material value, and no member or associated person shall solicit or accept anything of material value, in addition to the concessions disclosed in the prospectus.]
 - [(B) For purposes of this paragraph (1)(3), items of material value shall include but not be limited to:
 - (i) gifts amounting in value to more than \$50 per person per year.
 - (ii) gifts or payments of any kind which are conditioned on the sale of investment company securities.
 - (iii) loans made or guaranteed to a non-controlled member or person associated with a member.
 - (iv) wholesale overrides (commissions) granted to a member on its own retail sales unless the arrangement, as well as the identity of the member, is set forth in the prospectus of the investment company.
 - (v) payment or reimbursement of travel expenses, including overnight lodging, in excess of \$50 per person per year unless such payment or reimbursement is in connection with a business meeting, conference or seminar held by an underwriter for informational purposes relative to the fund or funds of its sponsorship and is not conditioned on sales of shares of an investment company. A meeting, conference or seminar shall not be deemed to be of a business nature unless: the person to whom payment or reimbursement is made is personally present at, or is en route to or from, such meeting in each of the days for which payment or reimbursement is made; the person on whose behalf payment or reimbursement is made is engaged in the securities business; and the location and facilities provided are appropriate to the purpose, which would ordinarily mean the sponsor's office.]

[(C) For purposes of this paragraph (1)(3), items of material value shall not include:

- (i) an occasional dinner, a ticket to a sporting event or the theatre, or comparable entertainment of one or more registered representatives which is not conditioned on sales of shares of an investment company and is neither so frequent nor so extensive as to raise question of propriety.
- (ii) a breakfast, luncheon, dinner, reception or cocktail party given for a group of registered representatives in conjunction with a bona fide business or sales meeting, whether at the headquarters of a fund or its underwriter or in some other city.
- (iii) an unconditional gift of a typical item of reminder advertising such as a ballpoint pen with the name of the advertiser inscribed, a calendar pad, or other gifts amounting in value to not more than \$50 per person per year.]

[(4) The provisions of this subsection (1) shall not apply to:

- (A) Contracts between principal underwriters of the same security.
- (B) Contracts between the principal underwriter of a security and the sponsor of a unit investment trust which utilizes such security as its underlying investment.
- (C) Compensation arrangements of an underwriter or sponsor with its own sales personnel.]

Member Compensation

(1) (1) No member or person associated with a member shall accept, directly or indirectly, any non-cash compensation or non-cash sales incentive, including but not limited to travel expenses, board and lodging, merchandise, awards or prizes, from any underwriter, investment company, adviser to an investment company ("collectively offerors") or affiliates of such offerors, in connection with the retail sale or distribution of investment company securities. For purposes of this paragraph, the term "non-cash compensation" shall include securities of any kind.

(2) Notwithstanding the prohibition against the acceptance by members of non-cash compensation in paragraph (1)(1), the following practices with respect to the utilization of non-cash compensation are permitted:

(A) The provision of non-cash compensation by a member to its own associated persons, provided that no offeror and, specifically, no offeror affiliated with a member, participates in or contributes to the provision of such non-cash compensation.

- (B) The acceptance of non-cash compensation by a person associated with a member from an offeror, provided that the total value of such compensation does not exceed \$50 per annum to each associated person.
 - (C) Payment by offerors for travel expenses, including board and lodging, incurred by members and their associated persons when attending training or educational meetings held in the city or place where the main office of an offeror is located.
- (3) No member shall accept any cash compensation from an offeror unless all the following conditions are satisfied:
- (A) All cash compensation is paid directly to the member who shall have sole control over the distribution of any of such compensation to its associated persons.
 - (B) The arrangements between offerors and members with respect to cash compensation are disclosed in the current prospectus of the investment company. When special cash compensation arrangements that differ from the standard compensation schedule are made with individual members, the names of such members and details of the arrangements must also be disclosed in the prospectus.
 - (C) The amount of cash compensation received is entered in the books and records of the member as compensation received in connection with an offering of investment company securities.
 - (D) No cash compensation received by a member from an offeror is related in any way to any non-cash compensation or sales incentive items provided by a member to its associated persons.

