

PN-ACC-013

**Workshop: Implementing a Market  
Surveillance System**

**US Agency for International Development  
Contract #386-0531-C-00-5010-00  
Project #386-0531-3-30069**

**November 11-13, 1997**

**Price Waterhouse LLP  
1616 North Fort Meyer Drive  
Rosslyn, VA 22209  
USA  
Tel (703) 741-1000  
Fax (703) 741-1616**

## *Price Waterhouse LLP*



November 28, 1997

Mr. L.K. Singhvi  
Senior Executive Director  
Securities and Exchange Board of India  
Mitta Court, "B" Wing, 1<sup>st</sup> Floor  
Nariman Point  
Mumbai 400 021

**Subject: Results of the *Implementing a Market Surveillance System Workshop*  
November 11-13, 1997**

Dear Mr. Singhvi:

At the request of the Securities and Exchange Board of India, Price Waterhouse LLP (PW) presented the *Implementing a Market Surveillance System* workshop on November 11-13, 1997 for representatives of the market surveillance department of SEBI and the 23 exchanges of India. The workshop was effected under the USAID sponsored Financial Institutions Reform and Expansion (FIRE) project and focused on tools and techniques for the detection and investigation of market violations.

PW contracted the National Association of Securities Dealers Regulation, Inc. (NASDR) to develop and deliver the workshop. Before presenting the workshop in Mumbai, Mr. Stephen Simmes and Ms. Anne Marie Simmes, NASDR senior investigators, visited the Bombay, Delhi, Calcutta and Bangalore Stock Exchanges with you and PW/FIRE consultants Frank Wilson and Zoanne Nelson to learn the current state of market surveillance activities in India and target the Mumbai workshop to India's needs.

The workshop in Mumbai was attended by SEBI officials and surveillance staff from 18 of the 23 exchanges in India. All major exchanges were represented.

The main objectives of the workshop were to present the investigative tools and techniques used in an exchange operating in a developed market, and to discuss with the participants ways of adapting these practices to the Indian market. At the conclusion of the workshop, participants came up with recommendations for furthering surveillance activity in India.

The results from the visits to the exchanges and the workshop, including recommendations for further actions, are included in the enclosed report. If you have any questions, please do not hesitate to contact me at (022) 496-3599. Thank you.

Sincerely,

**W. Dennis Grubb**  
**Principal Consultant Capital Markets**

**Workshop: Implementing a Market Surveillance System**

**Oberoi Hotel  
Mumbai, India  
November 11 - 13, 1997**

## TABLE OF CONTENTS

1. EXECUTIVE SUMMARY .....	1
2. RESULTS FROM THE VISITS TO INDIAN EXCHANGES .....	3
2.1 Issues Discussed with Exchanges on Site Visits .....	3
2.2 Observations of the PW/NASDR Surveillance Team .....	3
3. RESULTS FROM THE MARKET SURVEILLANCE WORKSHOP .....	6
3.1 Workshop Participants.....	6
3.2 Workshop Content and Materials .....	6
3.3 Trainers.....	7
3.4 Evaluation Results .....	7
3.5 Recommendations .....	7
3.5.1 Formalize the Intermarket Surveillance Group (ISG).....	8
3.5.2 Provide Direction to the Exchanges through Directives, Training and Inspections.....	8
3.5.3 Make a Clear Commitment to Enforcing Insider Trading Laws.....	8
3.5.4 Publicize Enforcement Action .....	9
3.5.5 Prioritize the Areas of Surveillance that Exchanges Should Address.....	9

Appendix A: Conclusions and Recommendations from the Workshop Participants

Appendix B: Attendees

Appendix C: Agenda and Course Materials

Appendix D: Results of the Participant Evaluations

## 1. EXECUTIVE SUMMARY

An important component of the USAID sponsored Financial Institutions Reforms and Expansion (FIRE) project administered by Price Waterhouse LLP (PW) is to assist SEBI and the exchanges in the development of market surveillance systems. Effective market surveillance, including the detection and investigation of potential market violations and the imposition of sanctions on market participants violating the rules, can contribute significantly to investor confidence in the market. SEBI has taken a number of actions during the past year that support market surveillance activities within its own organization and in the exchanges.

As part of PW/FIRE's ongoing efforts to assist SEBI in this area, PW contracted the National Association of Securities Dealers Regulation, Inc. (NASDR) to have two senior investigators prepare and deliver a 3-day course on market surveillance detection and investigation. This workshop was conducted on November 11-13, 1997 in Mumbai by Ms. Anne Marie Simmes and Mr. Stephen Simmes of the NASDR. SEBI and staff from 18 of the 23 exchanges in India participated. In the week prior to delivering the workshop, NASDR and PW/FIRE consultants visited SEBI and the Bombay, Delhi, Calcutta and Bangalore Stock Exchanges to study the Indian market and current surveillance activities.

The observations and results of the visits to the exchanges are presented in this report. Section 2, "Results from the Visits to the Indian Exchanges," describes the visits to the exchanges and the observations of the NASDR/PW team. The visits to the four host exchanges by the team allowed the workshop materials to be targeted at the Indian audience and conditions.

Section 3, "Results from the Market Surveillance Workshop," describes the outcome of the training workshop and recommendations to SEBI for further actions to be taken in the market surveillance development. Recommendations include:

- **Formalize the Intermarket Surveillance Group (ISG);**
- **Provide direction to the exchanges through directives, training and inspections;**
- **Make a clear commitment to enforcing Insider Trading laws;**
- **Publicize enforcement actions; and**
- **Prioritize areas of surveillance that exchanges should address.**

These recommendations are intended to continue the process that SEBI has begun to strengthen market surveillance practices in India. PW/FIRE is willing to further assist and support SEBI's efforts in this area by:

- Completing and disseminating an "Investigative Techniques Manual" which details investigative techniques for identifying and acting on insider trading, manipulation, front-running, and marking-the-close violations;
- Working with SEBI to organize and conduct a training workshop in early 1998 that will focus on investigative techniques. This program can utilize case studies based SEBI's market surveillance activities and techniques addressed in the "Investigative Techniques

Manual." It is envisioned that SEBI would take an active role in the development and delivery of the workshop; and

- Working with the SEBI to develop guidelines for imposing sanctions on exchange members and other market participants who are found guilty of violating the rules and laws of the market.

## 2. RESULTS FROM THE VISITS TO INDIAN EXCHANGES

During the week of November 4, 1997, representatives from PW/FIRE and NASDR visited SEBI and four Indian stock exchanges (Bombay, Delhi, Calcutta and Bangalore) to study exchange operations, market surveillance systems and staffing. The exchanges demonstrated their on-line trading systems, market surveillance systems, and procedures used by the exchanges to ensure rule compliance of their brokers.

### 2.1 Issues Discussed with Exchanges on Site Visits

During the visits, PW/FIRE discussed the overall objectives of the market surveillance activities undertaken by the FIRE project, the role of this visit in preparing for the Market Surveillance Workshop scheduled the following week, and challenges facing the exchanges in their development of their Market Surveillance Departments. The NASDR investigators provided an overview of the evolution of the NASDR's Market Surveillance Department.

Each stock exchange was provided with materials which covered The Nasdaq Stock Market as well as Market Surveillance. These materials included a brochure describing the operational functions of Nasdaq, an overview detailing the responsibilities of the NASDR's Market Surveillance Department, and organizational charts reflecting the growth of the department over two decades.

### 2.2 Observations of the PW/NASDR Surveillance Team

Market surveillance activities in India have progressed significantly during the past one to two years, largely due to SEBI's efforts to emphasize the important role of surveillance for increasing investor confidence in the market. SEBI has:

- Required all exchanges to establish a market surveillance department;
- Formed a "Core Group," consisting of SEBI staff and representatives from six exchanges, to recommend guidelines for implementing market surveillance practices across all exchanges;
- Provided opportunities for the exchanges to learn about surveillance through training workshops conducted by PW; and
- Gave workshop participants the opportunity to begin networking and working together.

The NASDR representatives observed the progress that has been made in each of the exchanges as a result of SEBI's efforts.

The PW/NASDR team observed that current surveillance in India's exchanges is usually divided into two areas: tracking the margins and positions maintained by the members, and tracking volume/price movement through the monitoring of circuit filters and other trade-based reports. The PW/NASDR team closely examined each exchange's monitoring of volume/price movement, and how this information is used to detect manipulation and insider

trading. In particular, the team examined the processes for gathering price/volume data, analyzing the information, conducting investigations, and disciplining members.

The PW/NASDR team was able to incorporate the data gathered from the site visits to emphasize certain aspects of market surveillance and make concrete recommendations to the exchanges during the workshop in Mumbai. The instructors realized the need to focus on issues such as:

- ***Importance of detecting insider trading as a critical step to increasing investor confidence in the market.*** The exchanges were either unaware that SEBI has a rule regarding insider trading, did not recognize that insider trading activity should be monitored and investigated, or did not believe that they had the means available to detect and deter insider trading. It was important for the exchanges to hear and accept the message that insider trading should not be the “norm” in the operation of the market, but should be treated as an illegal activity which the exchanges are responsible for monitoring and enforcing.

It was expected that the exchanges would discuss the number of difficulties that they face in detecting and investigating insider trading, such as inadequate information disclosure requirements, lack of a timely news dissemination process of news, the common practice of listed companies for delaying or failing to comply with reporting requirements, etc. The instructors recognized that the exchanges should be asked to begin thinking of solutions to these types of problems.

- ***Potential for various forms of manipulation, including price manipulation, within the price circuit filters for a particular scrip.*** The exchanges rely on daily and weekly circuit filters to limit the extent of price manipulation. Although such filters may assist in the limitation of manipulation, the exchanges recognize that manipulation can still occur within the circuit filters. Exchanges primarily monitor for manipulation using a database that sorts the trade data in terms of high volume scrip movement, high volume brokers, etc. These outputs are not giving the exchanges useful “alerts” that help the staff to spot particular violations. The one exchange that did have alerts, Calcutta, receives over 1,000 alerts per day - too many for the staff to examine, so they are stored until rumors of potential violations are heard from the trading floor. Small exchanges do not monitor for manipulation at all because the exchange’s percentage of activity in a cross-listed scrip is nominal.
- ***Need for improving detection and investigation techniques and procedures.*** While exchanges are becoming more and more sophisticated in their ability to monitor margins, positions and the circuit filters, they have not been as successful in monitoring potential illegal activity such as manipulation and insider trading - both of which are prohibited by law but largely undetected and/or not enforced by the exchanges. Before adequate detection systems can be built, the exchanges must recognize and prioritize the violations commonly taking place in the market, and then create mechanisms, either automated or manual, that can help them to detect this activity.

Also, none of the exchanges, or the SEBI regional offices, appeared to have written procedures for investigative techniques. If SEBI and the exchanges are going to

successfully prosecute violators, they need to have established procedures. A review of the procedures, and the exchanges' proper use of the procedures, should be part of SEBI's annual inspection of each exchange.

- **Importance of improving and standardizing the disciplinary process.** Based on interviews with the exchanges, the team noted that the disciplinary process within the exchanges is not providing a strong enough deterrent to the members. The conduct of the members, including threats made to surveillance staff to jeopardize their career, partiality to members by the disciplinary committee, and disregard for basic rules such as the payment of their dues to the exchange, all indicate a weak disciplinary process at the exchange level. The instructors recognized three areas where the disciplinary process can be improved:
  - ⇒ The standardization of the process through the establishment of written procedures and sanctioning guidelines;
  - ⇒ The use of tougher sanctions and publication of the judgments taken which will send a serious message to members about the risks of violating the rules; and
  - ⇒ The need for the disciplinary committee members to be objective and fair.
- **Role of the investor in the surveillance process.** The team was pleased to note that the management of the Bangalore and Delhi exchanges recognized that their business ultimately depends on the participation of the investors in the market. In particular, the team was very impressed with the investor awareness campaign undertaken by the Bangalore Stock Exchange. The campaign includes a resource center, arbitration mechanism, telephonic quoting service, regular seminars, and a radio show to discuss investor issues. Although this program is not directly related to surveillance, it illustrates that the exchange is convinced that it must gain the confidence of investors. The team requested the representatives from the Bangalore exchange to discuss this aspect of their operations during their presentation to other exchanges at the workshop.

### 3. RESULTS FROM THE MARKET SURVEILLANCE WORKSHOP

On November 11 - 13, SEBI and PW/FIRE sponsored a three day training workshop led by senior market surveillance investigators from the NASDR. The workshop, entitled *Implementing a Market Surveillance System*, was held at the Oberoi Hotel in Mumbai.

The objectives of the workshop were to provide participants with the opportunity to improve their market surveillance skills by focusing on:

- a) Analytical and investigative techniques for detecting potential market violations and conducting investigations;
- b) Tools, techniques, and human resource requirements for developing an efficient and effective market surveillance department; and
- c) Insights to the operation of a market surveillance department for an established exchange in a developed country (i.e., NASDAQ).

Presentations were supplemented with a number of case studies which enabled participants to practice applying the detection and investigative techniques that were presented. One of the case studies on price manipulation within the circuit filters was written specifically for the Indian environment. The workshop concluded with the creation of a list of recommendations and actions, presented in Appendix A, that if implemented would assist the exchanges and SEBI in applying the surveillance techniques learned during the workshop.

#### 3.1 Workshop Participants

Representatives from SEBI and each of the 23 stock exchanges in India were invited to attend the workshop. A total of 41 participants representing 18 of the stock exchanges and SEBI participated (see Appendix B for a list of attendees). Among the representatives from SEBI and the exchanges were members of the "Core Group" which meets regularly to discuss common goals and guidelines for the establishment of a market surveillance system.

#### 3.2 Workshop Content and Materials

Various training techniques were used throughout the workshop, including presentations on techniques for detecting and investigating insider trading and manipulation; case studies to apply the techniques; presentations from the Bangalore Stock Exchange and Calcutta Stock Exchanges on their respective surveillance programs; and discussions on the development and structure of the market surveillance program at the NASDR and adapting NASDR practices to the Indian market.

The course material and case studies used were provided to all participants (see Appendix C). In addition, a separate volume of material containing details on the information presented, sample cases in the area of insider trading, market manipulation, and marketing the close, and select articles in these three areas were provided to each participant.

### **3.3 Trainers**

The workshop was lead by the two visiting investigators from the NASD who have firsthand experience and an expertise in the area of market surveillance. Ms. Anne Marie Simmes, a Special Investigator in the Market Regulation Department at the NASDR, led discussions on Stockwatch and Insider Trading. Mr. Steve Simmes, an Investigator with the NASDR, discussed the structure of the NASDR Market Regulation Department, and market manipulation. In addition, representatives from the Bangalore Stock Exchange and Calcutta Stock exchange made presentations.

### **3.4 Evaluation Results**

Each participant was asked to complete an evaluation at the conclusion of the workshop. A total of 35 evaluations were submitted and the results tabulated (see Appendix D). Overall, participants responded favorably to the information presented and discussed in the market surveillance workshop. Eighty percent of the participant were very satisfied with the workshop - participants commented that the workshop gave them a wider perspective of various surveillance mechanisms, including the tools, basic steps, and investigative techniques that can be used to build more effective market surveillance departments in their respective exchanges.

All of the participants indicated that the workshop was relevant to their roles and responsibilities. In particular, they indicated that the sessions on Insider Trading and Manipulation would be helpful in conducting their work. While the participants were generally satisfied with the case studies, many of them commented that they would like to learn more about the investigative process used by SEBI in conducting surveillance investigations.

In addition to the request for more information about SEBI's experiences, several participants commented on their desire to continue having workshops and meetings on market surveillance with all of the exchanges present. Many of them appreciated the opportunity to meet and share ideas and experiences. They recognize that this is a critical component in the process of developing effective surveillance in India.

### **3.5 Recommendations**

The workshop participants developed a list of recommendations which they feel would enable them to continue to develop an effective market surveillance and enforcement program (see Appendix A). In addition, the NASDR presenters and PW/FIRE would like to suggest that in order to continue the development of a market surveillance system in India, SEBI and the Core Group should consider the following:

- Formalize the Intermarket Surveillance Group (ISG);
- Provide direction to the exchanges through directives, training and inspections;
- Make a clear commitment to enforcing Insider Trading laws;
- Publicize enforcement actions; and
- Prioritize areas of surveillance that exchanges should address.

### 3.5.1 Formalize the Intermarket Surveillance Group (ISG)

The informal consortium of representatives from all of the 23 stock exchanges which currently exists in India should be formalized with a Memorandum of Understanding (MoU). PW/FIRE will submit a proposed draft memorandum, based on the US Securities Industry Association (SIA) model, for the Indian ISG. The involvement of all the exchanges in market surveillance development activities would supplement the work currently being done by SEBI and the Core Group.

One of the successful byproducts of the workshop was that participants of different exchanges had the opportunity to interact. This was appreciated and valued by the participants according to the workshop evaluations. In the same way, an ISG which meets regularly will (1) enable members to develop a surveillance program together where there is mutual consideration and understanding, (2) provide a forum to share investigative techniques, (3) assist in developing a rapport among members which would lead to the coordination of investigations that involve multiple exchanges, and (4) provide SEBI with regular feedback regarding the progress of the exchanges' surveillance program.

### 3.5.2 Provide Direction to the Exchanges through Directives, Training and Inspections

The exchanges continue to look to SEBI and the Core Group to provide clear direction on the implementation of a surveillance program. Through directives/guidelines, training, and inspections, SEBI has the opportunity to assist each exchange in the implementation of a surveillance program that is consistent with SEBI's objectives and expectations. Directives and guidelines may include a standard referral process for all the exchanges to refer cases to SEBI, a requirement that all exchanges develop and maintain written procedures on its surveillance program, and the development of consistent sanction guidelines to be imposed on brokers who have violated exchange rules. PW/FIRE is also in the process of preparing a manual for the exchanges on investigative techniques. When completed, SEBI should consider conducting a meeting or workshop with all of the exchanges on the contents of the manual.

SEBI should also consider providing training on procedures that it has used to conduct investigations in the Indian market. This type of training on SEBI's investigative techniques has been requested by the participants themselves. PW/FIRE could assist SEBI with the preparation of the course agenda, materials, and delivery.

In addition, SEBI should continue to conduct annual inspections of each exchange, including a review of the exchange's existing written surveillance procedures, to ensure that the exchanges' surveillance program is being followed. If an exchange has not documented its surveillance procedures, SEBI should require that they do so.

### 3.5.3 Make a Clear Commitment to Enforcing Insider Trading Laws

Although insider trading is largely viewed by market participants and the public as common practice in India, the fact that it is against the Indian laws is ignored. Because the exchanges are not actively investigating insider trading cases, this type of practice continues without

12

restraint. SEBI should make a clear commitment to enforcing the insider trading laws and should begin to require the exchanges to detect and investigate potential violations. SEBI may also want to consider strengthening and enforcing the disclosure requirements for issuers to ensure the timely dissemination of information.

#### 3.5.4 Publicize Enforcement Action

There are currently no consistent standards among SEBI and the exchanges for publicizing enforcement actions taken against a broker. Some of the exchanges, like the Calcutta Stock Exchange, has a policy of not publicizing enforcement actions at all.

Publicity is an excellent deterrent to the brokerage community and should be practiced consistently by all of the exchanges. SEBI should consider requiring the exchanges to publicize sanctions imposed on members. Such publicity should not be limited to a notice to the brokers via the trading system (which is practiced at some exchanges) but should include a press release to the local and/or national press. However, publicity should not be undertaken before the case is officially filed.

#### 3.5.5 Prioritize the Areas of Surveillance that Exchanges Should Address

In order to effectively develop a surveillance program, priorities should be established to determine the direction of the exchanges' energies and limited resources. Currently the area of surveillance that the exchanges are devoting their attention is margins and broker's positions. The databases that SEBI has requested that the exchanges develop and maintain do not focus on a certain area of surveillance. A specific objective or rule should be identified and the activities undertaken by the exchanges should be consistent with that objective. During the workshop, the exchanges identified that insider trading and market manipulation were the areas that they believed their surveillance program should address. Ongoing efforts on the part of SEBI and the exchanges should be focused on developing surveillance for these areas.

**Appendix A:  
Conclusions and Recommendations  
from the Workshop Participants**

## **Implementing Market Surveillance System Recommendations by Workshop Participants**

A total of 41 participants from SEBI and 18 of the regional stock exchanges participated in the workshop which focused on learning techniques to detect and investigate potential trading violations. The participants made the following recommendations for the continued development of their surveillance program.

### **1. Prioritization of Violations**

- 1.1 Participants agreed that the focus of surveillance should be insider trading and price rigging; other violations that should be monitored include front running, forged certificates and non-disclosure of the takeover code.
- 1.2 Rules should be consolidated under one authority.
- 1.3 SEBI should strengthen the requirements regarding the dissemination of news by listed companies. For instance, SEBI should require companies to provide financial information to all exchanges simultaneously, not just the primary or national exchange.
- 1.4 SEBI and the exchanges should provide rule interpretations (similar to the "No Action" letters issued by the U.S. SEC) so that all of the regulatory authorities are aware of the extent and scope of the rule.

### **2. Data Gathering and Alert Detection**

- 2.1 There should be consistency between the databases and alerts that SEBI is requesting and the areas of surveillance that the exchanges identified were priorities, specifically insider trading and price rigging.
- 2.2 There should be on-line monitoring for positions and price.
- 2.3 The participants identified that the following documents should be maintained by the brokers and made available if requested by a regulatory agency.
  - 2.3.1 a master list of a broker's clients.
  - 2.3.2 contract notes (trade detail)
  - 2.3.3 bills (for transactions)
  - 2.3.4 books of account (ledger/trial balances)
  - 2.3.5 inward/outward memos
  - 2.3.6 client agreement (i.e., new account documents)
  - 2.3.7 bank statements
  - 2.3.8 delivery memo, including certificate numbers
- 2.4 Vendor information specifically regarding price, share volume and news.
- 2.5 Media information specifically newspapers CNBC and the Internet.

### **3. Investigations**

- 3.1 Create and maintain written procedures which document the investigative techniques utilized by the exchange.
- 3.2 As recommended by the exchange participants, conduct internal and/or external audits of the market surveillance department to ensure that there are adequate procedures and that the procedures are being followed on a consistent basis.
- 3.3 Review the recommendations made by SEBI's special committee (The Chandratre committee) regarding the dormant listings of companies.

- 3.4 Modify the listing agreements to make Board members personally liable if the company fails to respond to or cooperate with a regulatory request.
- 3.5 Conduct regular meetings with representation from all of the exchanges as a forum to share information and coordinate investigations.
- 3.6 Create a standard report which would include a minimum number of investigative activities to be undertaken before an investigation is referred by an exchange.
- 3.7 Enforce all of the exchanges to follow a minimum set of established procedures when conducting investigations. Additional activities can be included as considered relevant by the exchange.
- 3.8 Establish a time guideline for the exchanges to refer a matter to SEBI and for SEBI to act on.
- 3.9 Communicate to the exchanges about findings on referrals made by the exchanges to SEBI so the exchanges know what happened.

#### 4. Disciplinary Process

- 4.1 Each exchange should establish guidelines for penalties that could be imposed on a broker. The penalty would be specific for that rule violation.
- 4.2 All final actions/penalty taken against a broker should be publicized by the exchange.
- 4.3 A Disciplinary Action Committee for each exchange should be created to decide on the outcome and sanction of regulatory actions. The Committee should be comprised of 60% representation by non-brokers and 40% representation by brokers.

