

<b>MBS #:</b>	1183-23
<b>Date:</b>	January 31, 2023
<b>To:</b>	Mortgage-Backed Securities Division Participants
<b>Category:</b>	Service Update
<b>From:</b>	DTCC Treasury
<b>Subject:</b>	Clearing Fund Management System Modernization Update

**FICC-MBS is migrating to a modernized Clearing Fund Management (CFM) application and terminating all Member access to the legacy application.**

We have detailed our timelines, client resources and requirements regarding this migration in Important Notices [1062-22](#) and [1133-22](#). User Acceptance Testing (UAT) of the modernized application has been available since October 17, 2022, and parallel production access has been available since November 21, 2022. As communicated in Important Notice [1133-22](#), published on October 11, 2022, access to the legacy CFM application is scheduled to be terminated on February 28, 2023.

While the majority of FICC-MBS Members have taken steps to migrate to the modernized CFM application, as of the date of this Notice, some Members have not completed testing nor confirmed a migration date.

Such Members are reminded that access to the CFM application is an essential requirement for FICC-MBS membership and that upgrading the network technology by the time specified by FICC-MBS is an ongoing membership requirement under the FICC-MBS Rules.

Specifically, Members who fail to complete UAT and migrate to the modernized system will be violation of FICC-MBS Rule 3, Section 2 and Rule 3A, Section (d)(i)(2) and EPN Rule 1, Section 3(f), as applicable to that Member, which requires that Members upgrade their network technology by the time specified by FICC-MBS.

**Immediate Actions to Upgrade CFM and Maintain Compliance**

1. Work with your firm's Super Access Coordinator (SAC) to grant your users' access and entitlements to the modernized application.
2. Review the FICC CFM user guide and system demonstration recording available in the DTCC Learning Center to familiarize yourself with the modernized application.
3. Contact [FICCIntegration@dtcc.com](mailto:FICCIntegration@dtcc.com) to obtain a test script and complete testing no later than February 17, 2023. You must notify FICC Integration once testing is complete.
4. Contact [FICCIntegration@dtcc.com](mailto:FICCIntegration@dtcc.com) to schedule your migration no later than February 17, 2023.
5. For assistance with any of the items above, please contact [FICCIntegration@dtcc.com](mailto:FICCIntegration@dtcc.com) or your Relationship Manager.

DTCC offers enhanced access to all important notices via a Web-based subscription service. The notification system leverages RSS Newsfeeds, providing significant benefits including real-time updates and customizable delivery. To learn more and to set up your own DTCC RSS alerts, visit [http://www.dtcc.com/subscription\\_form.php](http://www.dtcc.com/subscription_form.php).

## **Fines for Failure to Comply with FICC-MBSD Rules and Process in the Event of Non-compliance**

Access to the CFM application is an essential requirement for FICC-MBSD membership and upgrading network technology by the time specified by FICC-MBSD is an ongoing membership requirement under the FICC-MBSD Rules.

Members that have not migrated to the new application by February 28, 2023 will be in violation of FICC-MBSD Rule 3, Section 2 and Rule 3A, Section (d)(i)(2) and EPN Rule 1, Section 3(f) (as applicable to that Member). Such firms will be subject to a \$5000 fine pursuant to Fines set forth in the Schedule of Charge for the Broker Account Group and Schedule of Charges for the Dealer Account Group in the FICC-MBSD Rules, and pursuant to Article V, Rule 3 of the EPN Rules.

In addition to being assessed a fine, for Members that have not voluntarily migrated to the new application, effective start of business March 1, 2023, FICC-MBSD will disable access to the legacy CFM application and activate the account(s) in the modernized CFM application. To access the modernized CFM application, Members will need to ensure that their DTCC Portal IDs have been created and entitlements have been provisioned by working with their SACs.

Effective March 1, 2023, if DTCC Portal IDs have not been created and/or entitled Members must access and manage their Clearing Fund deposit **manually**:

- Start of day and intraday requirements, deposits and margin excess/deficit can be accessed via the *MBSD Clearing Fund Required Deposit and Funds on Deposit Report* available in RTTM.
  - Cash and securities deposits should be funded based on the margin deficit included in this letter.
- Excess Clearing Fund **cash and securities** can be withdrawn via manual letter signed by an authorized signatory included on Members' Certificate of Incumbency (COI) on file with FICC-MBSD. Signatures must be either wet ink or processed via DocuSign.
  - Manual cash and securities withdrawal requests are processed on a best effort basis and **not guaranteed for same day settlement**.
- Clearing fund **securities** deposits will continue to be accepted via FICC-MBSD's Bank of New York account, however Members must call the FICC-MBSD Treasury hotline to ensure their securities deposits are processed as they will be unable to enter the deposits in CFM directly.

To avoid fines and any interruptions in access and to continue managing Clearing Fund requirements and deposits electronically, it is imperative that Members complete testing and migrate to the modernized CFM application by **February 28, 2023**.

**Members should contact [FICCIntegration@dtcc.com](mailto:FICCIntegration@dtcc.com) or their Relationship Manager for questions regarding connectivity, entitlements, UAT and production migration.**