



Important Notice

Fixed Income Clearing Corporation - MBS

MBS #:	MBS168-14
Date:	November 24, 2014
To:	Mortgage-Backed Securities Division Clearing Members
Category:	Service Update
Subject:	MBSD Novation Update

The Mortgage-Backed Securities Division (“MBS”) of the Fixed Income Clearing Corporation (“FICC”) previously announced (see Important Notice #MBS167.12) its intentions to evolve its Mortgage-Backed Securities Division (“MBS”) to a full Central Counterparty (“CCP”) model. MBS has been working with the membership on the final phase of CCP services for MBS – full Novation.

Over the past several weeks, representatives of MBS have communicated the decision to have this effort pre-funded by all Clearing members over a three year period.

The pre-funding requirement will be in the form of a monthly Cash Settlement Obligation (“COI”) applied to each Clearing member in a predetermined amount payable on the month’s Class B Payable Date. This process will begin in January 2015 with the same predetermined amount applied each month thereafter. The new COI type that will be used so members can identify this event will be “NOV”.

Prior to January 2016, MBS will revisit the predetermined amounts applied during 2015 and adjust them if necessary. At that point the adjusted predetermined amount will be applied through the end of 2017 at which point the requirement will be eliminated.

Please direct questions to your Relationship Manager.

George Parasole
Director
FICC Product Management

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