

Update

Second Quarter 2000

Proposed Amendment to the Three Quote Rule

The National Association of Securities Dealers, Inc. (NASD®) has proposed amendments to Rule 2320(g), also known as the “Three Quote Rule,” and Rule 3110(b)(2). The changes, if approved, will include the following:

- Market Makers will no longer need to note the identity of the broker/dealers, and their quotations, on the order ticket when two or more firm quotations are displayed on an inter-dealer quotation system which makes available its quotation data to NASD Regulation®;
- Market Makers that are executing a customer order in a non-Nasdaq security will be required to contact and obtain three quotations **only when** there are fewer than two firm quotations displayed in a real-time inter-dealer quotation system, such as the OTC Bulletin Board® (OTCBB) or electronic pink sheets; and
- Market Makers that display priced quotations in two or more real-time quotation media for the same

security, will be required to display the same prices on each quotation medium. This, in turn, will enhance the ability of market participants to determine the best inter-dealer market of a particular security.

The Three Quote Rule was originally adopted on May 2, 1988, as an amendment to the NASD’s best execution interpretation. It requires market participants that execute transactions in non-Nasdaq securities on behalf of customers to contact a minimum of three dealers (or all dealers if there are three or fewer), and to obtain quotations in determining the best inter-dealer market. The purpose of the Three Quote Rule was to create a standard to help ensure that Market Makers would fulfill their best execution responsibilities to customers in non-Nasdaq securities. This applies particularly to transactions involving securities of relatively low liquidity with non-transparent prices.

Since the adoption of the Three Quote Rule, the market for non-Nasdaq securities has changed dramatically.

Given the rapid growth in the market for OTCBB securities, compliance with the current Three Quote Rule often can result in delays in obtaining executions of customer orders. NASD Regulation believes that the two transparent, firm quotes have a significantly higher informational value than three telephone quotes, in terms of obtaining the best execution for customers.

Compliance with the Three Quote Rule, though, is only a minimal standard and does not mean the Market Maker has met its best execution obligations. Best execution requires market participants to use reasonable diligence to determine the best inter-dealer market for a security. Additionally, participants should buy or sell in that market so that the resulting price to the customer is as favorable as possible given market conditions.

Please direct any questions regarding the amendments to the Three Quote Rule to Liz Heese at (202) 728-8191. You can also visit www.otcbb.com to get the latest news concerning this topic.

SEC Approves Trade and Quote Halt Authority in OTCBB Securities

On May 22, 2000, the Securities and Exchange Commission (SEC) approved amendments to NASD Rule 6545. These amendments will be implemented on June 26, 2000. This rule change will provide Nasdaq® with the authority to halt trading and quotations in securities traded on the OTCBB in circumstances where it is necessary to protect investors and the public interest. Halts will be initiated in OTCBB securities when:

- the security is dually listed on or registered with a foreign securities exchange or market, and the foreign market or regulatory authority halts trading for regulatory reasons;
- a security is a derivative/component of a security listed on a national securities exchange or Nasdaq, and the exchange or Nasdaq imposes a trading halt in the listed security; or
- the issuer does not provide the NASD with timely information that is required by SEC Rule 10b-17 regarding “Untimely Announcements of Record Dates.” (This rule requires issuers to provide the NASD, within 10 calendar days, with information concerning a dividend or other distribution in cash, a stock or reverse split, and rights or other subscription offerings.)

Under the rule change, when data is received from a foreign securities exchange or market, Nasdaq will first evaluate the information and determine if a halt in an OTCBB security is appropriate before initiating a trading or quotation halt. Trading and quotations in the security may resume

when Nasdaq has decided, after close review, that there is no further need for the halt, or when five business days have passed from the initial date (whichever occurs first).

Prior to this rule change, Nasdaq was authorized to impose halts only in Nasdaq-listed securities and securities listed on a national securities exchange and traded in the Nasdaq Third Market. Until this point, however, there was no rule granting Nasdaq the authority to impose trading or quotation halts in OTCBB securities. Nasdaq hopes that the expanded trade-halt authority will increase investor protection with respect to securities quoted in the OTCBB.

Trade and quote halt information will be available on a real-time basis on the OTCBB website at www.otcbb.com. Halt information will be accessible from the home page under “Trade Halts”.

