

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * SECURITIES AND EXCHANGE COMMISSION File No.* SR - - *
 WASHINGTON, D.C. 20549 Form 19b-4 Amendment No. (req. for Amendments *)

Filing by Fixed Income Clearing Corporation
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input checked="" type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Include References to Uniform Mortgage-Backed Securities

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Last Name *
 Title *
 E-mail *
 Telephone * Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date
 By

(Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The proposed rule change is annexed hereto as Exhibit 5 and consists of modifications to the Fixed Income Clearing Corporation (“FICC”) Government Securities Division (“GSD”) Rulebook, the Methodology Document – GSD Initial Market Risk Margin Model (the “GSD Methodology Document,” together with the GSD Rulebook, the “GSD Rules”), the FICC Mortgage-Backed Securities Division (“MBSD”) Clearing Rules, and the Methodology and Model Operations Document – MBSD Quantitative Risk Model (the “MBSD Methodology Document,” together with the MBSD Clearing Rules, the “MBSD Rules”) to include references, as described below, to a new type of mortgage-backed securities, referred to as uniform mortgage-backed securities (“UMBS”), issued by the Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”).¹ The proposed changes would not require any changes to FICC’s systems nor would the changes impact the rights and obligations of GSD Netting Members and MBSD Clearing Members (collectively, “Members”). FICC would treat UMBS in the same manner that it currently treats Fannie Mae securities and Freddie Mac securities from an operational and risk management perspective.

Specifically, FICC is proposing to (1) amend the GSD Rulebook and the MBSD Clearing Rules to apply the current haircut for Fannie Mae securities and Freddie Mac securities to the proposed UMBS for purposes of satisfying Required Fund Deposit amounts, (2) amend the GSD Rulebook to apply the current Pricing Rate for CCIT Transactions backed by Fannie Mae securities and Freddie Mac securities to CCIT Transactions backed by UMBS, and (3) amend the GSD Methodology Document and MBSD Methodology Document to include references to UMBS. FICC is requesting confidential treatment of the GSD Methodology Document and the MBSD Methodology Document, and has filed these documents separately with the Securities and Exchange Commission (“Commission”).² The proposed changes are described below.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Businesses, Technology & Operations Committee of the FICC Board of Directors on October 16, 2018.

¹ Terms not defined herein are defined in the GSD Rulebook, [available at http://dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf](http://dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf), or the MBSD Clearing Rules, [available at http://dtcc.com/~media/Files/Downloads/legal/rules/ficc_mbsd_rules.pdf](http://dtcc.com/~media/Files/Downloads/legal/rules/ficc_mbsd_rules.pdf), as applicable.

² [See 17 CFR 240-24b-2.](#)

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

FICC is proposing to (1) amend the GSD Rulebook and the MBSD Clearing Rules to apply the current haircut for Fannie Mae securities and Freddie Mac securities to the proposed UMBS for purposes of satisfying Required Fund Deposit amounts, (2) amend the GSD Rulebook to apply the Pricing Rate for CCIT Transactions backed by Fannie Mae securities and Freddie Mac securities to CCIT Transactions backed by UMBS, and (3) amend the GSD Methodology Document and MBSD Methodology Document to include references to UMBS because UMBS will be included in MBSD’s TBA³ product line and will be eligible collateral for GSD’s GCF Repo Transactions⁴ backed by mortgage-backed securities. The proposed changes would not require any changes to FICC’s systems nor would the changes impact the rights and obligations of Members. FICC would treat UMBS in the same manner that it currently treats Fannie Mae securities and Freddie Mac securities from an operational and risk management perspective.

(i) Background

Under the direction of the Federal Housing Finance Agency (“FHFA”), Fannie Mae and Freddie Mac will create a new mortgage-backed security pursuant to an initiative referred to as the single security initiative (“Single Security Initiative”).⁵

³ Pursuant to the MBSD Clearing Rules, the term “TBA” means a contract for the purchase or sale of a mortgage-backed security to be delivered at an agreed-upon future date because as of the transaction date, the seller has not yet identified certain terms of the contract, such as the pool number and number of pools, to the buyer. See MBSD Rule 1, supra note 1.

⁴ Pursuant to the GSD Rulebook, the term “GCF Repo Transaction” means a Repo Transaction involving Generic CUSIP Numbers the data on which are submitted to FICC on a Locked-In-Trade basis pursuant to the provisions of GSD Rule 6C, for netting and settlement by FICC pursuant to the provisions of GSD Rule 20. See GSD Rule 1, supra note 1.

⁵ See “Uniform Mortgage-Backed Security,” 84 FR 7793 (March 5, 2019) (to be codified at 12 CFR 1248); “Single Security Initiative and Common Securitization Platform,” FHFA, available at <https://www.fhfa.gov/PolicyProgramsResearch/Policy/Pages/Securitization-Infrastructure.aspx>; “Single Security Initiative and Common Securitization Platform,” Fannie Mae, available at <http://fanniemae.com/portal/funding-the-market/single-security/index.html> (“Fannie Mae Website”); and “Single Security Initiative and the Common Securitization Platform,” Freddie Mac, available at http://www.freddiemac.com/mbs/html/single_security_csp.html (“Freddie Mac Website”).

