

OTC Bulletin Board®

Update

Fourth Quarter '98

OTCBB Rule Proposal Published in the *Federal Register*

The Securities and Exchange Commission (SEC) has recently published in the *Federal Register* the National Association of Securities Dealers' (NASD®) proposed rule change for the OTC Bulletin Board® (OTCBB). Over-the-counter (OTC) securities are quoted in media where there are no listing requirements and often, no public information available. The NASD proposal is intended to balance the benefits that the transparency of the OTCBB provides with the public need for information about the issuers being quoted.

OTC Bulletin Board Eligibility Rule

This proposed rule change will ensure that current financial information about domestic companies that are quoted on the OTCBB is publicly available. Presently, NASD rules require foreign and American Depositary Receipt (ADR) issuers to file periodic reports with the SEC in

order to be quoted on the OTCBB. The NASD has proposed to extend that requirement to domestic securities. The rule, if approved, will permit only those domestic companies that report their current financial information to the SEC, banking, or insurance regulators to be quoted on the OTCBB. The following is a brief summary of what the rule entails:

- This requirement will be immediately effective upon approval by the SEC for securities not currently quoted on the OTCBB.
- Non-reporting companies whose securities are already quoted on the OTCBB will have between 6 and 18 months (depending on where they fall in a phase-in period) to comply with the new requirements once the rule becomes effective.
- If an issuer becomes delinquent in its reports, there will be a grace period of 30 to 60 days (depending on the type of issuer) during which Market Makers

may continue to quote the security.

A link to the filing, number SR-NASD-98-51, can be found at www.otcbb.com. From the homepage, click on the headline entitled "OTCBB Rule Proposal Published in the *Federal Register*"; there is a link to the filing in this article.

Comments to the SEC may be submitted via electronic mail or in writing. E-mail your comments to rule-comments@sec.gov and **be sure to include the file number, SR-NASD-98-51, in the subject line**. If you would prefer to submit comments through the U.S. mail, send six copies to:

Jonathan G. Katz
Secretary
The Securities and Exchange
Commission
450 Fifth Street, NW
Washington, DC 20549
Re: SR-NASD-98-51

Other regulatory initiatives regarding the OTC market are still under consideration by the SEC.

IQMS Launch Successful

On September 28, 1998, the NASD successfully launched its new technology infrastructure—the Integrated Quotation Management System (IQMS)—to consolidate the Nasdaq quotation systems. IQMS has been developed utilizing standard Unisys products, affording easier maintenance and future growth potential. The new system also addresses Year 2000 (Y2K) concerns and provides Nasdaq

with a flexible infrastructure that can support future business needs, such as decimal pricing.

This first phase of IQMS supports quotation for OTCBB securities. Please remember that in this first phase of IQMS, Market Makers are no longer able to obtain a list of the OTCBB securities in which they make a market. Nasdaq will add this capability in the next release of IQMS, currently scheduled for the

second quarter of 1999. In the meantime, Market Makers can call the OTCBB Research Service at (202) 728-8477 to obtain a list of their stocks. Additionally, in the future, it may be possible to retrieve such a list from the OTCBB Web site.

If you have any questions about IQMS issues that pertain to the OTCBB, please call Yek Eng, Product Development, at (212) 858-4306.

OTCBB Status Identifiers Changed

The OTCBB Status Identifiers on Nasdaq Workstation II® were changed in a software release in November 1998. This was done in an effort to clarify which securities are quoted on the OTCBB, which are ineligible to be quoted on the OTCBB, and which are eligible to be quoted, but need to have a Form 211 filed prior to quotation.

When a subscriber pulls up a security on the Workstation, there is an identifier located on the right side of the screen to the right of the ACT Clearing Status, which indicates the category the security falls into, previously designated as: “Eligible,” “Active,” or “Ineligible.”

Because these identifiers did not easily distinguish between OTC Bulletin Board securities

and other types of over-the-counter securities, Nasdaq sought to clarify these labels to avoid confusion on the part of individuals not familiar with the securities. In November 1998, the identifiers became more specific to the OTCBB. Following are the new identifiers and their meanings:

■ **“BB 211”** (formerly “Eligible”): One or more Market Makers has received clearance to quote the issue on the OTC Bulletin Board within the last 30 days. Any other participating Market Maker that wishes to quote the issue must also submit a completed Form 211.

