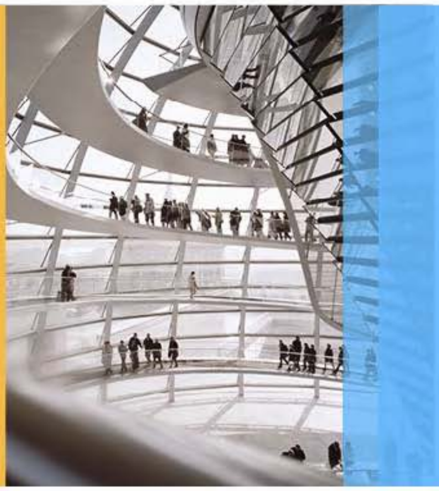

TREASURY SERVICES

UPDATE

An e-newsletter for treasury professionals

SPRING 2013

IN THIS ISSUE

Printer-friendly Version — Download/print the entire issue here.

HELPING TO MAXIMIZE YOUR LIQUID ASSETS: TURNING INSIGHTS INTO VIABLE SOLUTIONS

New Year – Intensified Focus

By David Cruikshank, BNY Mellon Treasury Services chief executive officer

One of BNY Mellon Treasury Services' main priorities is putting clients at the center of everything we do. With the new year underway, that focus is further intensified in knowing that your needs are always changing. Looking deeply into how the markets are developing for our clients and their industries, and how those changes affect the way you manage your liquid assets, we are developing new solutions to meet those needs — to support your efforts to stay relevant, competitive and successful.

According to the results of the BNY Mellon Treasury Services 2012 Global Client Satisfaction Survey*, we're on the right track. Survey results indicate that 92 percent of respondents are satisfied or very satisfied with our services, with 92 percent responding that we have met or exceeded their expectations. We have also been named the Best White Label System Provider by *Global Finance* for the fifth consecutive year. And for the fourth consecutive year, BNY Mellon Treasury Services ranked as the best trade provider of wholesale trade finance services in *Global Trade Review* magazine's annual Leaders in Trade survey.

So we are succeeding, but we know that's not enough. We continue to evaluate your needs at each stage of the investment lifecycle because we understand the profound challenges of moving, accessing and applying cash and associated business information on a global basis.

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According to the results of the BNY Mellon Treasury Services 2012 Global Client Satisfaction Survey, 92 percent of respondents are satisfied or very satisfied with our services, with 92 percent responding that we have met or exceeded their expectations.

This issue of BNY Mellon Treasury Services Update highlights our current efforts to help you maximize your liquid assets through our customized cash management and global payments services in three strategic areas:

- Managing your supply chain needs for efficient, strengthened and cost effective receivables, payables and trade finance solutions.
- Providing fast, insightful access to treasury and investments information through innovative transaction and reporting tools to aid cash investment strategies.
- Assisting with your global payment and customer service needs through advanced, 24-hour cross-border payment processing from any location in more than 100 currencies.

Our collaborations with you aim to help you develop the strategies, resources and services you need through key initiatives, like the following, that are highlighted throughout this issue:

Insights into Your Industry — Our experts help you shape important business decisions through understanding current industry trends. Jeffrey Horowitz, BNY Mellon Treasury Services' head of North American Sales and Relationship Management, details how current industry leanings can impact opportunity in his piece on "Evolving Transaction Banking Trends."

And for businesses with interests in the healthcare and insurance industries, our experts in those markets have remapped challenges due to changing regulations — and opportunities — to impact your business plans and strategies in important ways. Read about our recent podcast on Streamlining Claims Payment Processing for the healthcare market by our industry expert Vince Marzula, and our piece on "Keeping up with Unclaimed Property Regulatory Demands" for the insurance industry.

Insights into Global Markets — We understand that the globalization of finance, increasingly complex international regulations, and the need for greater risk management all translate into a profoundly different world for managing your liquid assets. Our local presence in global markets enables us to collaborate closely with you to deliver customized services for your most pressing challenges. The roll out of our Enterprise Payments Hub, which over time aims to enable the processing of any payment or collection instrument on a single platform, is detailed in the article titled, “Significant Global Payment Product Enhancements in 2013.”

Howard Bascom, BNY Mellon’s managing director and head of Global Trade Finance and Credit Services, recently participated in a panel on impacts of the BASEL III legislation on Trade Finance services (see the article, “Webinar Discusses BASEL III Impact on Trade Finance Services” for details). And this issue offers a glance into the Asian Pacific market in the article titled, “Trade Payments — The Dawn of a New Age?” by Aneish Kumar, BNY Mellon managing director and head of Treasury Services for the Indian Subcontinent.

Insights into Technology — At the forefront of our operations, our insights into technology and the global economy translate into competitive advantages for our clients. By taking the time to understand how technology trends affect our clients and their businesses, we anticipate their needs and invest in powerful, strategic solutions that help simplify the increasingly complex challenges facing them.

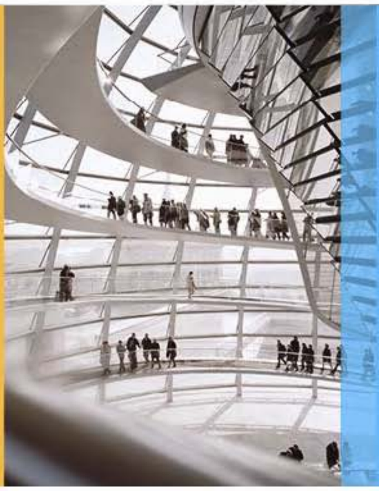
As testament to that focus, the Funds Transfer Division of BNY Mellon Global Operations recently achieved the ISO 9001:2008 Quality Management System certification, an internationally recognized quality management standard. You can read more about this important achievement, and how it translates into exceptional service delivery for our clients in our Industry Accolades section.

And because we know that mobile technology holds immense potential for all aspects of our industry, the managing director of our Electronic Banking business, Michelle Palombo, offers suggestions on “Planning and Launching an Effective Mobile Payments Program.”

Finally, this issue incorporates recent changes to our brand. In addition to our new look, we’re working to showcase how our comprehensive, holistic solutions provide clients across all phases of the investments lifecycle — including the management of liquid assets — to help you maximize your efforts and increase your returns.

David Cruikshank

*Conducted November 2012 – December 2012 by BNY Mellon.



WEBINAR DISCUSSES

BASEL III IMPACT ON TRADE FINANCE SERVICES

APRIL 2013

CFO MAGAZINE WEBINAR INDUSTRY PANEL FEATURES HEAD OF BNY MELLON TRADE FINANCE SERVICES

With the impending credit impacts of the BASEL III regulation poised to be far reaching for the trade industry, companies are readying themselves. The global regulatory standard, which is designed to strengthen capital requirements and increase liquidity regulatory requirements to mitigate risk and bolster consumer protection, is set to impact institutions with more than $50 billion in assets.

Howard Bascom, head of Global Trade Finance and Credit Services for BNY Mellon Treasury Services, was a featured panelist during *CFO Magazine's* recent Webcast, "Maintaining Financial Flexibility in a BASEL III Environment." The session, currently available on the publication's Web site*, addresses the regulation's potential impact on letters of credit and alternative instruments of financial assurance.

According to Bascom, "Costs for trade letters of credit activity are estimated to rise significantly with implementation of the BASEL III regulation. As a result, companies are beginning to explore alternative opportunities to finance their import and export activities, such as private credit insurance and expanding origination of trade and distribution assets to investors not subject to the legislation."

