



MBS #:	MBSD1292-23
Date:	December 14, 2023
To:	Mortgage-Backed Securities Division Clearing Members
Category:	Service Update
Subject:	Capped Contingency Liquidity Facility (“CCLF”) Reset Reminder

The Mortgage-Backed Securities Division (“MBSD”) of Fixed Income Clearing Corporation (“FICC”) will reset the CCLF requirement for all Clearing Members that selected Option 1 or 2 on the Officers Certificate. The reset will be effective **January 1, 2024**.

With the reset, effective January 1, 2024, FICC will change the look-back period parameter that is used to size each Clearing Members’ CCLF requirement from 6-months to a 12-month period from January 1, 2023 to December 31, 2023. Historically, Clearing Members’ liquidity needs have been elevated in the first half of the year. Extending the look-back period to 12-months would size CCLF requirements to cover these projected elevated exposures.

Options 1 and 2 are defined as follows:

Option 1 - The member is eligible for and has established borrowing privileges at the Federal Reserve Bank Discount Window.

Option 2 - The member has an affiliate that is eligible for and has established borrowing privileges at the Federal Reserve Bank Discount Window for the Member.

Clearing Members that selected Option 3 on the Officers Certificate will continue to have their CCLF requirements reset on a monthly basis. Option 3 is defined as follows:

Option 3 - The member is ineligible for or has not established borrowing privileges at the Federal Reserve Bank Discount Window either directly or through an affiliate.

All Clearing Members are reminded that:

1. Each Clearing Member has certified in its respective Officers Certificate that its CCLF requirement to FICC pursuant to the MBSD Rules will be incorporated into such Clearing Member’s liquidity planning.

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2. On a daily basis, each Clearing Member's CCLF requirement is available via the "MBS Liquidity" section of Report Center.
3. Each Clearing Member is expected to track its settlement activities across all its trading desks that generate a liquidity need and will notify FICC of anticipated significant changes in activity levels that are expected to generate a liquidity need. Such notifications may be made to FICC Liquidity Risk Management via email at LiquidityProductRisk@dtcc.com

Please contact your Relationship Manager with any questions.