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**ANNUAL FICC  
CAPPED CONTINGENCY LIQUIDITY FACILITY  
(CCLF<sup>®</sup>) TEST REFERENCE GUIDE**

## CAPPED CONTINGENCY LIQUIDITY FACILITY TEST

Capped Contingency Liquidity Facility (“CCLF®”) is an integral part of the Fixed Income Clearing Corporation’s (“FICC”) role as central counterparty under the Government Securities Division (“GSD”) and the Mortgage-Backed Securities Division’s (“MBSD”). Annually, FICC conducts a mandatory CCLF test with all GSD Netting Members and MBSD Clearing Members in order to satisfy the requirements of a covered clearing agency with respect to its management of the liquidity risk. The main objectives of the test are to:

1. Increase Members’ awareness of the potential capital commitment should a CCLF Event be declared;
2. Assess each Member’s understanding of a CCLF Event from an operational perspective; and
3. Test Members operations capacity to process Redistribution Repos.

The annual CCLF test is conducted in 2 parts:

1. Part 1 of the CCLF test will involve Members informing FICC of which securities they have available for delivery on the day of a test. Part 1 of the test should be completed no later than 1:00 p.m. ET on the day of the test. **All GSD Netting Members<sup>1</sup> and all MBSD Clearing Members are required to participate in part 1 of the CCLF test.**
2. Part 2 of the CCLF test will involve executing and settling an overnight CCLF Redistribution Repo between FICC and a Netting Member/Clearing Member. All GSD Netting Members and all MBSD Clearing Members are required to participate with the exclusion of the below:
  - a. Members who participate in the uncommitted MRA exercise
  - b. MBSD Clearing Members that are ineligible for or have not established borrowing privileges at the Federal Reserve Discount Window and do not have an affiliate that is eligible for or has established borrowing privileges at the Federal Reserve Discount Window.

For Part 2, if a Member has both a GSD and MBSD account (“Common Members”), only the GSD account will have to test. In addition, if a Member has multiple GSD and/or MBSD accounts, FICC will inform which account will be required to test.

GSD Netting Members and MBSD Clearing Members are **required** to provide their Relationship Manager with at least two (2) contacts that FICC may contact to discuss any issue that relates to the CCLF test. All Members must confirm these contacts as well as ensure they have the proper access to the Real-Time Trade Matching (“RTTM®”) Web application and FICC Report Center. Please contact your Relationship Manager if there are any changes to those contacts. Please read further below for more details about Part 1 and Part 2 of the Annual CCLF test.

### Part 1 – CCLF Obligations

#### GSD Netting Members

In advance of the CCLF test all GSD Netting Members should verify their access to the CCLF Obligations Management Screen. A downloadable guide “DVP RTTM Web CCLF Obligations Screen Guide”, for the CCLF Obligations Management Screen is available on the [DTCC Learning Center](#).

On the day prior to the test, GSD will select a hypothetical Defaulting Member and at the close of the business day on a pre-determined date, GSD will simulate a CCLF Event by identifying the non-defaulting Netting Members that are obligated to deliver securities destined to a hypothetical Defaulting Member.

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<sup>1</sup> For purposes of this document GSD Netting Members does not include CCIT Members and Sponsored Member Omnibus Accounts.

Accessing the CCLF Management Screen

All Netting Members have access to a “CCLF Obligations Management Screen.” For each Netting Member, the screen will reflect (1) Delivery Obligations that are destined for the hypothetical Defaulting Member for the settlement date of the CCLF test date or (2) have no Delivery Obligations that are destined for the hypothetical Defaulting Member.

To access the CCLF Obligations Screen on RTTM Web for the CCLF Test, select Trade Management from the menu at the top of the application, then select CCLF > Test Event. From there you can either chose Obligations View or Obligations Actions.

**Note:** The CCLF test will not impact production data and Netting Members should continue to settle all their actual receive and delivery obligations for the settlement date of the CCLF test, as they would in the normal course of business.

