

EXHIBIT 5

TEXT OF PROPOSED RULE CHANGE

Bold and underlined text indicates proposed added language

~~Bold and strikethrough text~~ indicates proposed deleted language



Methodology Document
GSD Initial Market Risk Margin Model

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**Methodology and Model Operations
Document**

MBSD Quantitative Risk Model

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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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Loss Allocation Withdrawal Notice

The term “Loss Allocation Withdrawal Notice” shall have the meaning given that term in Section 7b of Rule 4.

Margin Proxy

The term “Margin Proxy” means, with respect to each margin portfolio, an alternative volatility calculation for specified net unsettled positions of a Clearing Member, calculated using the historical market price changes of such benchmark TBA securities determined by the Corporation. The Margin Proxy would be applied by the Corporation as an alternative to the model-based volatility calculation of the VaR Charge for each Clearing Member’s margin portfolio. The Margin Proxy shall cover such range of historical market price moves and parameters as the Corporation from time to time deems appropriate.

Mark-to-Market

The term “Mark-to-Market” means the aggregate amount of a Member’s profits and losses calculated by the Corporation pursuant to Rule 4.

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VaR Charge

The term “VaR Charge” means, with respect to each margin portfolio, a calculation of the volatility of specified net unsettled positions of a **Clearing** Member, as of the time of such calculation (with respect to the specified net unsettled positions as of the time of such calculation). Such volatility calculations shall be made in accordance with any generally accepted portfolio volatility model, including, but not limited to, any margining formula employed by any other clearing agency registered under Section 17A of the Exchange Act. Such calculation shall be made utilizing such assumptions (including confidence levels) and based on such historical data as the Corporation deems reasonable, and shall cover such range of historical volatility as the Corporation from time to time deems appropriate. To the extent that the primary source of such historical data becomes unavailable for an extended period of time, the Corporation shall utilize **the Margin Proxy as** an alternative volatility calculation. If the volatility calculation is lower than 5 basis points of the market value of a Clearing Member’s gross unsettled positions (the “VaR Floor”) then the VaR Floor will be utilized as such Clearing Member’s VaR Charge.

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