

IMPORTANT NOTICE

Fixed Income Clearing Corporation



#: MBS204.07
Date: December 31, 2007
To: Mortgage-Backed Securities Division Participants
Subject: Important Reporting Requirements

FICC is reminding members that pursuant to the rules of both the Government Securities Division (the "GSD") (Rule 3) and the Mortgage-Backed Securities Division (the "MBSD") (Rule 1 of Article III) there is a fine schedule currently in effect for failures to timely submit required financial reports, information, and other documentation to FICC. **Please note that all amendments or addenda to such reports or information must be submitted to FICC concurrently with their submission to the applicable primary regulator, or as soon as practicable if not filed with a regulator.** The applicable fine schedule and submission deadlines are attached to this notice. Fines imposed by FICC will be subsequently reported to the Securities and Exchange Commission.

Please note that a number of recent changes have been instituted in this regard including: (i) a requirement for GSD non-domestic members to submit updated risk management and business continuity/disaster recovery procedures, and (ii) with respect to the certification of financial information required of non-domestic members of both Divisions. Members are urged to review the attached information and submission deadlines, and incorporate them into their internal procedures in order to avoid the applicable fines.

[Please click on this button to access the attachments for this notice.](#)

Except as otherwise noted in the attached, the required reports and information may be submitted in the following ways:

1) By E-mail to: Credit-MarketRisk@DTCC.com

No contact name is needed. Please provide in the "subject" line Firm Name, Reporting Period Covered and Type of Report

If you choose not to send required information by e-mail, additional options are listed below:

2) By mail (return receipt recommended) to:

The Depository Trust & Clearing Corporation
P.O. Box 5082
Bowling Green Station
New York, New York 10274

3) By facsimile to: 212-363-3120 or 212-482-0040

4) By overnight delivery only to:

The Depository Trust & Clearing Corporation
55 Water Street
Attn: Risk Management, 19th Floor
New York, New York 10041

Please note that, in addition to the above, members continue to remain subject to all applicable requirements, and penalties for violations thereof, that are currently in effect under the rules of the respective divisions. The rules of both divisions may be obtained by visiting FICC's website at www.ficc.com.

Questions regarding the attached requirements and deadlines should be addressed to Martha Ruotolo, Risk Management, at (212) 855-5764.

Questions regarding fines imposed by FICC should be addressed to Angela Evans, Risk Management, at (212) 855-7643.

Questions regarding FICC's rules should be addressed to John Petrofsky, Associate Counsel, at (212) 855-7634.

Marc Golin
Vice President

FINE SCHEDULE

Failure to Timely Provide Financial and Related Information

Request For Information*	First Occasion	Second Occasion	Third Occasion	Fourth Occasion
Financial Reports **	\$300	\$600	\$1,500	***

* Fines to be levied for offenses within a moving twelve-month period beginning with the first occasion.

** Reports/Information shall mean the financial, regulatory and other information required to be submitted to the Corporation pursuant to the Rules, Procedures, Important Notices or notices on the Corporation's website.

***Fourth or more occasion fines will be determined by the Corporation.

GSD Submission Deadlines¹

<u>Type of FICC/GSD Netting Member</u>	<u>Required Report/Information</u>	<u>Due Date for Receipt by FICC²</u>
Domestic Netting Members		
All domestic netting members	<p>Annual audited financial statements (Confidential version, including the report on internal controls), including regulatory extension letter, if applicable,</p> <p style="text-align: center;"><u>and</u></p> <p>Written report as to what extent any foreign affiliates are engaging in GSD netting-eligible activity that exceeds an average of 30 eligible trades per business day per month within the prior twelve-month period.</p>	<p>100 calendar days after the fiscal year-end, except for SEC-registered brokers or dealers whose due date is 70 calendar days after the fiscal year-end</p> <p>January 31 of each year³</p>

¹ Please note that all amendments or addenda to the reports or information listed below must be submitted to FICC concurrently with their submission to the applicable primary regulator, or as soon as practicable if not filed with a regulator.

² In all cases where a due date falls on a day that is not a business day, the due date shall be deemed to be the first business day immediately thereafter.

