



Important Notice

Fixed Income Clearing Corporation - MBSD

MBS #:	MBS1340-24
Date:	June 24, 2024
To:	Mortgage-Backed Securities Division Clearing Members
Category:	Service Updates
Subject:	Collection of Special Charge at Volatile Market Events

In the upcoming third quarter of 2024, 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:

- 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 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.

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.

Appendix:

Special Charges Application Dates for Q3 2024		
Economic Indicator	Event Date	Coverage Period
Minutes of the Federal Open Market Committee Meeting	7/3/2024	Mon, 07/01/2024 - Wed, 07/03/2024
Non-Farm Payrolls (NFP) / Unemployment Rate	7/5/2024	Tue, 07/02/2024 - Fri, 07/05/2024
Consumer Price Index (CPI)	7/11/2024	Tue, 07/09/2024 - Thu, 07/11/2024
Personal Consumption Expenditures (PCE) Price Index	7/26/2024	Wed, 07/24/2024 - Fri, 07/26/2024
Federal Funds Target Rate	7/31/2024	Mon, 07/29/2024 - Wed, 07/31/2024
Non-Farm Payrolls (NFP) / Unemployment Rate	8/2/2024	Wed, 07/31/2024 - Fri, 08/02/2024
Consumer Price Index (CPI)	8/14/2024	Mon, 08/12/2024 - Wed, 08/14/2024
Minutes of the Federal Open Market Committee Meeting	8/21/2024	Mon, 08/19/2024 - Wed, 08/21/2024
Personal Consumption Expenditures (PCE) Price Index	8/30/2024	Wed, 08/28/2024 - Fri, 08/30/2024
Non-Farm Payrolls (NFP) / Unemployment Rate	9/6/2024	Wed, 09/04/2024 - Fri, 09/06/2024
Consumer Price Index (CPI)	9/11/2024	Mon, 09/09/2024 - Wed, 09/11/2024
Federal Funds Target Rate	9/18/2024	Mon, 09/16/2024 - Wed, 09/18/2024
Personal Consumption Expenditures (PCE) Price Index	9/27/2024	Wed, 09/25/2024 - Fri, 09/27/2024