Pursuant to the FHFA's proposed rule and final rule, respectively, and the information that has been publicly made available on the FHFA, Fannie Mae and Freddie Mac websites, the stated goals of the Single Security Initiative are to (i) bring additional liquidity and fungibility to the TBA market; and (ii) to reduce or eliminate the trading disparities that exist today between Fannie Mae's and Freddie Mac's TBA securities.⁶ In connection with the Single Security Initiative, FICC understands the following:

- the new mortgage-backed securities, referred to as UMBS, will be issued and guaranteed by either Fannie Mae or Freddie Mac, and backed by fixed rate 30-year, 20-year, 15-year, or 10-year single family mortgage loans.⁷
- UMBS will be single-class securities backed by mortgage loans purchased by either Freddie Mac or Fannie Mae.⁸
- the key features of UMBS will be the same as those of Fannie Mae securities, and as a result, the existing Fannie Mae securities will be interchangeable with UMBS.⁹
- Freddie Mac will give market participants the opportunity to exchange 45-day Freddie Mac Participation Certificates and Freddie Mac Giant Participation Certificates¹⁰ for comparable UMBS backed by the same mortgage loans.¹¹

⁶ Id. See also "Uniform Mortgage-Backed Security," 83 FR 46889 (proposed September 17, 2018).

⁷ See Freddie Mac Website, supra note 5.

⁸ See 84 FR at 7800; Fannie Mae Website, supra note 5.

⁹ See 84 FR at 7800.

¹⁰ Freddie Mac refers to its pass-through mortgage-backed securities as "Participation Certificates." Freddie Mac Giant Participation Certificates are single-class pass-through securities that enable investors to manage their portfolios more efficiently by consolidating smaller participation certificates into larger giant participation certificates. See "Giant PCs," available at <http://www.freddiemac.com/mbs/products/giants.html>. Introduced in 1988, Freddie Mac Giant Participation Certificates are popular with dealers and investors because they are an efficient and profitable way to aggregate production and investment portfolios. Id.

¹¹ See 83 FR at 46890; Fannie Mae Website, supra note 5. The opportunity to exchange 45-day Freddie Mac Participation Certificates and Freddie Mac Giant Participation Certificates for comparable UMBS backed by the same mortgage loans occurs outside of FICC. FICC is not involved in any aspect of this exchange process. Information on this exchange is available at <http://www.freddiemac.com/mbs/exchange/>.

Based on the information noted above, FICC will include UMBS in MBSD's existing TBA product line (which currently includes Fannie Mae securities and Freddie Mac securities) and amend the GSD Rules and the MBSD Rules to treat the proposed UMBS in the same manner that it treats existing TBA securities. As a result, MBSD Clearing Members will be allowed to submit TBA transactions backed by UMBS¹² and GSD Netting Members will be allowed to submit GCF Repo Transactions collateralized with UMBS. FICC will implement these changes to give Members the ability to clear and settle UMBS as an Eligible Security.

(ii) **Proposed Changes**

In order to facilitate the submission of TBA transactions backed by UMBS and GCF Repo Transactions collateralized by UMBS, FICC is proposing to (1) amend the GSD Rulebook and the MBSD Clearing Rules to apply the current haircut for Fannie Mae securities and Freddie Mac securities, respectively, to the proposed UMBS used to satisfy Required Fund Deposit amounts, (2) amend the GSD Rulebook to apply the current Pricing Rate for Fannie Mae securities and Freddie Mac securities to CCIT Transactions backed by UMBS, and (3) amend the GSD Methodology Document and the MBSD Methodology Document to include references to UMBS. The proposed changes are set forth below:

A. *Proposed Changes to the GSD Rulebook*

FICC is proposing to amend GSD Rule 1 to include the definition for UMBS. This term would be defined as a single-class mortgage-backed security backed by fixed-rate mortgage loans on one to four unit (single-family) properties issued by either Fannie Mae or Freddie Mac which has the same characteristics (such as payment delay, pooling prefixes and minimum pool submission amounts) regardless of whether Fannie Mae or Freddie Mac is the issuer. FICC is proposing this change because this term would be referenced in GSD Rule 3B Section 14(a)(xii) and GSD's Schedule of Haircuts for Eligible Clearing Fund Securities.

FICC is also proposing to amend GSD Rule 3B Section 14(a)(xii) to include a reference to UMBS. This section defines the Pricing Rate for CCIT MRA transactions backed by U.S. Treasury securities, Non-Mortgage-Backed U.S. Agency Securities, and Fannie Mae and Freddie Mac mortgage-backed securities. FICC is proposing to amend this section to add UMBS to the references to Fannie Mae and Freddie Mac mortgage-backed securities. Due to this change, the calculated Pricing Rate for UMBS would be the same as the Pricing Rate for Fannie Mae and Freddie Mac mortgage-backed securities.

