

## Global Clearance and Collateral Management

J.P. Morgan helps clients optimize, protect and manage their complex portfolios with comprehensive clearance, settlement and collateral management solutions. Our automated and proprietary technology enables clients to efficiently manage holistic risk exposure according to customized risk constraints, make better decisions about their incremental transactions and identify new financing opportunities. Global Clearance and Collateral Management provides on-exchange and OTC clearance; collateral management for OTC derivatives, regulatory cash and securities; and solutions designed specifically for U.S. broker dealers.

### J.P. MORGAN SOLUTIONS TO MITIGATE RISK

Our understanding and culture of risk management, together with leading-edge risk tools and expertise, affords our clients more robust counterparty and market protection, greater operational precision and more scalable solutions than other alternatives.

Client Need	J.P. Morgan Solution
Mitigate Risk	<p><b>COLLATERAL MANAGEMENT</b></p> <ul style="list-style-type: none"> <li>• Efficient and accurate holding, marking to market, reporting, substitution and redelivery</li> <li>• Third-party pricing and asset valuation</li> <li>• Daily monitoring, calculation and collateralization of client exposure according to preset criteria</li> <li>• Scalable and tailored solutions that anticipate evolving needs, mitigating risk via comprehensive controls and technology overseen by skilled experts               <ul style="list-style-type: none"> <li>– <b>For OTC Derivatives:</b> Fully automated trade reconciliation; assistance with identifying and resolving disputes; manage client exposure with margin calls when thresholds are breached</li> <li>– <b>For Regulatory Cash:</b> Deposits are fully liquid and accessible in segregated accounts held on the trust ledger of the JPMorgan Chase Bank, N.A.; no trades to settle or potentially fail; deposits insured up to applicable FDIC limits</li> <li>– <b>For Securities:</b> Customized, account-specific eligibility parameters and testing for asset selection with multiple risk constraints, including concentration limits; optimize holdings with simulation and ‘what if’ scenarios; preview portfolio impact of potential eligibility or collateral composition changes</li> <li>– <b>For U.S. Broker Dealers:</b> Collateral inventory is optimized intraday; mock allocations project performance under different circumstances</li> </ul> </li> </ul> <p><b>GLOBAL CLEARANCE</b></p> <ul style="list-style-type: none"> <li>• Efficient, timely securities clearance that minimizes settlement risk</li> <li>• Increased transparency and control through a single platform with on- and off-exchange securities clearance and custody capabilities</li> <li>• Minimize market risk with sophisticated secured finance options to facilitate liquidity, including flexible pooling and access to stock borrowing pool</li> <li>• Reduced failed settlement risk for U.S. securities, which remain with the clearing agent rather than moving through Fedwire</li> </ul>

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## J.P. MORGAN SOLUTIONS TO INCREASE EFFICIENCY

We continuously and substantially invest in our automated and proprietary technology to help our clients achieve operational efficiency.

Client Need	J.P. Morgan Solution
Increase Efficiency	<p><b>COLLATERAL MANAGEMENT</b></p> <ul style="list-style-type: none"><li>• Comprehensive services and operational support free clients to concentrate on core business</li><li>• Limit expenses with low cost of entry; future proof without ongoing investment in expensive technology, infrastructure or in-house expertise<ul style="list-style-type: none"><li>– <b>For OTC Derivatives:</b> Quick and efficient implementation of end-to-end service; client exposure collateralized with eligible assets in accordance with Credit Support Annex; trading changes accommodated with scalable operations and support</li><li>– <b>For Regulatory Cash:</b> Electronic monitoring and management of accounts; simple and straightforward reconciliation</li><li>– <b>For Securities:</b> Automated, frequent and scheduled optimization runs throughout the day; same day recalls supported while maintaining collateralization levels; simplified structure and administration, with access to J.P. Morgan's extensive subcustodian network; efficient operations with book entry collateral optimization</li><li>– <b>For U.S. Broker Dealers:</b> Market-leading allocation engine enables dealers to focus on managing their trading book rather than allocating collateral</li></ul></li></ul> <p><b>GLOBAL CLEARANCE</b></p> <ul style="list-style-type: none"><li>• Simple operating model through a single agreement and legal structure</li><li>• Straight through processing and same day turnaround for securities</li><li>• Sophisticated asset servicing via J.P. Morgan's award-winning global custody platform</li><li>• Advanced online tools including corporate action elections, order routing and execution</li><li>• High U.S. transaction volumes are expedited with dependable rapid trade settlement and book entry delivery with the Federal Reserve Bank of New York; failed/late trades are flagged for quick action while automatch and autoseettle expedite processing</li></ul>

## J.P. MORGAN SOLUTIONS TO ENHANCE CLIENT PERFORMANCE

Our size, scale and cross-bank expertise help clients optimize assets and minimize costs.

Client Need	J.P. Morgan Solution
Enhance Performance	<p><b>COLLATERAL MANAGEMENT</b></p> <ul style="list-style-type: none"><li>• Optimizes collateral usage and helps clients minimize balance sheet impact through automated and proprietary allocation technology</li><li>• Access to other J.P. Morgan products, including cash management, credit and escrow services, foreign exchange, securities lending, transaction advisory and transition management<ul style="list-style-type: none"><li>– <b>For OTC Derivatives:</b> Choose from several cash reinvestment options; significantly lower funding costs by rehypothecating collateral assets</li><li>– <b>For Regulatory Cash:</b> Compensation offered on regulatory cash balances; potential for better returns than other investment alternatives</li><li>– <b>For Securities:</b> Optimize use of equity, fixed income and cash as collateral, treating assets as a single pool across all obligations to extract maximum value from the portfolio; reuse collateral globally across asset classes, currencies or depositors to increase efficiency and liquidity; expand trading partnerships by accessing extensive pool of borrowers and lenders</li><li>– <b>For U.S. Broker Dealers:</b> Keeps collateral in one location, enabling tri-party lenders to avoid charges for receipt and delivery of securities; permits collateral to be mobilized quickly to meet financing needs</li></ul></li></ul> <p><b>GLOBAL CLEARANCE</b></p> <ul style="list-style-type: none"><li>• Secured credit facilities based on global exposure control model and holistic valuations of securities cleared and held in custody</li><li>• Investment, liquidity and financing solutions, including securities borrowing to efficiently cover fails and secured financing for long positions</li></ul>

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