

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹²

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release 34-43182; File No. 600-23; International Series Release No. 1230]

Self-Regulatory Organizations; Emerging Markets Clearing Corporation; Notice of Filing and Order Approving a Request for an Extension of Temporary Registration as a Clearing Agency

August 18, 2000.

Notice is hereby given that on July 10, 2000, the Emerging Markets Clearing Corporation ("EMCC") filed with the Securities and Exchange Commission ("Commission") an application pursuant to Section 19(a) of the Securities Exchange Act of 1934 ("Act")¹ requesting that the Commission extend EMCC's temporary registration as a clearing agency.² The Commission is publishing this notice and order to solicit comments from interested persons and to extend EMCC's temporary registration as a clearing agency through August 31, 2001.

On February 13, 1998, pursuant to Sections 17A(b) and 19(a)(1) of the Act³ and Rule 17Ab2-1 promulgated thereunder,⁴ the Commission granted EMCC's application for registration as a clearing agency until August 20, 1999.⁵ The Commission subsequently extended EMCC's registration as a clearing agency until August 20, 2000.⁶ EMCC was created to facilitate the clearance and settlement of transactions in U.S. dollar denominated Brady Bonds.⁷ Since that time, EMCC has added certain sovereign

debt to the list of eligible securities that may be cleared and settled at EMCC.⁸

EMCC began operating on April 6, 1998, with ten dealer members. EMCC currently has 21 members. During 1999, EMCC's members achieved an average trade-date matching rate of 89 percent and an average settlement-date success rate of over 92 percent.⁹

As part of EMCC's initial temporary registration, the Commission granted EMCC temporary exemption from Section 17A(b)(3)(B) of the Act because EMCC did not provide for the admission of some of the categories of members required by that section.¹⁰ To date, EMCC continues to limit the categories of entities eligible for membership to U.S. broker-dealers, United Kingdom broker-dealers, U.S. banks, and non-U.S. banks. As the Commission noted in the Registration Order, the Commission believes that providing for limited categories of members is appropriate at least during a clearing agencies initial phases of operations especially when no one in a category not covered by EMCC desires to be a member. Accordingly, the Commission is extending EMCC's temporary exemption from Section 17A(b)(3)(B).

The Commission also granted EMCC a temporary exemption from Sections 17A(b)(3)(A) and 17A(b)(3)(F) of the Act to permit EMCC to use, subject to certain limitations, ten percent of its clearing fund to collateralize a line of credit at Euroclear to finance on an intraday basis the receipt by EMCC of eligible instruments from one member that EMCC will redeliver to another member.¹¹ The Registration Order limited EMCC's use of clearing fund deposits for this intraday financing to the earlier of one year after EMCC commenced operations or the date on which EMCC begins its netting service. On April 2, and May 17, 1999, the Commission approved rule changes that permitted EMCC to implement a netting service and that extended EMCC's ability to use clearing fund deposits for intraday financing at Euroclear until all EMCC members are netting members (as opposed to the date on which netting services were made available or EMCC's first anniversary).¹² Accordingly, the Commission is extending EMCC's

temporary exemption from Section 17A(b)(3) (A) and (F).

Interested persons are invited to submit written data, views, and arguments concerning the foregoing application. Such written data, views, and arguments will be considered by the Commission in granting registration or instituting proceedings to determine whether registration should be denied in accordance with Section 19(a)(1) of the Act.¹³ 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 amended application for registration and all written comments will be available for inspection at the Commission's Public Reference Room, 450 Fifth Street, NW, Washington, DC 20549. All submissions should refer to File No. 600-30 and should be submitted by September 15, 2000.

It Is Therefore Ordered, pursuant to Section 19(a) of the Act, that EMCC's registration as a clearing agency (File No. 600-30) be and hereby is temporarily approved through August 31, 2001.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.¹⁴

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-43186; File No. SR-CBOE-99-37]

Self-Regulatory Organizations; Chicago Board Options Exchange, Inc.; Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 2 and 3 to the Proposed Rule Change Establishing a Membership Ownership Requirement and a Capitalization Transfer Fee Applicable to Designated Primary Market Makers

August 21, 2000.

I. Introduction

On July 9, 1999, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act

¹² 17 CFR 200.30-3(a)(29).

¹³ 15 U.S.C. 78s(a).

² Letter from Merrie Faye Witkin, Assistant Secretary, EMCC (July 7, 2000).

³ 15 U.S.C. 78q-1(b) and 78s(a)(1).

⁴ 17 CFR 240.17Ab2-1.

⁵ Securities Exchange Act Release No. 39661 (February 13, 1998), 63 FR 8711 ("Registration Order").

⁶ Securities Exchange Act Release No. 41733 (August 12, 1999), 64 FR 44982.

⁷ Brady bonds are restructured bank loans. They were first issued pursuant to a plan developed by then U.S. Treasury Secretary Nicholas Brady to assist debt-ridden countries restructure their sovereign debt into commercially marketable securities. The plan provided for the exchange of bank loans for collateralized debt securities as part of an internationally supported sovereign debt restructuring. Typically, the collateral would be U.S. Treasury securities.

⁸ Securities Exchange Act Release Nos. 41618 (July 14, 1999), 64 FR 39181 and 40363 (August 25, 1998), 63 FR 46263.

⁹ EMCC 1999 Annual Report.

¹⁰ Registration Order at 8716.

¹¹ Registration Order at 8720.

¹² Securities Exchange Act Release Nos. 41247 (April 2, 1999), 64 FR 17705 (April 12, 1999) and 41415 (May 17, 1999), 64 FR 27841 (May 21, 1999).

¹³ 15 U.S.C. 78s(a)(1).

¹⁴ 17 CFR 200.30-3(a)(16).