Combining Our Strengths in a Shared Direction

Emerging Markets Clearing Corporation
2001 ANNUAL REPORT

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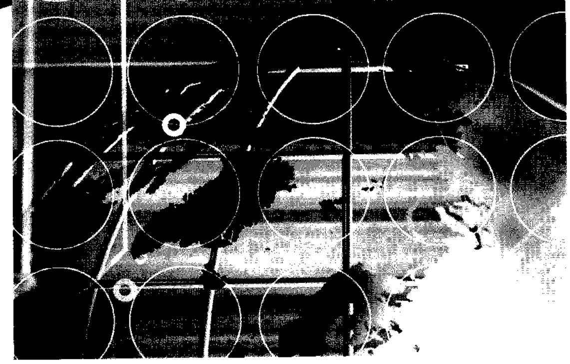


The Emerging Markets Clearing Corporation

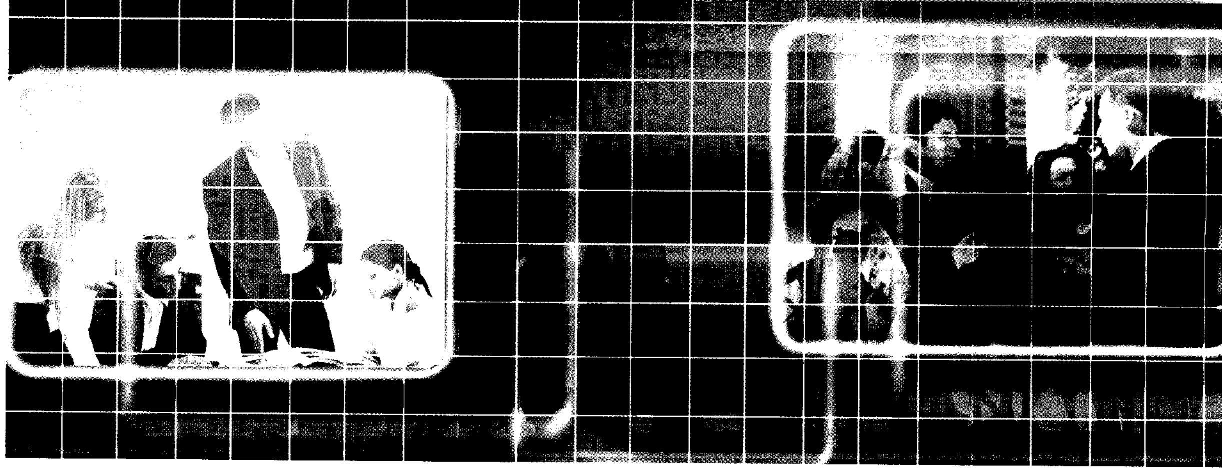
The Emerging Markets Clearing Corporation (EMCC), the first clearing corporation to guarantee cross-border trading activity, serves the financial community as the central resource for the automated trade comparison, settlement and risk management of a variety of emerging markets debt transactions, including Brady bonds, sovereign debt and quasi-sovereign debt.

To the member firms, and to the correspondent firms that clear through these members, EMCC offers highly sophisticated, automated trade comparison, netting and settlement processing systems that guarantee trades will be settled efficiently, accurately and cost-effectively. Underlying these systems is a risk management policy that proactively evaluates and manages risk to appropriate levels in a volatile environment.

In 2001, the corporation was governed by a board of directors that reflected the organization's membership; it included representatives from the growing community of interdealer brokers, clearing agents, broker-dealers and banks that trade in or clear emerging markets debt instruments.

Founded and financed by firms worldwide that trade emerging markets debt instruments, EMCC was developed in 1997 by the National Securities Clearing Corporation (NSCC), a subsidiary of The Depository Trust & Clearing Corporation (DTCC), in coordination with the Emerging Markets Traders Association (now EMTA Inc.). On January 1, 2002, EMCC became an operating subsidiary of DTCC.

EMCC is registered with and regulated by the U.S. Securities and Exchange Commission, and is a clearing house recognized for the purposes of the U.K. Financial Services Authority's Interim Prudential Sourcebook: Investment Business.