More information on the trade-halt amendment is available in the First Quarter 2000 issue of this newsletter, which can be accessed on the website. Please direct any questions regarding the amendments to Liz Heese at (202) 728-8191.

What's Happening @OTCBB.com

Quotes for OTCBB Securities Will Be Available Soon on the Website

This summer, the OTCBB will begin providing investors with 15-minute delayed inside market prices for OTCBB securities on the OTCBB website. For each security, site users will be able to obtain, on a 15-minute delayed basis, the inside bid and ask prices, and cumulative share volume for the current day. In addition, the current day's high, low, and last sale values will be available, along with the previous day's closing price and the percentage change from that price.

With this data, OTCBB investors will have access to important and useful pricing information that is vital in today's market. To access this information, you will simply click on the “QuickQuotes” button to be located on the homepage of www.otcbb.com.

As a future enhancement to 15-minute delayed quotes, OTCBB.com will display, for each OTCBB security, the full montage of Market Maker quotes, 52-week highs and lows, and charting of prices and share volume.

Please direct any questions regarding these website changes to Liz Heese at (202) 728-8191.

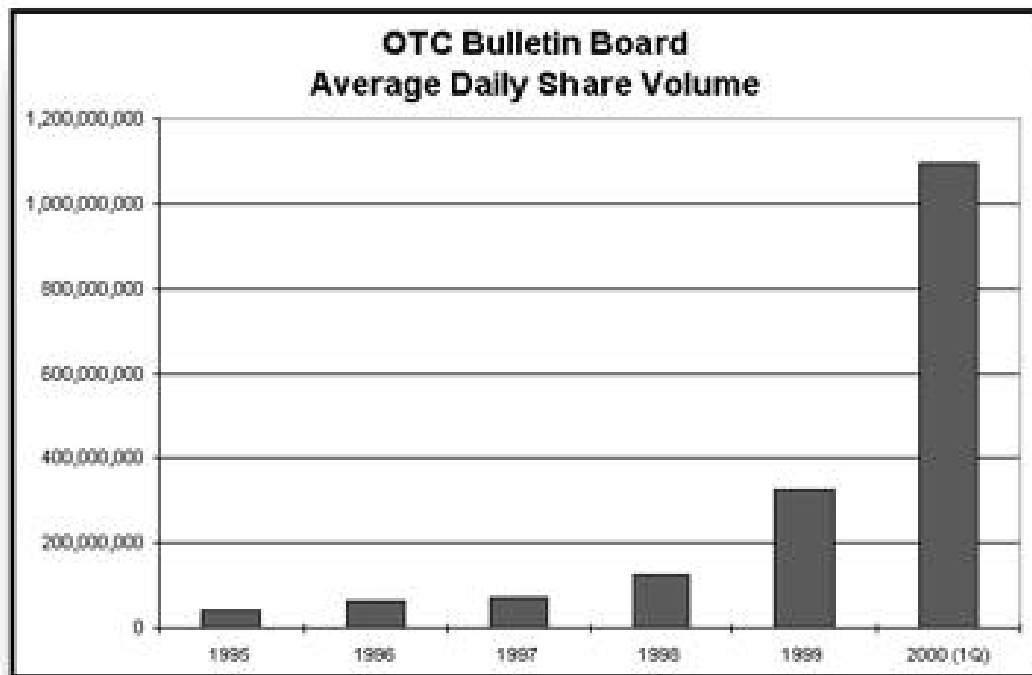
OTC Bulletin Board Sets All-Time Record for Volume

The OTCBB has been setting record highs and taking monumental strides (in share volume) in recent months. The total share volume in February 2000 was 24.2 billion, up 365% from the February 1999 total of 5.2 billion. This dramatic increase comes despite the fact that over 2,600 non-reporting securities have been removed from the OTCBB since July of 1999, due to the implementation of the Eligibility Rule.

Trading activity in the OTCBB grew at an impressive but steady pace from 41 million shares and less than 7,000 trades a day in 1995 to 312 million shares and 53,000 trades a day in 1999. In the first quarter of 2000, over one billion shares were traded each day and almost 200,000 trades were reported daily. Among the reasons for this explosion in volume on the OTCBB is the fact that the wealth of OTC information available on the Internet and the growth of online trading systems

directly accessible to individual investors have increased at a substantial rate. This, in turn, presents investors with greater opportunities for interest and participation.

