Single Security and CSP Industry Advisory Group

December 7, 2015 – Meeting Summary

The second Industry Advisory Group (IAG) meeting took place on December 7th at Fannie Mae's offices. Following introductions and an overview of the agenda, it was reiterated that the purpose of this meeting was to continue discussion and solicit feedback on the work done for the Common Securitization Platform (CSP) and the Single Security.

Feedback was sought from IAG members regarding the critical steps that market participants will have to take to get ready for the implementation of the Single Security. To drive the discussion, Fannie Mae, Freddie Mac and FHFA compiled a list of transition items different industry participants will have to perform to prepare for the Single Security. During the discussion, members provided feedback that exact timing of the implementation of the Single Security would be the largest driver of actions which need to be taken by different subgroups in the market. IAG members also provided feedback on different industry communication methods. Some suggestions included: targeted messaging to the different industry outlets (i.e., what is changing for them versus what is not); making information regarding event messaging easily accessible; over-communicate with the market; and, provide a way for the industry to measure progress and the work being done.

IAG members were asked to reach out to their constituencies and encourage subscriptions to the Fannie Mae and Freddie Mac CSP/Single Security web pages. The IAG members agreed and were open to facilitating discussions within their constituencies and serving as a liaison to provide Fannie Mae, Freddie Mac, and Common Securitization Solutions industry feedback and outstanding market questions.

The IAG members addressed topics presented in the letter sent from the Housing Policy Council. The topics discussed: potential tax and accounting issues stemming from the Single Security; timing for its issuance; Fannie Mae and Freddie Mac policy and practice alignment; IAG meeting frequency; technical subcommittees; providing opportunities for public input; and, IAG membership. Fannie Mae, Freddie Mac, Common Securitization Solutions, and FHFA shared that:

- The implementation date for the Single Security will not be at the beginning or end of a quarter
- The industry will be provided a 12-to-15 month advance notice period before the implementation of the Single Security
- There is on-going work to ensure Enterprise alignment, where appropriate
- The IAG is open to meeting more frequently and to the possibility of subcommittees being defined at a later date
- FHFA has and will continue to provide opportunities for the public to respond to their progress reports
- IAG membership decisions – as to specific individuals and companies -- will continue to be left up to the trade groups

There was a brief follow-up on discussions that took place during the Single Security October roadshow around the Freddie Mac legacy security exchange process and pool identifier. Freddie Mac expressed that their highest priority regarding the legacy security exchanges is making the process as easy as

possible. Fannie Mae and Freddie Mac shared that they plan to share pool identifiers to make the transition as least disruptive as possible. IAG members urged Freddie Mac to apply lessons learned from the Gold security introduction in the 1990's to their new exchange process.

Following a brief break, IAG members were solicited for feedback and comments on the September 15th CSP update. The general consensus was that it was fairly straightforward but members had hoped it would provide more information on timing.

During open discussion the group expressed concerns regarding Fannie Mae and Freddie Mac prepayment speeds not staying in line and the potential need for FHFA to intervene. The members also inquired as to whether there is any word of litigation to derail the efforts and the IAG members were informed that the Enterprises were not aware of any.

IAG meeting cadence was discussed. Members suggested having more frequent, shorter meetings. In addition, the IAG members suggested creating subcommittees that will allow IAG members to involve the relevant parties based on the conversation.

Following a brief overview of next steps, the meeting was adjourned.