For more information about BNY Mellon's Trade Finance services and how BASEL III may impact your business, please contact us at treasury@bnymellon.com or 1 800 424 3004 (option 2).

*Webcast archived at http://www.cfo.com/webcasts/?f=bc. Access requires advance registration.

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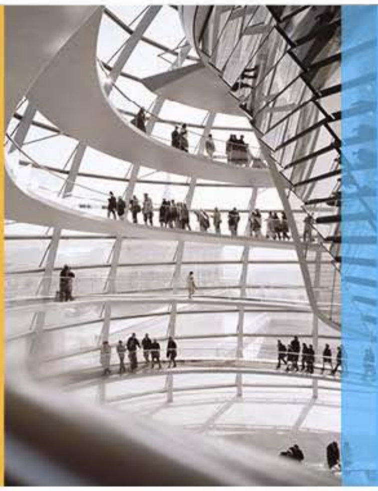

PODCAST AVAILABLE

STREAMLINING CLAIMS PAYMENT PROCESSING

APRIL 2013

Click here to register for the Podcast.

BNY MELLON HEALTHCARE EXPERT DISCUSSES TRANSITIONING TO ELECTRONIC PAYMENT DELIVERY

Legislative changes occurring in the healthcare space have created tremendous challenges — and opportunities— for healthcare organizations. Regulations resulting from the Health Insurance Portability and Accountability Act (HIPAA), the Affordable Care Act and NACHA rule changes are requiring healthcare companies to evaluate current payment practices and workflows to comply with the ever-evolving legislation. These revisions are also opening new avenues toward greater cost and operational savings.

A podcast titled, "Streamlining Claims Payment Processing" by BNY Mellon Healthcare iRx Solutions℠ Managing Director Vince Marzula details how legislation is driving new electronic funds transfer (EFT) and electronic remittance advice (ERA) transactions. The recording, hosted by America's Health Insurance Plans (AHIP) and currently available at ahip.org, explores BNY Mellon solutions available to support healthcare organizations' ability to prepare for the impending changes while reducing costs, streamlining claims payment processing and increasing provider acceptance of EFTs and ERAs.

For more information on our solutions for the healthcare industry, visit the BNY Mellon Healthcare Web site, send an e-mail to treasury@bnymellon.com or call 1 800 424 3004 (option 2).

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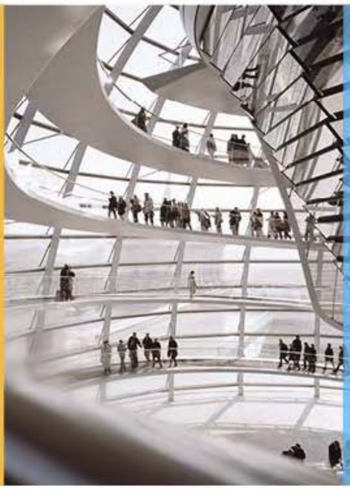

KEEPING UP WITH UNCLAIMED PROPERTY REGULATORY DEMANDS

APRIL 2013

INSURANCE SOLUTIONS TO MEET COMPLICATED COMPLIANCE REQUIREMENTS

For insurance companies, industry regulatory oversight around unclaimed property is receiving increased scrutiny. Specifically, many states are evaluating whether insurers are maintaining accurate records to ensure death benefits are distributed to the correct persons upon the death of account holders and locating beneficiaries of deceased account holders. Problems are surfacing when beneficiaries listed on deceased account holders' accounts, who may be unaware of an account's existence, fail to claim funds or receive the benefits due to them.

As a result, several states are increasing due diligence around new requirements for the handling of death benefit claims and for locating beneficiaries. In some cases, states are hiring audit firms to examine insurance company practices in this area, and substantial penalties may result for insurers who are found to be lax in complying with unclaimed property laws.

The difficulty for insurers in setting up compliance programs to effectively address the issue is rooted in several factors. For example, escheatment laws, which govern the proper handling of unclaimed property funds and uncashed checks, vary between states, making compliance for insurers extremely complex. And meeting regulatory requirements around enhanced account accessibility, account holder disclosures and state reporting further complicate the process. Maintaining an in-house system to handle all of the moving parts may not be sustainable for insurers with limited resources, staff or expertise.

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THE BNY MELLON SOLUTION

BNY Mellon's Retained Asset program can provide insurers with the flexibility their account holders need while helping insurers address the changing industry regulations. Our solution, which provides account holders with immediate access to their funds, such as those provided via death benefit payouts, is designed with the following capabilities:

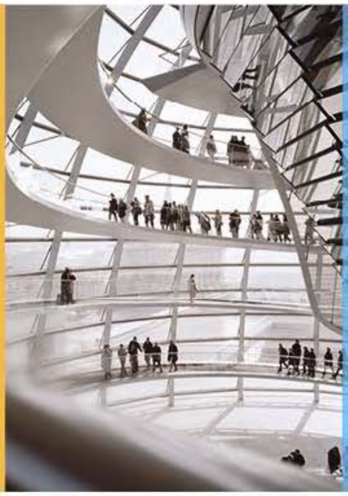
– **Data matching** account holder names against the Social Security Administration Death Master File to help insurers identify or locate deceased account holders.

– **Escheatment services** to handle the escheatment of funds to states and due diligence notification letters based on state requirements. We handle this time and labor intensive process to help insurers stay abreast of, and act on, ever-changing compliance requirements that vary by state.

– **Claim data and paperwork administration** process flows for deceased account holders to help free insurers' staff to focus, for example, on core functions and overall account holder satisfaction.

BNY Mellon provides a comprehensive range of premium collection solutions designed to address the unique treasury needs of the insurance industry, including processing traditional paper remittances, branded online payment processing and electronic solutions for policyholders. And our claims and disbursement services feature multiple payment options that can produce tangible operating efficiencies. Our insurance specialists continually monitor the industry so that, when insurers' needs change and evolve, we are positioned to help provide new and expanded solutions.

For more information on how we are helping insurance companies address compliance changes related to Retained Asset programs, please contact Ed Shane at (610) 651 8702 or ed.shane@bnymellon.com.



SOCIAL SECURITY ADMINISTRATION IMPLEMENTS

NEW ACH PAYMENTS FORMATS

APRIL 2013

CHANGES COMPLETE ELECTRONIC PAYMENTS PLATFORM MIGRATION

The Social Security Administration (SSA) is changing acceptable ACH formats for select electronic benefit payment entries. As part of the SSA's final phase of migrating to a fully electronic payment processing platform, the changes, which are fully effective as of March 2013, include new ACH payment field values and, in some cases, affect values for transactions' Standard Entry Class (SEC) codes. Awareness of the new formats can help organizations handling Social Security benefit payments for distribution avoid discrepancies created by new data transmission values, and alert them to potential fees incurred for payments sent in an international ACH (IAT) format under the new rules.

The following formatting changes may impact how incoming ACH transaction data are listed:

- Addenda records will no longer contain the recipient's Social Security number.
- Seven new transit routing numbers can now be included in the company identification field.
- Data transmissions can now include updated remittance information, such as new values in specific fields, as listed below.
- Payments will include new values in the following four ACH payment fields:
    1. The immediate origin field (NACHA File header record) is now represented as "031736026".

