

SINGLE SECURITY EXCHANGE DIRECT TO FREDDIE MAC VIA TRADEWEB



TECHNICAL WORKFLOW OPTIONS

FREDDIE-TRADEWEB EXCHANGE:

- Face Freddie Mac directly as your counterparty through Tradeweb
- Freddie Mac delivers and settles Free of Payment (FOP)
- Tradeweb exchange path is open for 3-5 years. No cost to exchange on Tradeweb for the first 3 years
- Exchange entry is available directly through the Tradeweb interface (unsolicited workflow) or automatically via OMS or other system (solicited workflow)
- Post-exchange records and reporting supported as per normal Tradeweb post-trade process/STP

Delivery

- Custodians directly interface with Freddie Mac as the issuer
- Whole or partial CUSIP positions may be exchanged, at the sub-account level

Capacity

- Capacity is around **50,000 exchanges per day** across both paths
- Capacity will be viewable on Tradeweb prior to confirmation of the exchange transaction
- Booking will be available for the current month

Settlement

- Settlement is a minimum of T+1 (T+2 when exchange first opens)
- Transactions booked by noon can be settled the next day (once T+1 is available)
- All settlement activity takes place for both the security and cash same day
- Freddie Mac will have two separate exchange accounts for the incoming 45 day securities (acc no. FHLMC WASH/2BD7) and outgoing 55 day securities (acc no. FHLMC WASH/2BD5)
- Freddie Mac will hold the 45-day security in trust for the investor until exchange is completed
- The float compensation will be paid via a separate cash wire

Booking & Settlement Blackout Dates:

- First 5 business days of the month and last business day
- Reg A & Reg B settlement dates
- REMIC collateral delivery date (EOM -2)

COMPLETING AN EXCHANGE UNSOLICITED (DIRECT ENTRY) WORKFLOW

ENTER EXCHANGE COLLATERAL

- Enter 45 day golds into exchange ticket manually or paste from Excel using the below template

EXCEL TEMPLATE:

Account	CUSIP	OF	Price
1	31283H4Z5	568,500	99.125
10	31283H4Z5	568,500	99.125
1021	31283H4Z5	568,500	99.125
1	31283H4Z5	568,500	99.125
10	31283HT21	3,000,000	99.250
1021	31283HT21	3,000,000	99.250
1	31283HT21	3,000,000	99.250
10	31283HT21	3,000,000	99.250
1021	31287MRT9	5,000,000	99.375
1	31287MRT9	5,000,000	99.375
10	31287MRT9	5,000,000	99.375
1021	31287MRT9	5,431,500	99.375

SUBMIT EXCHANGE REQUEST



- Select Freddie as your counterparty
- Choose a settlement date
- Submit exchange request

Tradeweb Direct to Freddie Exchange

Choose Settlement

01/16/2018

	#	Original Face	Curr Face
Deliver 45 Day	36	1,341,568,500	66,559,466
Receive 55 Day	36	1,341,568,500	66,559,466
Float Comp		Vers. 1.5	\$77,999.37

Settle	Available	Settle	Available	Settle	Available	Settle	Available	Settle	Available
Jan-9	-	Jan10	-	Jan-11	-	Jan-15	38,888	Jan-16	11,000
Jan-18	25,000	Jan-21	40,000	Jan-22	33,000	Jan-23	25,000	Jan-24	12,000
Jan-25	500	Jan-28	58,888	Jan-29	400	Jan-30	10		

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Save
Paste
Move Items
Delete Items
Download
Configure