³ This reporting requirement does not apply to trades executed between a member and its affiliate or between affiliates of the same member. **Netting members are required to submit the requisite information to FICC by January 31 of each year for trading activity conducted during the prior calendar year—Such information should be submitted to Angela Evans, Risk Management, DTCC, 55 Water Street, 19th Floor, New York, New York 10041.**

<u>Type of FICC/GSD Netting Member</u>	<u>Required Report/Information</u>	<u>Due Date for Receipt by FICC²</u>
U.S. futures commission merchant that is not a broker or dealer registered with the SEC (continued)	<u>and</u> Supplemental report required to be filed pursuant to CFTC Regulation 1.12.	Submitted concurrently with submission to the CFTC
Insurance companies	Reports filed with and/or filed in accordance with guidelines issued by, the National Association of Insurance Commissioners (“NAIC”) or other regulatory authority.	5 business days after submission to the NAIC and/or other regulator(s)
Domestic netting member that is not a type of entity specified above	Unaudited quarterly financial information.	50 calendar days after the quarter-end

<u>Type of FICC/GSD Netting Member</u>	<u>Required Report/Information</u>	<u>Due Date for Receipt by FICC²</u>
All netting members other than SEC-registered brokers and dealers	A copy of any regulatory notification required to be made when a member's capital levels or other financial requirements fall below prescribed levels.	Submitted concurrently with submission to the applicable regulator
Netting members with guarantor	Same as above for the guarantor, as applicable	
Sponsoring members	Representation in writing that Sponsored members are Registered Investment Companies under Investment Company Act of 1940 and "qualified institutional buyers" as defined in Rule 144A.	10 business days after each quarter-end ⁵
Non-Domestic Netting Members		
All non-domestic netting members	Annual audited financial statements, _____ A copy of any regulatory notification required to be made when a member does not comply with the financial reporting and responsibility standards set by its home country regulator, _____	6 months after the fiscal year-end _____ Submitted concurrently with submission to the home country regulator _____

⁵ This information should be submitted to DTCC Membership Services, 55 Water Street, New York, New York 10041.

<u>Type of FICC/GSD Netting Member</u>	<u>Required Report/Information</u>	<u>Due Date for Receipt by FICC²</u>
All non-domestic netting members (continued)	<p>Notice in writing that the member has become subject to a disciplinary action by its home country regulator,</p> <hr/> <p>Current legal opinion from outside non-domestic counsel or a letter on outside counsel's letterhead that no material changes have occurred in home country (or other relevant non-domestic) law since the date of the most recent opinion or letter submitted to FICC,</p> <hr/> <p>Full copy of member's Risk Management ("RM") procedures, which should include the identification of major threats and risk elements associated with the member's major business segments and operations, e.g. credit risks, market exposure, liquidity management, and operational risks, governance structure, regulatory requirements, internal control requirements, and monitoring processes,</p>	<p>Within 2 business days of becoming subject to the disciplinary action</p> <hr/> <p>June 15 of each year⁶</p> <hr/> <p>May 31, 2008 (only required if RM procedures were last filed with FICC prior to May 31, 2007)</p>

⁶ Please note that the opinion or letter should not be dated or submitted earlier than March 1 of a given year. The requisite opinion or letter should be submitted to Angela Evans, Senior Compliance Officer, FICC, 55 Water Street, 19th Floor, New York, New York 10041.

<u>Type of FICC/GSD Netting Member</u>	<u>Required Report/Information</u>	<u>Due Date for Receipt by FICC²</u>
<p>All non-domestic netting members (continued)</p>	<p>Updates to RM procedures, or letter on member's letterhead that no material changes have occurred in RM procedures since the date of the most recent update to RM procedures submitted to FICC,</p> <p>Full copy of member's Business Continuity/Disaster Recovery Procedures ("BC/DR"), which should include the identification of major vulnerability associated with business disruption, regulatory requirements related to disaster recovery, business processes that are critical that must be recovered in order to support its businesses, information regarding back-up sites for technology and processing capabilities and personnel, internal oversight and controls related to disaster recovery, and</p>	<p>May 31 of each year, and within 30 calendar days of any material change in RM procedures</p> <p>May 31, 2008 (only required if BC/DR procedures were last filed with FICC prior to May 31, 2007)</p>

<u>Type of FICC/GSD Netting Member</u>	<u>Required Report/Information</u>	<u>Due Date for Receipt by FICC²</u>
All non-domestic netting members (continued)	Updates to BC/DR procedures, or letter on member's letterhead that no material changes have occurred in BC/DR procedures since the date of the most recent update to BC/DR procedures submitted to FICC.	May 31 of each year, and within 30 calendar days of any material change in BC/DR procedures
Broker or dealer established or organized in the United Kingdom	Financial Services Authority monthly report.	20 business days after the month-end
Bank established or organized in the United Kingdom	Form BSD3.	50 calendar days after the quarter-end
<p data-bbox="201 1073 561 1213">Non-domestic netting member, other than a UK broker, a UK dealer or a UK bank</p> <p data-bbox="201 1329 561 1470">Non-domestic netting member, other than a UK broker, a UK dealer or a UK bank (continued)</p>	<p data-bbox="581 1073 896 1283">(i) Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks on Form FFIEC 002/002S, and</p> <p data-bbox="581 1329 896 1539">(ii) a completed form requesting key financial information—form provided by FICC (See Exhibit A for form).</p>	<p data-bbox="915 1073 1279 1140">75 calendar days after the end of each fiscal quarter</p> <p data-bbox="915 1329 1279 1396">Due date specified in FICC form</p>

<u>Type of FICC/GSD Netting Member</u>	<u>Required Report/Information</u>	<u>Due Date for Receipt by FICC²</u>
All netting members other than SEC-registered brokers and dealers	A copy of any regulatory notification required to be made when a member's capital levels or other financial requirements fall below prescribed levels.	Submitted concurrently with submission to the applicable regulator
Netting members with parent guaranty	Same as above for the guarantor, as applicable.	

<u>Type of FICC/MBSD Clearing Participant</u>	<u>Required Report/Information</u>	<u>Due Date for Receipt by FICC⁸</u>
	Call Report.	
Domestic bank or trust company with domestic and non-domestic offices	Call Report <u>and</u> certain capital level and ratio information if not contained within the Call Report.	45 calendar days after the quarter-end
Domestic clearing member that is not a type of entity specified above	If regulated, unaudited quarterly financial information. If unregulated, monthly unaudited financial information.	50 calendar days after the quarter-end 20 business days after the month-end
All clearing participants other than SEC-registered brokers and dealers	A copy of any regulatory notification required to be made when a member's capital levels or other financial requirements fall below prescribed levels.	Submitted concurrently with submission to the applicable regulator
Clearing participants with parent guaranty	Same as above for the guarantor, as applicable.	

<u>Type of FICC/MBSD Clearing Participant</u>	<u>Required Report/Information</u>	<u>Due Date for Receipt by FICC⁸</u>
Non-Domestic Clearing Participants		
All non-domestic clearing participants	<p>Annual audited financial statements,</p> <p>_____</p> <p>A copy of any regulatory notification required to be made when a participant does not comply with the financial reporting and responsibility standards set by its home country regulator,</p> <p>_____</p> <p>Notice in writing that the participant has become subject to a disciplinary action by its home country regulator, and</p> <p>_____</p> <p>Current legal opinion from outside non-domestic counsel or a letter on outside counsel's letterhead that no material changes have occurred in home country (or other relevant non-domestic) law since the date of the most recent opinion or letter submitted to FICC.</p>	<p>6 months after the fiscal year-end</p> <p>_____</p> <p>Submitted concurrently with submission to the home country regulator</p> <p>_____</p> <p>Within 2 business days of becoming subject to the disciplinary action</p> <p>_____</p> <p>June 15 of each year¹⁰</p>
Broker or dealer established or organized in the United Kingdom	Financial Services Authority monthly report.	20 business days after the month-end.

