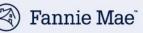
Single Security Initiative

Single Security Initiative Update









Agenda

- Single Security Initiative Overview
- Key Considerations
 - » Investors
 - » Dealers
 - » Vendors
 - » Sellers
- Recommended Actions
- Questions
- Resources





Single Security Initiative

Overview



Single Security Initiative	 New uniform mortgage-backed security Common features Single TBA market Issued by Fannie Mae and Freddie Mac
Issuer/Guaranty Structure	 Level 1: UMBS; Level 2: Supers Supports commingling in second-level resecuritizations Issuer of top level security is guarantor
Alignment	 55-day payment delay Prefixes: use Fannie Mae FICC Clearing Code (01F) Disclosures: aligned to Freddie Mac new format
Timing	 Implementation in Q2 2019 Trading activities, including optional exchange*, will begin several months in advance of implementation

* Freddie Mac 45-day TBA securities







Key Considerations – Investors

Documents & Policies	 Portfolio issuer concentration limits Investment guidelines Offering documents Exchange approach and timing* 	
Processes	 Hedging and best execution practices Forward trading and dollar rolls leading up to implementation Procedures, documentation, training 	
Systems	 Vendor development, testing, and implementation timelines Presentation and analysis: two TBA markets combining Accept Fannie or Freddie collateral for "FNCL" trade 	
Accounting, Tax, Regulators	 Investment limits, concentration risk Treatment for exchanged Freddie Mac securities* 	
* Freddie Mac 45-day TBA securities		

Freddie Mac

Fannie Mae



Key Considerations – Dealers	
Processes	 Forward trading and dollar rolls surrounding implementation Exchange: scheduling, settling, float compensation distribution* Disclosure file format and timing
Systems	 Vendor development, testing, and implementation timelines Presentation and analysis: two TBA markets combining Analytics, reports, data feeds
Customers	 Customer support surrounding go-live period Exchange* scheduling

* Freddie Mac Gold PC securities only





Key Considerations – Vendors • Rate schedule for the 10-day delay compensation Processes (exchange*) • Prefix and pool number content and structure System labels and logic** Systems Disclosure file format and timing Analytics, reports Display and reporting of transition to single TBA UMBS Communication: nature and timing of system changes Documentation, training Customers Customer testing and support surrounding go-live period

* Freddie Mac 45-day TBA securities

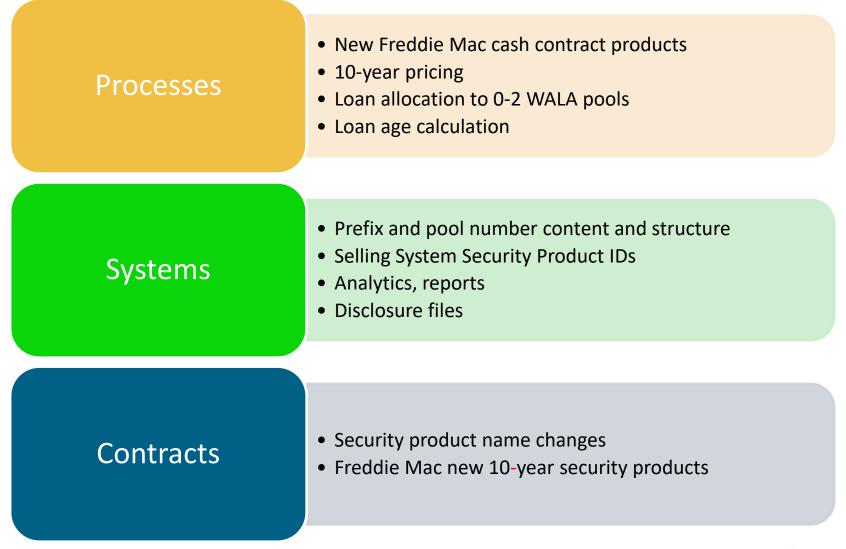
** See Resources page for links







Key Considerations – Freddie Mac Sellers*



* UMBS features will mimic Fannie Mae MBS; no new changes for Fannie Mae sellers to absorb with the implementation of the new UMBS market October 4, 2017







Recommended Actions

Assess	 Review Market Adoption Playbook** Complete initial impact assessment Develop level of effort estimate 	
	• Develop plan	
Plan	 Identify and reach out to internal and external resources, coordinating with other internal divisions 	
	Identify key milestones to complete changes in 2018	
Budget	Submit and obtain funding, if needed	
	 Coordinate with other affected internal divisions 	
Keep Informed	Sign up for initiative updates	
	 Participate in working group sessions, trade associations, conferences 	
	Look for Market Adoption Playbook and FAQ updates	
** See Resources page for links		

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Single Security Initiative



Questions







Resources



Federal Housing Finance Agency (FHFA)

Website: www.fhfa.gov/PolicyProgramsResearch/Policy/Pages/Single-Security.aspx



