

<b>MBS #:</b>	MBS166-16
<b>Date:</b>	February 19, 2016
<b>To:</b>	Mortgage-Backed Securities Division Clearing Members
<b>Category:</b>	Service Update
<b>Subject:</b>	Capped Contingency Liquidity Facility Test - April 25, 2016

Capped Contingency Liquidity Facility (“CCLF®”) was introduced in 2011<sup>1</sup> and remains an integral part of the Mortgage-Backed Securities Division’s (“MBS”) role as central counterparty. On an annual basis, MBS conducts a **CCLF® test** with all Clearing Members in an effort to assess each Member’s understanding of CCLF® from an operational perspective and increase awareness of the potential capital commitment should the CCLF® be invoked.

On April 25, 2016, MBS will conduct this **test**. The components of the **test** are as follow:

- On the opening of business - Monday, April 25, 2016, all Clearing Members will receive a **test** “CCLF® Activity Report” (via the Report Center) reflecting all delivery pool obligations that such Member has versus MBS which in turn are bound to the defaulting member (please note that the Report Center date for this report will be Saturday, April 23, 2106).
- During prior CCLF® tests, all Clearing Members supplied their Relationship Manager with at least two individuals who would support that test. All Members must confirm these contacts as well as ensure they have access to Report Center. Please contact your Relationship Manager if there are any changes to those contacts for the upcoming April 2016 test.
- As part of this **test**, MBS will select a Clearing Member who will serve as the defaulting member but will not disclose the identity of such Member.
- Upon receipt of the **test** “CCLF® Activity Report”, Clearing Members will identify the pools that they have available to deliver to FICC based on pool positions as of the start of day and return the completed **test** “CCLF® Activity Report” to FICC Operations ([operations@mbscc.com](mailto:operations@mbscc.com)) by 1:00p.m. (E.T.) on Monday, April 25, 2016
- MBS will publish additional Important Notices as well as email alerts with additional information

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<sup>1</sup> See Important Notice #MBS067.11 dated May 2, 2011.

It is important to note that responses from all Clearing Members will be required for this **test**.

**PLEASE NOTE THAT CLEARING MEMBERS SHOULD NOT WITHHOLD ANY POOL DELIVERIES TO FICC ON MONDAY, APRIL 25, 2016**

George Parasole  
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