

<b>MBS #:</b>	MBS811-20
<b>Date:</b>	February 24, 2020
<b>To:</b>	Mortgage-Backed Securities Division Clearing Members
<b>Category:</b>	Service Updates
<b>Subject:</b>	FICC Common Margining Proposal Timeline Update

**Background:**

Subject to regulatory approval, the Fixed Income Clearing Corporation’s (“FICC”) Common Margining Proposal will create one Clearing Fund for all Government Securities Division (“GSD”) and Mortgage Backed Securities Division (“MBSD”) members. In addition, firms that are both GSD Members and MBSD Members (“Common Members”) will have an option to net their GSD positions with their MBSD positions into a single margin portfolio. The proposed rule change would also conform certain aspects of margin methodology, loss allocation, and the MBSD Cash Settlement process/GSD Funds-Only Settlement process between the Divisions.

**Proposal Update:**

As previously mentioned, the Common Margin proposal is subject to Regulatory approval. FICC is working with its Regulators to determine the timing of the rule filing and the related implementation date. FICC is expecting to share more detailed information regarding the initiative and testing timelines by the end of March 2020. Please note the below regarding the MRO connectivity testing:

- Members that were in the process of testing connectivity, will be reengaged at a future date that is yet to be determined.
- Firms are **strongly encouraged to continue to submit the autoroute forms**, if they want to receive the new Common Margining JSON MROs. Please send completed autoroute forms to [FICCIntegration@dtcc.com](mailto:FICCIntegration@dtcc.com). Having the completed autoroute form will expedite the connectivity testing when it resumes. If your firm is subscribing to the new JSON MROs, the connectivity testing is required prior to the end to end testing.
- If your firm **does not want to subscribe** to the new Common Margining JSON MROs, you must send an email to [FICCIntegration@dtcc.com](mailto:FICCIntegration@dtcc.com) stating your firm will not be subscribing.

Please direct any questions to your Relationship Manager.

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