

File No. SR-EMCC-01-1

Securities and Exchange Commission
Washington, D.C. 20549

Form 19b-4

Proposed Rule Change

By

EMERGING MARKETS CLEARING CORPORATION

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

1. Text of Proposed Rule Change.

(a) The text of the proposed rule change consists of revisions to Emerging Markets Clearing Corporation's ("EMCC" or the "Corporation") Fee Schedule and is attached hereto as Exhibit A.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) The proposed rule change has been approved by the Board of Directors of EMCC.

(b) Contact regarding questions and comments:

Merrie Faye Witkin (212) 855-3208.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

(a) When EMCC first began operations, it supported the message formats created for the Match-EM trade comparison system operated by General Electric. In October, 1999, however, EMCC ceased accepting trade data via the Match-EM system, although it has continued to accept data directly from those members still using the Match-EM formats. Similarly, the Datatrack/Autoroute communications link offered to members when EMCC began operations has largely been supplanted by communications via the SWIFT network or via direct communication using MQ protocol.

EMCC currently incurs significant data processing costs attributable to accepting data in the Match-EM format and receiving transmissions via the Datatrack/Autoroute communications network. EMCC does not believe it appropriate to absorb these costs, and that they should be paid by those members who continue to use these services. Accordingly, EMCC has determined to charge those Members who, from and after July 1, 2001, continue to use the Match-EM format and/or the Datatrack/Autoroute communications network a fee equal to EMCC's cost of providing such data processing services, on a proportionate pass through basis based upon a formula that takes into account transaction volumes and the number of participants utilizing the services. Those costs are estimated to be approximately \$30,000 per annum for using the Match-EM format, and approximately \$90,000 per annum for using the Datatrack/Autoroute network. Thus, the maximum annual charge a member would have responsibility for, if it were the last member using both services, is \$120,000. In order to provide Members with the time to transition from the Match-EM format and/or communication via Datatrack, it has been decided that this fee will be imposed beginning July 1, 2001.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, since it provides for the equitable allocation of dues, fees and other charges among EMCC's participants.

4. Self-Regulatory Organization's Statement on Burden on Competition.

EMCC does not believe that the proposed rule change will have an impact on or

impose a burden on competition.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others.

No written comments relating to the proposed rule change have been solicited or received. However, EMCC has previously notified those Members who currently use either Match-EM formats or Datatrack/Autoroute of the proposed fee and the time-frame for its implementation. A copy of the form of letter sent to those Members is attached as Exhibit C hereto. EMCC will notify the Securities and Exchange Commission (the "Commission") of any written comments received by EMCC.

6. Extension of Time Period for Commission Action.

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2).

(a) The proposed rule change is to take effect pursuant to paragraph (A) of Section 19(b)(3) of the Act, with the fee to be payable from and after July 1, 2001.

(b) The proposed rule change modifies EMCC's fee structure and provides for the equitable allocation of dues, fees and other charges among EMCC's participants.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission.

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

9. EXHIBITS

Exhibit A Text of the proposed change to EMCC's Rules.

Exhibit B Notice of the proposed rule change for publication in the Federal Register.

Exhibit C Copy of the forms of letter sent to EMCC Members using Match-EM formats and/or Datatrack/Autoroute.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the self-regulatory organization has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

EMERGING MARKETS CLEARING CORPORATION

BY: _____

Karen L. Saperstein
General Counsel

EXHIBIT A

Underlined, boldface text indicates additions.

[Bracketed, bold, strikeout] text indicates deletions.

ADDENDUM F

FEE SCHEDULE

	Trade for Trade	
	<u>IDB</u>	<u>Dealer</u>
1. Input fee for guaranteed, compared trades, per side, for bond only		
Before 9 p.m. on SD-3	\$3.50	\$5.00
After 9 p.m. on SD-3	\$7.50	\$7.50
After 8 am on SD-2	\$25.00	\$25.00
2. Input fee for uncomparing trades, and compared trades which are not guaranteed, per side, for bond only ¹		
Same as guaranteed, compared bond trades, less \$2.00		
3. Input fee for guaranteed, compared trades, per side, for warrant only		
Before 9 p.m. on SD-3	\$0.00	\$0.00
After 9 p.m. on SD-3	\$2.50	\$2.50
After 8 am on SD-2	\$20.00	\$20.00
4. Input fee for uncomparing trades, and compared trades which are not guaranteed, for warrant only ¹		
Same as guaranteed, compared warrant trades, less \$2.00, except that no fee shall be less than \$0.00		
5. Input fee, per compared bond side ²	\$1.50	\$2.00

¹ For uncomparing, only if member has standing instructions to transmit uncomparing trades to the QSD.

