

Market Checklist Topics - Draft for Discussion

| Topics | ID | Steps | Comments |
|--|---|--|--|
| Investment Guidelines and Diversification Requirements | 1 | Review (client) investment agreements and determine any restrictions on mortgage investments or diversification requirements | Anchor to first possible forward trade date. Recommend completing prep work in 2017 |
| | 2 | Contact clients to determine needed changes in investment agreements | |
| | 3 | Meet with investment board and/or clients to approve potential guideline or strategy changes | |
| | 4 | Draft revised agreements as needed | |
| | 5 | Develop process to address investments when diversification requirements are hit/breached | |
| | 6 | Distribute new agreements to clients for approval | |
| | 7 | Make required system changes and test | |
| | 8 | Ensure new agreements are in place | |
| | 9 | Document policy or procedure changes that are needed | |
| | 10 | Update margin agreements as necessary | |
| | 11 | Complete all required system testing and deploy any changes | |
| | 12 | Update securities purchase agreements between dealers and each GSE | |
| Securities Reporting, MSFT agreements, Compliance | 13 | Receive guidance from SIFMA on good delivery rules impacts | Impacted reporting requirements for different sectors TBD. Anchor date could be forward trade and/or Single Security implementation date |
| | 14 | Assess current reporting and compliance requirements | |
| | 15 | Assess need for new or updated Master Securities Forward Transaction agreements | |
| | 16 | Assess need for new or updated Repo Agreements and whether or not they specify TBA securities | |
| | 17 | Determine necessary changes and draft updated reports and agreements | |
| | 18 | Share draft updated documents with appropriate reviewers | |
| 19 | Finalize new reports and provide to appropriate approvers/clients | | |
| Accounting and Tax Guidance | 20 | Determine potential areas of Single Security impact - e.g., exchange, concentration limits, etc. | Anchor to forward trading initiation |
| | 21 | Collect input from accounting and tax advisors, including results from GSE/FHFA outreach to regulating agencies | |
| | 22 | Determine if further action is necessary | |
| | 23 | Prepare for needed process/policy/system changes and document | |
| | 24 | Complete all required changes | |
| General Regulatory Coordination | 25 | Review/assess regulatory guidelines relevant to clients and/or industry for proposed changes | Anchor to Single Security implementation |
| | 26 | Determine any issues or concerns with transition to Single Security | |
| | 27 | Brief your regulator(s) as needed | |
| | 28 | Seek regulatory relief (as needed) | |
| | 29 | Update policies and procedures, regulatory reports to reflect Single Security impact and any needed changes | |

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| System Updates - including Screens and Analytics | 30 | Contact vendors/clients to determine needed system updates and timeline for change | General Updates |
| | 31 | DTCC/FICC publish needed changes, including any EPN requirements | |
| | 32 | Assign resources and develop requirements (as needed) | Anchor to forward trading initiation |
| | 33 | Development and integration (as needed) | |
| | 34 | Initiate testing (as needed) - to complete in 2018 | |
| | 35 | Trading platforms ready to support new UMBS forward trades (e.g., TradeWeb/Fed Trade, Bloomberg eTrading screens, etc.) | Anchor to Single Security implementation |
| 36 | Analytics providers and MBS trading platforms publish changes to support UMBS TBA and new Freddie Mac 55d non-TBA | | |
| Security Pricing | 37 | Determine timeline and basis for beginning to quote UMBS prices | Anchor to forward trading initiation |
| | 38 | Security pricing providers publish plans for updating security pricing with UMBS (including transition period for forward trading) | |
| | 39 | Security price consumers identify changes required to receive new UMBS pricing (including transition period for forward trading) | |
| | 40 | Sources / data feeds updated for new security prices as needed to enable forward trading | |
| Disclosures | 41 | Reach out to your disclosure vendors | General Updates |
| | 42 | Review Disclosure Guide for 2017 early Freddie Mac Disclosure implementation (L1, L2 and Exchange disclosure) | |
| | 43 | Review Disclosure Guide for 2018 Single Security implementation | |
| | 44 | Review Joint Enterprise Disclosure Technical Specification (L1, L2 & L3) | |
| | 45 | Review L1/L2 sample disclosure files (4Q16)/test files in Q1 (L1, L2, and Exchange disclosure) | |
| | 46 | Complete testing of new L1/L2 disclosure files | Anchor to FRE early implementation of Single Security disclosure file format (Q3 2017) |
| | 47 | Be ready to absorb/begin using new L1/L2 disclosure files for 2017 early Freddie Mac Disclosure implementation | Anchor to FRE issuance of mirrors in preparation for exchange |
| | 48 | Complete testing and be ready to receive new Exchange disclosure files | |
| 49 | Complete testing and be ready to receive new L3 disclosure files | Anchor to Single Security implementation | |

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| Exchange Prep | 50 | Review Exchange Update from FRE | General Updates |
| | 51 | Review draft Exchange Offering Circular | |
| | 52 | Analytics updated to avoid double-counting when FRE issues 55-day mirror securities - in preparation for later Exchanges (e.g., prepayment reports/analytics for L1; supply / float reports and indices for last level of securitization) | Anchor to FRE issuance of mirrors in preparation for exchange |
| | 53 | Update processes and systems (trading / operations / accounting) as needed to support exchange transactions | Anchor to Single Security implementation |
| | 54 | Dealers to verify Dealer Direct access for exchange capability | Anchor to opening of exchange window |
| | 55 | (Clients) Review final Exchange Offering Circular and contact dealer to determine exchange transactions to be reserved | |
| Index Updates | 56 | Determine approach for incorporating UMBS into indices (and treatment of legacy securities) and communicate to the market | Is there a dependency between how indices will show UMBS and investment guideline updates and/or Good Delivery Guideline updates? |
| | 57 | Test/Update systems to adjust indices for new UMBS (as needed) | |
| | 58 | Investor / money manager index consumers test ability to consume updated indices | General Updates |
| Loan Delivery Contracts | 59 | Seller / Servicer systems reflect UMBS guarantor contracts and delivery | Anchor to first date for Guarantor 55-day contract |
| | 60 | FRE sellers accept Master Commitment updates to account for new 55-day pricing | |
| | 61 | Update loan delivery export capability/systems to include new prefix field | Anchor to FRE early implementation of Single Security disclosure file format |
| | 62 | Update import and export capability/systems for 55-day products, including FRE 10-year | |