

Clearing Fund Management

Quick Reference Guide

About Clearing Fund Management (CFM)

Overview

The Clearing Fund Management (CFM) application allows you to view your clearing fund requirements and to calculate the effect on the fund of depositing a specific security.

GSD and MBSD customers can access real-time information. The benefits include:

- Real-time access to the Clearing Fund requirement and deposits
- Ability to calculate the Clearing Fund required deposit value based on various combinations of eligible securities
- Ability to initiate and submit on-line requests to change Clearing Fund composition (e.g. deposit/withdrawal/substitution). This eliminates the need to fax changes to composition requests to FICC.

Eligible instruments

- U.S. cash
- U.S. Treasury: bills, notes, bonds, TIPS, STRIPS (no TIPS STRIPS)
- U.S. agencies: notes, bonds, and zeros
- Pass-through securities (MBS)

HOTLINES

Government Securities Division (GSD):	(212) 855-3450
Mortgage-Backed Securities Division (MBSD):	(212) 855-3470

Eligible securities

- Securities from the following agencies were approved as Clearing Fund eligible:
 - Fannie Mae (FNMA)
 - Farmer Mac
 - Federal Farm Credit Banks
 - Freddie Mac (FHLMC)
 - Federal Home Loan Banks (FHLB)
 - Financing Corporation
 - Tennessee Valley Authority (TVA)
 - Resolution Trust Funding Corporation (RTFC)
- All securities eligible for the Clearing Fund must be
 - DTC eligible
 - Highly rated by either Moody (AAA/Aaa) or S&P (AAA)
- Only fixed-rate, TBA-eligible, single-family MBS pass-through securities issued by GNMA, FNMA, and FHLMC.
- All Treasuries and Agencies eligible for Clearing Fund must be fixed rate, GSD-netting eligible.

FICC requires that a participant maintain

- Ten percent of required deposit in cash, with a maximum cash requirement of \$5,000,000 and a minimum cash requirement of \$100,000.
- A minimum of 40 percent of the required deposit in cash and Treasuries.
- The remaining required deposit in cash, U.S. Treasury securities, government agency securities, and mortgage-backed securities issued by government agencies or entities sponsored by the federal government, subject to applicable concentration limits and haircuts as contained in [FICC Rules](#).

Viewing Clearing Fund Information

Use this procedure to view the current clearing fund status for a selected account.

1. On the Account List page select the account identification number of the account you want to find information for.

Enterprise Risk Management

Account List User ID: cfm1234_56789
 Clearing Fund Management Wed Dec 12 10:39:13 EST 2007

Account ID	Account Name	Total Deposit	Total Requirement	Excess	Deficit
0001234	Participant ABC	8,500,000.00	1,500,000.00	7,000,000.00	
00056789	Participant XYZ	4,000,000.00	250,000.00		(100,000.00)

The Participant Overview page appears, displaying the collateral breakdown information and the available collateral amount, excess or deficit for that account.

Note: You can withdraw any amount greater than zero, but you must pay any amount less than zero.

2. Click on **Clearing Fund Deposit Breakdown** to view a breakdown of the deposit.
3. Click on **Current Day's Activity** to view the status of previous requests: Pending, Approved, or Rejected.

Enterprise Risk Management

Account List > Participant Overview User ID: cfm1234_56789
 Clearing Fund Management Wed Dec 12 10:50:58 EST 2007

Participant ABC@GSD
 Participant Number: 1234
 Custodian Bank: 021000018 THE BANK OF NEW YORK

Final 1
 Your Clearing Fund Requirement has been finalized EXCESS: 7,000,000.00 USD

Clearing Fund Requirement Breakdown			Parameter Breaks		
Description	Amount	CCY	Description	Amount	CCY
GSD VAR	500,000.00	USD	No Parameter Breaks Found		
MRD	500,000.00	USD			
Coverage Component	500,000.00	USD			
Cross Margining	0.00	USD			
Total	1,500,000.00	USD			

Clearing Fund Deposit Breakdown					
Type	Face Value	CCY	Collateral Value	CCY	Total
Total Cash	500,000.00	USD	500,000.00	USD	8,500,000.00 USD
Total Securities	10,000,000	USD	8,000,000.00	USD	
Total Collateral Deposit	10,500,000.00	USD	8,500,000.00	USD	

Current Day's Activity

Subject	Asset ID	Face Value	CCY	Collateral Value	CCY	Received	Status	Reject Pending Transaction
There is currently no Transaction Activity								

The Participant Overview displays the detailed information.