FICC is also proposing to amend item 3 entitled "MBS Pass-Throughs" in GSD's Schedule of Haircuts for Eligible Clearing Fund Securities to apply the current haircut for Fannie Mae securities and Freddie Mac securities to the proposed UMBS.

¹² See GSD Rule 1, Definitions – "Eligible Security," and MBSD Rule 1, Definitions – "Eligible Security," supra note 1.

B. Proposed Changes to the MBSD Clearing Rules

FICC is proposing to amend MBSD Rule 1 to include the definition for UMBS. This term would be defined as a single-class mortgage-backed security backed by fixed-rate mortgage loans on one to four unit (single-family) properties issued by either Fannie Mae or Freddie Mac which has the same characteristics (such as payment delay, pooling prefixes and minimum pool submission amounts) regardless of whether Fannie Mae or Freddie Mac is the issuer. FICC is proposing this change because this term would be referenced in MBSD’s Schedule of Haircuts for Eligible Clearing Fund Securities.

FICC is proposing to amend item 3 entitled “MBS Pass-Throughs” in MBSD’s Schedule of Haircuts for Eligible Clearing Fund Securities to apply the current haircut for Fannie Mae securities and Freddie Mac securities to the proposed UMBS.

C. Proposed Changes to the GSD Methodology Document

FICC is proposing to amend the GSD Methodology Document to include references to UMBS. Given that the FHFA’s proposed rule and final rule state that the key features of the proposed UMBS would be the same as the current Fannie Mae securities,¹³ FICC would treat UMBS in the same manner that it treats Fannie Mae securities from a risk management perspective – meaning, FICC would calculate a GSD Netting Member’s Required Fund Deposit amount for GCF Repo Transactions backed by UMBS consistent with FICC’s current calculation of GCF Repo Transactions backed by Fannie Mae securities.

D. Proposed Changes to the MBSD Methodology Document

FICC is proposing to amend the MSBD Methodology Document to include references to UMBS. Given that the FHFA’s proposed rule and final rule state that the key features of the proposed UMBS would be the same as the current Fannie Mae securities,¹⁴ FICC would treat UMBS in the same manner that it treats Fannie Mae securities from a risk management perspective – meaning, FICC would calculate a MBSD Clearing Member’s Required Fund Deposit amount for portfolios that are comprised of UMBS in a manner that is consistent with FICC’s current calculation for portfolios that are comprised of Fannie Mae securities.

(b) Statutory Basis

Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 (“Act”) requires, in part, that the GSD Rules and MBSD Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.¹⁵ As described above, FICC is proposing to (1) amend the GSD Rulebook and the MBSD Clearing Rules to apply the current haircut for Fannie Mae

¹³ 83 FR at 46890; 84 FR at 7793.

¹⁴ Id.

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

securities and Freddie Mac securities to the proposed UMBS, (2) amend the GSD Rulebook to apply the current Pricing Rate for CCIT Transactions backed by Fannie Mae securities and Freddie Mac securities to CCIT Transactions backed by UMBS, and (3) amend the GSD Methodology Document and MBSD Methodology Document to include references to UMBS.

FICC believes the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions because the proposed UMBS would present the same risks to FICC that the existing Fannie Mae securities and Freddie Mac securities currently present to FICC given that the FHFA, Fannie Mae and Freddie Mac have indicated that the key characteristics of UMBS will be the same as Fannie Mae securities as described in Item 3(a) above. As a result, FICC would treat UMBS in the same manner that it treats Fannie Mae securities and Freddie Mac securities. Specifically, the changes would promote the prompt and accurate clearance and settlement of securities because (1) the proposed haircut, which would be the same as the haircuts for Fannie Mae securities and Freddie Mac securities, would protect FICC from the potential decline in the value of UMBS in normal and in stressed market conditions, (2) the proposed Pricing Rate for CCIT Transactions backed by UMBS would help to ensure that such rate is calculated in the same manner as Fannie Mae securities and Freddie Mac securities for purposes of a CCIT MRA transaction, and (3) the proposed inclusion of UMBS in the GSD Methodology Document and MBSD Methodology Document would help to ensure that UMBS is treated in the same manner as Fannie Mae securities for risk management purposes. For these reasons, FICC believes that the proposed changes are consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

4. Self-Regulatory Organization's Statement on Burden on Competition

FICC does not believe that the proposed rule changes would have any impact, or impose any burden, on competition because, as described in Item 3(a) above, FICC would treat UMBS in the same manner that it treats Fannie Mae securities and Freddie Mac securities (i.e., the same haircut that is currently applied to Fannie Mae securities and Freddie Mac securities would be applied to UMBS; the same CCIT Pricing Rate that is currently applied to CCIT Transactions backed by Fannie Mae securities and Freddie Mac securities would be applied to CCIT Transactions backed by UMBS; and the same risk management that is applied to Fannie Mae securities and Freddie Mac securities would be applied to UMBS). Given this, FICC's proposed treatment of UMBS would not give Members an advantage or a disadvantage if such Members use UMBS rather than Fannie Mae securities or Freddie Mac securities (1) for purposes of satisfying Required Fund Deposits amounts or (2) to back CCIT Transactions. Therefore, FICC does not believe that the proposed rule changes would have any impact or impose any burden on competition.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