¹⁰ The requisite opinion or letter should be submitted to Angela Evans, Senior Compliance Officer, Vice President, FICC, 55 Water Street, 19th Floor, New York, New York 10041.

<u>Type of FICC/MBSD Clearing Participant</u>	<u>Required Report/Information</u>	<u>Due Date for Receipt by FICC⁸</u>
Bank established or organized in the United Kingdom	Form BSD3.	50 calendar days after the quarter-end
Non-Domestic clearing participant, other than a UK broker, a UK dealer or a UK bank	A completed form requesting key financial information— form provided by FICC (See Exhibit B for form).	Due date specified in form
All clearing participants other than SEC– registered brokers and dealers	A copy of any regulatory notification required to be made when a member’s capital levels or other financial requirements fall below prescribed levels.	Submitted concurrently with submission to the applicable regulator.
Clearing participants with parent guaranty	Same as above for the guarantor, as applicable.	

Exhibit A

Form requesting key financial information (Non-domestic Bank Members)

Pursuant to Fixed Income Clearing Corporation Government Securities Division (“GSD”) Rules and Important Notices as published from time to time by the Corporation on its website, www.ficc.com, GSD Non-Domestic Bank Members must complete and provide the attached form and the accompanying certification to FICC by the 75th calendar day after the end of each fiscal quarter. Please note that all material changes to the information provided must be submitted to FICC as soon as practicable.

Please note that the certifying officer should be the member’s chief financial officer, chief executive officer, or similar high-ranking official. If the entity does not have officers with such titles, the highest ranking executive or financial officer will be acceptable to FICC.

Member Firm Name

Pursuant to Fixed Income Clearing Corporation Government Securities Division (“GSD”) Rules and Important Notices as published from time to time by the Corporation on its website, www.ficc.com, GSD Non-Domestic Bank Members must complete and provide this form and the accompanying certification (see the next page) to FICC by the 75th calendar day after the end of each fiscal quarter.

KEY FINANCIAL DATA	
For the Quarter Ended:	
Exchange Rate Used	
GAAP Used	
Balance Sheet Items	(US\$ thousands)
Total Loans	
Total Assets	
Total Deposits	
Total Liabilities	
Total Equity Capital	
Income Statement Items	(US\$ thousands)
Net Interest Income	
Net Non-Interest Income	
Net Non-Interest Expense	
Pre-Tax Income	
Net Income	
Asset Quality	(Ratios to 2 decimal places)
Non-Performing Loans to Loans	
Loan Loss Reserve to Non-Performing Loans	
Net Charge-Offs/Loans	
Capital Adequacy	
Total Risk Weighted Assets	
Tier 1 Risk-Based Capital Ratio	
Total Risk-Based Capital Ratio	
Profitability	
Return on Assets	
Return of Equity	
Liquidity	
Net Loans to Deposits	
Net Loans to Core Deposits	

Bank to Parent Group	
Bank's Assets as a % of Consolidated Parent Group's Assets	
Bank's Net Income as a % of Consolidated Parent Group's Net Income	

I, _____ of
[Officer's name and title¹¹]

_____ (the "Member"), hereby certify that:
[Member firm name]

1. I am the Chief Executive Officer, Chief Financial Officer, or "similar high-ranking official" (as defined below) of the Member;
2. I have reviewed this interim financial data of _____;
[Member firm name]
3. Based on my knowledge, the interim financial data fairly presents in all material respects the financial condition, results of operations and other financial information of _____ as of, and for, the periods presented in this report.
[Member firm name]

[Officer's signature]

[Date]

¹¹ Certifying officer should be the member's chief financial officer, chief executive officer, or similar high-ranking official. With respect to this certification, a "similar high-ranking official" is an officer of the Member that maintains oversight with respect to the preparation of, and has authority to approve the information contained in, this form. If the entity does not have officers with such titles, the highest ranking executive or financial official will be acceptable to FICC.