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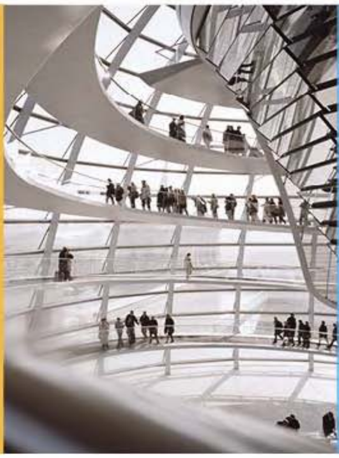
2. The company name field is now “SSA TREAS 310”.
3. The NACHA SEC code for receivers with a foreign address has changed from “PPD” to “International ACH Transaction (IAT)”.
4. The company identification field (NACHA Company Batch Header Record – position 41) will include a value of “1” or “9”. If a value of “1” is used, it will be followed by a child support employer identification number. If a value of “9” is used, it will precede one of the following transit routing numbers (that may have represented a different value in the past): 031736026, 031736039 or 031736042.

In addition to potential impacts for ACH receivers using specific ACH values to auto-post payments to their payment systems, the new values may change how payments are listed on receivers’ bank statements and the payment description on customer sub accounting systems. And payments sent in IAT formats under the new rules, in addition to potentially qualifying for new billing charges, may be subject to mandatory Office of Foreign Assets Control (OFAC) scanning requirements that could delay payment posting or prompt the service provider (BNY Mellon) to contact affected receiving clients for additional information.

Complete details on the changes are available at http://fms.treas.gov/greenbook/pdf/KFC-SSA-3rd-Greenbook.pdf or http://fms.treas.gov/greenbook/KFC-SSA-Cycle-Greenbookdw.pdf (you may need to refresh your browser page after copying and pasting the links to access the links).

For questions about the new SSA format changes, please contact us at 1 800 424 3004 (Option 2) or treasury@bnymellon.com.



2013 NACHA

OPERATING RULES AND GUIDELINES AVAILABLE

APRIL 2013

BNY MELLON CLIENTS RECEIVE DISCOUNT

To help you stay up to date with current ACH operating rules, BNY Mellon clients can order a copy of the Corporate Edition of the 2013 NACHA Operating Rules and Guidelines at a discounted price. To receive your copy (book or CD), access the order form at http://www.bnymellon.com/treasuryservices/forms/rules.pdf and mail or fax it to the address listed on the form.

You can also use the Internet Customer Service feature of BNY Mellon TreasuryEdge℠, our electronic banking portal, to request a copy. The order form is located within the Internet Customer Service menu item of TreasuryEdge, under 'Service Requests', 'ACH', 'Order the ACH Rules Book'. A one-time charge of $35 per copy will appear on your BNY Mellon monthly billing statement. Purchasing a copy of the rules book allows buyers to access convenient online research tools, key words and compliance topics via NACHA's Web site at www.nacha.org.

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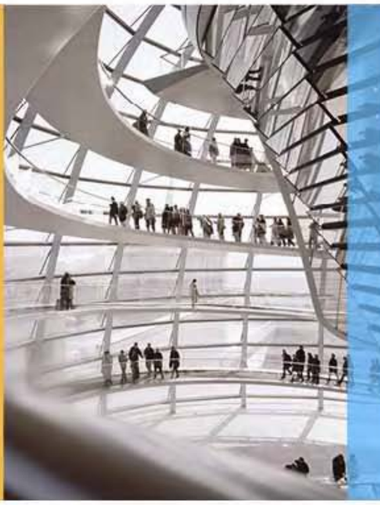

FUNDS TRANSFER DIVISION ACHIEVES

ISO 9001:2008 QUALITY MANAGEMENT SYSTEM CERTIFICATION

APRIL 2013

ACHIEVEMENT REFLECTS COMMITMENT TO BEST-IN-CLASS SERVICE DELIVERY

BNY Mellon's Funds Transfer Division, part of BNY Mellon Global Client Service Delivery, has achieved ISO 9001:2008 Quality Management System certification.

ISO 9001:2008 certification is an internationally recognized Quality Management standard focused on defining customer quality requirements, using data to analyze processes, meeting applicable customer and regulatory requirements, enhancing customer satisfaction, and continually improving business performance. The certificate was approved and issued by TÜV India, part of the TÜV Nord Group, one of the world's largest inspection, certification and testing organizations.

"Demonstrating BNY Mellon's commitment to operational excellence and quality service, our Funds Transfer division's certification is a significant accomplishment for a team that has consistently maintained one of the highest levels of processing accuracy in our industry," said Frank Behlmer, executive vice president and head of Global Operations for BNY Mellon.

A core operation within BNY Mellon, Funds Transfer provides U.S. Dollar (USD) and multicurrency electronic payment services for domestic and international clients of BNY Mellon's Treasury Services group and other BNY Mellon businesses. On a daily basis the Funds Transfer team processes approximately 170,000 transactions valued at $1.5 trillion USD, and maintains an accuracy rate in excess of 99 percent.

"Fast, reliable and secure funds transfer services delivered in a technologically sophisticated and client focused environment are at the heart of our value proposition," said J. David Cruikshank, executive vice president and chief executive officer of

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BNY Mellon's Treasury Services group. "ISO certification is more than a positive reflection on the excellence of our Client Service Delivery team. It's also a perfect example of how our investments in our systems and our people support BNY Mellon's commitment to helping our clients succeed."

For more information on the certification, please contact us at 1 800 424 3004 (Option 2) or treasury@bnymellon.com.

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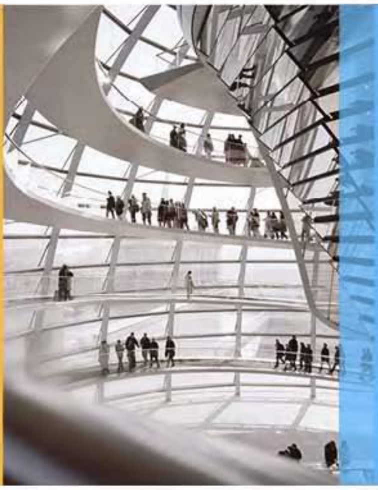

BNY MELLON RECEIVES

BEST TRADE OUTSOURCING BANK AWARD

APRIL 2013

DISCTINCTION RECEIVED IN GLOBAL TRADE REVIEW SURVEY

For the fourth consecutive year, BNY Mellon Treasury Services ranked as the best trade provider of wholesale trade finance services in *Global Trade Review* magazine's annual Leaders in Trade survey.

The Global Trade Review survey, which included the participation of more than 6,000 global banks, corporates, financial institutions, insurers, brokers and others active in trade finance, highlights achievements across a number of geographic regions and product lines.

"Recognition as the best provider of outsourcing services is an important validation of the role we play as a global leader in the delivery of trade finance-related services to client banks and financial institutions," said Susan Skerritt, global head of Business Strategy and Market Solutions for BNY Mellon Treasury Services. "The past four years have been a protracted struggle for all parties involved in trade finance. Throughout this period, we have advocated the manufacturer-distributor model as the best way for banking services providers to meet the challenges confronting supply chain participants. Our support from Global Trade Review survey participants indicates a high level of market acceptance for this approach."

The manufacturer-distributor model is based on the idea of local/global collaboration, with the local bank manager leveraging the global transaction processing capabilities of major providers to suit the specific needs of the local market. Under this model, the

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global service providers act as the “manufacturers” of transaction banking services, and the local banks play the role of the “distributors” of these services to their local corporate client base.

Complete results of this year’s survey appear in the magazine’s January 2013 edition.

For more information on the survey results, please contact us at 1 800 424 3004 (Option 2) or treasury@bnymellon.com.

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EVOLVING

TRANSACTION BANKING TRENDS

APRIL 2013

LEVERAGING OPPORTUNITIES TO MEET THE CHALLENGES

By Jeffrey Horowitz
BNY Mellon Treasury Services
Head of North American Sales
and Relationship Management

With 2013 underway, multiple economic and political pressures across the global business landscape are converging to present large multinational organizations with extensive and far reaching challenges. Examples in the U.S. include ongoing debt and spending cut negotiations, the Dodd-Frank Wall Street Reform and Consumer Act (the Dodd-Frank Act) and the Affordable Care Act. Industry policies and regulations underway in Europe include the effort to standardize electronic bank payments across Europe (the Single Euro Payments Area or SEPA) and BASEL III. And in Asia, where trading partners are tied ever more closely to North American and European counterparties, regulatory, political and compliance challenges will have global implications. As the marketplace is all too aware, the potential impacts of these issues are poised to dramatically change not only how businesses run, but what they must do to succeed.

While the extent of the impacts is not yet fully understood, as the regulations supporting many of these rulings are still being fully defined and drafted, the marketplace is nonetheless bracing itself. The scope promises to affect industries across the board, including global corporations, insurance companies, healthcare payors/providers, and non-bank financial institutions (NBFIs) such as broker-dealers, asset managers, hedge funds and mortgage servicers. According to a recent study by BNY Mellon and Exporta on “Attitudes to Transaction Banking”[1], 68 percent of respondents, which include banks, NBFIs, multinational corporates, small-to-medium sized enterprises and government agencies, believe the planned regulations will negatively impact their businesses.

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But change also creates opportunity. Understanding key transaction banking trends resulting from these challenges provides a broad perspective for the treasury services space. Such an expansive view can influence strategic planning around cash management, trade and working capital priorities, revealing potential opportunities to mitigate risk, save money, streamline processes and create new growth, all while ensuring compliance with new market rules.

STEP ONE — DEFINING THE TRENDS

As organizations plan their strategies, successful foresight lies beyond mere compliance with impending regulatory requirements. Understanding the trends that these changes are already causing, and how they are impacting the wider business landscape to influence transaction banking in a number of areas, can fortify business plans that may be well underway.

- **Interest rates** — As interest rates are forecasted by the Fed to remain exceptionally low through 2015, and as efforts increase to inject liquidity back into the market, demand for transaction banking services is poised for a potential, albeit measured, increase. And according to Ernst and Young, although a low-interest-rate market may continue to depress margins, creditworthy organizations will be able to look for — and take advantage of — the best deals, potentially stimulating growth for themselves and their trading partners.[2] As a result, organizations that may have reduced transaction banking offerings (for their clients or themselves) in the recent past may increasingly be in the position to boost resource allocation toward a variety of transaction banking services.

- **Regulation and compliance** — The heavy regulatory environment will force industry players to prepare for an as yet undefined compliance structure for doing business across the globe. Doing more with less will become necessary as increasing enterprise-wide resources must be set aside to prepare for compliance. As a result, knowing that more room may exist to provide select services, and choosing the right partner and/or outsourced, private-labeled provider to help, may allow organizations to save resources while expanding existing solutions.

- **Risk management** — Given current market volatility, 44 percent of respondents to the BNY Mellon/Exporta survey indicated that they are looking to mitigate transactional risk in their business practices.[3] As the year continues to unfold, the key for organizations seeking to do so will be to maintain a flexible approach to risk management to accommodate evolving rules, while at the same time seizing opportunities to grow the business. This will require the delicate balancing act of understanding and preparing for changing requirements while staying apprised of (and recognizing new) industry trends.

- **Global payment issues** — As the marketplace looks to accommodate the changing rules and regulations surrounding global payments, more options are emerging — and are heavily in demand — that allow for the flexible, electronic funds delivery necessary to meet varying cross-border requirements. One scenario for maximizing global payment solutions focuses on standardized payment networks that allow for smart, single-platform payment processing and information management.

Global payment networks, such as BNY Mellon's Enterprise Payment Hub, are designed to enable the fast expansion into international payments markets that organizations require (see the full description of this service under the "Enhanced Payments Control" section later in this article). Such networks are designed to meet the increasingly complicated and costly requirements — as well as efficiency, accuracy and security standards — of moving money (and payment information) across borders while adhering to the stringent financial regulations that vary from market to market.

- **Trade processing** — While cross-border trade processing continues to evolve, trading activity between importer and exporter in key corridors such as North America and Asia continues — with ebbs and flows — to grow. As effective working capital management is at the forefront of effective transaction servicing, understanding these flows for global organizations with trading partners around the world is critical. The challenges continue to be increased costs for processing, ensuring the right terms and mitigating risks.

- **Work flows** — With the growing emphasis on regulated control of global transactions, market emphasis on moving collections from paper to electronics via streamlined payment programs has never been stronger. Making the transition to electronify paper-based processes, or to expand electronic payment programs through mobile technology, is no small task. But it is becoming more and more necessary as online bill payment methods now account for more than half of all consumer payments. Outsourcing is becoming more of a viable option for organizations wanting to allow their customers to securely pay bills and invoices online via ACH and other means to collect funds faster, reduce exceptions and returns, and enjoy more efficient payment posting while reducing operating costs.

- **Innovation** — Organizations that continually invest in R&D will be in the best position to maintain the flexibility required to quickly develop new capabilities that can meet the demands of an evolving, highly regulated marketplace. While many organizations have focused on controlling expenses and minimizing risks during the tumultuous economy of the past several years, lapsed R&D efforts may end up costing them more in lack of new revenue and ROI. Concerted efforts toward supporting innovative cultures bent on consistently discovering new solutions will be the new recipe for future relevancy and success. *(For more information about the importance of maintaining an innovation program to sustain relevancy in a volatile marketplace, read "The Essentials of Innovation" by Susan Skerritt, BNY Mellon Treasury Services global head of Business Strategy and Market Solutions, at http://www.bnymellon.com/foresight/skerritt.html.)*.

- **Technology** — In tandem with innovation efforts, a business' ability to identify and invest in the right technologies to keep their offerings updated with changing industry demands will also define their rate of continued relevancy in the marketplace. Two of today's technology trends are the continued need for improved information access for cash managers and increased visibility (and capability) in the mobile space.

Information management — The need to access important treasury information quickly and in real time, and to move/invest funds at any time from any location, continues to be of increasing importance for firms wanting to make the most of their funds-movement investment potential. And maintaining compliance with new regulations is only one reason for this continual push. The inability to accurately determine intraday balances and trends can not only hinder cash flow decisions, but can delay payment processing and thus increase costs. Organizations' ability to obtain this data via centralized access to consolidated data portals will be key.

Mobile technology — According to leading industry researcher AITE Group, the U.S. mobile payments gross dollar volume is on track to expand from $16 billion in 2010 to $214 billion in 2015.[4] With mobile's widespread adoption and acceptance in the personal banking world, expectations grow for an increasing presence on the B2B side as well. Organizations' need to manage their treasury functions from any location will guide their use of technology in order to foster key enhancements, such as:

- viewing check balances and event history
- verifying wires
- initiating payments
- transferring funds between accounts
- training employees
- performing real time inventory
- servicing customers
- monitoring business 24/7
- decisioning payments
- investing in excess liquidity

- **Service quality** — The now universal importance of technology to transaction banking perhaps explains why an overriding factor in differentiating between cash management providers is quickly growing into something more personal — the "quality of service." According to the BNY Mellon/Exporta survey[1], 30 percent of respondents said they would focus on service rather than pricing, counterparty risk or even "understanding of business" when it came to choosing providers.

