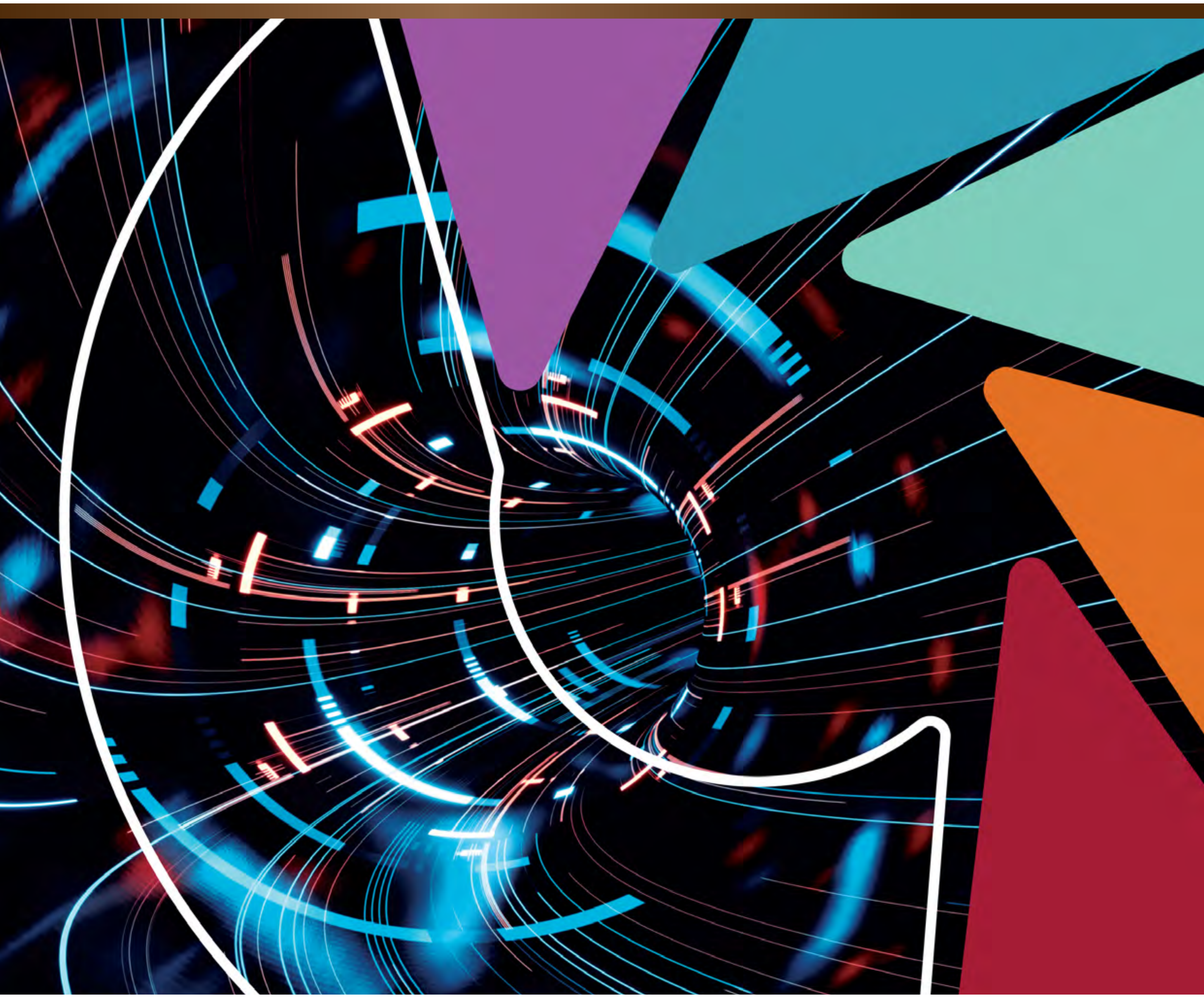
Tri-party Circular

J.P. Morgan Tri-party Program Update



June 2025 STRICTLY PRIVATE AND CONFIDENTIAL

J.P.Morgan

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GEORGE RENNICK
Managing Director
Global Head of J.P. Morgan Tri-party

Introduction

Welcome to the June issue of our Tri-party Circular. This issue is packed with insights and updates that are crucial for navigating the evolving securities finance landscape. As we come to the end of a very busy first half of 2025, we reflect on the notable high levels of underlying market volatility and the changing geopolitical environment. Krishan Cholera dissects the impact of these factors on collateral balances and transaction volumes in our Tri-party program.

Our strategic focus on market expansion continues to drive innovation and growth. Graham Gooden takes us through some of the solutions we have developed to tackle challenges in marrying the need for globally acceptable models with country-specific requirements. We were thrilled to launch South Africa as a new market in March, with Indonesia, Saudi Arabia, and Malaysia legals being reviewed by clients and financing activity on our Tri-party platform set to commence imminently.

Our expansion to include Central Counterparties (CCPs) is progressing rapidly. The central clearing of European Securities Financing Transactions commenced in H1 2025, and we are excited to partner with CBOE Clear Europe to connect J.P. Morgan Tri-party, facilitating the collateralization process. Additionally, we were pleased to add LCH Ltd to our growing roster of CCPs, to which collateral providers can post collateral via direct delivery using the Tri-party apparatus. Watch this space for further CCP additions in H2! These partnerships enhance our capabilities and streamline the collateralization process for our clients.

In addition to market expansion, we explore several key topics that impact our industry. Jennifer Ricot updates us on our recent connectivity to HSBC Orion for natively digital assets and our first Tri-party financing of a digital bond; Sagar Patel discusses how Tri-party can help provide additional security for collateralizing deposit accounts; Kerryn Mclellan updates us on the addition of Morningstar DBRS as a fourth rating agency to further expand the scope of eligibility testing coverage; and Dan Stevens showcases MyReports 2.0, our new client reporting suite.

