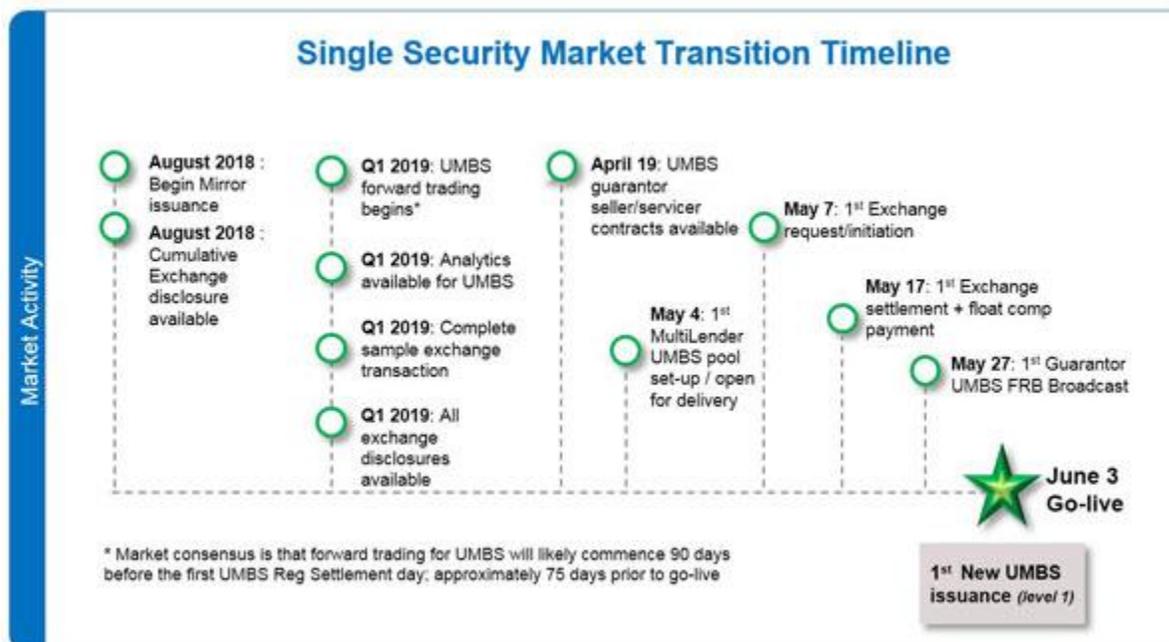


Single Security Initiative Implementation – June 3, 2019

The Federal Housing Finance Agency (FHFA) recently announced that June 3, 2019 will be the go-live date for the Single Security Initiative. On that day, Fannie Mae and Freddie Mac will begin issuing a new, common TBA-eligible security, known as the Uniform Mortgage-Backed Security (UMBS™). FHFA's [announcement](#) provides market participants with certainty about the timing of the transition to UMBS and enables you to make the necessary preparations to effectively prepare your systems and processes for a smooth transition.

- Forward trading in UMBS can begin in Q1 2019, likely after Reg A & B dates in March 2019, for settlement after go-live
- Optional Exchange Offer – which only applies for holders of Gold PCs– will open in May of 2019, with early exchange settlement available after the May Reg A & B dates
- First new issuance of UMBS will take place on June 3, 2019
- First combined UMBS Reg settlement will take place in June 2019



Single Security Hot Topics: Exchange

The option for holders of Freddie Mac's 45-day PCs to exchange them for new 55-day securities has garnered much attention over the last several months.