PROPOSED AMENDMENTS TO ARTICLE III, SECTION 29
OF THE NASD RULES OF FAIR PRACTICE*

Variable Contracts of an Insurance Company

Sec. 29.

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Member Compensation

- h (1) No member or person associated with a member shall accept, directly or indirectly, any non-cash compensation or non-cash sales incentive, including but not limited to travel expenses, board and lodging, merchandise, awards or prizes, from any underwriter, issuer of variable contracts, adviser to an issuer of variable contracts (collectively "offerors") or affiliates of such offerors in connection with the retail sale or distribution of variable contracts. For purposes of this paragraph, the term "non-cash compensation" shall include securities of any kind.
- (2) Notwithstanding the prohibition against accepting non-cash compensation in paragraph h (1), the following practices with respect to the utilization of non-cash compensation are permitted.
- (A) The provision of non-cash compensation by a member to its own associated persons, provided that no offeror and, specifically, no offeror affiliated with a member, participates in or contributes to the provision of such non-cash compensation.
- (B) The acceptance of non-cash compensation by a person associated with a member from an offeror, provided that the total value of such non-cash compensation does not exceed \$50 per annum to each such associated person.
- (C) Payment by offerors for travel expenses, including board and lodging, incurred by members and their associated persons when attending training or educational meetings held in the city or place where the main office of an offeror is located.
- (3) No member shall accept any cash compensation from an offeror unless all of the following conditions are satisfied:
- (A) All cash compensation is paid directly to the member who shall have sole control over the distribution of any such compensation to

* New language is underlined.

its associated persons. This requirement will not prohibit arrangements, agreed to by a member, where an issuing insurance company maintains a commission account as a ministerial service for a member and, on behalf of the member, pays commission checks from such an account directly to associated persons of the member.

- (B) The arrangements between offeror and members with respect to cash compensation are disclosed in the current prospectus of the variable contract. When special cash compensation arrangements that differ from the standard compensation schedule are made by offerors with individual members, the names of such members and the details of arrangements must also be disclosed in the current prospectus.
- (C) The amount of cash compensation received, including that paid directly to a member's associated persons under 3(A) above, is entered in the books and records of a member as compensation received in connection with an offering of variable contracts.
- (D) No cash compensation received by a member from an offeror is related in any way to any non-cash compensation or sales incentive items provided by a member to its associated persons.



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

notice to members 88-18

March 4, 1988

TO: All NASD Members and Other Interested Persons

RE: Extension of Comment Period: Proposed Amendments to Article III, Section 27 of the NASD Rules of Fair Practice Regarding Supervision and the Definitions of "Office of Supervisory Jurisdiction" and "Branch Office"

On February 8, 1988, the NASD published Notice to Members 88-11 requesting comment on proposed amendments to Article III, Section 27 of the NASD Rules of Fair Practice. These amendments would (1) prescribe specific supervisory practices and procedures for all member firms and (2) revise the definitions of "office of supervisory jurisdiction" and "branch office." Comments were requested to be submitted no later than March 1, 1988.

In response to several requests, and to provide adequate time for members to comment on these important proposals, the NASD is extending the comment period until April 4, 1988.

Comments should be directed to:

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

Questions concerning this notice can be directed to either Dennis C. Hensley, NASD Vice President and Deputy General Counsel, at (202) 728-8245, or Jacqueline D. Whelan, Senior Attorney, NASD Office of the General Counsel, at (202) 728-8270.

Sincerely,

Frank J. Wilson
Executive Vice President
and General Counsel

NASD

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

notice to members 88-19

March 10, 1988

IMPORTANT MAIL VOTE
OFFICERS, PARTNERS, PROPRIETORS

TO: All NASD Members

RE: Proposed Amendment to Article VII of the NASD By-Laws Authorizing
Mandatory Reporting of Trade Information

LAST VOTING DATE IS APRIL 10, 1988.