5. Brokers and sub-brokers should be educated on exchanges rules and SEBI regulations.

**Appendix B:  
Attendees of the “Implementing  
a Market Surveillance System”  
Workshop**

**November 11-13, 1997**

**Mumbai, India**

**IMPLEMENTING A MARKET SURVEILLANCE SYSTEM**  
**11 - 13 NOVEMBER, 1997**  
**MUMBAI**

**LIST OF PARTICIPANTS**

Sr. No.	Name of Participant	Organisation	Designation
1	Mr. Neeraj Kulshreshtha	National Stock Exchange	Manager
2	Mr. Dhruvkumar Patil	National Stock Exchange	Asst. Manager
3	Mr. Dhiraj Chakraborty	Calcutta Stock Exchange	Asst. Manager
4	Mr. M.A.V. Raju	Calcutta Stock Exchange	Asst. Manager
5	Mr. Y. Pratap	Hyderabad Stock Exchange	Surveillance Officer
6	Mr. M. Subramanyan	Hyderabad Stock Exchange	
7	Mr. K. Bulsara	Bombay Stock Exchange	Asst. General Manager
8	Mr. Niraj Agarwal	Bombay Stock Exchange	Deputy Manager
9	Mr. S.T. Gerela	Bombay Stock Exchange	General Manager
10	Mr. S. Kapoor	Bombay Stock Exchange	Deputy General Manager - Surveillance
11	Mr. P.K. Ramesh	Bombay Stock Exchange	Deputy General Manager
12	Mr. Marc Sherman	Sherman & Associates	Consultant - BSE
13	Mr. Umesh P. Maskeri	Mangalore Stock Exchange	Executive Director
14	Mr. Sandeep Aggarwal	Delhi Stock Exchange	Deputy General Manager
15	Mr. Anil Malhotra	Delhi Stock Exchange	Asst. Manager
16	Mr. Pritpal Singh	Ludhiana Stock Exchange	Manager
17	Mr. Natu	Pune Stock Exchange	Surveillance Officer
18	Mr. Alok Tulsyan	Uttar Pradesh Stock Exchange	Surveillance Officer
19	Mr. T.K. Raghavendra	Bangalore Stock Exchange	Deputy Manager
20	Ms. Kamala K.	Bangalore Stock Exchange	Manager Finance
21	Mr. S. Karthikeyan	Coimbatore Stock Exchange	Manager Market Operations
22	Mr. M. Hariharan	Madras Stock Exchange	Executive Surveillance
23	Mr. J.J. Bhatt	Vadodra Stock Exchange	Executive Director
24	Mr. Kalpesh Shukla	Ahmedabad Stock Exchange	Asst. Manager
25	Mr. Mathew Thomas	Cochin Stock Exchange	Sr. Officer Surveillance
26	Mr. Ganesh Shetty	Over the Counter Exchange of India	Manager Surveillance
27	Mr. Hasmukh Pipariya	Saurashtra & Kutch Stock Exchange	Manager Surveillance
28	Mr. S.S. Sarkar	Madhya Pradesh Stock Exchange	Asst. Manager
29	Mr. L.K. Singhvi	Securities & Exchange Board of India	Senior Executive Director
30	Mr. C.M. Mehra	Securities & Exchange Board of India	Jt. COI
31	Mr. Rajiv Nabar	Securities & Exchange Board of India	Division Chief
32	Mr. Sanjay Chandel	Securities & Exchange Board of India	Officer "B"

33	Mr. Nehal Vora	Securities & Exchange Board of India	Officer "B"
34	Mr. R. Rana	Securities & Exchange Board of India	Officer "B"
35	Mr. Anupam Tandon	Securities & Exchange Board of India	Officer "B"
36	Mr. Ajit Singh Dua	Securities & Exchange Board of India	Officer "B"
37	Mr. Mehul Savia	Securities & Exchange Board of India	Officer "B"
38	Mr. Jayanta Jash	Securities & Exchange Board of India	Officer "B"
39	Mr. S. Sundaresan	Securities & Exchange Board of India	Officer "B"
40	Mr. S. Sharma	Securities & Exchange Board of India	Officer "B"
41	Mr. D.S. Reddy	Securities & Exchange Board of India	Officer "B"

**Appendix C:  
Agenda and Course Materials from the  
“Implementing a Market Surveillance System”  
Workshop**

**November 11-13, 1997**

**Mumbai, India**

# NASD Regulation, Inc. Market Regulation Workshop

*Presented by:*

Anne Marie Simmes  
Market Regulation Special Investigator/Team Leader

and

Stephen Simmes  
Market Regulation Investigator/Team Leader

**NASD Regulation, Inc.**  
**Market Regulation Workshop**  
**Bombay, India**  
**November 11 through 13, 1997**

**Objective:** *Indian capital markets institutions are undertaking a series of reforms aimed at improving the efficiency and transparency of the markets and renewing confidence in its investors. In this regard, the Securities and Exchange Board of India (SEBI) and the 23 Indian stock exchanges have been actively engaged in the process of improving their market surveillance capabilities. This workshop is designed to assist the Indian stock exchanges by focusing on: a) analytical and investigative techniques for detecting potential market violations and conducting investigations; b) tools, techniques and human resource requirements for developing an efficient and effective market surveillance department; and c) insights to the operation of a market surveillance department for an established exchange (The Nasdaq Stock Market) in a developed country.*

**Length:** *Three days*

**Audience:** *All market surveillance management and staff from SEBI and the Indian stock exchanges.*

**Day One (Tuesday)**

**9:45-10:00** Registration/Coffee and Tea

**10:00-10:30** **Course Introduction and Opening Remarks**

- Dennis Grubb, FIRE Project
- Mr. Singhvi, SEBI

**MODULE ONE: MARKET REGULATION AT THE NASD AND IN INDIA**

**10:30-11:45** **Introduction to NASD and the Market Regulation Department**

- What is the NASD?
- Mission and charter of the NASD and the Market Regulation Department
- Relationship with the U.S. Securities and Exchange Commission
- Organization and resources of the Market Regulation Department

**11:45-12:00** Break

**12:00-1:15** **Introduction to the StockWatch System**

- Purpose and function of the system
- StockWatch Analysts' responsibilities
- Reviewing a StockWatch surveillance alert
- Reviewing press releases
- Implementing trading halts

**1:15-2:15** Lunch

**2:15-3:15** **Presentations from Selected India Exchanges**

## **MODULE TWO: DETECTING POTENTIAL TRADING VIOLATIONS**

- 3:15-4:15**      **Insider Trading**
- What is it?
  - Detecting potential violations
- 4:15-4:30**      Break
- 4:30-6:00**      **Case Study: Detecting Insider Trading Cases**  
Participants will review case scenarios to determine which should be investigated.

### **Day Two (Wednesday)**

- 10:00-11:00**    **Insider Trading, continued**
- Elements of proof and investigative techniques
  - Reviewing member firm's supervisory procedures
- 11:00-11:15**    Break
- 11:15-1:00**     **Case Study: California Lighting**  
Participants will work in groups to prepare a list of investigative steps that should be followed to prove a violation.
- 1:00-2:00**      Lunch
- 2:00-3:45**      **Market Manipulation**
- What is it?
  - Parities involved in a manipulation
  - Manipulative methods
  - Classic manipulative schemes
  - Detecting potential violations
  - Elements of proof of manipulation
  - Reviewing firm's supervision procedures
- 3:45-4:00**      Break
- 4:00-6:00**      **Case Study: Detecting Manipulation Cases**  
Participants will review case scenarios to determine which cases should be investigated.

### **Day Three (Thursday)**

- 10:00-11:30**    **Marking the Close**
- What is it?
  - Detecting and investigating potential violations
  - Examples

11:30-11:45 Break

**MODULE THREE: BUILDING A MARKET SURVEILLANCE DEPARTMENT**

11:45-1:15 **"A Day in the Life at the Market Regulation Department"**

Topics to include: evolution of the Market Regulation Department, evolution of surveillance systems utilized by the Department, hiring, career path, training, workload of analysts, tracking work, and written procedures.

1:15-2:15 Lunch

2:15-3:15 **Discussion: Adapting NASD Techniques to the Indian Environment**

- How can NASD detection and investigative techniques be applied to India?
- How can the organizational structure at NASD be applied to India?
- What resources will be required to improve market surveillance in India, and how will the staff be retained and trained to use those resources effectively?
- What steps should the Core Group and the exchanges follow to improve market surveillance in India?

3:15-3:30 Break

3:30-4:30 **Plenary Discussion**

4:30-5:00 Distribution of Certificates and Evaluations

## **Biography on Anne Marie Simmes**

Anne Marie Simmes has a Bachelor of Science in Marketing and Economics from Radford University and a Masters of Business Administration in Finance from Loyola College. She has been with the Market Regulation Department of NASD Regulation, Inc. for five years specializing in insider trading. During her tenure with Market Regulation, Ms. Simmes has conducted approximately 200 investigations many of which resulted in referrals to the U.S. Securities and Exchange Commission (SEC). The SEC has successfully litigated or settled several investigations that were conducted by Ms. Simmes resulting in significant fines and publicity. In addition, Ms. Simmes has acted as a fact witness involving an insider trading investigation that resulted in the respondent being barred from the securities industry and incurring a significant fine. As the Team Leader of the Insider Trading Section, Ms. Simmes assists other Analysts in detecting insider trading and developing investigations to prove violations.

## **Biography on Steve Simmes**

Steve Simmes has a Bachelor of Science in Economics from the University of Maryland. He has been with the NASD since 1988 and since joining the Market Regulation Department in 1992 has become an expert in Nasdaq trading systems. During his tenure with Market Regulation, Mr. Simmes has conducted approximately 120 investigations, the majority of which resulted significant fines and/or suspensions of registered representatives. Additionally, he has acted as a primary witness involving a trading system investigation which resulted in a significant fine and the suspension of several registered representatives. He is currently the supervisor of a team which is responsible for reviewing market activity for potential rule violations associated with the utilization of the NASD's various trading systems. Mr. Simmes serves as an expert on several NASD and industry committees.

# Training Materials

*The NASD requests that these materials be treated as confidential and that no reproductions are made without the written consent of the NASD.*

## Agenda

- NASD and the Market Regulation Department
- Detecting Potential Trading Violations
  - Insider Trading
  - Manipulation
  - Marking the Close
- Building a Market Surveillance Department

## National Association of Securities Dealers, Inc.

- What it is?
- Established in 1939
- Self-Regulatory Organization
- Reorganization in 1996:
  - NASD Regulation, Inc. (NASDR)
  - The Nasdaq Stock Market
- Responsible for overseeing:
  - 5,400 member firms;
  - 58,000 branch offices; and
  - 505,000 registered securities professionals.

## NASD Regulation, Inc. (NASDR)

- Regulates trading activities on The Nasdaq Stock Market and other over-the-counter markets (OTC).



## The Nasdaq Stock Market

- Largest electronic, screen-based market in the world with a capacity to handle more than one billion shares per day.
- Enables member firms to make markets in Nasdaq securities from geographically diverse locations.
- Real-time executions and trade reporting
- 5,600 listed securities

---

---

---

---

---

---

---

---

## NASDR Mission

To regulate the securities markets for the ultimate benefit and protection of public investors.



---

---

---

---

---

---

---

---

## NASDR Responsibilities

- Continuous automated surveillance
- Conducts on-site examinations of member firms to ensure compliance with applicable rules.
- Cooperates with governmental agencies and other self-regulatory organizations.
- Provides educational initiatives for public investors and member firms.

---

---

---

---

---

---

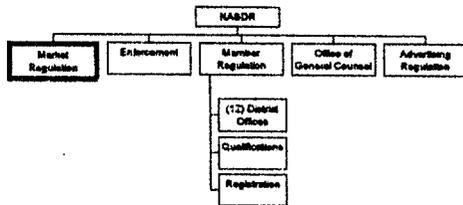
---

---

## NASDR Responsibilities (continued)

- Administers examinations and registration of securities professionals and firms
- Reviews advertising and sales literature
- Reviews underwriting arrangements for initial public offerings (IPO) and secondary offerings

## NASD Regulation, Inc. (NASDR)



## NASDR Charter

- Inspection Authority:
  - Books and records
  - Testimony of associated persons
- Enforcement of NASD Rules
- Disciplinary Authority

**Relationship with the U.S. Securities  
& Exchange Commission**

- **Cooperative Regulation**
  - Open communications
  - Information sharing
  - Avoidance of duplicative efforts:
    - Referral of investigations
    - Deferral of breaks

---

---

---

---

---

---

---

---

**Relationship with the U.S. Securities  
and Exchange Commission**

- **Cooperative Regulation**
- **Jurisdiction**
- **Oversight authority**
- **Inter-market Surveillance Group (ISG)**



---

---

---

---

---

---

---

---

**Relationship with the U.S. Securities  
& Exchange Commission**

- **Jurisdiction:**
  - **NASDR:** All member firms and associated persons
  - **SEC:** All public investors, member firms and associated persons within the United States



---

---

---

---

---

---

---

---

### Relationship with the U.S. Securities & Exchange Commission

- Oversight policies:
  - Rule approval process
    - Proposed rules (new)
    - Proposed rule (amendments)
  - Examination of Market Regulation's investigative process

---

---

---

---

---

---

---

---

### Relationship with the U.S. Securities & Exchange Commission

- Inter-market Surveillance Group (ISG)
  - Discussion of regulatory concerns
  - Forum for sharing best regulatory practices
  - Coordination of regulatory efforts among ISG participants



---

---

---

---

---

---

---

---

### Significant Technology Commitment

- StockWatch Automated Trade Surveillance (SWAT)
- Equity Audit Trail (EAT)
- Research and Analytical Data Repository (RADAR)
- Advance Detection System (ADS)



---

---

---

---

---

---

---

---

## Introduction to StockWatch

- What is StockWatch?
  - Real-time surveillance
  - Automated alert detection system
  - Trading halt capability
  - Communication with listed companies and member firms.



---

---

---

---

---

---

---

---

## Introduction to StockWatch

- Why is it used?
  - Identifies potential violations
  - Assists in maintaining an orderly market
- How is it done?
  - Review StockWatch alerts
  - Preview press releases
  - Implement trading halts

---

---

---

---

---

---

---

---

## Reviewing StockWatch Alerts

- **Objective:** to find an explanation for the increased activity



---

---

---

---

---

---

---

---

## How to Review an Alert

- Conduct review
  - Check all news sources
  - Check the Internet
  - Review recent quarterly/annual filings
  - Review daily trading data for a three month period
- Note overall market and/or industry trends
- Note the size of trades



---

---

---

---

---

---

---

---

---

---

## Previewing Press Releases

- Read the news and assess whether it could have a significant impact on the stock.
- Review the current activity in the stock.



---

---

---

---

---

---

---

---

---

---

## Trading Halts

- What is a halt?
- Why is it used?
- How is it done?
- How long does it last?



---

---

---

---

---

---

---

---

---

---

## Detecting Potential Trading Violations

- Insider Trading
- Market Manipulation
- Marketing the Close
- Other Market Violations



---

---

---

---

---

---

---

---

## Detecting Potential Insider Trading

- What is it?
- Detecting potential violations of insider trading
  - Determine materiality
  - Read all available news
  - Review the daily trading activity
  - Review the industry trend



---

---

---

---

---

---

---

---

## Further Analysis is Generally NOT Warranted when:

- the subject news is not material OR
- there is no unusual activity preceding the news OR
- there is insignificant potential profit/loss avoidance as a result of the news OR
- there is other material news in the public which explains the activity prior to the subject news

---

---

---

---

---

---

---

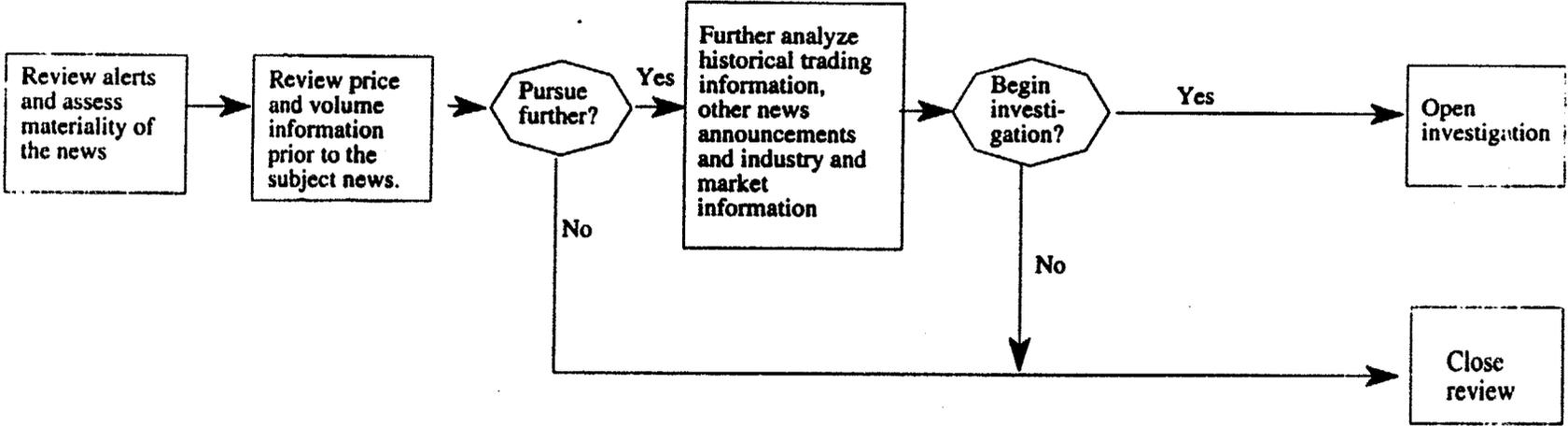
---

35

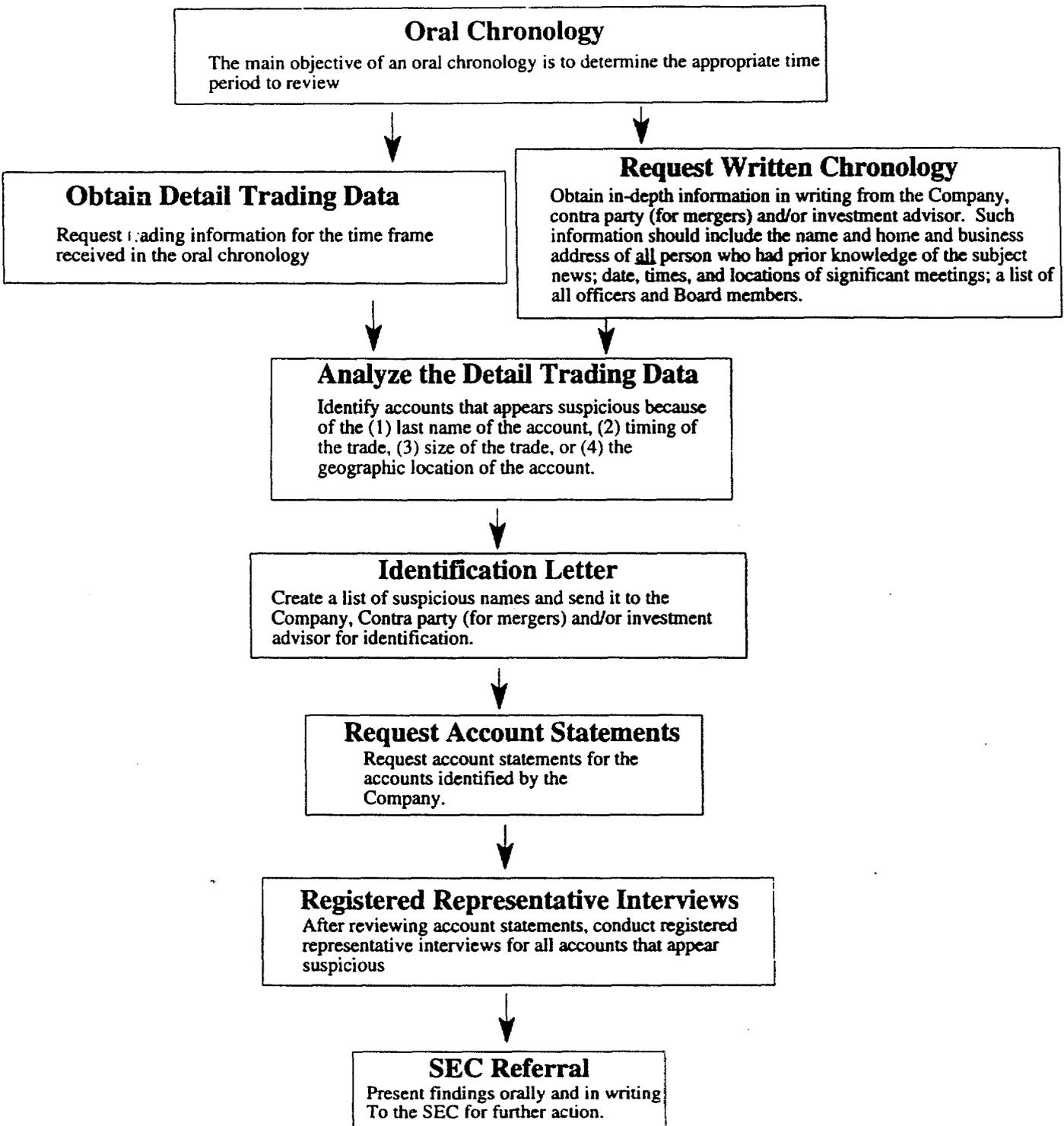
## Insider Trading Law in India

- Pursuant to the SEBI Regulations no Insider shall:
  - either on his own behalf or the behalf of any other person, deal in securities of a listed-company on the basis of any unpublished price sensitive information
  - communicate any unpublished price-sensitive information to any person
  - counsel or procure any other person to deal in securities of any company on the basis of unpublished price sensitive information

# Workflow of an Insider Trading Surveillance Alert



# Insider Trading Investigative Process



# Case Study: Detecting Insider Trading Cases

### Choose Issue and Review Period

Enter Symbol ID

Time Increment

Start Date Month:  Day:  Year:

End Date Month:  Day:  Year:

### Issue Information

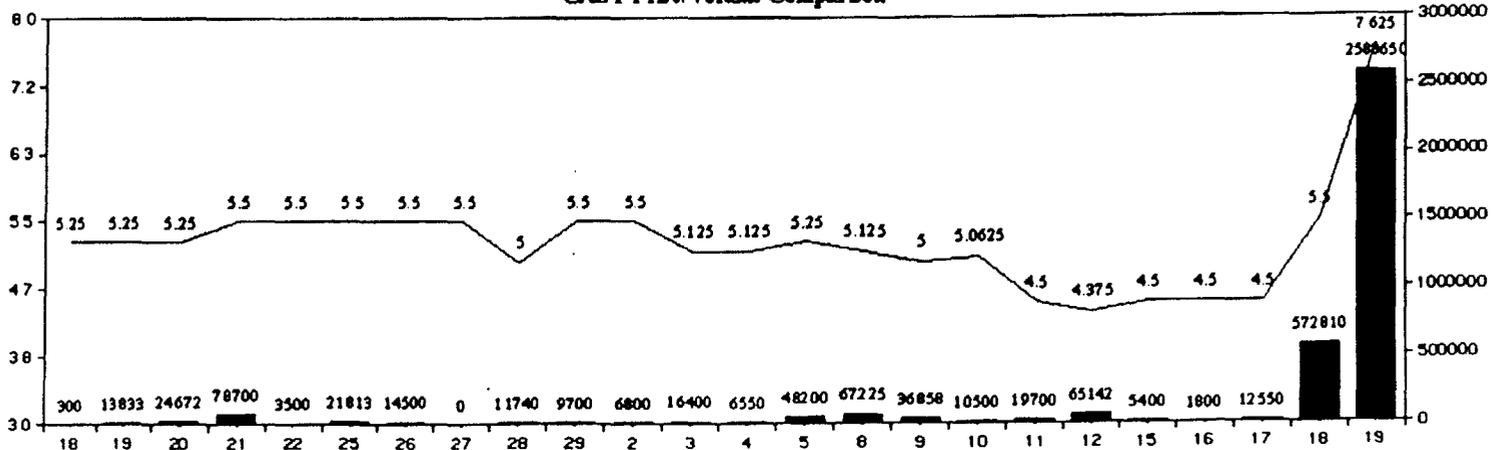
Issue Name	Calypte Biomedical Corporation		
Market Class	SC	52 Week High Price	8.5
Review Period Avg Daily Vol	42,665	52 Week Low Price	3.5
Historical Avg Daily Vol	20,416	News Date	
Split/Dividend?	No	Pr. Change dur. Rev. Pd.	0.25
		Pr. Change in the News	