  Successful client partnerships derive from developing long-term relationships across the transaction banking continuum, ensuring that clients receive the services they need when they need them. For providers that place client satisfaction at the heart of the client/provider partnership, personalized, consistent and reliable service will map a key differential — in an increasingly commoditized sector — for the future of transaction banking.

STEP TWO — LEVERAGING THE OPPORTUNITIES

Financial leaders can gain insight — and more accurately pinpoint needs — by comparing their organizational growth trajectories with these trends. Industry solutions, like those offered below by BNY Mellon that account for and address the combined influences of these trends, are designed to deliver the specific benefits increasingly needed in this changing marketplace. Such benefits include:

– **Enhanced payments control** — With market pressures demanding risk reduction, streamlining the electronic delivery of domestic and cross-border transactions to maximize timeliness, efficiency and security is paramount. BNY Mellon offers an array of Multicurrency Payment services designed to streamline the timely delivery of proceeds to payees for corporates, NBFIs, government entities and banks. Clients can access a single point of service for all payments including low- and high-value USD as well as foreign currency payments/inquiries and a consolidated analysis of accounts. Clients can also maintain transaction accounts in more than 55 currencies, make payments and receive deposits in over 100 currencies, and benefit from processes that comply with evolving in-country regulations.

  In addition to facilitating foreign currency accounts in New York, London and Toronto, exchange payments (e.g., to debit a USD account and pay the beneficiary in Euro), foreign currency wire transfers (outgoing and incoming) and foreign draft issuance, our Global Payments solution is designed to accommodate both USD and non-USD payments. Clients can originate recurring cross-border payments using lower cost, batch-oriented payment systems for reduced administrative costs and faster and more reliable payments to beneficiaries.

  Currently in development for clients globally, BNY Mellon's Enterprise Payment Hub (EPH) is being designed to give global clients access to a single global payments solution regardless of currency or payment type. The system is being designed to support all currencies, payment channels and geographic regions, and and aims to set new standards for speed and efficiency. *(Please see the article in this issue titled, "Treasury Services to Begin Rolling Out Significant Global Payment Product Enhancements in 2013" for more information on our EPH development.)*

– **Consolidated trade processes** — As trade-related transactions continue to grow in importance and frequency for North American importers and exporters, BNY Mellon's Open Account services offer a complete and cost-effective solution for Web-based management of open account and letter of credit transactions via a single platform. Our trade workstation allows banks to offer their clients an end-to end financial supply chain solution through leading-edge technology, customizable features and low-cost execution.

– **Improved information management** — To address market requirements for elevating the internal data management process, BNY Mellon TreasuryEdge^{SM}, our electronic banking system, is designed to expand and boost the secure management of treasury information through a single portal anywhere across the globe. The system can provide real-time access to accounts via advanced features that allow cash managers to quickly set cash positions, originate multiple types of transactions (e.g., SWIFT-formatted wire transfers), and manage comprehensive ACH and balance reporting functions.

DESIGNING MOBILE SOLUTIONS: A CASE STUDY

A U.S.-based property and casualty insurance company already offered its policyholders a mobile app for claims payments. But their goal was to expand the solution to include a mobile option for making premium payments. National carriers had begun offering a similar service, and the company recognized that the expansion was necessary to stay relevant by providing its clients with a complete suite of services that include the most convenient options for making insurance payments.

The expansion was also consistent with the company's payment strategy, which promotes ease of doing business, flexible options, and continually investing in efforts to electronify systems to align with customer behaviors.

By working with BNY Mellon to develop a customized solution for the comprehensive mobile payments offering, the company's electronic services now include — in addition to complete mobile capabilities (via an iPhone® and Android® app) — IVR, call center, Web payment, third party bill pay, mail and on-site (agency) payment (via our Remote Check Deposit service).

From a liquidity standpoint, long-term business sustainability depends on enhanced working capital management efficiencies and greater visibility and understanding of cash positions across the entire business cycle. Such factors enable organizations to optimize available resources — particularly vital in credit-constrained times — to access funds in real time. BNY Mellon's LiquidityDIRECT℠ solution is designed to provide organizations with access to a wide range of money market mutual funds and non-U.S. liquidity funds to help potentially maximize their liquidity, yield and reporting capabilities through a single investment portal.

– **Greater mobility** — By combining technology advances with our latest innovation efforts, we are also addressing the needs of our clients across varied industries that seek customized mobile solutions. Keeping abreast of trends in this space, our mobile solution set includes our TreasuryEdge Mobile service, which allows quick access to key data elements and the ability to initiate, approve and/or release transactions from virtually any location via an iPad®. The customizable solution allows key decision makers easy, secure access to critical banking information with functionality designed to their specific requirements.

  In addition, BNY Mellon's online convenience payments platform is designed to offer a range of flexible installation and configuration options to fit virtually any payment processing environment. Our goal is to help numerous organizations develop and implement mobile payment strategies to fit their unique industry needs. We successfully designed one such solution, for example, for a U.S.-based property and casualty insurance company *(please see sidebar for details.)*.

STEP THREE – PREPARING FOR THE FUTURE

It's a given that multiple changes underway are creating a confluence of new rules for the transaction banking market. And whether organizations are looking to focus on their U.S. operations, streamline their global presence or both, those attuned to the trends sparked by these changes will be armed appropriately. Understanding market impacts from trends surrounding new regulation and compliance rules, risk adversity, global trade imperatives, supply chain developments, innovation fundamentals, technology capabilities, and client service requisites can lead to new opportunities in these areas.

Relevancy and growth have always been rooted in proper foresight and planning. But understanding the marketplace has never been so integral to the future success of transaction banking. Organizations leveraging the possibilities by staying ahead of the trends will be the ones defining success in the evolving marketplace.

For more information on how BNY Mellon Treasury Services can help your organization develop customized solutions to address marketplace trends, please contact us at treasury@bnymellon.com or 1 800 424 3004 (option 2).

[1]"Attitudes to Transaction Banking"; BNY Mellon and Exporta, October 2012.

[2]"Making the Right Moves – Global Banking Outlook 2012-13", Ernst & Young; http://www.ey.com/GL/en/Industries/Financial-Services/Banking---Capital-Markets/Global-banking-outlook-2012-2013---What's-ahead-for-global-banks.

[3]See the article in this issue titled, "Survey Gauges Transaction Banking Landscape" for more details on this and other BNY Mellon/Exporta survey statistics cited throughout this article.

[4]Aite Group; "U.S. Mobile Payments: The Time Has Come," November 2010.

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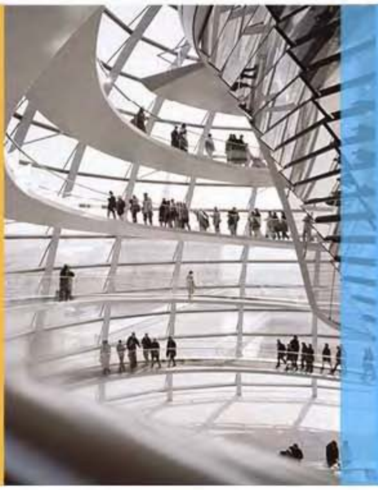

PLANNING AND LAUNCHING

AN EFFECTIVE MOBILE PAYMENTS PROGRAM

APRIL 2013

By Michelle Palombo
BNY Mellon Treasury Services
Managing Director of Electronic Banking

BEST PRACTICES TO SUCCESSFULLY JOIN THE B2B TREND

If your organization is thinking of expanding its payments offering to include mobile options, it's not alone. As businesses evolve their footprints both domestically and globally, recognition and acceptance of the technology to provide access to payments capabilities on an anywhere/anytime basis is becoming increasingly commonplace, with worldwide payments conducted via mobile devices projected to reach $670 billion globally by 2015*.

The reason for such widespread adoption goes beyond user convenience. Accelerating receivables to increase access to cash; providing remote staff with immediate access to payment systems; promoting real time communication with clients, coworkers and vendors; and expanding contingency planning capabilities are a few of the additional benefits a mobile program provides. And with the increasing comfort levels and widespread use of smart phones, tablets and other mobile devices for personal business and banking use, consumer acceptance of the technology is no longer an issue.

This reception is also driving an expectation for mobile applications that reach beyond the B2C space, with the technology increasingly being used for B2B solutions across diverse industries, company sizes and geographies to achieve the same benefits.

PREPARING FOR LAUNCH

Once an organization commits to offering mobile capabilities to business partners and clients, lessons learned by experienced industry practitioners can help map realistic expectations for planning, developing and launching an effective offering. Based on our experience in implementing a variety of mobile payments programs for a wide range of

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industries, we've developed the following list of suggested key considerations that may help to pave the way to a successful mobile program.

DEVELOPMENT ISSUES:

- **Mapping user device preferences**. Two main considerations take precedence at this beginning stage – what mobile devices are you targeting to offer your capabilities (e.g., smart phones, tablet computers, PCs, other mobile devices), and on what operating system(s) (Apple® or Droid®, for example) will they best run? Differences in the layout and design of the information required for each system is based on the size of the device chosen (tablet or phone), and the functionality of the app you choose to implement. A tablet's larger screen, for example, is more suited for displaying detailed information or multiple screens of data (e.g., ACH origination records), while a phone app is more suited for quick tasks requiring small amounts of data.

- **Choosing mobile app versus site.** Mobile capabilities can include a "true" app (which must be downloaded from an app store) or a browser based (URL) mobile site. Choosing the right operating application depends upon the complexity of your offering, and each method has its pros and cons. Although browser based offerings are accessible from various device types, for example, they may not fit specific device screen sizes, which can reduce their ease of use. They may, however, be more cost-effective, as browser-based capabilities do not require special coding (for specific screen sizes). Keep in mind, however, that it may not matter; separate coding may be required anyway if you are supporting multiple device types and formats.

  Conversely, apps provide ease of use and streamlined, intuitive design, but are often the more expensive option as a result.

- **Supporting connectivity requirements (WiFi or 4G?)** To ensure smooth and fast running applications, determine the proper connection channels and speeds that mobile devices must carry to properly run your applications. Multiple devices support WiFi and/or 4G, but there are considerations within those parameters. If your systems require video applications, know which devices support those applications to ensure your app can run or run quickly on select devices.

SECURITY ISSUES:

- **Understanding your market's security preferences.** To achieve the necessary balance between security and usability, user authentication, token device and masked data issues for example, need to be addressed. Security preferences will vary based on the type of application you're creating (e.g., transactional or just invoice viewing), type of users (consumer or business) and the typical size of transactions handled. Most B2B apps use a secure token ID card that may mask confidential information, but this can make the app difficult to use if important data are not easily accessible for users. The aim is to implement a security level that effectively protects users while minimizing barriers to easily data access.

- **Developing effective terms and conditions (T&C) statements.** T&C notices that appear at the log on screen are key to helping users define what they can and cannot do on the device and what data protection technologies exist (e.g., PINs and encryption software) for protecting both the user and your organization. It's important to remember that many employees are permitted to use their own devices (e.g., iPad®, iPod®, smartphone) for work applications. If your clients have Bring Your Own Device policies, consider how they may interfere with your operating systems, user access or data availability and address any potential risks when drafting T&Cs as well.

- **Considering fraud.** Despite the most diligent efforts, fraud can still occur. Mapping out clear prevention steps is necessary and includes, for example, researching security software that will be needed during development, how that software may impact users (their devices or their information) when accessing the system, and which party will sustain losses/costs if fraud occurs. Comprehensive, well thought out T&C statements should take into consideration potential fraud risks and the mitigation measures you've implemented.

- **Researching international regulations**. Standards for mobile programs that cross borders should consider requirements that can differ between countries. For example, regulatory issues, particularly in China, require due diligence prior to launching internationally.

OTHER IMPORTANT CONSIDERATIONS:

- **Keeping realistic adoption expectations.** All change takes time, so don't expect your mobile B2B program to flourish in the same manner, or with the same initial intensity, that B2C mobile use has. Yes, users realize the ubiquity of mobile technologies, but B2B growth will be slower than B2C due to individual security, portability and other concerns, for example. Stick with your program, enhance features as needed to improve on functionality, and keep the communication lines open to your users. If you have a well thought-out and streamlined offering, widespread use will grow with time.

- **Supporting innovation through flexibility.** Managing a mobile program that maintains relevancy in the marketplace requires awareness of emerging trends and the ability to change course as necessary. Market developments, technology advances and user requirements are just a few examples of the continually evolving elements that can impact a mobile platform. Keeping up with those changes, and anticipating future developments, requires a system with built-in flexibility and a mind set that accepts change as a necessary part of keeping abreast of today's technology.

– **Researching the right provider**. Finding the right mobile payments provider is critical to avoid excessive, hidden fees and a lack of service. Once you've committed to system development, it may not be cost justified to back out if some of the issues, highlighted here, have not been thoroughly considered. Diligently researching providers ahead of time, including past implementations, development capabilities, customer service track record and comprehensive fees will pay off in helping you create the best mobile program for your market.

THE IMPORTANCE OF SIMPLICITY

Rooted within all of these best practices is a single core understanding — creating an end product that is as simple and easy to use as possible is the most important aspect for ensuring success. Users don't want to get lost in navigation or bogged down with too many steps to ensure security; they desire easy access, intuitive navigation and effective functionality — all wrapped in a secure delivery system. Even the most deliberately planned mobile offering can benefit from a review that includes these important considerations.

For more information on how BNY Mellon can help your organization develop and implement a successful mobile payments program, please contact us at 1 800 424 3004 (option 2) or at treasury@bnymellon.com.

The views expressed within this article are those of the contributor only and not those of The Bank of New York Mellon, Inc., and no representation is made as to the accuracy, completeness, timeliness, merchantability or fitness for a specific purpose of the information provided herein. The information is based on the author's observations and best practices, but readers' need to engage their appropriate IT (or other) areas to effectively work through these issues.

*Mobile Payments Strategies Report; Juniper Research, May 2011; http://juniperresearch.com/reports/Mobile_Payment_Strategies.

** FTC Staff Report, February 2013; www.ftc/gov.

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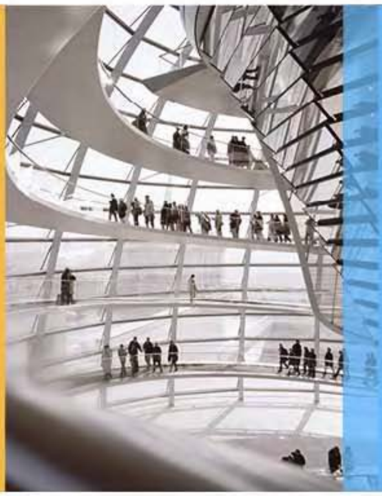

SURVEY GAUGES

TRANSACTION BANKING LANDSCAPE

APRIL 2013

THE EVOLVING TRADE FINANCE AND CASH MANAGEMENT MARKETS

In the interest of encouraging sector dialogue as well as gauging the extent and effects of current market developments, BNY Mellon and Exporta (publishers of *Global Trade Review* and *EMEA Finance*) have collaborated to produce a major survey of attitudes in both the buy- and sell-side of the transaction banking space.

Conducted in late 2012, the survey set out to analyze the “winds of change” sweeping across the industry that is ushering in a new era for both trade finance and cash management. The survey, called “Attitudes to Transaction Banking,”* was also a key element in our communication and collaboration with the transaction banking industry — encouraging dialogue with all sector players from banks and non-bank financial institutions (NBFIs), as well as major corporates, small-to-medium sized enterprises (SMEs) and government bodies.

There has been much discussion of the economic, regulatory and operational trends and developments that have emerged in the aftermath of the 2008 financial crisis, but our aim with the study has been to crystallize the anecdotal evidence into empirical data that creates a solid foundation for further debate.

THE RAFT OF REGULATION

Not surprisingly, the issue of regulation — its extent, content and impact — has manifested as the hot topic of the day, and the greatest concern of sector specialists. The negative perception of current and upcoming regulation has been most pronounced, with 68% of survey respondents believing planned regulations will have a negative impact on their business, and 70% believing that BASEL III’s implementation will result in “additional costs.” Fears that BASEL III’s stringent capital requirement ratios will drive up the cost of trade finance have been well documented, so it comes as no surprise that only 3% of companies believe the regulation’s impact is likely to be positive.

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While technology remains a key focus — and a tool for reducing costs and increasing control — a key differentiator between providers today is service.

- Attitudes to Transaction Banking Survey
  BNY Mellon/Exporta 2012

Viewed in conjunction with other new regulatory initiatives, such as The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act Section 1073 (Dodd-Frank Act), the majority of respondents (64.5%) thought regulators were "somewhat" or even "overly" conservative. Meanwhile, 23.7% considered their approach to be "neutral", with only 11.7% viewing regulatory proposals as either "overly" or "somewhat liberal."

FINDING THE FUNDS

Just as topical is the concern around funding. It is well documented that traditional sources of liquidity levels have been greatly diminished, so our survey sought to measure the scale of funding concerns and identify the most popular methods of easing the liquidity crunch. Among respondents, 45% claimed they had seen a decrease in available funding over the course of the last year, while 27% believed levels had not changed, leaving only 28% reporting an increase from the previous year. These figures largely reflect the data procured via respondent type as well, with 44% of banks responding reporting a decrease in the availability of external funding, and 36% of responses from multinational corporations also citing a decline.

Drilling down further to look at funding terms — such as tenors, security and pricing — 66% of respondents believe banking terms for funding have tightened. Perhaps because of this, respondents are becoming increasingly creative in the procurement of funds, with 41% of respondents saying that additional funding — other than from the banking market — is being found internally. Additional sources of funding include corporations (18%), government sponsored entities (18%), boutique financiers or specialist funds (10%) and forfaiters (3%).

TECHNOLOGY IN TREASURY

Technology has long been the mainstay of transaction banking, having evolved from process facilitator to vital enabler. But in today's economic climate, investment in technology must pay its way, and 29% of respondents stated their prime motivation for technology spend is related to driving down "costs." Of the remainder, 23% are seeking improved "control oversight", 21% are motivated by "accuracy" and 20% are seeking "reduced turnaround time."

With regard to where technology investments are being made, "risk management" — understandably in today's climate — came out on top with 30%, closely followed by "cash management" (29%) and "trade and supply chain finance" (21%).

The importance of technology in treasury management is underlined by the news that 32% of respondents, when asked what could improve the overall treasury function, opted for “automation”, with second place going to “enhanced access to information” (30%) — both clearly technology dependent.

It is also interesting to note that, despite budgetary constraints, the amount of money directed towards technology seems to have remained stable. Among respondents, 41% are planning to spend between $1 million and $10 million on technological systems over the next year, and 14% are planning to spend over $10 million.

QUALITY OF SERVICE

The importance of technology may explain why quality of service surfaces as a differentiating factor among cash management providers in the survey. When choosing a cash management provider, 30% of survey respondents would focus on service rather than “pricing” (20%), “counterparty risk” (22%) or even “understanding of business” (17%).

This overall trend was mirrored by the responses of banks, 31% of which would favor service quality over any other factor. Although financial institutions other than banks gave slightly different results — their percentages showed “service quality” was slightly behind “understanding of business” (27%) and “counterparty risk” — the consistently high values placed on this element means it is a key differentiator in today’s industry.

READING THE DATA

Alongside the air of caution that continues to pervade the market, there are a number of conclusions we can draw from the survey. The first is that there is a less than warm welcome for the regulatory response to the crisis, in anticipation that it will add to existing cost pressures and is, at best, somewhat conservative in its approach.

The second conclusion is one that BNY Mellon has long supported: the growing interdependence between the participants of a “value chain” or “ecosystem.” Funding constraints have increased supply chain pressures, highlighting the need for increased internal efficiencies and stronger supply chain collaboration.

A leaner machine in this respect is no bad thing, nor is the third trend: the increasing focus on service quality. While technology remains a key focus — and a tool for reducing costs and increasing control — a key differentiator between providers today is service. Certainly, when times are tough, transaction banks’ clients tend to look to their suppliers to increase the level of comfort by being both available and responsive.

A full overview of the Attitudes to Transaction Banking survey results — and what they reveal about the industry's current shape — can be found in the year-end 2012 edition of *Global Trade Review* magazine.

* Attitudes to Transaction Banking Survey, November/December 2012; www.gtreview.com

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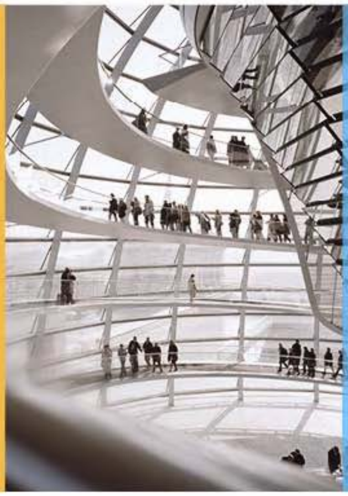

MARKET COMMENTARY

APRIL 2013

“The outlook for the global economy is for continued expansion this year, with a faster pace of growth close to 4% likely next year. In 2014, we believe that Europe should finally record a moderate expansion year and U.S. economic growth should shift upwards to a faster pace of growth in a 'Two Percent to Three Percent Transition' after Labor Day. We believe that economic growth in the middle months of 2013 may be temporarily sluggish due to the final phase of the overall European recession and the impact of U.S. fiscal tightening."

Richard Hoey,
BNY Mellon chief
economist

LATEST ECONOMIC UPDATE AVAILABLE ONLINE

BNY Mellon’s Chief Economist, Richard Hoey, has released his most recent market commentary. In regularly providing expert analysis of current economic events, Mr. Hoey monitors all aspects of the economic environment for BNY Mellon, including the U.S. and global economies and currencies. He works closely with the company’s various specialized equity and fixed income team leaders, and serves as our principal spokesperson on economic and investment issues.

Watch or download his most recent market observations at http://www.bnymellon.com/foresight/update-video.html (available in video, video transcript and PDF format) to keep up with these quickly changing economic times.

To learn more about Mr. Hoey’s Economic Updates, contact us at 1 800 424 3004 (Option 2) or treasury@bnymellon.com.

