

MBS #:	MBS400-17
Date:	July 17, 2017
To:	Mortgage-Backed Securities Division Clearing Members
Category:	Service Update
Subject:	MBSD Operational Novation – Implementation Date and TBA CUSIP

As mentioned in Important Notice MBS# 395-17, Fixed Income Clearing Corporation’s (“FICC”) Mortgage Backed Securities Division (“MBSD”) will implement its Operational Novation initiative on **Monday, July 31, 2017**. **As of this date, FICC will novate the TBA CUSIP for FNMA 30 year 4.5%.**

As a reminder, upon activation of the **FNMA 30 year 4.5% TBA CUSIP**, Clearing Members should note the following:

- **SBO-Destined (“SBOD”) Trades compared prior to July 31, 2017** will be subject to the Class A TBA Netting cycle and the resulting SBON Trades will have FICC as the counterparty.
- **SBOD Trades compared on or after July 31, 2017**, will be novated versus FICC at point of comparison.
- **Trade-for-Trade Transactions (“TFTDs”) and Specified Pool Trades (“SPTs”) that have compared prior to July 31, 2017** will continue to face the original counterparty and will not novate versus FICC. FICC strongly discourages Clearing Members from cancelling such compared trades and re-submitting on or after July 31, 2017 for novation purposes.
- **TFTDs, SPTs and Stipulated Trades that compare on or after July 31, 2017**, will be novated versus FICC.

Please contact your Relationship Manager with any questions.