

File No. SR-EMCC-2003-05

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") Rules relating to return of clearing fund deposits.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) The proposed rule change does not need approval by the Board.

(b) Contact regarding questions and comments:

Karen L. Saperstein (212) 855-3203.

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

(a) In Rule filing EMCC 2003-02, EMCC modified its clearing fund formula to eliminate the "look back" feature. Concurrent with this change EMCC intended to establish a fixed clearing fund requirement for IDBs or members who clear for IDBs and provided that any difference between the calculated amount and the fixed amount would be paid by other members pro rata. It was expected that the elimination of the look-back would offset the obligation to pay the pro-rata difference amount. Since the look back was being eliminated it was also expected that Members would be able to request the return of excess funds on a

daily basis. The appropriate change to the rules to accomplish the daily return of funds was inadvertently omitted from the filing. Accordingly, the purpose of this filing is to modify EMCC's rules to provide the daily return of excess funds and to provide that effective upon the implementation of the changes covered by EMCC 2003-02, EMCC intends to permit requests for the return of excess funds on a daily basis.

(b) As the proposed rule will permit the clearing corporation to equitably allocate charges among its members, it is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder.

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.

6. Extension of Time Period for Commission Action.

EMCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.

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

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) The Corporation is requesting accelerated effectiveness of this filing since until the IDB requirement is fixed at \$50 million, pursuant to EMCC 2003-03, the Corporation has agreed to reimburse such members for the cost difference between the \$50 million and their actual deposits. As noted above this change cannot occur until clearing fund excess deposits can be returned on a daily basis. Approval of this filing will permit the Corporation to implement the fixed Clearing Fund requirement and eliminate the reimbursement expense.

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.

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: /s/ Karen L. Saperstein
Karen L. Saperstein
General Counsel

EXHIBIT A

Underlined, boldface text indicates additions.

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

Rule 4 - Clearing Fund, Margin And Loss Allocation

* * *

SEC. 14. Return of Deposits and Payments

~~[No more frequently than once a month, may a]~~ **On a daily basis, a** Member **may** be entitled to request the return of Clearing Fund in excess of its Required Fund Deposit **provided that such request is received by the Corporation within such time and in such form as determined by the Corporation.** Upon the request of the Member, the Corporation shall cause to be returned to each such Member such excess provided, however, that after the return of such excess such Member's Clearing Fund Deposit in form and amounts shall continue to meet the requirements of this Rule; provided, further, that, at the discretion of the Corporation, some or all of such excess may not be returned if the Member has an outstanding payment obligation to the Corporation, ~~[if the Corporation determines that the Member's anticipated settlement positions over the next 60 calendar days may reasonably be expected to be materially different than during the prior 60 calendar days],~~ **or if the next clearing fund calculation is expected to result in an additional Margin Amount** or if the Member is on surveillance status

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EXHIBIT B

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-EMCC-2003-05)

Proposed rule change by EMERGING MARKETS CLEARING CORPORATION ("EMCC") regarding EMCC Rules relating to return of clearing fund deposits.

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 Rules relating to return of clearing fund deposits.

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) In Rule filing EMCC 2003-02, EMCC modified its clearing fund formula to eliminate the "look back" feature. Concurrent with this change EMCC intended to establish a fixed clearing fund requirement for IDBs or members who clear for IDBs and provided that any difference between the calculated amount and the fixed amount would be paid by other members pro rata. It was expected that the elimination of the look-back would offset the obligation to pay the pro-rata difference amount. Since the look back was being eliminated it was also expected that Members would be able to request the return of excess funds on a daily basis. The appropriate change to the rules to accomplish the daily return of funds was inadvertently omitted from the filing. Accordingly, the purpose of this filing is to modify EMCC's rules to provide the daily return of excess funds and to provide that effective upon the implementation of the changes covered by EMCC 2003-02, EMCC intends to permit requests for the return of excess funds on a daily basis.

(b) As the proposed rule will permit the clearing corporation to equitably allocate charges among its members, it is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder.

(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.

Written comments from EMCC Members have not been solicited or received on the proposed rule change.

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 such longer period (i) as the Commission may delegate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons 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 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: