

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-49632; File No. SR-EMCC-2004-02)

April 29, 2004

Self-Regulatory Organizations; The Emerging Markets Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Letter of Credit Issuers

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, notice is hereby given that on April 2, 2004, 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.

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

The proposed rule change will allow EMCC to revise Rule 1 to modify the definition of “Approved Letter of Credit Issuer” to remove references to long-term obligations ratings and to conform EMCC’s criteria with criteria used by the National Securities Clearing Corporation (“NSCC”).²

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

¹ 15 U.S.C. 78s(b)(1).

² NSCC Rule 4 sets forth criteria for letter of credit issuers.

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.³

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

The purpose of the proposed rule change is to modify the criteria EMCC uses in approving a letter of credit issuer. Currently, EMCC Rule 1, Approved Letter of Credit Issuer, indicates that to be acceptable an issuer must meet certain rating criteria for its long-term and short-term obligations. In order to be consistent with the criteria used by NSCC, EMCC is modifying its criteria to remove any reference to long-term obligations ratings requirements and to conform its short-term obligations ratings requirements to mirror those of NSCC. Under its revised rule, EMCC will not approve a letter of credit issuer unless, among other requirements, it has and maintains at least \$500 million in total shareholders equity and a short-term obligations rating of at least A-2 (by Standard & Poor's Corporation) or P-2 (by Moody's Investors Service, Inc.) and does not have a short-term obligations rating of lower than A-2 or P-2.

The proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act⁴ and the rules and regulations thereunder applicable to EMCC because it will standardize the criteria used in approving letter of credit issuers and foster cooperation and coordination amongst entities engaged in the clearance and settlement of securities transactions.

³ The Commission has modified the text of the summaries prepared by EMCC.

⁴ 15 U.S.C. 78q-1(b)(3)(F).

(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.

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 Act⁵ and Rule 19b-4(f)(4)⁶ thereunder because the proposed rule change by EMCC does not adversely affect the safeguarding of securities or funds in the custody or control of EMCC or for which it is responsible and does not significantly affect the respective rights or obligations of EMCC or the persons using the service. 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, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

⁶ 17 CFR 240.19b-4(f)(4).

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an E-mail to rule-comments@sec.gov. Please include File Number SR-EMCC-2004-02 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

All submissions should refer to File Number SR-EMCC-2004-02. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). 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 comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-EMCC-2004-02 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland

Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).