FICC has not received or solicited any written comments relating to this proposal. FICC will notify the Commission of any written comments received by FICC.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

(a) The proposed rule changes are to take effect immediately upon filing pursuant to paragraph A of Section 19(b)(3) of the Act.¹⁶

(b) The proposed rule changes would effect a change in an existing service of FICC that does not adversely affect the safeguarding of securities or funds in the custody or control of FICC or for which it is responsible, and does not significantly affect the respective rights or obligations of FICC or the persons using the service.¹⁷

Specifically, the proposed changes would affect an existing service because the changes would (1) amend the GSD Rulebook and MBSD Clearing Rules to apply the current haircut for Fannie Mae securities and Freddie Mac securities to the proposed UMBS for purposes of a Member's satisfaction of its Required Fund Deposit amounts, (2) amend the GSD Rulebook to apply the current Pricing Rate for CCIT Transactions backed by Fannie Mae securities and Freddie Mac securities, respectively, to CCIT Transactions backed by UMBS, and (3) amend the GSD Methodology Document and MBSD Methodology Document to include references to UMBS.

The proposed changes would not adversely affect the safeguarding of securities or funds because FICC is proposing to treat UMBS in a manner that is consistent with its treatment of Fannie Mae securities and Freddie Mac securities in the GSD Rules and the MBSD Rules, respectively, as described in Item 3(a).

FICC does not anticipate that the marketplace's transition from clearing Fannie Mae and Freddie Mac securities to UMBS would be disruptive because UMBS would be TBA transactions, and FICC's systems are designed to clear, process and settle TBA transactions. In addition, FICC's clearance, processing and settlement of the proposed UMBS would not require any operational changes to FICC's systems. While the FHFA's proposed rule and final rule indicate that combining the Fannie Mae and Freddie Mac markets into one market will likely increase the tradable supply of TBA-eligible mortgage-backed securities, FICC does not believe that this increase would have a negative impact on FICC's ability to clear, process and settle UMBS because FICC's system would recognize UMBS as TBA transactions. Therefore, FICC's system would recognize UMBS in the same manner that it recognizes Fannie Mae and Freddie Mac securities.

¹⁶ 15 U.S.C 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(4)(i).

The proposed changes do not affect the rights and obligations of FICC or Members because the changes would not give Members an advantage or disadvantage. As stated above, FICC would treat UMBS in the same manner that it treats Fannie Mae and Freddie Mac securities (i.e., the proposed haircut, CCIT Pricing Rate and risk management measures). A Member's decision to engage in transactions backed by UMBS would occur outside of FICC. FICC does not have the authority to mandate that Members trade in any particular security type including but not limited to UMBS. A Member's decision to engage in UMBS transactions (or any other type of security) is based on such Member's business objectives. As a result, the proposed change would not affect the rights and obligations of FICC nor its Members.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing, and Settlement Supervision Act of 2010

Not applicable.

11. Exhibits

Exhibit 1 – Not applicable.

Exhibit 1A – Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 – Not applicable.

Exhibit 3 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the GSD Rulebook.

Proposed changes to the MBSD Clearing Rules.

Proposed changes to the GSD Methodology Document. **Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 5 pursuant to 17 CFR 240.24b-2 being requested.**

Proposed changes to the MBSD Methodology Document. **Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 5 pursuant to 17 CFR 240.24b-2 being requested.**

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-FICC-2019-002)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Include References to Uniform Mortgage-Backed Securities

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on April __, 2019, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(4)(i) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of modifications to the FICC Government Securities Division (“GSD”) Rulebook, the Methodology Document – GSD Initial Market Risk Margin Model (the “GSD Methodology Document,” together with the GSD Rulebook, the “GSD Rules”), the FICC Mortgage-Backed Securities Division (“MBSD”) Clearing Rules, and the Methodology and Model Operations Document – MBSD

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(4)(i).

Quantitative Risk Model (the “MBSD Methodology Document,” together with the MBSD Clearing Rules, the “MBSD Rules”) to include references, as described below, to a new type of mortgage-backed securities, referred to as uniform mortgage-backed securities (“UMBS”), issued by the Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”).⁵ The proposed changes would not require any changes to FICC’s systems nor would the changes impact the rights and obligations of GSD Netting Members and MBSD Clearing Members (collectively, “Members”). FICC would treat UMBS in the same manner that it currently treats Fannie Mae securities and Freddie Mac securities from an operational and risk management perspective.