■ **“BB Active”** (formerly “Active”): Security is actively being quoted on the OTCBB.

Authorized participants may register on-line in a security. As long as the security remains in an “active” state, any participant may quote the security without a Form 211 submission.

■ **“non BB”** (formerly “Ineligible”): Security is not currently quoted on the OTCBB. To add the security to the OTCBB, a Market Maker must make sure that the security is eligible to be quoted on the OTCBB and then submit a Form 211 or a 15c2-11 Exemption Form. After clearance, the security is granted “BB-211” status.

Please be aware of these new identifiers. If you have questions, contact Liz Heese at (202) 728-8191.

Web Site Changes Planned

The OTCBB Web site, www.otcbb.com, is designed for Market Makers, issuers, investors, and market data vendors who

currently use the OTCBB or who are interested in learning about the service. Since the launch of the site in March 1998, Nasdaq

has received positive feedback and thousands of hits from its audience.

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OTC Bulletin Board - Top 100 Issues October 1998

AVERAGE DAILY VOLUME

SYMBOL	NAME	SHARE VOLUME	DOLLAR VOLUME	CLOSE PRICE 10/30/98	SYMBOL	NAME	SHARE VOLUME	DOLLAR VOLUME	CLOSE PRICE 10/30/98
GOTKQ	GEOTEK COMMUNICATIONS INC	3,029,686.00	66,745.00	0.02	ZULU	ZULU TEK INC	319,759.00	21,373.00	0.07
PRWT	PUREWATER SCIENCES INTL INC	2,471,836.00	50,003.00	0.02	TFOBF	TELEFONICA DE ARGENTINA B ORD	302,695.00	969,552.00	3.25
ARET	AMERIRESOURCE TECHNOLOGIES INC	1,919,768.00	12,647.00	5.7	KAFE	COUNTRY STAR RESTAURNTS INC	298,341.00	3,650.00	0.01
LTGL	LITEGLOW IND INC	1,660,982.00	17,558.00	8.0	AQCI	AQUATIC CELLULOSE INTL CORP	289,527.00	40,715.00	0.15
MPTV	MPTV INC	1,487,068.00	13,579.00	0.01	LNST	LONE STAR INTL ENERGY INC	282,309.00	18,032.00	0.06
EPEA	E-PRIME AEROSPACE CORP	1,240,205.00	44,469.00	0.04	ZETHQ	ZENITH ELECTRONICS CORP	277,168.00	129,320.00	0.43
AGTI	ADVANCED GAMING TECHNG INC	1,054,636.00	5,242.00	5.0	IKAR	IKAR MINERAL CORP (DE)	276,727.00	86,347.00	0.33
GAAY	TRIANGLE BROADCASTG CO INC NEW	1,041,564.00	55,653.00	0.03	LONE	LIFEONE INC	274,582.00	34,494.00	0.16
AAFG	ALL AMERICAN FOOD GR INC	1,028,109.00	28,039.00	0.01	ADVR	ADVANCED VIRAL RESEARCH CORP	269,186.00	51,185.00	0.19
BICO	BIOCONTROL TECH INC	993,509.00	68,374.00	0.06	FSMEP	FRESENIUS MED CARE HLDS PFD D	255,091.00	6,334.00	0.02
MDIN	MEDINAH ENERGY INC NEW	958,382.00	103,665.00	0.12	OKOK	OKLAHOMA ENERGY CORP	254,073.00	12,679.00	0.06
NUOA	NUOASIS RESORTS INC	876,455.00	40,218.00	0.04	MYGD	MONEY GUILD INC	249,891.00	48,510.00	0.15
NSKY	NEW SKY COMMUNICATIONS INC	850,105.00	20,224.00	0.02	HAVAQ	HARVARD INDS INC	249,836.00	19,202.00	0.11