Review Period  Select  Sort by:

Firm ID	Total Volume	% Total Volume	Buy Volume	Sell Volume	Inventory Buy	Inventory Sell	Customer Buy	Customer Sell	Firm
GRPV	323300	15.56	128500	197000	127500	187600	44000	133650	1234
INCA	274800	13.1	87000	187000	0	0	87000	187000	0
MASH	230193	10.98	129700	100400	99600	100400	30100	0	0
NRIC	200210	9.93	110175	90035	103675	90035	25000	51200	49000
NITE	185152	8.44	70250	64002	54150	62002	21200	7000	5000
VIEN	79030	3.81	40250	39472	32750	37472	7600	2000	0
MAVE	40050	1.9	14000	23250	21100	23250	3700	0	0
MLIB	40000	1.9	20500	22500	20500	22500	0	0	0
CHAL	42700	2.04	36400	6000	0	0	36400	6000	0
BBSH	34000	1.66	33500	1400	0	0	33500	1400	0
AMEZ	32000	1.53	32000	0	0	0	32000	0	0

Selected Firm:

CALY Price/Volume Comparison



40

SCREEN: STOCKWATCH AUTOMATED TRACKING SYSTEM (SWAT) 97/10/06 12:34  
 NEWS HEADLINE RETRIEVAL (SWT601)

Start Date	Time	End Date	Time	SIC:	Class:
Symbols: CALY					
Story Date/Time			Story Headline		
1-970919-082006					I/CPR I/HEA I/MDV I/MTC I/PJX I/TEL N/DJN N
1-970918-175309					FDA - Cambridge Biotech -3: Seradyn To Be A T
1-970918-174657					FDA - Cambridge Biotech -2: Co. Received Lett
1-970918-173803					*Cambridge Bio FDA Application Said Cleared P
1-970918-173537					*FDA Completes Review Of Cambridge Biotech Ur
1-970918-171435					( BW)(CALYPTE-BIOMEDICAL)(CALY) U.S. FDA Issu
1-970728-202021					TABLE -Calypte Biomedical Corp <CALY.0> Q2 re
1-970728-180743					Calypte Biomedical Results -3: 6 Months Fincl
1-970728-180516					Calypte Biomedical Results -2: 2Q Financial T
1-970728-162329					*Calypte Biomedical 2Q Losses 21c A Share Vs
1-970728-162200					( BW)(CALYPTE-BIOMEDICAL)(CALY) Calypte Repor
1-970424-233146					Calypte Biomedical Corp. 1Q Losses 22c/Shr Vs
1-970424-190308					( BW)(CALYPTE-BIOMEDICAL)(CALY) Calypte repor
1-970317-181616					( BW)(CALYPTE-BIOMED/CAMBRIDGE)(CALY) Calypte
1-970228-173322					Calypte Biomedical Results -3: Year Fincl Tab

11

STORY CAPTURED ON 1 - 97/09/18 AT 17:46:57 SOURCE: DOW PAGE: 01  
CLASS: N SIC: 3826 PRE: N TEST: Y HALT: N  
SYMBOLS: CALY

FDA - Cambridge Biotech -2: Co. Received Letter From FDA

ALAMEDA, Calif. (Dow Jones)--Calypte Biomedical Corp. (CALY) said Cambridge Biotech Corp. received official notice from the FDA that the agency has completed its review of the Cambridge Biotech/bioMerieux Vitek application supplement for its Human Immunodeficiency Virus Type 1 (HIV-1) Western Blot kit for use with urine samples.

In a press release Thursday, Calypte said the FDA "Review Complete" letter indicated that the application is approvable pending the completion of product labeling.

The Urine HIV-1 Western Blot is a urine confirmation test manufactured in Rockville, Md., by Cambridge Biotech Corp., a subsidiary of bioMerieux Vitek Inc., under a license from Calypte.

"We are working closely with the FDA to complete the (labeling) process as quickly as possible," said Rebecca Leaper, Vice President of Operations at Cambridge Biotech.

(MORE) DOW JONES NEWS 09-18-97  
05:46 PM-- 5 46 PM EDT 09-18-97

26

### Choose Issue and Review Period

Enter Symbol ID

Time Increment

Start Date Month:  Day:  Year:

End Date Month:  Day:  Year:

### Issue Information

Issue Name	International Imaging Material		
Market Class	NNM	52 Week High Price	24
Review Period Avg Daily Vol	96,268	52 Week Low Price	14.25
Historical Avg Daily Vol	40,870	News Date	
Split/Dividend?	No	Pr. Change dur. Rev. Pd.	5.75
		Pr. Change in the News	

Review Period

Select

Enter Firm:

Sort by:

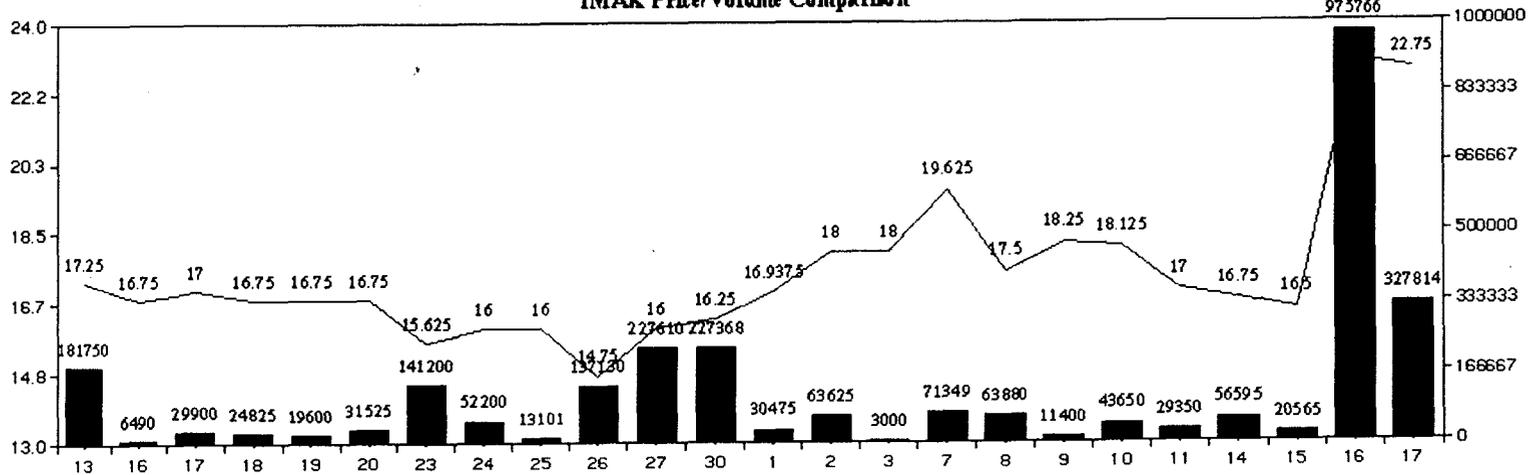
Firm ID	Total Volume	% Total Volume	Buy Volume	Sell Volume	Inventory Buy	Inventory Sell	Customer Buy	Customer Sell	Prin
INCA	1247200	28.62	744200	503000	0	0	744200	503000	0
BMUR	658580	15.11	303755	354825	266755	260425	157700	182600	88200
PRUS	424352	9.74	211954	212398	197630	204198	116942	53050	44850
MSCO	194718	4.47	97618	97100	95918	41500	7700	151518	95918
TSCO	193200	4.43	84600	108600	79400	81000	10200	27600	0
WRZG	191457	4.39	88736	102721	74436	74721	14300	28000	0
SBSH	180321	4.14	80042	100279	70242	76265	13965	68451	44437
CANT	145700	3.34	48000	97700	5500	30100	42500	73100	5500
DAYK	100200	2.3	47800	52400	1500	14900	46300	37500	0
NITE	89635	2.06	46255	43380	17715	28080	28540	15300	0
CWCO	83825	1.92	33675	50150	33575	34150	100	41075	25075

Add to list

Selected Firms

Remove from list

IMAK Price/Volume Comparison



GA

STOCKWATCH AUTOMATED TRACKING SYSTEM (SWAT)  
NEWS HEADLINE RETRIEVAL

Symbols: IMAK

Story Date/Time	Story Headline
970716-112244	ar<PXR.N>, Intl Imaging<IMAK.O>ink merger dea
970716-110941	Paxar<PXR.N>, Intl Imaging<IMAK.O>ink merger
970716-102653	a
970716-085239	Paxar - Intl Imaging -3: Combined Pro Forma Y
970716-084022	Paxar To Acquire Intl Imaging -2: Seen Closin
970716-080339	PAXAR <PXR.N> SAYS TO BUY INTL IMAGING <IMAK.
970716-080309	PAXAR <PXR.N>, INTL IMAGING <IMAK.O> SIGN DEF
970716-080252	*Paxar To Acquire Intl Imaging For \$200M In S
970716-080216	*Paxar Corp., Intl Imaging Materials In Merge
970716-080156	PAXAR Corporation to Acquire International Im
970715-230910	Paxar To Buy International Imaging In \$200M In
970429-171900	International Imaging<IMAK.O> to buy back sha
970429-171115	Intl Imaging Earnings -3: Year Financial Tabl
970429-170959	Intl Imaging Earnings -2: 4Q Financial Table
970429-163114	International Imaging<IMAK.O>Q4 shr \$0.29 vs

SYMBOLS: IMAK

PAXAR Corporation to Acquire International Imaging Materials, Inc.

Strengthens PAXAR's Leading Position in the Rapidly Growing Auto ID and Tracking Industry and Opens New Global Markets for IIMAK's Product Line

WHITE PLAINS, N.Y., and AMHERST, N.Y., July 16 /PRNewswire/ -- PAXAR Corporation (NYSE: PXR) and International Imaging Materials, Inc. (IIMAK) (Nasdaq: IMAK) jointly announced today that they have signed a definitive merger agreement. The combined company will be a leading provider of printers and supplies to the identification and tracking industry. PAXAR will acquire IIMAK for approximately \$200 million in stock (\$24.00 per share). The merger is expected to close early in the fourth calendar quarter of 1997.

IIMAK is a major manufacturer of thermal transfer ribbons. These ribbons are used in thermal transfer printers to print bar code tags and labels and high-quality color graphics on a variety of materials. Ribbon demand is driven by the installed base of printers, which continues to exhibit growth and serves a wide breadth of applications. Industry experts forecast that the market growth rate for thermal transfer ribbons worldwide is approximately 20% annually.

PAXAR is a leading manufacturer of apparel identification products. Through its wholly owned subsidiary, Monarch Marking Systems, PAXAR is also a major U.S. manufacturer of thermal printers and supplies and has one of the largest installed bases of printers in the industry. With the IIMAK transaction, PAXAR would have had total sales in excess of \$600 million on a pro forma basis for the twelve months ended March 31, 1997.

Under the terms of the merger agreement, IIMAK shareholders are expected to receive between 1.2 and 1.412 shares of PAXAR common stock, or \$24 per share, in exchange for each of IIMAK's shares. The exchange ratio will be determined prior to closing based upon PAXAR's average price per share measured during a pricing period. The transaction, which is expected to be treated as a tax-free exchange to holders of IIMAK common stock, will be accounted for as a pooling of interests. The merger is subject to approval by regulatory authorities and the shareholders of both PAXAR and IIMAK.

Arthur Hershaft, Chairman and Chief Executive Officer of PAXAR, stated, "We are excited about the growth opportunities the IIMAK merger presents. Specifically, this transaction will enhance our position in the rapidly growing automatic identification and tracking (auto ID) industry. We believe that this is particularly important in a time of industry consolidation."

Mr. Hershaft continued, "PAXAR is a leading supplier of a broad line of thermal transfer printers and related supplies to apparel, retail and industrial customers worldwide, while IIMAK is a market leader in the sale of thermal transfer ribbons for these printers in North America. PAXAR operates a global network of manufacturing plants, service centers and sales offices in 75 countries worldwide. This merger allows PAXAR and IIMAK to leverage their complementary business strengths, capitalizing more quickly on significant worldwide market opportunities."

Mr. Hershaft went on to add, "It is important to note that the IIMAK transaction is in keeping with our proven acquisition strategy of selecting profitable companies that provide synergy with our existing operations and are the market leaders in their product lines. This transaction is an important step in building a supplies business, ("razor-and-blade") focusing on the growing automatic identification and tracking industry. The IIMAK merger also dovetails nicely with our acquisition of Monarch Marking Systems in March 1997."

Jack W. O'Leary, President and Chief Executive Officer, said, "We are enthusiastic about the prospects for this merger and look forward to joining forces with PAXAR. IIMAK originally grew its business by creating proprietary products for manufacturers of printers. This OEM channel remains as IIMAK's primary channel. Over the past several years, IIMAK launched an aftermarket distribution business which is its fastest growing segment."

BEST AVAILABLE COPY

25

STORY CAPTURED ON 97/07/16 AT 08:01:56

SYMBOLS: IMAK

PAXAR Corporation to Acquire International Imaging Materials, Inc.

"Over the past two years, IIMAK made an investment in excess of \$30 million in plant and equipment to continue its growth and productivity improvements. This merger substantially increases our distribution capabilities in rapidly growing international markets, enabling us to utilize this expanded capacity faster, resulting in greater bottom line growth," concluded Mr. O'Leary.

Although IIMAK will be a wholly owned subsidiary of PAXAR, IIMAK's existing top management, Jack O'Leary, President and Chief Executive Officer, and Richard A. Marshall, Executive Vice President, Chief Operating Officer, will continue to operate IIMAK independently from PAXAR. Mr. Hershaft noted that the transaction is not expected to result in any changes impacting the organization or customer relationships at either PAXAR or IIMAK.

PAXAR is a worldwide leader in the apparel identification business. Monarch, a wholly owned subsidiary of PAXAR, is a leading supplier of identification and tracking solutions to retail and industrial customers worldwide. Together, PAXAR and Monarch market and distribute their products in more than 75 countries.

For more information on PAXAR, via fax at no charge, please call 1 (800) PRO-INFO, and enter ticker symbol PXR. Or, to visit the Company's web site, visit <http://www.paxar.com>

Except for historical information contained herein, certain statements in this release are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties that may cause PAXAR's or IIMAK's actual results in future periods to differ materially from forecasted results. Factors that could cause actual results to differ materially include, but are not limited to, economic and other business conditions that may affect demand for PAXAR's or IIMAK's products in the United States or international markets, the mix of products sold and the profit margins thereon, order cancellations or reduced bookings by customers or distributors, and discounting necessitated by price competition.

SOURCE PAXAR Corporation

7/16/97

-0-

/CONTACT: Arthur Hershaft, Chairman and Chief Executive Officer of PAXAR, 914-697-6800; or Jack O'Leary, President and Chief Executive Officer, 716-691-6333, or Judy McCann, Investor Relations Manager, 716-691-4064, both of IIMAK; or Doug Deileto, general, 212-661-8030, Suzy Lynde, analysts, 312-266-7800 or Judith Sytk-Siegel, media, 212-661-8030, all of the Financial Relations Board, for PAXAR Corporation/  
(PXR IMAK)

BEST AVAILABLE COPY

Options

Choose Issue and Review Period

Enter Symbol ID   Check Symbol

Time Increment

Start Date Month:  Day:  Year:

End Date Month:  Day:  Year:

Issue Information

Issue Name	ML Bancorp, Inc.		
Market Class	NNM	52 Week High Price	22.75
Review Period Avg Daily Vol	53,599	52 Week Low Price	13.625
Historical Avg Daily Vol	38,983	News Date	09/18/97
Split/Dividend?	Yes	Pr. Change dur. Rev. Pd.	2.375
		Pr. Change in the News	2.125

Review Period

Select

Enter Firm:

Sort by:

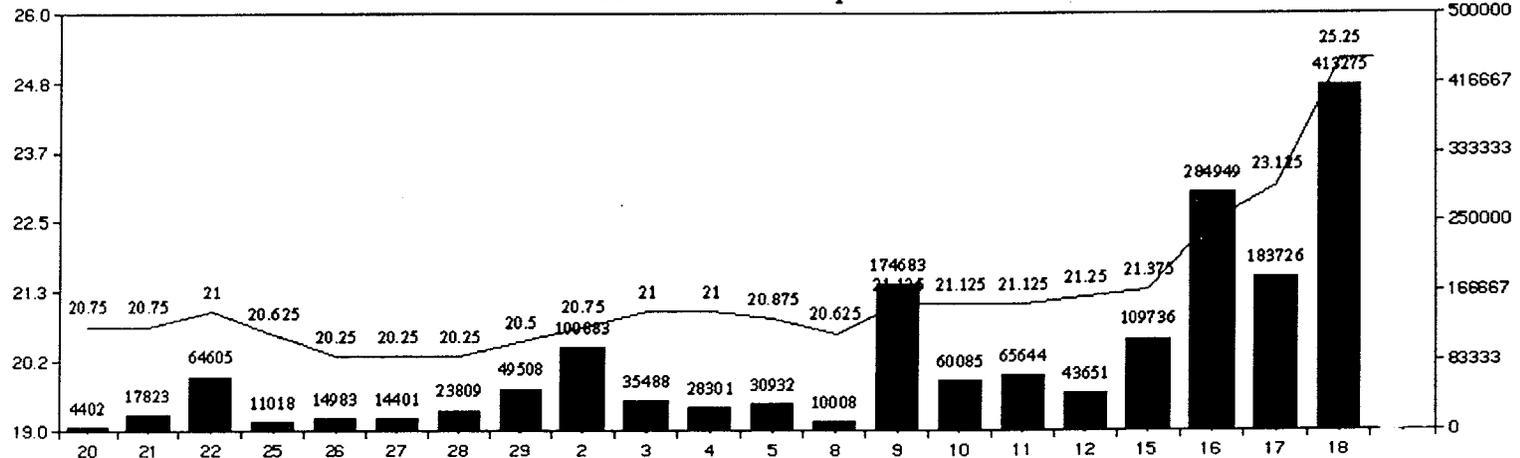
Firm ID	Total Volume	% Total Volume	Buy Volume	Sell Volume	Inventory Buy	Inventory Sell	Customer Buy	Customer Sell	Prin.
INCA	559900	25.42	280300	279600	2000	0	278300	279600	0
SBSH	247087	11.22	122768	124319	93668	111019	96000	84260	70960
KSVI	188400	8.55	96900	92400	51000	78200	103000	39200	25000
LEWM	182375	8.28	93125	89250	66525	75750	75850	45400	31900
TUCK	150240	6.82	74600	75640	74600	75640	32000	47700	47700
LESC	134550	6.11	67050	67500	66550	67500	32350	5300	5300
HRZC	125404	5.69	63147	62257	43047	51057	36665	22517	11317
JUNE	105600	4.79	0	105600	0	200	0	105400	0
TSCO	60861	2.76	31900	28961	15100	24261	16800	4700	0
FJMC	53422	2.43	26950	26472	26950	26472	0	0	0
FERC	43370	1.97	25770	17600	14470	15200	11300	2400	0

Add to list

Selected Firms

Remove from list

MLBC Price/Volume Comparison



STOCKWATCH AUTOMATED TRACKING SYSTEM (SWAT)  
NEWS HEADLINE RETRIEVAL

Symbols: IMAK

Story Date/Time	Story Headline
970716-112244	ar<PXR.N>, Intl Imaging<IMAK.O>ink merger dea
970716-110941	Paxar<PXR.N>, Intl Imaging<IMAK.O>ink merger
970716-102653	a
970716-085239	Paxar - Intl Imaging -3: Combined Pro Forma Y
970716-084022	Paxar To Acquire Intl Imaging -2: Seen Closin
970716-080339	PAXAR <PXR.N> SAYS TO BUY INTL IMAGING <IMAK.
970716-080309	PAXAR <PXR.N>, INTL IMAGING <IMAK.O> SIGN DEF
970716-080252	*Paxar To Acquire Intl Imaging For \$200M In S
970716-080216	*Paxar Corp., Intl Imaging Materials In Merge
970716-080156	PAXAR Corporation to Acquire International Im
970715-230910	Paxar To Buy International Imaging In \$200M In
970429-171900	International Imaging<IMAK.O> to buy back sha
970429-171115	Intl Imaging Earnings -3: Year Financial Tabl
970429-170959	Intl Imaging Earnings -2: 4Q Financial Table
970429-163114	International Imaging<IMAK.O>Q4 shr \$0.29 vs

SP

SYMBOLS: SVRN MLBC

( BW)(SOVEREIGN-BANCORP)(SVRN) Sovereign to Acquire ML Bancorp Inc.

Business Editors

WYOMISSING, Pa.--(BUSINESS WIRE)--Sept. 18, 1997--Sovereign Bancorp Inc. ("Sovereign") (NASDAQ/NMS:SVRN), parent company of Sovereign Bank, and ML Bancorp Inc. ("ML Bancorp") (NASDAQ/:MLBC), parent company of Main Line Bank, announced Thursday the execution of a Definitive Agreement ("Agreement") for Sovereign to acquire ML Bancorp.

ML Bancorp is a \$2.2 billion bank holding company whose principal operating subsidiary operates 29 branches located in the suburbs of Philadelphia.

The terms of the Agreement call for Sovereign to exchange 1.67 shares of Sovereign common stock for each outstanding share of ML Bancorp common stock or a total consideration of approximately \$345 million in Sovereign common stock.

The exchange ratio will stay fixed at 1.67 shares of Sovereign common stock per ML Bancorp share if Sovereign's average stock price remains between \$13.80 and \$18.67 per share (collectively, the "Collars") during a 20-day pricing period as set forth in the Agreement.

If Sovereign's average stock price is outside the lower or upper Collars then the price is fixed for ML Bancorp's shareholders at \$23.05 and \$31.18 per share, respectively, subject to adjustment under certain conditions. The pricing reflects 202% of ML Bancorp's stated book value, 215% of ML Bancorp tangible book value and 17.4 times ML Bancorp projected 1998 earnings.

ML Bancorp operates a solid mortgage banking operation with a \$4.4 billion loan servicing portfolio for others and \$500 million in 1996 loan originations, in addition to an extensive community banking franchise. In addition, ML Bancorp's asset quality philosophy mirrors Sovereign's focus on this critical success factor.

ML Bancorp maintains superior asset quality with a non-performing assets to total assets ratio of only 0.46%, a strong loan loss reserve to total loans of 1.71%, and loan loss reserves to non-performing loans of 193% at June 30, 1997.

