

EXHIBIT 5

Bold and underlined text indicates proposed added language

~~Bold and strike through text~~ indicates proposed deleted language

FIXED INCOME CLEARING CORPORATION

MORTGAGE-BACKED SECURITIES DIVISION

CLEARING RULES

RULE 1 – DEFINITIONS

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules, have the meanings herein specified.

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End of Day Charge

~~The term “End of Day Charge” means with respect to each Clearing Member, the calculation equaling: (i) the VaR Charge; plus (ii) the Mark to Market Debit; minus (iii) the Mark to Market Credit; plus (iv) a cash obligation item debit; minus (v) a cash obligation item credit; plus or minus (vi) accrued principal and interest.~~

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Intraday Mark-to-Market Charge

The term “Intraday Mark-to-Market Charge” means an additional charge that is collected from a Clearing Member (unless waived or altered by the Corporation per subsection (d) below) to mitigate the Corporation’s exposures that may arise due to intraday changes in the size, composition and constituent security prices of such Member’s portfolio. The Intraday Mark-to-Market Charge equals the difference between Mark-to-Market amounts already included in the Clearing Member’s Required Fund Deposit (including any Intraday Mark-to-Market Charge) and such Clearing Member’s current portfolio marked to the most recently observed System Price for such positions. The following apply with respect to the Intraday Mark-to-Market Charge:

- (a) The Intraday Mark-to-Market Charge applies to Clearing Members that (i) experience an adverse intraday Mark-to-Market change that equals or exceeds (x) a threshold dollar amount of \$1,000,000, as compared to the Clearing Member’s start-of-day Mark-to-Market requirement including, if applicable, any subsequently collected Mark-to-Market amount, and (y) a threshold percentage of 30 percent as compared to the daily VaR Charge, and (ii) have 12-month backtesting coverage below 99 percent (each of (i)(x), (i)(y) and (ii), a “Parameter” for purposes of this definition).
- (b) If certain market conditions occur, the Corporation may reduce the threshold dollar amount in Parameter (i)(x) above (but not to less than \$250,000) and the threshold percentage in Parameter (i)(y) above (but not to less than 5 percent), and not consider the Parameter in (ii) above in applying the Intraday Mark-to-Market Charge to Clearing Members whose portfolios may present relatively greater risks to the Corporation on an overnight basis due to such market conditions. Examples of market conditions that the Corporation may consider with respect to applying this subsection (b) may include, but shall not be limited to, the occurrence of sudden large swings in an equity index in either direction and moves in U.S. Treasury yields

and mortgage-backed security spreads outside of historically observed market moves.

- (c) The Corporation may, in its discretion, collect the Intraday Mark-to-Market Charge from a Clearing Member that experiences an adverse Intraday Mark-to-Market change that (1) has not yet breached the percentage threshold in Parameter (i)(y) above but is greater than or equal to 20 percent as compared to the daily VaR Charge and (2) exceeds a certain dollar threshold (“Surveillance Threshold”), if the Corporation determines that the size of such Clearing Member’s Mark-to-Market change exposes the Corporation to increased risk. The Surveillance Threshold is an amount between \$1,000,000 and \$50,000,000 that is set by the Corporation per Clearing Member based on a Clearing Member’s rating as determined by the Credit Risk Rating Matrix and/or a Clearing Member’s Watch List status.
- (d) The Corporation may waive the imposition of the Intraday Mark-to-Market Charge, or may decrease or increase the amount of the Intraday Mark-to-Market Charge, in circumstances where the Corporation determines that the adverse change to the Clearing Member’s Mark-to-Market and/or the breaches of the Parameters referred to in subsection (a) or as adjusted pursuant to subsection (b) or (c) do not accurately reflect the Corporation’s risk exposure to the Clearing Member’s intraday Mark-to-Market fluctuation. Examples of circumstances that the Corporation may consider with respect to the determination in the previous sentence, may include, but shall not be limited to, large Mark-to-Market fluctuations arising out of trade errors. Any decrease to such Intraday Mark-to-Market Charge shall not reduce the Clearing Member’s Required Fund Deposit below the amount reported to the Clearing Member at the start of day. Any increase to the Intraday Mark-to-Market Charge shall not cause the Intraday Mark-to-Market Charge to be greater than two times its calculated amount.

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RULE 4—CLEARING FUND AND LOSS ALLOCATION

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Section 2—Required Fund Deposit

- (a) Mark-to-Market -- Computation of profit or loss.

The Corporation shall separately compute profit or loss for each Transaction in each Account maintained by a Clearing Member as follows:

- (i) A Transaction other than an Option Contract shall be deemed to produce a profit or loss based on:

- (aa) the direction of the Transaction (i.e., based on whether the Transaction results in a Long Position or a Short Position for the Member); and

- (bb) the difference between the Transaction's Settlement Value and its System Value.
- (ii) An Option Contract shall be deemed to produce a profit or loss based on:
 - (aa) the direction of the Option Contract (i.e., based on whether the Member bought or sold the Option Contract, resulting in a Long Position or a Short Position for the Member);
 - (bb) the nature of the Option Contract (which can be either a Call Option Contract or a Put Option Contract);
 - (cc) the difference between the Option Contract's Strike Price and the System Value of the underlying Eligible Security; and
 - (dd) the expiration date of the Option Contract.

The net amount of profits and/or losses computed for each Clearing Member pursuant to this Section 2(a) of Rule 4 shall be reported in the Member's daily Open Commitment Report.

Notwithstanding anything to the contrary above, on any Business Day, **a Clearing Member may become subject to an Intraday** ~~any~~ **Mark-to-Market Charge, which, if applicable, amount** may be collected **by the Corporation** on an intra-day basis, with payment having to be made by the affected Member within one hour after the Corporation has provided such Member with notification that payment of such amount is due that same day (as long as notification is provided at least one hour prior to the close of the cash Fedwire operated by the Federal Reserve Bank of New York). ~~Such intra-day Mark-to-Market amount shall be based upon certain parameter breaks defined by the Corporation from time to time, including changes to a Member's position size and composition and price changes on the constituent securities. Qualitative factors including, but not limited to, Watch List status and internal rating will also be considered in the application of intraday Mark-to-Market charges.~~ Such intra-day payment(s) shall be made as instructed by the Corporation.

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(c) Each Business Day, each Clearing Member shall be required to make a Required Fund Deposit to the Clearing Fund equal to the greater of: (i) the Minimum Charge, or (ii) ~~the End of Day Charge; plus~~ the sum of the following:

- (i) the VaR Charge
plus
- (ii) the amount of the Deterministic Risk Component
plus

(iii) an additional payment (“special charge”) from such Member as determined by the Corporation from time to time in view of market conditions and other financial and operational capabilities of the Member. The Corporation shall make any such determination based on such factors as the Corporation determines to be appropriate from time to time

plus

(iv) in the case of Clearing Member with backtesting deficiencies, the Backtesting Charge, if applicable

plus

(v) the Holiday Charge, if applicable, on the Business Day prior to a Holiday;

plus

(vi) an Intraday Mark-to-Market Charge, if applicable.

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