

MBS #:	MBS1406-24
Date:	December 31, 2024
To:	Mortgage-Backed Securities Division Clearing Members
Category:	Service Updates
Subject:	Collection of Special Charge at Volatile Market Events

In the upcoming first quarter of 2025, FICC will continue to collect a special charge from MBSD Clearing Members on the two days prior to, and on the day of, the following market events, if certain conditions are met:

Scheduled Economic Indicator Releases and Events:

- Non-Farm Payrolls (NFP) / Unemployment Rate
- Consumer Price Index (CPI)
- Personal Consumption Expenditures (PCE) Price Index
- Announcement of Federal Funds Target Rate
- Minutes of the Federal Open Market Committee Meeting

The dates of these events are outlined in the appendix to this notice below.

The collection of a 3-day special charge in connection with one of these market events would only occur if at least one of the following **conditions** are also present:

- the MOVE index at the previous day market closed above 100
- the difference between 3-Month Fed Funds Future versus Spot is in excess of 50bps
- the difference between implied volatility (MOVE) and realized volatility (10-Year Treasury EWMA) is greater than 15bps

If any one of these conditions are triggered, the special charge will be collected at the start of day margin collections on the two business days prior to the date and on the day of the market event and will be equal to 10 percent of the Clearing Member's VaR Charge.

As FICC's margin period of risk (MPOR) is 3-days, the application of a charge two days prior to the event along with application of the charge on the day of the event would allow FICC to proactively mitigate the market risks related to the potential outsized adverse market reactions to the outcome of a schedule event.

Any changes to the thresholds or list of the events will be communicated to MBSD Clearing Members promptly through an Important Notice. Please direct any questions to FICC Market Risk at 1-212-855-2020 or FICCProductRisk@dtcc.com.

Appendix:

Special Charges Application Dates for Q1 2025		
Economic Indicator	Event Date	Coverage Period
Minutes of the Federal Open Market Committee Meeting	01/08/2025	Mon, 01/06/2025 - Wed, 01/08/2025
Non-Farm Payrolls (NFP) / Unemployment Rate	01/10/2025	Wed, 01/08/2025 - Fri, 01/10/2025
Consumer Price Index (CPI)	01/15/2025	Mon, 01/13/2025 - Wed, 01/15/2025
Federal Funds Target Rate	01/29/2025	Mon, 01/27/2025 - Wed, 01/29/2025
Personal Consumption Expenditures (PCE) Price Index	01/31/2025	Wed, 01/29/2025 - Fri, 01/31/2025
Non-Farm Payrolls (NFP) / Unemployment Rate	02/07/2025	Wed, 02/05/2025 - Fri, 02/07/2025
Consumer Price Index (CPI)	02/12/2025	Mon, 02/10/2025 - Wed, 02/12/2025
Minutes of the Federal Open Market Committee Meeting	02/19/2025	Fri, 02/14/2025 - Wed, 02/19/2025
Personal Consumption Expenditures (PCE) Price Index	02/28/2025	Wed, 02/26/2025 - Fri, 02/28/2025
Non-Farm Payrolls (NFP) / Unemployment Rate	03/07/2025	Wed, 03/05/2025 - Fri, 03/07/2025
Consumer Price Index (CPI)	03/12/2025	Mon, 03/10/2025 - Wed, 03/12/2025
Federal Funds Target Rate	03/19/2025	Mon, 03/17/2025 - Wed, 03/19/2025
Personal Consumption Expenditures (PCE) Price Index	03/28/2025	Wed, 03/26/2025 - Fri, 03/28/2025