"The combination of these two institutions significantly enhances Sovereign's franchise in the affluent and growing communities of the Philadelphia suburbs, and is expected to be immediately accretive to Sovereign's book value, tangible book value, and accretive to Sovereign's earnings, within 12 months following the consummation of the transaction," stated Jay S. Sidhu, Sovereign's president and chief executive officer.

"This transaction solidifies Sovereign's Pennsylvania, New Jersey, and Delaware branch networks and creates a \$2.4 billion deposit franchise in Pennsylvania with strong core deposits. Proforma for this acquisition, Sovereign will have the #4 deposit market share in southeastern Pennsylvania," Sidhu continued.

"Our strategic affiliation with Sovereign provides our shareholders and customers with a unique opportunity to continue our vision of becoming a significant financial services provider in Southeastern Pennsylvania, as well as a significant contributor to Sovereign's franchise value and future earnings growth," stated Dennis S. Mario, ML Bancorp Inc.'s president, and chief executive officer.

Upon completion of this transaction, Mario will become a member of Sovereign Bank's board of directors and the president of the division of Sovereign Bank responsible for the Sovereign Bank's Pennsylvania and Delaware branch network.

BEST AVAILABLE COPY

( BW)(SOVEREIGN-BANCORP)(SVRN) Sovereign to Acquire ML Bancorp Inc.

Proforma for the ML Bancorp acquisition and other pending transactions, Sovereign will have assets totaling \$17.0 billion, deposits totaling \$8.6 billion and operate over 170 Community banking offices throughout the tri-state network. With a pro forma market capitalization in excess of \$2.0 billion, Sovereign will become the 6th largest thrift holding company in the country.

"The addition of this 29 branch network is a perfect fit with Sovereign's Pennsylvania branch network," commented Sovereign's Chairman, Richard E. Mohn. "ML Bancorp is a natural fill-in to Sovereign's existing franchise and will provide Sovereign unique opportunities in an extremely desirable market," Mohn continued.

In connection with the execution of the Agreement, ML Bancorp granted a stock option to Sovereign to purchase, under certain conditions, up to 19.9% of ML Bancorp's outstanding shares.

ML Bancorp has the right to terminate the Agreement if the average stock price of Sovereign (as defined in the Agreement) falls below \$12.18 and Sovereign's decline in value is 10% greater than the percentage decline of a group of similar financial institutions.

The merger is subject to approval of various regulatory agencies and of both ML Bancorp and Sovereign shareholders. Sovereign anticipates that the transaction will close in the first quarter of 1998 and will be accounted for as a pooling of interests. Sovereign also anticipates recording a one-time after tax merger-related charge of \$12.4 million at the closing of the transaction.

On July 2, 1997, Sovereign announced the signing of a definitive agreement to acquire the Automobile Finance Division ("the Division") of Fleet Financial Group Inc. The Division consists of approximately \$2.0 billion of indirect auto loans, dealer floor plan loans, and loans to automobile leasing companies.

The Division has business relationships with over 2,000 automotive dealerships and serves approximately 225,000 customers through New Jersey, New York, and New England.

On Aug. 31, 1997, Sovereign closed its previously announced acquisition of Bankers Corp., a \$2.6 billion bank holding company headquartered in Perth Amboy, N.J. Sovereign is a pro forma \$17.2 billion bank holding company with over 170 community banking offices serving eastern Pennsylvania, northern Delaware and New Jersey.

The fourth largest bank headquartered in Pennsylvania, Sovereign's closing price of its common stock on Thursday, Sept. 18, 1997 was \$16.4375 per share and its preferred stock closed at \$99.75 per share.

--30--CF/ph\*

CONTACT: Sovereign Bancorp  
Jay S. Sidhu, 610/320-8416  
Karl D. Gerhart, 610/320-8437  
Mark R. McCollom, 610/208-6426  
or  
ML Bancorp  
Dennis S. Marlo, 610/526-6290  
Brian M. Hartline, 610/526-6270

KEYWORD: PENNSYLVANIA NEW JERSEY DELEWARE  
INDUSTRY KEYWORD: BANKING

Today's News On The Net - Business Wire's full file on the Internet  
with Hyperlinks to your home page.  
URL: <http://www.businesswire.com>

### Choose Issue and Review Period

Enter Symbol ID

Check Symbol

Time Increment

Start Date Month:  Day:  Year:

End Date Month:  Day:  Year:

### Issue Information

Issue Name	ATC Communications Group, Inc.		
Market Class	NNM	52 Week High Price	15
Review Period Avg Daily Vol	390,745	52 Week Low Price	2.5625
Historical Avg Daily Vol	309,934	News Date	
Split/Dividend?	No	Pr. Change dur. Rev. Pd.	-1.34375
		Pr. Change in the News	

Review Period

Select

Enter Firm:

Sort by:

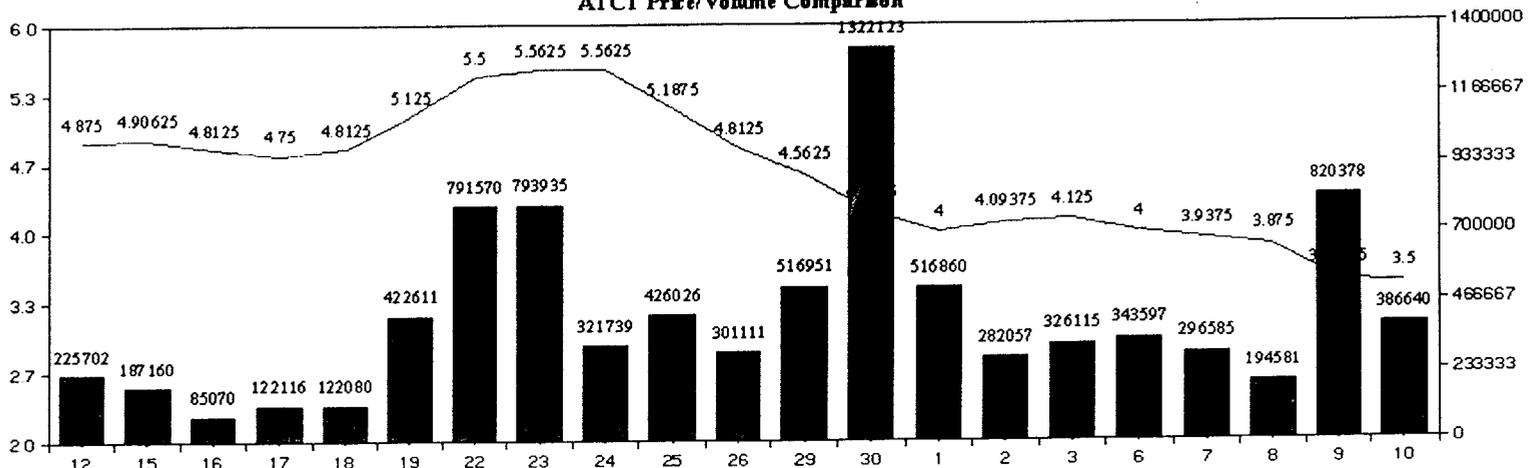
Firm ID	Total Volume	% Total Volume	Buy Volume	Sell Volume	Inventory Buy	Inventory Sell	Customer Buy	Customer Sell	Prin
MASH	1554902	9.9	766427	788475	732527	753275	33900	39700	4500
NITE	1399090	8.91	697590	701500	681690	682000	15900	19500	0
INCA	1274200	8.11	704900	569300	10100	11700	694800	557600	0
MRZC	960091	6.11	483202	476889	464202	467889	90300	12000	3000
CHAS	902173	5.74	462593	439580	0	0	462593	439580	0
PERT	790504	5.03	380635	409869	345335	359469	35300	50400	0
GRUN	636191	4.05	300783	335408	283633	302858	19950	38200	5650
GFSC	623360	3.97	332138	291222	272571	276592	131989	222768	20813
TSCO	459941	2.93	227795	232146	223895	228846	3900	3300	0
ETRS	450840	2.87	229228	221612	0	0	229228	221612	0
PRUS	392935	2.5	193050	199885	189900	192275	69950	108560	10095

Add to list

Selected Firms

Remove from list

ATCT Price/Volume Comparison



STOCKWATCH AUTOMATED TRACKING SYSTEM (SWAT)  
NEWS HEADLINE RETRIEVAL

Symbols: ATCT

Story Date/Time	Story Headline
971009-130520	ATC <ATCT.O> chairman resumes president/CEO p
971009-122711	*ATC Commun's Arthur Chavoya Assumes Vice Chm
971009-122650	*ATC Commun's Arthur Chavoya Resigns As Pres.
971009-122554	*ATC Commun Chairman Santry Assumes Pres, CEO
971009-122535	ATC COMMS<ATCT.O> SAYS CHAIRMAN MICHAEL SANTR
971009-122427	ATC Announces Executive Changes
970930-082354	ATC Communications Reports Fourth Quarter, F1
970929-190519	ATC Communications Results -3: Year Financial
970929-183018	ATC Communications Results -2: 4Q Financial T
970929-180617	CORRECTION: ATC, Not ACT, Communications Repo
970929-180052	ATC Communications <ATCT.O> Q4 loss vs profit
970929-175734	ATC COMMUNICATIONS <ATCT.O> Q4 SHR LOSS \$0.08
970929-175720	ATC COMMUNICATIONS <ATCT.O> Q4 SHR LOSS \$0.08
970929-175543	ATC Communications Reports Fourth Quarter, F1
970911-191957	C T I/CMT I/CTS I/FIS I/ICS I/LDS I/RTL I/SVC

STORY CAPTURED ON 97/10/09 AT 12:24:27

SYMBOLS: ATCT

#### ATC Announces Executive Changes

##### Chairman to Reassume CEO Responsibilities

DALLAS, Oct. 9 /PRNewswire/ -- ATC Communications Group, Inc. (Nasdaq: ATCT) announced today that Michael G. Santry, Chairman of the Board, has reassumed the responsibilities of President and Chief Executive Officer, which he previously held from February 1986 through September 1996. Mr. Santry takes over for Arthur Chavoya who has stepped down as President and CEO of ATC Communications Group, Inc. and its operating subsidiary, ATC Communications, Inc. Mr. Chavoya remains a director of the Company and will assume the role of Vice Chairman focusing on sales strategy, the transition of existing clients and new business development.

ATC Communications Group, Inc. is a 12-year-old publicly held company. Its operating subsidiary, ATC Communications, offers custom-developed strategic sales and service applications, outsourced and facility management operations and traditional high-volume transaction-based teleservices under the heading "telesourcing." ATC employs approximately 3,100 people and has equipped more than 3,200 dual mode call center workstations. ATC has been designated as one of America's 100 Fastest Growing Companies by Fortune magazine two years in a row. Among ATC's blue-chip clients are American Express, AT&T, Chicago RTA, Integrion Financial Network (formerly Visa Interactive), Pacific Bell, Transamerica, U S WEST, and Western Union. The Irving, Texas-based company had \$97.6 million in revenues during fiscal 1997. Information regarding ATC can be found on its Website at [www.atct.com](http://www.atct.com).

SOURCE ATC Communications Group, Inc.

-0-

10/09/97

/CONTACT: Matthew S. Waller, Chief Financial Officer; Scott D. Guffey, Vice President, Finance, Acquisitions and Investor Relations; or, Holly Fergus, Vice President, Marketing and Communications, all of ATC Communications Group, Inc., 972-830-1800/  
/Web site: <http://www.atct.com/>  
(ATCT)

65

### Choose Issue and Review Period

Enter Symbol ID

Time Increment

Start Date Month:  Day:  Year:

End Date Month:  Day:  Year:

### Issue Information

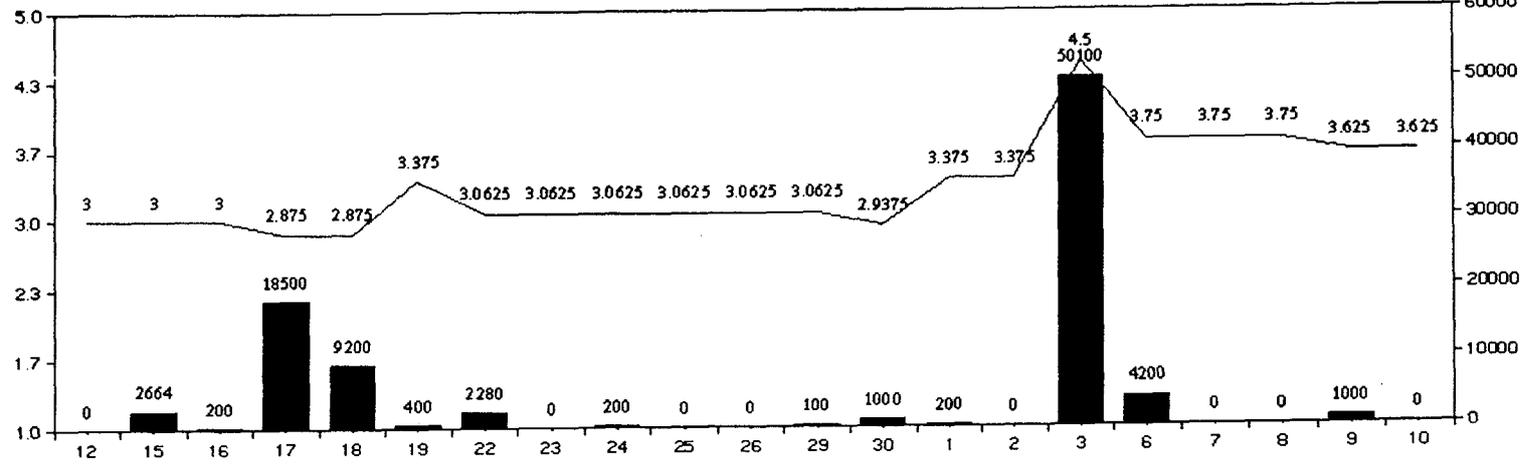
Issue Name	Americas Growth Fund, Inc. (Th)		
Market Class	SC	52 Week High Price	4.75
Review Period Avg Daily Vol	4,502	52 Week Low Price	2.6875
Historical Avg Daily Vol	4,743	News Date	
Split/Dividend?	No	Pr. Change dur. Rev. Pd.	0.625
		Pr. Change in the News	

Review Period  Select Enter Firm:  Sort by:

Firm ID	Total Volume	% Total Volume	Buy Volume	Sell Volume	Inventory Buy	Inventory Sell	Customer Buy	Customer Sell	Prin.
MASH	43144	23.96	24290	18854	17490	18854	6800	0	0
FANN	28600	15.88	14600	14000	14600	14000	0	0	0
INCA	26250	14.58	8750	17500	0	0	8750	17500	0
NDIC	23004	12.77	17354	5650	16204	5650	1150	0	0
SILK	12500	6.94	12000	500	0	0	12000	500	0
SSIC	11150	6.19	6150	5000	0	0	6150	5000	0
MLCO	11000	6.11	0	11000	0	10000	0	1000	0
WDCO	7000	3.89	4100	2900	3300	2900	600	0	0
ASEL	6750	3.75	0	6750	0	0	0	6750	0
SILKA	2000	1.11	0	2000	0	0	0	2000	0
JWCI	1800	1	0	1800	0	0	0	1800	0

Selected Firms

AGRO Price/Volume Comparison



54

STOCKWATCH AUTOMATED TRACKING SYSTEM (SWAT)  
NEWS HEADLINE RETRIEVAL

Symbols: AGRO

Story Date/Time	Story Headline
971009-182758	Amer Growth Says District Court OKs Hldr Laws
971009-182758	
971009-151029	The Americas Growth Fund, Inc. Announces Cour
971003-182121	99710033382
970923-150025	JW Charles Offer -2: JW Charles Has 91% Stake
970923-143300	JWCHARLES <JWC.A>SAYS 65 PCT OF AMERICAN GROW
970923-142947	*JWCharles Fincl Says 65% Of Americas Growth
970923-142633	( BW)(JWCHARLES-FINANCIAL)(JWC) JWCharles Fin
970829-111359	ricas <AGRO.O> says JW Charles offer is fair
970829-105928	Americas <AGRO.O> says JW Charles offer is fa
970829-104659	Americas Growth/JW Charles -2: Hldr Should E
970829-102110	AMERICAS GROWTH <AGRO.O>BOARD ENCOURAGES HOLD
970829-102024	*Americas Growth Board Determines JW Charles
970829-101919	AMERICAS GROWTH <AGRO.O>BOARD DETERMINES JW C
970829-101656	The Americas Growth Fund Announces Board Post

9

STORY CAPTURED ON 97/10/09 AT 15:10:29

SYMBOLS: AGRO

The Americas Growth Fund, Inc. Announces Court Approval  
of Settlement of Shareholder Litigation

MIAMI, Oct. 9 /PRNewswire/ -- The Americas Growth Fund, Inc. (Nasdaq: AGRO) (the "Company") announced today that the United States District Court for the Southern District of Florida, Miami Division (the "Court") has approved the previously announced settlement of a purported derivative shareholders' suit against the Company, its board of directors and JW Charles Securities, Inc., a subsidiary of JW Charles Financial Services, Inc. Pursuant to the settlement, all of the parties to the litigation have exchanged general releases. Upon the parties' receipt of a certified copy of the Court order approving the settlement and dismissing the suit with prejudice, the law firm representing the plaintiffs in the litigation will be paid \$25,000 by JW Charles Securities, Inc. The Company and its directors will not pay any money to the plaintiffs in connection with the settlement of the litigation.

In announcing the Court action, Leonard Sokolow, Chairman of the Board of the Company, stated that, "I am gratified that the matter has been concluded without the payment of any money to the plaintiffs by the Company or its board of directors."

SOURCE The Americas Growth Fund, Inc.

-0-

10/09/97

/CONTACT: Leonard J. Sokolow, Chairman of the Board, The Americas Growth Fund, 305-374-3575/  
(AGRO)

56

STORY CAPTURED ON 1 - 97/10/03 AT 18:21:21 SOURCE: DOW PAGE: 01  
CLASS: N SIC: 6159 PRE: N TEST: Y HALT: N  
SYMBOLS: AGRO

99710033382 1

C1AGRO BCV CVF JGF MF RNE ROC TRF TWN TYW I/FIS N/DJN N/DJWI N/DJS  
N/FND M/FIN P/DAA P/DBK P/DIS R/ASI R/FE R/FL R/MA R/MD R/NJ R/NME R/NY R/PA  
R/PRM R/TW R/US R/USE R/USS

6  
L  
H

#### Convertible Closed-End Funds Make Strong Gains In Week

CHICAGO (Dow Jones)--Two convertible closed-end funds benefited from the rare strength in both the stock and bond markets in the week ended Oct. 2, according to a weekly review by Thomas J. Herzfeld Advisors Inc.

Bancroft Convertible Fund (BCV) and Castle Convertible Fund (CVF) gained 9.74% and 6.55%, respectively. Both funds started in 1971 and invest primarily in convertible securities, which are preferred stock, bonds, debentures and corporate notes which can convert into common stock.

Bancroft Convertible has large holdings in banking, insurance and financial services companies. Its market price is up 24% this year, moving closer to the fund's net asset value. The discount at which the fund trades compared to NAV has improved to 6% from its April discount of 16%, Herzfeld says.

Castle Convertible's stock reached a new high at \$28 on Thursday, ending a "bizarre episode" that collapsed the stock's price 31% six months ago "in what appears to have been a mistaken sell order in this thinly traded issue," Herzfeld says.

The two closed-end funds heavily invested in Russia also fared well this week. Templeton Russia Fund (TRF) and Morgan Stanley Russia & New Europe Fund (RNE) advanced 8.88% and 5.89%, respectively.

Americas Growth Fund saw the week's best return among closed-end funds, pulling ahead 10.2%. As previously reported, 91% of the fund's shares were recently tendered in an exchange offer by the fund's underwriter, J.W. Charles Financial Services (JWC) of Boca Raton, Fla. J.W. Charles may fold the fund into its business.

Unlike the strong U.S. market, Asian markets continue on a downslide. Three Taiwan closed-end funds suffered the three worst closed-end fund performances of the week: Taiwan Equity Fund (TYW) lost 8.33%, R.O.C. Taiwan Fund (ROC) lost 8.21% and the Taiwan Fund (TWN) slipped 7.19%.

Jakarta Growth Fund (JGF) and The Malaysia Fund (MF) both lost about 5.5%, Herzfeld says.

(END) DOW JONES NEWS 10-03-97

06:21 PM-0- 6 21 PM EDT 10-03-97

51

### Choose Issue and Review Period

Enter Symbol ID

Time Increment

Start Date Month:  Day:  Year:

End Date Month:  Day:  Year:

### Issue Information

Issue Name	BGS Systems, Inc.		
Market Class	NNM	52 Week High Price	38
Review Period Avg Daily Vol	8,543	52 Week Low Price	23.75
Historical Avg Daily Vol	8,124	News Date	
Split/Dividend?	Yes	Pr. Change dur. Rev. Pd.	5.125
		Pr. Change in the News	

Review Period

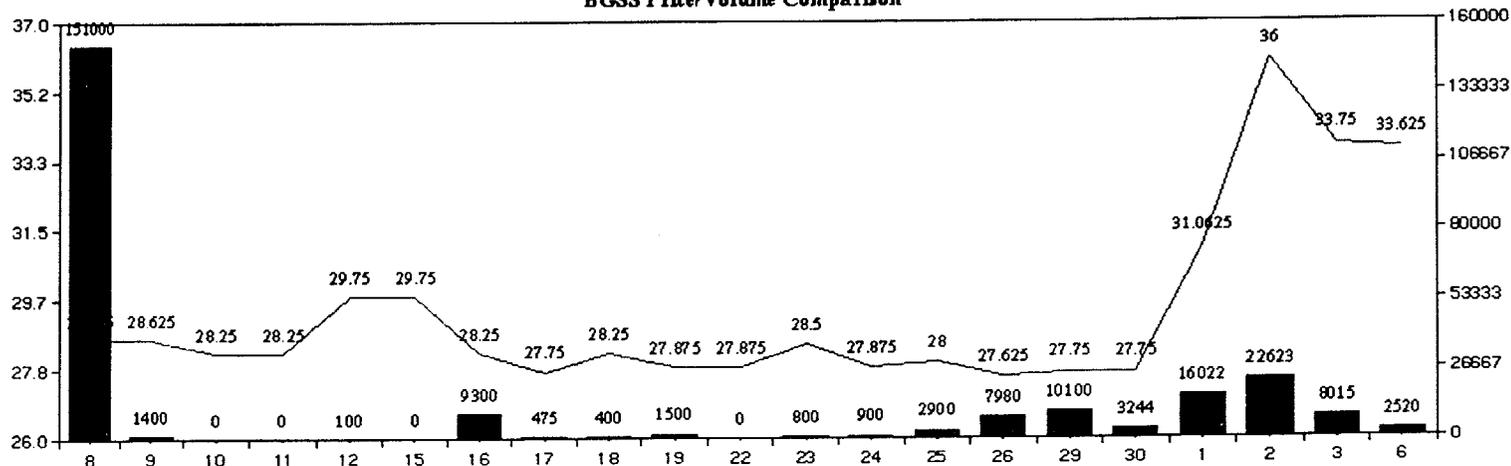
Enter Firm:

Sort by:

Firm ID	Total Volume	% Total Volume	Buy Volume	Sell Volume	Inventory Buy	Inventory Sell	Customer Buy	customer Sell	Prin.
NRZG	206660	50.96	132235	74425	82235	74425	113300	0	0
INCA	107200	26.44	3700	103500	100	0	3600	103500	0
ADAM	20200	4.98	8100	12100	8100	12100	2600	1700	1700
NITE	11300	2.79	5750	5550	5150	5550	600	0	0
ITGI	8000	1.97	4000	4000	0	0	4000	4000	0
BATK	7900	1.95	4400	3500	0	100	4400	3400	0
RONY	5625	1.39	2225	3400	2225	3400	0	0	0
QRCC	5574	1.37	5524	50	824	0	4700	50	0
MLCO	5400	1.33	400	5000	400	0	0	5400	400
NFSC	3447	.85	100	3347	0	0	100	3347	0
SALB	3000	.74	0	3000	0	0	0	3000	0

Selected Firms

BGSS Price/Volume Comparison



SP

STOCKWATCH AUTOMATED TRACKING SYSTEM (SWAT)  
NEWS HEADLINE RETRIEVAL

Symbols: BGSS

Story Date/Time	Story Headline
971002-171735	CORRECTION: BGS Systems Fiscal '97 Revs \$48.6
971002-154158	
971002-153729	=BGS Sys -2: Order Worth More Than \$4M Over 4
971002-143017	*BGS Sys Gets \$4M Order;CFO Calls Order Large
970821-171527	LE - BGS Systems Inc <BGSS.O> Q2 shr increase
970821-154654	TABLE - BGS Systems Inc <BGSS.O> Q2 shr incre
970821-125122	BGS Systems 2Q Net 36c A Share Vs 34c >BGSS
970815-153116	TABLE - BGS Systems Inc <BGSS.O> sets payout
970815-135928	B G S Systems (BGSS) Block Equals 2.3% Of Shr
970813-120338	9708133115 8
970730-211125	DOW JONES PIR PROFILE BGS Systems (Q: BGSS)
970729-211211	DOW JONES PIR PROFILE BGS Systems (Q: BGSS)
970728-211226	DOW JONES PIR PROFILE BGS Systems (Q: BGSS)
970610-180710	BGS Systems Inc <BGSS.O> sets qtly div \$0.30
970610-155836	BGS Systems Inc. Declares 30c Regular Quarter

STORY CAPTURED ON 1 - 97/10/02 AT 15:37:29

SYMBOLS: BGSS

=BGS Sys -2: Order Worth More Than \$4M Over 4 Years >BGSS

By Maria V. Georgianis

NEW YORK (Dow Jones)--BGS Systems Inc. shares (BGSS) hit a 52-week high Thursday after the company received the largest order to date for its computer-systems testing software.

