

1. Introduction

Chapter 1

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A. About the Association

The Securities Industry and Financial Markets Association (the Association) represents securities firms and banks that underwrite, distribute and trade debt securities, both domestically and internationally. The Association's membership includes all major dealers in mortgage- and asset-backed securities, corporate bonds, municipal bonds, government and federal agency securities, money market instruments and repurchase and securities lending agreements.

The Association was created in 1976 under the name "Public Securities Association (PSA)" to provide a unified national association for the public securities industry and to advance the common interests of its members. In October 1978, the Association was formally organized into three separate divisions: the Mortgage-Backed Securities Division, the Municipal Securities Division and the Government and Federal Agency Securities Division. In early 1980, in recognition of the Association's increasing effectiveness, the independent Mortgage-Backed Securities Association (previously known as the GNMA Mortgage-Backed Securities Dealers Association) became part of the Mortgage-Backed Securities Division. The merger established the Association as the sole spokesperson for the mortgage-backed securities industry. With the emergence of asset-backed securities in the mid-1990s, the mortgage division changed its name to the Mortgage and Asset-Backed Securities Division. On September 29, 2007, to reflect the depth and growing variety of securities represented by the Association as a whole, the Association's name was formally changed to "The Securities Industry and Financial Markets Association."

B. About Uniform Practices

From its inception, the Association has been actively involved in addressing significant mortgage-backed securities issues confronting its membership. In the late 1970s, several proposals for federal regulation of the Ginnie Mae market were under consideration to curb perceived abuses in the distribution and settlement of Ginnie Mae securities. In response to these proposals, the Association undertook a series of initiatives to standardize common industry practices. All of these initiatives were accomplished under the auspices of the Mortgage Securities Division. Perhaps the most significant of these initiatives was the development of *Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities* (commonly referred to as *Uniform Practices*). Development of the Uniform Practice guidelines began in 1979, and they were first published in 1981 in a comparatively small booklet by their full name. The *Uniform Practices* were intended to provide a common understanding of the terms and conditions for confirming, comparing and settling mortgage-backed securities. Through Association newsletters the guidelines were continually updated and expanded to reflect the growth and development

of the mortgage-backed securities industry. Eventually, the length of the documents and the need for a format that could be constantly updated necessitated publishing the guidelines in this loose-leaf manual format. The first edition of the *Uniform Practices* manual was published in 1988 and represented the first comprehensive revision of the guidelines since their original issuance.

C. Use of this Manual

This manual is designed for convenient, ongoing revision to reflect new market developments. Each chapter is separately numbered, and each page is separately numbered and dated. As changes or additions are made to the manual, replacement pages with new dates will be distributed to subscribers.

D. Compliance with the Manual

The *Uniform Practices* and *Standard Formulas* are recommended guidelines that the Association believes represent common industry practice among mortgage- and asset-backed participants. Although mortgage- and asset-backed securities brokers and dealers and other market participants generally follow these practices, compliance with these guidelines is strictly voluntary.

Questions and comments regarding the *Uniform Practices* and *Standard Formulas* may be directed to the Association's *Uniform Practices* Specialist at 212.313.1000.