Specifically, FICC is proposing to (1) amend the GSD Rulebook and the MBSD Clearing Rules to apply the current haircut for Fannie Mae securities and Freddie Mac securities to the proposed UMBS for purposes of satisfying Required Fund Deposit amounts, (2) amend the GSD Rulebook to apply the current Pricing Rate for CCIT Transactions backed by Fannie Mae securities and Freddie Mac securities to CCIT Transactions backed by UMBS, and (3) amend the GSD Methodology Document and MBSD Methodology Document to include references to UMBS. FICC is requesting confidential treatment of the GSD Methodology Document and the MBSD Methodology

⁵ Terms not defined herein are defined in the GSD Rulebook, [available at http://dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf](http://dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf), or the MBSD Clearing Rules, [available at http://dtcc.com/~media/Files/Downloads/legal/rules/ficc_mbsd_rules.pdf](http://dtcc.com/~media/Files/Downloads/legal/rules/ficc_mbsd_rules.pdf), as applicable.

Document, and has filed these documents separately with the Commission.⁶ The proposed changes are described below.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

FICC is proposing to (1) amend the GSD Rulebook and the MBSD Clearing Rules to apply the current haircut for Fannie Mae securities and Freddie Mac securities to the proposed UMBS for purposes of satisfying Required Fund Deposit amounts, (2) amend the GSD Rulebook to apply the Pricing Rate for CCIT Transactions backed by Fannie Mae securities and Freddie Mac securities to CCIT Transactions backed by UMBS, and (3) amend the GSD Methodology Document and MBSD Methodology Document to include references to UMBS because UMBS will be included in MBSD's TBA⁷ product line and will be eligible collateral for GSD's GCF Repo Transactions⁸

⁶ See 17 CFR 240-24b-2.

⁷ Pursuant to the MBSD Clearing Rules, the term "TBA" means a contract for the purchase or sale of a mortgage-backed security to be delivered at an agreed-upon future date because as of the transaction date, the seller has not yet identified

backed by mortgage-backed securities. The proposed changes would not require any changes to FICC's systems nor would the changes impact the rights and obligations of Members. FICC would treat UMBS in the same manner that it currently treats Fannie Mae securities and Freddie Mac securities from an operational and risk management perspective.

(i) **Background**

Under the direction of the Federal Housing Finance Agency ("FHFA"), Fannie Mae and Freddie Mac will create a new mortgage-backed security pursuant to an initiative referred to as the single security initiative ("Single Security Initiative").⁹

Pursuant to the FHFA's proposed rule and final rule, respectively, and the information that has been publicly made available on the FHFA, Fannie Mae and Freddie Mac websites, the stated goals of the Single Security Initiative are to (i) bring additional liquidity and fungibility to the TBA market; and (ii) to reduce or eliminate the trading

certain terms of the contract, such as the pool number and number of pools, to the buyer. See MBSD Rule 1, supra note 5.

⁸ Pursuant to the GSD Rulebook, the term "GCF Repo Transaction" means a Repo Transaction involving Generic CUSIP Numbers the data on which are submitted to FICC on a Locked-In-Trade basis pursuant to the provisions of GSD Rule 6C, for netting and settlement by FICC pursuant to the provisions of GSD Rule 20. See GSD Rule 1, supra note 5.

⁹ See "Uniform Mortgage-Backed Security," 84 FR 7793 (March 5, 2019) (to be codified at 12 CFR 1248); "Single Security Initiative and Common Securitization Platform," FHFA, available at <https://www.fhfa.gov/PolicyProgramsResearch/Policy/Pages/Securitization-Infrastructure.aspx>; "Single Security Initiative and Common Securitization Platform," Fannie Mae, available at <http://fanniemae.com/portal/funding-the-market/single-security/index.html> ("Fannie Mae Website"); and "Single Security Initiative and the Common Securitization Platform," Freddie Mac, available at http://www.freddie.com/mbs/html/single_security_csp.html ("Freddie Mac Website").

disparities that exist today between Fannie Mae's and Freddie Mac's TBA securities.¹⁰

In connection with the Single Security Initiative, FICC understands the following:

- the new mortgage-backed securities, referred to as UMBS, will be issued and guaranteed by either Fannie Mae or Freddie Mac, and backed by fixed rate 30-year, 20-year, 15-year, or 10-year single family mortgage loans.¹¹
- UMBS will be single-class securities backed by mortgage loans purchased by either Freddie Mac or Fannie Mae.¹²
- the key features of UMBS will be the same as those of Fannie Mae securities, and as a result, the existing Fannie Mae securities will be interchangeable with UMBS.¹³
- Freddie Mac will give market participants the opportunity to exchange 45-day Freddie Mac Participation Certificates and Freddie Mac Giant Participation Certificates¹⁴ for comparable UMBS backed by the same mortgage loans.¹⁵

¹⁰ Id. See also “Uniform Mortgage-Backed Security,” 83 FR 46889 (proposed September 17, 2018).