EXECUTIVE SUMMARY

NASD members are invited to vote on a proposed amendment to Article VII, Section 1(a) of the NASD By-Laws that would authorize the NASD Board of Governors to require members conducting an interdealer OTC business to report trade data.

The text of the amendment is attached.

BACKGROUND

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

Since 1981, when TARS was in its developmental stage, the NASD has contemplated that mandatory trade comparison reporting would be required of all NASD members conducting an interdealer OTC securities business. Currently, 105 TARS subscribers account for 86 percent of all cleared OTC transactions. Since its introduction, TARS has substantially reduced the percentage of uncomparated OTC transactions by bringing those transactions into an automated comparison environment.

The proposed amendment was circulated for member comment in Notice to Members 87-79, dated November 24, 1987.

PROPOSED AMENDMENT

The proposed amendment to Article VII, Section 1(a) of the NASD By-Laws would authorize the NASD Board of Governors to require members to report all original and supplemental OTC trade data as the Board deems appropriate. Reporting would be administered either by the NASD (or a division or subsidiary) or through the facilities of a registered clearing corporation.

In November 1987, the NASD Board approved in concept the development of rules that would require (1) mandatory participation in TARS by all NASD members that are participants in a registered clearing agency for purposes of clearing OTC transactions and (2) all NASD members conducting an interdealer business in OTC securities to submit trade data as required by the NASD. The NASD is currently studying the most cost-effective methods for allowing members that are not clearing corporation participants to input such trade comparison information.

In January 1988, the Board approved mandatory TARS participation for all clearing participants.

As discussed in Notice to Members 87-79, the proposed amendment as approved by the Board also adds specific authority for the NASD Board to require reporting of trade data, including aggregate volume information, on non-NASDAQ, OTC transactions. This reporting requirement will facilitate the gathering of data on these transactions as requested by the SEC Division of Market Regulation.

SUMMARY OF COMMENTS

The NASD received 16 comments in response to Notice to Members 87-79. Six generally supported the amendment and 10 opposed the amendment. One commentator who supported the amendment suggested that the increased participation in TARS which would be generated by making the service mandatory should be reflected in adjustments to TARS service charges.

Eight commentators opposing the proposal generally believed that the amendment would impose an undue burden on small member firms and would require such firms to incur additional costs which would, in some cases, cause the firms to cease doing an over-the-counter securities business. One commentator said that its current method of comparing OTC transactions through the facilities of a regional clearing corporation should be allowed to continue without having to be a TARS subscriber. Another commentator said that TARS participation should not be required for members using automated service bureau facilities that already efficiently generate trade comparisons.

The NASD Board reviewed the comment letters and concluded that the amendment to the NASD By-Laws should be adopted. The Board notes that the mandatory TARS requirement will not affect many commentators since they are not members of registered clearing corporations. Also, the mandatory trade comparison procedure for non-participants in clearing corporations, when implemented, will be structured in the most cost-effective manner for member firms.

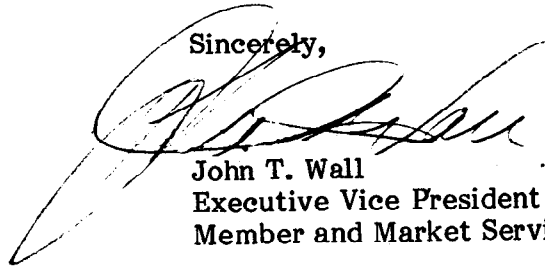
The Board believes that it is important for the NASD to be able to implement these changes, which will result in more efficiency in the over-the-counter marketplace.

The Board of Governors believes that the proposed amendment to the By-Laws is necessary and appropriate and recommends that members vote their approval.