I was delighted to meet many of you in person at our annual Financing and Collateral Conference in London, where we had record attendance, and more recently in Toronto for the Canadian Securities Lending Association (CASLA) conference. As we approach the northern hemisphere summer, we wish you an enjoyable season and hope you find time for personal relaxation. Thank you for your continued support and engagement.

Best wishes,
George

GRAHAM GOODEN
Executive Director
EMEA Head of Tri-party

New Markets Overview

Critiquing which new markets are being developed for securities financing and added as eligible Tri-party collateral markets is a regular hot topic at industry conferences – all the more so given the increased client focus on these matters. While not unusual for Global Custodians to offer solutions in excess of 100+ countries, some pre-requisites that enable the efficiency of Tri-party to be deployed are often absent in less established markets. That can necessitate market change or innovation to make them Tri-party eligible.

As capital markets and the breadth of financial products evolve to include activities such as short selling, derivatives, and market making, the inventory of local market securities held by banks and broker-dealers increases. In tandem, so does the demand for the local market securities to be financed. By their nature, these pockets of local securities are less significant in size than more established markets, but the economic benefit of efficiently financing otherwise 'trapped' assets can be significant. In fact, it can become a catalyst or virtuous circle for further growth. Banks and broker-dealers experience lower capital financing costs, counterparties earn a higher yield, and local capital markets benefit from increasing liquidity and growth overall as new opportunity drives more activity and participants.

Of course, Tri-party is not the only avenue to finance collateral held in new markets, with international banks and broker-dealers often active through synthetic finance alternatives. Yet the established processes, automation, and scale that Tri-party can bring, combined with the expertise in opening access to these markets, can act as an additional crutch in bringing along buy-side firms or agent lenders to complete the collateral ecosystem.

Adding new markets to global Tri-party platforms also expands the client pool to local firms or entities participating in the local market. Tri-party's unofficial role, often as match-maker to collateral providers and receivers, can extend to the local market to bring the onshore/offshore names together or develop onshore/onshore activity.

Local markets, local nuances

Each market has its own set of rules and regulations, which can vary significantly from one jurisdiction to another. This requires a deep understanding of local laws and the ability to adapt established international models to fit regional norms. Key considerations from a Tri-party perspective are the ability to safely control an asset on behalf of provider and receiver and ensure it can be effectively liquidated in an event of default.

When thinking about any new market there are four key areas for us to consider: legal, regulatory, operational, and tax. The combination of these factors dictates both how we structure a solution for a market and how quickly it will get there.

1. **Legal:** clearly defined legal framework that allows for collateral either to move title transfer or pledge that will also respect offshore court decisions
2. **Regulatory:** local license, reporting and security enforcement requirements
3. **Operational:** defined frameworks to move assets free of payment for collateral purposes e.g. nominee, omnibus account concepts
4. **Tax:** withholding or securities transfer tax

Recent and upcoming additions

In recent years, the securities finance industry has built up a solid ability to navigating these challenges and create innovative solutions that satisfy the local requirements while feeding into the global infrastructure. Taiwan, South Korea, and Hong Kong Stock Connect are great examples of this, all of which offer some great collaboration with industry partners that have grown significantly. Our most recent addition to the J.P. Morgan Tri-party fold was South Africa, launched in March of this year. We are currently in late stage development for launch of Indonesia, Malaysia, and Saudi Arabia, which will bring our total market coverage to 35. Market scoping and due diligence for the next wave of markets across all regions is ongoing, so please reach out to your sales representative if you have a particular market in need.

South Africa

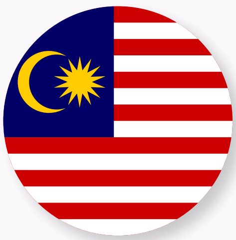
Asset Class	Equities and Fixed Income
Legal Structure	Pledge or Transfer Title (CMSA addendum required)
Sub-Custodian	Standard Bank, South Africa
Operating Model	Onshore Tri-party model, integrated with international Tri-party platform with locally segregated collateral accounts.
New Eligibility Test	FTSE/JSE Top 40 Index
Launch	Q1 2025

Saudi Arabia

Asset Class	Equities and Fixed Income
Legal Structure	Pledge or Transfer Title (Local market + CMSA addendum required)
Sub-Custodian	J.P. Morgan Saudi Arabia
Operating Model	International Tri-party Model
New Eligibility Test	MSCI Saudi Arabia Investable Market Index, MSCI Saudi Arabia Index
Launch	Q2 2025

Indonesia

Asset Class	Equities and Fixed Income
Legal Structure	Pledge (Local market + ACA / CMSA addendum required)
Sub-Custodian	PT Bank HSBC Indonesia
Operating Model	Customized model that complies with local laws and regulations, integrated with international Tri-party platform with locally segregated collateral accounts.
New Eligibility Test	Jakarta Composite Index (JCI)
Launch	Q3 2025