¹¹ See Freddie Mac Website, supra note 9.

¹² See 84 FR at 7800; Fannie Mae Website, supra note 9.

¹³ See 84 FR at 7800.

¹⁴ Freddie Mac refers to its pass-through mortgage-backed securities as “Participation Certificates.” Freddie Mac Giant Participation Certificates are single-class pass-through securities that enable investors to manage their portfolios more efficiently by consolidating smaller participation certificates into larger giant participation certificates. See “Giant PCs,” available at <http://www.freddiemac.com/mbs/products/giants.html>. Introduced in 1988, Freddie Mac Giant Participation Certificates are popular with dealers and investors because they are an efficient and profitable way to aggregate production and investment portfolios. Id.

Based on the information noted above, FICC will include UMBS in MBSD's existing TBA product line (which currently includes Fannie Mae securities and Freddie Mac securities) and amend the GSD Rules and the MBSD Rules to treat the proposed UMBS in the same manner that it treats existing TBA securities. As a result, MBSD Clearing Members will be allowed to submit TBA transactions backed by UMBS¹⁶ and GSD Netting Members will be allowed to submit GCF Repo Transactions collateralized with UMBS. FICC will implement these changes to give Members the ability to clear and settle UMBS as an Eligible Security.

(ii) Proposed Changes

In order to facilitate the submission of TBA transactions backed by UMBS and GCF Repo Transactions collateralized by UMBS, FICC is proposing to (1) amend the GSD Rulebook and the MBSD Clearing Rules to apply the current haircut for Fannie Mae securities and Freddie Mac securities, respectively, to the proposed UMBS used to satisfy Required Fund Deposit amounts, (2) amend the GSD Rulebook to apply the current Pricing Rate for Fannie Mae securities and Freddie Mac securities to CCIT Transactions backed by UMBS, and (3) amend the GSD Methodology Document and the MBSD Methodology Document to include references to UMBS. The proposed changes are set forth below:

¹⁵ See 83 FR at 46890; Fannie Mae Website, supra note 9. The opportunity to exchange 45-day Freddie Mac Participation Certificates and Freddie Mac Giant Participation Certificates for comparable UMBS backed by the same mortgage loans occurs outside of FICC. FICC is not involved in any aspect of this exchange process. Information on this exchange is available at <http://www.freddiemac.com/mbs/exchange/>.

¹⁶ See GSD Rule 1, Definitions – “Eligible Security,” and MBSD Rule 1, Definitions – “Eligible Security,” supra note 5.

A. Proposed Changes to the GSD Rulebook

FICC is proposing to amend GSD Rule 1 to include the definition for UMBS. This term would be defined as a single-class mortgage-backed security backed by fixed-rate mortgage loans on one to four unit (single-family) properties issued by either Fannie Mae or Freddie Mac which has the same characteristics (such as payment delay, pooling prefixes and minimum pool submission amounts) regardless of whether Fannie Mae or Freddie Mac is the issuer. FICC is proposing this change because this term would be referenced in GSD Rule 3B Section 14(a)(xii) and GSD's Schedule of Haircuts for Eligible Clearing Fund Securities.

FICC is also proposing to amend GSD Rule 3B Section 14(a)(xii) to include a reference to UMBS. This section defines the Pricing Rate for CCIT MRA transactions backed by U.S. Treasury securities, Non-Mortgage-Backed U.S. Agency Securities, and Fannie Mae and Freddie Mac mortgage-backed securities. FICC is proposing to amend this section to add UMBS to the references to Fannie Mae and Freddie Mac mortgage-backed securities. Due to this change, the calculated Pricing Rate for UMBS would be the same as the Pricing Rate for Fannie Mae and Freddie Mac mortgage-backed securities.

FICC is also proposing to amend item 3 entitled "MBS Pass-Throughs" in GSD's Schedule of Haircuts for Eligible Clearing Fund Securities to apply the current haircut for Fannie Mae securities and Freddie Mac securities to the proposed UMBS.

B. Proposed Changes to the MBSD Clearing Rules

FICC is proposing to amend MBSD Rule 1 to include the definition for UMBS. This term would be defined as a single-class mortgage-backed security backed by fixed-

rate mortgage loans on one to four unit (single-family) properties issued by either Fannie Mae or Freddie Mac which has the same characteristics (such as payment delay, pooling prefixes and minimum pool submission amounts) regardless of whether Fannie Mae or Freddie Mac is the issuer. FICC is proposing this change because this term would be referenced in MBSD's Schedule of Haircuts for Eligible Clearing Fund Securities.

FICC is proposing to amend item 3 entitled "MBS Pass-Throughs" in MBSD's Schedule of Haircuts for Eligible Clearing Fund Securities to apply the current haircut for Fannie Mae securities and Freddie Mac securities to the proposed UMBS.