EUTO	EUTRO GROUP HOLDING INC	842,959.00	34,695.00	0.02	FTEL	FRANKLIN TELECOM CORP	249,141.00	178,044.00	1.02
AUMY	AUNT MYRAS INC	826,855.00	17,514.00	0.04	AWLT	ARALDICA WINERIES LTD	247,264.00	10,552.00	0.03
ECOI	ECO-RESOURCES INTL INC	732,805.00	89,340.00	0.05	BAAT	B A T INTERNATIONAL INC	241,341.00	74,780.00	0.25
PWRE	PTC GROUP INC	671,045.00	225,698.00	0.20	NCII	NORRIS COMMUNICATION INC	240,468.00	15,159.00	0.07
FGRX	FRAGRANCE EXPRESS INC NEV	664,436.00	253,083.00	0.31	CDNO	CONS CAPITAL NORTH AMERICA INC	240,068.00	52,573.00	0.25
QDEK	QUARTERDECK CORP	631,014.00	282,301.00	0.46	LRSI	LIFERATE SYSTEMS INC	239,950.00	9,406.00	0.01
TNRG	TIANRONG BLDNG MATRL HLDGS LTD	616,695.00	11,669.00	0.01	COGX	CORGENIX MEDICAL CORP	238,532.00	61,996.00	0.21
WLGS	WORLD WIDE WIRELESS COMM INC	607,423.00	89,275.00	0.16	LOCH	LOCH HARRIS INC	232,832.00	9,622.00	0.03
SNTS	SANI-TECH INDS INC	577,559.00	1,238.00	2.95	SNLMF	SUNCOM TELECOMMUNICATIONS INC	232,614.00	44,547.00	0.18
MFNQ	MERCURY FINANCE COMPANY	565,455.00	29,402.00	0.07	ABMI	AMERICAN BIOMED INC	232,218.00	57,475.00	0.22
ADGI	AMERICAN DIVERSIFIED GROUP INC	552,786.00	9,029.00	0.01	TREY	TREASURY INTL INC	229,982.00	24,451.00	0.11
APTX	APPAREL TECHNOLOGIES INC	545,627.00	35,464.00	0.07	XLCY	EXCEL LEGACY CORP	229,641.00	572,998.00	2.75
FWGO	FISHER-WATT GOLD INC	540,982.00	28,065.00	0.07	UVTF	UNIVERSAL TURF INC	225,936.00	5,986.00	0.02
TSIG	TELESERVICES INTL GROUP INC	540,286.00	112,276.00	0.18	MBHC	MORTGAGE BANKERS HOLDINGS CORP	224,032.00	15,237.00	0.05
AREE	ARETE INDUSTRIES INC	504,109.00	4,633.00	0.008	PLFM	PLATFORMS INTL CORP	221,505.00	104,927.00	0.59
NPEC	NP ENERGY CORP NEW	476,618.00	13,037.00	0.02	SIDT	SI DIAMOND TECHNOLOGY INC	220,500.00	49,075.00	0.23
MVEE	1ST MIRACLE GROUP INC	476,264.00	40,249.00	0.10	AMIIQ	ACME METALS INC	219,800.00	38,973.00	0.23
CHTL	CHANTAL PHARMACEUTICAL CORP	449,973.00	4,495.00	0.01	JAWS	GREAT WHITE MARINE&RECREATION	218,995.00	534,449.00	2.01
GLOW	GLOBAL GAMES CORP	448,773.00	31,417.00	0.07	FLNK	FUTURELINK DISTRIBUTION CORP	218,936.00	115,556.00	0.58
SLVM	S L VENTURES INC (NEW)	444,300.00	102,588.00	0.29	ATEG	AMERICAN TECHNOLOGIES GROUP	218,059.00	132,257.00	0.67
KCAP	KEY CAPITAL CORP	438,545.00	1,145,987.00	1.84	DDSI	DIGITAL DESCRIPTOR SYSTEMS INC	215,814.00	69,751.00	0.32
RPAPF	REPAP ENTERPRISES CORP	411,723.00	27,193.00	0.08	BNEZ	BEN EZRA WEINSTEIN & CO	211,514.00	80,463.00	0.32
SGII	SGI INTL	386,014.00	169,079.00	0.61	GTMI	GLOBAL TELEMEDIA INTL INC	209,286.00	53,140.00	0.33
CYYS	CITYSCAPE FINL CORP	381,745.00	2,494.00	7.0	MRTI	METAL RECOVERY TECHNLGS INC	208,864.00	9,552.00	0.04
VTEH	VENTURE TECH INC	379,586.00	102,414.00	0.16	ABCP	AMBASE CORP	208,659.00	386,630.00	2.49