Malaysia

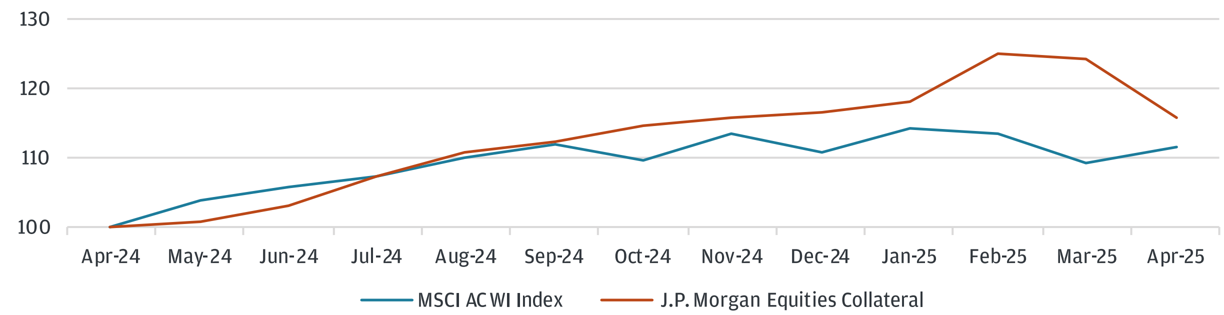
Asset Class	Equities and Fixed Income
Legal Structure	Equities Pledge and Bonds Transfer Title - Local Market Addendum required
Sub-Custodian	HSBC Bank Malaysia Berhad
Operating Model	Customized model that complies with local laws and regulations, integrated with international Tri-party platform with locally segregated collateral accounts. Segregated Longbox Required
New Eligibility Test	MSCI Malaysia Index
Launch	Q3 2025

KRISHAN CHOLERA
Vice President
Trading Services Pricing and Analytics

Growth Volatility and Resilience

As we reflect on the first half of 2025, J.P. Morgan's Tri-Party program has demonstrated remarkable resilience amid underlying equity market fluctuations. The program has seen an 18 percent increase in average collateral balance value for the period, compared to the 2024 full year average, reaching a new peak in March 2025. The composition of the book remains stable with a 65/35 split between equities and fixed income. Notably, the average fixed-income collateral balance has grown by 22 percent compared to the 2024 full year average, potentially driven by increased UMR activity and the need to finance fixed-income assets on balance sheets. Meanwhile, the average equities collateral value has risen by 16 percent year-over-year, outpacing the market's approximate 10 percent growth, as illustrated in the accompanying graph.

J.P. Morgan Tri-Party equities collateral vs. market index (indexed)



Source: J.P. Morgan and MSCI

Beyond collateral balances, the program has experienced significant growth in transaction volumes, with an 83 percent year-over-year increase. Transactions in the U.S. and Japan have surged by 105 percent and 59 percent, respectively year-over-year, while APAC markets, including Hong Kong Stock Connect, Korea, and Taiwan, have also seen heightened transactional activity – highlighting the ongoing trend toward increased velocity of collateral mobility. Across the program, year over year, repo transactions have increased by 130 percent, stock loan transactions by 62 percent, and UMR transactions by 12 percent, reflecting the balance increases have been commensurately displayed in actual Tri-party activity as opposed to mere equity market appreciation. Since April 2024, more than 25 new collateral provider entities have joined the program, contributing to the transactional growth.

Despite ongoing diversification of underlying trading activities collateralized, securities finance activity is a mainstay of J.P. Morgan Tri-Party. As a result, balance movements often correlate to trends in the Securities Lending or Repo markets. Equity markets in H1 are notably volatile, influenced by geopolitical tensions and a flight-to-safety. This

Transactions surge year-over-year – *U.S. 105%* and *Japan 59%* while APAC markets, including *Hong Kong Stock Connect, Korea,* and *Taiwan,* have also seen *heightened transactional activity* – highlighting the ongoing trend toward increased velocity of collateral mobility

leads to increased securities lending activity with regional disparities. In the Americas and EMEA, equities lending has seen tightening average fees and increased on-loan balances, indicating a shift toward more general collateral lending and a scarcity of specials. Conversely, APAC equities lending has benefited from tariff-driven volatility, with improvements in both on-loan balances and average fees. The lifting of the short sale ban in South Korea and ongoing uncertainty suggests continued growth in APAC equities lending.

Regional Insights:

EMEA

As of April 2025, collateral balances have risen by 9 percent since the start of the year, primarily driven by a 15 percent increase in fixed income collateral usage. U.K. Gilts and French government bonds (OATs) have seen significant growth, up 43 percent and 27 percent, respectively, while Swedish and Austrian fixed-income usage has declined. The region has witnessed a rise in non-government bond collateral, particularly convertible bonds, which have increased by 25 percent year-over-year and 11 percent year-to-date. Equities collateral value has risen modestly by 3 percent year-to-date, with the U.K., Germany, and France leading in growth.

Americas

YTD collateral balances are marginally up for Americas markets, with a slight decline in equities usage offset by a 24 percent rise in fixed-income collateral, predominantly driven by U.S. Treasurys (USTs). Outside the U.S., Canadian collateral usage has been steady over the past 12 months, with increased Canadian government bond usage this year. The introduction of UMR regulation in Mexico has led to increased Mexican government bond usage, with eight local entities currently posting initial margin on our Tri-Party platform.

APAC

APAC markets have started the year strong, with equities collateral up 9 percent and fixed income collateral up 42 percent as of April 2025. Japan continues to lead with impressive performance, driven by record Japanese Government Bond (JGB) activity and an 11 percent year-to-date increase in Japanese equities. South Korea has also seen gains, reaching an all-time high collateral value in the program, with four of the top five borrowers providing South Korean collateral. Monthly increases in Korean Treasury Bonds (KTBs) over the past year indicate sustained interest in the market, with the further pick-up in equities expected to continue this trend following the end of the short sale ban.

In summary, J.P. Morgan's Tri-party program has shown robust growth and adaptability in 2025, with significant increases in collateral balances and transaction volumes across regions. The program's ability to navigate market volatility and capitalize on regional opportunities underscores its strength and strategic importance in the global financial landscape.

SAGAR PATEL
Executive Director
Americas Head of Tri-party

Secured Funding Collateralized Deposits

In today's dynamic financial landscape, investors have access to a diverse array of secured funding structures, each tailored to meet specific needs and objectives. These funding mechanisms, ranging from bank loans to secured financing structures, provide a strong framework for securing cash while mitigating risk. By leveraging collateral, these structures offer investors a safety net, ensuring repayment and enhancing creditworthiness. As the market continues to evolve, understanding the nuances of these secured funding options becomes crucial for firms seeking to optimize their financial resources and for investors aiming to maximize returns while minimizing exposure. We are seeing increased usage and demand in a couple of collateralized structures managed on our Triparty platform, specifically Collateralized Commercial Paper (CCP) programs and collateralized deposit structures.

Collateralized Commercial Paper (CCP) programs issued by Special Purpose Vehicles (SPVs) are sophisticated financial instruments designed to provide short-term funding to businesses. These programs involve the issuance of commercial paper, which is a type of unsecured, short-term debt instrument, typically with maturities ranging from a few days to a year. However, in the case of CCP, the commercial paper is backed by collateral, adding a layer of security for investors. CCP programs have been in existence for years, and many of them appoint a Tri-party agent for transaction processing and collateral management.

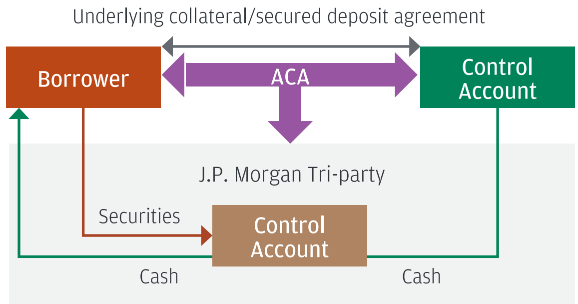
Collateralized Deposits are a type of financial arrangement where deposits made by an entity, such as a corporation or financial institution, are secured by collateral. This collateral can be in the form of securities, cash, or other assets, and it serves to protect the depositor by ensuring that the deposit is backed by tangible assets. Collateralized deposits are often used to enhance the protection of large deposits, particularly in situations where the depositor seeks to mitigate credit risk associated with the depository institution.

Whilst Collateralized Deposits are not new, we are seeing more interest in the Tri-party space recently. Tri-party arrangements enhance the strength and attractiveness of these structures by providing expert collateral management, reducing operational risks, and ensuring transparency and efficiency in transactions. There are two structures J.P. Morgan Tri-party can support for such programs as seen on the flows [below]. With Tri-party, the solutions can integrate existing account structures, functionality and platform communication mechanisms. The Tri-party legal framework is governed by an Account Control Agreement (ACA), specifically developed for collateralized deposits. The collateral backing the deposit is transferred to a segregated account, safekept at J.P. Morgan just like other Tri-party collateral. The Depositor retains security interest in the collateral and in event of borrower default, the depositor enforces security interest over collateral and takes control over the account via instruction to J.P. Morgan.

J.P. Morgan Tri-party - Collateralized Deposit

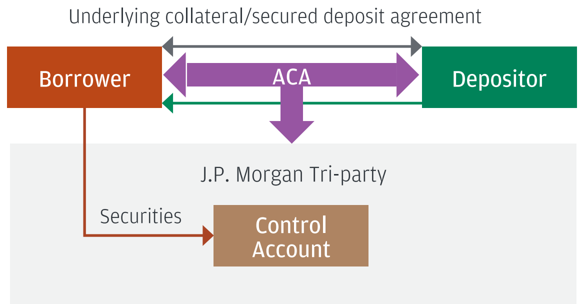
- J.P. Morgan Tri-party supports two collateralized deposit models
- The solutions integrate with existing account structures, functionality and platform communication mechanisms
- The Tri-party legal framework is governed by an Account Control Agreement (ACA), specifically developed for collateralized deposits
  - Collateral is transferred to a segregated account, held at J.P. Morgan. The Depositor retains security interest in the collateral
  - In event of Borrower default, the Depositor enforces security interest over collateral and takes control over the account via instruction to J.P. Morgan

Cash and Collateral Exchange



- Trade instruction matching of specific transaction details
- Exchange of securities collateral vs. cash in Tri-party
- Collateral eligibility testing, daily collateral valuation and margining, reporting
- Supports fixed income or equities in 32+ global markets

Collateral Exchange



- Trade instruction matching of specific transaction details
- Collateralized with securities; cash is transferred bilaterally
- Collateral eligibility testing, daily collateral valuation and margining, reporting
- Supports fixed income or equities in 32+ global markets

The value Tri-party brings to such arrangements

Collateral Management: The Tri-party agent is responsible for managing the collateral that backs the commercial paper or deposit. This includes tasks such as valuation, substitution and monitoring of the collateral to ensure it meets the agreed-upon criteria. By handling these tasks, the Tri-party agent reduces the operational burden on both the issuer and the investor.

Risk Mitigation: By providing independent assessment and management of the collateral, Tri-party agents help mitigate risks related to the collateral's value and liquidity. This enhances the security of the deposit, providing assurance to the cash provider that their funds are protected.

Operational Efficiency: Tri-party agents streamline the process of collateral management, reducing complexity and time required for transactions. The Tri-party system and expertise facilitate quick and efficient handling of collateral.

Transparency and Reporting: Tri-party provides regular reporting and transparency regarding the status and value of the collateral. This ensures that all parties have up-to-date information, fostering trust and confidence in the arrangement.

In conclusion, secured funding structures within the Tri-party framework offer a robust and efficient solution for managing Collateralized Commercial Paper programs and collateralized deposits. By leveraging the expertise of Tri-party agents, these structures provide enhanced collateral management, risk mitigation, operational efficiency and transparency, making them increasingly attractive to investors and financial institutions alike.

