

Update

Fourth Quarter '99

SEC Approves Change to Rule 6750: Minimum Quote Size Requirements

The Securities and Exchange Commission (SEC) has granted accelerated approval, effective September 23, 1999, to the Nasdaq® proposal to amend National Association of Securities Dealers, Inc. (NASD®) Rule 6750 to provide any Nasdaq officer at the executive vice president level or above with the limited discretionary authority to reduce the minimum quotation size for securities quoted at a price over \$200 on the OTC Bulletin Board® (OTCBB).

Market Makers in OTC equity securities must honor their quotes for a minimum number of shares. Rule 6750 specifies a tiered system for minimum quote size, based on the price of a security. The rule originally mandated that securities priced over \$200 be traded in units of 50 shares or more. With the rule change, this requirement can be modified, in limited cases where a

lower minimum quote size is warranted.

Nasdaq proposed amending this 50-share requirement for securities over \$200 to address new, unforeseen market developments. First, new high-priced securities have emerged on the scene in recent years. Secondly, because of the size requirement, Market Makers have been reluctant in some cases to enter priced quotations for these top-tier securities for fear of potentially significant liability to their proprietary accounts.

The current amendment gives Nasdaq the flexibility to reduce the minimum quote size of highly priced and thinly traded OTCBB securities. Any modifications will be based primarily on the impact that the price of the security has upon liquidity, which will include consideration of the number of shares publicly available.

In addition to the limited discretionary authority amendment, Nasdaq is considering further amending Rule 6750 to establish new minimum quote sizes for securities priced over \$200.

The NASD Board of Governors is expected to vote on this proposed structure in 2000. If approved, the NASD then will submit the proposed rule change to the SEC for approval.

The as-needed size adjustments and, if approved, new quote-size tier structure will help improve liquidity and transparency for these securities. By alleviating Market Makers' potential exposure, the rule amendments will increase the opportunity for firm and fair quotations for these highly priced OTCBB securities.

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Only a Market Maker in the security can request a change to the unit of trade, which then impacts the minimum quote size. All requests for a reduction in quote size in securities

priced over \$200 must be made in writing and should include the name of the security, the unit of trade requested, and a brief explanation of the need for the change based on the trading behavior. Please submit all requests to

Market Data Integrity, OTCBB Coordinator Jennifer Munster, by fax at (203) 385-6381.

Historical Research Reports Available on *OTCBB.com*

The OTCBB Web site, at www.otcbb.com, offers several online Trading Activity Reports for securities quoted on the OTCBB. These reports provide valuable historical trading data to market participants, issuers, and investors. Once ordered, these reports are delivered via e-mail within 48 hours – and often within minutes.

These reports are available on *OTCBB.com*:

Market Maker Price Movement – A record of all of a Market Maker's quote updates (price and size) for a selected security. The report also includes the inside bid and ask at the time of each quote update. Each report includes data for five consecutive trade days.

Time and Sales Report – A record of all trades reported through the Automated Confirmation Transaction Service (ACTSM) for a particular security, indicating the report time, share volume, price, and any trade modifiers. Each report includes data for five consecutive trade days.

Trade and Quote Summary – This report displays a daily summary of the trading activity for a selected security and calendar month. The following data are included for each day: trade price (high, low, and close), bid (high, low, and close), ask (high, low, and close), and share volume.

These reports are available, for a limited time, free of charge. Nasdaq has submitted a proposal to the SEC to establish a nominal fee structure for these reports. The proposed fees are as follows:

Daily Detailed Reports

- \$7 per day, per security and/or market participant for reports containing 15 fields or less
- \$15 per day, per security and/or market participant for reports containing more than 15 fields (all reports currently available contain 15 fields or less)

Summary Level Activity Reports

- \$25 per monthly or quarterly report
- Under this structure, the **Market Maker Price Movement** and **Time and Sales** reports, for example, will cost \$35 each because they contain data for five consecutive days and

have 15 fields or less. The Trade and Quote Summary, which is monthly, will cost \$25 per report. With the revenue generated from the proposed fees, Nasdaq will be able to make available additional OTCBB trading reports through this medium, which is by far the fastest, most efficient way for ordering and delivering historical OTCBB trading activity.

In addition to the above reports, the **Monthly Share Volume Report** is also available on *OTCBB.com*. This report will continue to be offered free of charge. It reflects reported volume and ranking for all market participants in each OTCBB security. The reports can be searched by issue or market participant, and sorted by volume or issue symbol.

Please direct any questions on the proposed report fee structure to Liz Heese at (202) 728-8191.

Please make a note...
...of two important phone number changes.

OTC Compliance Unit.....(301) 978-2100

Call here for information on or assistance with—

- Form 211 application (the form is available online at www.otcbb.com/marketmakerservices/forms/formsindex.stm)
- Form 15c2-11 filing
- Market Maker procedures

OTCBB Filings (301) 978-8095

- Call this number for information on documenting issuer compliance with the Eligibility Rule.

OTC Bulletin Board - Top 100 Issues November 1999



AVERAGE DAILY VOLUME

SYMBOL	NAME	SHARE VOLUME	DOLLAR VOLUME	CLOSE PRICE 11/30/99	SYMBOL	NAME	SHARE VOLUME	DOLLAR VOLUME	CLOSE PRICE 11/30/99
MVEE	1ST MIRACLE GROUP INC	109125579	482901	0.0035	WIZZF	WSI INTERACTIVE CORP	868925	236546	0.375
MPTV	MPTV INC	19712548	171739	0.0072	AVNR	AVANIR PHARMACEUTICALS	865789	998952	1.8125
PABN	PANAMERICAN BANCORP	11452940	263472	0.0185	WNCR	WINCHESTER MINING CORP	834845	106718	0.11
LOCH	LOCH HARRIS INC	7564992	2846679	0.54	MGHC	MILLENNIUM GROUP HLDGS INC	814448	16922	0.024
SFAD	SAFE TECHNOLGS INTL INC	7166510	259732	0.047	SCKT	SOCKET COMMUNICATIONS INC	798721	3103397	4.78125
ARET	AMERIRESOURCE TECHNOLOGIES INC	7070056	166191	0.019	JOES	EAT AT JOE'S LTD	795225	193289	0.285
BICO	BIOCONTROL TECH INC	6296117	444447	0.0668	WRDP	WORLDPORT COMMUNICATIONS INC	795199	1638078	2
EUTOE	EUTRO GROUP HOLDING INC	5249689	37618	0.0065	GAAYE	TRIANGLE BROADCASTG CO INC NEW	764204	30981	0.035
KAHI	KAIRE HOLDINGS INC	5026267	534483	0.083	TIPS	TIANRONG INTRNET PROD&SVC INC	762886	650455	1.04
TSIG	TELESERVICES INTERNET GRP INC	4052082	224891	0.063	ADVR	ADVANCED VIRAL RESEARCH CORP	749136	190759	0.22
IMDS	IMAGING DIAGNOSTIC SYSTEM INC	4044081	856054	0.17	MRTI	METAL RECOVERY TECHNLS INC	734033	54678	0.1225
SHMN	SHAMAN PHARM INC	3808802	88257	0.019	WTHL	WHITEHALL ENTERPRISES INC	729082	46756	0.09
TRKN	TRIKON TECH INC	3383415	3254766	1.40625	USTI	UNITED SYSTEMS TECHNOLOGY INC	718679	130969	0.12
DRYD	DRYDEN INDUSTRIES INC	3321163	297074	0.14	LXRI	L X R BIOTECH INC	714735	26605	0.06
IBUI	INTERNET BUSNSS INTL INC	3174099	462622	0.175	VRGN	VIRAGEN INC	706258	750540	1.34375
NCTI	NCT GROUP INC	3086816	545203	0.1425	ATEG	AMERICAN TECHNOLOGIES GROUP	678011	205348	0.325
RMGG	ROCKY MOUNTAIN GINSENG INC	3041049	504750	0.36	NYRR	NEW YORK REGIONAL RAIL CORP	666207	314143	0.5
AREE	ARETE INDUSTRIES INC	2960224	27259	0.007	FIXCE	FIX-CORP INTL INC	665902	20043	0.04
CDNO	CONS CAPITAL NORTH AMERICA INC	2700975	112384	0.045	ORXX	OREX GOLD MINES CORP	661067	104184	0.15
IINN	INTL INTERNET INC	2214110	172680	0.095	IDCN	INDOCAN RESOURCES INC	660462	14999	0.019
TVCP	TALK VISUAL CORP	2209691	1106062	0.64	IRTN	IN-SPORTS INTERNATIONAL INC	659423	248800	0.14
STRU	STRUTHERS INC	1905723	176906	0.1	TEXN	21ST CENTURY TECHNOLOGIES INC	655088	79043	0.125
ECNC	ECONNECT	1822813	334289	0.195	TSATA	TCI SATELLITE ENTERTAINMENT IN	640733	3876031	7.5625
EDIG	E DIGITAL CORP	1760767	4004784	2.03	PFCK	PEACOCK FINL CORP	634917	177915	0.27
AIGI	ADAIR INTL OIL & GAS INC	1709781	605652	0.47	BISN	BIOSONICS INC	634287	7499	0.013
LGOV	LARGO VISTA GROUP LTD	1603402	379174	0.3	NUKE	RHOMBIC CORPORATION	628187	715934	1.937
TNRG	TIANRONG BLDNG MATRL HLDGS LTD	1499774	494746	0.3	ADVC	ADVANCED COMM TECH INC	626751	1340150	4.03125
ADGI	AMERICAN DIVERSIFIED GROUP INC	1345760	22038	0.016	INCE	INTERCELL CORP NEW	619407	8484	0.012
HRCT	HARTCOURT COMPANIES INC (NEW)	1328944	4265588	7.25	DYGN	DYNAGEN INC.	615204	248383	0.43
PLHYA	PLANET HOLLYWOOD INTL CL A	1256049	179046	0.1	AQCB	AQUA CLARA BOTTLING & DIST INC	608243	69066	0.11
HDOG	HEAVENLY HOT DOGS INC NEW	1239046	4107	0.0025	JAWZ	JAWS TECHNOLOGIES INC	595130	2678544	5.5625
EDIS	EARTH SEARCH SCIENCES INC	1229600	687016	0.82	MDHM	MEDINAH MINING INC	587448	105200	0.13
CAOL	CATHYONLINE INC	1214139	1986062	2.1875	EPEA	E-PRIME AEROSPACE CORP	586032	12068	0.022
AOXY	ADVANCED OXYGEN TECHNOLOGS INC	1208542	111786	0.045	TTLN	TOTAL ENTERTAINMENT INC	579381	295628	0.31
QPRC	QUEST PRODUCTS CORP	1193666	54922	0.041	FLNK	FUTURELINK CP	572846	14582744	25
OKOK	OKLAHOMA ENERGY CORP	1189264	47192	0.036	VCAH	VENCAP HOLDINGS INC	570778	29571	0.055
ABRG	AMBRA RESOURCES GROUP INC	1167101	42466	0.028	SPAZ	SPATIALIZER AUDIO LABS INC	558543	233179	0.57
HOPR	HOLLY HOLDINGS INC	1139749	5327	0.005	MMIC	MULTI-MEDIA INDUSTRIES CP	553943	164515	0.18
EBAS	EBASEONE CORPORATION	1138448	10441424	7.4375	NSCT	NATIONAL SCIENTIFIC CORP	531520	1015545	2.71875
NSKY	NEW SKY COMMUNICATIONS INC	1096067	36425	0.028	TRDY	TRUDY CORP	528023	22012	0.01
ZETHQ	ZENITH ELECTRONICS CORP	1064400	21133	0.016	WAVC	WAVERIDER COMMUNICATIONS INC	524072	780628	1.5625
TTRIF	THERMO TECH TECH INC	1039621	75279	0.075	LUMM	LUMENON INNOV LIGHTWAVE TECH	517850	9632434	21.61
COII	COMPUTERIZED THERMAL IMAGING	1023814	3897760	4.4375	XNET	XIN NET CORP	515614	1807801	3.5
PCBM	PINNACLE BUSINESS MNGMNT INC	1014015	142586	0.125	CHML	CHINAMALLUSA.COM INC	514947	1294227	1.375
CLSI	CLANCY SYS INTL INC	1008481	12734	0.012	PHVP	PHILIP SERVICES CORPORATION	509991	94557	0.17
ECAR	U S ELECTRICAR INC	998623	493771	0.52	HSNS	HIGH SPEED NET SOLUTIONS INC	507193	4346011	10.875
NLXI	NELX INC	969944	151351	0.14	GONT	GO ONLINE NETWORKS CORP	505603	141012	0.24
TXMC	TIREX CORP (THE)	962681	103048	0.105	TMMI	T M M INC NEW	501431	9235	0.021
INVT	INVESTAMERICA INC	922825	1067724	1.4375	SHCC	SARATOGA INTL HLDGS CORP	501408	55924	0.1
APPI	ADVANCED PLANT PHARMCTCLS	919561	68802	0.1	DMEC	DIAMOND ENTERTAINMENT CORP	499722	18949	0.04

SOURCE: NASDAQ TRADING & MARKET SERVICES

Implementation of Eligibility Rule Continues

The chart below shows the status of OTCBB Eligibility Rule implementation for OTCBB issuers from July 1999 through December 1, 1999.

Phase-In Group	Total Number of Issuers Reviewed	Initial Pass	Initial Fail (Add "E")	Came into Compliance During 30 Days	Deleted Issuers	Percentage of Deleted Issuers
July (A - AD)	93	29	64	13	51	55%
August (AE - AO)	177	38	139	18	121	68%
September (AP - BI)	269	71	198	28	170	63%
October (BJ - CH)	307	106	201	26	175	57%
October (CI - CT)	274	79	195	28	167	61%
November (CU - EE)	280	77	203	23	180	64%
November (EF - FL)	284	104	180	27	153	54%
December (FM - GS)	291	86	205	27	178	61%
Total	1975	590	1385	190	1195	61%

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Form 211 Application Information

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

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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