Please mark the attached ballot according to your convictions and return it in the enclosed, stamped envelope to "The Corporation Trust Company." Ballots must be postmarked no later than April 10, 1988.

Questions concerning this notice can be directed to T. Grant Callery, NASD Associate General Counsel, at (202) 728-8285, or Donald J. Catapano, Director, NASD Uniform Practice/TARS, at (212) 839-6255 or (212) 858-4000.

Sincerely,



John T. Wall
Executive Vice President
Member and Market Services

Attachment

PROPOSED AMENDMENT TO THE NASD BY-LAWS*

ARTICLE VII

**Board of Governors
Powers and Authority of Board of Governors**

Sec. 1. (a) The Board of Governors shall be the governing body of the Corporation and, except as otherwise provided by these By-Laws, shall be vested with all powers necessary for the management and administration of the affairs of the Corporation and the promotion of the Corporation's welfare, objects and purposes. In the exercise of such powers, the Board of Governors shall have the authority to:

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(7) require the prompt reporting by members of such original and supplementary trade data as the Board deems appropriate. Such reporting requirement may be administered by the Corporation, a division or subsidiary thereof, or a clearing agency registered under the Securities Exchange Act of 1934.

[Current paragraph (7) is renumbered paragraph (8).]

* New language is underlined.

NASD

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

notice to members 88-20

March 14, 1988

TO: All NASD Members and Other Interested Persons

RE: Request for Comments on Proposed Amendment to Article III, Section 35
of the NASD Rules of Fair Practice Relating to Advertising and Sales
Literature for Investment Company Securities

LAST DATE FOR COMMENT: APRIL 14, 1988.

EXECUTIVE SUMMARY

The NASD requests comments on a proposed amendment to Article III, Section 35 of the NASD Rules of Fair Practice. The amendment would require advertising and sales literature for registered investment company securities to be filed by members with the NASD Advertising Department within 10 days of first use or publication.

Currently, the rule requires members that are investment company underwriters to file advertising and sales literature concerning such companies. The proposed amendment would extend this filing requirement to all NASD members.

The NASD Board has observed that a majority of investment company advertising prepared by dealers reflects a lack of knowledge or observance of SEC and NASD rules.

The text of the proposed amendment is attached.

BACKGROUND

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

facts and qualifications may not be omitted if, in the context of material presented, the omission would make the communication misleading. Exaggerated or misleading statements are prohibited, and members may not publish or distribute any public communication that the member knows or has reason to know contains any untrue statements of material facts or is otherwise false or misleading.

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

Members must also file advertising and sales literature pertaining to direct participation programs within 10 days of first use, and certain options materials must be filed 10 days prior to first use. In addition, advertising and sales literature concerning registered investment company securities must be filed within 10 days of first use by members that are underwriters of such companies.

During the past two years, attention has been focused on problems with mutual fund advertising, particularly income fund advertising. The Securities and Exchange Commission (SEC) recently adopted extensive rule amendments governing the presentation of investment company performance (See SEC Release Nos. 33-6753; IC-16245). The NASD Board of Governors also addressed these concerns in Notice to Members 86-41 regarding the presentation of investment companies' yield quotations.

One of the Board's concerns was that the problems were not limited to material prepared by investment company underwriters, but were also common in material prepared by dealers. The Board noted that the majority of complaints received by the NASD about investment company communications related to material prepared by dealers. Much of the material was written and published by individual representatives or branch managers and reflects a lack of knowledge or observance of SEC and NASD rules.

In addition to the problems resulting from dealer preparation of investment company advertising, numerous violations have resulted from a dealer revising an advertisement prepared by an underwriter. Such problems include using outdated performance data, eliminating required disclosure, failing to offer the prospectus, adding or omitting information, and changing terminology (such as referring to one figure as "yield," "current return," and "distribution rate").

