

broker-dealers, and custodians. The software enables them to utilize various features of the DTC TradeSuite family of products. The proposed fees are designed to recover DTC's estimated service costs and will be effective October 1, 1999.

The proposed rule change is consistent with the requirements of the Act⁴ and the rules and regulations thereunder because it provides for the equitable allocation of dues, fees, and other charges among DTC's participants.

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

DTC does not believe that the proposed rule change will impact or impose a burden on competition that is necessary or appropriate in furtherance of the purposes of the Act.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No comments on the proposed rule change were solicited or received. DTC will notify the Commission of any written comments received by DTC.

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)⁵ of the Act and pursuant to Rule 19b-4(f)(2)⁶ promulgated thereunder because the proposal establishes or changes a due, fee, or other charge imposed by DTC. 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 proposal 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 DTC's principal office. All submissions should refer to File No. SR-DTC-99-21 and should be submitted by November 12, 1999.

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

Jonathan G. Katz,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42016; File No. SR-EMCC-99-10]

Self-Regulatory Organizations; Emerging Markets Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to the Requirements for a Class I, II, or III Director

October 15, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 24, 1999, 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 delay the implementation of certain requirements for Class I, II, and III directors.

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.²

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

EMCC's by-laws currently provide that from and after the 1999 annual meeting of shareholders, individuals elected to Class I, II, or III directorships must be an officer or partner of a shareholder or of an affiliate or subsidiary of a shareholder.³ Similarly, EMCC's amended and restated shareholder agreement provides that from and after the 1999 annual meeting, directors elected to these classes must be an officer or partner of a "participant shareholder" (i.e., a shareholder that is also an EMCC participant) or of an affiliate of a participant shareholder.⁴

The purpose of the proposed rule change is to amend the by-laws and the amended and restated shareholder agreement to postpone the effectiveness of these requirements until the 2000 annual meeting of shareholders. According to EMCC, its membership is not yet as large as its management had anticipated, and there are a number of shareholders and other industry participants who have not yet completed either applying for membership or acquiring EMCC shares. EMCC believes it is important to continue its developmental momentum and at the same time to maintain the continuing broad-based representation of industry participants on the EMCC Board.

In addition, when EMCC was originally organized, it was expected that an entity that became a shareholder would also be the participant. As EMCC's business has developed while the financial services industry continues to consolidate, participants have indicated that they may prefer that the shareholder and the participant be

² The Commission has modified the text of the summaries prepared by EMCC.

³ Article II, Section 2.2 of the by-laws.

⁴ Section 1(A) of the amended and restated shareholder agreement.

⁴ 15 U.S.C. 78q-1.

⁵ 15 U.S.C. § 78s(b)(3)(A)(ii).

⁶ 17 CFR 240.19b-4(e)(2).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

affiliated but different entities. This flexibility would not adversely impact EMCC's operations, and it should not impact the participant's ability to be represented on the EMCC Board. Thus, the proposed rule change will amend the definition of participant shareholder to mean a shareholder that holds one or more Class A subject shares and is also a participant or an affiliate of a participant.

EMCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁵ and the rules and regulations thereunder applicable to EMCC because it permits EMCC's Board of Directors to continue to maintain broad representation of both EMCC's participants and the emerging market debt industry and thus allows EMCC to assure fair representation of its shareholders and participants.

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

EMCC 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. EMCC will notify the Commission of any written comments it receives.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 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 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, 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 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, N.W., Washington, D.C. 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-99-10 and should be submitted by November 12, 1999.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Jonathan G. Katz,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-42005; File No. SR-MBSCC-99-06]

Self-Regulatory Organizations; MBS Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating to Market Margin Differential Deposits

October 13, 1999.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on July 14, 1999, the MBS Clearing Corporation ("MBSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change (File No. SR-MBCC-99-06) as described in Items I, II, and III below, which items have been prepared primarily by MBSCC. 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 amends the formula MBSCC uses to calculate market margin differential deposits.

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

In its filing with the Commission, MBSCC 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. MBSCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.²

(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 amend the formula MBSCC uses to calculate market margin differential deposits to the participants fund.³ Specifically, the proposed rule change adds net position and net-out position components to the market margin differential deposit formula.

Article IV, Rule 2, Section 4 of MBSCC's rules sets forth the formula used to calculate a participant's daily market margin differential deposit to the participants fund. This formula currently requires a participant to make a daily market margin differential deposit to the participants fund equal to the sum of: (a) 130% (or such other percentage of MBSCC from time to time may determine) of adjusted net losses, plus (b) 100% (or such other percentage as MBSCC from time to time may determine) of certain projected cash settlement obligations owed to MBSCC, minus (c) the amount of any market margin differential deposits previously made by the participant to and remaining in the participants fund.

The proposed rule change replaces the 130% of adjusted net losses component as contained in subsection (a) of the formula with 130% (or such other percentage of MBSCC from time to time may determine) of the greater of: (i) adjusted net losses or (ii) 25 basic points

² The Commission has modified the text of the summaries prepared by MBSCC.

³ MBSCC requires participants to maintain collateral in the form of deposits to the participants fund. Each participant's participants fund is comprised of a basic deposit, a minimum market margin differential deposit, and a market margin differential deposit. The basic deposit is equal to a minimum of \$1,000 and a maximum of \$10,000 with the actual amount determined based on the average six months billing for the participant. The minimum market margin differential deposit is equal to \$250,000. The market margin differential deposit is based on the formula set forth in Article IV, Rule 2, Section 4 of MBSCC's rules and is the subject of this rule filing.

⁵ 15 U.S.C. 78q-1.

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).