Sell	45D CUSIP	Pool Num	Original Face	Current Face	Price	Brkdn	Account	Factor	Buy	55D CUSIP	Base Ticks	Incentive Ticks	Payup Ticks	PayUp Incentive	PayUp Type	Float Comp
S	31283H4Z5	G01740	22,304,564	21,490,770	103.786718170655	Brkdn	portfolio_1	0.02997286	B	XYZ93H4Z5	0-027	0-00	0-00	0-00	FICO	\$77,999.37
S	31283H4Z5	G01740	6,452,307	6,452,307	101.046875	Brkdn	portfolio_2	0.00795616	B	XYZ93HT21	0-027	0-00	0-00	0-00	FICO	\$27.9
S	31283H4Z5	G01740	22,304,564	21,490,770	103.786718170655	Brkdn	portfolio_3	0.02997286	B	XYZ93H4Z5	0-027	0-00	0-00	0-00	FICO	\$19.9
S	31283H4Z5	G01740	6,452,307	6,452,307	101.046875	Brkdn	portfolio_4	0.00795616	B	XYZ93HT21	0-027	0-00	0-00	0-00	FICO	\$27.9
S	3128KERV7	A52300	11,000,000	85,074	100-05	Brkdn	portfolio_5	0.00773397	B	XYZ9KERV7	0-027	0-00	0-00	0-00	FICO	\$99.7
S	3128KFQS2	A53165	13,000,000	262,520	100-06	Brkdn	portfolio_6	0.02019388	B	XYZ9KFQS2	0-027	0-00	0-00	0-00	FICO	\$307.6
S	3128KH6W1	A55385	15,000,000	575,265	100-07	Brkdn	portfolio_7	0.03835102	B	XYZ9KH6W1	0-027	0-00	0-00	0-00	FICO	\$674.1
S	3128KJBU5	A55451	17,000,000	5,544,009	100-08	Brkdn	portfolio_8	0.32611815	B	XYZ9KJBU5	0-027	0-00	0-00	0-00	FICO	\$6,496.8
S	3128KJLE0	A55725	19,000,000	284,331	100-09	Brkdn	portfolio_9	0.01496480	B	XYZ9KJLE0	0-027	0-00	0-00	0-00	FICO	\$333.2
S	3128KJNJ7	A55793	21,000,000	756,379	100-10	Brkdn	portfolio_1	0.03601805	B	XYZ9KJNJ7	0-027	0-00	0-00	0-00	FICO	\$886.3
S	3128KJSJ2	A55921	23,000,000	4,042,256	100-11	Brkdn	portfolio_1	0.17575028	B	XYZ9KJSJ2	0-027	0-00	0-00	0-00	FICO	\$4,737.0
S	3128KJTC6	A55947	25,000,000	2,209,107	100-12	Brkdn	portfolio_1	0.08836429	B	XYZ9KJTC6	0-027	0-00	0-00	0-00	FICO	\$2,588.8

Submit Exchange Request

[Exchange Disclaimer](#)

REVIEW & CONFIRM EXCHANGE



- Review float comp
- Review summary and confirm exchange – you have a 5 minute window to confirm the exchange

Tradeweb Direct to Freddie Exchange
FMEX- bdevers_216.2018.09.33:12

	#	Original Face	Receive 55 Day
Deliver 45 Day	36	1,341,568,500	66,559,466
Receive 55 Day	36	1,341,568,500	66,559,466
Float Comp		Grid Vers. 1.5	\$77,999.37

REMAINING **4:51**

Confirm Exchange
End Exchange
Download

Sell	45D CUSIP	Pool Num	Original Face	Current Face	Price	Account	State	Factor	Buy	55D CUSIP	Base	Base Incentive	PayUp	PayUp Incentive	PayUp Type	Float Comp
																\$77,999.37
S	31283H4Z5	G01740	22,304,564	21,490,770	103.786718170655	portfolio_1	Quoted	0.02997286	B	XYZ93H4Z5	0-027	0-00	0-00	0-00	FICO	\$19.97
S	31283H4Z5	G01740	6,452,307	6,452,307	101.046875	portfolio_2	Quoted	0.00795616	B	XYZ93HT21	0-027	0-00	0-00	0-00	FICO	\$27.97
S	31283H4Z5	G01740	22,304,564	21,490,770	103.786718170655	portfolio_3	Quoted	0.02997286	B	XYZ93H4Z5	0-027	0-00	0-00	0-00	FICO	\$19.97
S	31283H4Z5	G01740	6,452,307	6,452,307	101.046875	portfolio_4	Quoted	0.00795616	B	XYZ93HT21	0-027	0-00	0-00	0-00	FICO	\$27.97
S	3128KERV7	A52300	11,000,000	85,074	100-05	portfolio_5	Quoted	0.00773397	B	XYZ9KERV7	0-027	0-00	0-00	0-00	FICO	\$99.70
S	3128KFQS2	A53165	13,000,000	262,520	100-06	portfolio_6	Quoted	0.02019388	B	XYZ9KFQS2	0-027	0-00	0-00	0-00	FICO	\$307.64
S	3128KH6W1	A55385	15,000,000	575,265	100-07	portfolio_7	Quoted	0.03835102	B	XYZ9KH6W1	0-027	0-00	0-00	0-00	FICO	\$674.14
S	3128KJBU5	A55451	17,000,000	5,544,009	100-08	portfolio_8	Quoted	0.32611815	B	XYZ9KJBU5	0-027	0-00	0-00	0-00	FICO	\$6,496.89
S	3128KJLE0	A55725	19,000,000	284,331	100-09	portfolio_9	Quoted	0.01496480	B	XYZ9KJLE0	0-027	0-00	0-00	0-00	FICO	\$333.20
S	3128KJNJ7	A55793	21,000,000	756,379	100-10	portfolio_10	Quoted	0.03601805	B	XYZ9KJNJ7	0-027	0-00	0-00	0-00	FICO	\$886.38
S	3128KJSJ2	A55921	23,000,000	4,042,256	100-11	portfolio_11	Quoted	0.17575028	B	XYZ9KJSJ2	0-027	0-00	0-00	0-00	FICO	\$4,737.02
S	3128KJTC6	A55947	25,000,000	2,209,107	100-12	portfolio_12	Quoted	0.08836429	B	XYZ9KJTC6	0-027	0-00	0-00	0-00	FICO	\$2,588.80
S	3128KJV41	A56035	27,000,000	312,061	100-13	portfolio_13	Quoted	0.01155783	B	XYZ9KJV41	0-027	0-00	0-00	0-00	FICO	\$365.70
S	3128KKBJ7	A56341	29,000,000	820,288	100-14	portfolio_14	Quoted	0.02828580	B	XYZ9KKBJ7	0-027	0-00	0-00	0-00	FICO	\$964.28

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EXCHANGE COMPLETE/RESERVED

- State changes to “Accepted”
- If pre-allocated the exchange is now complete, however if post-allocated it remains as an exchange capacity reservation only
- **An exchange is not “done” until allocation is complete**

Tradeweb Direct to Freddie Exchange

FMEX- bdevers_216.2018.09:33:12

	#	Original Face	Receive 55 Day
Deliver 45 Day	36	1,341,568,500	66,559,466
Receive 55 Day	36	1,341,568,500	66,559,466
Float Comp		Grid Vers. 1.5	\$77,999.37

REMAINING 4:51

Download

Pool Num	Original Face	Current Face	Price	Account	State	Factor	Buy	55D CUSIP	Base Ticks	Incentive Ticks	Payup Ticks	PayUp Incentive	PayUp Type	Float Comp	OrderID	ExchID
														\$77,999.37		
01740	22,304,564	21,490,770	103.786718170655	portfolio_1	Acc	0.02997286	B	XYZ93H4Z5	0-027	0-00	0-00	0-00	FICO	\$19.97	12345	ABC12345
01740	6,452,307	6,452,307	101.046875	portfolio_2	Acc	0.00795616	B	XYZ93HT21	0-027	0-00	0-00	0-00	FICO	\$27.97	12345	ABC12345
01740	22,304,564	21,490,770	103.786718170655	portfolio_3	Acc	0.02997286	B	XYZ93H4Z5	0-027	0-00	0-00	0-00	FICO	\$19.97	12345	ABC12345
01740	6,452,307	6,452,307	101.046875	portfolio_4	Acc	0.00795616	B	XYZ93HT21	0-027	0-00	0-00	0-00	FICO	\$27.97	12345	ABC12345
52300	11,000,000	85,074	100-05	portfolio_5	Acc	0.00773397	B	XYZ9KERV7	0-027	0-00	0-00	0-00	FICO	\$99.70	12345	ABC12345
53165	13,000,000	262,520	100-06	portfolio_6	Acc	0.02019388	B	XYZ9KFSQ2	0-027	0-00	0-00	0-00	FICO	\$307.64	12345	ABC12345
55385	15,000,000	575,265	100-07	portfolio_7	Acc	0.03835102	B	XYZ9KH6W1	0-027	0-00	0-00	0-00	FICO	\$674.14	12345	ABC12345
55451	17,000,000	5,544,009	100-08	portfolio_8	Acc	0.32611815	B	XYZ9KJBU5	0-027	0-00	0-00	0-00	FICO	\$6,496.89	12345	ABC12345
55725	19,000,000	284,331	100-09	portfolio_9	Acc	0.01496480	B	XYZ9KJLE0	0-027	0-00	0-00	0-00	FICO	\$333.20	12345	ABC12345
55793	21,000,000	756,379	100-10	portfolio_10	Acc	0.03601805	B	XYZ9KJNJ7	0-027	0-00	0-00	0-00	FICO	\$886.38	12345	ABC12345
55921	23,000,000	4,042,256	100-11	portfolio_11	Acc	0.17575028	B	XYZ9KJSJ2	0-027	0-00	0-00	0-00	FICO	\$4,737.02	12345	ABC12345
55947	25,000,000	2,209,107	100-12	portfolio_12	Acc	0.08836429	B	XYZ9KJTC6	0-027	0-00	0-00	0-00	FICO	\$2,588.80	12345	ABC12345
56035	27,000,000	312,061	100-13	portfolio_13	Acc	0.01155783	B	XYZ9KJV41	0-027	0-00	0-00	0-00	FICO	\$365.70	12345	ABC12345
56341	29,000,000	820,288	100-14	portfolio_14	Acc	0.02828580	B	XYZ9KKBJ7	0-027	0-00	0-00	0-00	FICO	\$961.28	12345	ABC12345