Of the 240 complaints about investment company material received by the NASD in 1987, 193 (80 percent) concerned advertising prepared by dealers while 47 (20 percent) related to material prepared by underwriters. The Board believes that the reason for this is that investment company underwriters are required to file sales material for review, whereas dealers are not. Therefore, the Board believes that a filing requirement for investment company advertising and sales literature is necessary for all NASD members.

PROPOSED AMENDMENT

The proposed amendment would require that advertising and sales literature used in connection with investment company securities be filed with the NASD Advertising Department within 10 days of first use or publication by an NASD member. The responsibility of members to comply with the filing requirement would apply regardless of whether the advertising and sales literature were prepared by the underwriter, distributor, or member. However, the member need not file advertising and/or sales literature that was previously filed by the underwriter or distributor of the securities or by another member.

REQUEST FOR COMMENTS

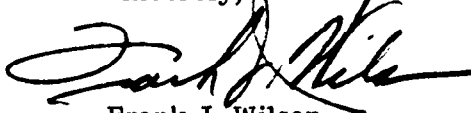
The NASD encourages all members and other interested persons to comment on the proposed amendment. Comments should be directed to:

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

Comments must be received by no later than April 14, 1988. Comments received by this date will be considered by the NASD Investment Companies Committee and the NASD Board of Governors. If approved by the Board, the proposed amendment will be submitted to the membership for a vote. Thereafter, the proposed amendment must be filed with and approved by the SEC before becoming effective.

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

Sincerely,



Frank J. Wilson
Executive Vice President
Legal and Compliance

Attachment

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

Communications with the Public

Sec. 35.

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(c) Filing Requirements and Review Procedures

- (1) Advertisements and sales literature concerning registered investment companies (including mutual funds, variable contracts and unit investment trusts) shall be filed with the Association's Advertising Department within 10 days of first use or publication by any member. [who has utilized or distributed such material in connection with the offer or sale of such securities issued by companies for which such member is a principal underwriter.] Filing in advance of use is recommended [optional]. Members are not required to file advertising and sales literature which have been filed by the underwriter or distributor of the securities or by another member.

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



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

notice to members 88-21

March 14, 1988

TO: All NASD Members and Municipal Securities Bank Dealers
 ATTN: All Operations Personnel
 RE: Good Friday: Trade Date-Settlement Date Schedule

Securities markets and the NASDAQ System will be closed on Good Friday, April 1, 1988. "Regular way" transactions made on the business days immediately preceding that day 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>	
March	24	March	31	April	5
	25	April	4		6
	28		5		7
	29		6		8
	30		7		11
	31		8		12
April	1	MARKETS CLOSED			--
	4		11		13

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

The foregoing settlement dates should be used by 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 the application of these settlement dates to a particular situation can be directed to the NASD Uniform Practice Department at (212) 858-4341.

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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 88-22

March 11, 1988

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

RE: NASDAQ National Market System Totals 2,996 Securities With 11 Additions on March 15, 1988

On Tuesday, March 15, 1988, the following 11 issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,996:

Symbol*	Company	Location
ADDR	Addington Resources, Inc.	Ashland, KY
ADCO	Advantage Companies, Inc.	Nashville, TN
ADCOW	Advantage Companies, Inc. (Wts)	Nashville, TN
BULL	Bull Run Gold Mines, Ltd.	Denver, CO
GBCB	GBC Bancorp	Los Angeles, CA
INBS	Iowa National Bankshares Corp.	Waterloo, IA
MHCIV	Maione-Hirschberg Companies, Inc. (WI)	Montville, NJ
OCTL	Octel Communications Corporation	Milpitas, CA
TRFI	Trans Financial Bancorp, Inc.	Bowling Green, KY
SAFM	Sanderson Farms, Inc.	Laurel, MS

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

Symbol*	Company	Location
ZSEV**	Z-Seven Fund, Inc. (The)	New York, NY

NASDAQ/NMS Pending Additions

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

Symbol*	Company	Location
AVDL	Avondale Industries, Inc.	Avondale, LA
MFBZ	Mutual Federal Savings Bank, A Stock Corporation	Zainesville, OH
VRSY	Varitronic Systems, Inc.	Minneapolis, MN

NASDAQ/NMS Interim Additions

The registration statements of the following issues were declared effective by the SEC or other appropriate regulatory authority. These issues commenced trading in NASDAQ/NMS since February 22, 1988.