New Product Enhancements

Vicki, Kerryn and Jennifer take us through some new and upcoming product releases – expanding the breadth of CCPs we are connected to, rating agencies we receive data from and, excitingly, the onboarding of our first Digital Bond Platform

VICKI FULLING
Vice President
Product Manager

LCH Ltd added to CCP Margin Exchange

Non-cash collateral now deliverable to LCH Ltd on behalf of Clearing Members for their SwapClear and ForexClear activity direct from your Tri-party Longbox.

CCP Margin Exchange is a fully automated incremental ‘bolt-on’ operating model within J.P. Morgan Tri-party. The Clearing Member’s initial margin requirement is reflected as a Required Value (RQV) in our Collateral Central – Tri-party platform, eligibility tests, and optimal asset selection are performed over assets held in the Tri-party programme against the CCP permitted collateral schedule. Once suggested assets are transmitted to, and approved by the CCP, they are auto-delivered bilaterally to the Clearing Members account at the CCP. Clearing Member is then able to withdraw cash margin from the CCP same day and optimize their collateral inventory.

Potential assets to be posted to CCPs, are available across a range of asset classes and markets.

We are actively working on onboarding additional CCPs to CCP Margin Exchange over the course of 2025.

KERRYN MCLELLAN
Vice President
Relationship Manager

JENNIFER RICOT
Associate
Product Manager -
Trading Services Digital

Morningstar DBRS

Currently, our Tri-party platform supports independent testing of bond issues against Morningstar DBRS ratings, as well as Moody's, S&P, and Fitch. As we continue to expand the platform's eligibility parameters, we are excited to introduce enhanced testing capabilities that integrate Morningstar DBRS ratings with Moody's and S&P as part of a symbiotic rule set. This new eligibility test will allow counterparties to conduct comprehensive assessments across at least two ratings from S&P, Moody's, Fitch, and/or DBRS. By incorporating DBRS into multi-rating testing, we are enabling a more robust and thorough evaluation process across all four ratings agencies on the platform.

HSBC Orion Digital Bond issuance platform

J.P. Morgan Tri-party has onboarded onto the HSBC Orion digital bond issuance platform and as a significant milestone, has facilitated the first financing transaction of a digitally native bond issuance through J.P. Morgan Tri-party.

Investors/Collateral providers, who hold digital bonds issued on HSBC Orion (Luxembourg platform) can now transfer such bonds into their Tri-party Long-box held at J.P. Morgan. Collateral Providers and Receivers wishing to post or accept digital bonds as collateral are required to complete a short addendum to their existing Collateral Management Services Agreement and update their eligibility schedule to accept digital assets. It is possible to combine the benefits of digital bonds settlement with the full suite of existing Tri-party functionality, including standard existing messaging, reporting standards, pricing, reference data and collateral testing. Digitally native bonds can be co-mingled with traditional securities or ring-fenced to specific accounts or counterparties.

In the past month, J.P. Morgan was pleased to facilitate the first financing of digital bonds on our Tri-party platform, adding a potentially significant new pool of collateral, as the predicted growth of digitally issued assets comes to fruition.

MATT MITCHELL
Vice President
Product Manager

European Securities Financing Transactions CCP

Central Counterparties (CCPs) have long been a cornerstone of financial market infrastructure, gaining increased significance following the financial crisis where certain derivatives activities were mandated to clear through CCPs. While securities financing in Europe sidestepped mandatory clearing requirements, the potential economic advantages to market participants, prompted CBOE Clear Europe (CBOE) to initiate the clearing of European Securities Financing Transactions (SFTs)

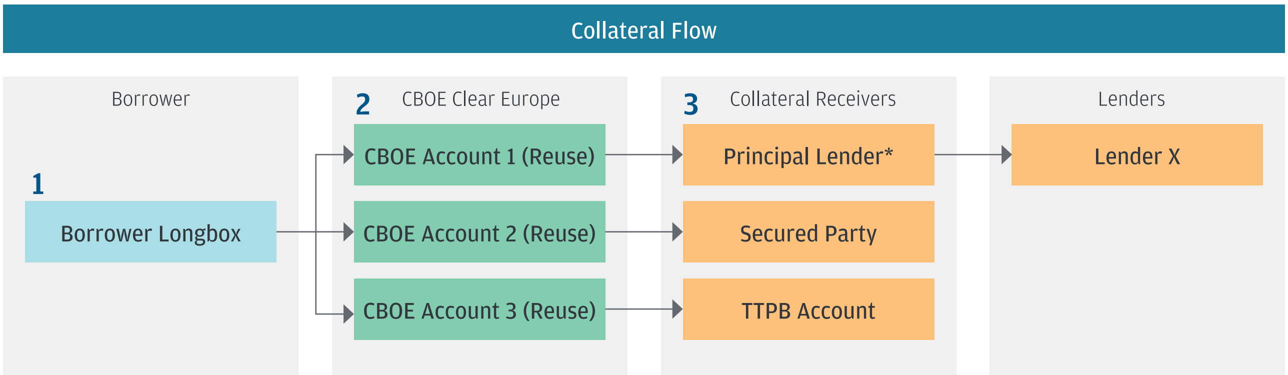
J.P. Morgan Tri-party has collaborated with CBOE to integrate CBOE into the Tri-party program, allowing Collateral Providers to post collateral to CBOE from their existing Longbox and enabling Collateral Receivers to receive collateral, with CBOE serving as the CCP. Participants can leverage the comprehensive Tri-party functionality and connectivity already in use, thus benefiting from the new trading advantages of central clearing while maintaining operational efficiency through Tri-party arrangements.