The screenshot shows the DTCC DVP RTTM Web interface. The top navigation bar includes 'Trade Management', 'Report Center', 'Business Administration', 'Site Administration', and 'Help'. The left sidebar menu is expanded to 'CCLF', which has sub-items: 'Real Event', 'Test Event', 'Uncompared', 'Comparison Percent', and 'Advisories'. The 'Test Event' sub-item is further expanded to show 'Obligations View' and 'Obligations Actions'. The main content area displays a table with columns for 'Items', 'Par', and 'Dollars' under the heading 'TEST ACCT'. The table contains three rows of data. To the right of the table, there is a panel with 'Trade Date: 02/02/2021' and 'Investment Rate: 0.42', and a 'Daily Comments' section stating 'There were no Daily Comments found.'

Items	Par	Dollars
0	0	0.00
0	0	0.00
0	0	0.00

Through the Report Center, Netting Members will have access to a “CCLF Obligations Test Primary Report” which will display the same information reflected on the CCLF Obligations Management Screen.

1. To access the CCLF Obligations Test Primary Report in FICC Report Center on RTTM Web, select Report Center from the menu at the top of the application.

The screenshot shows the DTCC DVP RTTM Web interface with the 'Report Center' menu item highlighted. The breadcrumb path is 'Home > Government Securities'. Below the breadcrumb are three buttons: 'CURRENT DAY', 'PREVIOUS DAY', and 'HISTORY'.

2. Then select the CCLF Test folder in FICC Report Center.



3. Click to open the CCLF Obligations Test Primary Report.

#### *GSD Netting Members with Hypothetical Delivery Obligations*

Netting Members that have Delivery Obligations on their screen (referred to in the GSD Rules, as Direct Affected Members) will be expected to review and mark as “available to deliver” (on such screen) those Delivery Obligations that would be available for delivery to GSD. The cut-off time for Netting Members to take this action is 1:00 PM ET<sup>2</sup> on the day of the CCLF test. The marked Delivery Obligations will be used to determine the purchase price of the Netting Member’s hypothetical CCLF Transactions. If a Direct Affected Member fails to submit its selection by 1:00 PM, GSD will assume that such Member did not have positions in any of the displayed Delivery Obligations. As a result, GSD will not enter into a hypothetical CCLF MRA with that Direct Affected Member.

Once a Direct Affected Member submits its marked selection of “available to deliver” Delivery Obligations, GSD will send a confirmation reflecting the marked Delivery Obligations as well as the interest rate and haircuts applicable to the CCLF Transactions. This confirmation will be displayed on the CCLF Obligations Management Screen and the CCLF Obligations Report.

#### *GSD Netting Members without Hypothetical Delivery Obligations*

Netting Members that do not have Delivery Obligations reflected on their CCLF Obligations Management Screen will be **required** to submit blank selections.

<sup>2</sup> All times herein are Eastern Time (ET).

## MBSD Clearing Members

For MBSD Clearing Members, part one of the test consists of the below:

- On the opening of business on the declared test date, all Clearing Members will receive a test “CCLF Activity Report” (via the Liquidity folder in Report Center) reflecting all delivery pool obligations that such Member has versus MBSD which in turn are bound to the defaulting member (please note that the Report Center date for this report will be the Saturday prior to the test date. For example, if the test date is Monday, April 26, 2021, the report will be posted on Saturday, April 24, 2021). Instructions for accessing the report is further below.
- As part of this test, MBSD will select a Clearing Member who will serve as the hypothetical defaulting member.
- Upon receipt of the test “CCLF Activity Report”, Clearing Members will identify the pools that they have available to deliver to FICC based on pool positions as of the start of day and return the completed test “CCLF Activity Report” as an attachment to MBS Operations ([MBSallocations@dtcc.com](mailto:MBSallocations@dtcc.com)) by 1:00 PM ET on the date of test. Screenshots will **not** be accepted.
- It is important to note that responses from all Clearing Members will be required for this test, even if the report is blank.

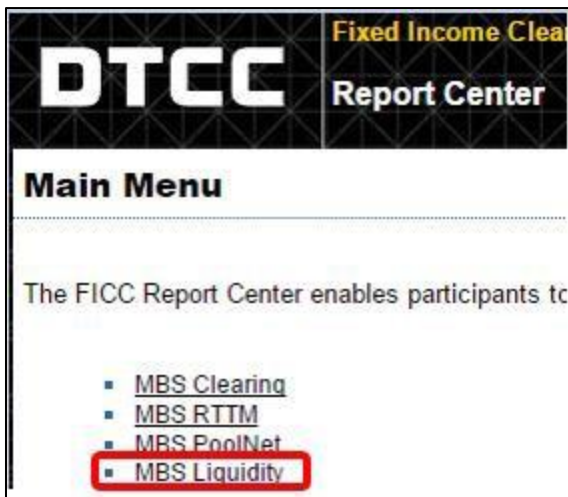
**Note:** The CCLF test will not impact production data and Clearing Members should continue to settle all their actual receive and delivery obligations that have a delivery date the same as the CCLF test date, as they would in the normal course of business.

Obtaining and Submitting the MBS CCLF Test Report

1. Access Report Center on RTTM Web:



2. Access the "MBS Liquidity" Folder:



3. Change the date to the Saturday prior to the CCLF test and click "Retrieve":



- In the last column of the CCLF Activity Report enter “Y” if you have the full position in box to deliver the pool obligation. Enter “N” if you don’t have enough position to deliver.

CCLF Test Activity Report													
DD	CAP	Participant ID	Agg ID	Acct ID	PoolCusip	TBA Cusip	CSD	POID	PoolNum	Original Face	Current Face	Net Money	POIDS Available For Delivery
26-Apr-21	5,000,000,000	0999	1	ABCD	3132ACSK7	01F042681	14-Apr-21	210000000000	000ZT0522	1,136,392	617,194.44	666,378.66	Y
26-Apr-21	5,000,000,000	0999	1	ABCD	3132ACSK7	01F042681	14-Apr-21	210000000001	000ZT0522	685,414	372,260.37	401,925.80	Y
26-Apr-21	5,000,000,000	0999	1	ABCD	3132ACSK7	01F042681	14-Apr-21	210000000002	000ZT0522	685,414	372,260.37	401,925.80	Y
26-Apr-21	5,000,000,000	0999	1	ABCD	3132A5JV8	01F030686	14-Apr-21	210000000003	000ZS4776	1,108,695	673,401.91	713,031.61	N
26-Apr-21	5,000,000,000	0999	1	ABCD	31329Q5T4	01F042681	14-Apr-21	210000000004	000ZA7158	245,000	161,876.49	174,776.42	Y
26-Apr-21	5,000,000,000	0999	1	ABCD	31329Q5T4	01F042681	14-Apr-21	210000000005	000ZA7158	245,000	161,876.49	174,776.42	Y
26-Apr-21	5,000,000,000	0999	1	ABCD	31329Q5T4	01F042681	14-Apr-21	210000000006	000ZA7158	245,000	161,876.49	174,776.42	Y

- Once completed, attach spreadsheet to email (screenshots will not be accepted) and send to [MBSAllocations@dtcc.com](mailto:MBSAllocations@dtcc.com) by 1PM ET.

## Part 2 – CCLF Redistribution Repo

Part 2 of the CCLF test will involve executing and settling an overnight CCLF Redistribution Repo between FICC and a Netting Member/Clearing Member. Please note the below details for part 2 of the CCLF test:

- Trades will not be booked in the Real-Time Trade Matching (RTTM) system.
- FICC will email a spreadsheet outlining the details of a CCLF Redistribution Repo.
- FICC will utilize U.S. Treasury Bills for GSD Netting Members and MBSD Clearing Members.
- On the day of the test, FICC will deliver the U.S. Treasury Bills vs. payment to GSD Netting Members and MBSD Clearing Members.
- On the day after the test, Members will return the same U.S. Treasury Bills vs. payment with interest back to FICC.

## Delivery Instructions for CCLF Test

### **GSD/MBSD delivery instructions to Members for Part 2 of the CCLF test**

The deliveries of the start legs of the Redistribution Repos to Members will be made from the following accounts:

- BK OF NYC/GSDCL for GSD Members
- BK OF NYC/MBSDCL for MBSD Members

The return of the off legs of the Redistribution Repos must to be made to the same accounts as above.

**Note:** These instructions are different from the clearance and settlement instructions used for the production settlement obligations.