Symbol*	Security	Date of Entry
GMGW	Geraghty & Miller, Inc.	2/25/88
INSI	Information Science Incorporated	2/25/88
MXIM	Maxim Integrated Products, Inc.	2/29/88
VCEL	Vanguard Cellular Systems, Inc.	3/04/88

The following changes to the list of NASDAQ/NMS securities occurred since February 22, 1988.

NASDAQ/NMS Symbol* and/or Name Changes

New/Old Symbol*	New/Old Security	Date of Change
CTEK/CSHR	Commercial Intertech Corporation/ Commercial Shearing, Inc.	2/26/88

** This issue was previously scheduled to enter NASDAQ/NMS on March 1, 1988.

New/Old Symbol*	New/Old Security	Date of Change
NCMC/NCETS	National Capital Management Corporation/National Capital Real Estate Trust (SBI)	2/26/88
CERB/CRBRA	CERBCO, Inc./CERBERONICS, Inc. (Cl A)	2/29/88
SHNA/HNAT	Shawmut National Corporation/Hartford National Corporation	3/01/88
AMRI/AMRI	Amerifirst Bank, F.S.B./Amerifirst Federal Savings & Loan Association	3/01/88
PEBW/PEBW	Peoples Bancorp of Worcester, Inc./Peoples Savings Bank	3/01/88
BIOP/GENL	Bioplasty, Inc./Genetic Laboratories, Inc.	3/02/88
BEZRY/BEZRY	Beazer, Plc (ADRs)/C. H. Beazer (Holdings) Plc (ADRs)	3/04/88
MIAM/MIAM	Mid-Am, Inc./Mid-American National Bank & Trust Company	3/07/88
WOBS/WOBS	First Woburn Bancorp, Inc./Woburn Five Cents Savings Bank	3/07/88

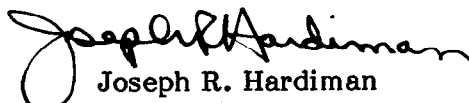
NASDAQ/NMS Deletions

Symbol*	Security	Date
ASKA	Alaska Bancorporation	2/24/88
ACRL	American Cruise Lines, Inc.	2/24/88
BART	Barton Industries, Inc.	2/24/88
BRWD	Brentwood Instruments, Inc.	2/24/88
CHES	Chesapeake Industries, Inc.	2/24/88
CFGIC	Commonwealth Savings Association	2/24/88
CONF	Continental Federal Savings & Loan Association	2/24/88
CLSR	Control Laser International Corporation	2/24/88
CWDI	Craft World International, Inc.	2/24/88
CRMR	Cramer, Inc.	2/24/88
DDSC	Delta Data Systems Corporation	2/24/88
DHIN	Designhouse International, Inc.	2/24/88
HIRE	Diversified Human Resources Group, Inc.	2/24/88