C. Proposed Changes to the GSD Methodology Document

FICC is proposing to amend the GSD Methodology Document to include references to UMBS. Given that the FHFA's proposed rule and final rule state that the key features of the proposed UMBS would be the same as the current Fannie Mae securities,¹⁷ FICC would treat UMBS in the same manner that it treats Fannie Mae securities from a risk management perspective – meaning, FICC would calculate a GSD Netting Member's Required Fund Deposit amount for GCF Repo Transactions backed by UMBS consistent with FICC's current calculation of GCF Repo Transactions backed by Fannie Mae securities.

D. Proposed Changes to the MBSD Methodology Document

FICC is proposing to amend the MSBD Methodology Document to include references to UMBS. Given that the FHFA's proposed rule and final rule state that the key features of the proposed UMBS would be the same as the current Fannie Mae

¹⁷ 83 FR at 46890; 84 FR at 7793.

securities.¹⁸ FICC would treat UMBS in the same manner that it treats Fannie Mae securities from a risk management perspective – meaning, FICC would calculate a MBSD Clearing Member’s Required Fund Deposit amount for portfolios that are comprised of UMBS in a manner that is consistent with FICC’s current calculation for portfolios that are comprised of Fannie Mae securities.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the GSD Rules and MBSD Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.¹⁹ As described above, FICC is proposing to (1) amend the GSD Rulebook and the MBSD Clearing Rules to apply the current haircut for Fannie Mae securities and Freddie Mac securities to the proposed UMBS, (2) amend the GSD Rulebook to apply the current Pricing Rate for CCIT Transactions backed by Fannie Mae securities and Freddie Mac securities to CCIT Transactions backed by UMBS, and (3) amend the GSD Methodology Document and MBSD Methodology Document to include references to UMBS.

FICC believes the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions because the proposed UMBS would present the same risks to FICC that the existing Fannie Mae securities and Freddie Mac securities currently present to FICC given that the FHFA, Fannie Mae and Freddie Mac have indicated that the key characteristics of UMBS will be the same as Fannie Mae securities as described in Item II(A)1 above. As a result, FICC would treat UMBS in the

¹⁸ Id.

¹⁹ 15 U.S.C. 78q-1(b)(3)(F).

same manner that it treats Fannie Mae securities and Freddie Mac securities.

Specifically, the changes would promote the prompt and accurate clearance and settlement of securities because (1) the proposed haircut, which would be the same as the haircuts for Fannie Mae securities and Freddie Mac securities, would protect FICC from the potential decline in the value of UMBS in normal and in stressed market conditions, (2) the proposed Pricing Rate for CCIT Transactions backed by UMBS would help to ensure that such rate is calculated in the same manner as Fannie Mae securities and Freddie Mac securities for purposes of a CCIT MRA transaction, and (3) the proposed inclusion of UMBS in the GSD Methodology Document and MBSD Methodology Document would help to ensure that UMBS is treated in the same manner as Fannie Mae securities for risk management purposes. For these reasons, FICC believes that the proposed changes are consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

(B) Clearing Agency's Statement on Burden on Competition

FICC does not believe that the proposed rule changes would have any impact, or impose any burden, on competition because, as described in Item II(A)1 above, FICC would treat UMBS in the same manner that it treats Fannie Mae securities and Freddie Mac securities (i.e., the same haircut that is currently applied to Fannie Mae securities and Freddie Mac securities would be applied to UMBS; the same CCIT Pricing Rate that is currently applied to CCIT Transactions backed by Fannie Mae securities and Freddie Mac securities would be applied to CCIT Transactions backed by UMBS; and the same risk management that is applied to Fannie Mae securities and Freddie Mac securities would be applied to UMBS). Given this, FICC's proposed treatment of UMBS would

not give Members an advantage or a disadvantage if such Members use UMBS rather than Fannie Mae securities or Freddie Mac securities (1) for purposes of satisfying Required Fund Deposits amounts or (2) to back CCIT Transactions. Therefore, FICC does not believe that the proposed rule changes would have any impact or impose any burden on competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

FICC has not received or solicited any written comments relating to this proposal.

FICC will notify the Commission of any written comments received by FICC.

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²⁰ and paragraph (f) of Rule 19b-4 thereunder.²¹ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

²⁰ 15 U.S.C. 78s(b)(3)(A).

²¹ 17 CFR 240.19b-4(f).

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FICC-2019-002 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-FICC-2019-002. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of FICC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information

from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FICC-2019-002 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

Secretary

²² 17 CFR 200.30-3(a)(12).

Bolded, underlined text indicates added language

~~Bolded, strikethrough text~~ indicates deleted language

FIXED INCOME CLEARING CORPORATION

GOVERNMENT SECURITIES DIVISION RULEBOOK

RULE 1 – DEFINITIONS

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules, have the meanings herein specified.

* * * *

Treasury Department

The term "Treasury Department" means the United States Department of the Treasury.

