

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 a technical correction to Rule 2 (Members) Section 6 (Admission Criteria for Members) of Emerging Markets Clearing Corporation's ("EMCC" or the "Corporation") Rules, 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 was approved by the Membership and Risk Management Committee pursuant to authority delegated by the Board of Directors.

(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) The purpose of the proposed rule change is to make a technical correction to EMCC's Rule 2, Section 6 (Admission Criteria for Members), to eliminate erroneous references to "Excess" Net Capital regarding the calculation of the aggregate indebtedness to Net Capital ratio and the Net Capital to aggregate debit item ratio as set forth in the rule.

(b) As a technical change to EMCC's Rules, the proposed rule change is concerned solely with the administration of EMCC and 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.

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 Section 19(B)(3)(A).

(b) The proposed rule change consists of a technical change to EMCC's Rules thus is concerned solely with the administration of EMCC.

(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.

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

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

MEMBERS

RULE 2

SEC. 6. Admission Criteria for Members

The Board or the Membership and Risk Committee of the Board may approve an application to become a Member by a Person that is eligible to apply to become a Member pursuant to this Rule upon a determination that such applicant meets the following requirements:

(a) Operational Capability - The applicant must have adequate personnel, physical facilities, books and records, accounting systems, and internal procedures to enable it to satisfactorily handle transactions and communicate with the Corporation, fulfill anticipated commitments to and meet the operational requirements of the Corporation with necessary promptness and accuracy, and conform to any condition and requirement that the Corporation reasonably deems necessary for its protection or that of its Members.

(b) Business History - The applicant must have an established business history of a minimum of 3 years or personnel with sufficient operational background and experience to ensure, in the judgment of the Board, the ability of the firm to conduct its business.

(c) Financial - The applicant agrees to make, and has sufficient financial ability to make, all anticipated payments required to be made to the Corporation that may be set forth in these Rules.

(d) Required Capital - The applicant is in compliance with the capital requirements imposed by its Designated Examining Authority or Appropriate Regulatory Agency, any other Self-Regulatory Organizations and any other regulatory authority or self regulatory authority to which it is subject by statute, regulation or agreement.

(e) No Adverse Order - The applicant shall not be subject to an order of Statutory Disqualification (as defined in Section 3(a)(39) of the Exchange Act), or an order of similar effect issued by a Federal or State banking authority in the U.S. or any non-U.S. regulator.

(f) Disqualification Criteria - The Corporation must have received no substantial information that would reasonably and adversely reflect on the applicant, or any Associated Person, to such an extent that the applicant should be denied membership in the Corporation; provided, however, that no application shall be denied pursuant to this subsection (f) unless the Board shall have reasonable grounds to believe that the applicant or any Associated Person:

(i) is subject to special or closer-than-normal surveillance by its Designated Examining Authority or Appropriate Regulatory Agency, or by another Self-Regulatory Organization or any other regulatory authority or self-regulatory authority of which the applicant is a member (including, if the applicant is a broker or dealer regulated by the SFA, being subject to a Secondary Requirement under Rule 10-74 of the SFA rules);

(ii) is subject to an action or condition, including but not limited to incurring a loss, the existence of which would require the applicant, if already a Member, to be placed on surveillance status by the Corporation pursuant to Rule 4;

(iii) has been responsible for (A) making a misstatement of a material fact or omitting to state a material fact to the Corporation, in connection with its application to become a Member or thereafter, or (B) fraudulent acts or willful violation of the Securities Act, the Exchange Act, the Government Securities Act, or any rule or regulation promulgated thereunder, or any similar law, rule or regulation to which the Member is subject;

(iv) has been convicted within the ten years preceding the filing of the application or at any time thereafter of (A) any criminal offense involving the purchase, sale or delivery of any security, or the taking of a false oath, or the making of a fraudulent statement, or the making of a false report, or bribery, or perjury, or burglary, or conspiracy to commit any offense referred to in this subparagraph (iv), (B) the larceny, theft, robbery embezzlement, extortion, fraudulent conversion, fraudulent concealment, forgery or misappropriation of funds, securities or other property, (C) any violation of Sections 153, 1341 or 1342 or of Chapters 25 or 47 of Title 18, United States Code, or (D) any other criminal offense involving breach of fiduciary obligation, or arising out of the conduct of business as a broker, dealer, bank, trust company, or other financial institution;

