

Securities Collateral Management Services – Projections & Simulations

Allows borrowers to optimize collateral allocations with ‘what if’ scenarios

Collateral is a vital tool for mitigating credit risk in today’s volatile markets, often providing an opportunity to enhance liquidity. J.P. Morgan offers integrated and automated support to help securities providers and securities takers minimize risk and expense while maximizing potential returns. J.P. Morgan’s Projections & Simulations tool enables borrowers to optimize future collateral allocations through ‘what if’ scenarios that analyze both actual and synthetic portfolios. Subscribers can view how their portfolio might look or perform by answering questions such as:

- What collateral should I obtain to cover actual and/or hypothetical margins?
- If excess collateral is available following an optimization run, which lender(s) might accept those assets?
- Hypothetically, how might potential assets be allocated for maximum benefit?

Comprehensive reporting is available online, or can be delivered directly to the client, using existing access tools. In addition to standard reporting for your actual accounts, special reports are available for your simulated portfolio, including a Hypothetical Longbox report that includes both actual and hypothetical assets.

KEY FEATURES AND BENEFITS

Features	Benefits
Increase Efficiency	<ul style="list-style-type: none"> • Analyze the efficiency of previous collateral allocations to review options for enhancing future allocations • Obtain detailed reports on proposed allocations with fully automated imports of hypothetical collateral and required value data • Run simulated profiles concurrently with actual allocation runs, with no interference to business-as-usual collateralization
Mitigate Risk	<ul style="list-style-type: none"> • View the amount of surplus collateral (headroom) still available, vis-à-vis each lender account according to specific collateral type and haircuts, to determine estimated values that will be accepted • Assess effect of merging real positions with positions that are hypothetical (which may be held at another agent), pending settlement, or ‘ghost’ (i.e., potential deliveries, if a hypothetical position does not meet required values) • Simulations are carried out using the same profile configuration that is used for the client’s actual activity • View securities usage for each account, based on the introduction of hypothetical collateral
Enhance Returns	<ul style="list-style-type: none"> • Understand whether actual or hypothetical required values have been used, and override actual values with hypothetical ones, to assess where adjustments may augment returns • Treat pending trades as settled, providing maximum flexibility in viewing how those assets can be reallocated upon receipt

In order to take advantage of Projections and Simulations, borrowers must first supply a hypothetical list of securities and required values, to augment actual data of the securities portfolio held at J.P. Morgan. Additional details of the data required, and options for transmission, can be obtained from your J.P. Morgan client service manager.

Highlights

- Report options include:
 - Hypothetical Movements
 - Hypothetical Allocation
 - Hypothetical Longbox
 - Ineligible and Breach
 - Headroom
- Broad range of collateral types accepted in Tri-Party Repo and Securities Lending Escrow
 - Government and corporate bonds
 - Equities
 - Convertible bonds
 - Asset-backed securities
 - Exchange-traded funds
 - Cash

Innovation and leadership

- Pioneered international equity tri-party in 1992
- Executed the first domestic Japanese and Australian tri-party transactions
- Manages billions of dollars of collateral daily for the world’s leading broker-dealers, financial institutions and asset managers
- Invests and innovates, including a multiyear, multimillion-dollar capital spending program

Complementary products

- Cash management
- Clearance
- Credit products
- Custody
- Derivatives Collateral Management
- Escrow
- Foreign Exchange
- Stock Lending
- Transaction Advisory
- Transition Management

To learn more, speak to your representative or visit us at jpmorgan.com/ccm