Exchange Offer Objectives

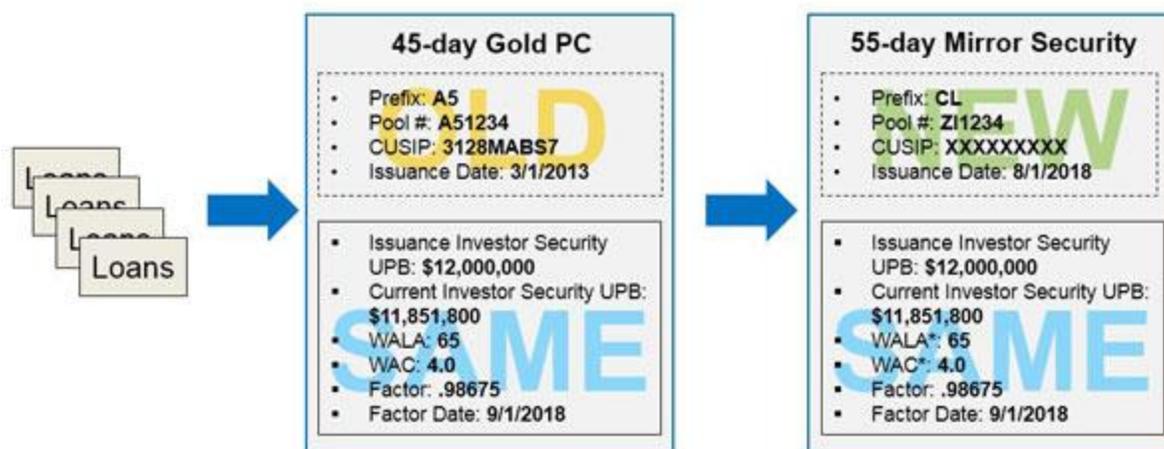
- Offer holders of 45-day TBA-eligible PCs a way to participate in the new UMBS market by exchanging their current holdings
- Provide the option to exchange, without making it a requirement
- Provide an open-ended timeline to allow investors to exchange if and when they are ready
- Provide compensation for the additional 10-day payment delay
- Use a process that is familiar – if possible – to execute the transaction

Freddie Mac is working to establish standard guidance for the industry to promote consistent, transparent exchange transaction processing. We have been working with the industry to understand the impacts of the Exchange Offer, and have held several meetings with groups of asset managers, dealers, and custodians to work through various operational scenarios. As we resolve and discuss various concerns, we will share details more broadly.

Mirror Securities to be Issued Beginning in August 2018

- Freddie Mac recently announced that it will issue 55-day mirror securities to support the exchange of Freddie Mac's 45-day PCs for new 55-day securities beginning on or about August 7, 2018.
- Mirrors will be issued into Freddie Mac's exchange account at the New York Federal Reserve, will be visible on the Daily New Issue File, and will not contribute to tradeable supply until exchanged by market participants. Issuing a one-for-one mirror security for every exchange-eligible 45-day security will improve the speed and efficiency of exchange transactions, as well as maintain a consistent, one-to-one relationship between the eligible 45-day CUSIPs and their corresponding 55-day CUSIPs.
- The 55-day mirror security will ultimately be backed by the same loans that back the exchanged 45-day security

Mirror securities mimic most characteristics of the underlying 45-day securities



*- Certain security characteristics, such as WALA & WAC, will reflect the original value of the security on the Daily New Issue file. The characteristics will mirror that of the current 45-day security starting on the next month's factor date.

- Freddie Mac will soon post Daily New Issuance and Supplemental test files for mirror securities, as well as the list of CUSIPS for all eligible PCs and Giants on the [Single Security Technical Resources](#) page.

For an overview of the Exchange concept and process, please see the [Market Adoption Playbook](#).

Single Security 2019: Will You Be Ready?

Have you registered for our joint Fannie Mae and Freddie Mac conference in NYC on May 14th? You'll hear details of how various stakeholders are getting ready for the Single Security, as well as a keynote conversation between Bob Ryan, Special Advisor, FHFA and Acting Deputy Director, Division of Conservatorship and Craig Phillips, Counselor to the Secretary, U.S. Treasury. Please contact Emily Engelman (emily_t_engelman@fanniemae.com) to request an invitation.

We still have space for a few more exhibits. If interested, please contact Jamie Miller (jamie_miller@freddiemac.com). We look forward to seeing you at the conference!

Find us at an upcoming event

SIFMA Operations Conference

May 7-10
Phoenix, AZ

[Click here for more information](#)

Investment Company Institute - 2018 General Membership Meeting

May 22-24
Washington, DC

[Click here for more information](#)

MBA National Secondary

May 20-23
New York, NY

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