Besides operational efficiencies, proponents of central clearing often highlight the potential for significant benefits in terms of reduced cost capital for financial institutions, whereby firms can be more capital efficient by contracting with a CCP, with an improved risk weighting verses contracting bilaterally with a trading counterparty, which can also offer the opportunity to access inventory from counterparties who might otherwise be inaccessible.

J.P. Morgan has collaborated with CBOE to enhance standard documentation and develop a tailored legal documentation suite, enabling mutual clients to utilize the J.P. Morgan Collateral Central platform to collateralize SFTs with CBOE, alongside existing Tri-party obligations. The benefits of this framework include:

- The ability for Collateral Providers use their existing longbox to efficiently collateralise CBOE-cleared SFTs, Stock Loan, Repo, and Margin activities
- The absence of change to recalls and substitution processes, trade instruction, or reporting
- Standardized CBOE-defined eligibility schedules
- Real-time account status, eligibility and collateral allocation updates are accessible via the Collateral Central UI portal or through usual SFTP or APIs

There are three CBOE models supported, all utilizing Tri-party reuse capabilities. In each model, Collateral Providers initially post collateral to CBOE under a legal transfer of title, with CBOE subsequently reusing all received collateral to onward post to Collateral Receivers based on pre-agreed legal constructs:



Flow:

1. Borrower delivers required securities into J.P. Morgan Tri-party longbox
2. CBOE Clear will receive collateral under Transfer of Title and be allowed to reuse collateral
3. CBOE Clear will reuse Collateral acting in one of the 3 legal constructs as listed

**Principal Lender is permitted to reuse as required*

- **Principal Lender model:** Transfer of title collateralization from Collateral Provider to CBOE with onward transfer of title to Collateral Receiver. Particularly aimed at banks and broker dealers and institutions looking to manage existing RWA constraints. Principal Lenders can also reuse collateral received from CBOE, subject to legal documentation completion
- **Pledgee model:** Transfer of title collateralization from Collateral Provider to CBOE with onward pledge of collateral to Collateral Receiver. Model applicable for beneficial owners who allow CBOE to retain title, who grants a security interest to a Security Agent (likely an Agent Lender) of the beneficial owners
- **Pledgor model:** Title Transfer Pledge Back (TTPB) Transfer of title collateralisation from Collateral Provider to CBOE with onward transfer of title of collateral to Collateral Receiver, with an immediate Pledge back to CBOE. Model potentially applicable for beneficial owners who are prohibited from traditional pledge structures like UCITS

We are enthusiastic to grow and develop this partnership with CBOE Clear for mutual clients. If you have any questions or require further information please do not hesitate to contact your J.P. Morgan representative.

OLIVER MODI-CELDA
Analyst
International Sell-Side Trading Services Sales

Financing and Collateral Conference

Reflections on J.P. Morgan's 19th Annual Financing and Collateral Conference from our most recent Graduate Program Analyst

Global Macro Trends and Geopolitical Risks

As the most recent 'newbie' to the International Sell-side Trading Services Sales team in London, I am starting to understand where I can truly help the team: conference minutes. However in this case, it was a small price to pay to attend an event that proved insightful to both industry veterans and novices such as myself. With the conference hosted six days before 'Liberation Day', it is unsurprising that U.S. trade policy uncertainty dominated the macroeconomic overview. Discussion focused on whether extreme policies would cause recession or drive inflation, end U.S. exceptionalism, or even cause realignments in alliances – with uncertain implications for the Russia-Ukraine conflict and stability in the Middle East.

Unchartered Territory – Navigating New Frontiers

While it might not seem so given the economic backdrop, the conference tone wasn't pessimism. Therefore, I did stop short of renaming the fabled day as 'Judgement Day.' So, as with all unchartered territories, comes optimism in the form of new frontiers and developments. New entrants into the securities finance business, especially in the Middle East, has presented its own opportunities and challenges. Particular importance on short-term financing, widening collateral schedules and time to market, has highlighted the need for new entrants to quickly internationalize. Here digital market infrastructure and tokenization could play a role in facilitating this expansion, heeding the calls for cross-region and cross-time zone solutions. Opinions about whether tokenized assets will go mainstream in the near term are still mixed, but with ISLA's template for the digital annex to the Global Master Securities Lending Agreement (GMSLA), maybe we are one step closer. Access to global markets answers the call for non-bank sources of liquidity and search for alpha, which has only been fueled by the entry of Japanese lenders into programs, the increasing capabilities of internal treasury functions and internalization of Australian, Singaporean, and Taiwanese banks.

Regulatory Changes & Outlook Across the Buyside & Sell-side

What do people make of the SEC mandatory clearing delay? Did UMR end with Phase 6? Both are questions our panelists offered their unique perspectives on. The SIFMA-led sprint toward FICC-cleared repo has now become somewhat of a marathon, with the SEC delaying implementation of the deadline for mandatory clearing at the bequest of SIFMA. This delay is a welcome reprieve for resource-stretched firms and could even prompt clients who are not in scope to move to cleared models voluntarily.

Shifting focus to UMR (Phase 7, anyone?), one would be forgiven for thinking that it ended with Phase 6. While this is true for the likes of the U.K., the U.S., and Europe, new jurisdictions like Indonesia, India, and China have yet to begin implementing VM, and Mexico and South Africa are in different implementation chapters. The difficulty here is that all implementations are not the same, as each market has its nuances. Our product team is thrilled. For instance, India is requiring the Clearing Corporation of India to provide services for custodians and IM calculation. Although this is an opt-out service, it is still a different process that requires its own evaluation.

