

## Derivatives Collateral Management Services

Innovative and fully integrated suite of services to optimize use of collateral and manage risk

Over-the-counter (OTC) derivatives trading results in counterparty credit exposure. This risk can be reduced through clearing and margining of eligible derivatives via a Central Counterparty (CCP), or the bilateral exchange of collateral under the terms of an ISDA Credit Support Annex (CSA). J.P. Morgan is enhancing its service in response to pending regulation and industry improvements to provide an end-to-end collateral management solution that meets all clients' margin requirements.

### KEY FEATURES AND BENEFITS

Feature	Benefits
<b>Increase Efficiency</b>	<ul style="list-style-type: none"> <li>• Manage multiple bilateral and clearing collateral relationships with both counterparties and clearing brokers</li> <li>• Support daily margining requirements across product types, including cleared and non-cleared OTC derivatives, exchange traded derivatives, and bilateral repurchase agreements</li> <li>• Instruct the movement of a consolidated collateral amount from clients' custody account to meet all out of the money margin requirements</li> <li>• Maintain accounts in J.P. Morgan custody to segregate and deliver collateral to counterparties, as well as safekeep inbound collateral</li> <li>• Perform three-way automated derivative portfolio reconciliations to identify source of margin discrepancies</li> <li>• Implement an integrated OTC Derivatives Collateral Management solution in weeks, rather than the months typically associated with internal development or vendor software</li> </ul>
<b>Mitigate Risk</b>	<ul style="list-style-type: none"> <li>• Manage margin and collateral parameters from CSA and clearing agreements to ensure client exposure is adequately collateralized with eligible assets</li> <li>• Issue margin calls to relevant counterparties when the client is exposed; validate and act on received margin calls for cleared and non cleared activity</li> <li>• Leverage our expertise in defining industry best practices. As active participants of regulatory discussions on financial reform and ISDA Collateral Working Groups, J.P. Morgan is committed to meeting future market standardization</li> </ul>
<b>Enhance Performance</b>	<ul style="list-style-type: none"> <li>• Minimize reinvestment risk through a number of cash reinvestment options</li> <li>• Reduce funding costs by rehypothecating (reusing) collateral assets</li> <li>• Limit expenses with low cost of entry and benefit from continued investment to future proof the product and technology</li> <li>• Fully scalable service that adapts to industry change</li> </ul>

J.P. Morgan's OTC Derivatives Collateral Management solution leverages our expertise in managing risk and exposure. We provide clients with a more robust, scalable and cost-effective means of managing collateral and credit risk than many in-house alternatives would allow, permitting them to focus on core activities.

### Highlights

Key services from the market leader:

- Margin call management
- Supports CCP and bilateral derivatives margining
- Collateral eligibility testing
- Cash collateral reinvestment
- Collateral substitution
- Safekeeping and asset servicing
- Automated derivative trade reconciliations
- Rehypothecation
- Reporting

### Leadership and Innovation

- Continued improvement and product development in light of financial regulatory reform (Dodd-Frank and EMIR) and industry improvements (ISDA)
- Developed industry's first end-to-end Derivatives Collateral Management solution
- Introduced groundbreaking cash collateral management products
- Billions of dollars of collateral managed daily for the world's leading financial institutions

### Complementary Products

- Clearing Brokerage
- Global Derivatives Services, offering an independent OTC valuation service
- Credit products
- Foreign Exchange
- Cash management
- Clearance
- Custody
- Escrow
- Transaction Advisory

To learn more, contact your  
J.P. Morgan representative