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To:	Mortgage-Backed Securities Division Clearing Members
Category:	Service Update
Subject:	MBSD Novation Update

Novation Prefunding Fee

The Mortgage-Backed Securities Division (“MBSD”) of the Fixed Income Clearing Corporation (“FICC”) previously announced the implementation of a Novation Prefunding fee beginning January 2105 through December 2017 (see Important Notice #MBS168.14).

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. The fee has been recalculated and the revised fee will be applied beginning January 2016 and remain static through December 2017. The following is a recap of the fee that will be applied based on a member’s ranking in terms of volume:

	2015	2016	2017
	Monthly	Monthly	Monthly
Tier 1	\$20,000.00	\$18,000.00	\$18,000.00
Tier 2	\$10,000.00	\$8,000.00	\$8,000.00
Tier 3	\$6,000.00	\$4,000.00	\$4,000.00
Tier 4	\$1,000.00	\$1,000.00	\$1,000.00

Members whose activity varied from the initial implementation of this process which resulted in a change of their assigned tier have been contacted by their Relationship Manager. All other Members will remain in their current tier.

Frequently Asked Questions (FAQ)

An FAQ document has been posted under the Novation tab of The Mortgage Backed Securities Division (MBSD) web page. MBSD recently conducted the first of many checkpoint meetings to address questions surrounding Novation, this FAQ document is based on the most frequently asked questions by Members.

Please contact your Relationship Manager with any questions.

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