Chief Financial Officer Normand Bilodeau said the order is worth more than \$4 million over four years. The company's fiscal 1997 revenue was \$14.7 million.

The executive said a communications company placed the order for BGS's Best/1 Performance Assurance testing software for Unix and NT systems. The announcement was posted on the company's Web site Wednesday. He declined to provide further details on the customer.

BGS, of Waltham, Mass., develops software to assist network systems management providers.

Bilodeau said he wasn't quite sure what was driving the stock. He noted it's thinly traded and doesn't require a lot of volume to move it. The company said it has no pending announcements.

Traders were also unsure what was driving the stock.

BGS rose as high as 38, passing its previous 52-week high of 32 1/2 set March 4. The shares recently were trading at 35 1/2, up 4 7/16, or 14.3%, on Nasdaq volume of 21,100, compared with average daily volume of 10,000.

(END) DOW JONES NEWS 10-02-97

03:37 PM-0- 3 37 PM EDT 10-02-97

## Choose Issue and Review Period

Enter Symbol ID  Check SymbolTime Increment Start Date Month:  Day:  Year: End Date Month:  Day:  Year: 

## Issue Information

Issue Name	Chesapeake Biological Laborato		
Market Class	NNM	52 Week High Price	5.5
Review Period Avg Daily Vol	38,878	52 Week Low Price	3.625
Historical Avg Daily Vol	9,910	News Date	
Split/Dividend?	No	Pr. Change dur. Rev. Pd.	2.75
		Pr. Change in the News	

Review Period 

Select

Enter Firm: Sort by: 

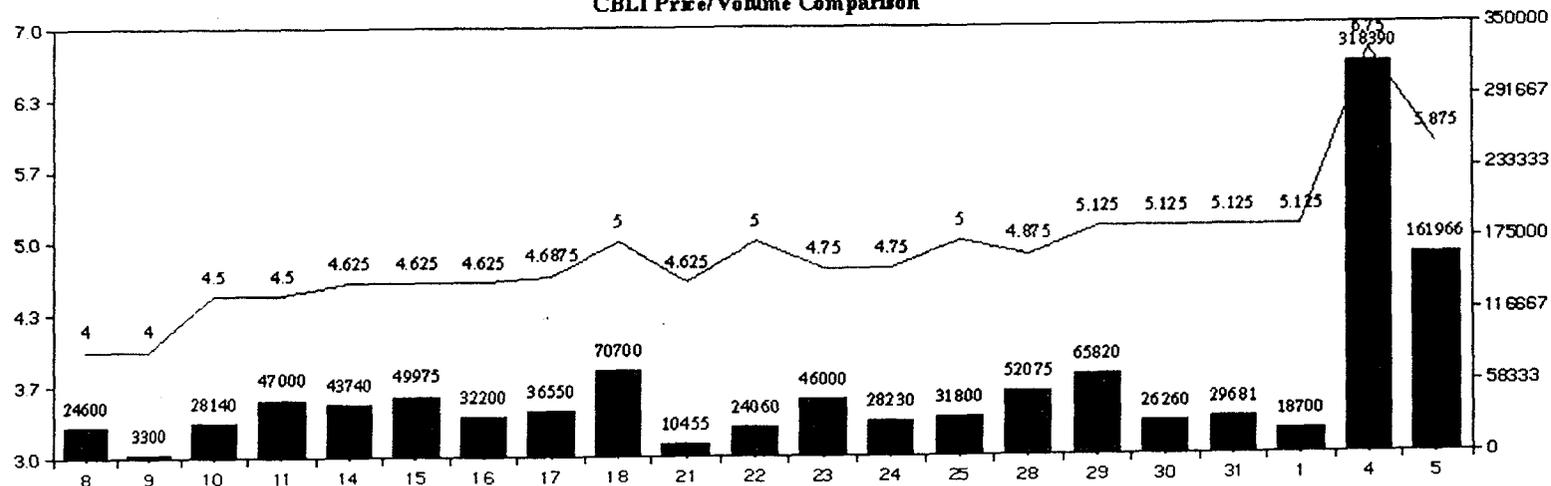
Firm ID	Total Volume	% Total Volume	Buy Volume	Sell Volume	Inventory Buy	Inventory Sell	Customer Buy	Customer Sell	Prin.
FBWA	644266	43.6	337781	306485	337781	306485	197215	285140	285140
WRZC	107410	7.27	55600	51810	51700	48610	3900	3200	0
NITE	83855	5.67	53700	30155	26800	24155	26900	6000	0
CHDA	69620	4.71	30820	38800	2200	6500	28620	33300	1000
INCA	68800	4.66	28300	40500	0	0	28300	40500	0
WATH	50175	3.4	6375	43800	0	21900	6375	21900	0
HILL	46700	3.16	22300	24400	22300	24400	0	0	0
MFSC	44775	3.03	24075	20700	20075	20700	15300	1300	1300
PEJN	42025	2.84	20600	21425	17600	21425	3000	0	0
AMSR	38290	2.59	20120	18170	10320	17670	9900	500	0
PRUS	33150	2.24	27050	6100	0	0	27050	6100	0

Add to list

Selected Firms

Remove from list

CBLI Price/Volume Comparison



STOCKWATCH AUTOMATED TRACKING SYSTEM (SWAT)  
NEWS HEADLINE RETRIEVAL

Symbols: CBLI

Story Date/Time	Story Headline
970804-145155	sapeake<CBLI.O>cites Barron's item for shr r1
970804-135142	Chesapeake<CBLI.O>cites Barron's item for shr
970804-114354	=Chesapeake Bio -2: Ferris Baker Sees FY98 Ne
970804-105308	*Chesapeake Biological Up 34%; Co. Cites Ment
970730-212217	DOW JONES PIR PROFILE Chesapeake Bio Lab (Q:
970729-212303	DOW JONES PIR PROFILE Chesapeake Bio Lab (Q:
970729-142952	Chesapeake Bio To Make Drug For Unit Of Itali
970729-070205	( BW)(CHESAPEAKE-BIO/SIGMA-TAU)(CBLI) Chesape
970728-212318	DOW JONES PIR PROFILE Chesapeake Bio Lab (Q:
970718-130038	Chesapeake Biological Results -2: 1Q Financia
970718-121608	*Chesapeake Biological 1Q Losses 2c/Shr On Ch
970709-070106	( BW)(SHEFFIELD/CHESAPEAKE)(SHM)(CBLI) Sheffi
970613-003417	BSC CBLI CCI FNM FPG J.TYM MMS NAB OPTLF PEG
970612-092533	*Chesapeake Biological 1M Shares Priced At \$3

NO MORE STORIES FC

DLS.

STORY CAPTURED ON 97/08/04 AT 13:51:42

SYMBOLS: CBLI

Chesapeake<CBLI.0>cites Barron's item for shr rise

NEW YORK, Aug 4 (Reuter) - Chesapeake Biological Laboratories Inc said Monday that a favorable mention in Barron's was the likely cause of a 34 percent jump in the company's share price.

Shares in Chesapeake rose 1-3/4 or 34.15 percent to 6-7/8 in afternoon activity, the second sharpest gain in percentage terms on Nasdaq.

Company Chief Financial Officer Jack Janssen attributed the unusual activity to the Barron's item, a reprinting of a July 7 research report in which Washington-based investment firm Ferris Baker Watts rated Chesapeake a strong buy.

"From what we know, Barron's picked up the report and that's about the only thing we know of (to explain the share activity)," Janssen said.

A Ferris Baker Watts analyst was unavailable to comment but a research department representative confirmed the firm continues to rate Chesapeake a strong buy.

Ferris Baker Watts underwrote Chesapeake's secondary offering earlier this year.

## Market Manipulation

- What is market manipulation
  - Willful conduct to deceive or defraud by artificially affecting a security's price
  - Intentional interference with the free forces of supply and demand
  - Manipulation may exist where significant price movements can not be reasonably explained

---

---

---

---

---

---

---

---

## Classic Manipulative Schemes

- Demand-side manipulation
- Supply-side manipulation
- Domination and control

---

---

---

---

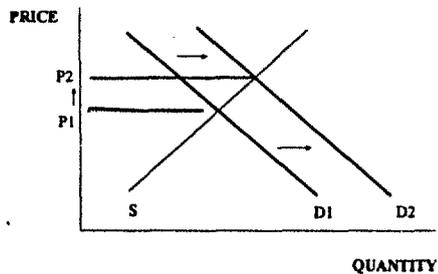
---

---

---

---

## Demand-side Manipulation



---

---

---

---

---

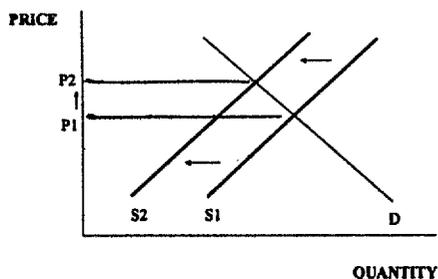
---

---

---

64

## Supply-side Manipulation



---

---

---

---

---

---

---

---

## Domination and Control

- Generally, a single member firm is responsible for a significant portion of quote and trading activity.
- Dominates and controls the supply and demand of the stock, thus, the price of the stock

---

---

---

---

---

---

---

---

## Manipulative Methods

- Pre-arranged trades:
  - Wash sales
  - Match orders
  - Parking stock
- Up-ticking the bid (or down-ticking the ask)
- Painting the tape
- Canceled Trades
- Stock hype: collusion between member firms and insiders (or stock promoters)
- Commencing the trading with arbitrary quotes
- Marking-the-close

---

---

---

---

---

---

---

---

65

### Elements and Proof of Manipulation

- Trades that create actual or apparent active trading in a stock.
- Increase (or decrease) in price levels of the stock.
- Manipulative effect-these trades must be done with the intention of inducing others or buy (or sell) a stock.

---

---

---

---

---

---

---

---

### Manipulative Red Flags

- Volume concentration greater than 50% by one broker or customer
- Price movement in the absence of material news.
- One-sided activity
- Concentrated retail activity
- Poor company financials

---

---

---

---

---

---

---

---

### Manipulative Red Flags (continued)

- Changes in price and volume
- Suspicious news
- Individuals involved
- Concealed involvement
- Internet activity



---

---

---

---

---

---

---

---

**Further Analysis is Generally  
NOT Warranted if**

- there is a lack of volume concentration;
- there is no material news;
- there is significant price movement of broader markets and/or the industry; or
- the company is able to reasonably explain the price movement

---

---

---

---

---

---

---

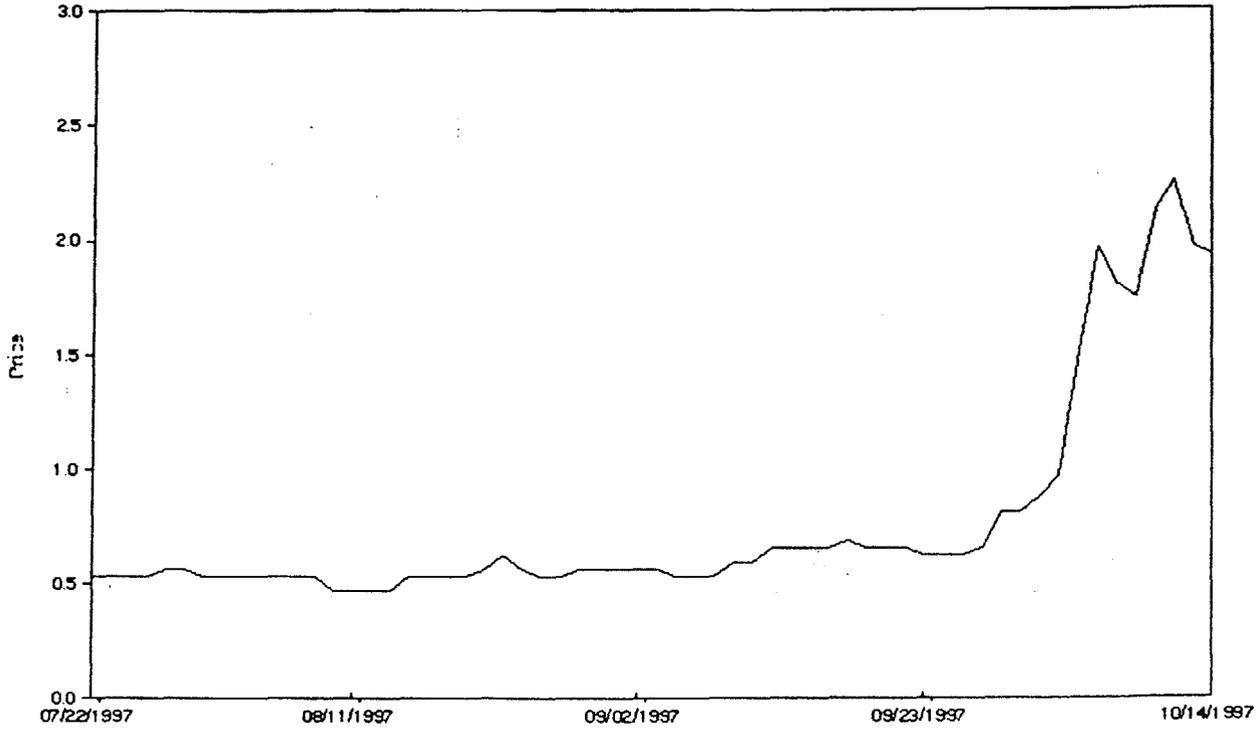
---

# Case Study: Detecting Manipulation Cases

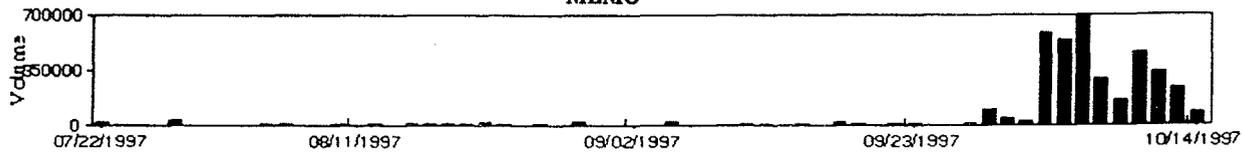
Options

Enter Symbol ID  Start Date  
Month:  Day:  Year:   
 End Date  
Month:  Day:  Year:   
Market Class  Type of Price  
Issue Name   Closing Bid  
 Last Sale  
Display Type  
 Price/Volume  
 Price over Volume

Historic Trade Price (Daily)  
MEMO



Historic Trade Volume (Daily)  
MEMO



199

Options

Choose Issue and Review Period

Enter Symbol ID   Check Symbol

Length of Review  Time Increment

Start Date Month:  Day:  Year:

End Date Month:  Day:  Year:

Issue Information

Issue Name	Voice It Worldwide, Inc.	Market Class	SC
TSO	5,055,000	52 Week High Price	2.625
Float		52 Week Low Price	.4375
Review Period Avg Daily Vol	62,818	Cl. Bid Begin. of Rev. Per.	.53125
Historical Avg Daily Vol	33,222	Cl. Bid End. of Rev. Per.	1.9375
Split/Dividend?	No	Ch. Cl. Bid over Rev. Per.	1.40625

Volume

Enter Firm:  Sort by:

Firm ID	Total Volume	%	Buy Volume	%	Sell Volume	%	Inv. Buy	%	Cust. Buy	%	Inv. Sell	%	Cust. Sell	%	Buy Cust
TOTAL -	7380001	99.98	3769054	100.04	3610947	100.02	2695781	99.99	1724868	100.03	2266591	99.99	1554058	100.02	209
MASH	1060387	14.37	538491	14.07	528896	14.67	522091	24.31	8400	.49	528896	23.38	0	0	0
BKST	803181	10.88	317816	8.43	485365	13.44	86416	4.12	231400	13.42	259465	11.45	225900	14.54	0
MRIG	771275	10.46	409451	10.86	361824	10.02	361951	17.27	52500	3.04	361824	15.96	0	0	0
WITE	573463	7.77	334100	8.86	239363	6.63	216500	10.33	119100	6.9	239363	10.16	9000	.58	0
WIEN	321580	4.36	174713	4.64	146867	4.07	146813	7.01	27900	1.62	146867	6.48	0	0	0
INCA	272900	3.7	93800	2.49	179100	4.86	500	.02	93300	5.41	3000	.13	176100	11.33	0
BAIK	269864	3.66	159682	4.24	110182	3.05	98770	3.85	78912	4.57	31270	1.38	78912	5.08	0
SWRP	256102	3.47	126552	3.36	129550	3.59	121852	5.78	38050	2.21	124550	5.5	37550	2.42	325
CRAS	251271	3.4	176771	4.69	74500	2.06	0	0	176771	10.25	0	0	74500	4.79	0

Add to list

Bid / Ask

Enter Firm:  Sort by:

Firm ID	% Time IB (C)	% Time IB (E)	% Time IB (S)	# Opticks New IB	% Opticks New IB	# Opticks Join IB	% Opticks Join IB	% Time IA (C)	% Time IA (E)	% Time IA (S)	# Downside New IA	% Downside New IA	# Downside Join
BKST	75.82	41.58	33.45	37	15.35	34	14.11	23.34	13.57	15.76	57	23.53	42
ISLD	36.46	14.42	22.04	58	24.07	78	23.05	12.63	2.48	10.25	19	8.04	62
MASH	16.38	5.47	10.91	33	16.18	33	13.69	40.3	22.27	18.03	39	20.21	24
FRAN	15.89	0	15.89	0	0	1	.41	22.51	.01	22.51	0	0	0
MDVY	12.99	2.76	10.22	12	4.98	6	2.49	1.93	.49	1.51	9	4.66	9
CNTX	11.14	1.53	9.61	3	1.24	1	.41	2.01	.39	1.63	1	.52	8
MRIG	9.44	1.24	8.2	30	12.45	23	9.54	5.62	1.23	4.39	14	7.25	9
WIEN	8.72	1.27	7.44	29	12.03	60	24.9	24.48	2.07	22.41	30	15.54	49
PCON	5.16	.24	4.92	7	2.9	2	.83	18.32	.74	17.58	6	3.11	2
SWRP	3.13	1.19	2	6	2.43	3	1.24	17.88	4.66	13.22	7	3.63	5

Add to list

Selected Firms

Remove from list

20

HEADLINES

14-Oct-97 12:15 NYC

us;MEMO Voice It Worldwide Inc -2 1/16 (S)12:10 UP 0 3/32 V 45400  
A 02Oct 08:06 DJ Voice It Outlook-2:Expects To Fill Order Backlog By Mid-Nov.  
B 02Oct 07:44 PRN Voice It Worldwide, Inc. Announces Shipments of New Products  
C 02Oct 07:35 DJ +Voice It Worldwide Inc Sees Profitable 4Q >MEMO  
D 11Aug 08:41 DJ Voice It Worldwide Ships Executive Recorder Line >MEMO  
E 11Aug 07:15 PRN Voice it Worldwide, Inc. Begins Shipment of New Products  
F 01Aug 20:14 DJ Voice It Worldwide 2Q Losses 9c A Share Vs 1c >MEMO  
G 01Aug 19:45 PRN Voice It Worldwide, Inc. Announces Second Quarter Results Co  
H 15May 16:29 PRN Voice It Worldwide, Inc. Announces First Quarter Results; Co  
I 08May 08:21 PRN Voice It Worldwide, Inc. ('Memo') Corporate Profile April 10  
J 20Mar 17:32 PRN Voice It Worldwide, Inc. Announces Fourth Quarter Results; C  
K 19Feb 10:17 PRN Voice Powered Technology and Voice It Worldwide Announce Ter  
L 18Feb 21:10 PRN Voice It Worldwide and Voice Powered Technology Announce Ter

MEMO/N/Hd:LYNQYP/id=

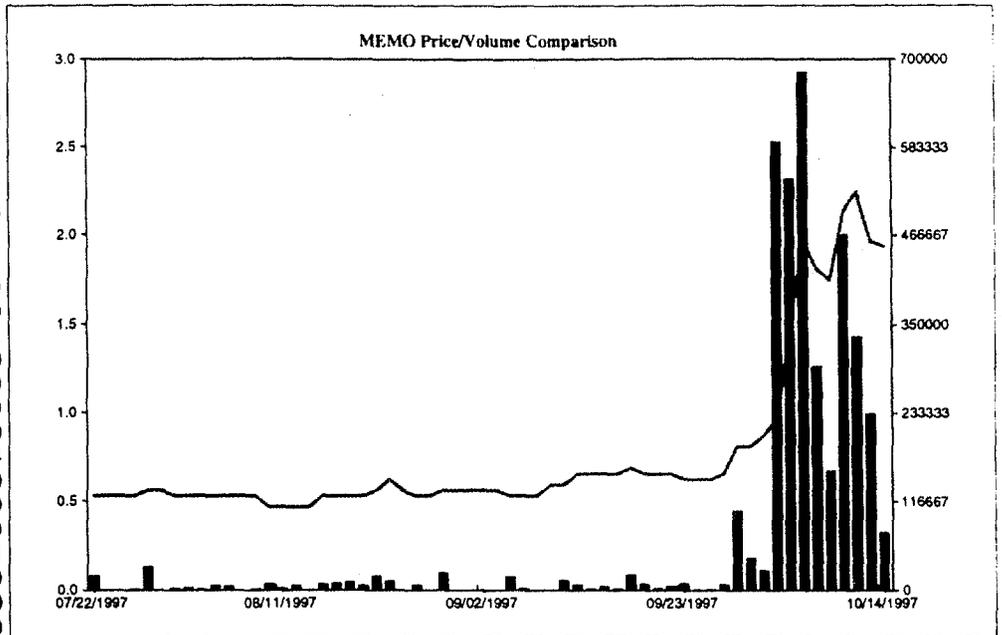
{Enter story ID or Next, Previous, Top}

(c)BRIDGE

11

MEMO

07/22/97	0.53125	18424
07/23/97	0.53125	0
07/24/97	0.53125	0
07/25/97	0.53125	1000
07/28/97	0.5625	29955
07/29/97	0.5625	0
07/30/97	0.53125	2162
07/31/97	0.53125	3000
08/01/97	0.53125	1061
08/04/97	0.53125	6021
08/05/97	0.53125	5000
08/06/97	0.53125	0
08/07/97	0.53125	1521
08/08/97	0.46875	8000
08/11/97	0.46875	2000
08/12/97	0.46875	5900
08/13/97	0.46875	0
08/14/97	0.53125	7444
08/15/97	0.53125	9000
08/18/97	0.53125	10800
08/19/97	0.53125	5700
08/20/97	0.5625	18261
08/21/97	0.625	11500
08/22/97	0.5625	0
08/25/97	0.53125	6500
08/26/97	0.53125	0
08/27/97	0.5625	22500
08/28/97	0.5625	0
08/29/97	0.5625	0
09/02/97	0.5625	0
09/03/97	0.5625	0
09/04/97	0.53125	17500
09/05/97	0.53125	2400
09/08/97	0.53125	0
09/09/97	0.59375	0
09/10/97	0.59375	12700
09/11/97	0.65625	6900
09/12/97	0.65625	1500
09/15/97	0.65625	5000
09/16/97	0.65625	1698
09/17/97	0.6875	19900
09/18/97	0.65625	8000
09/19/97	0.65625	2000
09/22/97	0.65625	5000
09/23/97	0.625	9000
09/24/97	0.625	500
09/25/97	0.625	500
09/26/97	0.65625	7741
09/29/97	0.8125	104294
09/30/97	0.8125	42250
10/01/97	0.875	25500
10/02/97	0.96875	590309
10/03/97	1.46875	540571
10/06/97	1.96875	682109
10/07/97	1.8125	294857
10/08/97	1.75	156429
10/09/97	2.125	466620
10/10/97	2.25	334191
10/13/97	1.96875	232256
10/14/97	1.9375	75175



Options

Enter Symbol ID

Market Class NNM

Issue Name Evergreen Resources, Inc.