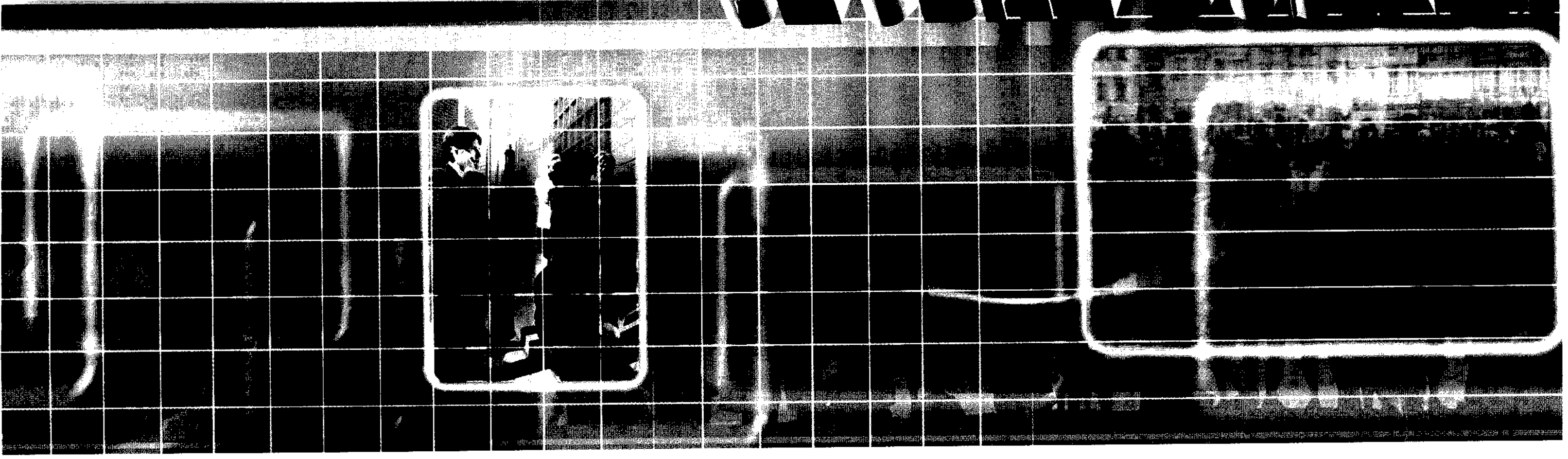


To Our Members:

The year 2001 marked a milestone in EMCC's history, with the approval of a plan for EMCC and its sister clearing organizations, Government Securities Clearing Corporation and MBS Clearing Corporation, to become operating subsidiaries of The Depository Trust & Clearing Corporation (DTCC). Created in 1999, DTCC is the holding company overseeing two other subsidiary firms, The Depository Trust Company and the National Securities Clearing Corporation. The integration of the newest DTCC subsidiaries, which took effect officially on January 1, 2002, is part of a larger effort by the industry to bring greater synergies and efficiencies to post-trade processing, with the vision of creating a truly global central counterparty solution for many types of securities.

For our customers, we anticipate this integration will mean greater effectiveness and economies of scale in service delivery and technology development from EMCC and the other subsidiaries. To DTCC, the subsidiaries each bring exceptional capabilities; at EMCC, we bring our own technology solutions to enhance service delivery and, as the first clearing corporation to guarantee cross-border trading activity, we also bring our own unique experiences in cross-border membership, risk management and settlement.

As the theme of this annual report states, we are combining our strengths in a shared direction. There is power in our collective efforts, and by combining our ideas, knowledge and resources, we will have a larger impact on the issues facing our customers and the industry. From where we stand today, EMCC and the integrated subsidiaries of DTCC are now better positioned to face future industry challenges and chart new directions together.



Strength of Our Operational Performance

While working to integrate our own clearing capabilities with the other subsidiaries of DTCC, we will continue to maintain the high-quality levels of service our members have come to expect. Since EMCC was launched on April 6, 1998, we have remained steadfast in our delivery of reliable service, maintaining a solid comparison rate of over 85% on trade date, reaching 99% prior to settlement date. This is particularly significant because prior to EMCC, fewer than 40% of trades compared on trade date.

A look back over the past four years demonstrates the significant growth in EMCC's business and membership in a very short period of time:

- Between 1998 and 2001, the average daily value of Emerging Markets securities trades guaranteed for members increased by almost 65%, to $1.3 billion from $790 million.
- In 1998, EMCC matched and settled 132,000 sides worth $197 billion; by 2001, the number of transactions had jumped 83% to over 241,000 sides, and the value of those trades increased 64% to $323 billion.
- In the same timeframe, we have more than doubled our membership, and increased the number of securities eligible at EMCC by 176% to 340 from 123, representing issues from 45 countries.
- EMCC's success is also evident in the performance of our systems, particularly on peak trading days. While volume throughout the year averaged almost 1,000 sides per day, EMCC set a new record on July 16, 2001, by settling more than 2,716 bond and warrant sides in one day, a 43% increase over last year's peak day.
- In 2001, EMCC recorded its second year of profitability.

