

We are pleased to provide you with information about J.P. Morgan's upcoming milestones, as we complete the final phase of U.S. Tri-Party Repo (TPR) Market Reform by year-end 2013. Throughout the year, we will continue to work closely with both Dealers and Cash Investors to manage the impact of these changes. As we work together to prepare, we encourage you to contact your J.P. Morgan representative with any questions.

As milestones draw near, we will provide you with additional information on any preparations required or training/information sessions offered. For the most up-to-date information on reforms from J.P. Morgan, visit our Resource Center at jpmorgan.com/visit/us_tpr_reforms.

KEY ■ Planned Milestones to meet U.S. Tri-Party Repo Market Reform Objectives ■ Ongoing business enhancements

	Q2	Q3	Q4			
	Elimination of unwind for rolling TPRs	GCF integration Repo Net Settlement	GCF integration Reverse Repo Processing	Rolling Settlement (including algorithmic sort order and simultaneous exchange)	GCF Integration Full integration of GCF with Tri-Party Repos	Secured Committed Clearance Advance Facility
	▶ COMPLETES TASKFORCE TARGET STATE REQUIREMENTS ◀					
Summary	A maturing TPR will not be unwound if it rolls to a new matched TPR with the same counterparty, for the same trade amount and same collateral (the repo rate can vary across the two trades). If the new trade is matched before the 3:30 unwind process begins and certain conditions are met, the target TPR will be rolled and interest will be paid.	GCF Repo transactions will settle on a net basis. Cash will be adjusted based on the difference between the prior day's and current day's GCF Repo.	Changes will be made to the GCF Reverse Repo trade settlement process. The prior day's GCF collateral will be exchanged for new GCF collateral, ensuring that tri-party trades receiving rehypothecated GCF securities remain fully collateralized.	The unwind for maturing TPRs is replaced by one or more cycles of TPR maturation and settlement. In accordance with FRBNY mandates, the last cycle will be completed by 5:15 to accommodate outbound wire processing prior to the Fedwire deadline. TPRs will be matured in a pre-defined sequence, based on available funding. When collateral requirements are met, funding from new TPRs will be used to mature existing TPRs via simultaneous exchange.	Integrates GCF Repo and Reverse Repo with Tri-Party processing.	Credit will be extended by J.P. Morgan to mature Tri-Party and GCF Repos, up to pre-defined levels on a committed basis.
Impact to Dealers	Principal for maturing trades will be funded by the new loan (Dealer cash is not debited, and J.P. Morgan credit is not required). Dealer's credit exposure to J.P. Morgan will be reduced. Investor haircut rates remain in place as the maturing TPR rolls into the new TPR.	Dealers must familiarize themselves with the new settlement process for GCF Repo. Dealer's credit exposure to J.P. Morgan will be reduced.	Dealers must familiarize themselves with the new settlement process for GCF Reverse Repo. Dealer's credit exposure to J.P. Morgan will be reduced.	Process flow after 3:30 p.m. changes to a series of batches that mature and settle TPRs. Dealers should ensure sufficient funding from new TPRs and other sources is available prior to the beginning of the last rolling settlement cycle. New dashboard consolidates summary and detailed information about maturing and new trades, with links to new settlement commands. Simulation tool helps dealers to project their ability to mature and settle daily TPR obligations.	In order to process GCF net settlement, Dealers must have sufficient cash or secured committed credit to facilitate net settlement.	Provides Dealers with integrated financing (according to pre-defined terms) to address frictional funding gaps between the maturation and settlement of TPRs. This financing is also available to meet netted GCF Repo obligations. Dealers may arrange additional financing away from J.P. Morgan.
Impact to Cash Investors	A rolling TPR will mature, and a new TPR will settle without unwinding when the new trade is confirmed.	N/A	Cash Investors who receive rehypothecated GCF collateral should familiarize themselves with the new settlement process.	Cash Investors should comply with trade confirmation and accelerated funding timeframes. Funding for new TPRs must be available prior to the beginning of the last rolling settlement cycle.	N/A	N/A

Delivered in 2012

Elimination of the Daily Unwind

- Elimination of unwind for non-maturing TPRs
- Reoptimization of collateral without unwind
- Delay of GCF unwind to align with TPR unwind

Enhanced Substitution Capabilities

- Intraday substitution for GCF intrabank collateral in TPRs
- Targeted cash substitution for intrabank GCF collateral in TPRs

Product Enhancements

- Enhanced Profile Seeker with new upload functionality to improve collateral optimization and transparency
- Streamlined ability to move funds to/from DDAs; enhanced money transfer capabilities in FedClear
- Introduced eligibility changes to exclude unlimited CUSIP roots
- Improved three-way trade confirmation process with automated cancel/correct functionality
- Introduced Pricing Direct as a source of market-based prices for less liquid securities

The above is a description of J.P. Morgan's possible future capabilities, and shall not be deemed an obligation on J.P. Morgan to deliver, and parties should not rely upon, any of the projects described herein. The summaries and possible impacts reflect only the opinions of J.P. Morgan, and parties should rely on their own interpretations on the possible future impacts of such capabilities. The products and services featured above are offered by JPMorgan Chase Bank, N.A., a subsidiary of JPMorgan Chase & Co. JPMorgan Chase Bank, N.A. is regulated by the OCC in the US. J.P. Morgan is a marketing name for the Investor Services businesses of JPMorgan Chase & Co. and its subsidiaries worldwide.

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