

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43629; File No. SR-EMCC-00-06]

### Self-Regulatory Organizations; Emerging Markets Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Issuing Reports Concerning Warrants With a Money Distribution

November 28, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> notice is hereby given that on August 22, 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 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 clarify EMCC's procedures for issuing reports concerning warrants with a money distribution.

#### 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 7, Section 16, paragraph (b) of EMCC's Rules provides that where an issuer of a warrant has declared a money distribution on such warrant, EMCC will issue a "Record Date Report" ("Report") to each EMCC member with an outstanding fail deliver or fail receive obligation with respect to that warrant. The Report indicates the

member's record date delivery or receive obligations with respect to the distribution. The Rules specify that the Report is to be issued on the record date.

However, EMCC believes that there is no operational reason for the Report to be produced on the record date. The proposed rule change would allow EMCC to provide this information to its members through one or more reports that will be issued after a record date is declared.

EMCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder because it would provide EMCC with the capability to issue informative reports to members with affected positions and therefore will 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

No written comments relating to the proposed rule change have been solicited or received by EMCC. 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 has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(4)<sup>4</sup> thereunder because the rule change effects a change in an existing service of EMCC that does not adversely affect the safeguarding of securities or funds in the EMCC's custody or control or for which it is responsible and does not significantly affect EMCC's respective rights or obligations or persons using the service. At any time within sixty days of the proposed 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, 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 rule proposal that are filed with the Commission, and all written communications relating to the rule proposal 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 in Washington, DC. Copies of such filing will also be available for inspection and copying at EMCC's principal office. All submissions should refer to File No. SR-EMCC-00-06 and should be submitted by December 26, 2000.

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. 34-43636; File No. SR-GSCC-00-14]

### Self-Regulatory Organizations; Government Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Changes to GSCC's Fee Structure With Respect to GCF Repo Service

November 29, 2000.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> hereby given that on November 14, 2000, the Government Securities Clearing Corporation ("GSCC") 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 GSCC. The Commission is publishing this

<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.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(4).

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

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

notice to solicit comments on the proposed rule change from interested parties.

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

After offering the GCF Repo Service free of charge for two years, GSCC is proposing to amend its fee structure to begin charging for the GCF Repo Service.

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

In its filing with the Commission, GSCC 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. GSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.<sup>2</sup>

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

GSCC introduced its GCF Repo Service in November 1998.<sup>3</sup> The GCF Repo Service allows GSCC's non-inter-dealer broker netting members ("dealers") to trade general collateral repurchase transactions involving U.S. Government securities throughout the day without requiring trade for trade settlement on a delivery versus payment basis. Although the Commission has authorized GSCC to charge participants for GCF Repo transactions,<sup>4</sup> GSCC has offered the GCF Repo Service without any charge for two years while it tailored the service to meet the needs of participants. Now that the service has succeeded in becoming an accepted means of processing general collateral repurchase transactions, GSCC has decided to begin charging participants for the service and is proposing to amend its fee structure for GCF Repo

transactions. The new charges will be effective as of December 1, 2000.

The current fee schedule for GCF Repo Transactions includes (i) flat fees based on the number of legs of the repo transaction and the number of \$50 million increments that make up the trade and (ii) basis point charges applied to the dollar amount of each GCF Repo Transaction.<sup>5</sup> The revised fee schedule drops the flat fees, retains the basis point charges, and adds a recording fee that is also applied to the dollar amount if each GCF Transactions.<sup>6</sup> Basis point charges will be applied to both overnight and term GCF Repo Transactions.

GSCC has determined to assess all fees for the GCF Repo Service based on the total value of a trade instead of including flat fees in the computation. This type of fee arrangement better reflects the risk of GSCC, which risk increases with the dollar amount of transactions that GSCC guarantees. Assessing fees in this manner works particularly well with GCF Repo transactions, which are settled in their full dollar amount by internal entries on the books of the clearing banks and not in \$50 million increments as is required over the securities FedWire system.

GSCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>7</sup> and the rules and regulations thereunder applicable to GSCC, because it involves changes to GSCC's fee structure that fairly reflect the costs incurred by GSCC in providing services to its members.

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

GSCC does not believe that the proposed rule change will have any impact, or impose any 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. GSCC will notify the Commission of any written comments received by GSCC.

<sup>5</sup> As stated above, despite the existence of a fee schedule for GCF Repo transactions, GSCC has never charged for such transactions.

<sup>6</sup> The Revised Fee Structure, attached as Exhibit A to the GSCC filing, is available for inspection and copying in the Commission's Public Reference Section and at the principal office of GSCC.

<sup>7</sup> 15 U.S.C. 78q-1.

### **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)(A)(ii)<sup>8</sup> of the Act and Rule 19b-4(f)(2)<sup>9</sup> promulgated thereunder because the proposal establishes or changes a due, fee, or other charge imposed by GSCC. At any time within sixty days of the filing of such proposed 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, 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, N.W., Washington, D.C. 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 GSCC. All submissions should refer to File No. SR-GSCC-00-14 and should be submitted by December 26, 2000.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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

<sup>3</sup> Securities Exchange Act Release Nos. 40623 (October 30, 1998), 63 FR 59831 [File No. SR-GSCC-98-02] (order approving GSCC to implement the GCF Repo Service on an intrabank basis) and 41303 (April 16, 1999), 64 FR 20346 [File No. SR-GSCC-99-01] (order approving GSCC to implement the second, interbank phase of the GCF Repo Service that has enabled participating dealers to engage in GCF Repo trading with participating dealers that use a different clearing bank).

<sup>4</sup> Securities Exchange Act Release No. 40623.

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).