

Securities Collateral Management Services

Mitigate risk and enhance returns through the effective deployment of securities as collateral

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 securities providers and securities takers, optimizing collateral use, minimizing risk and expense, and maximizing potential returns.

In Tri-Party Repo, buyers can realize attractive returns from their short-term cash investments while allowing sellers to utilize long assets to raise cash.

In Securities Lending Escrow, participants can enhance yield, upgrade collateral and generate additional income from assets through loans to dealers seeking to cover their own positions. To offset credit risk, lenders demand collateral to place against the exposure.

BENEFITS AND FEATURES

Benefit	Features
Increase Efficiency	<ul style="list-style-type: none"> Support same day recalls while maintaining collateralization levels Reduce settlement risk through proprietary technology and extensive subcustodian network Minimize operational risk with efficient holding, marking-to-market, reporting, substitution and redelivery of collateral Manage margin calls and accrue interest for tri-party repos Benefit from simplified structure and administration with standard legal documentation to govern tri-party relationships Manage integrated global programs with client service and relationship management support delivered in region Optimize assets by treating them as a single pool across all obligations, helping clients extract maximum value from their portfolio Rehypothesize assets to realize further value from received assets, with daily scheduled and ad hoc optimization runs
Mitigate Risks	<ul style="list-style-type: none"> Effectively manage collateral against exposures, using detailed eligibility criteria established by the securities taker and optimization parameters set by the securities provider Use sophisticated eligibility testing to optimize use of assets; create, change and track eligibility schedules, complete with complex tests and rules Execute structured deals by leveraging J.P. Morgan's flexible infrastructure, skilled collateral experts and broad service offering
Enhance Returns	<ul style="list-style-type: none"> Limit expenses with low cost of entry; minimize ongoing administrative costs and technology/infrastructure investment Obtain accurate collateral values for all assets with daily pricing feeds from independent vendors; manage infrequently priced assets; and value to predetermined concentration and margin/haircut parameters Extract maximum value from portfolios and business activity with detailed reporting that provides a clear view of positions and collateralization throughout the day

Highlights

Broad range of collateral types:

- Equities
- Bonds: government, municipal and corporate (including Eurobonds)
- Gold
- Convertibles
- Asset-backed and mortgage-backed securities
- Certificates of deposit
- Letters of credit
- Delivery by value
- Exchange-traded funds

Innovation and leadership:

- Top rated Globally, in Europe and Asia Pacific. Commended in North America (2012 *Global Custodian* Tri-Party Repo Survey)
- Best Tri-Party Provider in the Americas, 2nd overall (2012 *Global Investor/isf* Tri-Party Repo Survey)
- Best Tri-Party Provider in Asia Pacific, 2010, 2011 and 2012 (*The Asset* magazine)
- Broker/Dealer Custody & Clearing Provider of the Year (2012 *Custody Risk Americas*)
- Transaction Banking Technology Project of the Year for Global Longbox (2012 *The Banker* Innovation in Banking Technology Awards)

For more information, please contact your J.P. Morgan representative or visit jpmorgan.com/wss.

	*Securities Provider	*Securities Taker
Securities Lending Escrow Repo	The borrower who delivers collateral The seller who sells securities	The lender who receives collateral The buyer who buys securities