

File No. SR-EMCC-2001-04

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) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Exchange Act”), Emerging Markets Clearing Corporation (“EMCC”) is filing a proposed rule change regarding liability of EMCC and its affiliated entities. The text of the proposed rule change provides that, notwithstanding any affiliation between EMCC and any other entity, including any clearing agency, except as otherwise provided by written agreement between EMCC and such other entity, (1) EMCC shall not be liable for any obligations of such other entity and the Clearing Fund or other assets of EMCC shall not be available to such other entity, and (2) such other entity shall not be liable for any obligations of EMCC and any assets of such other entity shall not be available to EMCC. The full text of the proposed rule change 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 EMCC’s Board of Directors.

(b) Contacts regarding questions and comments:

Karen L. Saperstein (212) 855-3203

Merry Faye Witkin (212) 855-3208

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

(a) The proposed rule change is intended to address liability issues that may arise once the proposed integration of EMCC with the Depository Trust and Clearing Corporation (“DTCC”) (of which the National Securities Clearing Corporation (“NSCC”) and the Depository Trust Company (“DTC”) are currently wholly-owned subsidiaries), MBS Clearing Corporation (“MBSCC”) and Government Securities Clearing Corporation (“GSCC”) (EMCC, DTCC, NSCC, DTC, MBSCC and GSCC collectively, the “Synergy Companies”) is complete. After the completion of the proposed integration, EMCC, along with MBSCC and GSCC, shall each be subsidiaries of DTCC and a single group of individuals shall serve as directors of each of the Synergy Companies.

A prime consideration in the plan of the proposed integration is assuring that EMCC, its Members and its Clearing Fund will continue to be insulated from the risks and obligations arising from activities of the other Synergy Companies. Similarly, the plan contemplates that the other Synergy Companies will continue to be insulated from the risks of EMCC’s business. The proposed rule change serves to clarify that EMCC will not be liable for the obligations of any other entity, including any other Synergy Company. MBSCC and GSCC are in the process of adopting similar revisions to their respective rules. DTC and NSCC previously adopted rules similar to the proposed rule as part of their 1999 integration under DTCC.

(b) The proposed rule change is consistent with the requirements of Section 17A of the Exchange Act and the rules and regulations thereunder applicable to EMCC because it

promotes the safeguarding of securities and funds in EMCC's custody or control or for which it is responsible.

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. EMCC will notify 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).

Not applicable.

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

DTC and NSCC have filed a similar rule change (SR-DTC-99-11 and SR-NSCC-99-7, respectively).

9. Exhibits

Exhibit A - Text of the proposed rule change.

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

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
Managing Director and General Counsel

Underlined, boldface text indicates additions.

~~[Bracketed, boldface]~~ text indicates deletions.

Modify EMCC's Rules and Procedures as follows:

* * *

LIMITATIONS ON LIABILITY

Rule 9. ~~[(RULE NUMBER RESERVED FOR FUTURE USE)]~~

SEC. 1. Notwithstanding any affiliation between the Corporation and any other entity, including another clearing agency, except as otherwise expressly provided by written agreement between the Corporation and such other entity:

(a) the Corporation shall not be liable for any obligations of such other entity nor shall the Clearing Fund or other assets of the Corporation be available to such other entity (or any person claiming through such other entity) for any purpose, and no Member shall assert against the Corporation any claim based upon any obligations of any other entity to such Member; and

(b) such other entity shall not be liable for any obligations of the Corporation, nor shall the Clearing Fund or Participants Fund (as applicable) or any other assets of such other entity be available to the Corporation (or any person claiming through the Corporation) for any purpose, and no Member shall assert against such other entity any claim based upon any obligations of the Corporation to such Member.

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SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-EMCC-2001-04)

Proposed Rule Change by EMERGING MARKETS CLEARING CORPORATION
("EMCC"). Comments requested within days after the date of this publication.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 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 text of the proposed rule change provides that, notwithstanding any affiliation between EMCC and any other entity, including any clearing agency, except as otherwise provided by written agreement between EMCC and such other entity, (1) EMCC shall not be liable for any obligations of such other entity and the Clearing Fund or other assets of EMCC shall not be available to such other entity, and (2) such other entity shall not be liable for any obligations of EMCC and any assets of such other entity shall not be available to EMCC.

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) The proposed rule change is intended to address liability issues that may arise once the proposed integration of EMCC with the Depository Trust and Clearing Corporation ("DTCC") (of which the National Securities Clearing Corporation ("NSCC") and the Depository Trust Company ("DTC") are currently wholly-owned subsidiaries), MBS Clearing Corporation ("MBSCC") and Government Securities Clearing Corporation ("GSCC") (EMCC, DTCC, NSCC, DTC, MBSCC and GSCC collectively, the "Synergy Companies") is complete. After the completion of the proposed integration, EMCC, along with MBSCC and GSCC, shall each be subsidiaries of DTCC and a single group of individuals shall serve as directors of each of the Synergy Companies.

A prime consideration in the plan of the proposed integration is assuring that EMCC, its Members and its Clearing Fund will continue to be insulated from the risks and obligations arising from activities of the other Synergy Companies. Similarly, the plan contemplates that the other Synergy Companies will continue to be insulated from the risks of EMCC's business. The proposed rule change serves to clarify that EMCC will not be liable for the obligations of any other entity, including any other Synergy Company.

MBSCC and GSCC are in the process of adopting similar revisions to their respective rules. DTC and NSCC previously adopted rules similar to the proposed rule as part of their 1999 integration under DTCC.

(b) The proposed rule change is consistent with the requirements of Section 17A of the Exchange Act and the rules and regulations thereunder applicable to EMCC because it promotes the safeguarding of securities and funds in EMCC's custody or control or for which it is responsible.

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.

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reason for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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 proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change 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 Section, 450 Fifth Street N.W., Washington, D.C. 20549. 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.

Karen L. Saperstein
Secretary

Dated: