



AN UPDATE

ON THE SINGLE SECURITY INITIATIVE AND THE COMMON
SECURITIZATION PLATFORM

November 2018



Division of Conservatorship

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Background

In March 2018, the Federal Housing Finance Agency (FHFA) announced that the Enterprises would begin issuing the new, common, single mortgage-backed security, formally known as the Uniform Mortgage-Backed Security (UMBS), on June 3, 2019. These securities will finance the same types of fixed-rate mortgages that currently back Enterprise-guaranteed securities eligible for delivery into the “To-Be-Announced” (TBA) market, a forward market for certain mortgage-backed securities, including those issued by Fannie Mae and Freddie Mac. In conjunction with the introduction of UMBS, FHFA anticipates that the now-separate markets for the fixed-rate, single-family mortgage-backed securities issued by each Enterprise will consolidate into one larger market.

The development of and transition to the new UMBS constitute the Single Security Initiative (SSI), which FHFA believes will lead to a more efficient, resilient, and liquid secondary mortgage market resulting from the consolidation of the TBA markets mentioned above. Achievement of these objectives will further FHFA’s statutory obligation and the Enterprises’ charter obligations to ensure the liquidity of U.S. housing finance markets. The SSI should also reduce or eliminate the cost to Freddie Mac and taxpayers that has resulted from the historical difference in the liquidity of Fannie Mae’s Mortgage-Backed Securities (MBS) and Freddie Mac’s Participation Certificates (PCs).¹

Developing a new securitization infrastructure and a common mortgage-backed security for Fannie Mae and Freddie Mac (the Enterprises) for mortgage loans backed by single-family (1-to 4-unit) properties has been a strategic goal of FHFA during the conservatorships of the Enterprises as reflected in the *2014 Strategic Plan for the Conservatorships of Fannie Mae and Freddie Mac*. The issuance of UMBS through the Common Securitization Platform (CSP) will mark full implementation of the SSI and will meet this strategic goal.

This *Update* reviews activity and progress related to the development of the CSP and implementation of the SSI. This *Update* focuses on outreach by the Enterprises and FHFA to inform and prepare market infrastructures and participants for SSI implementation and other activities to reduce or remove challenges to or alleviate concerns of industry stakeholders. These activities include efforts by the Enterprises and FHFA to ensure regulatory clarity and to support

¹ MBS may also refer to mortgage-backed securities more generally, including PCs, Giant PCs, MBS, UMBS, and Supers issued by Freddie Mac and MBS, Megas, UMBS, and Supers issued by Fannie Mae. Freddie Mac will change the name of its new-issue, non-TBA eligible securities to MBS upon implementation of the SSI when they change the payment delay on those securities from 45 days to 55 days.



the continued alignment of cash flows to investors from UMBS regardless of which Enterprise is the issuer.

This *Update* reflects the continuation of a commitment by FHFA, the Enterprises, and CSS to develop the SSI and the CSP in a transparent manner. This commitment includes the regular release by FHFA of public updates to provide information to and solicit feedback from policymakers, market participants, and the public.

Development of the Common Securitization Platform

The Enterprises formed a joint venture, Common Securitization Solutions (CSS), to develop and operate the CSP to support the Enterprises' single-family mortgage securitization activities, including the issuance by both Enterprises of UMBS. FHFA has required that CSS develop the CSP to allow for the future use and integration of additional market participants.

As previously reported, the Enterprises and CSS are developing the CSP in two stages:

- Release 1 implemented the CSP's Data Acceptance, Issuance Support, and Bond Administration modules for Freddie Mac's existing fixed-rate single-class securities.
- Release 2 will allow both Enterprises to use those modules, plus the Disclosure module, to perform activities related to their current fixed-rate, single-class securities, and multi-class securities; issue UMBS and related resecuritizations, including commingled resecuritizations; and perform activities related to the underlying loans. Both Enterprises will also use certain modules to perform activities related to securities backed by adjustable-rate loans.

I. Release 1 Update

With the implementation of Release 1 on November 21, 2016,² Freddie Mac transferred to CSS operational responsibilities for the monthly issuance and settlement of its single-class mortgage-backed securities backed by 15-, 20-, and 30-year fixed-rate loans and for the computation of the

² See *FHFA Announces Successful Implementation of Release 1 of the Common Securitization Platform*.



monthly pool and bond factors³ for Freddie Mac's PCs and Giant PCs.⁴ Since implementation of Release 1, Freddie Mac has used the CSP for monthly issuance and settlement of approximately 1,000 new securities representing about \$59 billion in unpaid principal balance, and for monthly bond administration functions related to 257,000 securities backed by approximately 10 million loans with approximately \$1.7 trillion in unpaid principal balance.

II. Release 2 Developments

Since the *December 2017 Update*, the Enterprises and CSS have completed system-to-system, bilateral end-to-end, and data conversion testing for Release 2. Tri-party end-to-end testing, with both Fannie Mae and Freddie Mac conducting daily processing and testing in a single CSP environment, is also complete. Testing with vendors that use and distribute securities disclosure data is underway.

On September 24, 2018, Freddie Mac and CSS migrated Freddie Mac's production processing for single-class MBS (that is, PCs and Giants) from Release 1 to the relevant Release 2 code, confirming that the relevant Release 2 modules are production ready for single-class securities. The Enterprises and CSS have begun data conversion activities and are on track to begin parallel processing in November 2018.

With deployment of Release 2 in June 2019, Fannie Mae and Freddie Mac will both use CSP for issuance and monthly processing of single-class UMBS backed by fixed rate loans, single-class securitizations of UMBS (to be known as Supers), multiclass securities such as REMICs, and various functions that will differ by Enterprise for securities that are backed by adjustable-rate loans. Release 2 modules include Data Acceptance, Issuance Support, Bond Administration with Tax Calculations, and Disclosure.

Appendix A outlines the *Single Security Initiative/CSP Timeline* followed to date and projected going forward.

³ Release of pool and bond factors to the market enables investors to calculate the principal and interest payments they expect to receive on mortgage securities they own. The pool factor for an MBS or PC is a fraction equal to the current outstanding security-level principal balance divided by the original security-level principal balance. The bond factor for a securitization is comparable to the pool factor for an MBS or PC except that the remaining security-level principal balance used to calculate a bond factor reflects the cumulative distribution of the underlying securities, not the underlying mortgage loans.

⁴ Giant PCs are hereafter referred to as Giants.



Outreach and Market Readiness

The successful implementation of Release 2 and a smooth transition of the TBA market to trading the new, common securities (UMBS and Supers) require planning, investment, and preparation on the part of a wide variety of market participants, including MBS investors, dealers, seller/servicers,⁵ vendors, and providers of critical infrastructure.

FHFA strongly encourages market participants to commit adequate resources to these activities. With the Enterprises and CSS on track for SSI implementation on June 3, 2019, market participants should plan their preparations accordingly to ensure the smoothest possible transition.

I. Enterprise Outreach Activities

As noted in the *December 2017 Update*, the Enterprises have engaged in extensive industry outreach to facilitate the transition by participating in industry forums and conferences, webinars, conference calls, meetings with individual firms, and consultations with advisory and industry-sponsored working groups. Much of this activity is conducted in conjunction with FHFA. In addition, major trade associations and consumer-oriented organizations have played important roles in providing feedback and communicating with their constituents.

As the implementation date approaches, the Enterprises have accelerated and intensified their engagement with market participants. In addition to many presentations at industry conferences, one-on-one visits to market participants and webinars, the Enterprises' activities since the last *Update* have included:

- Market readiness surveys in January and May, through which over 1400 industry stakeholders were contacted. The surveys revealed increasing awareness and understanding of SSI among respondents and helped the Enterprises identify issues hindering preparations—notably a lack of regulatory clarity (see below).
- A Single Security Conference in May in New York City that was attended by about 300 participants and highlighted the timeline for SSI implementation and the need for market preparedness.

⁵ A seller/servicer is an institution approved to sell mortgages to and/or service mortgages purchased by an Enterprise. The term "seller" refers to a seller/servicer acting in its capacity as a seller of mortgages; and the term "servicer" refers to a seller/servicer acting in its capacity as a servicer of mortgages. A seller may sell mortgages it originated itself or mortgages it purchased from other originators. A servicer may service the mortgages it sold to an Enterprise or other mortgages sold to the Enterprise by other sellers.



- Tabletop exercise planning sessions for industry participants in September and October with approximately 45 industry participants. Participants were divided into small groups to discuss three pre-determined scenarios: a UMBS TBA trade; a Freddie Mac Gold PC for UMBS exchange; and a dollar roll trade.
- Foreign investor outreach, including June and October tours with Asian investors by Freddie Mac. Market readiness materials, including the Market Adoption Playbook, have been translated into Korean, Japanese, and Chinese.
- Vendor-oriented webinars to identify readiness status, outstanding questions, and any remaining challenges.

In conjunction with the outreach activities, the Enterprises have developed a variety of materials related to SSI implementation and published them on Enterprise or FHFA websites.⁶ Recently added materials include video clips from the May Single Security Conference, vendor SSI-readiness timelines, and a monthly SSI newsletter that the Enterprises started publishing in March and which had a subscriber base of 2,200 recipients as of October 2018. To date, the newsletter has focused on the May Single Security Conference, Seller/Service readiness, and the Freddie Mac exchange, among other topics.

II. Exchange Paths for Freddie Mac Legacy Securities

Unlike Fannie Mae's legacy MBS, Freddie Mac's legacy TBA-eligible securities—Participation Certificates (PCs) and Giants—will not be directly eligible for delivery in settlement of a UMBS trade. To promote liquidity of the new securities, Freddie Mac will offer investors the opportunity to exchange outstanding TBA-eligible PCs and Giants for “mirror” 55-day UMBS and Supers.⁷ The mirror securities will be backed by the same loans as the existing securities. Because PCs and Giants currently pay investors on the 45th day after interest starts to accrue for the payment period and UMBS and Supers will pay on the 55th day, the exchange offer will include compensation for the ten-day delay in receipt of payments to investors.

Freddie Mac has announced that it will offer two paths for current owners of its legacy securities to conduct an exchange.⁸ Freddie Mac is calling the first path Dealer-facilitated Exchange and the second path Direct-to-Freddie Mac Exchange via TradeWeb. As the names imply, a primary

⁶ CSP and SSI information posted by Freddie Mac may be found [here](#), by Fannie Mae [here](#), and by FHFA [here](#).

⁷ Freddie Mac will also offer investors the opportunity to exchange non-TBA-eligible 45-day PCs and Giants for 55-day MBS and Giants. Technically, in the exchange of TBA-eligible securities investors will receive Supers, which are second-level resecuritizations of UMBS. Supers and UMBS will trade under the same TBA contracts just as Freddie Mac PCs and Giants or Fannie Mae MBS and Megs do today.

⁸ See “[Freddie Mac will provide two paths for exchange of Gold PCs into new UMBS.](#)”



distinction between these paths is whether a Freddie Mac-approved Dealer acts as an agent for the investor to facilitate the exchange with Freddie Mac. Freddie Mac initially developed Dealer-facilitated Exchange and added the second exchange path in response to concerns raised by market participants, particularly large investors and custodians. To prepare for exchange, Freddie Mac began issuing mirror securities in August 2018. Investors will be able to exchange legacy Freddie Mac securities starting in May 2019.

III. Critical Infrastructure and Market Services

Implementing the SSI requires preparations by the providers of critical infrastructure and services to the TBA market. Critical market infrastructures include the Fixed Income Clearing Corporation (FICC), which nets and clears trades in Enterprise MBS, and the Federal Reserve Bank of New York (FRBNY), which acts as the Enterprises' fiscal agent. Critical services include those provided by the major trading platforms and the large custodian banks. Other firms provide critical support to market participants or market functions through pool identification, valuation, CUSIP allocation, and MBS index computation services, as well as data and analytics. In addition, rule changes related to the TBA market are determined by SIFMA through its *Good Delivery Guidelines*⁹ for Enterprise TBA contracts. As of October 2018, SIFMA has not made public any changes that may be under consideration.

The Enterprises have been working closely with many of the providers of these services. All providers of critical market services have reported to the Enterprises that they have developed plans for SSI implementation, are well under way in the process of building out their systems, and expect to be ready for the June 2019 SSI implementation. For example, the Enterprises have worked with the FRBNY to ensure that all parties are aligned on the operational and system changes they each need to make for SSI implementation. Those modifications will ensure that the FRBNY, as the Enterprises' fiscal agent and on their behalf, is able to distribute principal and interest payments associated with Supers and REMICs that commingle Fannie Mae and Freddie Mac UMBS and/or Supers. The Enterprises have also worked closely with FICC to identify modifications necessary to its clearing, netting, and settlement processes, including changes to TBA CUSIPs and to pool identification procedures.

With respect to vendor services, the Enterprises have worked with the major trading platforms to help them prepare for trading in the new TBA contracts. Those platforms are modifying their

⁹ See *Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities*, Chapter 8, "Standard Requirements for Delivery on Settlements of Fannie Mae, Freddie Mac, and Ginnie Mae Securities."



trading screens, and many have provided prototypes to their client bases. They have also committed to provide testing environments as part of the implementation plans. Other vendors that produce MBS market indexes are working with their clients to adjust those indexes to reflect the post-SSI-implementation market for Enterprise MBS. Investors and money managers use MBS market indexes to determine portfolio allocations and evaluate performance.

Since the Enterprises typically have minimal direct relationships with many service providers, they have made a substantial effort to communicate with them through industry trade group-sponsored conference calls and in-person meetings. In many cases they have reached out directly to the providers themselves. For example, the Enterprises have been working closely with the custodian banks to assist in their readiness preparations for the SSI. These banks provide a number of critical services to investors that may include maintenance of accounts, segregation and safekeeping of assets, settlement of transactions (including resolution of counterparty failures to deliver as expected), provision of account statements, income collection, and miscellaneous administrative services. The custodians have been working as a group, with the assistance of the Enterprises, to establish industry practices for the operational identification and management of UMBS and for the exchange of Freddie Mac legacy securities.

The Enterprises have also increased their interaction with industry vendors, such as trading and order management system providers. As a result, many of the major vendors have posted their implementation plans, and both Enterprises have posted their readiness timelines on their websites.¹⁰ Recognizing the difficulty in identifying all vendors affected by the SSI implementation, the Enterprises have requested that market participants ensure that the vendors they work with are informed and prepared for SSI implementation. Upon request, the Enterprises and FHFA have provided support for these efforts and will continue to do so.

IV. Regulatory Clarity

The *December 2017 Update* enumerated regulatory issues associated with the SSI that remained to be resolved, including the accounting and tax treatment of the Freddie Mac exchange and regulatory limits on the concentration of exposures to a single issuer. As described below, progress has been made since the last *Update* to resolve some of those regulatory issues.

There are both accounting and tax issues associated with the exchange. Those issues are related to the exchange itself and to a compensation payment Freddie Mac will offer investors. The compensation payment arises because PCs and Giants currently pay investors ten days faster

¹⁰ See *Vendor Testing Timeline – As of September 2018*.



than UMBS and Supers (and non-TBA-eligible Freddie Mac MBS) will. Freddie Mac will compensate investors with a one-time payment for the extra ten-day delay in receipt of those monthly payments.

The Enterprises requested Securities and Exchange Commission (SEC) guidance concerning the application of accounting rules to these transactions. In February 2018, Fannie Mae published a *letter* to the SEC confirming the SEC staff position that there would be no objection from the SEC if firms accounted for the conversion of Freddie Mac Participation Certificates as a minor modification of an existing security.¹¹

Similarly, the Enterprises made a request to the Internal Revenue Service (IRS) concerning the tax treatment of that exchange and compensation payment. On August 17, 2018, the IRS published *guidance* indicating that conversion of Freddie Mac Participation Certificates to UMBS will not constitute a taxable event. However, the IRS declined to issue guidance with respect to the taxation of the compensation payment. Freddie Mac announced that it will treat that payment as a tax-free adjustment to the security basis but encouraged investors to consult with their own tax advisors.¹²

Progress is also being made to resolve other issues. For example, the transition to both Enterprises issuing UMBS and Supers to replace their current MBS will be accompanied by new contracts in the TBA market. FHFA and the Enterprises are working with SIFMA on those changes. The goal is for the new contracts to allow delivery of securities issued by either Fannie Mae or Freddie Mac without the issuer being identified when contracts are traded. Instead, sellers would notify buyers of which Enterprise's securities they will receive two days before settlement on what is known as "48-hour day." That notification would be incorporated into the current TBA market practice of sellers notifying buyers of the exact securities they will receive on 48-hour day.

One effect of that change could be to complicate compliance with Section 817(h) of the Internal Revenue Code. Section 817(h) provides that the investments in a segregated asset account supporting a variable contract must be adequately diversified, meaning that such assets may not be concentrated in the securities of one or more issuers. For example, no more than 55 percent of the assets may be from a single issuer, and no more than 70 percent of the assets may be from

¹¹ The Enterprises have also been in discussions with the SEC on another matter concerning the regulatory treatment of UMBS TBA trades as securities forward contracts.

¹² See *Freddie Mac's Planned Treatment of Float Compensation*.



two issuers. Fannie Mae and Freddie Mac are considered separate issuers for purposes of this rule.

On October 16, 2018, the IRS published *Revenue Procedure 2018-54*, which provides guidance for taxpayers subject to the diversification requirements set forth in section 817(h). The guidance allows taxpayers to elect to treat the mortgage-backed securities received from the TBA trades as having deemed issuers for purposes of the diversification requirements of section 817(h).

Under the IRS guidance, market participants may make a voluntary election to use a deemed-issuance-ratio method to determine the issuer of UMBS to be delivered under a TBA contract to a segregated asset account. If an investor elects to use the deemed-issuance ratio, each UMBS delivered under a generic TBA contract is deemed to be issued in part by Fannie Mae and in part by Freddie Mac. FHFA will fix the ratio at the end of each year based on relative market share, and that ratio will apply to TBA contracts entered into the following year. The applicable ratio will apply to each UMBS held in a segregated asset account until it is sold, pays off, or is re-securitized.

Another issue of interest to market participants has been the stance of the Federal Reserve System vis-à-vis the Single Security Initiative. The Federal Reserve is the largest single holder of Enterprise TBA-eligible MBS, which reside in the System Open Market Account (SOMA). The Open Market Desk at the FRBNY is responsible for conducting open market operations to achieve monetary policy objectives as set by the Federal Open Market Committee. The minutes for the July/August 2018 meeting of that committee indicated that the Open Market Desk “planned to develop the capability to conduct UMBS transactions and, to more efficiently manage the portfolio, convert some portion of the SOMA’s existing agency MBS holdings to UMBS where appropriate.”

Alignment Actions and Analyses

Some market participants have expressed concern that divergence in the prepayment rates of UMBS issued by Fannie Mae and Freddie Mac could lead to differences in the prices of Fannie Mae- and Freddie Mac-issued UMBS and to the possibility of erosion of the broad market liquidity the SSI seeks to foster. Divergence in prepayment rates could occur if the Enterprises fail to align programs, policies, and practices that significantly affect prepayments. In response to this concern, FHFA and the Enterprises have worked together to develop processes to identify and align those Enterprise programs, policies, and practices that could materially affect prepayments.



Previous *Updates* have described FHFA's commitment to keeping the Enterprises aligned with respect to prepayments, including discussion of the Enterprises' processes to manage changes to their programs, policies, and practices, FHFA review of those processes, and the resulting decisions. In addition, the *December 2017 Update* provided FHFA's guidelines for alignment on prepayment speeds; an overview of the Enterprises' change management processes, including their assessments of the potential prepayment effects of new initiatives or changes to programs, policies, or practices; and detailed examples of how FHFA monitors the *ex post* alignment of Enterprise prepayment speeds.

To the extent that the Enterprises' programs, policies, and practices may have a material effect on the prepayment speeds of their TBA-eligible securities, FHFA has used its conservatorship authority to require the Enterprises to develop and implement change management processes that were described in the *December 2017 Update*.

I. FHFA Proposed Rule on UMBS Alignment

On September 12, 2018, FHFA published a *Proposed Rule* to codify alignment requirements under FHFA's broad regulatory authority to ensure that the Enterprises meet the public policy purposes enumerated in their charters. The rulemaking is intended to provide confidence to market participants that the close alignment of prepayment speeds on the Enterprises TBA-eligible securities will endure post-conservatorship. The rule would effectively codify the requirement that the Enterprises maintain the one-month conditional prepayment rates (CPRs) of cohorts within a specified range based on market conditions (initially two percentage points), where a cohort consists of all Enterprise TBA-eligible securities with the same coupon, maturity, and loan-origination year. To do so, the proposed rule would:

- Define *covered programs, policies, and practices* as management decisions or actions that have reasonably foreseeable effects on cash flows to TBA-eligible MBS investors and enumerate key management decisions or actions that would fall under this definition;
- Define, based on current market conditions, *misalignment* and *material misalignment* as divergences of at least two or three percentage points, respectively, in the one-month CPR for a cohort;
- Require the Enterprises to
 - Align their *covered programs, policies, and practices* with the purpose of maintaining *material alignment* of cash flows to TBA-eligible MBS investors;
 - Consult with each other, under FHFA auspices, on any issues that potentially or actually cause *misalignment* of cash flows to investors in their TBA-eligible MBS;
 - Report any *misalignment* and report in writing the likely cause of any *material*



misalignment to FHFA; and

- Establish and maintain an Enterprise-wide governance process to ensure that proposed changes to *covered programs, policies, and practices* are identified, reviewed, escalated, and submitted in writing and in a timely manner for FHFA's review and approval;¹³
- Require FHFA to monitor changes to *covered programs, policies, and practices* for effects on cash flows to investors; and
- Allow FHFA to
 - Exclude from the rule's requirements *covered programs, policies, and practices* that solely affect cohorts with unpaid principal balances below \$5 billion;
 - Adjust the CPR percentage thresholds as market conditions change; and
 - Take remedial actions to achieve the purpose of the rule.

When finalized, the rule will apply to both the Enterprises' current offerings of TBA-eligible MBS and to the new Uniform Mortgage-Backed Security (UMBS) to be implemented in June 2019. The proposed rule is open for public comment until November 16, 2018.

II. FHFA *Ex Post* Monitoring and Reporting of Prepayment Speeds

Market participants have requested more transparency with respect to FHFA monitoring of the issuance and prepayment performance of the Enterprises' TBA-eligible MBS. The *December 2017 Update* provided samples of the performance data FHFA receives and reviews on a monthly basis as well as descriptions of how FHFA uses that data. On May 22, 2018, FHFA issued its first *Prepayment Monitoring Report*, providing that same data for the first quarter of 2018. These ongoing, quarterly reports provide insight into how FHFA monitors the consistency of prepayment rates across coupon/origination-year cohorts of the Enterprises' 30-year, TBA-eligible MBS. The reports include charts and data on prepayment speeds and relevant characteristics of the underlying loans, including decile-level data. FHFA has determined that it will limit active monitoring to cohorts with at least \$10 billion of unpaid principal balance across both Enterprises and whose origination-year is no more than six years ago (currently, 2012 and thereafter).

¹³ The proposed rule codifies FHFA's current expectations of the Enterprises, established under conservatorship authorities. Under the conservatorships, each Enterprise has developed and implemented an Enterprise-wide governance process for proposed changes to *covered programs, policies, and practices*.

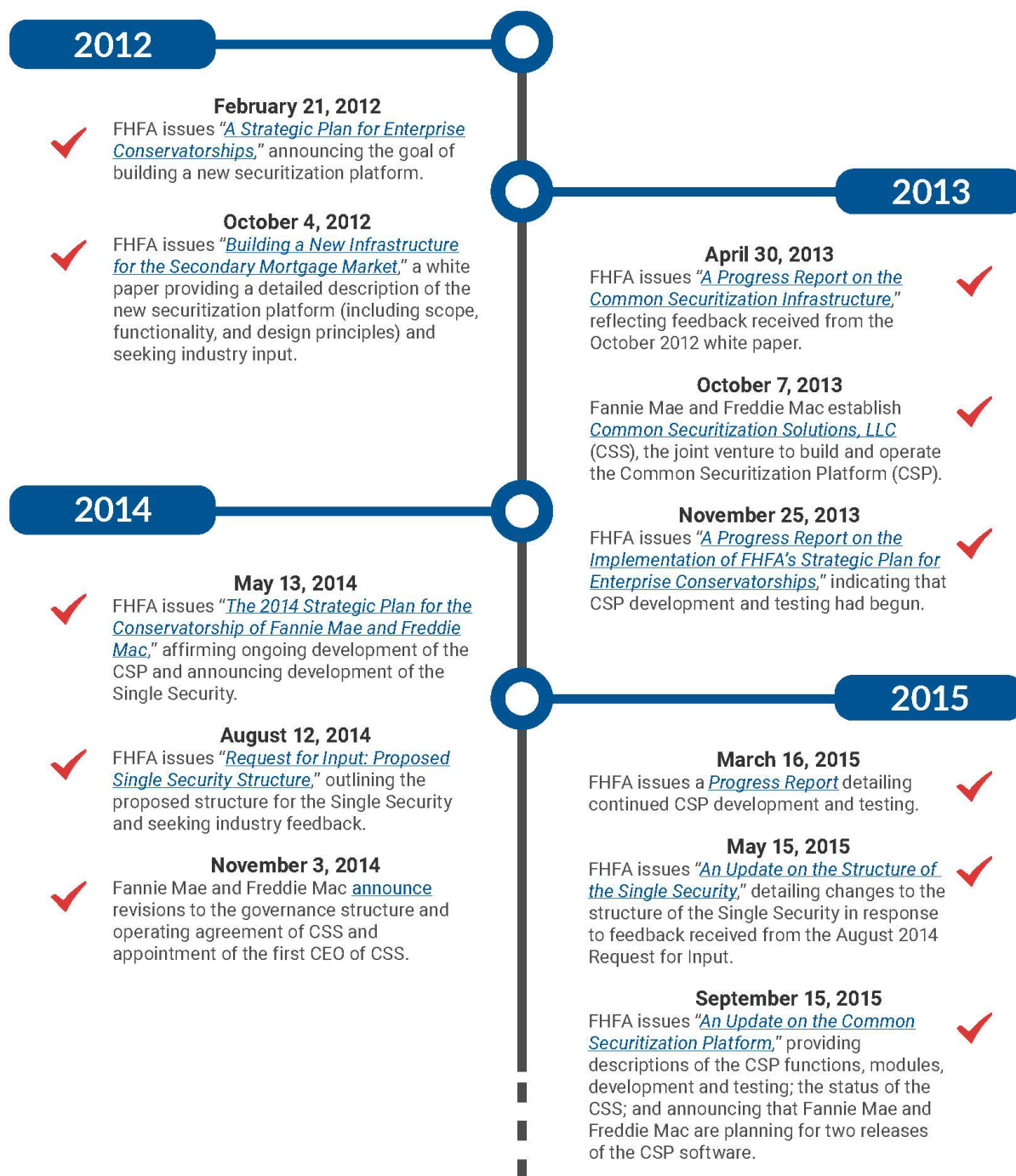


Conclusion

This *Update* documents the substantial progress that has been made on multiple fronts to prepare for the June 2019 implementation of Release 2 of the CSP and the initial issuance of UMBS by the Enterprises. That progress includes the progressively more advanced testing of Release 2 and securities disclosures data; moves to resolve uncertainty and address concerns of market participants about the exchange of Freddie Mac legacy securities, certain regulatory and tax issues, the preparedness of market infrastructures and vendors; and the continued close alignment of cash flows to investors from TBA-eligible securities issued by the Enterprises. While some issues continue to be in the process of resolution, FHFA is confident that the progress to date and the work in process will lead to the successful and smooth implementation of Release 2 and UMBS issuance. FHFA welcomes public input on this Update. Feedback can be ***submitted electronically*** via [FHFA.gov](https://www.fhfa.gov), or to the Federal Housing Finance Agency, Office of Strategic Initiatives, 400 7th Street, S.W., Washington, DC 20219. All pertinent submissions received will be made public and posted without redaction to FHFA's website.



Appendix A—Single Security Initiative/CSP Timeline



2016

February 19, 2016

- ✓ Freddie Mac and CSS complete system-to-system testing for Release 1 (first use of CSP software).

March 3, 2016

- ✓ FHFA issues the ["2015 Scorecard Progress Report"](#), detailing continued CSP development and testing.

July 7, 2016

- ✓ FHFA issues ["An Update on Implementation of the Single Security and the Common Securitization Platform"](#), detailing the progress made and expected milestones.

July 11, 2016

- ✓ [Fannie Mae](#) and [Freddie Mac](#) publish final Single Security features and disclosures for Release 2.

July 26, 2016

- ✓ Freddie Mac and CSS complete end-to-end testing for Release 1.

November 18, 2016

- ✓ Freddie Mac and CSS complete operational and production readiness for Release 1.
- ✓ Freddie Mac and CSS complete parallel activities for Release 1.

December 8, 2016

- ✓ FHFA [Announces](#) Successful Implementation of Release 1 of the Common Securitization Platform.

2017

March 23, 2017

FHFA issues ["An Update on the Implementation of the Single Security and the Common Securitization Platform"](#), providing details of the successful implementation of Release 1 of the CSP, the timeframe for Release 2, costs related to the CSP and CSS, and steps to ensure alignment between the Enterprises to facilitate the Single Security Initiative.

August 28, 2017

Freddie Mac implements aligned investor disclosures in support of the Single Security Initiative.

September 6, 2017

Fannie Mae and Freddie Mac publish the [Market Adoption Playbook](#) (updated May 2018) identifying possible actions that market participants should consider taking to ensure a smooth transition to the issuance of, and TBA trading in, the new Uniform Mortgage-Backed Securities.

December 4, 2017

FHFA issues ["An Update on the Single Security Initiative and the Common Securitization Platform"](#) detailing activity and progress on the development of the CSP and implementation of the Single Security Initiative (SSI). This Update also describes outreach by the Enterprises and FHFA to inform and engage market participants as they prepare for SSI implementation.



2018

March 23, 2018

✓ Fannie Mae, Freddie Mac, and CSS complete key application development for Release 2.

✓ Fannie Mae, Freddie Mac, and CSS complete system-to-system testing for Release 2.

March 28, 2018

✓ FHFA [Announces](#) June 2019 Implementation of the New Uniform Mortgage-Backed Security (UMBS).

May 22, 2018

✓ FHFA issues the first quarterly [Prepayment Monitoring Report](#), providing transparency into FHFA monitoring of the prepayments rates of Fannie Mae and Freddie Mac 30-year, TBA-eligible mortgage-backed securities.

November 13, 2018

✓ FHFA issues [An Update on the Single Security Initiative \(SSI\) and the Common Securitization Platform \(CSP\)](#) detailing activity and progress toward development of the CSP and the launch of a single, common security called the Uniform Mortgage-Backed Security. This Update also describes outreach by the Enterprises to inform and engage market participants as they prepare for the implementation of SSI.

Expected in 2018

Fannie Mae, Freddie Mac, and CSS complete pre-parallel testing for Release 2.

2019

Expected in 2019

Fannie Mae, Freddie Mac, and CSS complete operational/production readiness for Release 2.

Fannie Mae, Freddie Mac, and CSS complete parallel activities for Release 2.

Freddie Mac implementation of Freddie Mac Legacy PC Exchange Portal.

Fannie Mae and Freddie Mac begin issuing the new UMBS using CSS and Release 2 of the CSP.