Symbol*	Security	Date
EMSIF	EMS Systems Ltd.	2/24/88
ECOAF	Equipment Company of America, Inc.	2/24/88
FIIF	Florafax International, Inc.	2/24/88
GKIE	General Kinetics Incorporated	2/24/88
PICBF	Paperboard Industries Corporation	2/24/88
SAVO	Savoy Industries, Inc.	2/24/88
STEW	Stewart Sandwiches, Inc.	2/24/88
SUNA	Sunworld International Airways, Inc.	2/24/88
TOYSQ	Toys Plus, Inc.	2/24/88
WESPS	Wespac Investor Trust	2/24/88
LINV	Life Investors, Inc.	2/25/88
GAIN	Gainsco, Inc.	2/26/88
GWSB	Great Western Savings Bank	2/26/88
SSSV	Scientific Systems Services, Inc.	2/26/88
CBAN	Central Bancorporation, Inc.	3/01/88
CWCB	Central Wisconsin Bankshares, Inc.	3/01/88
FICR	Fidelcor, Inc.	3/01/88
FICRP	Fidelcor, Inc. (Ser A Pfd)	3/01/88
FICRO	Fidelcor, Inc. (Ser B Pfd)	3/01/88
FRBC	First Republic Bancorporation, Inc.	3/01/88
FLBK	Florida Commercial Bank, Inc.	3/01/88
BEEP	Roadrunner Enterprises, Inc.	3/01/88
SEAM	Seaman Furniture Company	3/01/88
SHAS	Shawmut Corporation	3/01/88
GENE	Genentech, Inc.	3/02/88
NACS	North American Communications Corporation	3/02/88
SHCOW	Schult Homes Corporation (Wts)	3/03/88
CLNY	Calny, Inc.	3/04/88
ITIL	International Telecharge, Inc.	3/04/88
SINT	Systems Integrators, Inc.	3/04/88
TLMT	Telemation, Inc.	3/08/88

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

NASD

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

notice to members 88-23

March 23, 1988

TO: All NASD Members

RE: Windsor Equity Corporation
330 S. Executive Drive
Brookfield, Wisconsin 53005

ATTN: Operations Officer, Cashier, Fail-Control Department

On March 21, 1988, the United States District Court for the Eastern District of Wisconsin appointed a SIPC Trustee for the above member.

Members may use the "immediate close out" procedures as provided in Section 59(i)(2) of the NASD's Uniform Practice Code to close out open OTC contracts.

Questions regarding the firm should be directed to:

SIPC Trustee

David A. Erne, Esquire
c/o Reinhardt, Boerner, Van Deusen
Norris and Rieselbach
1800 Marine Plaza
Milwaukee, Wisconsin 53202-4884
Telephone (414) 271-1190

* * * * *

NASD

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

notice to members 88-24

March 30, 1988

TO: All NASD Members and Other Interested Persons

FROM: Registration of Persons Soliciting on Behalf of Members

The NASD reminds members that Schedule C to the NASD By-Laws requires that members register any person who contacts potential customers of the firm for the purpose of opening accounts, soliciting orders, or qualifying potential customers for the firm, i.e., any person engaged in "cold calling." The NASD Board of Governors is aware that many member firms continue to allow unregistered persons to solicit customers for the firm.

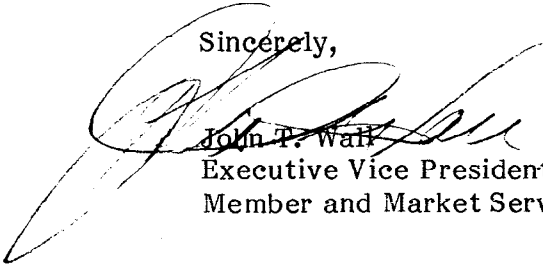
In Notice to Members 85-48, dated July 17, 1985, the NASD announced that members must register personnel who solicit new accounts by telephone, notwithstanding any limitation of such solicitations to prepared scripts discussing generic products and services offered by the member. A copy of Notice to Members 85-48 is attached.

The Board wants to emphasize that this prohibition is not meant to restrict a member's administrative personnel, in the normal course of their duties, from contacting customers regarding routine administrative matters involving customers' accounts or from extending invitations to the public to firm-sponsored events, such as investment seminars at which any substantive presentations and accounts or order solicitations will be made by appropriately registered personnel.

Member firms that use unregistered individuals to solicit accounts will be subject to disciplinary action. Several District Business Conduct Committees have recently brought formal complaints against member firms that have continued to use unregistered account solicitors.