(v) has been permanently or temporarily enjoined or prohibited by order, judgment or decree of any court or other governmental authority of competent jurisdiction from acting as, or as a person associated with or as an affiliated person or employee of, a broker, dealer, investment company, advisor or underwriter, bank, trust company, fiduciary, insurance company or other financial institution, or from engaging or in continuing any conduct or practice in connection with any such activity, or in connection with the purchase, sale or delivery of any security, and the enforcement of such injunction or prohibition has not been stayed;

(vi) has been expelled or suspended from or had its participation terminated by a national securities association or exchange registered under the Exchange Act, a Self-Regulatory Organization, a regulatory agency, a self-regulatory organization, or a corporation that engages in clearance and settlement activities or a securities depository, or has been barred or suspended from being associated with any member of such an exchange, association, organization, corporation, or securities depository;

(vii) has recently incurred significant losses or reductions in capital, including for Registered Broker-Dealers and brokers or dealers regulated by the SFA, (A) any pre-tax loss over (1) the last month in excess of 15% if Excess Net Capital or Excess Financial Resources (as the case may be), (2) the last two months in excess of 25% of Excess Net Capital or Excess Financial Resources, or (3) the last three months in excess of 30% of Excess Net Capital or Excess Financial Resources or (B) any reduction in Excess Net Capital or Excess Financial Resources (as the case may be) in any of the last three months of 25% or more; or

(viii) has business practices, internal risk management controls or is subject to any other fact or condition that would create undue risk for the Corporation or its Members;

provided further that the Corporation shall not be required to reject any applicant which is subject to any condition specified in subsections (f) (i) through (vii), above unless the applicant itself, rather than an Associated Person, is subject to any condition specified in subsection (v) or (vi) above. The Corporation shall notify the SEC of acceptance of any applicant, to which subsections (f) (i) through (vii) applies.

In addition, if the applicant is a Bank, it must have net worth as of the end of the quarter prior to the effective date of its membership, determined in accordance with generally accepted accounting principles, of at least U.S. \$500 million, provided, however, that it may have net worth of as low as U.S. \$200 million if the Corporation makes a determination that becomes a part of the Corporation's books and records to the effect that other credit factors of the applicant compensate for the lower net worth. In making such a determination, the Corporation will consider the following financial ratios to the extent available (or roughly equivalent ratios to the extent available) over the same periods for which the applicant is required to provide financial statements: (i) return on average assets, (ii) capital to total assets, (iii) non-performing assets (plus owned real estate) to total assets, and (iv) liquid assets to total assets. If (i) return on average assets is negative, (ii) the ratio of non-performing assets (plus owned real estate) to total assets is greater than 2%, or (iii) the ratio of liquid assets to total assets is less than 10%, then the Corporation will obtain an explanation from the applicant and consider such explanation when determining the applicant's suitability for membership. The Corporation will also consider any ratings assigned to the applicant by a Nationally Recognized Statistical Rating Organization as well as any significant adverse off-balance sheet items noted in the financial statements received as part of the admissions process. The Corporation will also consider the applicant's risk management controls with respect to its business in EMCC

Eligible Instruments and other instruments and transactions related to issuers of EMCC Eligible Instruments or issuers domiciled in countries which have issued EMCC Eligible Instruments. The records of the Corporation shall also include any other determinations it makes as to the applicant's internal risk management controls, the regulatory regime and practice in the relevant jurisdictions and whether the capital of the applicant is sufficient to support its business lines, in each case as represented to the Corporation by the applicant, it being understood that an exhaustive analysis of any of these factors may not be practicable. The Corporation may ask an applicant for specific representations and back-up documentation relating to the above, including representations and documentation relating to, among other things, the applicant's customer base, asset composition, revenue sources, transaction sizes, experience of managerial personnel and counterparty, customer or instrument concentrations, on both an historical and current basis. This provision shall not be construed to limit the Corporation's rights to obtain information with respect to the applicant or to view the applicant's books and records set forth elsewhere in these Rules.