Exhibit B

Form requesting key financial information (Non-domestic unregistered investment pools)

Pursuant to Fixed Income Clearing Corporation Mortgage-Backed Securities Division (“MBSD”) Rules and Important Notices as published from time to time by the Corporation on its website, www.ficc.com, MBSD Non-domestic Unregistered Investment Pools must complete and provide the attached form and the accompanying certification to FICC by the 75th calendar day after the end of each fiscal quarter. Please note that all material changes to the information provided must be submitted to FICC as soon as practicable.

Please note that the certifying officer should be the member’s chief financial officer, chief executive officer, or similar high-ranking official. If the entity does not have officers with such titles, the highest ranking executive or financial officer will be acceptable to FICC.

Member Firm Name

Pursuant to Fixed Income Clearing Corporation Mortgage-Backed Securities Division (“MBSD”) Rules and Important Notices as published from time to time by the Corporation on its website, www.ficc.com, MBSD Non-domestic Unregistered Investment Pools must complete and provide the attached form and the accompanying certification (see page 19) to FICC by the 75th calendar day after the end of each fiscal quarter.

For the Month Ended:	
Exchange Rate Used	
GAAP Used	
STATEMENT OF FINANCIAL CONDITION	
ASSETS	(US\$)
Cash and cash equivalents	
Receivable from brokers and affiliates	
Securities purchased under agreements to resell	
Securities owned at market	
US Gov't & Agencies (including mortgage-backed securities)	
US State & Municipal Gov't	
Non-US Gov't	
US Corporate Bonds	
US Equities	
Non-US Equities & Corporate Bonds	
Options	
Commodity Futures	
Other	
Other assets	
TOTAL ASSETS	
LIABILITIES	
Payable to brokers and affiliates	
Securities sold not yet purchased and short interest payable	
US Gov't & Agencies (including mortgage-backed securities)	
US State & Municipal Gov't	
Non-US Gov't	
US Corporate Bonds	
US Equities	
Non-US Equities & Corporate Bonds	
Options	
Commodity Futures	
Other	
Securities sold under agreements to repurchase	
Accrued expenses and other liabilities	
TOTAL LIABILITIES	

NET ASSETS/TOTAL EQUITY	
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STATEMENT OF INCOME

	One Month Ending Date:	Fiscal Year to Date:
	(US\$)	(US\$)
REVENUES		
Interest		
Dividends		
Net realized Gain (Loss) on investments		
Change in Net Unrealized Appreciation (Depreciation) on investments		
Net realized Gain (Loss) on Futures & Options Contracts		
Change in Net Unrealized Appreciation (Depreciation) on open Futures & Option Contracts		
Net realized Gain (Loss) on Swaps		
Change in Net Unrealized Appreciation (Depreciation) on open Swaps		
Other		
TOTAL REVENUES		
EXPENSES		
Interest		
Commissions and Trading Expenses		
Management Fees		
General and Administrative		
Other		
TOTAL EXPENSES		
NET INCOME (LOSS)		

STATEMENT OF CHANGES IN NET ASSETS/EQUITY

As of Date:	
	(US\$)
Net Assets/Total Equity, beginning of period	
Net Income	
Contributions	
Redemptions/Withdrawals	
Net Assets/Total Equity, end of period	

LEVERAGE BY STRATEGY

As of Date:	
Strategy (List)	Leverage

Please briefly explain below how each of the leverage calculations provided above was calculated:

I, _____ of
[Officer's name and title¹²]

_____, hereby certify that:
[Member firm name]

1. I am the Chief Executive Officer, Chief Financial Officer, or “similar high-ranking official” (as defined below) of the Member;
2. I have reviewed these interim financial statements of _____;
[Member firm name]
3. Based on my knowledge, the interim financial data fairly presents in all material respects the financial condition, results of operations and other financial information of _____ as of, and for, the periods presented in this
[Member firm name] report.

[Officer's signature]

[Date]

¹² Certifying officer should be the member's chief financial officer, chief executive officer, or similar high-ranking official. With respect to this certification, a “similar high-ranking official” is an officer of the Member that maintains oversight with respect to the preparation of, and has authority to approve the information contained in, this form. If the entity does not have officers with such titles, the highest ranking executive or financial official will be acceptable to FICC.