

stolen annually and that each reporting institution will submit this report 50 times each year. The staff estimates that the average amount of time necessary to comply with rule 17f-1(c) and Form X-17F-1A is five minutes per submission. The total burden is 108,333 hours annually for the entire industry (26,000 times 50 times 5 divided by 60). The average cost per hour is approximately \$50. Therefore, the total cost of compliance for respondents is \$5,416,666.

Rule 17f-1(c) is a reporting rule and does not specify a retention period. The rule requires an incident-based reporting requirement by the reporting institutions when securities are discovered missing, lost, counterfeit, or stolen. Registering under rule 17f-1(c) is mandatory to obtain the benefit of a central database that stores information about missing, lost, counterfeit, or stolen securities for the Lost and Stolen Securities Program. Reporting institutions required to register under rule 17f-1(c) will not be kept confidential; however, the Lost and Stolen Securities Program database will be kept confidential. Please note that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

General comments regarding the estimated burden hours should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503; and (ii) Kenneth A. Fogash, Acting Associate Executive Director/CIO, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: August 19, 2003.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 17f-1(b), SEC File No. 270-28, OMB Control No. 3235-0032.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

- Rule 17f-1(b): Requirements for reporting and inquiry with respect to missing, lost, counterfeit, or stolen securities.

Rule 17f-1(b) requires approximately 26,000 entities in the securities industry to register in the Lost and Stolen Securities Program ("Program"). Registration fulfills a statutory requirement that entities report and inquire about missing, lost, counterfeit, or stolen securities. Registration also allows entities in the securities industry to gain access to a confidential database that stores information for the Program.

We estimate that 1,000 entities will register in the Program annually and that each respondent will register one time. The staff estimates that the average number of hours necessary to comply with the rule 17f-1(b) is one-half hour. The total burden is therefore 500 hours (1,000 times one-half) annually for all respondents. The average cost per hour is approximately \$50. Therefore, the total cost of compliance for each respondent is \$25,000 (500 times \$50).

Rule 17f-1(b) is a reporting rule and does not specify a retention period. The rule requires a one-time registration for reporting institutions. Registering under rule 17f-1(b) is mandatory to obtain the benefit of a central database that stores information about missing, lost, counterfeit, or stolen securities for the Program. Reporting institutions required to register under rule 17f-1(b) will not be kept confidential; however, the Program database will be kept confidential.

Please note that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

General comments regarding the estimated burden hours should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC, 20503; and (ii) Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and

Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: August 19, 2003.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension: Rule 14f-1, OMB Control No. 3235-0108, SEC File No. 270-127; Rule 12d1-3, OMB Control No. 3235-0109, SEC File No. 270-116.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) the Securities and Exchange Commission ("Commission") is soliciting comments on the collections of information summarized below. The Commission plans to submit these existing collections of information to the Office of Management and Budget for approval.

Rule 14f-1 (OMB Control No. 3235-0108; SEC File No. 270-127) requires issuers to disclose a change in a majority of the directors of the issuer. The information filed under rule 14f-1 must be filed with the Commission and is publicly available. We estimate that it takes 18 burden hours to provide the information required under rule 14f-1 and that the information is filed by 44 respondents for a total of 792 burden hours.

Rule 12d1-3 (OMB Control No. 3235-0109; SEC File No. 270-116) requires a certification that a security has been approved by an exchange for listing and registration pursuant to section 12(d) of the Securities Exchange Act of 1934 to be filed with the Commission. The information required under rule 12d1-3 must be filed with the Commission and is publicly available. We estimate that it takes one-half hour to provide the information required under rule 12d1-3 and that the information is filed by 688 respondents for a total of 344 burden hours.

Written comments are invited on: (a) Whether these proposed collection of information are necessary for the performance of the functions of the agency, including whether the information will have practical utility;

(b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comment to Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549.

Dated: August 19, 2003.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-48366; File No. SR-EMCC-2003-02]

Self-Regulatory Organizations; Emerging Markets Clearing Corporation; Order Granting Approval of a Proposed Rule Change Modifying the Clearing Fund Calculation

August 19, 2003.