Exchange Disclaimer

POST-EXCHANGE RECORDS

Post-exchange confirmation records and reporting supported as per normal Tradeweb post-trade process/STP

State Exchange Booked	Trade Date	08/06/2018	Company	XYZ Investors	
Dealer FRED /1	Settlement	08/13/2018	Customer	Brian Devers	
Trade # 78/79	Time	15:00:29-15:00:29 EDT	ogonID	bdevers	
Exchange ID: 1001-02			Sales	bdevers_216 2018.09.33.1	
SELL	Issue	FG G01469	12/01/32	BUY	UMBS G01234
	Cusip/Cusip	31283HT21	MBS		XYZ93HT21
	Orig/Curr Face(m)	3,000.000	/	23.868	3,000.000 / 23.868
	Factor	0.00795616			0.00795616
	Float Comp(32)				3.75
	Float Comp (USD)				\$27.95 USD
	Settlement	08/13/2018			08/13/2018
Customer Account					
# Accounts 1					
Detail	Tran	Brkdn	Msg Trade	Both	Recap

TECHNICAL WORKFLOW

FIX MESSAGE AND FILE

Tradeweb will IDENTIFY inbound solicited orders as a Freddie exchange via 4 options:

1. Explicit

- Client can indicate an exchange on the FIX order message using tag 22632 with a value of 3

2. Broker

- Client can indicate an exchange on the FIX order message by including the Freddie as the counterparty

3. Dedicated FIX Channel

- Tradeweb will set up a standalone FIX channel for exchanges, whereby anything coming over this channel will be considered an exchange

4. Manually Move

- Trader can move an order from the standard list to the exchange list

Clients have 3 OPTIONS to send exchange orders in:

1. New Order Single

- One Message - 45 Day Only
- Two Messages – 45 Day and the 55 Day

Note: Order Link ID is needed (tag 5975) is both are sent

2. Multi-Leg Order

- One Message with two legs - 45 Day and the 55 Day

3. List

- List of 45 Day securities
- List of 45 and 55 Day securities

Note: Order Link ID is needed (tag 5975) is both are sent

Each exchange transaction will result in TWO EXECUTED TRADES:

- Sell 45 Day
- Buy 55 Day

If only one order is sent to Tradeweb, this means:

- Solicited - Execution Report on the 45 Day
- Unsolicited - Execution Report on the 55 Day

Because most systems require a price in order to book the trade we will populate the price field with **PAR**

All exchange transactions will be flagged as such using the **TRADE EVENT** tag (7024) with a new enumeration (18)

Even though there is a trade on Tradeweb the exchange at Freddie Mac is conducted at the **ALLOCATION LEVEL**

Pre-Trade Allocation:

- This is the **PREFERRED** method as it streamlines the interaction with Freddie Mac
- This simplifies the reservation at Freddie Mac and eliminates the need for a dummy line item

Post-Trade Allocation:

- Interaction between Client and Tradeweb is similar to current post trade workflow

NEW FIX TAGS

In the FIX **ALLOCATION REPORT** message there are two new tags:

- Exchange ID - 23506
- Float Compensation – 23521

TO NOTE:

- Because the exchange occurs at the allocation level these tags are **per allocation**
- This means these new tags are included in the **allocation repeating group**
- This will require **client development**

STP Flat File = Existing CSV file that contains all your Tradeweb real time trade activity

Exchanges will be flagged in the flat file and have new fields for the exchange ID and the Float Compensation

Flat file can be used in addition to FIX or without:

- **With FIX:** If a client wants to book the transactions but **can't process** the new tags
- **Without FIX:** If a client has an automated process **only for exchange transactions** they can isolate the exchange transactions and keep them out of existing workflows

QUESTIONS? CONTACT US



UMBS@tradeweb.com