Unlocking the Future of Liquidity

Liquidity, liquidity, liquidity. No one can disagree that financing liquidity is now one of the most important components of a bank's operating model, but market events such as SVB/Archegos and increased regulatory scrutiny have shown the need to anticipate and pivot where necessary to weather any incoming storms. The steepening of the funding tenor curve toward year-end and collateral cost dispersion showcased how previously abundant liquidity from typical providers can quickly dry up. With the emergence of D1 desks on the buyside, asking for capacity that was traditionally the purview of sell-side desks, alongside sky-high equity valuations, levels were only going to go in one direction. For the sell-side, resource consumption of term long financing quickly impacted liquidity stress models. Focus on capital consumption pushed TRS levels to record highs as banks became increasingly mindful of GSIB surcharges. Buyside institutions sought to capitalize on this shift by building out internal TRS capabilities, although operational hurdles make it hard to support in a scalable fashion. For hedge funds, sourcing liquidity in times such as these, showcased the importance of having an established PB presence in contrast with ad-hoc liquidity providers that are not beholden to provide access in times of stress. Solving for an unclear GSIB landscape requires partnerships between the demand and supply sides of the industry. Expect further discussions on mandatory clearing of USTs, guaranteed repo and structured liquidity trades.

In conclusion, I am left pondering after some well-earned, and well-attended networking drinks, that while our keynote speaker, the Rt. Hon. George Osborne, may claim political currency is the most valuable commodity, I doubt it is more valuable than the cost of a GSIB point.

Oliver Modi-Celda

The J.P. Morgan Global Trading Services Team

DAN STEVENS
Executive Director
Relationship Manager

Evolving Suite of Tri-party Connectivity

My Reports 2.0

J.P. Morgan's introduction of My Reports 2.0 is a strategic enhancement aimed at providing Tri-party clients with advanced reporting capabilities. In the dynamic world of Tri-party, having access to accurate, timely, and comprehensive reporting is essential for making informed decisions and maintaining a competitive edge.

My Reports 2.0 is accessible via J.P. Morgan Markets. This tool is expected to help clients optimize their collateral management processes, reduce risks, and achieve greater operational efficiency. By leveraging the benefits of My Reports 2.0, clients can gain deeper insights into their collateral positions and make more informed decisions.

J.P. Morgan will be focusing on delivering My Reports 2.0 to our clients throughout the remainder of 2025. Your Relationship Manager will arrange a meeting with you to discuss your current reports and how you utilize them. Our J.P. Morgan teams are committed to facilitating a smooth migration for clients, and we are thrilled to introduce this new functionality.

My Reports 2.0 Key Features:

1. Enhanced Data Accessibility:
   - My Reports 2.0 offers seamless access to a wide range of reports, enabling clients to retrieve critical data with ease. The intuitive interface ensures that users can quickly find the information they need, reducing the time spent on data retrieval
2. Customizable Reporting:
   - Clients can tailor reports to meet their specific needs, selecting from a variety of parameters and filters. This customization allows for more relevant insights, helping clients to focus on the data that matters most to their operations
3. Real-Time Updates:
   - With real-time data integration, My Reports 2.0 ensures that clients have access to the most current information. Extensive search and filter functionality, ability to retrieve archived scheduled reports and email notification when a scheduled report is available
4. Secure Access:
   - Security is a top priority, and My Reports 2.0 ensures that all data is protected with robust security measures. Clients can access their reports with confidence, knowing that their information is safe and secure
5. Integration with J.P. Morgan Markets:
   - As part of the J.P. Morgan Markets platform, My Reports 2.0 integrates seamlessly with other tools and services, providing a unified experience for clients. This integration enhances operational efficiency and streamlines workflows

APIs:

As an addition to the My Reports 2.0 application, the API offered by J.P. Morgan provides a comprehensive suite of functionalities to enhance collateral management, facilitating pull and post requests on demand. Clients can access real-time data on their positions, collateral requirements, recalls, and an eligibility constraints matrix, enabling clients to make informed decisions quickly and efficiently, optimizing their collateral management processes.

Additionally, the API provides the capability to submit a target state optimization file, enabling clients to streamline their operations and achieve greater operational efficiency. For clients interested in exploring the API capabilities further, contact your Relationship Manager, who can provide detailed information, guidance, and support to help clients leverage the full potential of the API and integrate it into their collateral management strategies.