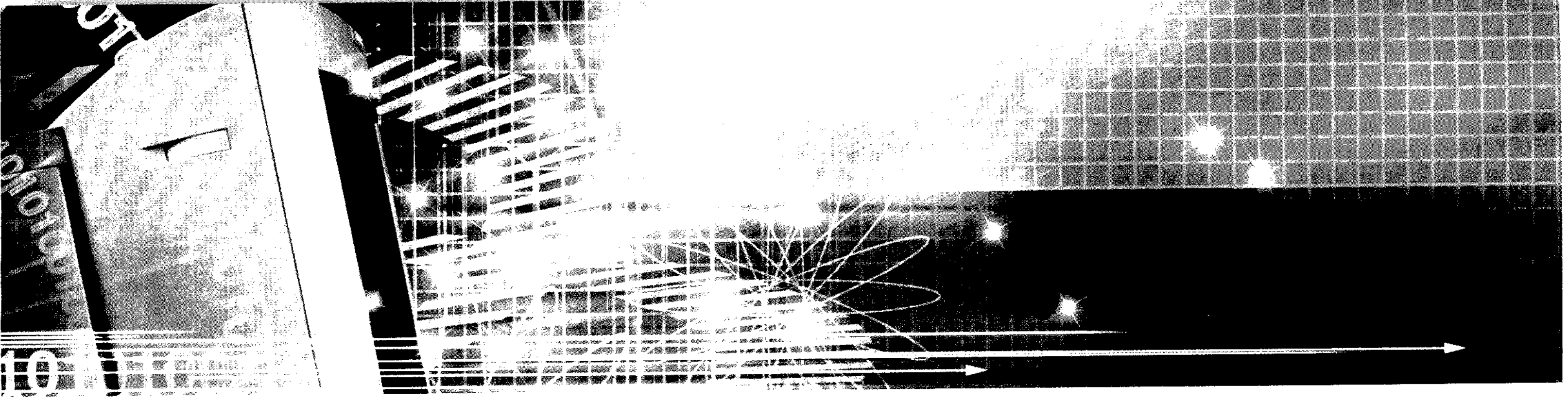
Enhanced Products and Services

To manage this rising volume and the increased demand for services, EMCC has completed a number of key initiatives over these first four years that have expanded risk reduction and operational efficiency benefits for members, such as the development of EMCC's Central Comparison System, which accepts, processes and reports trade information in a variety of formats selected by members — and also handles direct trade input from members using the S.W.I.F.T network or a proprietary communications network. Through our Central Comparison System, members are able to trade with each other, submit their trade sides in a variety of formats and a variety of communications channels, and have their trades guaranteed and processed by EMCC.

A further beneficial service EMCC initiated for members is the reduction of fails in Value Recovery Rights (VRRs). By instituting warrant fail pair-offs, which match failed deliveries and receives between each member and EMCC, we have been able to eliminate many aged fails. In 2001, we continued with our regular series of scheduled fail pair-offs, helping members reduce gross exposure while simultaneously improving operational efficiency, significantly minimizing outstanding fails on members' books by eliminating almost 1,400 VRR fails.

Managing Market Volatility

Events in the U.S. in September increased investor uncertainty and risk aversion at a time when concerns were already high about the potential for events in Argentina. Throughout Argentina's slow slide into bankruptcy and default in 2001, and the eventual devaluation of the peso in early 2002, investors also worried about contagion — the fear that this economic crisis in Argentina would carry across borders and affect investments in other emerging markets. While some emerging market economies may be affected by the Argentine bankruptcy, this default, the biggest in history, is unlikely to affect markets like the emerging markets nts of 1997-98, as most international lenders and investors anticipated this deepening



crisis and, in response, have moved to limit their exposure in Argentina during the past year.

While contained within Argentina's borders, this crisis also had the effect that certain Argentine bonds have become scarce relative to trading volume, creating a backlog of settlement fails in the market and at EMCC. As the fails accumulated, EMCC Participant Services initiated a bond fail pair-off process, eliminating almost $2 billion in accumulated fails on members' books.

By pairing off and eliminating these fails, EMCC has helped members manage their administrative operations and improve efficiency, while at the same time, reducing members' regulatory capital charges associated with these aged fails. EMCC will continue these pair-offs until settlement liquidity in the Argentine bonds returns to the market.

Global Solutions

EMCC has also responded to our members needs by expanding our list of eligible securities to include all eligible, dollar-denominated emerging markets sovereign debt as well as Brady bonds. This past year, we expanded eligibility to include quasi-sovereign issues. We recently filed a Rule Change with the U.S. Securities and Exchange Commission to further expand our offerings to include emerging markets corporate debt. This expanded offering will provide our members with the benefits of EMCC's risk reduction and operational efficiency for this new category of eligible instruments, as well as drive more volume through EMCC.

