



INVESTOR SERVICES

J.P. Morgan Collateral Management

Make the most of your assets with comprehensive collateral portfolio management solutions

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Global regulations and prudent business practices are driving buy- and sell-side institutions to deploy more collateral, against more counterparties and transactions, than ever before.

This increased demand for collateral, combined with a heightened focus on quality and liquidity, means that institutions are challenged to fully understand the assets they hold, how they can best be leveraged, and the true cost of collateral.

J.P. Morgan has enhanced its market-leading collateral management services to provide a new way to understand and assess your need for collateral, along with advanced tools and analytics that support informed decision-making and help reduce financing costs.

Gaining a global view of your assets and obligations

The first step to managing collateral efficiently is to fully understand the assets available for use and the obligations that need to be collateralized. Unfortunately, this view can be restricted as assets are held at multiple custodians and obligations are due to multiple clearing / prime brokers or central clearinghouses (CCPs). Clients who manage collateral against multiple initiating transactions - derivatives, securities or cash - or in multiple regions face an even more fragmented view.

J.P. Morgan's unique global solution is clearing broker- and custodian- agnostic. Whether your assets are held with J.P. Morgan or at other custodians, we can provide a central view of your holdings. Similarly, transaction data is sourced from all your brokers, with your permission, to provide a comprehensive view of margin requirements and other obligations requiring collateralization.

Our enhanced offering leverages J.P. Morgan's traditional strengths in collateral management, supporting clients in all regions and across the full array of transactions that give rise to the need for collateral. Your data is synthesized in our Virtual Global Longbox, setting the stage for the next steps of effective collateral management.

Fully optimizing your collateral

As demand for collateral increases, it's critical to deploy it to best advantage. J.P. Morgan offers a wide array of sophisticated tools to put the right asset in the right place at the right time, fully utilizing your assets to reduce financing costs.

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The centralized data available in the Virtual Global Longbox is used to run comprehensive projections. You can model different options for consideration, using actual or hypothetical portfolios, to understand the impact of different decisions. In some cases, for example, you may wish to source a particular piece of collateral in the market. In others, it may be more economically beneficial to lend a desirable asset than to use it for collateral.

J.P. Morgan's sophisticated optimization algorithms combine with rigorous eligibility testing to recommend scenarios for consideration. In addition to the advanced waterfall algorithms currently in use, J.P. Morgan will deploy a linear, multi-factor optimization algorithm later this year to provide even greater flexibility in defining the conditions for collateral usage and identifying opportunities.

Optimally deploying your assets against your obligations can reduce the need for collateral transformation services and their associated cost.

Optimally deploying your assets against your obligations can reduce the need for collateral transformation services and their associated cost. However, in some instances a mismatch will still occur. In those cases, collateral upgrade trades or other time-tested financing and liquidity strategies are available from J.P. Morgan. While Collateral Management is an agency service, other J.P. Morgan entities can play a principal role. On your request, and subject to the appropriate agreements between the parties, we can provide a smooth introduction to and integrated support for these complementary services.

Best in class solutions to manage business-critical challenges



- A holistic view of your collateral portfolio across obligations and counterparties, from multiple custodians and clearing brokers
- Active margin management and analysis to support decision making
- Collateral optimization to maximize efficiency and minimize financing costs
- Market leading technology, reporting and tools
- Supported globally and in-region, across all transaction types
- Introductions to J.P. Morgan's market leading financing and liquidity management teams

*Financing and liquidity services are offered by other J.P. Morgan affiliates, where J.P. Morgan may act as principal.

Making decisions based on advanced data

We believe that collateral has become so business-critical that it should be treated as a new asset class, subject to the same portfolio management and analysis as other crucial trading decisions.

A holistic approach to collateral management extends beyond the efficient deployment of collateral to understanding its true cost. Increasingly, we see clients bringing collateral decisions into the front office and seeking to factor the cost of collateral into the cost of the trade. We believe that collateral has become so business-critical that it should be treated as a new asset class, subject to the same portfolio management

and analysis as other crucial trading decisions.

J.P. Morgan Collateral Management provides the advanced data and analytics to support informed decision making. What will be the margin impact of an incremental trade? Through which Futures Commission Merchant (FCM) should I execute a trade? Are there any portfolio margining benefits to be gained? Does a trade give you an asset that's valuable as collateral? Will the collateral required to support a trade affect the value of the trade - either positively or negatively?

Managing your collateral portfolio

J.P. Morgan Collateral Management is an integrated, end-to-end solution that cuts through the complexity.

Given the increased focus on collateral and the requirement to use it for more transactions and across more counterparties, traditional collateral servicing models are no longer sufficient to meet institutional needs.

A more operationally complex market model, whereby some transactions are centrally cleared while others are managed bilaterally, is encouraging institutions to look more closely at how they are managing their collateral.

Managing collateral well can positively affect the institutional bottom line. As new central clearing regulations come into effect, the demand for high quality, highly liquid collateral will increase, limiting supply and inflating costs.

J.P. Morgan Collateral Management is an integrated, end-to-end solution that cuts through the complexity. We help you make the most of an increasingly critical asset - collateral - and support you with sophisticated tools and information to manage trading activities with a sharp eye on your collateral bottom line.

For more information, please contact your representative or visit: www.jpmorgan.com

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