Clearing Fund Deposit Breakdown

Current Day's Activity

Enterprise Risk Management DTCC

Account List > Participant Overview User ID: cfm1234_56789
 Clearing Fund Management Fri Nov 16 20:39:32 EST 2007

Participant XYZ@MBSD
 Participant Number: 56789 Print

Final 1
 Your Clearing Fund Requirement has been finalized DEFICIT: (100,000.00) USD

Clearing Fund Requirement Breakdown

Description	Amount	CCY	Description	Amount	CCY
Aggregate 56789	250,000.00	USD	Cash	(100,000.00)	USD
Total	250,000.00	USD	Security	0.00	USD

Parameter Breaks

Clearing Fund Deposit Breakdown 4,000,000.00 USD

Type	Face Value	CCY	Collateral Value	CCY
Total Securities	5,000,000	USD	4,000,000.00	USD
Total Collateral Deposit	5,000,000	USD	4,000,000.00	USD

Current Day's Activity New Request

Subject	Asset ID	Face Value	CCY	Collateral Value	CCY	Received	Status	Reject Pending Transaction
Securities Deposit	912828CL2	1,000,000	USD	900,000.00	USD	09:09 EST	Pending	<input type="checkbox"/>

[Help](#)

Creating a Substitution

Use this procedure to create a collateral substitution or to obtain a system response to a hypothetical scenario for collateral substitution.

1. On the Participant Overview screen, click **New Request**.

The Asset Substitution page appears.

Enterprise Risk Management DTCC

Account List > Participant Overview User ID: cfm1234_56789

Clearing Fund Management Wed Dec 12 10:50:58 EST 2007

Participant ABC@GSD
Participant Number: 1234
Custodian Bank: 021000018 THE BANK OF NEW YORK Print

Final 1
Your Clearing Fund Requirement has been finalized EXCESS: 7,000,000.00 USD

Description	Amount	CCY
GSD VAR	500,000.00	USD
MRD	500,000.00	USD
Coverage Component	500,000.00	USD
Cross Margining	0.00	USD
Total	1,500,000.00	USD

Description	Amount	CCY
No Parameter Breaks Found		

Type	Face Value	CCY	Collateral Value	CCY
Total Cash	500,000.00	USD	500,000.00	USD
Total Securities	10,000,000	USD	8,000,000.00	USD
Total Collateral Deposit	10,500,000.00	USD	8,500,000.00	USD

Current Day's Activity New Request

Subject	Asset ID	Face Value	CCY	Collateral Value	CCY	Received	Status	Reject Pending Transaction
There is Currently no Transaction Activity								

2. In the **Withdrawal** section, select the asset type in the **Asset Type** field.

3. Type the face value in the **Face Value** field.

Note: In the **Payment** field, the payment type is already selected for GSD and MBSD customers.

4. In the **Deposit** section select the asset type in the **Asset Type** field.

You can select one of the following:

- Cash
- Securities

Note: You can only select **Cash** in the case of a *what if* scenario. Cash to be applied to a collateral substitution request must be wired to the appropriate FICC account in order to obtain credit for that deposit.

5. Enter the asset identifier in the **Asset ID** field.

Note: When **Cash** is selected in the **Asset Type** field this field is pre-filled.

6. Type the face value in the **Face Value** field.

7. *Optional.* Click **Add** to add more asset types.

8. Click **Validate** at the top of the page.

Enterprise Risk Management
 Account List > Participant Overview > Asset Substitution (Calculator)
 User ID: cfm1234_56789
 Clearing Fund Management
 Wed Dec 12 10:54:47 EST 2007

Participant Name @GSD
 Participant Number:1234

Parameter Breaks/Available Amount

Description	Amount	CCY
Cash	350,000.00	USD
Security	7,000,000.00	USD

Requirement: 1,500,000.00 USD
 Net Excess: 7,000,000.00 USD
 [Validate] [Save] [Reset] [Print]

Withdrawal

Asset Type	Asset ID	Face Value	Collateral Value	On Deposit Face Value	On Deposit Collateral Value	Payment	CCY
Cash	CASH	0.0	0.00	500,000.00	500,000.00	FLU	USD
Securities	912810DY1	0.0	0.00	10,000,000	8,000,000.00		USD
Total:			0.00	10,500,000.00	8,500,000.00		USD

Deposit

Asset Type	Asset ID	Face Value	Collateral Value	CCY
Cash	CASH	9500000.00		USD
Total:				USD

[Add]

9. The system calculates the collateral value, displays it in the **Collateral Value** field and returns a message validating or rejecting your request.

