Thomas H Mulligan
09/11/2008
11:33 AM

To: Stephen Eichenberger/JPMCHASE
cc: David A. Weisbrod/JPMCHASE, Donna Dellosso/JPMCHASE, Jane Buyers-Russo/JPMCHASE, Piers Murray/JPMCHASE, Ricardo S. Chiavenato/JPMCHASE
Subject: RE: Triparty

Anything they deliver into the account will impact the net free equity they have. I think we'd capture it at that point. It would be tough to exclude whole asset classes on the fly.

Tom

From: Stephen Eichenberger
Sent: Thursday, September 11, 2008 11:23 AM
To: Thomas H Mulligan
Cc: David A. Weisbrod; Donna Dellosso; Jane Buyers-Russo; Piers Murray
Subject: RE: Triparty

Recognize the liquidity implications and the fact that we can't control what a Leh counterparty will repo, but couldn't we require pre-funding on the ineligible stuff from Leh so we limit / minimize the intraday. I'm a tri-party novice and may be stating the obvious (not the first time) but...

Stephen Eichenberger
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Inactive hide details for Thomas H Mulligan/JPMCHASEThomas H Mulligan/JPMCHASE

Thomas H Mulligan/JPMCHASE

09/11/2008 11:12 AM

[IMAGE] [IMAGE]
Jane Buyers-Russo/JPMCHASE, Stephen
ToEichenberger/JPMCHASE
[IMAGE] [IMAGE]
David A. Weisbrod/JPMCHASE, Donna
ccDellosso/JPMCHASE, Piers Murray/JPMCHASE
[IMAGE] [IMAGE]
RE: Triparty
Subject

[IMAGE] [IMAGE]

1. We've implemented intra-day margining across the entire US Tri-Party client base ($24 billion vs. $0 earlier this year). We are retaining 100% of the investor margin from the prior night.
2. We are getting additional pricing services to improve our asset valuation of the securities in the Tri-Party Book (we use IDC today) this includes Reuters as well as Gifford Fong who prices some of the tougher asset classes
3. We are close to having a system to calculate the risk based margin required to address the 1 day price + liquidation risk (Zubrow agreed to this methodology). This would equal total intra-day margin of $39 billion. This should be available each morning - we need to test this system over the next few weeks. We plan to discuss the implementation time line at the Tri-Party steering committee meeting this afternoon. We need to use a phased in implementation which will be done under tight time guidelines.
4. Overnight fail financing collateral schedules and procedures have been reviewed and formal procedure are in place.
5. Completing a review of all clearance agreements.

Tough to restrict the collateral types on the tri-party platform since that is between the clearance customer and the investor. We can control how much value we assign to these asset classes intra-day which forces the dealer to provide the liquidity intra-day. We'll have this when we get to $39 billion intra-day.

Please note these $ figures will change as the composition of the tri-party book changes.

Tom

-From: Jane Buyers-Russo
Sent: Thursday, September 11, 2008 9:45 AM
To: Stephen Eichenberger
Cc: David A. Weisbrod; Donna Dellosso; Piers Murray; Thomas H Mulligan
Subject: Re: Triparty

We have taken steps this summer to improve the intraday exposures by increasing margins and excluding certain collateral classes but I do not have the full picture as I have just returned to work and Tom ran point on this with TSS and GCRM. We also devised new collateral schedules for overnight financing that significantly improved our risk position.

Tom--do we have a summary of the changes that we made to mitigate the intraday TPR risk?

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Stephen Eichenberger/JPMCHASE
ToJane Buyers-Russo/JPMCHASE@JPMCHASE
ccDavid A. Weisbrod/JPMCHASE@JPMCHASE, Donna

09/11/2008 09:38 AM

Dellosso/JPMCHASE@JPMCHASE, Piers Murray/JPMCHASE@JPMCHASE

SubjectRe: TripartyJane Buyers-Russo

[IMAGE] [IMAGE]

Why don't we do this?

Stephen Eichenberger
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Inactive hide details for Jane Buyers-RussoJane Buyers-Russo

----- Original Message -----

From: Jane Buyers-Russo
Sent: 09/11/2008 09:37 AM EDT
To: Stephen Eichenberger
Cc: David Weisbrod; Donna Dellosso; Piers Murray
Subject: Re: Triparty

We can limit what we will advance against intraday.

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Stephen Eichenberger/JPMCHASE

09/11/2008 09:33 AM

ToJane Buyers-Russo/JPMCHASE@JPMCHASE, David A. Weisbrod/JPMCHASE@JPMCHASE

cc"Piers Murray" <piers.murray@jpmorgan.com>, "Donna Dellosso" <donna.dellosso@jpmorgan.com>

SubjectTriparty

[IMAGE] [IMAGE]

Is there any way we can alter our tri-party terms to put restrictions on the type of securities we will allow? Know its a liquidity issue for BDs but could we limit it to fed/dtc eligiblesecurities? The p+l risks and claims on our liquidity have gotten huge. Want to understand what scope we have to limit it while continuing to provide basics to mkt.

Stephen Eichenberger
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