Please direct any questions regarding the record increase in share volume to Liz Heese at (202) 728-8191. You can also visit www.otcbb.com to get the latest news concerning this topic.



Status Update for OTCBB Initiatives

Initiative	Status
Proposed Three Quote Rule Amendments	Being reviewed by the SEC
Trade and Quote Halt Authority in OTCBB	Approved by the SEC on May 22, 2000
Proposed OTCBB Limit Order Protection Pilot	Being reviewed by the SEC
Proposed New Minimum Quote Tier Sizes Proposal	Being reviewed by the SEC

Eligibility Rule Update

The chart below shows the status of the OTCBB Eligibility Rule implementation from July 1999 through May 2000.

The phase-in of the rule will be complete on June 22, 2000.

Group	Phase-In Date	Total # Issuers Reviewed	Initial Failures	Initial Pass	Became Compliant During 30 Days	Total Issuers Pass	Total Issuers Fail	Failure Rate
A - AD	7/1/99	93	64	29	13	42	51	55%
Jul Total		93	64	29	13	42	51	55%
AE - AO	8/1/99	177	139	38	18	56	121	68%
Aug Total		177	139	38	18	56	121	68%
AP - BI	9/1/99	269	198	71	28	99	170	63%
Sep Total		269	198	71	28	99	170	63%
BJ - CH	10/7/99	307	201	106	26	132	175	57%
CI - CT	10/20/99	274	195	79	28	107	167	61%
Oct Total		581	396	185	54	239	342	59%
CU - EE	11/3/99	280	203	77	23	100	180	64%
EF - FL	11/17/99	284	180	104	27	131	153	54%
Nov Total		564	383	181	50	231	333	59%
FM - GS	12/1/99	291	205	86	27	113	178	61%
GT - IG	12/15/99	295	209	86	33	119	176	60%
Dec Total		586	414	172	60	232	354	60%
IH - KA	1/12/00	240	166	74	22	96	144	60%
KB - MD	1/19/00	309	225	84	21	105	204	66%
Jan Total		549	391	158	43	201	348	63%
ME - NA	2/9/00	277	191	86	27	113	164	59%
NB - OR	2/24/00	266	172	94	28	122	144	54%
Feb Total		543	363	180	55	235	308	57%
OS - PR	3/8/00	285	187	98	27	125	160	56%
PS - RZ	3/23/00	255	168	87	29	116	139	55%
Mar Total		540	355	185	56	241	299	55%
SA - SQ	4/5/00	275	193	82	31	113	162	59%
SR - TN	4/19/00	278	172	106	19	125	153	55%
Apr Total		553	365	188	50	238	315	57%
TO - VG	5/3/00	269	173	96	19	115	154	57%
VH - ZZ	5/17/00	280	177	103	28	131	149	53%
May Total		549	350	199	47	246	303	55%
		Total Reviewed				Total Phased In		
Running Total		5004	3418	1586	474	2060	2944	59%