² This fee is in addition to those fees charged under item (1) above.

Fee Schedule (cont'd)

	<u>IDB</u>	<u>Dealer</u>
6. Modify compared trade	\$50.00	\$50.00
7. Modify uncompered trade	\$0.00	\$0.00
8. Cancel previously compared trade	\$50.00	\$50.00
9. Cancel uncompered trade	\$0.00	\$0.00
10. Pair-off fee, failing settlements	\$2.00	\$2.00
11. Net settlement, per bond ISIN	\$0.00	\$0.00
12. Net settlement, per warrant ISIN	\$0.00	\$0.00
13. Buy-in fee, failing side only	\$500.00	\$500.00
14. Reprocessing of instructions	\$250.00	\$250.00
15. Cash compensation processing fee; failing side only	\$200.00	\$200.00
16. Cash compensation, excess collateral fee	\$200.00	\$200.00
17. Corp. Action/Income received adjustment as a result of a fail	\$200.00	\$200.00
18. Account maintenance fee, per month	\$500.00	\$500.00
19. Margin fee	\$25.00	\$25.00
20. Late margin fee (received after cutoff time)	\$500.00	\$500.00
21. Margin substitution fee	\$25.00	\$25.00
22. IDB exceeds margin cap (interim period only)	\$100.00	na
23. Reports		
-Print image reports in lieu of MRO	tbd	tbd
-Multiple copies of reports	tbd	tbd
-Re-send reports	\$50.00	\$50.00
-Volatility Report	\$500.00	\$500.00
-Liquidity Rating Report	\$500.00	\$500.00
24. Cease to act	tbd	tbd

PASS THROUGH AND OTHER FEES

25. Communications		
-With Locked in Trades Sources (LITS)		Cost
-With Qualified Securities Depositories (QSD)		Cost
-With Members		Cost
- <u>Via Datatrack/Autoroute</u>	Cost	
26. Costs Incurred at LITS	Cost	
27. Costs incurred at QSD's		Cost
28. Liquidity Facility Commitment Fee		Cost
<u>29. Match-EM format translation charge</u>		Cost

The Corporation may, but shall not be obligated to, include from time to time on Members' settlement statements, charges which may be imposed on such Members by self-regulatory organizations, as defined in the Securities and Exchange Act of 1934, as amended, or other organizations or entities, with which the Corporation has entered into agreements and who provide services or equipment to Members which are integral to services provided by the Corporation. Any amounts so collected shall, in accordance with agreements between the Corporation and the respective organization or entity, be remitted to the appropriate organization or entity imposing the charge.

Members must maintain on deposit with the Corporation an amount ("Pre-Bill Amount") equal to three times such Member's average³ monthly EMCC bill. This Pre-Bill Amount will be recalculated quarterly based on such Member's three most recent monthly bills. If, as a result of the recalculation, a Member's new Pre-Bill Amount is (i) greater than the prior Pre-Bill Amount, then the amount of such difference will appear on the next monthly bill for such Member as an additional charge, and (ii) less than the prior Pre-Bill Amount, then the amount of such difference will appear on the next monthly bill for such Member as a credit.

* * *

³ This average is calculated based on three months of bills, excluding pass-through charges. With respect to Members who do not have a three-month billing history, EMCC will base such calculation on its estimate of such Member's average monthly bill.

EXHIBIT B

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-EMCC-01-1)

Proposed rule change by EMERGING MARKETS CLEARING CORPORATION ("EMCC") regarding revisions to its Fee Schedule.

Comments requested within days after the date of this publication.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on , EMCC filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by EMCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change.

The proposed rule change consists of changes to EMCC's Fee Schedule.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

In its filing with the Commission, EMCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified

in Item IV below. EMCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change.

(a) When EMCC first began operations, it supported the message formats created for the Match-EM trade comparison system operated by General Electric. In October, 1999, however, EMCC ceased accepting trade data via the Match-EM system, although it has continued to accept data directly from those members still using the Match-EM formats. Similarly, the Datatrack/Autoroute communications link offered to members when EMCC began operations has largely been supplanted by communications via the SWIFT network or via direct communication using MQ protocol.