If the applicant is a Registered Broker-Dealer (a) its aggregate indebtedness/~~[Excess]~~ Net Capital must be less than 950% or its ~~[Excess]~~ Net Capital/Aggregate Debit Items must be in excess of 5.25%, and (b)(i) its Excess Net Capital must equal at least U.S. \$100 million provided, however, that it may have excess net capital as low as U.S. \$50 million if the Corporation makes a determination that becomes a part of the Corporation's books and records to the effect that other credit factors of the applicant compensate for the lower excess net capital. In making such a determination, the Board will consider any ratings assigned to the applicant by a Nationally Recognized Statistical Rating Organization as well as any significant adverse off-balance sheet items noted in the financial statements received as part of the admissions process. The Corporation will also consider the applicant's significant business lines and internal risk management controls and short term funding arrangements, in each case as represented to the Corporation by the applicant, and make a determination that the risk management controls and short term funding arrangements, as so represented, are appropriate for the business lines. Any applicant admitted under such a determination will not be permitted to add business lines without the approval of the Corporation. The Corporation may ask an applicant for specific representations and back-up documentation relating to the above, including representations and documentation relating to, among other things, the applicant's customer base, asset composition, revenue sources, transaction sizes, experience of managerial personnel and counterparty, customer or instrument concentrations, on both an historical and current basis. It should be understood that an exhaustive examination of any of these matters may not be practicable. This provision shall not be construed to limit the Corporation's rights to obtain information with respect to the applicant or to view the applicant's books and records set forth elsewhere in these Rules.

If the applicant is applying to become an Inter-Dealer Broker Member, it must have excess net capital of at least \$10 million if it is a Registered Broker Dealer or \$10 million in Excess Financial Resources if it is a broker or dealer regulated by the SFA and must agree to submit trading data to the Corporation in such instruments as requested by the

Corporation from time to time. If such applicant has between \$10,000,000 and \$20,000,000 excess net capital or Excess Financial Resources, as applicable, it will be margined by the Corporation under Rule 4 at an Event Factor of 1.5, or such higher factor as determined by the Corporation as provided in rule 4, Section 5(A)III. If such applicant has more than \$20,000,000 excess net capital or Excess Financial Resources, as applicable, it will be margined by the Corporation at an Event Factor as provided in Rule 4, Section 5(A)III. The foregoing financial responsibility standards are only minimum requirements, and the Board, based upon the level of the anticipated positions and obligations of the applicant, the anticipated risk associated with the volume and types of transactions the applicant proposes to process through the Corporation, and the overall financial condition of the applicant, may impose greater standards. If an applicant does not itself satisfy the above minimum capital requirements, the Board may include for such purposes the capital of an Affiliate of the applicant, if the Affiliate has delivered to the Corporation a guaranty, satisfactory in form and substance to the Board, of the obligations of the applicant to the Corporation.

EXHIBIT B

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34- ; File No. SR-EMCC-2003-06)

Proposed rule change by EMERGING MARKETS CLEARING CORPORATION ("EMCC") regarding a technical correction to Rule 2 (Members), Section 6 (Admission Criteria for Members).

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 text of the proposed rule change consists of a technical correction to Rule 2 (Members) Section 6 (Admission Criteria for Members) of Emerging Markets Clearing Corporation's ("EMCC" or the "Corporation") Rules.

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 purpose of the proposed rule change is to make a technical correction to EMCC's Rule 2, Section 6 (Admission Criteria for Members), to eliminate erroneous references to "Excess" Net Capital regarding the calculation of the aggregate indebtedness to Net Capital ratio and the Net Capital to aggregate debit item ratio as set forth in the rule.

(b) As a technical change to EMCC's Rules, the proposed rule change is concerned solely with the administration of EMCC and 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.

The foregoing rule change has become effective pursuant to Section 19(b)(3) of the Act and subparagraph (f)(4) of the Securities Exchange Act Rule 19b-4. 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: