

Washington, DC 20549-0609. 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 the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room, 450th Fifth Street, NW., Washington, DC. Copies of such filing also will be available for inspection and copying at DTC's principal office. All submissions should refer to File No SR-DTC-00-20 and should be submitted by January 3, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>7</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43680; File No. SR-EMCC-00-04]

### Self-Regulatory Organizations; Emerging Markets Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Membership Criteria for Inter-dealer Brokers Regulated by the Securities and Futures Authority Limited

December 6, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on July 3, 2000, the Emerging Markets Clearing Corporation ("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 primarily by EMCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.<sup>2</sup>

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

EMCC is proposing to amend its rules to establish membership criteria for brokers or dealers that act as inter-dealer brokers ("IDBs") and that are regulated by the Securities and Futures Authority Limited ("SFA").

#### 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 these statements.<sup>3</sup>

##### (A) Self-Regulatory Organizations' Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Currently, EMCC's Rules only provide for U.S. registered broker-dealers to act as an inter-dealer broker. The purpose of this proposed rule change is to establish admission criteria for brokers or dealers who are regulated by the SFA and act as IDBs. EMCC's membership criteria for broker-dealers acting as IDBs that are registered by the SFA will mirror the requirements of U.S. registered broker-dealers acting as IDBs except SFA regulated IDBs will be required to maintain "excess financial resources" of \$10,000,000 as opposed to excess net capital of \$10,000,000.

EMCC believes that the proposed rule change is consistent with the requirements of section 17A of the Act<sup>4</sup> and the rules and regulations thereunder because the proposal should encourage IDBs regulated by the SFA to become participants in EMCC and therefore facilitate the prompt and accurate clearance and settlement of emerging market securities transactions.

##### (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 relating to the proposed rule change have not yet 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 thirty-five 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 ninety 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, including whether the proposed rule change is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. 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 the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of EMCC. All submissions should refer to File No. SR-EMCC-00-04 and should be submitted by January 3, 2001.

<sup>7</sup> CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> EMCC's filing will be available for inspection and copying in the Commission's Public Reference Section or through EMCC.

<sup>3</sup> The Commission has modified the text of the summaries prepared by EMCC.

<sup>4</sup> 15 U.S.C. 78q-1

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43675; File No. SR-EMCC-00-01]

### Self-Regulatory Organizations; Emerging Markets Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Financial Statements Prepared in Accordance With International Accounting Standards or United Kingdom Generally Accepted Accounting Principles

December 5, 2000.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on February 29, 2000, the Emerging Markets Clearing Corporation ("EMCC") filed a proposed rule change with the Securities and Exchange Commission ("Commission") and on October 26, 2000, and on November 15, 2000, amended it proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily 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 would permit EMCC to accept financial statements from an applicant prepared in accordance with International Accounting Standards ("IAS") or United Kingdom Generally Accepted Accounting Principles ("UK GAAP") without requiring the applicant to provide a discussion of the material variations of such accounting principles from United States Generally Accepted Accounting Principles ("US GAAP").

#### 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.<sup>2</sup>

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

Currently, Rule 2, Section 3(b) of EMCC's Rules and procedures requires applicants to provide audited financial statements for the two fiscal years immediately preceding the year the application is made. To the extent such financial statements are not prepared in accordance with US GAAP, applicants must provide EMCC with a discussion of the material variations of such accounting principles from US GAAP.

When membership requirements were initially established in 1996, EMCC had minimal experience in analyzing non-U.S. financial statements. Therefore, it was deemed prudent to require applicants submitting audited financial statements prepared on a basis other than US GAAP to provide a discussion of the material differences. Since that time, EMCC's staff's familiarity with, understanding, and expertise in evaluating financial statements not prepared in accordance with US GAAP has significantly increased.

Pursuant to the proposed rule change, EMCC would have the authority to determine that a discussion of the material variations between US GAAP and another financial accounting standard used in a preparing an applicant's audited financial statement is unnecessary. Also under EMCC's proposal, EMCC is seeking Commission approval of its determination that with respect to audited financial statements prepared in accordance with IAS or UK GAAP, it will not require an applicant to provide a discussion of such material variations from US GAAP. EMCC retains the right to require any applicant not submitting audited financial statements prepared according to US GAAP to provide a discussion of such material variations if EMCC in its sole discretion determines that circumstances warrant the applicant providing such a discussion.

Moreover, when assessing an applicant's qualifications for EMCC membership, the audited financial statements comprise only a portion of the materials provided to and reviewed by the company. Such materials

include, but are not limited to, reports filed with the applicant's primary regulator, interim financial, and a detailed questionnaire. To demonstrate to EMCC the applicant's financial responsibility and operational capability is sufficient for membership, EMCC may also require an applicant to make its books and records available to EMCC. Thus, EMCC has the ability to seek information it deems necessary or relevant to sufficiently assess and review an applicant's qualifications and capability for membership.

EMCC believes that the proposed rule change will not adversely affect the safeguarding of securities or funds in the custody or control EMC or for which it is responsible and is therefore consistent with the requirements of Section 17A of 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 impact or impose a burden on competition.

#### C. Self-Regulatory Organization's Statements 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 thirty-five 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 ninety 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 changes should be disapproved.

#### IV. Solicitation of Comments.

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the propose rule change is consistent with the Act. Persons making written submission should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. Copies of

<sup>5</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> The Commission has modified the text of the summaries prepared by EMCC.