UMBS

The term “UMBS” means a single-class mortgage-backed security backed by fixed-rate mortgage loans on one to four unit (single-family) properties issued by either Fannie Mae or Freddie Mac which has the same characteristics (such as payment delay, pooling prefixes and minimum pool submission amounts) regardless of whether Fannie Mae or Freddie Mac is the issuer.

Unadjusted GSD Margin Portfolio Amount

The term “Unadjusted GSD Margin Portfolio Amount” means, with respect to each Margin Portfolio, the amount greater than zero determined by the Corporation in accordance with the provisions of Rule 4.

* * * *

**RULE 3B – CENTRALLY CLEARED INSTITUTIONAL
TRIPARTY SERVICE**

* * * *

Section 14 – Liquidity Requirements of CCIT Members

(a) In order to finance the Corporation’s obligations in respect of certain Deliver Obligations in connection with CCIT Transactions in accordance with subsection (b) of this Section 14, the SIFMA MRA (without the referenced annexes) is hereby incorporated by reference in the Rules as a master repurchase agreement between the Corporation, as Seller, and each CCIT Member, as Buyer (the “CCIT MRA”); provided that, notwithstanding anything else set forth in the CCIT MRA:

* * * *

(xii) the Pricing Rate (as defined in the CCIT MRA) in respect of each Transaction shall be the rate published on the Corporation’s website at the time the Corporation initiates such Transaction, corresponding to: (A) U.S. Treasury < 30-year maturity (CUSIP: 371487AE9) if the Purchased Securities under such Transaction are U.S. Treasury bills, notes or bonds, (B) Non-Mortgage Backed U.S. Agency Securities (CUSIP: 371487AH2) if the Purchased Securities under such Transaction are non-mortgage-backed U.S. agency securities or (C) Fannie Mae, ~~and~~ Freddie Mac, and UMBS Fixed Rate MBS (CUSIP: 371487AL3) if the Purchased Securities under such Transaction are mortgage-backed securities, or if the relevant foregoing rate is unavailable, a rate that the Corporation reasonably determines approximates the average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction.

* * * *

**SCHEDULE OF HAIRCUTS
FOR ELIGIBLE CLEARING FUND SECURITIES**

Security Type	Remaining Maturity	Haircut
	* * * *	
3. MBS Pass-Throughs*	Ginnie Mae	7.0%
	Fannie Mae/Freddie Mac/ <u>UMBS</u>	7.0%
4. Self-issued MBS**		14% (or 21% if 25% concentration limit is exceeded).

* Any deposits of Eligible Clearing Fund Agency Securities or Eligible Clearing Fund Mortgage-Backed Securities in excess of 25 percent of a Member's Required Fund deposit will be subject to a haircut that is twice the amount of the percentage noted in the haircut schedule. Eligibility requirements will be announced by the Corporation from time to time.

** A Member may deposit Eligible Clearing Fund Mortgage-Backed Securities of which it is the issuer, however such securities will be subject to a premium haircut. This haircut shall be 14% as an initial matter. If a Member also exceeds the 25% concentration limit, the haircut shall be 21%.

* * * *

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
CLEARING RULES

RULE 1 – DEFINITIONS

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules, have the meanings herein specified.

* * * *

Transaction

The term “Transaction” means a trade that is eligible for processing by the Corporation in accordance with these Rules.

UMBS

The term “UMBS” means a single-class mortgage-backed security backed by fixed-rate mortgage loans on one to four unit (single-family) properties issued by either Fannie Mae or Freddie Mac which has the same characteristics (such as payment delay, pooling prefixes and minimum pool submission amounts) regardless of whether Fannie Mae or Freddie Mac is the issuer.

Unmatched Margin Report

The term “Unmatched Margin Report” means the Report furnished by the Corporation to Dealers listing Transactions involving Brokers that have the uncomparing side of a partially matched trade and that will be included in the calculation of the Dealer’s Required Fund Deposit.

* * * *

Mortgage-Backed Securities Division

Schedule of Haircuts for Eligible Clearing Fund Securities

Security Type	Remaining Maturity	Haircut
	* * * *	
3. MBS Pass-Throughs*	Ginnie Mae	7.0%
	Fannie Mae/Freddie Mac/ <u>UMBS</u>	7.0%
4. Self-issued MBS**		14% (or 21% if 25% concentration limit is exceeded).

* Any deposits of Eligible Clearing Fund Agency Securities or Eligible Clearing Fund Mortgage-Backed Securities in excess of 25 percent of a Clearing Member's required Clearing Fund deposit will be subject to a haircut that is twice the amount of the percentage noted in the haircut schedule. Eligibility requirements will be announced by the Corporation from time to time.

** A Clearing Member may deposit Eligible Clearing Fund Mortgage-Backed Securities of which it is the issuer, however such securities will be subject to a premium haircut. This haircut shall be 14% as an initial matter. If a Clearing Member also exceeds the 25% concentration limit, the haircut shall be 21%.

* * * *



Methodology Document
GSD Initial Market Risk Margin Model

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Methodology and Model Operations Document

MBSD Quantitative Risk Model

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