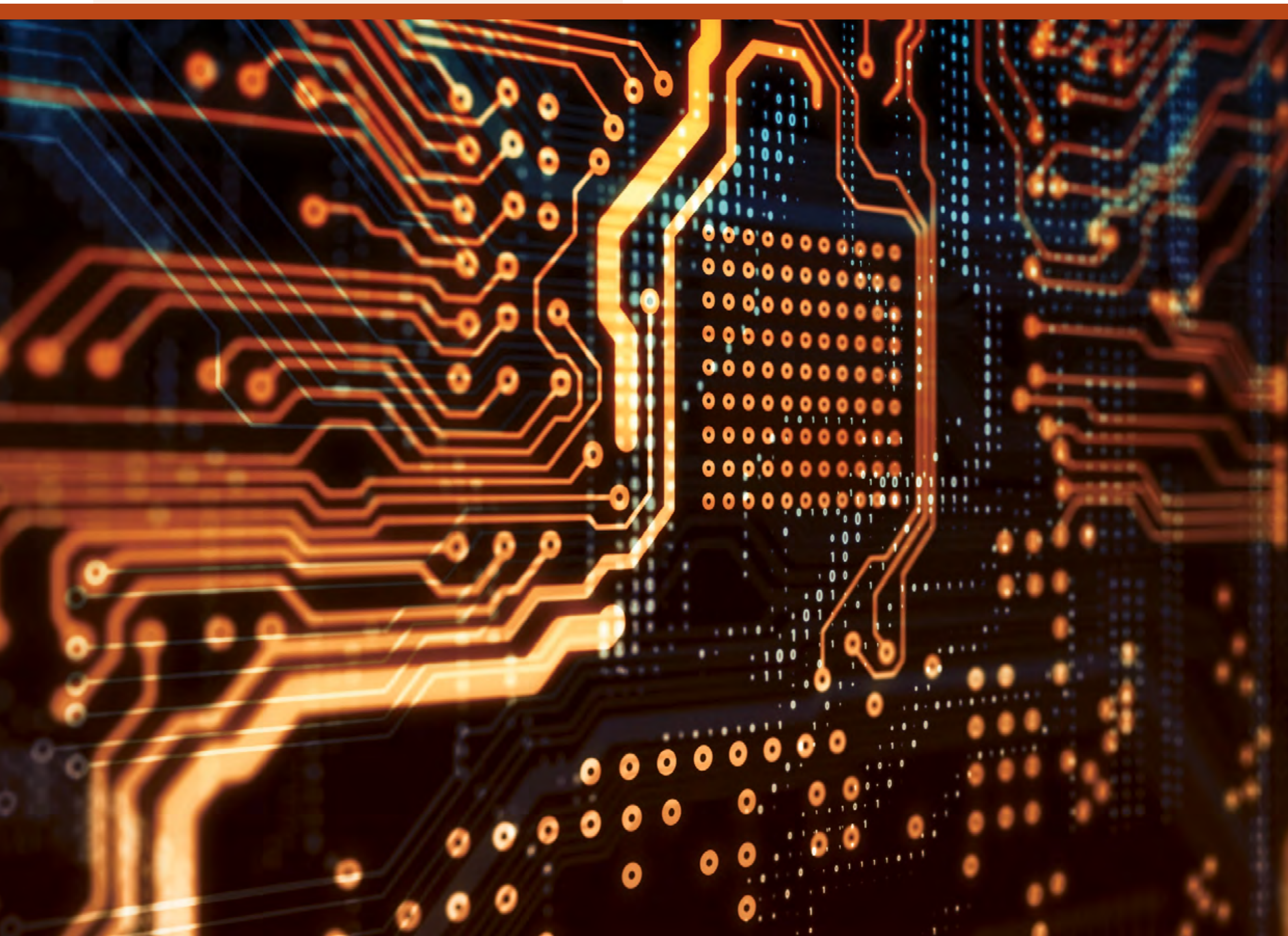
PHIL ROSS
Executive Director
Product Development

Recent Technology Releases

Collateral optimization, mobilization and global availability are core to recent and future releases on Collateral Central

Recent product enhancements

CCP Margin Exchange – Performance Improvements Q1 2025	
Description	Substantial enhancements have been implemented in the CCP Margin Exchange algorithm, optimizing performance to ensure allocation strategies are finalized promptly after movement calculations. This advancement eliminates the previous delay associated with pending status during market settlement.
Users	Collateral Providers
Benefits	• Expedited Allocation Process: The timeframe for executing Collateral Central strategies across multiple CCP accounts is significantly reduced • Efficient Account Management: Enables collateralization of accounts and processing of recalls even while CCP trades are pending settlement



CCP Margin Exchange – Compatibility with Inter-Entity Reuse

Q1 2025

Description	The CCP Margin Exchange functionality has been enhanced to permit the reuse of received collateral for external posting against CCP obligations, specifically within inter-entity reuse chains. This extension offers increased flexibility in managing funding for CCP exposures.
Users	Collateral Providers
Benefits	• Enhance Portfolio Utilization: Collateral Providers can optimize their portfolio availability to meet CCP margin requirements more effectively • Strategic Asset Access: CCP members gain the ability to access assets or secure funding from entities that possess a surplus of assets but are not direct CCP members themselves

CCP Margin Exchange – DTC Pledge

Q2 2025

Description	The CCP Margin Exchange functionality has been upgraded to incorporate support for DTC Pledge instructions, thereby facilitating the posting of US assets to CCPs that exclusively accept assets through this mechanism
Users	Collateral Providers
Benefits	• Expanded CCP Support: Enables collateral posting to additional CCPs, including CME and OCC, enhancing operational capabilities • Expanded Asset Class Support: Allows U.S. equities to be posted as collateral to CCPs, broadening the range of acceptable asset classes

Collateral Eligibility Service – Multi-link eligibility model

Q2 2025

Description	The Collateral Eligibility Service (CES) has undergone significant modifications to eliminate the previous single-schedule restriction. This enhancement empowers clients to associate accounts with multiple eligibility schedules, offering the flexibility to distribute limits and exclusions across distinct schedules. Consequently, clients can streamline their operations by reducing the number of schedules they need to manage.
Users	Collateral Receivers
Benefits	• Streamlined Schedule Management: Collateral Receivers can significantly decrease the number of eligibility schedules they are required to maintain, enhancing operational efficiency

Collateral Eligibility Service – Automated Market Exclusions

Q2 2025

Description	A new feature has been introduced within the Collateral Eligibility Service (CES) to automatically pre-exclude assets traded in markets that necessitate additional legal documentation for collateral acceptance. This enhancement provides an added layer of security for Providers posting collateral and assures Receivers of compliance with legal requirements.
Users	Collateral Providers & Receivers
Benefits	• Legal Compliance Assurance: Guarantees adherence to necessary legal documentation requirements • •Operational Efficiency: Eliminates the need for manual exclusions, streamlining the eligibility maintenance process

We would welcome the chance to answer any questions or discuss the topics covered here with you in greater detail. Please contact your client service representative.

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