



DIVISION OF
MARKET REGULATION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

December 1, 1998

Michael R. Levy, Esq.
Senior Attorney
OTC Compliance Unit
NASD Regulation, Inc.
9513 Key West Avenue
Rockville, MD 20850-3389

Re: OTC Bulletin Board (OTCBB); Modification of Exemption
File No. TP 99-42

Dear Mr. Levy:

On December 20, 1993, the Commission granted an exemption from Rule 15c2-11 under the Securities Exchange Act of 1934 (Exchange Act) with respect to the maintenance and furnishing of information by brokers or dealers initiating quotations for over-the-counter (OTC) equity securities in the OTCBB.¹ The exemption was granted to permit brokers or dealers to publish or submit quotations in the OTCBB for OTC equity securities that are not issued by a foreign private issuer within the meaning of Rule 3b-4 under the Exchange Act or that are not American Depositary Receipts, without having and reviewing the information specified under paragraph (a) of Rule 15c2-11 and without furnishing the information specified in paragraph (d) of Rule 15c2-11 to the NASD, subject to the following conditions at the time that the broker or dealer submits or initiates quotations in the OTCBB:

1. The security is eligible for piggybacking pursuant to paragraph (f)(3) of Rule 15c2-11 in another interdealer quotation system;
2. A broker or dealer relying upon this exemption must have published quotations in the security in that interdealer quotation system on at least 12 business days during the preceding 30 calendar days, with no more than 4 consecutive business days without quotations;
3. The issuer of the security is not the subject of bankruptcy proceedings;

¹ Letter from Jonathan G. Katz, Secretary, Securities and Exchange Commission, to Michael J. Kulczak, Associate General Counsel, National Association of Securities Dealers, Inc. (NASD), dated December 20, 1993 (File No. TP 94-73).

Mr. Michael R. Levy, Esq.
NASD Regulation, Inc.
December 1, 1998
Page 2

4. The issuer of the security is not delinquent in any of its reporting obligations under the Exchange Act or rules thereunder, if subject to Section 13(a) or 15(d) of the Exchange Act; and
5. If at any time the Commission subsequently suspends trading in the domestic OTC equity security pursuant to Section 12(k) under the Exchange Act, no broker or dealer will initiate or resume quotations in that security in the OTCBB unless the broker or dealer complies with Rule 15c2-11.

This letter modifies this exemption. When material events affecting the issuer of the security have recently occurred, a broker or dealer seeking to publish quotations should obtain and review the information required by Rule 15c2-11 and provide the information specified in paragraph (d) of Rule 15c2-11 to the NASD. Therefore, we are adding the following condition to the availability of the exemption:

6. Since the issuer of the security filed its most recent annual report, the issuer has not filed a report with respect to any event included in Item 1 (Changes in Control of Registrant), Item 2 (Acquisition or Disposition of Assets), Item 3 (Bankruptcy or Receivership), Item 4 (Changes in Registrant's Certifying Accountant), or Item 6 (Resignation of Registrant's Directors) of Form 8-K under the Exchange Act.

In addition, brokers or dealers are directed to the anti-fraud and anti-manipulation provisions of the Exchange Act, particularly Sections 10(b) and 15(c) and Rules 10b-5 and 15c1-2 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal securities laws must rest with the brokers or dealers. The Commission expresses no view with respect to any other questions that the proposed transactions may raise, including, but not limited to, the applicability of any other federal or state laws to the proposed transactions.

For the Commission, by the Division of Market
Regulation, pursuant to delegated authority,



Larry E. Bergmann
Senior Associate Director