

## Cash Collateral Management for Regulatory Cash

### SEC Rule 15c3-3 Special Reserve Bank Account Service

J.P. Morgan offers trust ledger Special Reserve Bank Accounts that allow broker-dealers to receive compensation on regulatory cash balances held under SEC Rule 15c3-3. Offered since 2002, these deposit accounts are safe and convenient.

J.P. Morgan's solution provides broker-dealers required to maintain lock up accounts in accordance with SEC Rule 15c3-3 with additional flexibility to enhance returns while safeguarding their clients' funds, through deposits securely held in one of the world's most capable and trusted financial institutions.

#### FEATURES AND BENEFITS

Features	Benefits
Increase Efficiency	<ul style="list-style-type: none"> <li>• Broker-dealers can simply transfer funds into their Special Reserve Accounts</li> <li>• No securities trades to settle or possibly fail</li> <li>• Simple and straightforward reconciliation</li> <li>• Supported by an experienced client service team that understands the time-sensitive nature of managing regulatory cash</li> <li>• Accounts can be monitored and managed electronically using J.P. Morgan's comprehensive suite of Client Access tools</li> </ul>
Mitigate Risk	<ul style="list-style-type: none"> <li>• Cash deposited is held in trust ledger accounts with JPMorgan Chase Bank, N.A. These accounts are designed to meet the specific requirements of SEC Rule 15c3-3</li> <li>• Accounts accept and maintain only cash</li> <li>• Cash is fully liquid at all times</li> <li>• Unlike deposits in MMDAs, deposits to trust ledger Special Reserve Bank Account are not limited to 50% of a broker-dealer's excess net capital</li> <li>• Similar to other deposit accounts, trust ledger accounts have priority over other general unsecured creditors of the Bank under the Federal Deposit Insurance Act</li> <li>• Deposits are insured up to applicable FDIC limits</li> </ul>
Enhance Returns	<ul style="list-style-type: none"> <li>• These accounts provide broker-dealers with options to diversify lock up funds among SEC-eligible investments</li> <li>• Trust ledger Special Reserve Bank Accounts offer the potential for better returns</li> </ul>

#### Highlights

- Regulations issued pursuant to the Securities Exchange Act of 1934 require broker-dealers to maintain "special reserve bank accounts for the exclusive benefit of customers"
- Under SEC Rule 15c3-3, cash deposited in such accounts may be invested in qualified securities or held as bank deposits
- Funds are FDIC insured up to applicable limits

#### Leadership and Innovation

- Billions of dollars of collateral managed daily for the world's leading broker-dealers and financial institutions
- Ongoing investment and innovation, including a multiyear, multimillion-dollar capital spending program
- Services delivered by the market leader in collateral management solutions
- Introduced ground-breaking, specialized cash collateral management structures
  - CME Group IEF®5 Program
  - CFTC Rules 1.20, 30.7, and Customer Cleared OTC Derivatives Sequestered Account
  - Mortgage Servicing Bank Account Program
- Pioneered international equity tri-party in 1992
- Created the industry's first full-service over-the-counter derivatives collateral management solution

#### Complementary Products from Treasury Services

- Client Access (balance and transaction reporting)
- Funds transfer

To learn more, speak to your representative or visit us at [jpmorgan.com/wss](http://jpmorgan.com/wss)