10. Click **Save** to process your substitution request.

Enterprise Risk Management

Account List > Participant Overview > Asset Substitution (Calculator) User ID: cfm1234_56789
 Clearing Fund Management Wed Dec 12 10:54:47 EST 2007

Participant Name @MBSD
 Participant Number:56789

Parameter Breaks/Available Amount

Description	Amount	CCY
Cash	(100,000.00)	USD
Security	0.00	USD

Requirement: 250,000.00 USD
 Net Excess: 3,750,000.00 USD
 New Net Excess: 10,680,885.03 USD

Validate Save Reset Print

Withdrawal

Asset Type	Asset ID	Face Value	Collateral Value	On Deposit Face Value	On Deposit Collateral Value	Payment	CCY
Securities	912810FY0	0.0	0.00	5,000,000.00	5,961,489.04		USD
Total:			0.00	5,000,000.00	5,961,489.04		USD

Deposit

Asset Type	Asset ID	Face Value	Collateral Value	CCY
Securities	912810EY0	6,000,000.00	6,930,885.03	USD
Total:		6,000,000.00	6,930,885.03	USD

Add +

A message appears confirming your request and the Participant Overview page displays the request as **Pending**.

Enterprise Risk Management

Account List > Participant Overview User ID: cfm1234_56789
Fri Nov 16 20:39:32 EST 2007

Clearing Fund Management Print

Participant XYZ@MBSD
Participant Number: 56789

Final 1
Your Clearing Fund Requirement has been finalized DEFICIT: (100,000.00) USD

Clearing Fund Requirement Breakdown **Parameter Breaks**

Description	Amount	CCY	Description	Amount	CCY
Aggregate 56789	250,000.00	USD	Cash	(100,000.00)	USD
Total	250,000.00	USD	Security	0.00	USD

Clearing Fund Deposit Breakdown **4,000,000.00 USD**

Type	Face Value	CCY	Collateral Value	CCY
Total Securities	5,000,000	USD	4,000,000.00	USD
Total Collateral Deposit	5,000,000	USD	4,000,000.00	USD

Current Day's Activity New Request
Reject

Subject	Asset ID	Face Value	CCY	Collateral Value	CCY	Received	Status	Reject Pending Transaction
Securities Deposit	912828CL2	1,000,000	USD	900,000.00	USD	09:09 EST	Pending	<input type="checkbox"/>

[? Help](#)

- In the **Deposit** section select the asset type in the **Asset Type** field.

You can create deposit collateral transaction requests for:

- Cash
- Securities

Note: You can only select **Cash** for a *what if* scenario. Cash must be wired to the appropriate FICC account in order to obtain credit for a deposit.

- Enter the asset identifier in the **Asset ID** field.

Note: When **Cash** is selected in the **Asset Type** field, this field is already filled.

- Type the face value in the **Face Value** field.
- Optional.* Click the **Add** button to add more asset types.
- Click **Validate** at the top of the page.

Enterprise Risk Management OTCC

Account List > Participant Overview > Asset Substitution (Calculator) User ID: cfm1234_56789

Clearing Fund Management Wed Dec 12 10:54:47 EST 2007

Participant Name @GSD
Participant Number: 1234

Parameter Breaks/Available Amount

Description	Amount	CCY
Cash	350,000.00	USD
Security	7,000,000.00	USD

Requirement: 1,500,000.00 USD
Net Excess: 7,000,000.00 USD

Validate Save Reset Print

Withdrawal

Asset Type	Asset ID	Face Value	Collateral Value	On Deposit Face Value	On Deposit Collateral Value	Payment	CCY
Cash	CASH	0.0	0.00	500,000.00	500,000.00	FLU	USD
Securities	912810DY1	0.0	0.00	10,000,000	8,000,000.00		USD
Total:			0.00	10,500,000.00	8,500,000.00		USD

Deposit

Asset Type	Asset ID	Face Value	Collateral Value	CCY
Cash	CASH	9500000.00		USD
Total:				USD

Add +

7. The system calculates the collateral value and displays it in the **Collateral Value** field.

A message validating or rejecting your request appears.