Questions concerning this notice can be directed to Frank McAuliffe, Vice President, NASD Qualifications, at (301) 738-6694.

Sincerely,


John T. Walk
Executive Vice President
Member and Market Services

Attachment

NASD

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

notice to members 88-25

March 30, 1988

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

RE: NASDAQ National Market System Totals 2,994 Securities With 13 Additions on April 5, 1988

On Tuesday, April 5, 1988, the following thirteen issues are scheduled to join the NASDAQ National Market System, bringing the total number of issues in NASDAQ/NMS to 2,994:

Symbol*	Company	Location
CYTR	CytRx Corporation	Norcross, GA
CYTRW	CytRx Corporation (Wts)	Norcross, GA
EVS	Evansville Federal Savings Bank	Evansville, IN
JACO	Jaco Electronics, Inc.	Hauppauge, NY
MAXE	Max & Erma's Restaurants, Inc.	Columbus, OH
MAXEW	Max & Erma's Restaurants, Inc. (Wts)	Columbus, OH
NWGI	N-W Group, Inc.	Phoenix, AZ
NGFCF	Nevada Goldfields Corporation	Vancouver, Canada
NWEN	Northwest Engineering Company	Green Bay, WI
SLRV	Sellersville Savings and Loan Association	Perkasie, PA
SMIN	Southern Mineral Corporation	Houston, TX
TDRLF	Tudor Corporation Ltd.	Calgary, Canada

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

Symbol*	Company	Location
VITA	Vitalink Communications Corporation	Fremont, 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.

Symbol*	Company	Location
ALTR	Altera Corporation	Santa Clara, CA
PFLY	Polifly Financial Corporation	Hasbrouck Heights, NJ

NASDAQ/NMS Interim Additions

The registration statements of the following issues were declared effective by the SEC or other appropriate regulatory authority. These issues commenced trading in NASDAQ/NMS since March 7, 1988.

Symbol*	Security	Date of Entry
VRSY	Varitronic Systems, Inc.	3/15/88
MALC	Mallard Coach Company, Inc.	3/18/88

The following changes to the list of NASDAQ/NMS securities occurred since March 7, 1988.

NASDAQ/NMS Symbol* and/or Name Changes

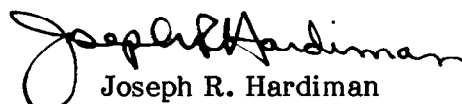
New/Old Symbol*	New/Old Security	Date of Change
BHAGA/BHAG	BHA Group, Inc. (C1 A)/BHA Group, Inc.	3/18/88
DXTKZ/DXTKZ	Diagnostek, Inc. (6/30/88 C1 B Wts)/Diagnostek, Inc. (3/31/88 C1 B Wts)	3/24/88
AFSL/AFSL	AmFed Financial Corporation/ American Federal Savings and Loan Association	3/25/88

NASDAQ/NMS Deletions

Symbol*	Security	Date
MGAN	Morgan Products, Ltd.	3/07/88
BARL	Barr Laboratories, Inc.	3/09/88
IDCS	IDC Services, Inc.	3/10/88
MAGE	Magma Energy, Inc.	3/10/88
CRFH	Craft House Corporation	3/11/88
CRCM	CareerCom Corporation	3/14/88
STNA	Stanadyne, Inc.	3/14/88
DIXY	Dixon Ticonderoga Co.	3/15/88
IVTC	Iverson Technology Corporation	3/16/88
ALTN	AlternaCare Corporation	3/17/88
FEMP	First Empire State Corporation	3/17/88
BSCO	Burnham Service Corporation	3/21/88
EMCS	EMC Corporation	3/21/88
SPTN	Spartech Corporation	3/22/88
GNMR	Genmar Industries, Inc.	3/24/88
SGMA	Sigmaform Corporation	3/24/88
ADSNB	Addison Wesley Publishing Company (C1 B)	3/25/88

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