

J.P. Morgan Hosts Conference on the Changing Landscape of Securities Financing and Collateral Management

London, March 25, 2011 - J.P. Morgan this month hosted its sixth annual Securities Financing and Collateral Management Conference exploring the current developments and the impact of regulatory change on securities and derivatives collateral management. The event, in London, followed the European Repo Council's Annual General Meeting, which J.P. Morgan also hosted.

The event attracted 150 attendees from 100 market participants, including banks and broker-dealers, and was hosted by Paul Wilson, International Client Management and Sales Executive, J.P. Morgan Worldwide Securities Services Financing and Markets Products.

Paul Wilson said: "The conference attendees agreed on the need for prudent oversight and appropriate alignment of risk. In this context the amount of new regulation, regulation-related white papers and consultation documents is considerable. Market participants, many of whom operate globally as well as in their local markets, are challenged to assess rapidly, absorb the implications of and build solutions for impending regulations."

John Rivett, Collateral Management Executive, J.P. Morgan Worldwide Securities Services, added: "The majority of attendees believe they will have to invest significantly in new technology, the resulting cost of which they expect ultimately will be passed on to end consumers. The conference attendees were also concerned the additional operational burden of complying with regulations might encourage some market participants to return to a bilateral approach or other financing models that alter the concentration of risk in an unintended way."

Delegates also discussed:

- How CCPs are changing the securities landscape including whether CCPs will serve as market utilities, how credit ratings will be assessed, and how CCPs will compete in the future,
- The impact of regulation on liquidity and financing requirements, including the increased demand for term funding under Basel III and the potential consequences of the new UK bank balance sheet levy,
- The cost and complexity of meeting regulatory challenges, and whether it will drive consolidation among service providers,
- The changing market dynamics and regulations, which are driving collateral and funding needs as the demand for collateral upgrade trades and higher quality securities has led to a discrepancy between the needs of the demand and supply side of the market. Both sides will need to explore and consider new and alternative ways to bridge the gap.

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