I. Introduction

On May 8, 2003, Emerging Markets Clearing Corporation ("EMCC") filed with the Securities and Exchange Commission ("Commission") and on June 2, 2003, and June 5, 2003, amended proposed rule change SR-EMCC-2003-02 pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on June 30, 2003.² No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description

One of the purposes of the proposed rule change is to modify the clearing fund deposit requirement for certain EMCC members. The proposed change adds Addendum I to EMCC's rules. Addendum I establishes \$50 million as the clearing fund deposit for members who are Inter-Dealer Brokers ("IDBs") or

whose only business with EMCC is to clear for IDBs. EMCC will continue to calculate the clearing fund requirements for each of these members. To the extent that the calculated amount exceeds the \$50 million fixed amount for any day, the difference will be required to be paid by all other EMCC members on a pro-rata basis based on their average clearing fund requirements over the previous 30 calendar day period. However, for the purpose of determining the pro-rata loss obligation of any member whose deposit is fixed at \$50 million, the member's calculated clearing fund requirement will continue to be used by EMCC. Similarly, the additional amounts paid by other EMCC members will not be used by EMCC in determining their pro-rata loss obligations.

The function of an IDB is to bring together principals in transactions on a matched anonymous basis while taking no principal risk themselves. If every dealer who interacted with an IDB were a member of EMCC, the IDB or its clearing firm would have to deposit only a minimal clearing fund amount. To the extent that one side of an IDB trade is not with an EMCC member, the clearing fund requirement for the IDB or its clearing firm is based only on one side of the matched transaction. This one sided calculation may create a clearing fund obligation of a significant amount for the IDB or its clearing firm. EMCC believes it is appropriate, given the role of IDBs in providing liquidity to the market place, to establish a fixed clearing fund requirement for such firms or their clearing firms and to have the difference between the fixed amount and the IDB's calculated clearing fund requirement deposited by the other EMCC members. EMCC is concerned that if this requirement is not established IDBs will stop submitting their transactions to EMCC, and as a result, the dealer market will lose the benefits, such as risk management and standardized, electronic processing, currently provided by EMCC.

While EMCC has determined that it is appropriate to set a fixed clearing fund amount of \$50 million for such members, it does not want this fixed amount to alter the status quo among members in the event that a pro-rata charge is imposed pursuant to section 11(c) of rule 4 (Clearing Fund, Margin and Loss Allocation). Consequently, the proposed rule change provides that the calculated clearing fund amount and not the fixed clearing fund amount will be used in determining the pro-rata liability of any affected members. Further, any amount that is required to be paid by other members because the

IDB's calculated clearing fund amount exceeds the fixed clearing fund amount similarly will not be taken into account when determining pro-rata charges.

A second purpose of the proposed rule change is to modify the time at which EMCC novates transactions and to change the clearing fund formula to eliminate the "look back" feature. Currently, EMCC novates transactions at different times depending on whether the trade is received and compared on trade date or thereafter. Since under the current rules EMCC novates transactions received on trade date before EMCC has the opportunity to collect any additional required clearing fund, the clearing fund required of members is the greater of the calculated requirement or the highest requirement over the previous two months. When the "look back" feature was adopted, EMCC believed that by "looking back" it would have sufficient clearing fund deposits so long as a member's current trades were similar to the trading that occurred over the prior two months. While this methodology provided EMCC with adequate collateral in most cases, EMCC could never be certain it was always fully protected. To remedy this, EMCC has determined to require members to submit trades earlier on trade date, to calculate clearing fund based on these trades, and to collect any additional required clearing fund on trade date. EMCC's rules are being changed to provide that novation of trades will not occur until after all margin requirements are received from both sides of the trade. This will apply to trades included in the afternoon calculation as well as trades covered by the morning calculation. As before, EMCC will do an afternoon and a morning clearing fund calculation, but now payments of required clearing fund will be due after each calculation and not just after the morning calculation. Because EMCC will be collecting margin to cover its exposure on a timely basis, it will no longer need to collect the highest margin calculation over the prior two months. Therefore, the "look back" feature of its clearing fund calculation will be eliminated.³

Because EMCC will now be collecting clearing fund deposits in the afternoon, there will no longer be an overnight exposure. Accordingly, EMCC is deleting from its rules all references to calculations based on the "overnight exposure cap."

³ EMCC expects that by removing the "look back" feature, its members' clearing fund requirements will decrease. This decrease in required clearing fund should help offset any additional clearing fund requirement that members will be required to make under new Addendum I.

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 48081 (June 24, 2003), 68 FR 38733.