

intended to be used by general partners, transfer agents and financial intermediaries. The NASD does not view the symbols in the proposed symbol directory as confusing or difficult to use.

Quantity

One commenter suggested that the quantity section of the proposed forms include either the original investment amount or the original cost per unit. The commenter claims that some general partners use a "dollar for dollar" investment amount rather than a unit amount, which creates confusion when different secondary markets randomly assigned unit values to these partnerships. The commenter also stated that investors are more likely to know how much money they initially invested rather than how many units they purchased. The commenter concluded that this additional information would eliminate confusion and would ensure that all involved parties are "speaking the same language."

The NASD believes that since most partnership documents offer an initial unit value of measurement to the investor and continue to use such a measurement for books and records and tax allocation purposes, a unit value is the best measure of quantity transferred.

Required Representations and Acknowledgments

One commenter suggested that both the proposed transferor and transferee forms contain certain representations and acknowledgments that (1) specify an "effective date" for the right to receive distributions of cash and allocations or profits and losses, (2) recognize certain restrictions in the partnership agreement and state-imposed suitability requirements, and (3) recognize the general partner as the designated person to maintain the list required under Section 6112 of the Internal Revenue Code. The same commenter stated that in order to clarify the enforcement and interpretation of the parties' agreement for the transfer of the interests, both the transferor's and transferee's forms should state that the application for transfer is irrevocable and specify the governing law.

In response to the comments above, the NASD has added a field to the Registration Confirmation Form for "Effective/Admission Date." The NASD does not believe that the inclusion in the proposed forms of the additional suggested representations and acknowledgments is necessary in order to effect a valid transfer.

Sale Price

Two commenters suggested including in the proposed applications for transfer a space to insert the sale price or other consideration paid for the interests being transferred (Comments 7,10). One Commenter explained that, with this information, general partners or sponsors could maintain data on current sales transactions for prospective buyers or sellers to obtain current market prices of interests or for others to use in valuing interests held by estates.

NASD research indicates that knowledge or recordation of the sales price is not necessary for a general partner to effect the transfer of a limited partnership interest. In any case, the NASD is actively working to permit certain public limited partnerships to be listed or quoted on the NASD's OTC Bulletin Board. Transactional data, including price, would be available for a nominal fee for general partners who would be interested in such information.

Fees

Three commenters commented on the instructions in the proposed transfer forms requiring the transferor and transferee form to be submitted together with the required fees. One commenter requested authority for the issuer to implement its own fee structure. Another commenter stated that advance notice of fee changes to members by issuers should be mandatory. Another commenter stated that transfer fees ought to be standardized.

The NASD believes that, notwithstanding the proposed standardization of transfer forms, the amount of resources expended in the transfer process by secondary market intermediaries in what is still a fragmented and somewhat disorganized marketplace may vary significantly from one entity to another. It is therefore inappropriate to impose a standard fee structure as part of the proposed forms.

Signature Execution

Two commenters suggested changes regarding signature execution. One commenter also recommend that the application for transfer forms should include a signature block and date line for the general partner or sponsor to execute or acknowledge, either by manual signature of an officer or partner or by a generic signature stamp to alleviate confusion and possible disagreements as to whether applications for transfer have been accepted. The other commenter suggested, when applicable, adding an explanation that the custodian's

signature is required, noting that most partnerships require the custodian's and the client's signatures. The commenter stated that there are numerous limited partnership units held in custodial accounts (e.g., IRA, pension plans etc.) and investors are often confused as to whose signature is required on these forms. The commenter also suggested that Instruction #7 on the proposed forms state that satisfactory evidence of the custodian's authority be represented.

In response to the comments above, the NASD has changed the forms to incorporate the use of the medallion stamp, and believes that this proposed change will help to alleviate concerns about signature verification.

Transferor Form

Application to Transfer: New Language

One commenter suggested that the first full paragraph of the transferor form be modified as shown (new language is underlined).

"The transferor hereby makes application to transfer and assign, subject to the general partner's rights, to the transferee all rights, *title and interest in and to the profits, losses, and distributions of the partnership*, as set forth in the partnership below and for the transferee to succeed to such interest as a Substitute Limited partner, successor in interest or assignee."

Under the assumption that the intent of the above commenter's suggested changes was to make the forms more consistent, the NASD has, in response, changed the first full paragraph of the proposed transferee's form by deleting the words "and assign" and "title" to correct the form and to make the language more consistent with the proposed transferor's form.

Quantity

Two of the fourteen commenters suggested modifications to the quantity section of the proposed form. One commenter suggested that the number of units to be held after transfer be labeled on the transferor's form as "must be completed" rather than "optional." Another commenter believes that requesting information on the number of units to be held after transfer may result in delays when attempting to verify this information.

The NASD has included the field for number of units to be held after transfer as an optional field for informational purposes only. Verification of the information should not result in delays, since the information is optional.