OTC Bulletin Board - Top 100 Issues April 2000

AVERAGE DAILY VOLUME



SYMBOL	NAME	SHARE VOLUME	DOLLAR VOLUME	CLOSE PRICE 4/30/2000	SYMBOL	NAME	SHARE VOLUME	DOLLAR VOLUME	CLOSE PRICE 4/30/2000
MVEEE	1ST MIRACLE GROUP INC	64,212,761	\$2,551,312	0.0294	SNLV	SNELLING TRAVEL INC	928,236	\$112,366	0.135
MPTV	MPTV INC	12,857,557	\$651,672	0.039	AMDI	APPLIED MEDICAL DEVICES INC	918,427	\$74,151	0.0787
TTRIF	THERMO TECH TECH INC	10,798,361	\$1,992,865	0.105	GWTR	GLOBAL WATER TECHNOLOGIES INC	814,113	\$222,804	0.25
BICO	BIOCONTROL TECH INC	10,488,880	\$3,037,416	0.252	TSFPE	TEMPLE SUMMIT FINL PROJECTS	797,836	\$76,172	0.08
ARET	AMERIRESOURCE TECHNOLOGIES INC	5,574,638	\$834,981	0.125	ISCO	ILLINOIS SUPERCONDUCTOR CORP	788,699	\$3,599,905	4.25
AREE	ARETE INDUSTRIES INC	4,655,460	\$326,027	0.059	WTHL	WHITEHALL ENTERPRISES INC	780,210	\$166,945	0.171875
ADGI	AMERICAN DIVERSIFIED GROUP INC	4,401,722	\$1,270,735	0.275	OKOK	OKLAHOMA ENERGY CORP	768,330	\$213,601	0.32
TSIG	TELESERVICES INTERNET GRP INC	4,067,199	\$934,599	0.205	BBAN	BROADBAND WIRELESS INTL CORP	757,539	\$2,775,855	2.25
PCBM	PINNACLE BUSINESS MNGMNT INC	3,904,655	\$558,979	0.13	CHIP	LS CAPITAL CORP	753,481	\$62,644	0.075
ARYN	ARCHER SYS INC	3,832,514	\$368,813	0.082	WAVC	WAVERIDER COMMUNICATIONS INC	748,772	\$5,066,597	6
SFAD	SAFE TECHNOLGS INTL INC	3,683,968	\$576,804	0.115	SPTK	SPINTEK GAMING TECHN LG INC NEW	747,118	\$134,318	0.17
PLHYQ	PLANET HOLLYWOOD INTL CL A	3,667,550	\$423,319	0.085	DMEC	DIAMOND ENTERTAINMENT CORP	732,192	\$48,976	0.0525
FONX	FONIX CORP	3,363,143	\$4,752,944	1.5	TNRG	TIANRONG BLDNG MATRL HLDGS LTD	728,922	\$240,950	0.27
IINN	INTL INTERNET INC	3,294,060	\$999,113	0.261	ZMRT	ZEBRAMART.COM	725,486	\$274,959	0.27
NCTI	NCT GROUP INC	2,843,202	\$2,630,455	0.755	REDI	REDDI BRAKE SUPPLY CORP	715,315	\$30,707	0.035
LOCH	LOCH HARRIS INC	2,431,104	\$2,004,801	0.77	BCAM	B C A M INTL INC	677,556	\$161,701	0.101
ADVR	ADVANCED VIRAL RESEARCH CORP	2,370,730	\$1,195,466	0.455	AQCB	AQUA CLARA BOTTLING & DIST INC	676,647	\$186,905	0.27
ABRG	AMBRA RESOURCES GROUP INC	2,348,353	\$430,098	0.13	MIGR	MIGRATEC INC	658,568	\$1,395,515	1.8125
MYIQE	EDULINK INC	2,041,909	\$374,843	0.145	IMDS	IMAGING DIAGNOSTIC SYSTEM INC	658,532	\$1,657,200	1.96875
CLSI	CLANCY SYS INTL INC	1,984,855	\$249,079	0.115	LVFIQ	LEVITZ FURNITURE INC	654,516	\$156,910	0.174
NSKY	NEW SKY COMMUNICATIONS INC	1,958,707	\$243,542	0.095	ENET	EQUALNET COMM CORP	627,588	\$179,346	0.23
VCSYE	VERTICAL COMPUTER SYSTEMS NEW	1,912,477	\$1,366,009	0.74	VALH	VALUE HOLDINGS INC	612,327	\$200,655	0.285
EPEA	E-PRIME AEROSPACE CORP	1,882,678	\$302,988	0.125	LITH	LITHIUM TECHN LGY CORP(NEW)	608,490	\$588,680	0.8
CDNOE	CONS CAPITAL NORTH AMERICA INC	1,795,983	\$103,133	0.09	PFCK	PEACOCK FINL CORP	592,376	\$409,801	0.71
IBUI	INTERNET BUSNSS INTL INC	1,720,849	\$904,556	0.45	QSRI	QUEEN SAND RESOURCES INC	589,379	\$192,526	0.28