Protection from Changing Market Conditions

Trading of emerging markets investment instruments in the interdealer market occurs predominantly through an over-the-counter market composed of dealers and interdealer brokers, located worldwide, linked informally through price-disclosure screens and telecommunications channels.

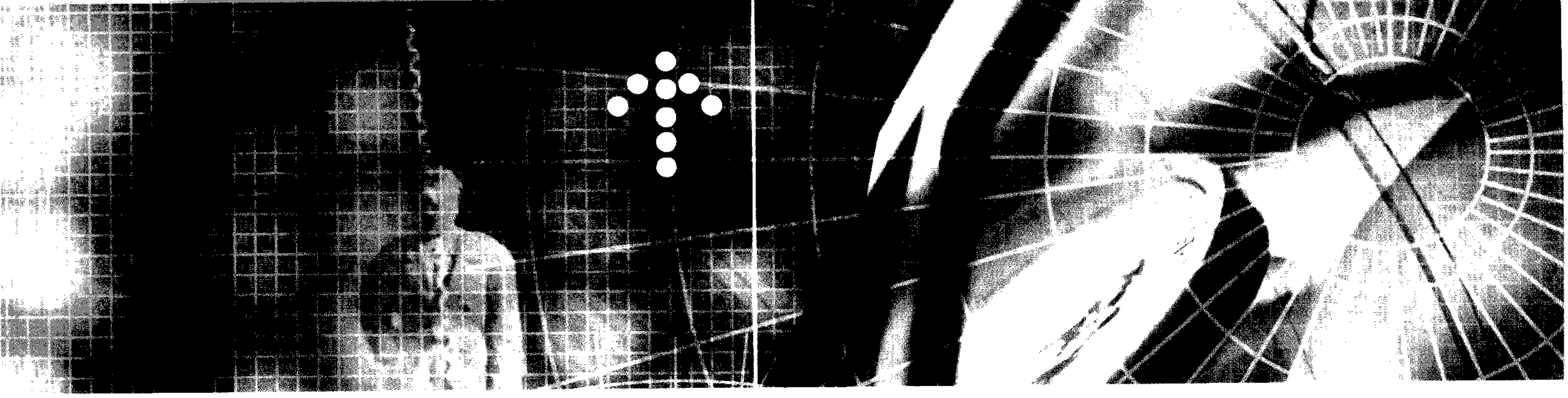
EMCC's mission from the beginning has been to work closely with our members to support this trading activity and to address concerns about related counterparty risk, delivering cost-effective clearance and settlement services and reducing risk to facilitate market growth.

Critical to EMCC's unique service of guaranteeing cross-border trading activity for members is the ongoing process of understanding and effectively managing risk. Through continued monitoring and market surveillance of changing market conditions, EMCC's Risk Management team works proactively to evaluate, reduce and manage risk to appropriate levels in a volatile environment. This volatility could come from foreign exchange fluctuations and restrictions, potential currency devaluations and changes in government, as well as counterparty exposure and settlement risk, resulting in rapid changes in prices, trading volumes and market exposures.

In 2001, our unique global market experienced several events and economic crises that caused periods of great volatility and increased volume. Through all these changes, EMCC worked to provide safe and reliable services to members, bringing greater liquidity, safety and soundness to the trading of emerging markets debt and ensuring orderly global settlement for our members in the emerging markets debt marketplace.

Events of September 11

The marketplace for emerging markets debt instruments demonstrated great resiliency as it reopened quickly and functioned remarkably smoothly in the aftermath of the tragic attack on the World Trade Center. Throughout the serious trading and communications disruptions, EMCC's systems remained 100% online, continuing to clear and settle trade obligations for our members each day. With many firms displaced from lower Manhattan, much of our members' trading and processing activity was redirected to London or to other backup sites. In the days after the attack, EMCC cleared and settled outstanding transactions, helped customers re-establish connectivity, vided support and maintained close liaison with DTCC, EMTA and our members.