EMCC currently incurs significant data processing costs attributable to accepting data in the Match-EM format and receiving transmissions via the Datatrack/Autoroute communications network. EMCC does not believe it appropriate to absorb these costs, and that they should be paid by those members who continue to use these services. Accordingly, EMCC has determined to charge those Members who, from and after July 1, 2001, continue to use the Match-EM format and/or the Datatrack/Autoroute communications network a fee equal to EMCC's cost of providing such data processing services, on a proportionate pass through basis based upon a formula that takes into account transaction volumes and the number of participants utilizing the services. Those costs are estimated to be approximately \$30,000 per annum for using the Match-EM format, and approximately \$90,000 per annum for using the Datatrack/Autoroute network. Thus, the

maximum annual charge a member would have responsibility for, if it were the last member using both services, is \$120,000. In order to provide Members with the time to transition from the Match-EM format and/or communication via Datatrack, it has been decided that this fee will be imposed beginning July 1, 2001.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, since it provides for the equitable allocation of dues, fees and other charges among EMCC's participants.

(B) Self-Regulatory Organization's Statement on Burden on Competition.

EMCC does not believe that the proposed rule change will have an impact on or impose a burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others.

No written comments relating to the proposed rule change have been solicited or received. EMCC will notify the Commission of any written comments received by EMCC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action.

The foregoing rule change will become effective pursuant to Section 19(b)(3) of the Act

on July 1, 2001. At any time within sixty days of the filing of such rule change, the Commission may summarily abrogate such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments.

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the rule filing that are filed with the Commission, and all written communications relating to the rule filing between the Commission and any person, other than those that may be withheld from the public in accordance with provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room in Washington, D.C. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted within days after the date of this publication.

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

Jonathan G. Katz

Secretary

Dated:

EXHIBIT C-1

Dear:

I am writing to you to update you on the recent decision by EMCC's Board of Directors to reduce EMCC's operating costs by consolidating communications methods, with effect from July 1st this year.

When EMCC first started operations, it was decided to support the message formats created for the Match-EM comparison system. Supporting those message formats necessitated EMCC's operating a format translation facility which translated messages received in Match-EM format into the ISO format employed by EMCC. With Match-EM no longer in use, we can now eliminate the format translation facility by migrating all current users of the Match-EM format to our standard ISO formats.

Similarly, the Datatrak/Autoroute communications link offered when EMCC started has largely been supplanted by communications via the SWIFT network or via direct communication using MQ protocol. In either case, our standard ISO format messages are used.

As a current user of Match-EM formats and Datatrak/Autoroute, I want to call to your attention the Board's decision to consolidate our methods beginning in July in order for you to have sufficient time to implement the necessary changes to your systems. We stand ready to assist you in that process.

I also want to call your attention to the fact that should you choose not to migrate by July 1st, we will continue to support your communication with us using both the Match-EM formats and Datatrak/Autoroute. However, the cost of operating those processes would become a pass through cost, and you would therefore be charged your proportionate share of that cost. Were you to be the only user of these processes, the pass through cost could be as much as \$120,000 per year.

I hope this is helpful to you in planning for this year. Should you require more information, or have any comments or questions, please feel free to contact me directly at (212) 855-1675.

Sincerely,

Dear:

I am writing to you to update you on the recent decision by EMCC's Board of Directors to reduce EMCC's operating costs by consolidating communications methods, with effect from July 1st this year.

When EMCC first started operations, it was decided to support the message formats created for the Match-EM comparison system. Supporting those message formats necessitated EMCC's operating a format translation facility which translated messages received in Match-EM format into the ISO format employed by EMCC. With Match-EM no longer in use, we can now eliminate the format translation facility by migrating all current users of the Match-EM format to our standard ISO formats.

Similarly, the Datatrak/Autoroute communications link offered when EMCC started has largely been supplanted by communications via the SWIFT network or via direct communication using MQ protocol. In either case, our standard ISO format messages are used.

As a current user of Datatrak/Autoroute, I want to call to your attention the Board's decision to consolidate our methods beginning in July in order for you to have sufficient time to implement the necessary changes to your systems. We stand ready to assist you in that process.

I also want to call your attention to the fact that should you choose not to migrate by July 1st, we will continue to support your communication with us using Datatrak/Autoroute. However, the cost of operating those processes would become a pass through cost, and you would therefore be charged your proportionate share of that cost. Were you to be the only user of these processes, the pass through cost could be as much as \$90,000 per year.

I hope this is helpful to you in planning for this year. Should you require more information, or have any comments or questions, please feel free to contact me directly at (212) 855-1675.

Sincerely,