FASC	FIRST AMERI SCIENTIFIC CORP	1,598,313	\$547,723	0.24	VENGF	VENGOLD INC	576,565	\$795,783	1.55
TXMC	TIREX CORP (THE)	1,534,117	\$710,960	0.4	IMCC	IMC MORTGAGE CO	572,190	\$67,353	0.0999
CRNC	CHRONICLE COMMUNICATNS INC	1,450,446	\$246,691	0.164	ECAR	U S ELECTRICAR INC	566,868	\$214,697	0.355
INCE	INTERCELL CORP NEW	1,366,412	\$231,764	0.13	USTI	UNITED SYSTEMS TECHNOLOGY INC	556,732	\$114,848	0.27
MDIA	MEDTECH DIAGNOSTICS INC	1,365,174	\$120,184	0.045	PRAV	PARADIGM ADV TECHN LGS INC	549,550	\$1,272,778	2.0625
TRDY	TRUDY CORP	1,311,398	\$76,052	0.05	PENC	PEN INTERCONNECT INC	531,040	\$149,037	0.26
SSAX	SYSTEM SFTWARE ASSOC INC	1,310,875	\$348,547	0.1	DYGN	DYNAGEN INC.	530,447	\$329,533	0.52
ANTM	ANTENNAS AMERICA INC	1,305,349	\$1,511,445	1.04	HICS	HYDROGIENE CORP	520,285	\$638,929	1
USHO	U S HOMECARE CORP	1,303,743	\$42,598	0.022	SYBD	SYNTHETIC BLOOD INTL INC	514,914	\$628,562	0.95
ABACQ	ABACAN RESOURCE CORPORATION	1,289,439	\$28,930	0.018	EDIS	EARTH SEARCH SCIENCES INC	502,187	\$642,032	1.01
KAHI	KAIRE HOLDINGS INC	1,286,437	\$575,984	0.41	WAMX	WAMEX HOLDINGS INC	498,874	\$1,597,333	2.15625
QPRC	QUEST PRODUCTS CORP	1,248,185	\$206,486	0.126	WRDP	WORLDPORT COMMUNICATIONS INC	494,004	\$1,615,009	2.90625
EDIG	E DIGITAL CORP	1,199,285	\$9,415,075	7.71875	TNSU	TANISYS TECHNOLOGY INC	493,718	\$505,814	0.71875
CCGRE	COLLECTIBLE CONCEPTS GRP INC	1,198,807	\$186,168	0.18	MPEG	INNOVACOM INC	490,453	\$634,416	0.875
UVGI	UNITED VENTURES GROUP INC	1,180,064	\$387,737	0.31	ACCR	ACCESS POWER INC	488,085	\$407,852	0.67
MDCH	MEDITECH PHARMACEUTICALS	1,065,335	\$418,993	0.28125	MZEI	MEDIZONE INTL INC	486,556	\$209,199	0.45
VDOT	VIRTUALSELLERS.COM INC	1,025,391	\$4,019,582	2.53125	WIZZF	WSI INTERACTIVE CORP	484,724	\$1,048,151	1.5
TSATA	TCI SATELLITE ENTERTAINMENT IN	1,021,115	\$14,540,803	10.5	TREY	TREASURY INTL INC	481,404	\$188,257	0.3
CAMB	CAMBIO INC CL A	1,011,969	\$891,241	0.8875	VRDE	VERIDIEN CORP	478,765	\$77,698	0.15
RPAPF	REPAP ENTERPRISES CORP	995,252	\$73,245	0.075	UREC	URECOATS INDUSTRIES INC	478,705	\$718,117	1.9375
APPI	ADVANCED PLANT PHARMCTCLS	987,114	\$219,182	0.19	SRAM	SIMTEK CORP	478,569	\$804,030	1.59375
GONT	GO ONLINE NETWORKS CORP	961,927	\$561,418	0.47	FSMEP	FRESENIUS MED CARE HLDS PFD D	477,535	\$23,699	0.03
DNTK	DAUPHIN TECHNOLOGY INC	955,155	\$5,364,041	4.5625	USVOE	U S A VIDEO INTERACTIVE CORP	475,678	\$1,145,725	2.1875
FURRW	FURR'S REST GRP INC WT 1/2/01	942,953	\$30,449	0.025	NYRR	NEW YORK REGIONAL RAIL CORP	470,291	\$153,553	0.265
TVCP	TALK VISUAL CORP	928,964	\$1,028,887	0.89	FOCS	FIBERCHEM INC	468,921	\$317,911	0.6

SOURCE: NASDAQ TRADING & MARKET SERVICES

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OTC Compliance Unit
(301) 978-2100

Symbol Change, Name Change, or Stock Split

Market Data Integrity
(203) 375-9609

Using the OTCBB Service

Market Operations
(203) 378-0284

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