AIGI	ADAIR INTL OIL & GAS INC	357,041.00	21,195.00	0.06	TEPUF	TRANS-ORIENT PETROLEUM LTD	204,386.00	371,526.00	2.21
WOOD	MADERA INTERNATIONAL INC	354,268.00	12,158.00	0.03	ATSP	ATLAS CORPORATION	203,982.00	15,383.00	0.06
AXGI	AUXER GROUP INC (DE) THE	351,673.00	9,104.00	0.01	GGNC	GIC GLOBAL ENTERTAINMENT CORP	203,018.00	37,165.00	0.08
KANA	KANAKARIS COMMUNICATIONS INC	348,055.00	13,300.00	0.06	WLFN	WOLF INDUSTRIES INC	202,350.00	75,704.00	0.40
ININ	INTERNATIONAL INDUSTRIES INC	340,164.00	7,229.00	0.02	SUBM	SUBMICRON SYSTEMS CORP	201,782.00	44,292.00	0.25
EASY	STORM TECHNOLOGY INC	338,141.00	40,554.00	0.04	LGOV	LARGO VISTA GROUP LTD	197,855.00	26,862.00	0.14
WAVX	WAVE SYSTEMS CORP CL A	337,627.00	1,242,520.00	4.06	AVBC	AQUA VIE BEVERAGE CORP	196,509.00	50,729.00	0.25
DCTC	D C I TELECOMM INC	333,600.00	378,601.00	1.44	DYGN	DYNAGEN INC.	196,264.00	23,767.00	0.10
PNLK	PRO NET LINK CORP	327,923.00	340,168.00	1.04	BEKF	BEKS FOOD INTL INC	191,632.00	47,125.00	0.12
PTHR	PANTHER RESOURCES LTD	327,582.00	21,737.00	0.08	IFUE	INTL FUEL TECHNOLOGY INC	189,423.00	219,589.00	1.06
JNNE	JONES NAUGHTON ENTMT INC	326,505.00	10,646.00	0.02	SFCFQ	SOUTHERN PAC FDING CORP	186,900.00	15,940.00	0.08
KMGG	KALEIDOSCOPE MEDIA GROUP INC	325,677.00	107,170.00	0.47					
NYRR	NEW YORK REGIONAL RAIL CORP	323,268.00	48,729.00	0.15					

SOURCE: NASDAQ TRADING & MARKET SERVICES

Web Site Changes Planned *(Continued from page 2)*

Next year, the OTCBB will redesign some of the look and feel of the site to provide additional content and services to the users. The changes, with implementation tentatively planned for the first quarter of 1999, will likely include:

■ **Daily List:** The pages containing the daily list will be modified to be searchable

by issue or by date.

■ **Historical Trade Data Reports:** Currently ordered over the phone, users will be able to order these non-proprietary trade data reports through the Web site.

■ **E-mail Push Feature:** Users will be able to sign-up to receive an e-mail

message linking them directly to a news item at the same time it is posted to the site.

■ **Additional Statistics:** Additional statistics, such as daily market statistics and monthly share volume reports, will be available on the site.

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Form 211 Application Information

OTC Compliance Unit
(301) 208-2802

Symbol Change, Name Change, or Stock Split

Market Data Integrity
(203) 375-9609

Using the OTCBB Service

Market Operations
(203) 378-0284

The OTC Bulletin Board Update is a quarterly publication which provides information on developments and policies affecting OTCBB Market Makers and issuers. The OTCBB welcomes your comments or suggestions for future issues.

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