Start Date

Month:  Day:  Year:

End Date

Month:  Day:  Year:

Type of Price

Closing Bid

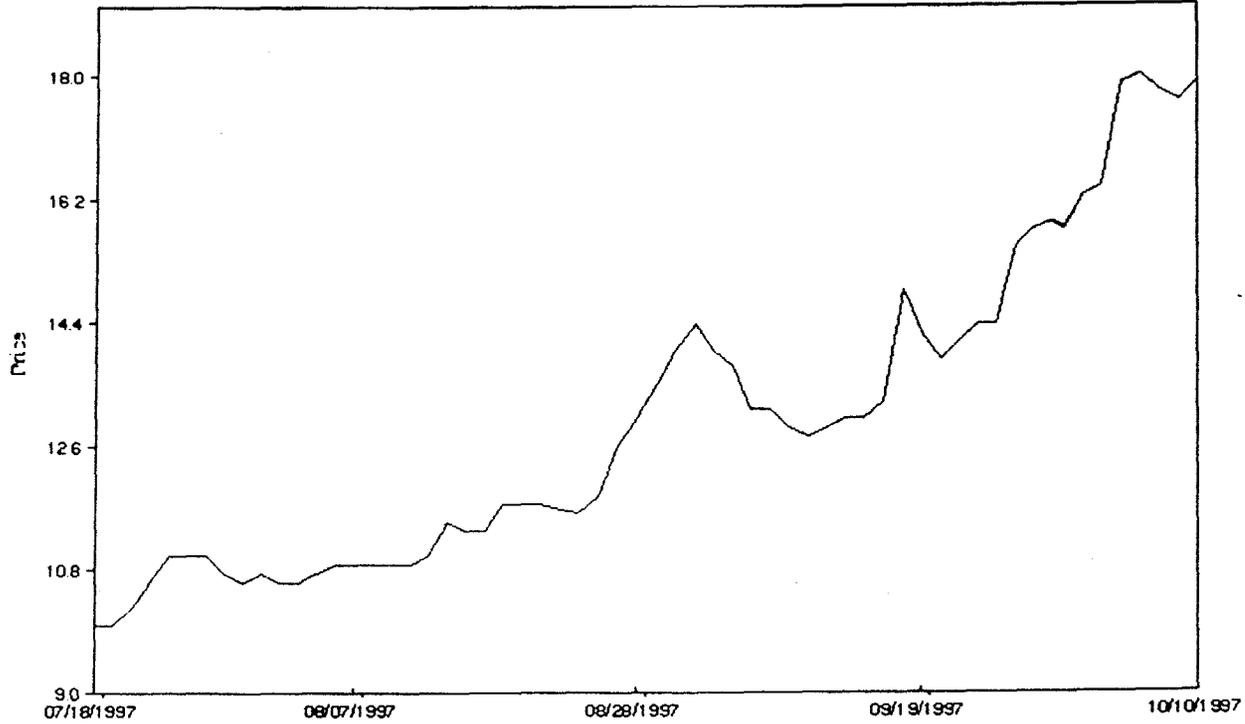
Last Sale

Display Type

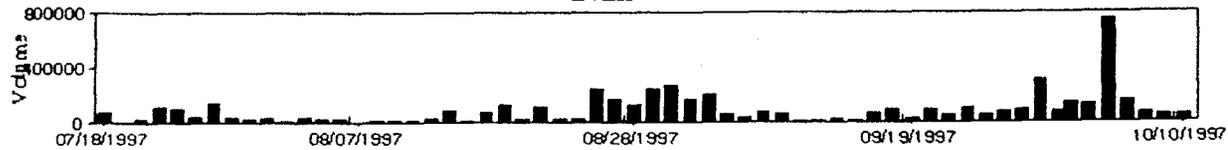
Price/Volume

Price over Volume

Historic Trade Price (Daily)  
EVER



Historic Trade Volume (Daily)  
EVER



13

Options

Choose Issue and Review Period

Enter Symbol ID

Length of Review  Time Increment

Start Date Month:  Day:  Year:

End Date Month:  Day:  Year:

Issue Information

Issue Name	Evergreen Resources, Inc.	Market Class	NNM
TSO	5,900,000	52 Week High Price	19
Float		52 Week Low Price	6.75
Review Period Avg Daily Vol	72,536	Cl. Bid Begin. of Rev. Per.	10
Historical Avg Daily Vol	48,264	Cl. Bid End. of Rev. Per.	17.875
Split/Dividend?	No	Ch. Cl. Bid over Rev. Per.	7.875

Volume

Enter Firm:  Sort by:

Firm ID	Total Volume	%	Buy Volume	%	Sell Volume	%	Inv. Buy	%	Cust. Buy	%	Inv. Sell	%	Cust. Sell	%	Buy Cud
TOTAL -	8390985	99.96	4352171	99.95	4038814	99.92	3067912	99.99	2126474	99.97	3093978	99.98	2129408	100.01	117
FREY	1297430	16.65	632995	15.92	704485	17.44	684995	22.18	77250	3.63	678185	21.76	688295	32.46	657
FRUS	1152682	13.74	577814	13.28	574868	14.23	563564	18.25	459750	21.62	571968	18.47	169988	8.02	164
HRZG	1110836	13.23	556481	12.79	554355	13.71	505321	16.36	315310	14.83	536489	17.34	100966	4.73	833
KIMN	725423	8.76	368863	8.48	366560	9.08	368863	11.95	2415	.11	366560	11.85	95431	4.5	954
INCA	658618	7.85	349932	8.04	308626	7.64	14500	.47	325492	15.78	1400	.05	307226	14.49	0
MASH	446086	5.32	224476	5.16	221610	5.49	198776	6.28	30600	1.44	206218	6.66	18400	.87	300
MAMP	253934	3.03	120100	2.76	133834	3.32	110800	3.56	52180	2.45	181294	3.27	74600	3.52	420
PAUL	222935	2.66	111900	2.57	111035	2.75	111900	3.62	1800	.05	111835	3.59	31800	1.46	318
TSCO	169781	2.02	84941	1.95	84850	2.1	84941	2.62	14000	.66	82950	2.68	12500	.59	100

Bid / Ask

Enter Firm:  Sort by:

Firm ID	% Time IB (C)	% Time IB (E)	% Time IB (S)	# Upticks New IB	# Upticks New IB	# Upticks Join IB	# Upticks Join IB	% Time IA (C)	% Time IA (E)	% Time IA (S)	# Downticks New IA	# Downticks New IA	# Dow Join
INCA	52.78	36.2	15.59	47	17.15	6	1.18	92.58	63.94	22.64	6	2.91	8
HRZG	39.05	4.41	84.64	32	11.68	71	13.88	22.95	3.39	19.56	28	14.88	49
FRUS	38.14	4.71	33.43	9	3.28	46	9.06	16.44	.96	15.48	4	1.94	25
KIMN	37.55	5.28	32.27	20	7.3	68	13.39	12.8	2.18	18.62	22	18.68	46
PAUL	37.27	4.59	32.68	44	16.86	43	9.65	23.85	2.82	20.83	22	18.68	27
MAMP	31.94	3.44	28.49	16	5.84	41	8.07	22.19	1.84	20.95	7	3.4	24
SHVB	28.82	.27	28.55	20	7.3	35	6.89	15.33	1.83	13.51	11	5.34	23
FADN	23.36	.8	22.56	5	1.82	13	2.56	11.58	2.1	9.48	1	.49	18
BYRD	20.06	10.87	9.2	6	2.19	3	.59	13.23	1.89	11.34	1	.49	1
TSCO	17.86	.55	17.31	2	.73	47	3.25	15.09	.87	15.03	0	0	13

Selected Firms

74

HEADLINES

13-Oct-97 09:35 NYC

us;EVER Evergreen Resources Inc +18 1/4 (Q) 9:34 UP 0 1/4 V 12800  
A 22Sep 16:57 KR Oklahoma City's Capital West Ventures into Capital Field  
B 15Sep 22:37 SCN EVERGREEN RESOURCES, INC. DIRECTOR AND PRESIDENT FILES SEC..  
C 15Sep 22:37 SCN EVERGREEN RESOURCES, INC. DIRECTOR FILES SEC FORM 4  
D 15Sep 22:36 SCN EVERGREEN RESOURCES, INC. DIRECTOR AND PRESIDENT OF...  
E 08Sep 19:07 SCN EVERGREEN RESOURCES SHAREHOLDER FILES FORM 144, TO SELL...  
F 08Sep 05:00 WSAH INSIDER ACTIVITY: SEXTON (P) SELLS EVERGREEN RESOURCES  
G 26Aug 05:00 WSOH 144 HISTORY: GOLD ENERGY INC (UK) FILES TO SELL EVERGREEN RE  
H 14Aug 08:48 SCN EVERGREEN RESOURCES, INC. DIRECTOR FILES SEC FORM 4  
I 14Aug 08:48 SCN EVERGREEN RESOURCES, INC. DIRECTOR AND PRESIDENT FILES SEC..  
J 14Aug 08:48 SCN EVERGREEN RESOURCES, INC. VICE PRESIDENT AND TREASURER FILES  
K 14Aug 08:48 SCN EVERGREEN RESOURCES, INC. DIRECTOR FILES SEC FORM 4  
L 14Aug 08:48 SCN EVERGREEN RESOURCES, INC. DIRECTOR FILES SEC FORM 4  
M 13Aug 15:38 SCN EVERGREEN RESOURCES, INC. DIRECTOR FILES SEC FORM 4  
Q 13Aug 15:38 SCN EVERGREEN RESOURCES, INC. DIRECTOR AND PRESIDENT FILES SEC..  
R 13Aug 15:38 SCN EVERGREEN RESOURCES, INC. VICE PRESIDENT AND TREASURER FILES  
S 13Aug 15:37 SCN EVERGREEN RESOURCES, INC. DIRECTOR FILES SEC FORM 4  
U 13Aug 15:37 SCN EVERGREEN RESOURCES, INC. DIRECTOR FILES SEC FORM 4  
V 07Aug 09:10 FC PB: FUNDAMENTAL OUTLOOK IS IMPROVING FOR NATURAL GAS THROUGH  
W 04Aug 05:00 WSAH INSIDER ACTIVITY: SEXTON (P) SELLS EVERGREEN RESOURCES  
X 31Jul 17:32 SCN EVERGREEN RESOURCES, INC. DIRECTOR FILES SEC FORM 4

EVER/N/Hd:LVSTJD/id=

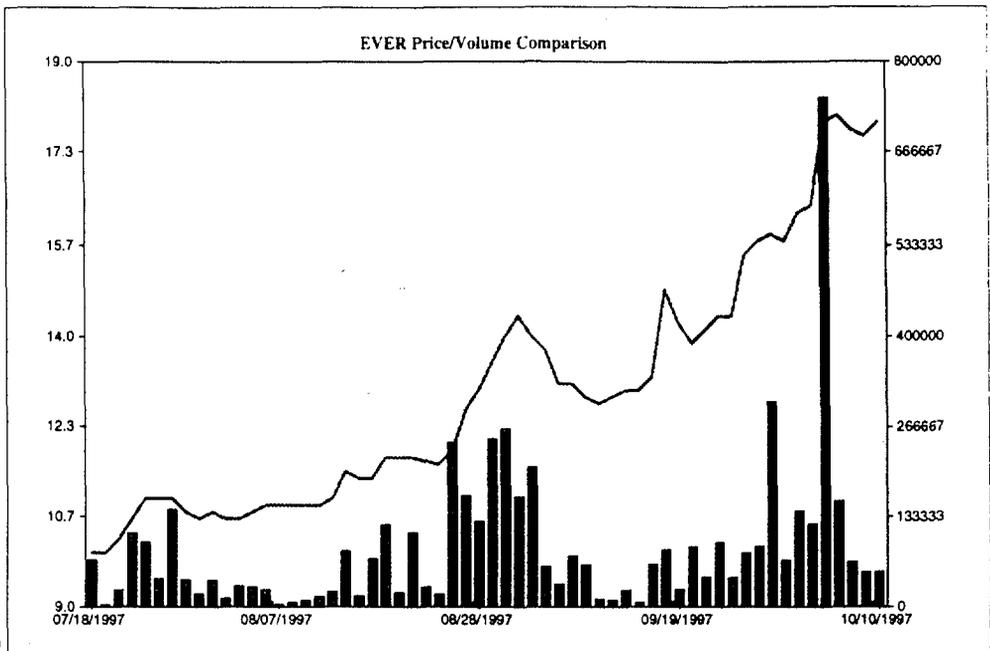
{Enter story ID or Next, Previous, Top}

(c)BRIDGE

25

EVER

07/18/97	10	69189
07/21/97	10	3035
07/22/97	10.25	25031
07/23/97	10.625	108575
07/24/97	11	95360
07/25/97	11	41233
07/28/97	11	143845
07/29/97	10.75	39875
07/30/97	10.625	19000
07/31/97	10.75	39215
08/01/97	10.625	12730
08/04/97	10.625	30371
08/05/97	10.75	29200
08/06/97	10.875	25200
08/07/97	10.875	3000
08/08/97	10.875	5880
08/11/97	10.875	9752
08/12/97	10.875	15740
08/13/97	11	22150
08/14/97	11.5	82170
08/15/97	11.375	16250
08/18/97	11.375	70704
08/19/97	11.75	120800
08/20/97	11.75	21270
08/21/97	11.75	109660
08/22/97	11.6875	29254
08/25/97	11.625	18363
08/26/97	11.875	242452
08/27/97	12.625	164497
08/28/97	13	125503
08/29/97	13.5	247480
09/02/97	14	262533
09/03/97	14.375	161892
09/04/97	14	206031
09/05/97	13.75	59300
09/08/97	13.125	33480
09/09/97	13.125	74765
09/10/97	12.875	62002
09/11/97	12.75	10950
09/12/97	12.875	9600
09/15/97	13	24550
09/16/97	13	5950
09/17/97	13.25	62494
09/18/97	14.875	83650
09/19/97	14.25	25818
09/22/97	13.875	88200
09/23/97	14.125	44440
09/24/97	14.375	94640
09/25/97	14.375	42825
09/26/97	15.5	78828
09/29/97	15.75	89055
09/30/97	15.875	302625
10/01/97	15.75	68280
10/02/97	16.25	141009
10/03/97	16.375	122601
10/06/97	17.875	746463
10/07/97	18	156149
10/08/97	17.75	66334
10/09/97	17.625	51440
10/10/97	17.875	51698



Options

Enter Symbol ID

Start Date

Month:  Day:  Year:

Type of Price

Closing Bid

Last Sale

End Date

Month:  Day:  Year:

Display Type

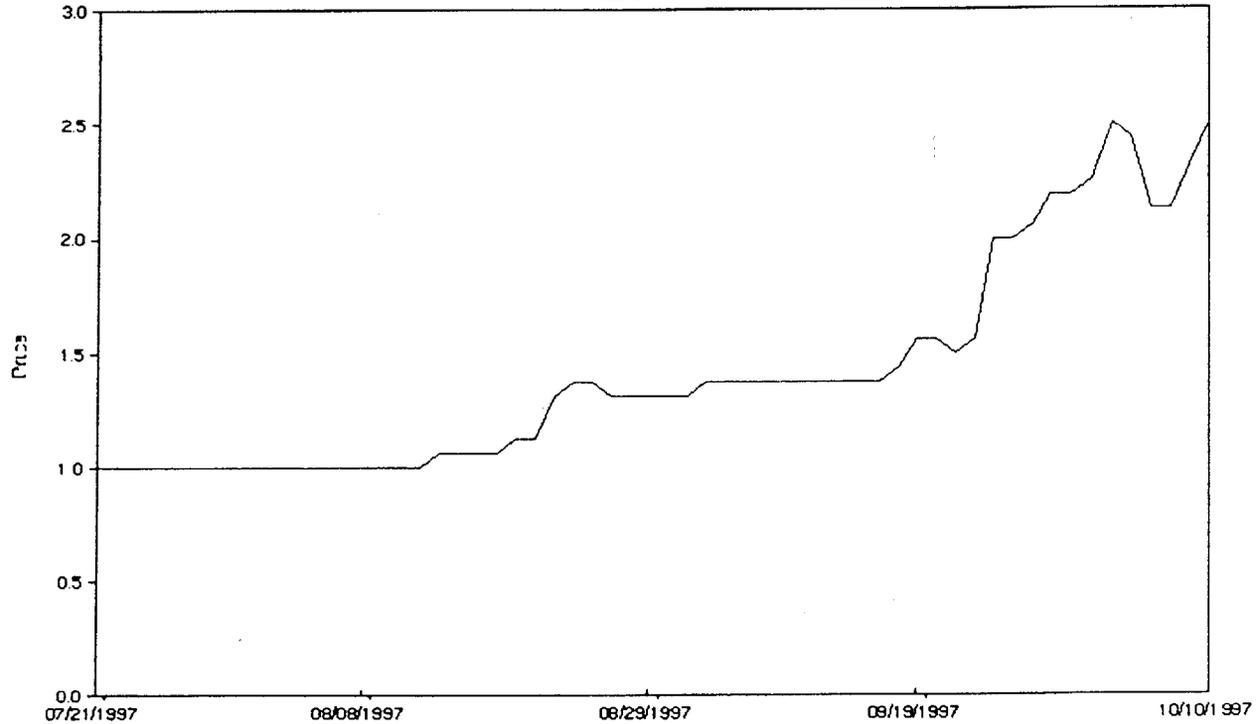
Price/Volume

Market Class

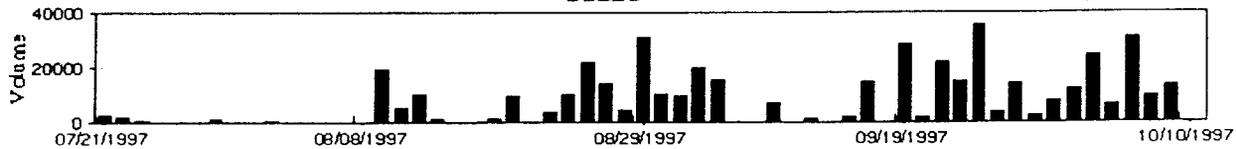
Issue Name

Price over Volume

Historic Trade Price (Daily)  
DBLEU



Historic Trade Volume (Daily)  
DBLEU



### Choose Issue and Review Period

Enter Symbol ID

Check Symbol

Length of Review

Time Increment

Start Date Month:  Day:  Year:

End Date Month:  Day:  Year:

### Issue Information

Issue Name	Double Eagle Petroleum and Min	Market Class	SC
TSO		52 Week High Price	
Float		52 Week Low Price	
Review Period Avg Daily Vol	4,949	Cl. Bid Begin. of Rev. Per.	1
Historical Avg Daily Vol	3,572	Cl. Bid End. of Rev. Per.	
Split/Dividend?	No	Ch. Cl. Bid over Rev. Per.	-1

Volume

Enter Firm:

Sort by:

Firm ID	Total Volume	%	Buy Volume	%	Sell Volume	%	Inv. Buy	%	Cust. Buy	%	Inv. Sell	%	Cust. Sell	%	Buy Cus
TOTAL -	577210	100	296350	100.01	280260	100	241050	100	204460	100.01	234260	99.99	211250	99.99	169
RMSI	384060	66.54	197250	66.43	186810	66.66	189250	78.51	156560	76.57	186810	79.74	165250	78.22	169
SNWD	53300	9.23	27900	9.39	26300	9.38	27000	11.2	0	0	26300	11.23	0	0	0
NRZG	27350	4.74	17500	5.89	9850	3.51	17500	7.26	0	0	9850	4.2	0	0	0
SSEC	26000	4.5	0	0	26000	9.28	0	0	0	0	0	0	26000	12.31	0
PTTC	25000	4.33	25000	8.42	0	0	0	0	25000	12.23	0	0	0	0	0
NAVE	9600	1.66	800	27	8800	3.14	800	33	0	0	4800	2.05	4000	1.89	0
WDCO	9250	1.6	2750	93	6500	2.32	0	0	2750	1.35	6500	2.77	0	0	0
CMAS	7300	1.37	3300	1.31	4000	1.43	0	0	3300	1.91	0	0	4000	1.89	0
CASS	5000	.87	0	0	5000	1.78	0	0	0	0	0	0	5000	2.37	0

Bid / Ask

Enter Firm:

Sort by:

