

Message from Mark Hanson and Richard Sorkin



Dear Impacted Stakeholder,

Welcome to the first issue of the Single Security Initiative Market Readiness Newsletter. Going forward, Fannie Mae and Freddie Mac will be publishing a new issue of this newsletter every month to keep you up to date on the Single Security Initiative, including general progress, how it may impact you, and how others in the market are preparing. Our first newsletter addresses concerns of the vendor community. If you are dependent on vendors, make sure you are talking with them about their plans to prepare for the Single Security Initiative.

The Single Security Initiative is set to launch in Q2 2019 with the first issuance and settlement of a Uniform Mortgage Backed Security (UMBS™). Forward trading will likely begin in early 2019. Planning, development, and testing take time; to ensure you are ready, your impact assessments and change execution should begin now – **don't get left behind!**

If you know someone within your organization that could be impacted by the Single Security Initiative, please forward this newsletter – and encourage them to subscribe for updates at our websites linked below.



Mark Hanson
Senior Vice President
Securitization, Freddie Mac



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Market Insights

Fixed Income Clearing Corporation (FICC):

FICC recognizes the importance of the Single Security Initiative to the MBS industry and is working closely with the GSEs and the FHFA to ensure a smooth transition to the UMBS in 2019.

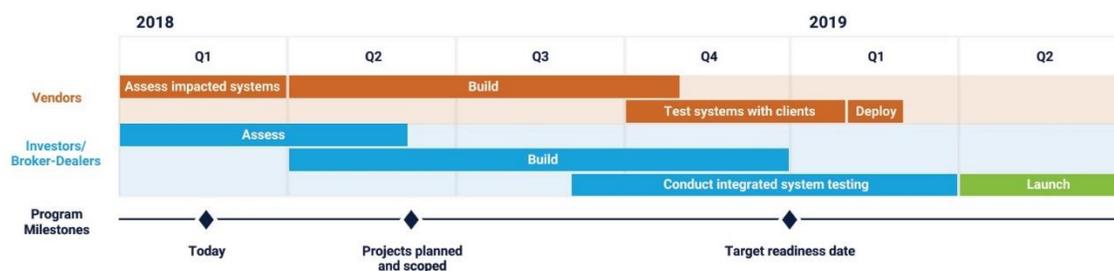
Nick Botta
Executive Director, Product Management

Bloomberg LP:

Bloomberg continues to be actively engaged with the FHFA, Freddie Mac and Fannie Mae to ensure our support for a smooth market transition to the Single Security in 2019. The Bloomberg Terminal and our ancillary businesses, such as the Bloomberg Barclays Indices and Enterprise portfolio and risk management applications, serve institutional investors in the mortgage markets who are preparing for this market evolution. Bloomberg product managers, customer support and engineers are committed to helping our clients and the market place at-large with this important initiative.

Russel Parentela
Global Head, Cash Structured Products

Timeline for UMBS Adoption



Note: UMBS forward trading expected to begin in early Q1 2019. UMBS settlement and new issuance begins in Q2 2019.

Key Program Updates

- **Jan 2018:** Market readiness survey sent to industry participants to better understand adoption progress and solicit feedback that will be addressed in future communications.
- **Jan 2018:** SEC confirms that exchange of Freddie Mac 45-day PCs for 55-day UMBS will be treated as a modification for accounting purposes and not a gain/loss transaction. Refer to the full letter within *Helpful Links* section.
- **Feb 2018:** Updated Market Adoption Playbook released with additional details and increased transparency on the Freddie Mac PC exchange process and impacts to consider.
- **May 2018:** Fannie Mae and Freddie Mac will host the Single Security Initiative conference for market participants to hear key updates on the Single Security Initiative. See details about the conference below.

Single Security Hot Topics: Vendors

Talking to Your Clients

5 questions vendors should be prepared to answer now

1. Will the services you provide change as a result of the Single Security Initiative?
2. Do you have all the information you need for making screen/terminology/process related changes?
3. Do you anticipate system updates will be completed with patch updates or a full version release?
4. What plans do you have for integrated system testing and how can clients participate?
5. Will you be ready on time to complete integrated testing prior to UMBS forward trading and go-live?

System and Process Impacts

Where to look first

- Freddie Mac TBA CUSIP and prefix changes
- Accounting and downstream impacts
- New disclosure formats
- Patch release versus full version release required for anticipated system updates

What you need to start working on now

- Understand changes required to be made for your systems
- Initiate project to update systems and processes
- Plan for integrated testing
- Speak to your clients about system updates release (patch updates or full version release)

Single Security Initiative Conference

On May 14, 2018, Fannie Mae and Freddie Mac will host the Single Security Initiative conference in New York. At the conference, market participants will be able to:

1. Hear key updates on the Single Security Initiative
2. See vendor demos
3. Ask questions
4. Discuss with other market participants how they are preparing

Registration details are coming soon.

If you are interested in exhibiting or providing demos, please reach out to **Jamie Miller (Jamie_miller@freddiemac.com)**.

Find us at an upcoming event

Government Investments Officers Association
March 21-23
Las Vegas, NV

InvestOps
March 26-27
Tampa, FL

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SIFMA Operations Conference

May 7-10
Phoenix, AZ

[Click here for more information](#)

Investment Company Institute Conference

May 22-24
Washington, DC

[Click here for more information](#)

 **Helpful links**

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Fannie Mae and Freddie Mac are interested in helping you. Please submit comments or questions here.

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