Effective Risk Management

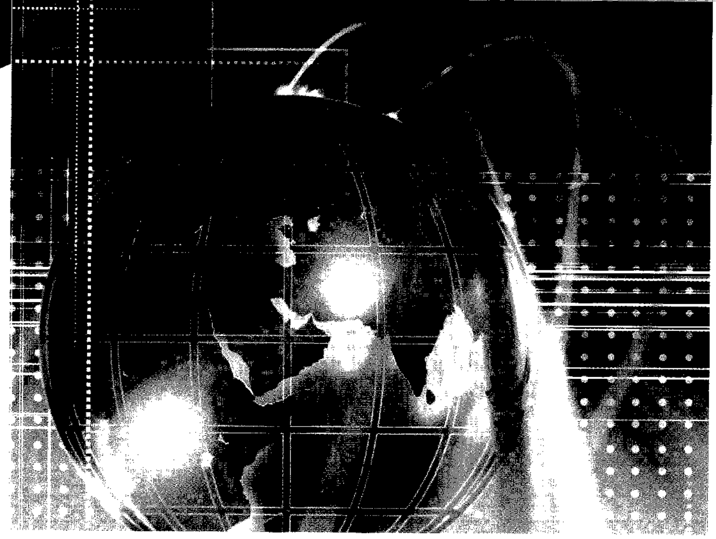
At the time of trade guarantee, EMCC becomes the counterparty to the trade, eliminating the concentration of risk for members with correspondent clearers and reducing members' exposure to interdealer brokers. This ensures that members are protected at all times from counterparty risk, even in the face of changing market conditions. EMCC's clearing fund is based on a sophisticated daily mark-to-market and price volatility margining process to protect EMCC and its members in the event of a member failure. We are pleased that in our four years of operations, there have been no such failures.

Growth in Membership

While maintaining high standards for current and future membership, we have worked closely with our Risk Management and Membership teams to extend membership to a broader range of participants and activities. In 2001, we were pleased to welcome ING Bank, N.V., as an operational member of EMCC, further reflecting both the cross-border characteristic of our market and the clearing corporation. An additional firm, Salomon Brothers International Limited, was recently approved for membership and became active in early 2002. We value the solid relationships we have built over the years with our members; their continuing commitment to EMCC has helped us get to where we are today.

Building on Our Momentum

EMCC has been fortunate to have the leadership and guidance from a board whose directors have distinguished themselves as both business and community leaders, and we wish to thank them — and the member firms they represent — for their vision and direction during EMCC's early formative years. This year, we were pleased to welcome Katrina Arnold from Bank of America as a new member of our board. Our board has played a key role in guiding the integration of EMCC into



DTCC, and we have particularly valued its guidance and support during this year of transition and integration.

Investing in Our Future

It's important to recognize our accomplishments in 2001, but it's even more important to understand that this is just the beginning: each and every day, it is our performance that sets the foundation for our continued success in 2002 and beyond.

In just four years, our members have come to rely on us as the central resource for the automated trade comparison, settlement and risk management of emerging markets debt products. It is a responsibility we do not take lightly. As we further explore the exciting new possibilities and opportunities afforded by integration with DTCC, and build on the progress of 2001, we look to the future with confidence, working together to develop products and services that will help us meet the challenges of this dynamic marketplace.

Paul A. Masco
Chairman

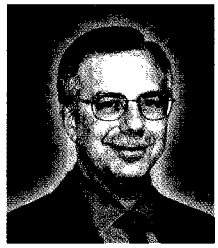
Valerie A. Gavora
Vice Chairman

Keith C. Kanaga
Managing Director

Board of Directors

as of December 31, 2001

Katrina I.M. Arnold
Vice President,
Bank of America



Jeffrey C. Bernstein
Senior Managing Director,
Bear, Stearns
Securities Corp.

Michael M. Chamberlin
Executive Director,
EMTA Inc.

Thomas S. Dillon
Executive Vice President,
Wexford Clearing
Services Corporation

Dennis J. Dirks
Chief Operating Officer,
The Depository Trust & Clearing
Corporation

Valerie A. Gavora
Vice Chairman of the Board;
Vice President,
Goldman, Sachs & Co.

Fred Gonfiantini
Principal,
Morgan Stanley Dean Witter

Jean-Patrick Kaiser
Head,
BNP Paribas

Keith C. Kanaga
Managing Director,
Emerging Markets
Clearing Corporation

Paul A. Masco
Chairman of the Board;
Managing Director,
Salomon Smith Barney Inc.

Neal H. Ullman
Vice President,
Lehman Brothers Inc.

Rachelle Keller
Managing Director,
Chase Securities Inc.

John L. Langton
Chief Executive and
Secretary General,
International Securities
Market Association

Neil Martin
Director,
Credit Suisse First Boston
(Europe) Limited

Angel M. Rios
Vice President,
J.P. Morgan Securities Inc.

Marie Russo
Director,
Merrill Lynch,
Pierce, Fenner & Smith Inc.

EMCC Active Members: *As of December 31, 2001*

Bank of America, National Association
Bear, Stearns Securities Corp.
BNP Paribas
Chase Manhattan International Limited
JPMorgan Chase Bank
Credit Suisse First Boston (Europe) Limited
Goldman, Sachs & Co.
Goldman Sachs International
ING Bank N.V.
Lehman Brothers International (Europe)
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Morgan Stanley & Co. International Limited
Prudential Securities Incorporated
Salomon Smith Barney Inc.
Standard Bank London Limited
UBS AG

EMCC eligible instruments are issued from: *As of December 31, 2001*

Argentina
Barbados
Brazil
Bulgaria
Chile
China
Colombia
Costa Rica
Croatia
Czechoslovakia
Dominican Republic
Ecuador
Egypt
El Salvador
Greece
Guatemala
Hungary
Indonesia
Israel
Ivory Coast
Jamaica
Jordan
Kazakhstan
Korea
Lebanon
Lithuania
Macedonia
Malaysia
Mexico
Nigeria
Panama
Peru
Philippines
Poland
Qatar
Russia
Slovakia
South Africa
Thailand
Trinidad and Tobago
Tunisia
Turkey
Uruguay
Venezuela
Vietnam

Balance Sheets

December 31, (U.S. $ in thousands)

	2001	2000
ASSETS		
Cash and cash equivalents	$4,107	$2,274
Clearing fund:		
Members' cash deposits	117,611	78,103
Other member deposits	426,810	336,770
Accounts receivable	170	410
Software, less accumulated amortization of $1,672,000 and $1,396,000 at December 31, 2001 and 2000, respectively	–	276
Other assets	52	39
Total assets	**$548,750**	**$417,872**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and other liabilities	$111	$220
Payable to affiliates	648	246
Clearing fund:		
Members' cash deposits	117,611	78,103
Other member deposits	426,810	336,770
Deferred revenue	492	453
Total liabilities	**545,672**	**415,792**
Commitments and contingent liabilities (Note 7)		
Shareholders' equity:		
Common stock:		
Class A, no par value – 2,000 shares authorized, 1,668 and 1,487 shares issued and outstanding at December 31, 2001 and 2000, respectively	5,165	4,260
Class B, no par value – 4,000 shares authorized, 462 shares issued and outstanding at December 31, 2001 and 2000	462	462
Paid in capital	5	910
Accumulated deficit	(2,554)	(3,552)
Total shareholders' equity	3,078	2,080
Total liabilities and shareholders' equity	**$548,750**	**$417,872**

The accompanying notes are an integral part of these statements.

Statements of Income and Accumulated Deficit

For the Year Ended December 31, (U.S. $ in thousands)

	2001	2000
Revenue:		
Revenue from operations	$1,998	$1,735
Interest income	2,419	2,964
Reimbursed pass through charges	347	373
Total revenue	**4,764**	**5,072**
Expense:		
Operational services	3,137	2,757
Development costs	272	262
Pass through charges	347	373
Total expense	**3,756**	**3,392**
Income before income taxes	1,008	1,680
Income tax expense	(10)	(16)
Net income	998	1,664
Accumulated deficit, beginning of year	(3,552)	(5,216)
Accumulated deficit, end of year	**($2,554)**	**($3,552)**

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

For the Year Ended December 31, (U.S. $ in thousands)

	2001	2000
Cash flows from operating activities:		
Net income	$998	$1,664
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	276	559
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	240	(329)
Increase in other assets	(13)	(24)
(Decrease) increase in accounts payable and other liabilities	(109)	55
Increase (decrease) in payable to affiliates	402	(11)
Increase in deferred revenue	39	188
Net cash provided by operating activities	**1,833**	**2,102**
Cash flows from financing activities – issuance of Class A common stock	**–**	**55**
Net increase in cash	1,833	2,157
Cash and cash equivalents, beginning of year	2,274	117
Cash and cash equivalents, end of year	**$4,107**	**$2,274**
Supplemental disclosure-income taxes paid	$10	$4

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

1 organization and operations:

Emerging Markets Clearing Corporation (EMCC), a clearing agency registered with the U.S. Securities and Exchange Commission, provides automated trade comparison, settlement and risk management services for emerging markets debt.

2 summary of significant accounting policies:

Members' Cash Deposits: EMCC invests its funds and members' cash deposits in overnight reverse repurchase agreements. These agreements provide for EMCC's delivery of cash in exchange for securities having a market value of at least 102% of the amount of the agreement. An independent custodian designated by EMCC takes possession of the securities. Overnight reverse repurchase agreements are recorded at the contract amounts and totaled $121,647,000 and $68,148,000 at December 31, 2001 and 2000, respectively. At December 31, 2001, one major financial institution was counterparty to this reverse repurchase agreement.

Software: In 1997 and 1998, EMCC capitalized certain costs incurred during the application development stage of its software. Such costs were amortized over the expected useful life of the software, which was three years, commencing when the software was utilized for its intended use. No amounts were capitalized during 2000 and 2001.