Firm ID	% Time IB (C)	% Time IB (E)	% Time IB (S)	# Upticks New IB	% Upticks New IB	# Upticks Join IB	% Upticks Join IB	% Time IA (C)	% Time IA (E)	% Time IA (S)	# Downtio New IA	% Downtio New IA	# Dow Join
RMSI	82.93	44.8	38.12	10	41.67	10	66.67	10.57	6.03	4.53	0	0	0
NRZG	43.28	3.68	29.6	2	8.33	2	13.33	22.97	2.51	28.46	0	0	1
SNWD	10.21	8.25	1.96	8	33.33	2	13.33	80.96	52.98	27.98	5	100	1
WDCO	6.03	2.14	3.9	4	15.67	1	6.67	21.05	19.27	19.78	0	0	1
BIRD	0	0	0	0	0	0	0	0	0	0	0	0	0
TNTO	0	0	0	0	0	0	0	0	0	0	0	0	0
INCA	0	0	0	0	0	0	0	0	0	0	0	0	0
ISLD	0	0	0	0	0	0	0	0	0	0	0	0	0
NTBC	0	0	0	0	0	0	0	0	0	0	0	0	0

Selected Firms

FB

## HEADLINES

26-Oct-97 10:21 NYC

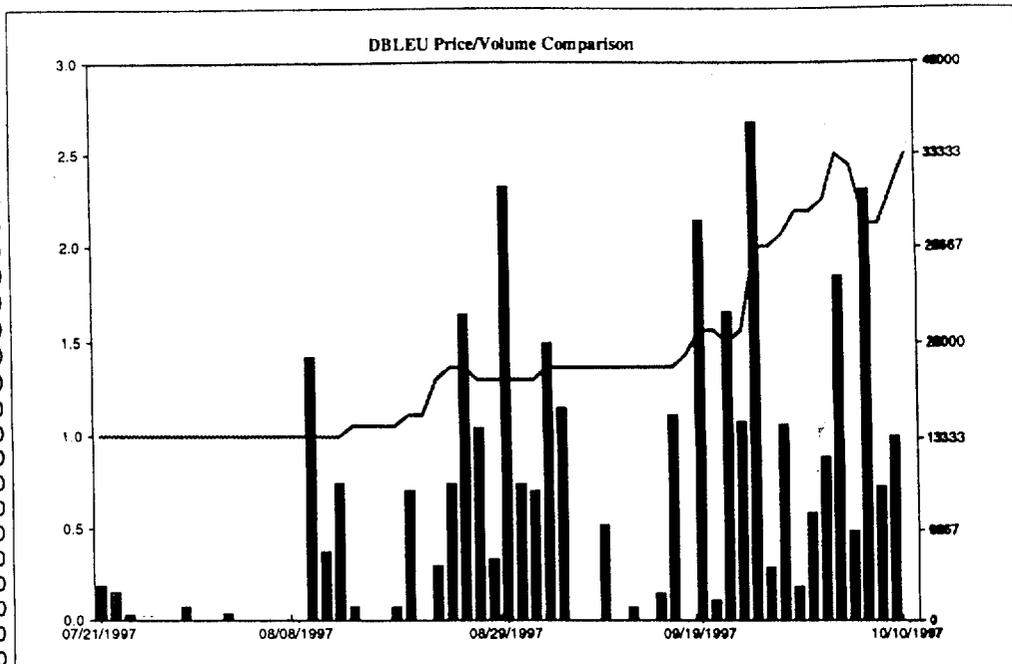
us;DBLE Double Eagle Petr and Mini -2 1/8 (S)15:46 DN 0 7/32V 7400  
 A 21Oct 15:41 DJ Double Eagle's James Creek Well Awaiting Pipeline Hookup  
 B 21Oct 08:19 PRN Double Eagle Announces Status of James Creek Well  
 C 10Oct 15:15 BROP us;DBLEW ADD to NASDAQ eff 13-Oct-97  
 D 01Oct 12:44 DJ Double Eagle To Test Well In Wyo.; Plugged Another Wyo. Well  
 E 01Oct 08:16 PRN Double Eagle Announces Status of Projects  
 F 26Sep 09:05 DJ Double Eagle Pete & Mining To Split Units Into Shr, Warrant  
 G 26Sep 08:15 PRN Double Eagle Announces Status of Projects  
 H 19Sep 08:21 PRN Drilling Commences on Two Prospects  
 I 15Sep 19:44 SCN DOUGLE EAGLE PETROLEUM & MINING CO. DIRECTOR FILES SEC FORM.  
 J 15Sep 19:43 SCN DOUGLE EAGLE PETROLEUM & MINING COMPANY UNITS DIRECTOR FILES  
 K 12Sep 20:02 SCN DOUBLE EAGLE PETROLEUM & MINING CO. DIRECTOR, PRESIDENT AND.  
 L 04Sep 05:00 WSAH INSIDER ACTIVITY: HEISS (D) BUYS DOUBLE EAGLE PETE & MNG CO  
 M 12Aug 00:59 WSAH INSIDER ACTIVITY: HOLLIS (P) BUYS DOUBLE EAGLE PETE & MNG CO  
 Q 04Aug 07:31 DJ Double Eagle Pete Results -3: 9 Months Financial Table >DBLE  
 R 04Aug 07:24 DJ Double Eagle Pete Results -2: 3Q Financial Table >DBLE  
 S 04Aug 07:16 PRN Double Eagle Reports 3rd Quarter Earnings  
 U 04Aug 07:02 DJ +Double Eagle Pete 3Q Losses \$23,000, Or 1c/Shr Vs \$1,000  
 V 18Jun 05:00 WSAH INSIDER ACTIVITY: HEISS (D) BUYS DOUBLE EAGLE PETE & MNG CO  
 W 16Apr 07:15 PRN Double Eagle Reports 2nd Quarter Earnings  
 X 14Apr 07:15 PRN Double Eagle Announces Plans for Drilling Wells in Waltman,

DBLE/N/Hd:MFZWXX/id=

{Enter story ID or Next, Previous, Top}

(c)BRIDGE

Date	DBLEU	Volume
07/21/97	1	2500
07/22/97	1	2050
07/23/97	1	400
07/24/97	1	0
07/25/97	1	0
07/28/97	1	0
07/29/97	1	1000
07/30/97	1	0
07/31/97	1	0
08/01/97	1	500
08/04/97	1	0
08/05/97	1	0
08/06/97	1	0
08/07/97	1	0
08/08/97	1	0
08/11/97	1	19000
08/12/97	1	5000
08/13/97	1	10000
08/14/97	1.0625	1000
08/15/97	1.0625	0
08/18/97	1.0625	0
08/19/97	1.0625	1000
08/20/97	1.125	9500
08/21/97	1.125	0
08/22/97	1.3125	4000
08/25/97	1.375	10000
08/26/97	1.375	22000
08/27/97	1.3125	14050
08/28/97	1.3125	4500
08/29/97	1.3125	31000
09/02/97	1.3125	10000
09/03/97	1.3125	9500
09/04/97	1.375	20000
09/05/97	1.375	15500
09/08/97	1.375	0
09/09/97	1.375	0
09/10/97	1.375	7000
09/11/97	1.375	0
09/12/97	1.375	1000
09/15/97	1.375	0
09/16/97	1.375	2000
09/17/97	1.375	15000
09/18/97	1.4375	0
09/19/97	1.5625	28500
09/22/97	1.5625	1500
09/23/97	1.5	22050
09/24/97	1.5625	14500
09/25/97	2	35600
09/26/97	2	3900
09/29/97	2.0625	14300
09/30/97	2.1875	2500
10/01/97	2.1875	7900
10/02/97	2.25	12000
10/03/97	2.5	24560
10/06/97	2.4375	6600
10/07/97	2.125	30750
10/08/97	2.125	9850
10/09/97	2.3125	13500
10/10/97	2.5	0

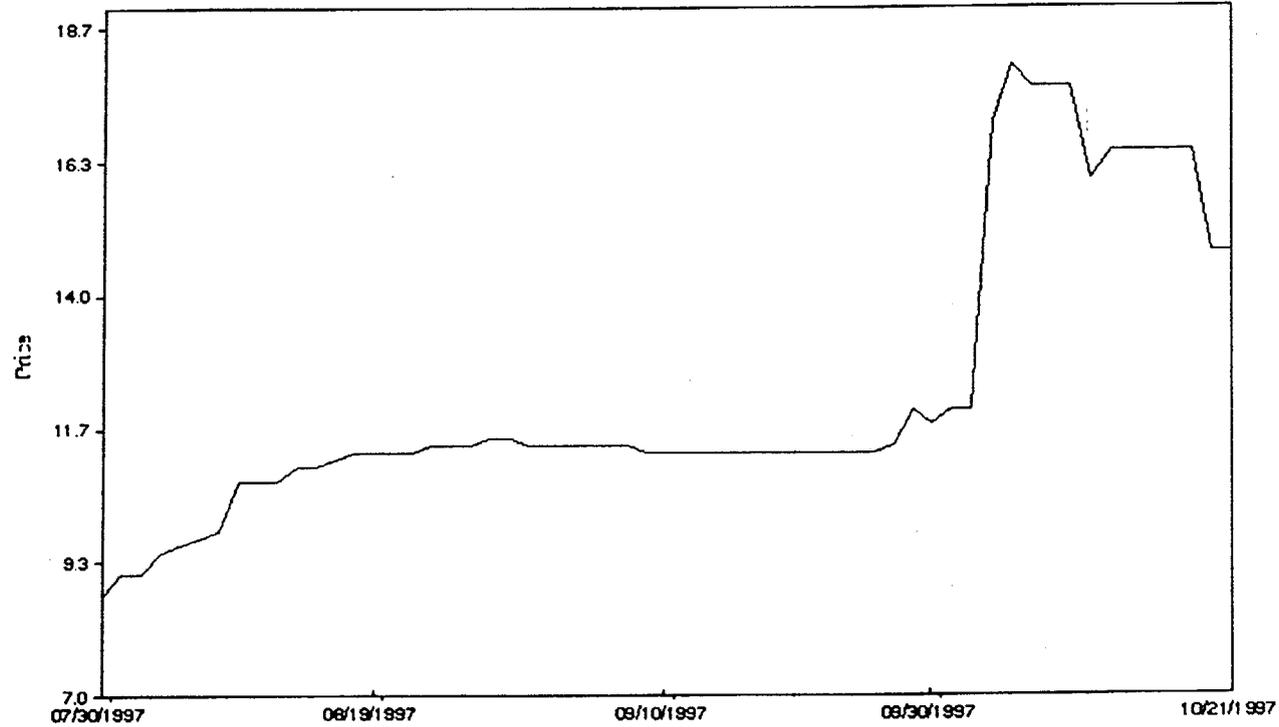


Options

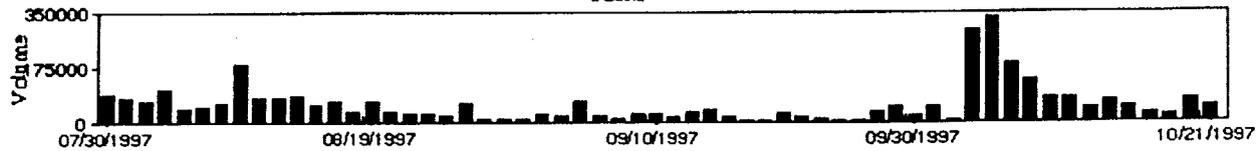
Enter Symbol ID  Start Date  
Month:  Day:  Year:   
 End Date  
Month:  Day:  Year:   
Market Class SC  
Issue Name Thinking Tools, Inc.

Type of Price  
◆ Closing Bid  
◇ Last Sale  
Display Type  
◇ Price/Volume  
◆ Price over Volume

Historic Trade Price (Daily)  
TSIM



Historic Trade Volume (Daily)  
TSIM



81

Options

Choose Issue and Review Period

Enter Symbol ID   Check Symbol

Length of Review  Time Increment

Start Date Month:  Day:  Year:

End Date Month:  Day:  Year:

Issue Information

Issue Name	Thinking Tools, Inc.	Market Class	SC
	TSO	52 Week High Price	
	Float	52 Week Low Price	
Review Period Avg Daily Vol	34,681	Cl. Bid Begin. of Rev. Per.	8.75
Historical Avg Daily Vol	22,820	Cl. Bid End. of Rev. Per.	
Split/Dividend?	No	Ch. Cl. Bid over Rev. Per.	-8.75

Volume

Enter Firm:  Sort by:

Firm ID	Total Volume	%	Buy Volume	%	Sell Volume	%	Inv. Buy	%	Cust. Buy	%	Inv. Sell	%	Cust. Sell	%	Buy Cus
TOTAL -	4085875	99.90	2080870	99.95	2005005	99.90	1668903	100	1643882	99.94	1741624	100.02	1571081	99.96	130
BCGL	2737595	67	1374850	66.07	1362745	67.87	1358050	81.87	1230230	74.84	1362745	78.25	1283600	82.08	128
BFSC	378157	9.26	190110	9.14	188047	9.38	153918	9.22	53605	3.26	183247	10.52	16400	1.04	116
SHRP	176772	4.33	85936	4.13	90836	4.53	79536	4.77	6480	.39	86936	4.33	8900	.57	500
INCA	146900	3.6	73600	3.54	73300	3.66	8700	.52	64900	3.55	500	.03	72800	4.63	0
NITE	144453	3.54	84564	4.06	59889	2.93	41457	2.48	43107	2.62	51889	2.98	8000	.51	0
WATH	37586	.92	19236	.92	18350	.92	0	0	19236	1.17	9175	.53	9175	.58	0
BTBD	36400	.89	18200	.87	18200	.91	0	0	18200	1.11	0	0	18200	1.16	0
CRAS	35690	.87	27240	1.31	8450	.42	0	0	27240	1.66	0	0	8450	.54	0
MLCO	30950	.76	23600	1.13	7350	.37	850	.05	22750	1.38	0	0	7350	.47	0

Add to list

Bid / Ask

Enter Firm:  Sort by:

Firm ID	% Time IB (C)	% Time IB (E)	% Time IB (S)	# Opts New IB	% Opts New IB	# Opts Join IB	% Opts Join IB	% Time IA (C)	% Time IA (E)	% Time IA (S)	# Down New IA	% Down New IA	# Dow Join
INCA	87.36	49.47	37.89	57	93.53	3	4.48	55.43	43.64	11.79	14	16.67	0
BCGL	83.19	76.07	7.12	36	21.18	13	19.4	23.85	3.7	20.15	5	5.85	5
MASH	54.77	15.86	38.91	8	4.71	6	8.96	69.38	44.86	24.42	10	11.9	3
BTBD	14.06	6.63	7.43	19	11.18	13	19.4	22.76	12.52	18.23	7	8.33	3
BFSC	7.69	3.5	4.18	23	13.53	16	23.88	26.17	4.5	21.67	17	20.24	10
SHRP	7.03	3.92	3.11	23	13.53	13	19.4	75.48	53.24	22.25	31	36.9	7
ISLD	5.14	.3	4.84	4	2.35	3	4.48	67.69	66.12	1.57	0	0	0
NEUB	0	0	0	0	0	0	0	0	0	0	0	0	0
TINTO	0	0	0	0	0	0	0	0	0	0	0	0	0

Add to list

Selected Firms

Remove from list

82

HEADLINES

22-Oct-97 08:55 NYC

us;TSIM Thinking Tools Inc -15 (S) UNCH0 V 0

A 02Oct 14:28 PRN Thinking Tools Founder Delivers 'Leadership During the Year

B 29Sep 10:51 DJ Thinking Tools To Provide Year 2000 Software To Va Firm>TSIM

C 29Sep 08:34 PRN MATCOM to Offer Thinking Tools' Think 2000 as Key Part of So

D 29Sep 08:24 PRN Thinking Tools Announces Aon Risk Services and CARA Corporat

E 26Sep 10:48 DJ Thinking Tools Inc. To Open New San Jose Facility >TSIM

F 26Sep 08:15 PRN Thinking Tools Expands, Opens New Headquarters in San Jose,

G 15Aug 08:28 DJ Thinking Tools Results -3: 6 Months Financial Table >TSIM

H 15Aug 08:21 DJ Thinking Tools Results -2: 2Q Financial Table >TSIM

I 15Aug 08:18 PRN Thinking Tools Reports 1997 Second Quarter Results; Product

J 15Aug 08:04 DJ +Thinking Tools 2Q Losses 23c A Share Vs 6c >TSIM

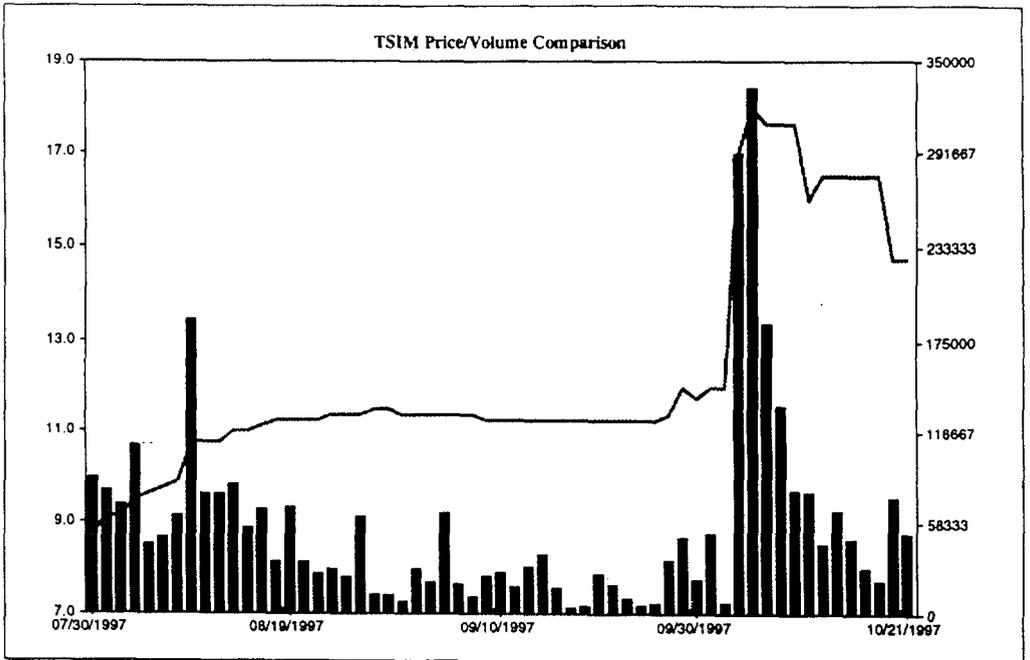
K 22Jul 08:18 PRN Thinking Tools, Inc. Names New Vice President of Engineering

L 16Oct 16:39 BROP us;TSIM ADD to NASDAQ eff 17-Oct-96

TSIM/N/Hd:LYQRSC/id= {Enter story ID or Next, Previous, Top} (c)BRIDGE

63

TSIM		
07/30/97	8.75	86500
07/31/97	9.125	78450
08/01/97	9.125	69350
08/04/97	9.5	106951
08/05/97	9.625	44300
08/06/97	9.75	48875
08/07/97	9.875	62300
08/08/97	10.75	188000
08/11/97	10.75	76100
08/12/97	10.75	76100
08/13/97	11	82350
08/14/97	11	54850
08/15/97	11.125	66425
08/18/97	11.25	33300
08/19/97	11.25	67675
08/20/97	11.25	32950
08/21/97	11.25	25600
08/22/97	11.375	28600
08/25/97	11.375	23750
08/26/97	11.375	61740
08/27/97	11.5	12100
08/28/97	11.5	11740
08/29/97	11.375	7575
09/02/97	11.375	28585
09/03/97	11.375	20300
09/04/97	11.375	64150
09/05/97	11.375	19000
09/08/97	11.375	10600
09/09/97	11.25	24000
09/10/97	11.25	26750
09/11/97	11.25	17250
09/12/97	11.25	30100
09/15/97	11.25	37800
09/16/97	11.25	16680
09/17/97	11.25	4000
09/18/97	11.25	5100
09/19/97	11.25	25550
09/22/97	11.25	18475
09/23/97	11.25	9600
09/24/97	11.25	5000
09/25/97	11.25	6650
09/26/97	11.375	34275
09/29/97	12	48851
09/30/97	11.75	21900
10/01/97	12	51150
10/02/97	12	7000
10/03/97	17	291216
10/06/97	18	332948
10/07/97	17.625	185946
10/08/97	17.625	133407
10/09/97	17.625	78700
10/10/97	16	77808
10/13/97	16.5	44710
10/14/97	16.5	65650
10/15/97	16.5	47895
10/16/97	16.5	29250
10/17/97	16.5	21050
10/20/97	14.75	74260
10/21/97	14.75	51518



### Marking-the-close

- A practice whereby an attempt is made to artificially influence the day's closing price in a security either by entering a transaction report or quotation that is fictitious or misleading in terms of actual market conditions that exist at the close of the market.

---

---

---

---

---

---

---

---

### Motives to Mark-the-close

- To favorably affect the daily or weekly value of a broker-dealer's, portfolio manager's or mutual fund's position.
- To increase the equity in a margin account thereby reducing or eliminating margin calls.
- To increase the value of a stock when using the positions as collateral for a bank loan.
- To affect the offering price of a security in a secondary offering.

---

---

---

---

---

---

---

---

### Detecting Marking-the-close

- Determine the number of trades on a downtick or uptick
- Assess the timing of the trades
- Assess the size of the trades
- Assess the price of the trades
- Review other alerts



---

---

---

---

---

---

---

---

### Detecting Marking-the-close (continued)

- Request and review preliminary documentation
  - new account forms
  - monthly account statements
- Determine motive
- Assess whether a further review is warranted



---

---

---

---

---

---

---

---

### Assessing Whether a Further Review is Warranted

- A review should NOT be opened if:
  - the activity is scattered among different broker-dealers, mutual funds or customers OR
  - there is a lack of motive.
- If the review reveals potential violative conduct, an investigation should be initiated.

---

---

---

---

---

---

---

---

### Further Analysis of Potential Marking-the-close by a Customer

- Review the account documentation and monthly account statements for all accounts beneficially owned or controlled by the subject customer and the registered representatives who services the account.
- Determine if possible margin problems exists, if so, request appropriate documents such as margin calls and the margin agreement.

---

---

---

---

---

---

---

---

### Further Analysis (continued)

- Determine whether the customer has any affiliation with the Exchange or with the Company whose securities the suspicious activity is occurring.
- Determine whether the subject trades were solicited and unsolicited.
- Prepare a schedule of all closing transactions by the customer
- Review the customer's broker to gain additional information regarding the timing of the customer's transactions and motive for such activity.

---

---

---

---

---

---

---

---

# Marking-the-Close Samples

Marking the Close Activity Screen

Options

Price Movement		
3.25	2.375	2.6875
Issue Symbol	Issue Name	
ISTNW		
Broker/Dealer Symbol	Broker/Dealer Name	
HRZG	Herzog, Heine, Geduld, Inc.	
TSO	Clearing Firm	
	Herzog, Heine, Geduld, Inc.	

Marking the Close  
Trade Activity Overview

All Three Months

Report for: 01/97

Price Movement			
2.4375	2.5	1.53125	1.65625
1.75	1.875		
Issue Symbol	Issue Name		
ACNTF			
Market Maker Symbol	Market Maker Name		
DDAY	Normandy Securities, Inc.		
TSO	Clearing Firm		
	U.S. Clearing Corp.		

