



*Important Notice*

**Fixed Income Clearing Corporation - MBS**

MBS #:	MBS723-19
Date:	July 18, 2019
To:	Mortgage-Backed Securities Division Clearing Members
Category:	Service Updates
Subject:	Submission of Rule Filing SR-FICC-2019-003 – Revise MBSD VaR Floor

On July 18, 2019, Fixed Income Clearing Corporation (“FICC”) filed a proposed rule change (SR-FICC-2019-003) (“Rule Filing”) with the Securities and Exchange Commission (“SEC”) pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934, as amended. The purpose of the Rule Filing is to change the calculation of the VaR Floor and the corresponding description in the FICC Mortgage-Backed Securities Division (“MBSD”) Clearing Rules to: (i) allow FICC to adjust the “VaR Floor percentage” (as defined in the Rule Filing) within a proposed range specified in the proposed rule change when FICC’s review of the VaR Floor percentage indicates that the VaR Floor percentage is not sufficient to cover FICC’s credit exposure to each Clearing Member fully with a high degree of confidence, (ii) state that Clearing Members would be notified in advance of any such adjustment to the VaR Floor percentage, (iii) designate that the VaR Floor percentage would be subject to at least monthly model performance monitoring, and (iv) make certain technical changes.

The full text of the Rule Filing may be obtained by visiting the DTCC website at [www.dtcc.com/legal/sec-rule-filings.aspx](http://www.dtcc.com/legal/sec-rule-filings.aspx). Written comments on the Rule Filing may be addressed to Fixed Income Clearing Corporation, c/o General Counsel’s Office, 55 Water Street, New York, New York 10041, Attention: Kristen Lam, Director and Assistant General Counsel, and your comments will be forwarded to the SEC.

You may also address your written comments to the Secretary, Securities and Exchange Commission, 100 F Street NE, Washington DC 20549. Electronic comments may be submitted by using the SEC’s Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or by sending an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FICC-2019-003 on the subject line. We request that you provide FICC with a copy of your comments.

Questions regarding this Important Notice may be addressed to your Relationship Manager. Questions regarding this Rule Filing may be addressed to Kristen Lam, Director and Assistant General Counsel, at (212) 855-5258.