Pass Through Charges: Pass through charges represent fees from service providers related to member transactions. Such amounts are billed to the appropriate members and are included in revenue from reimbursed pass through charges.

Income Taxes: Deferred tax assets and liabilities are provided for the expected future tax consequences of temporary differences between the carrying amount and tax basis of assets and liabilities.

Financial Instruments: Management believes that the carrying value of all financial instruments approximates market value.

Operational Services: Operational services expenses are principally comprised of amounts paid to the National Securities Clearing Corporation (NSCC) under a service agreement and an arrangement for computer and manpower services. (see Note 4).

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3 members' clearing fund deposits:

EMCC's rules require its members to maintain clearing fund deposits based on calculated requirements. These requirements are recorded on EMCC's balance sheet and are available to secure members' obligations and certain liabilities of EMCC, should they occur. A summary of the deposits held, including deposits in excess of calculated requirements at December 31, 2001 and 2000, follows:

	2001	2000
Cash	$117,611,000	$78,103,000
Securities issued or guaranteed by the U.S. Government, at market	555,851,000	469,656,000
Letters of credit issued by authorized banks	—	52,100,000

4 transactions with related parties:

NSCC provides various services to EMCC through a service agreement. At December 31, 2001, NSCC owns 14% of EMCC (See Note 9). The costs of providing these services are charged to EMCC in accordance with the provisions of the service agreement. Charges to EMCC pursuant to this service agreement during 2001 and 2000 totaled approximately $2,405,000 and $1,634,000, respectively.

In 1999, EMCC entered into an arrangement with NSCC whereby NSCC pays for the computer services performed by the Securities Industry Automation Corporation (SIAC) for EMCC and charges EMCC a transaction fee based on the number of trades settled. The SIAC charges paid by NSCC and the transaction fees paid by EMCC during 2001 totaled approximately $483,000 and $479,000, respectively. The comparable amounts in 2000 were $948,000 and $451,000, respectively. These transaction fees of $479,000 in 2001 and $451,000 in 2000 are included within operational services on the statements of income and accumulated deficit. At December 31, 2001, the cumulative difference between the SIAC charges and the transaction fees since the inception of this arrangement is $919,000. This amount may be recovered by NSCC through future increases in the volume of transactions or through future increases to the transaction fee charged to EMCC.

The Depository Trust Company (DTC) provides marketing services for EMCC through the London office of The Depository Trust & Clearing Corporation (DTCC). DTC is a wholly-owned subsidiary of DTCC which also owns 100% of the outstanding shares of NSCC. Charges for these services during 2001 and 2000 totaled approximately $41,000 in each year.

5 income taxes:

EMCC files Federal, New York State and New York City income tax returns. The difference between the 34% Federal statutory rate and EMCC's 1% effective tax rate for the year ended December 31, 2001 is primarily attributed to the utilization of net operating loss carry forwards. The provision for income taxes for the year ended December 31, 2001 represents the minimum income taxes due to New York State and New York City.

EMCC has net operating loss carry forwards of approximately $1,509,000 expiring in the years 2013 and 2014. These carry forwards are available to offset future federal taxable income subject to certain limitations. For financial reporting purposes, a valuation allowance was deducted from the deferred tax benefit related to the net operating loss carry forwards in an amount equal to the benefit. When EMCC determines that the realization of this deferred tax asset is more likely than not, the valuation allowance will be reduced through a credit to income tax expense.

6 shareholders' equity:
Shares of Class B common stock are only issuable to holders of Class A shares and are non-voting. The Class B shares may be redeemed at the discretion of the Board of Directors upon EMCC attaining certain predetermined financial conditions.

(Dollars in thousands, except share data)	Class A Common Stock Shares	Class A Common Stock No Par Value	Class B Common Stock Shares	Class B Common Stock No Par Value	Paid in Capital	Accumulated Deficit
Balance at December 31, 1999	1,410	$3,875	461	$461	$1,241	($5,216)
Issuance of shares	77	385	1	1	(331)	—
Net Income 2000	—	—	—	—	—	1,664
Balance at December 31, 2000	1,487	4,260	462	462	910	(3,552)
Issuance of shares	181	905	—	—	(905)	—
Net Income 2001	—	—	—	—	—	998
Balance at December 31, 2001	1,668	$5,165	462	$462	$ 5	($2,554)

7 commitments and contingent liabilities:
EMCC interposes itself between members for eligible trades that have been guaranteed. The guarantee of the settlement positions by EMCC results in potential liability to EMCC. Guaranteed positions that have not yet settled are marked to the market daily. Collateral received in respect of these marks are held by EMCC. In accordance with the processing requirements of Euroclear, EMCC pledges a portion of these deposits. At December 31, 2001, the market value of the deposits pledged totaled approximately $5,444,000. At the close of business on December 31, 2001, guaranteed positions due EMCC from members and guaranteed positions due by EMCC to members approximated $980,932,000 ($978,754,000 at December 31, 2000).

