



Important Notice

Fixed Income Clearing Corporation - MBS

MBS #:	MBS1137-22
Date:	October 24, 2022
To:	Mortgage-Backed Securities Division Clearing Members
Category:	Service Update
Subject:	Update to MBSD's Minimum Margin Amount Look-Back Period

Update:

Given the ongoing volatility in the fixed-income markets, effective November 7, 2022, Fixed Income Clearing Corporation (FICC) will be updating the look-back period of the Minimum Margin Amount (MMA) from two years to one year in order to enable FICC to more effectively and timely capture recent market conditions and changes.

Background:

Pursuant to the FICC [Mortgage-Backed Securities Division \(MBSD\) Clearing Rules \(MBSD Rules\)](#), FICC applies the VaR Floor as an alternative to the VaR Charge amount calculated by the VaR model for Clearing Members' portfolios where the VaR Floor calculation is greater than the VaR model-based calculation. The VaR Floor, with respect to each margin portfolio, is the greater of (i) the VaR Floor Percentage Amount and (ii) the MMA. The MMA is a minimum volatility calculation for specified net unsettled positions of a Clearing Member, calculated using the historical market price changes of such benchmark TBA securities determined by FICC.

Currently, the MMA covers a range of historical market price moves and parameters using a look-back period of two years. Effective November 7, 2022, MMA will cover a range of historical market price moves and parameters using a look-back period of one year. For additional information on MMA, please refer to FICC Rule Filing SR-FICC-2020-017.

Capitalized terms not defined herein are defined in the MBSD Rules.

Please direct any questions to FICC Market Risk at 1-212-855-2020 or FICCProductRisk@dtcc.com.

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