Closing Trades by Broker/Dealer

Ticker: 12

Issue	Broker/Dealer	Contra	1/97 22 Days	12/96 21 Days	11/96 20 Days	Date of Last Issue Occurance
ENEX	CBCB		15U	10U	10U	12/95
INFD	TRAV		7U	5U	12U	
ISTNW		FLTC	15U	9U	12U	06/96
ISTNW	HRZG		16U	11U	12U	06/96
KTWO		CHAS	9U	7U	5U	10/96

Closing Issues Trade History for HRZG

Ticker: 15

Issue	1/97	12/96	11/96
ABII	5D		
AIRM	5U		
CMSS	5D		
DLIA	5U		
DSTM	7D		

69

## Trade Report Detail for the January 1997 Marking-the-Close Alert in ISTNW

Number	Trade Date	Trade Time	Executing Firm	Buy or Sell	Contra Party	Quantity	Price	Up/Down Tick	Price of Last Trade	Time of Last Trade	Time of last Chng. to Inside Bid	Previous Ins. Bid Price	Closing Ask Price	Nasdaq Terminal Number
1	01/31/97	15:55:17	FLTC	Buy	HRZG	100	2.250	U	2.063	14:03:32	09:28:14	2.063	2.250	1F06
2	01/24/97	15:56:30	FLTC	Buy	HRZG	100	2.250	U	2.000	15:10:36	09:28:15	2.000	2.250	1F80
3	01/23/97	15:39:24	FLTC	Buy	HRZG	100	2.250	U	2.000	14:40:17	09:28:14	2.000	2.250	1FE7
4	01/22/97	15:58:14	FLTC	Buy	HRZG	100	2.250	U	2.000	15:19:09	09:28:14	2.000	2.250	1FE7
5	01/15/97	15:52:49	FLTC	Buy	HRZG	100	2.250	U	2.000	14:37:09	09:28:14	2.000	2.250	1FE7
6	01/14/97	15:34:35	FLTC	Buy	HRZG	100	2.250	U	2.000	12:07:05	09:28:14	2.000	2.250	1F80
7	01/13/97	15:42:41	FLTC	Buy	HRZG	100	2.250	U	2.000	12:24:39	09:28:15	2.000	2.250	1F06
8	01/08/97	15:57:32	FLTC	Buy	HRZG	100	2.438	U	2.250	14:41:17	09:28:15	2.250	2.438	1F80
9	01/03/97	15:55:07	FLTC	Buy	HRZG	100	2.438	U	2.250	14:41:21	09:28:14	2.250	2.438	1F80
10	12/31/96	15:48:51	FLTC	Buy	HRZG	100	2.438	U	2.250	14:25:30	10:44:53	2.250	2.438	1F06
11	12/31/96	15:48:51	FLTC	Buy	HRZG	100	2.438	U	2.250	14:25:30	10:44:53	2.250	2.438	1F06
12	12/27/96	15:59:10	FLTC	Buy	HRZG	100	2.438	U	2.250	15:54:44	09:28:14	2.250	2.438	1F06
13	12/27/96	15:59:10	FLTC	Buy	HRZG	100	2.438	U	2.250	15:54:44	09:28:14	2.250	2.438	1F06
14	12/23/96	15:57:28	FLTC	Buy	HRZG	100	2.500	U	2.375	14:01:37	09:28:14	2.375	2.500	1F80
15	12/23/96	15:57:28	FLTC	Buy	HRZG	100	2.500	U	2.375	14:01:37	09:28:14	2.375	2.500	1F80
16	12/20/96	15:58:57	FLTC	Buy	HRZG	100	2.500	U	2.375	15:14:49	14:47:13	2.375	2.500	1FE7
17	12/20/96	15:58:57	FLTC	Buy	HRZG	100	2.500	U	2.375	15:14:49	14:47:13	2.375	2.500	1FE7
18	12/19/96	15:58:20	FLTC	Buy	HRZG	100	2.500	U	2.375	15:50:22	15:32:37	2.375	2.500	1F06
19	12/19/96	15:58:20	FLTC	Buy	HRZG	100	2.500	U	2.375	15:50:22	15:32:37	2.375	2.500	1F06
20	12/18/96	15:59:02	FLTC	Buy	HRZG	100	2.125	U	1.844	15:54:09	15:51:19	2.000	2.125	1F80
21	12/18/96	15:59:02	FLTC	Buy	HRZG	100	2.125	U	1.844	15:54:09	15:51:19	2.000	2.125	1F80
22	12/04/96	15:25:35	FLTC	Buy	HRZG	100	1.750	U	1.563	12:31:43	09:28:14	1.563	1.750	1F06
23	12/03/96	15:59:34	FLTC	Buy	HRZG	100	1.875	U	1.563	14:03:09	09:28:14	1.563	1.875	1F06
24	12/02/96	15:59:05	FLTC	Buy	HRZG	100	1.875	U	1.563	14:39:32	09:28:14	1.563	1.875	1FE7
25	11/27/96	15:45:52	FLTC	Buy	HRZG	100	1.875	U	1.563	11:31:13	09:28:15	1.563	1.875	1F80
26	11/20/96	15:52:36	FLTC	Buy	HRZG	100	1.750	U	1.563	13:14:36	09:28:14	1.563	1.750	1FE7
27	11/15/96	15:51:52	FLTC	Buy	HRZG	100	1.750	U	1.563	13:13:40	09:28:14	1.563	1.750	1F06
28	11/14/96	15:54:00	FLTC	Buy	HRZG	100	1.750	U	1.563	14:09:13	09:28:14	1.563	1.750	1FE7
29	11/13/96	15:52:29	FLTC	Buy	HRZG	100	1.750	U	1.563	13:22:54	09:28:14	1.563	1.750	1F80
30	11/12/96	15:56:25	FLTC	Buy	HRZG	100	1.750	U	1.563	10:35:50	12:38:03	1.563	1.750	1F06
31	11/11/96	15:49:58	FLTC	Buy	HRZG	100	1.781	U	1.563	15:23:17	09:28:14	1.563	1.781	1F06
32	11/08/96	15:54:10	FLTC	Buy	HRZG	100	1.781	U	1.563	14:43:24	14:32:11	1.563	1.781	1FE7
33	11/07/96	15:54:25	FLTC	Buy	HRZG	100	1.875	U	1.594	09:31:01	09:28:14	1.594	1.875	1FE7
34	11/05/96	15:41:40	FLTC	Buy	HRZG	100	1.875	U	1.625	13:42:03	13:42:04	1.594	1.875	1F06
35	11/04/96	15:56:18	FLTC	Buy	HRZG	100	1.875	U	1.625	10:42:58	09:28:14	1.625	1.875	1FE7
36	11/01/96	15:39:09	FLTC	Buy	HRZG	100	1.875	U	1.625	11:31:13	13:59:59	1.625	1.875	1F06

**Options**

Price Movement		<b>Marking the Close</b>	Price Movement	
Issue Symbol      Issue Name			Issue Symbol      Issue Name	
COTG		<i>Trade Activity Overview</i>		
Broker/Dealer Symbol    Broker/Dealer Name		<input checked="" type="checkbox"/> All Three Months	Market Maker Symbol    Market Maker Name	
PFTC      Preferred Technology, Inc.			TSO      Clearing Firm	
TSO      Clearing Firm		Report for: 06/97		
Preferred Technology, Inc.				

**Closing Trades by Broker/Dealer** Ticker: 16

Issue	Broker/Dealer	Contra	6/97 21 Days	5/97 21 Days	4/97 22 Days	Date of Last Issue Occurance
<b>COTG</b>		<b>PFTC</b>	<b>15U</b>	<b>15U</b>	<b>10U</b>	<b>10/96</b>
CRPB	PIPR		11U	10U	14U	03/97
ENEX	CBCB		7U	14U	12U	12/96
HOLX	JDAI		5U	6U	6U	06/95
INFD	TRAV		10U	6U	6U	12/96

**Closing Issues Trade History for PFTC** Ticker: 1

Issue	6/97	5/97	4/97
COTG	15U	15U	10U

## Trade Report Detail for the June 1997 Marking-the-Close Alert in COTG

Number	Trade Date	Trade Time	Executing Firm	Buy or Sell	Contra Party	Quantity	Price	Up/Down Tick	Price of Last Trade	Time of Last Trade	Time of Last Chng. to Inside Bid	Previous Ins. Bid Price	Closing Ask Price	Nasdaq Terminal Number
1	06/30/97	15:56:49	FAHN	Sell	PFTC	500	0.094	U	0.0625	14:27:31	09:28:05	1/16	3/32	1FD9
2	06/26/97	15:58:48	MASH	Sell	PFTC	500	0.094	U	0.0625	15:06:00	09:28:05	1/16	3/32	1F49
3	06/23/97	15:54:00	FAHN	Sell	PFTC	500	0.094	U	0.0625	15:42:11	09:28:05	1/16	3/32	1FD9
4	06/19/97	15:55:38	MASH	Sell	PFTC	500	0.094	U	0.0625	15:43:14	09:28:05	1/16	3/32	3FC1
5	06/18/97	15:56:16	MASH	Sell	PFTC	500	0.094	U	0.0625	13:43:00	09:28:04	1/16	3/32	1F49
6	06/17/97	15:59:58	FAHN	Sell	PFTC	500	0.094	U	0.0625	15:50:14	09:28:04	1/16	3/32	1FD9
7	06/16/97	15:57:08	MASH	Sell	PFTC	500	0.094	U	0.0625	10:56:13	09:28:04	1/16	3/32	3FC1
8	06/13/97	15:53:24	MASH	Sell	PFTC	500	0.094	U	0.0625	15:45:40	13:54:10	1/16	3/32	1F49
9	06/11/97	15:56:29	MASH	Sell	PFTC	500	0.094	U	0.0625	14:15:00	09:28:05	1/16	3/32	3FC1
10	06/10/97	15:59:17	MASH	Sell	PFTC	500	0.094	U	0.0625	14:22:16	09:28:04	1/16	3/32	1F61
11	06/09/97	15:59:14	MASH	Sell	PFTC	500	0.094	U	0.0625	15:11:42	09:28:04	1/16	3/32	3FC1
12	06/06/97	15:50:17	FAHN	Sell	PFTC	500	0.094	U	0.0625	12:57:03	09:28:04	1/16	3/32	1FD9
13	06/05/97	15:56:17	MASH	Sell	PFTC	500	0.094	U	0.0625	15:09:23	09:28:04	1/16	3/32	1F49
14	06/04/97	15:59:19	MASH	Sell	PFTC	500	0.094	U	0.0625	15:20:32	09:28:04	1/16	3/32	3FC1
15	06/02/97	15:55:58	FAHN	Sell	PFTC	500	0.094	U	0.0625	13:41:01	09:28:05	1/16	3/32	1FD9
16	05/30/97	15:47:27	FAHN	Sell	NFSC	3,300	0.094	U	0.0625	13:07:45	09:28:05	1/16	3/32	1FD9
17	05/29/97	15:51:00	FAHN	Sell	PFTC	500	0.094	U	0.0625	15:01:08	09:28:04	1/16	3/32	1FD9
18	05/28/97	15:50:55	FAHN	Sell	PFTC	500	0.094	U	0.0625	15:08:52	09:28:04	1/16	3/32	1FD9
19	05/27/97	15:43:33	TSCO	Sell	RGIL	4,000	0.094	U	0.078125	13:59:02	09:28:04	1/16	3/32	3F6A
20	05/23/97	15:52:42	MASH	Sell	PFTC	500	0.094	U	0.0625	10:48:07	09:28:04	1/16	3/32	1F49
21	05/22/97	15:58:36	FAHN	Sell	PFTC	500	0.094	U	0.0625	14:07:18	09:28:05	1/16	3/32	1FD9
22	05/21/97	15:54:06	MASH	Sell	PFTC	500	0.094	U	0.0625	13:54:40	09:28:04	1/16	3/32	1F49
23	05/19/97	15:49:05	MASH	Sell	PFTC	500	0.094	U	0.078125	15:32:52	09:28:09	1/16	3/32	3FC1
24	05/16/97	15:59:11	MASH	Sell	PFTC	500	0.094	U	0.078125	15:58:51	09:28:10	1/16	3/32	1F49
25	05/15/97	15:57:37	FAHN	Sell	PFTC	500	0.094	U	0.0625	11:12:59	09:28:10	1/16	3/32	1FD9
26	05/14/97	15:48:03	FAHN	Sell	PFTC	500	0.094	U	0.078125	13:26:43	09:28:10	1/16	3/32	1FD9
27	05/12/97	15:49:34	FAHN	Sell	PFTC	500	0.094	U	0.0625	10:13:18	09:28:10	1/16	3/32	1FD9
28	05/08/97	15:53:31	FAHN	Sell	PFTC	500	0.094	U	0.0625	15:22:36	09:28:09	1/16	3/32	1FD9
29	05/07/97	15:52:41	FAHN	Sell	PFTC	500	0.094	U	0.0625	14:04:25	09:28:10	1/16	3/32	1FD9
30	05/06/97	15:52:22	NAWE	Sell	PFTC	500	0.094	U	0.0625	11:55:52	09:28:10	1/16	3/32	1F76
31	05/05/97	15:49:55	FAHN	Sell	PFTC	500	0.094	U	0.0625	13:27:30	09:28:10	1/16	3/32	1FD9
32	05/01/97	15:53:31	FAHN	Sell	PFTC	500	0.094	U	0.078125	15:28:25	09:52:48	1/16	3/32	1FD9
33	04/30/97	15:46:01	FAHN	Sell	PFTC	500	0.094	U	0.0625	15:32:41	09:28:10	1/16	3/32	1FD9
34	04/29/97	15:54:39	FAHN	Sell	PFTC	500	0.094	U	0.0625	14:55:44	09:28:10	1/16	3/32	1FD9
35	04/17/97	15:59:06	MASH	Sell	PFTC	500	0.094	U	0.0625	11:23:49	09:28:09	1/16	3/32	1F49
36	04/16/97	15:53:09	MASH	Sell	PFTC	500	0.094	U	0.0625	11:59:32	09:28:10	1/16	3/32	1F61

23

**Appendix D:  
Results of the Participant Evaluations**

**IMPLEMENTATION OF A MARKET SURVEILLANCE SYSTEM**

November 11-13, 1997

Presenters: Steve Simmes & Anne Marie Simmes

**Participant Evaluation: Results**

**Total Responses: 35**

	Question	Category/ Percentage of Respondents	Category/ Percentage of Respondents	Category/ Percentage of Respondents
1.	Overall, to what extent are you satisfied with the workshop you have just completed?	Very Satisfied 80	Satisfied 20	Not Satisfied 0

**Comments:**

- It was thematic - This workshop has clarified 'investigative techniques' applied to insider trading, market manipulation and other undesirable practices
- Though a broad perspective was brought out, an attempt can be made to link up more with the Indian context
- Require more information on systems and procedures at the NASD, in order to adopt salient features of the investigative process there
- Very generalised - Expected specialised training in investigations/surveillance
- Case Studies on violations in the Indian Capital Markets would have been more useful
- Highly Satisfied - Learnt many things without going to the US or NASD
- It is very practical and will be useful for the implementation of a better surveillance system
- There should be regular workshops/training programmes to increase interaction between exchanges
- Very satisfied - The workshop helped us assess our surveillance systems and think of ways to make our surveillance & regulatory procedures more effective
- It was very informative
- More & more people from the exchanges should be exposed
- As it was having discussion on different issues of market surveillance in details
- The regional stock exchanges like our is benefitted much by these kind of workshops. It will highlight us the basic steps that should be taken at the appropriate time
- The workshop has provided an insight into the investigation process of NASD. This also provided us some direction to build our market surveillance system
- It has given me better confidence to better tackle the situations or cases of Insider Trading & Manipulations. The workshop has helped me to see tracing tools with better clarity to detect the above situations
- An opportunity to have wider perspective of various mechanisms of surveillance
- By this workshop the stock exchange will have the full beneficiary to provide surveillance on market
- Some more case studies would have been helpful. Groups should be divided into smaller ones
- Equal participation was not observed from all exchanges. Smaller exchanges should have been encouraged to speak out.
- SEBI & BSE along with Price Waterhouse presentations were really good

2.	To what extent were the objectives of this workshop relevant to your role and responsibilities?	Very Relevant 80	Somewhat Relevant 20	Not Relevant 0	
----	---	---------------------	-------------------------	-------------------	--

**Comments:**

- My Stock Exchange is not having much of surveillance activities because of negligible trading activities, however the workshop has helped me in learning many things which I never knew, having not attended this workshop
- Surveillance Department is just one of the aspects of the Exchange administration (with which department I am associated)
- May be useful in the future
- It is very helpful for creating new ideas & analysis process on surveillance to watch the market
- This was relevant to the extent that it has set a thought process rolling
- Some of the topics of the seminar were relevant for stock exchanges only
- We have learned something more about the insider trading and market manipulation due to the case studies
- It has provided an insight into the operations of NASD and has helped me to evaluate our systems vis-a-vis theirs
- Since the workshop covers the area viz. Insider trading, Circular trading, Manipulation and investigations it will be very useful on a day to day surveillance job
- To the greatest extent, as Chief Executive and Executive Director, it would help to have greater & wider perspective
- The concept is new and requires knowledge about the system
- Will guide me in discharging my functions properly
- Understanding Insider Trading & Market Manipulation in greater detail
- The objectives of this workshop helps a great extent to discharge my role and responsibility. I have adopted a lot from the workshop to inspect the members
- Regarding Insider Trading and Price Rigging
- Many of the steps for investigations of market abnormalities are very much common. However, I feel that the system is more complex in our country and the current challenges are more difficult
- Investigation and Surveillance are very relevant
- Helped in broadening the horizons of the areas of inspection/surveillance/investigation. Received in-depth knowledge of techniques, analysis

3.	To what extent were these objectives met?	To a great extent 66	Somewhat 31	Not at all 3	
----	---	-------------------------	----------------	-----------------	--

**Comments:**

- To some extent in identifying the areas and the methodology of gathering facts and establishing conclusions
- More understanding of Indian background expected from the faculty, by which discussion can be focussed on the most appropriate surveillance techniques suitable for Indian market environment
- Inspection will help to great extent
- Monitoring of Brokers position not covered
- Learnt through the case study to handle practically cases of both insider trading and market manipulations
- An idea about the trading and settlement systems, additionally, would have helped in the collation of the systems prevalent in US/NASD. It would help to assess the surveillance systems in conjunction with the trading and settlement system
- In our exchange in which on average 95% of total trading is in Reliance, SBI & TISCO we hardly have any unusual trading in scrips other than those above three. We were not in a position to determine appropriate steps to be taken in case of irregularities. This workshop has helped me to clear all these basic concepts which is most useful to me.
- Workshop has thrown light on various types of alerts to safeguard the integrity & safety of capital markets. These tools or safeguards will be more meaningful if we have access to information on various companies as NASD officials have
- Although conceptually techniques sound good its application in Indian condition to be tested
- So far as Indian stock market is concerned, I thinks it not met the objective as we thinks
- Understood the intricacies of mechanism of surveillance/methodology of conducting investigation, etc.
- Every part of the session was helpful

95

4.	<b>Which of the following discussion topics were most helpful in assisting you to better understand the subject matter, and why?</b>				
Topic	Number of Acknowledgments				
Introduction to NASD and the Market Regulation Department	4				
Introduction to the StockWatch System	18				
Presentation from Selected Indian Exchanges	3				
Insider Trading	31				
Market Manipulation	24				
Marking the Close	5				
"A Day in the Life of the Market Regulation Department"	3				
Adapting NASD Techniques to the Indian Environment	8				
5.	<b>Which discussion topics were least effective in assisting you to understand the subject matter, and why?</b>				
Topic	Number of Acknowledgments				
Introduction to NASD and the Market Regulation Department	8				
Introduction to the StockWatch System	0				
Presentation from Selected Indian Exchanges	6				
Insider Trading	2				
Market Manipulation	6				
Marking the Close	9				
"A Day in the Life of the Market Regulation Department"	14				
Adapting NASD Techniques to the Indian Environment	8				
6.	<b>Which of the topics has the most immediate relevance to your work?</b>				
Topic	Number of Acknowledgments				
Introduction to NASD and the Market Regulation Department	2				
Introduction to the StockWatch System	5				
Presentation from Selected Indian Exchanges	1				
Insider Trading	16				
Market Manipulation	15				
Marking the Close	2				
"A Day in the Life of the Market Regulation Department"	0				
Adapting NASD Techniques to the Indian Environment	1				
7.	<b>How effective were the case studies in assisting you to better understand the subject matter?</b>				
Detecting Insider Trading Cases	To a great extent 80	Somewhat 14	Not at all 6		
California Lighting	80	11	9		
Detecting Manipulation Cases	54	29	17		
8.	<b>Overall to what extent do the following apply to the presenters:</b>				
a. Were well prepared	Completely 91	Somewhat 3	Not at all 6		
b. Were knowledgeable about subject matter	89	6	5		
c. Presented content clearly	80	14	6		

d.	Were responsive to your queries	83	14	3	
----	---------------------------------	----	----	---	--

**Comments:**

- Topics could be covered/explained with more relevant to Indian system
- Certain areas pertaining to practices such as short-selling and implementing short-selling regulations have remained unanswered
- Presenters were really knowledgeable and were well prepared and are thorough about the market mechanisms
- Presenters are experts in their field and are unparalleled
- They are very responsive and presented very well
- Needed stronger & more forceful presenters. Presenters should have had more exposure to Indian Exchanges (esp. major ones) to enable them to customize their presentations or maybe even select presentation topics
- Replies to queries were satisfactory
- The resource persons were not very knowledgeable about complex situations. They were trying to learn from our experience

**9. What additional comments/ suggestions do you have for on-going workshops and training and development programs related to market surveillance?**

- Correlation with Indian environment
- Illustrations, typical instances and live case studies from Indian exchanges need to be discussed
- Continuous interaction of Exchanges with SEBI on these areas is required
- Should be done on a regular basis with more experts in the subject matter
- Should be more practical & relevant. Suggest automation ways & means for our work. Assist at work.
- Will be very very useful and helpful for effective discharge of duties
- Case Studies from Indian situations should be taken. Monitoring of Brokers position also should be included since this is also a surveillance function
- This on-going workshop is very effective to take our stock exchanges in the international standard
- The workshop should be conducted on regular basis
- Certain software simulation packages might have been exhibits
- Half yearly workshops would be helpful as a on going - continuing educational programme. Provide (an educational/ practical training) programme to visit NASD/NYSE and study the procedures at a fee/cost to be borne by the Stock Exchange etc.
- Since SEC and Price Waterhouse are associated with SEBI, they can take Indian companies for a case study. (Indian companies past 6 months trading data)
- It is a great effort. Maybe SEBI can present a few Indian cases at some next meeting and show how the cases were solved and what punishments were awarded. This would provide a sharing of experience. Names of companies/brokers maybe changed.
- These workshops should be conducted on regular basis to study the capital market and other related issues
- Price Waterhouse should prepare a common training programme along with NSE, BSE by taking into consideration some of the Indian case studies. This will highlight much more about the appropriate steps in Indian trading scenario.
- The presenters can take more case studies to help participants understand well
- Have more of interactive workshops with case studies
- Workshop should put more practical case studies
- Workshops should be organised on an ongoing basis
- Such programmes should be conducted regularly in order to run Stock Exchanges smoothly and implement SEBI guidelines. To solve problems also.
- The cases and scenarios should be more related to the Indian scenario. The kind of information available in US is not available online in India
- Case studies relating to Indian capital markets. Stress was only on price monitoring. Brokers position monitoring and unfair trade practices by members to be included.
- I hope in future there must be workshops at specified intervals for the better trading environment
- More case studies and each participant should be given to present the views
- We should meet again
- Ensure equal participation from all participants