8 off-balance-sheet risk and concentrations of credit risk:
In the normal course of business, because it guarantees certain settlement obligations of its members (see Note 7), EMCC could be exposed to credit risk. EMCC mitigates its exposure to credit risk by requiring such members to meet EMCC's established financial standards for membership, monitoring compliance with other financial standards established by EMCC and by requiring members to provide clearing fund deposits in the form of cash, U.S. Government Securities and/or acceptable letters of credit (see Note 3).

If a member fails to fulfill its settlement obligations with EMCC and EMCC ceases to act on behalf of the member, EMCC would liquidate that member's guaranteed security receive and deliver obligations and apply the defaulting member's clearing fund deposit to satisfy any net outstanding obligation and/or loss. EMCC has entered into limited cross-guaranty agreements separately with NSCC and the Government Securities Clearing Corporation under which these clearing agencies have agreed to make payment to each other for any remaining unsatisfied obligations of a common defaulting member to the extent that these agencies have excess resources belonging to the defaulting member.

In the event that a deficiency still exists, EMCC would satisfy the deficiency by assessing the remaining members according to EMCC Rules.

As discussed in Note 1, EMCC provides automated trade comparison, settlement and risk management services for emerging markets debt. As such, EMCC has a significant group concentration of credit risk since its members may be impacted by economic conditions affecting the debt-issuing countries and the securities industry. As described above, such risk is mitigated in a number of ways.

9 subsequent event:
Effective January 1, 2002, the shareholders of EMCC's Class A common stock exchanged their ownership interests in EMCC for common stock issued by DTCC. Under the terms of the related agreement, at that date EMCC repurchased 500 shares of Class A common stock and 132 shares of Class B common stock from certain shareholders, which are trade associations and are not users of EMCC's services or facilities. The Class A shares were repurchased at the adjusted book value of these shares at December 31, 2001; Class B at the original issuance price.

The shareholders of Government Securities Clearing Corporation (GSCC) and the MBS Clearing Corporation (MBSCC) also exchanged their ownership interests for common stock issued by DTCC. The primary purpose of these exchanges was to achieve greater efficiencies between DTCC and the above companies by streamlining core processes, improving communication and technology innovation, strengthening risk management, expanding opportunities for cross-margining and positioning the industry for increased growth in global trading activity. The persons elected to serve on the Board of Directors of EMCC will also serve as directors on the Boards of DTCC and each of its other domestic subsidiaries.

report of independent accountants

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York, NY 10036

To the Board of Directors and Shareholders of Emerging Markets Clearing Corporation

In our opinion, the accompanying balance sheets and the related statements of income and accumulated deficit and of cash flows present fairly, in all material respects, the financial position of Emerging Markets Clearing Corporation at December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended, respectively, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 4 to the financial statements, the Company has a service arrangement with National Securities Clearing Corporation. Because of this relationship, the service charges incurred may not be the same as those which would result from transactions between unrelated parties.

PricewaterhouseCoopers LLP

February 8, 2002

management's report on internal control over financial reporting

To the Board of Directors and Shareholders of Emerging Markets Clearing Corporation

Emerging Markets Clearing Corporation (EMCC) maintains internal control over financial reporting which is designed to provide reasonable assurance regarding the preparation of reliable published financial statements. Such internal control contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even effective internal control, no matter how well designed, has inherent limitations — including the possibility of the circumvention or overriding of controls — and therefore can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

EMCC's management assessed its internal control over financial reporting as of December 31, 2001, in relation to criteria for effective internal control described in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, EMCC believes that, as of December 31, 2001, its internal control over financial reporting met those criteria.

Keith C. Kanaga
Managing Director

James S. Murphy
Chief Financial Officer

February 8, 2002

report of independent accountants
on internal control over financial reporting

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York, NY 10036

To the Board of Directors and Shareholders of Emerging Markets Clearing Corporation

We have examined management's assertion, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Emerging Markets Clearing Corporation (EMCC) maintained effective internal control over financial reporting as of December 31, 2001. The Company's management is responsible for maintaining effective internal control over financial reporting. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal control over financial reporting, testing, and evaluating the design and operating effectiveness of the internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control over financial reporting to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assertion that EMCC maintained effective internal control over financial reporting as of December 31, 2001 is fairly stated, in all material respects, based upon criteria established in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

PricewaterhouseCoopers LLP

February 8, 2002

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Emerging Markets Clearing Corporation