8. If your request is validated, click **Save** to process the deposit.

Enterprise Risk Management OTCC

Account List > Participant Overview > Asset Substitution (Calculator) User ID: cfm1234_56789

Clearing Fund Management Wed Dec 12 10:54:47 EST 2007

Participant Name @MBSD
Participant Number:56789

Parameter Breaks/Available Amount

Description	Amount	CCY
Cash	(100,000.00)	USD
Security	0.00	USD

Requirement: 250,000.00 USD
Net Excess: 3,750,000.00 USD
New Net Excess: 10,680,885.03 USD

Validate [X] Save [S] Reset [R] Print [P]

Validation completed. Click on the Save button to submit requests

Withdrawal							
Asset Type	Asset ID	Face Value	Collateral Value	On Deposit Face Value	On Deposit Collateral Value	Payment	CCY
Securities	912810FY0	0.0	0.00	5,000,000.00	5,961,489.04		USD
Total:			0.00	5,000,000.00	5,961,489.04		USD

Deposit				
Asset Type	Asset ID	Face Value	Collateral Value	CCY
Securities	912810EY0	6,000,000.00	6,930,885.03	USD
Total:		6,000,000.00	6,930,885.03	USD

Add +

A message appears confirming your request and the Participant Overview page displays the request as **Pending**.

Enterprise Risk Management DTCC

Account List > Participant Overview User ID: cfm1234_56789

Clearing Fund Management Fri Nov 16 20:39:32 EST 2007

Participant XYZ@MBSD
Participant Number: 56789 Print

Final 1
Your Clearing Fund Requirement has been finalized DEFICIT: (100,000.00) USD

Clearing Fund Requirement Breakdown			Parameter Breaks		
Description	Amount	CCY	Description	Amount	CCY
Aggregate 56789	250,000.00	USD	Cash	(100,000.00)	USD
Total	250,000.00	USD	Security	0.00	USD

Clearing Fund Deposit Breakdown			4,000,000.00 USD		
Type	Face Value	CCY	Collateral Value	CCY	
Total Securities	5,000,000	USD	4,000,000.00	USD	
Total Collateral Deposit	5,000,000	USD	4,000,000.00	USD	

Current Day's Activity New Request

Subject	Asset ID	Face Value	CCY	Collateral Value	CCY	Received	Status	Reject Pending Transaction
Securities Deposit	912828CL2	1,000,000	USD	900,000.00	USD	09:09 EST	Pending	<input type="checkbox"/>

[Help](#)

Requesting a Withdrawal

Use this procedure to create a withdrawal collateral transaction request or to obtain a system response to a hypothetical scenario for a cash withdrawal.

1. On the Participant Overview screen, click **New Request**.

The Asset Substitution page appears.

Enterprise Risk Management DTCC

Account List > Participant Overview User ID: cfm1234_56789

Clearing Fund Management Wed Dec 12 10:50:58 EST 2007

Participant ABC@GSD
Participant Number: 1234
Custodian Bank: 021000018 THE BANK OF NEW YORK Print

Final 1
Your Clearing Fund Requirement has been finalized EXCESS: 7,000,000.00 USD

Description	Amount	CCY
GSD VAR	500,000.00	USD
MRD	500,000.00	USD
Coverage Component	500,000.00	USD
Cross Margining	0.00	USD
Total	1,500,000.00	USD

Description	Amount	CCY
No Parameter Breaks Found		

Type	Face Value	CCY	Collateral Value	CCY
Total Cash	500,000.00	USD	500,000.00	USD
Total Securities	10,000,000	USD	8,000,000.00	USD
Total Collateral Deposit	10,500,000.00	USD	8,500,000.00	USD

Current Day's Activity New Request

Subject	Asset ID	Face Value	CCY	Collateral Value	CCY	Received	Status	Reject Pending Transaction
There is Currently no Transaction Activity								

2. In the **Withdrawal** section, select the asset type in the **Asset Type** field.

3. Type the face value in the **Face Value** field.

Note: In the **Payment** field, the payment type is already selected for GSD and MBSD customers.

4. Click **Validate** at the top of the page.

Enterprise Risk Management
 Account List > Participant Overview > Asset Substitution (Calculator)
 Clearing Fund Management
 Participant Name @GSD
 Participant Number: 1234
 User ID: cfm1234_56789
 Wed Dec 12 10:54:47 EST 2007

Parameter Breaks/Available Amount

Description	Amount	CCY
Cash	350,000.00	USD
Security	7,000,000.00	USD

Requirement: 1,500,000.00 USD
 Net Excess: 7,000,000.00 USD

Withdrawal

Asset Type	Asset ID	Face Value	Collateral Value	On Deposit Face Value	On Deposit Collateral Value	Payment	CCY
Cash	CASH	0.0	0.00	500,000.00	500,000.00	FLU	USD
Securities	912810DY1	0.0	0.00	10,000,000	8,000,000.00		USD
Total:			0.00	10,500,000.00	8,500,000.00		USD

Deposit

Asset Type	Asset ID	Face Value	Collateral Value	CCY
Cash	CASH	\$500000.00		USD
Total:				USD

Buttons: Validate, Save, Reset, Print

The system calculates the collateral value and returns a message validating or rejecting your request.

5. Click **Save** to process your request if it is validated.

Enterprise Risk Management DTCC

Account List > Participant Overview > Asset Substitution (Calculator) User ID: cfm1234_56789

Clearing Fund Management Wed Dec 12 10:54:47 EST 2007

Participant Name @MBSD
Participant Number:56789

Parameter Breaks/Available Amount

Description	Amount	CCY
Cash	(100,000.00)	USD
Security	0.00	USD

Requirement: 250,000.00 USD
Net Excess: 3,750,000.00 USD
New Net Excess: 10,680,885.03 USD

Validate Save Reset Print

Withdrawal

Asset Type	Asset ID	Face Value	Collateral Value	On Deposit Face Value	On Deposit Collateral Value	Payment	CCY
Securities	912810FY0	0.0	0.00	5,000,000.00	5,961,489.04		USD
Total:			0.00	5,000,000.00	5,961,489.04		USD

Deposit

Asset Type	Asset ID	Face Value	Collateral Value	CCY
Securities	912810EY0	6,000,000.00	6,930,885.03	USD
Total:		6,000,000.00	6,930,885.03	USD

Add

A message appears confirming your withdrawal request and the Participant Overview page displays the request as Pending.

Enterprise Risk Management DTCC

Account List > Participant Overview User ID: cfm1234_56789

Clearing Fund Management Fri Nov 16 20:39:32 EST 2007

Participant XYZ@MBSD
Participant Number: 56789 Print

Final 1
Your Clearing Fund Requirement has been finalized DEFICIT: (100,000.00) USD

Clearing Fund Requirement Breakdown Parameter Breaks

Description	Amount	CCY	Description	Amount	CCY
Aggregate 56789	250,000.00	USD	Cash	(100,000.00)	USD
Total	250,000.00	USD	Security	0.00	USD

Clearing Fund Deposit Breakdown 4,000,000.00 USD

Type	Face Value	CCY	Collateral Value	CCY
Total Securities	5,000,000	USD	4,000,000.00	USD
Total Collateral Deposit	5,000,000	USD	4,000,000.00	USD

Current Day's Activity New Request

Subject	Asset ID	Face Value	CCY	Collateral Value	CCY	Received	Status	Reject Pending Transaction
Securities Deposit	912828CL2	1,000,000	USD	900,000.00	USD	09:09 EST	Pending	<input type="checkbox"/>

[Help](#)

Rejecting a Request

Use this procedure to reject a previously submitted request.

1. In the Current Day's Activity section on the Participant Overview page, check the box in the **Reject Pending Transaction** field next to the activity you want to reject.
2. Click **Reject**.

The message "Are you sure you want to proceed with the Rejection?" appears.

The screenshot displays the 'Enterprise Risk Management' interface. At the top, it shows 'Account List > Participant Overview' and 'User ID: cfm1234_56789'. The page title is 'Clearing Fund Management' and the participant information is 'Participant XYZ@MBSD' and 'Participant Number: 56789'. A 'Print' button is visible.

The main content area includes a status message: 'Final 1 Your Clearing Fund Requirement has been finalized' with a 'DEFICIT: (100,000.00) USD'.

There are two summary tables:

Description	Amount	CCY
Aggregate 56789	250,000.00	USD
Total	250,000.00	USD

Description	Amount	CCY
Cash	(100,000.00)	USD
Security	0.00	USD

Below these are two more summary tables:

Type	Face Value	CCY	Collateral Value	CCY
Total Securities	5,000,000	USD	4,000,000.00	USD
Total Collateral Deposit	5,000,000	USD	4,000,000.00	USD

The 'Current Day's Activity' section contains a table with the following data:

Subject	Asset ID	Face Value	CCY	Collateral Value	CCY	Received	Status	Reject Pending Transaction
Securities Deposit	912828CL2	1,000,000	USD	900,000.00	USD	09:09 EST	Pending	<input checked="" type="checkbox"/>

Annotations on the screenshot include a yellow box around the 'Reject Pending Transaction' checkbox in the table, and a yellow box around the 'Reject' button in the 'New Request' dropdown menu. A yellow circle with the number '1' points to the 'Status' column, and a yellow circle with the number '2' points to the 'Reject' button.

3. Click OK to proceed with the rejection.

The screenshot displays the 'Enterprise Risk Management' interface. At the top, it shows 'Account List > Participant Overview' and 'Clearing Fund Management'. The user is identified as 'User ID: cfm1234_56789' and the date is 'Fri Nov 16 20:39:32 EST 2007'. A 'Print' button is visible in the top right.

The main content area includes a status message: 'Final 1 Your Clearing Fund Requirement has been finalized'. Below this, there are several tables:

- Clearing Fund Requirement Breakdown:** A table with columns 'Description' and 'Amount'. It shows 'Aggregate 56789' and a 'Total' row.
- Clearing Fund Deposit Breakdown:** A table with columns 'Type' and 'Amount'. It shows 'Total Securities' and 'Total Collateral Deposit'.
- Parameter Breaks:** A table with columns 'Description', 'Amount', and 'CCY'. It lists 'Cash' with an amount of '(100,000.00)' and 'Security' with '0.00', both in USD.
- Collateral Value:** A table with columns 'Collateral Value' and 'CCY'. It shows a value of '4,000,000.00' in USD.

A confirmation dialog box is overlaid on the screen, asking 'Are you sure you want to proceed with the Rejection?'. The dialog has 'OK' and 'Cancel' buttons. A yellow circle with the number '3' points to the 'OK' button.

At the bottom, there is a 'Current Day's Activity' table with columns: Subject, Asset ID, Face Value, CCY, Collateral Value, CCY, Received, Status, and Reject Pending Transaction. The table contains one entry: 'Securities Deposit' with Asset ID '912828CL2', Face Value '1,000,000', CCY 'USD', Collateral Value '900,000.00', CCY 'USD', Received '09:09 EST', Status 'Pending', and a checked 'Reject Pending Transaction' box.

A message appears verifying that your request has been submitted and updated.

The Participant Overview page displays the transaction status as **Rejected** in the Status field.

The screenshot displays the 'Enterprise Risk Management' interface. At the top, it shows 'Participant Overview' for 'Participant XYZ@MBSD' with ID '56789'. A yellow box highlights a success message: 'Success: The reject of the request(s) have been updated.' Below this, a table titled 'Clearing Fund Requirement Breakdown' shows a total requirement of 250,000.00 USD. A 'Parameter Breaks' table shows a deficit of 100,000.00 USD. A 'Clearing Fund Deposit' of 4,000,000.00 USD is also noted. At the bottom, a table lists activities, with one entry for 'SecuritiesDeposit' having a status of 'Rejected', which is highlighted with a yellow box.

Description	Amount	CCY
Aggregate 56789	250,000.00	USD
Total	250,000.00	USD

Description	Amount	CCY
Cash	(100,000.00)	USD
Security	0.00	USD

Subject	Asset ID	Face Value	CCY	Collateral Value	CCY	Received	Status	Reject Pending Transaction
SecuritiesDeposit	912828CL2	1,000,000	USD	900,000.00	USD	09:09 EST	Rejected	