

External Longbox for Securities Collateral Management

Automated pooling and optimization of collateral from J.P. Morgan and external custodians

External Longbox enables clients to pool their collateral across multiple custodians as a single portfolio which can then be optimised across all their obligations within the J.P. Morgan program. The first phase of External Longbox creates automated interoperability between Euroclear Bank and J.P. Morgan tri-party.

KEY FEATURES AND BENEFITS

Features	Benefits
Increase Efficiency	<ul style="list-style-type: none"> View and utilize client's assets held at an external custodian (External Longbox) to fully leverage the combined collateral inventory Automate market movements to satisfy collateral requirements in J.P. Morgan and any subsequent recalls detected against the External Longbox Define the order in which assets are used, assigning priority to either the J.P. Morgan Longbox or the merged collateral pool View External Longbox assets alongside J.P. Morgan assets Further supplement asset pools, as additional custodians are added to the External Longbox program
Mitigate Risk	<ul style="list-style-type: none"> Apply client-defined allocation parameters for asset and lender allocation order, maintaining collateral program integrity Access secured credit line to better manage intraday financing Detect recalls on the proprietary External Longbox and automatically generate substitutions in the J. P. Morgan program
Enhance Returns	<ul style="list-style-type: none"> Fully optimise collateral across the merged holdings with scheduled and ad hoc intraday allocation runs Maximize use of available assets to collateralise trading activity, regardless of where the assets are held Seamlessly merge fixed income and equity businesses, supporting single global funding models Extend the trading day: assets moved from the External Longbox to J.P. Morgan's global tri-party program can be allocated outside of Euroclear's European operating hours Automatically sweep unallocated assets back to the External Longbox at Euroclear

External Longbox is the first step to delivering a truly Global Longbox, a key component of J. P. Morgan's Global Collateral Engine initiative. Designed to be asset and obligation neutral—supporting any collateral type, settlement platform or region—Global Collateral Engine offers clients greater flexibility in how they mobilise collateral to extract maximum value.

Highlights

Broad range of collateral types:

- Equities
- Corporate Bonds
- Government Bonds
- Convertible Bonds
- Asset Backed Securities
- Exchange Traded Funds
- Warrants
- Cash

Broad range of exposure drivers:

- Equity Financing
- Fixed Income Financing
- Tri-party Repo
- Securities Lending
- Secured Credit
- Collateral Pledge
- Bilateral Margin Management

Leadership and innovation:

- 2010 Best Tri-Party Provider in Asia Pacific (*The Asset* magazine)
- The only truly global provider—rated in all regions in the 2010 Global Custodian Tri-Party Repo Survey

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