Rehypothecation of Securities Collateral
Unlock the value of assets held in tri-party by re-using collateral

Collateral is a vital tool for mitigating credit risk in today’s markets. J.P. Morgan allows clients to reuse assets in order to minimize risk and expense while maximizing returns. Rehypothecation lets clients extract additional value from assets or securities that they have received as collateral by reusing them to satisfy an obligation of their own. Tri-party clients can now rehypothecate securities regardless of whether the underlying obligation is a stock loan or repo. Using all assets to maximum effect can lower collateral cost and increase liquidity.

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<th>Benefit</th>
<th>Features</th>
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| Enhance Returns | • Access an increasing network of participants for additional financing options  
• Increase potential for full use of collateral pool by:  
  – Lenders, who can reuse received securities to generate returns on held assets rather than holding a long inventory; benefit from a larger pool of securities available to borrowers and lenders; minimize their cost of entry by using tri-party; and decrease their settlement risk in comparison to bilateral rehypothecation  
  – Borrowers, who can perform collateral upgrade trades within tri-party by reusing received collateral; and reduce settlement risk while gaining recall functionality benefits by using the optimization engine rather than bilateral rehypothecation |
| Mitigate Risks | • Employ both reused and ‘fresh’ equities and fixed income securities  
• Screen securities against eligibility criteria and concentration limits prior to allocation  
• Obtain flexible, detailed reporting for each fresh, received and rehypothecated asset |
| Increase Efficiency | • All assets remain held within J.P. Morgan’s tri-party program to maximize operational efficiency  
• Algorithms in the allocation engine combine speed with reliability  
• Expand relationship so that traditional borrowers and lenders become borrower/lenders (or seller/buyer, in the case of a repo) |

J.P. Morgan’s patent-pending solution allows institutions to fully maximize their use of available collateral inventory under English law.

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