

Exchange Booking Guide

Direct-to-Freddie Mac via Tradeweb

Steps

1

Prepare to Exchange

- ▶ Confirm exchange setup and access on Tradeweb
- ▶ Identify which CUSIP(s) you would like to exchange and how much, confirm eligibility
- ▶ Use [Tradeweb input template](#) (FREX Excel) to format Exchange details for input
- ▶ Paste Exchange information into Tradeweb “FREX” screen

2

Select Settlement Date

- ▶ Tradeweb is available 24/7 (except blackout days); exchanges can be booked for current month settlement, only
- ▶ Availability is based on FRE settlement capacity which reflects blackout dates

3

Confirm Float Compensation

- ▶ Confirm float compensation details and submit exchange

4

Review Exchange Confirmation

- ▶ Receive booking confirmation including Exchange ID and float compensation via email, flat file or through OMS
- ▶ Share confirmation details with your custodian or other vendors as applicable

Timeline

5th Business Day



First day to book an exchange for the month

Booking Day

8:30 a.m.



Daily float compensation pricing grid posted

5:00 p.m.



Booking and allocation cutoff for T+2 settlement*

Note: all times ET

EOM-2*



Last day to book an exchange for the month

**T+1 settlement may be allowed after a transition period – exchanges must be booked by noon and allocated by 2:30 p.m. for next day settlement; last day would be EOM -1*

In Case Of



Modifications

- ▶ No modifications allowed, must cancel and rebook to change
- ▶ Settlement date and float compensation will likely change

Reminders

- ▶ Communicate your instructions to your custodians via SWIFT messaging.
- ▶ The exchange price you use is at your discretion and will be reflected back to you exactly as entered. If no price is entered, Tradeweb will default to par value.
- ▶ Exchange transactions will be processed exactly as you enter them. You will receive one cash wire for each sub-account allocated per CUSIP. For example, if you allocate one CUSIP across two sub-accounts, this results in two exchange transaction IDs and two cash wires.

Questions?



Email:

Exchange_Ops@FreddieMac.com



Exchange website:

Freddiemac.com/mbs/exchange



Call:

1-800-336-3672, option 1, then 2



Tradeweb: UMBS@tradeweb.com

646-430-6001

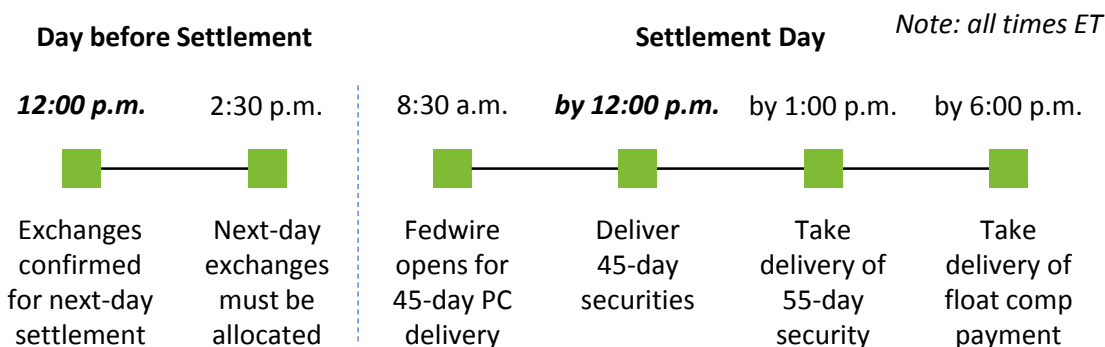
Exchange Settlement Guide

Direct-to-Freddie Mac via Tradeweb






Steps

- 1 Preparation**
 - ▶ Validate settlement instructions with Tradeweb; ensure securities on-hand
 - ▶ Review processes on next page internally and with your custodian
- 2 Check Exchange Allocations**
 - ▶ Every exchange must be allocated to subaccounts by 2:30 p.m. on the day before settlement
 - ▶ Otherwise, exchange will be canceled
- 3 Deliver 45-Day Security**
 - ▶ Deliver Free of Payment by 12 p.m. on settlement day
- 4 Take Delivery of 55-Day**
 - ▶ Expect 55-day security no later than 1:00 p.m.
- 5 Take Delivery of Float Comp**
 - ▶ Expect float compensation via separate wire no later than 6:00 p.m.

Timeline



In Case Of

- 
Late delivery
 - ▶ Any 45-day security delivered after 12 p.m. will settle on a best-efforts basis (no settlements after 1 p.m.).
 - ▶ If a late exchange is DK'd, it will need to be rebooked.
- 
Delivery mismatch
 - ▶ Delivery must exactly match booking on CUSIP, par, 3rd party, and 4th party/for further credit fields.
 - ▶ If a mismatch is not resolved by 1:00 p.m., 45-day security will be DK'd and the exchange will need to be rebooked.
- 
OFAC exceptions
 - ▶ For any OFAC-related exceptions, Freddie Mac may call for more info from 1:15 to 5:00 p.m.
- 
Float comp issue
 - ▶ Note that float comp is fixed at the time of booking.
 - ▶ More detail at freddiemac.com/mbs/exchange/grids.html
- 
Fails
 - ▶ For fails, expect 45-day to be DK'd back in early afternoon.
 - ▶ Trust receipts will be issued in exceptional circumstances.

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Delivery Process

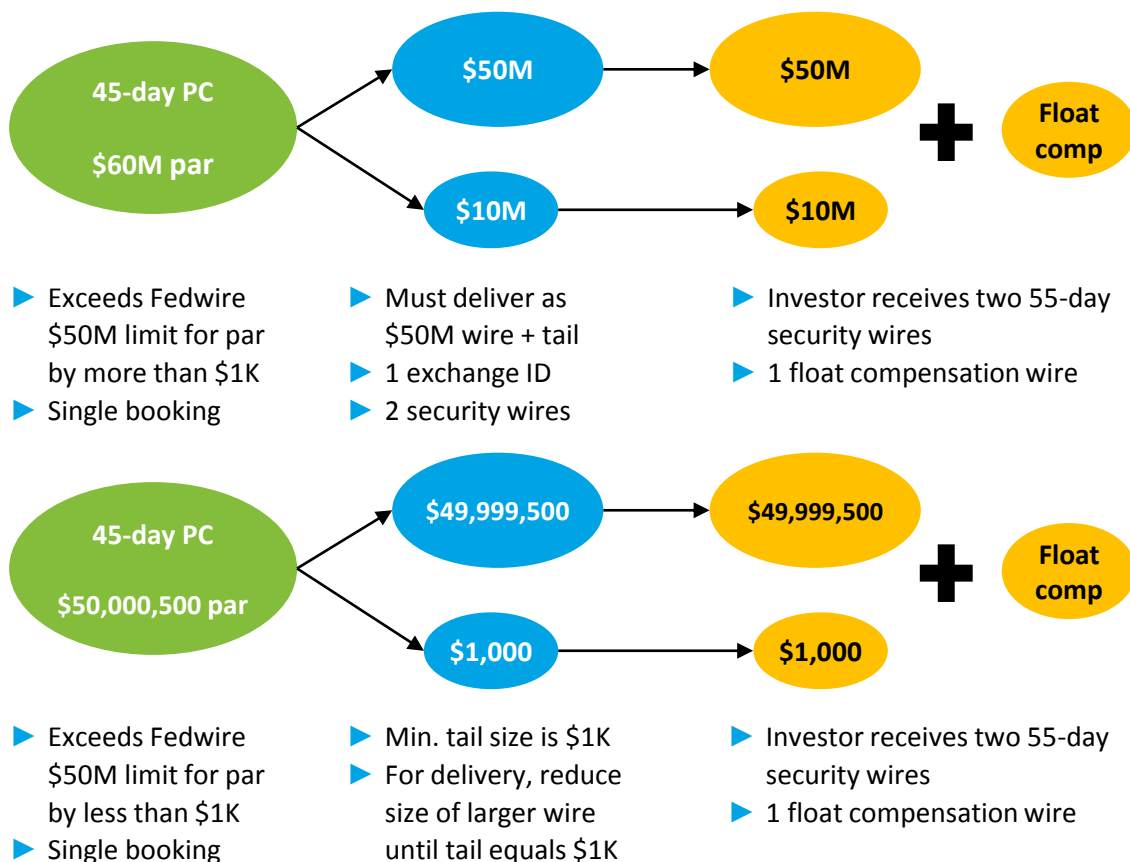
- A Investor**
 - ▶ Instruct custodian to deliver 45-day security FREE to Freddie Mac
 - ▶ Use SWIFT messaging wherever possible:
 - Exchange ID in tag 20C (e.g., :20C::COMM//UMBS00345678)
 - "UMBS" in tag 22F (e.g., :22F::STCO/FHMC/UMBS)
 - MT-210 pre-advice on cash wire (if requested)

- B Custodian**
 - ▶ Custodian delivers 45-day security FREE via Fedwire to:
 - FHLMC WASH/2BD7
 - ABA# 021033205
 - ▶ Freddie Mac will match on CUSIP, par, 3rd and 4th parties / for further credit (you are not required to provide Exchange ID)

- C Freddie Mac**
 - ▶ Freddie Mac delivers 55-day security FREE via Fedwire from:
 - FHLMC WASH/2BD5
 - ABA# 021033205
 - ▶ Cash wire includes UMBS + Exchange ID in Fed tags 4320 and 6000

To comply with Fedwire limits of \$1,000 (minimum) and \$50 million (maximum), observe the following rules for exchange delivery if par/original face > \$50 million:

Delivery Split Rules



! If splits do not match the above process, Freddie Mac will DK the delivery.