



T+2 Update for Collateralized Mortgage Obligations

An industry working group came together last year to define the specific security product types in-scope for the industry's move to T+2. The results of the working group were reported in the document [Cash Products in Scope for T+2](#), which was posted in October 2016 to the industry's [T+2 website](#).

Following the distribution of this in-scope list, a number of questions were raised regarding Collateralized Mortgage Obligations (CMOs). Specifically, how the industry move to T+2 will impact CMOs issued and guaranteed by Government Sponsored Enterprises (agency CMOs), including Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) or the Government National Mortgage Association (Ginnie Mae).

After further discussion with industry representatives, it has been determined that Agency CMOs are not in-scope for the industry move to T+2, regardless of the settlement location of the agency CMO transaction. By contrast, Non-Agency CMOs, commonly referred to as Residential Mortgage-Backed Securities (RMBS) or Private Label CMOs, which are generally issued by banks and settled at The Depository Trust Corporation (DTC), are in-scope for the move to a T+2 settlement cycle.

Questions regarding this notice should be directed to T2testing@dtcc.com.