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# **Annual FICC Capped Contingency Liquidity Facility (CCLF®) Test Reference Guide**

## CAPPED CONTINGENCY LIQUIDITY FACILITY TEST

Capped Contingency Liquidity Facility (“CCLF®”) is an integral part of the Fixed Income Clearing Corporation’s (“FICC”) role as central counterparty under the Government Securities Division (“GSD”) and the Mortgage-Backed Securities Division’s (“MBSD”). Annually, FICC conducts a mandatory CCLF test with all GSD Netting Members and MBSD Clearing Members in order to satisfy the requirements of a covered clearing agency with respect to its management of liquidity risk. The main objectives of the test are to:

1. Increase Members’ awareness of the potential capital commitment should a CCLF Event be declared,
2. Assess each Member’s understanding of a CCLF Event from an operational perspective, and
3. Test Members operations capacity to process Redistribution Repos.

The annual CCLF test is conducted in 2 parts:

1. Part 1 of the CCLF test will involve Members informing FICC of which securities they have available for delivery on the day of a test. Part 1 of the test should be completed no later than 1:00 p.m. ET on the day of the test. **All GSD Netting Members<sup>1</sup> and all MBSD Clearing Members are required to participate in part 1 of the CCLF test.**
2. Part 2 of the CCLF test will involve executing and settling an overnight CCLF Redistribution Repo between FICC and a Netting Member/Clearing Member. All GSD Netting Members and all MBSD Clearing Members are required to participate with the exclusion of the below:
  - a. MBSD-Only Clearing Members that are ineligible for or have not established borrowing privileges at the Federal Reserve Discount Window and do not have an affiliate that is eligible for or has established borrowing privileges at the Federal Reserve Discount Window.

For Part 2, if a Member has both a GSD and MBSD account (“Common Members”), only the GSD account will have to test. In addition, if a Member has multiple GSD and/or MBSD accounts, FICC will inform which account will be required to test.

FICC conducts its annual MRA repo test in conjunction with the annual test of the Capped Contingency Liquidity Facility (CCLF). Accordingly, by participating in Part 2 of the CCLF test, Members that have an existing MRA agreement with FICC will be deemed to also have satisfied their annual MRA testing obligation.

GSD Netting Members and MBSD Clearing Members are to confirm with their Relationship Manager at least two (2) contacts that FICC may contact to discuss any issue that relates to the CCLF test. All Members must confirm these contacts as well as ensure they have the proper access to the Real-Time Trade Matching (“RTTM®”) Web application and FICC Report Center. Please contact your Relationship Manager if there are any changes to those contacts. Please read further below for more details about Part 1 and Part 2 of the Annual CCLF test.

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<sup>1</sup>GSD Netting Members does not include CCIT Members.

## Part 1 – CCLF Obligations

### GSD Netting Members

In advance of the annual CCLF test, all GSD Netting Members should verify their access to the CCLF Obligations Management Screen within GSD RTTM Web. A downloadable guide “GSD RTTM Web CCLF Obligations Management Screen Guide” is available on the [DTCC Learning Center](#).

On the day prior to the test, GSD will select a hypothetical Defaulting Member and at the close of the business day on a pre-determined date, GSD will simulate a CCLF Event by identifying the non-defaulting Netting Members that are obligated to deliver securities destined to a hypothetical Defaulting Member.

### Accessing the GSD CCLF Obligations Management Screen

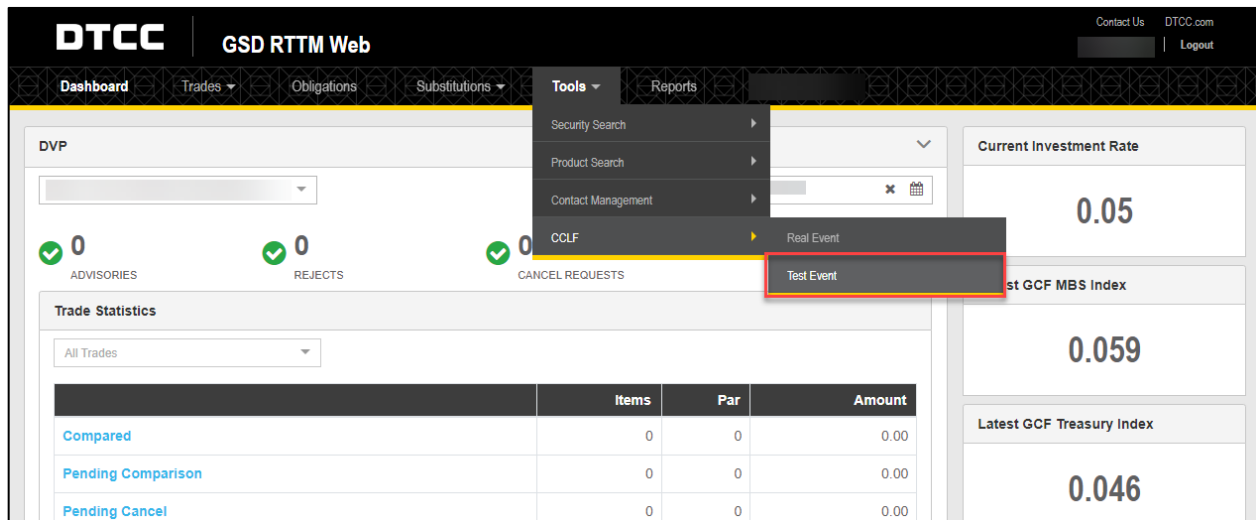
All GSD Netting Members have access to the “CCLF Obligations Management Screen.” For each GSD Netting Member, the screen will reflect either:

1. Delivery Obligations that are destined for the hypothetical Defaulting Member for the settlement date of the CCLF test date; or
2. That no Delivery Obligations (obligations field will be blank) are destined for the hypothetical Defaulting Member.

To access the CCLF Obligations Screen in GSD RTTM Web for the CCLF Test, select Tools from the menu at the top of the application, then select CCLF > Test Event.

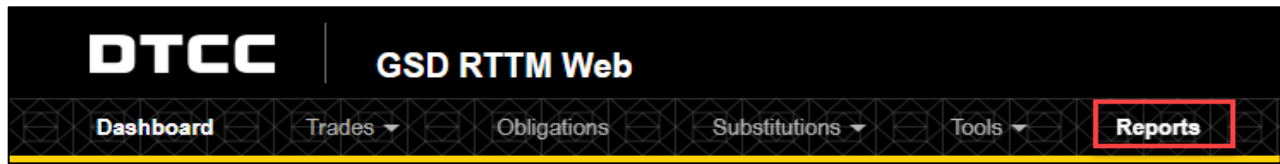
#### Note:

*The annual CCLF test will not impact production data and GSD Netting Members should continue to settle all their actual receive and delivery obligations for the settlement date of the CCLF test, as they would in the normal course of business.*



Through FICC Report Center, GSD Netting Members will have access to a “CCLF Obligations Test Primary Report” which will display the same information reflected on the CCLF Obligations Management Screen.

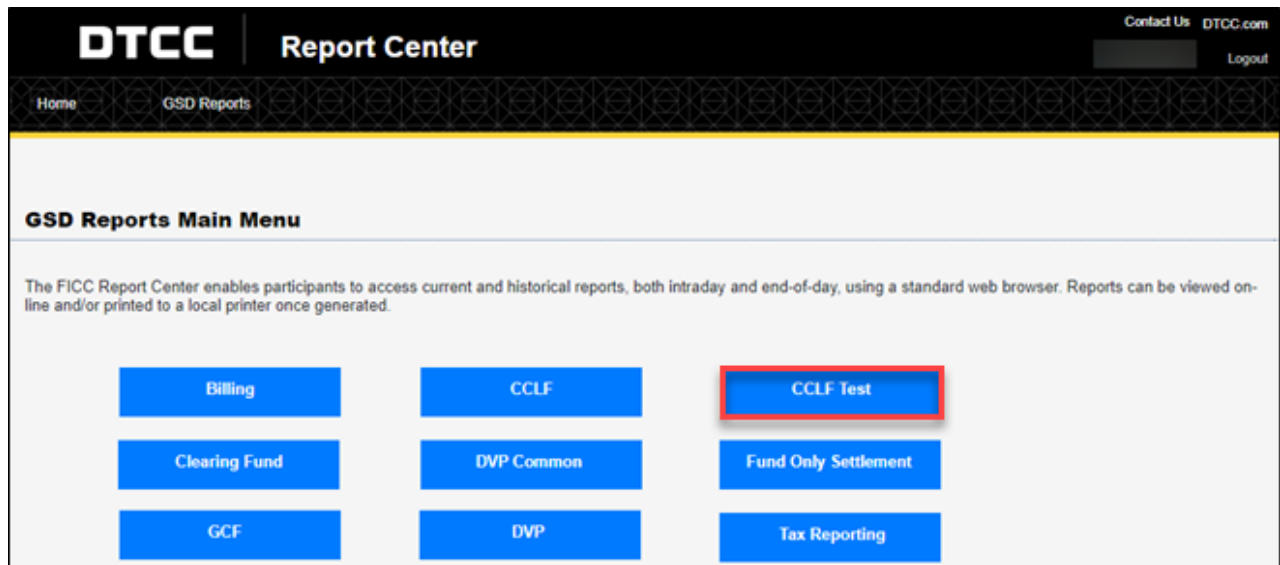
1. To access the CCLF Obligations Test Primary Report in FICC Report Center, select Reports from the menu at the top of the application.



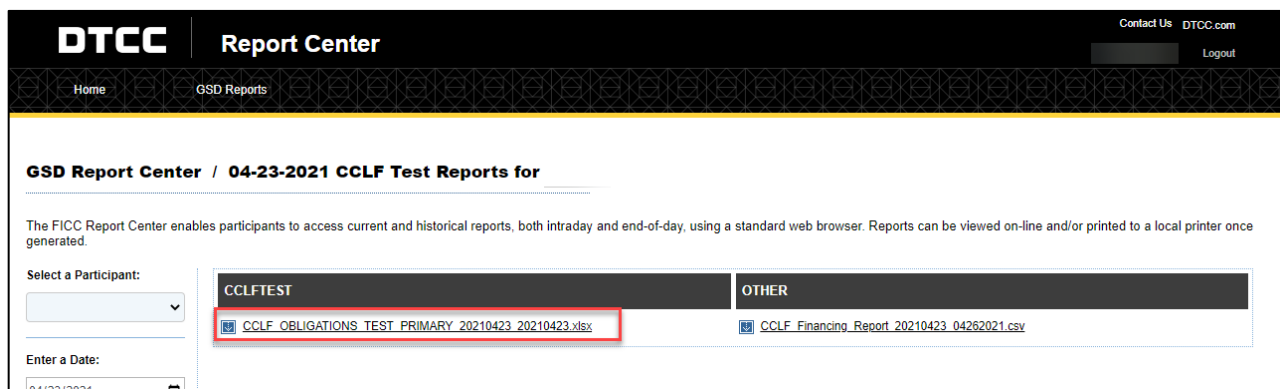
**Note:**

Some users may have access privileges for both GSD Reports and MBS Reports. Those users must select GSD Reports once the FICC Report Center Menu appears. Once GSD Reports is selected, the GSD Reports Main Menu will appear as shown below.

- Then select the CCLF Test folder from the GSD Reports Main Menu.



- Click to open the CCLF Obligations Test Primary Report.



**GSD Netting Members with Hypothetical Delivery Obligations**

GSD Netting Members that have Delivery Obligations on their screen (referred to in the GSD Rules, as Direct Affected Members) are **required** to review and mark as “available to deliver” (on screen) those Delivery Obligations that would be available for delivery to GSD. The cut-off time for Netting Members to

take this action is 1:00 PM ET<sup>2</sup> on the day of the CCLF test. The marked Delivery Obligations will be used to determine the purchase price of the Netting Member's hypothetical CCLF Transactions. If a Direct Affected Member fails to submit its selection by 1:00 PM, GSD will assume that such Member did not have positions in any of the displayed Delivery Obligations. As a result, GSD will not enter into a hypothetical CCLF MRA with that Direct Affected Member.

Once a Direct Affected Member submits its marked selection of "available to deliver" Delivery Obligations, GSD will provide a confirmation reflecting the marked Delivery Obligations as well as the interest rate and haircuts applicable to the CCLF Transactions. This confirmation will be displayed on the CCLF Obligations Management Screen and the CCLF Obligations Report.

#### GSD Netting Members without Hypothetical Delivery Obligations

Netting Members that do not have Delivery Obligations reflected on their CCLF Obligations Management Screen will be **required** to submit blank selections.

#### MBSD Clearing Members

For MBSD Clearing Members, part one of the test consists of the below:

- On the opening of business on the declared test date, all MBSD Clearing Members will receive a test "CCLF Activity Report" (via the Liquidity folder in Report Center) reflecting all delivery pool obligations that such Member has versus MBS which in turn are bound to the defaulting member (please note that the Report Center date for this report will be the Saturday prior to the test date. For example, if the test date is Monday, May 2, 2022, the report will be posted on Saturday, April 30, 2022). Instructions for accessing the report is further below.
- As part of this test, MBS will select a MBS Clearing Member who will serve as the hypothetical defaulting member.
- Upon receipt of the test "CCLF Activity Report", MBS Clearing Members will identify the pools that they have available to deliver to FICC based on pool positions as of the start of day and return the completed test "CCLF Activity Report" as an attachment to MBS Operations ([MBSAllocations@dtcc.com](mailto:MBSAllocations@dtcc.com)) by 1:00 PM ET on the date of test. Screenshots will **not** be accepted.
- It is important to note that responses from all MBS Clearing Members will be required for this test, even if the report is blank.

#### Note:

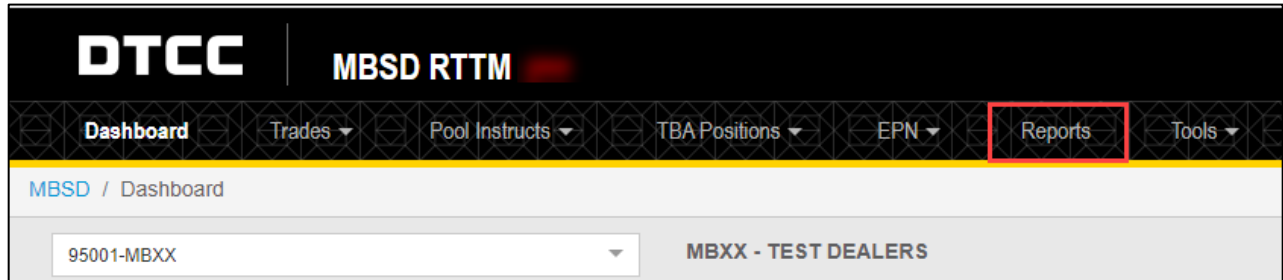
*The CCLF test will not impact production data and MBS Clearing Members should continue to settle all their actual receive and delivery obligations that have a delivery date the same as the CCLF test date, as they would in the normal course of business.*

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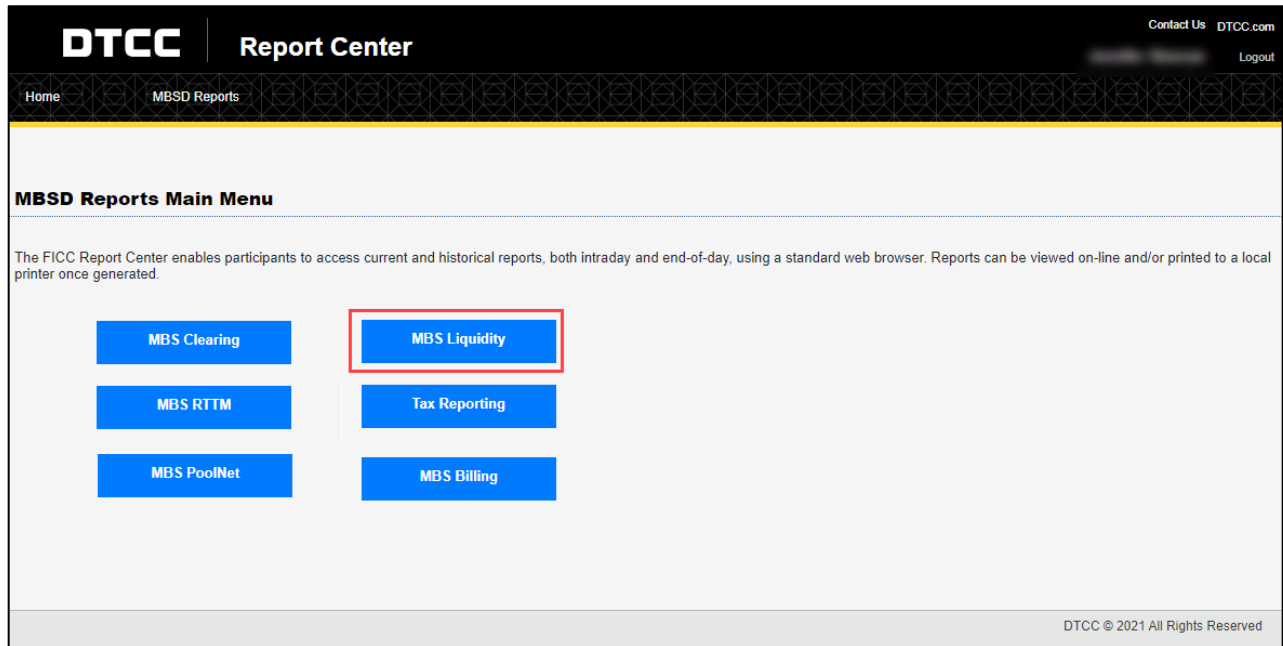
<sup>2</sup> All times herein are Eastern Time (ET).

**Obtaining and Submitting the MBSD CCLF Test Report**

1. Access Report Center on MBSD RTTM Web:



2. Access the “MBS Liquidity” Folder:



- Change the date to the Saturday prior to the CCLF test and click “Retrieve”:

- In the last column of the CCLF Activity Report enter “Y” if you have the full position in box to deliver the pool obligation. Enter “N” if you don’t have enough position to deliver.

CCLF Test Activity Report																	
DD	CAP	Participant ID	Agg ID	Acct ID	PoolCusip	TBA Cusip	CSD	POID	PoolNum	Original Face	Current Face	Net Money	CCLF Start Money	CCLF Repo Haircut	CCLF Repo Interest	CCLF Repo Final Money	POIDS Available For Delivery
4-Mar-22	1,543,793,731.66	0950	1	MBXX	3133KNVL4	01FD032625	14-Feb-22	220420004265	000RA6919	617,923	617,923	635,350.84	578,804.62	56,546.22	0	578,804.62	Y
4-Mar-22	1,543,793,731.66	0950	1	MBXX	3140KEC85	01FD40628	14-Feb-22	220620000042	000FM9994	833,055	785,541.78	792,105.78	721,608.37	70,497.41	0	721,608.37	Y
4-Mar-22	1,543,793,731.66	0950	1	MBXX	3140JRY14	01FD40628	14-Feb-22	220420008114	000BN8124	275,000	26,680.49	27,971.68	25,482.2	2,489.48	0	25,482.2	Y
4-Mar-22	1,543,793,731.66	0950	1	MBXX	3140K3K68	01FD40628	14-Feb-22	220420012626	000BO7516	3,288,862	682,561.77	715,593.96	651,906.1	63,687.86	0	651,906.1	N
4-Mar-22	1,543,793,731.66	0950	1	MBXX	3140K3K68	01FD40628	14-Feb-22	220420012628	000BO7516	1,945,762	403,818.33	423,360.89	385,681.77	37,679.12	0	385,681.77	N

- Once completed, attach the spreadsheet to an email (screenshots will not be accepted) and send to MBSAllocations@dtcc.com by 1PM ET.

## Part 2 – CCLF Redistribution Repo

Part 2 of the CCLF test will involve executing and settling an overnight CCLF Redistribution Repo between FICC and a Netting Member/Clearing Member. Please note the below details for part 2 of the CCLF test:

- Trades will not be booked in the Real-Time Trade Matching (RTTM) system.
- FICC will email a spreadsheet outlining the details of a CCLF Redistribution Repo.
- On the day of the test, FICC will deliver the securities vs. payment to GSD Netting Members and MBSD Clearing Members.
- On the day after the test, Members will return the same securities vs. payment with interest back to FICC.

### Delivery Instructions for CCLF Test

#### **GSD/MBSD delivery instructions to Members for Part 2 of the CCLF test**

The deliveries of the start legs of the Redistribution Repos to Members will be made from the following accounts:

- BK OF NYC/GSDCL for GSD Members
- BK OF NYC/MBSDCL for MBSD Members

The return of the end legs of the Redistribution Repos must be made to the same accounts as above.

#### **Note:**

*These instructions are different from the clearance and settlement instructions used for the production settlement obligations.*