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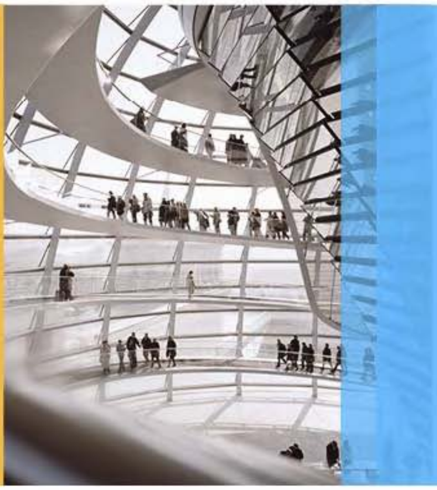

TRADE PAYMENTS

THE DAWN OF A NEW AGE?

APRIL 2013

By Aneish Kumar,
BNY Mellon Managing Director and Head of Treasury Services — Indian Subcontinent

THE METAMORPHOSIS OF THE ASIAN MARKETS CONTINUES

Over the last 12 months, the metamorphosis of the traditional export-driven Asian markets of China, India, Malaysia, Indonesia and Taiwan into global trade hubs and important facilitators of international economic growth has continued unabated. This has led many analysts to forecast that trade in Asia could grow by as much as 5.4%[1] annually through 2016. It is a substantially higher forecast than that for global trade overall (4.5%)[2], and even more impressive considering the continued economic headwinds around the world. This is fuelling a demand for trade finance that is currently estimated at $10 trillion a year globally, and supports more than 80% of global trade.[3]

Trade finance has become increasingly complex since the 2008 financial crisis. In Asia-Pacific, each country operates within its own legal and regulatory microclimate which, in turn, limits the variety of structures that can be deployed. While in some geographies new trade agreements, regulatory filings and laws are being enacted to mitigate risks, in others protectionism seems to be increasing. In this changing and challenging scenario, clients are increasingly turning to their banks to analyze their international trade activity and offer ideas and solutions on how to make trade transactions more efficient.

I believe that, while conventional trade finance (also known as purchase finance) will remain viable, innovation in trade products will increase, lest the risk become greater in an already pressured supply chain environment. Newer products and solutions are needed to achieve operational efficiencies for clients through cost containment and streamlined processes that can help manage credit risk and cash flow, and smooth supply chain movement across the region.

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As companies expand their international footprint, they will need alternative financing techniques to reduce the cost of capital and products that can help leverage financing opportunities through the lower interest rate environment. Both exporters and importers will seek an integrated approach to international trade that will address all local customs and export compliance. Customers will turn to banks with global reach and long-standing trade expertise, as well as ones that have a complete range of international trade solutions. Examples include product variants of open account financing, document preparation, purchase order processing, re-invoicing, receivable financing, supply chain financing, receivable outsourcing and dynamic discounting under supply chain financing.

The products that will be most highly coveted in 2013 appear to be those that provide built-in risk management both for long-term projects and for goods and services. We should see an increase in the number of companies moving away from exchange trade transactions through non-bank platforms in order achieve a single data standard across multiple banking partners. In response, banks are likely to start offering multi-bank, multi-business facilities to their corporate customers – a single channel for cash management — and this may lead to a host of innovative solutions. Other products could also emerge with the growing use of SWIFT for corporates, especially with the multi-business facility of SWIFT's offering, which clients may use to efficiently leverage their investments in the communication channel.

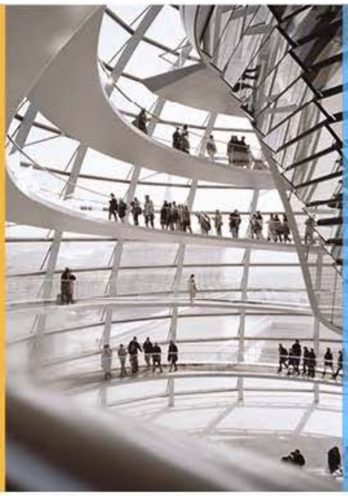
Ultimately, corporate customers want a single-provider solution that can address all global trade-related issues and improve high efficiency for all partners. Banks committed to the trade finance business in Asia should consider modernizing their operations as quickly as possible so that they may be in a strong position to deliver the increasingly innovative solutions and services their corporate clients will need to meet the strong trade growth forecasted for the next three years.

This article first appeared in SWIFT's Dialogue Magazine*, December 5, 2012, http://www.dialogueonline.info/.*

[1] "Gathering Clouds: Can East Asia Endure Another Global Economic Crisis?"; Asian Development Bank, December 2011; http://www.adb.org/features/gathering-clouds-can-east-asia-endure-another-global-economic-crisis.

[2]World Trade Organization, September 2012; http://www.wto.org/english/news_e/pres12_e/pr676_e.htm.

[3] **"**Finance for Trade: Efforts to Restart the Engine"` by Marc Auboin, World Trade Organization; The Global Enabling Trade Report 2009; © 2009 World Economic Forum.



ROLL OUT BEGINS FOR

SIGNIFICANT GLOBAL PAYMENT PRODUCT ENHANCEMENTS IN 2013

APRIL 2013

STRATEGIC INVESTMENT IN NEW PAYMENTS PLATFORM TO PROVIDE UNIFORM PAYMENTS PROCESSING GLOBALLY

BNY Mellon's Enterprise Payments Hub (EPH) is a global and enterprise-wide initiative designed to, over time, enable the processing of any payment or collection instrument on a single platform, irrespective of payment initiation method, value, currency, domicile or clearing or settlement mechanism.

Because of this investment, product enhancements will be rolled out in multiple phases over the next several years. Initially, new and additional features for our TARGET2 euro account and clearing services are planned for fourth quarter of 2013, followed by enhancements to our London-based account services during the first half of 2014. Our focus will be on the addition of Sterling (GBP) direct clearing through the Clearing House Automated Payment System (CHAPS). Additional product enhancements will become available as the full complement of European-based processing is migrated to the new platform throughout 2014. As we continue system development, we aim to provide standard and consistent processes and identical products and services in all geographic locations, beginning with our European-based payment services and extending to our U.S.- and Asia Pacific-based payment services in 2015.

EPH was developed with Clear2Pay, a payments modernization company that actively supports many global financial institutions in their efforts to meet their payments unification goals through its Open Payment Framework (OPF). OPF is a library of component building blocks from which complete payments solutions are created. Built entirely on a service-oriented architecture (SOA), OPF delivers common, reusable

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services consisting of a comprehensive data model, choreographed payment business processes and configurable services. These services include such features as parsing, validation, cost-based routing, warehousing security and auditing. OPF technology offers a broader set of capabilities than those we require or anticipate using initially and, because OPF is highly configurable and incorporates parameter-driven setup, it allows easy customization, setup of new services and attributes and new clearing channels. Starting with such a flexible payments platform permits BNY Mellon Treasury Services to become a direct clearer in other major currencies and expand its global payment capabilities.

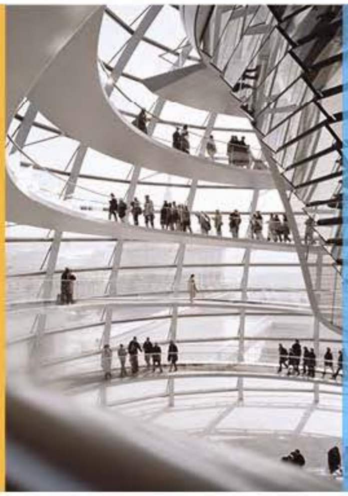
FEATURES AND CLIENT BENEFITS

EPH is designed with numerous features to provide significant benefits to our clients in Frankfurt during Phase One. By providing additional features and functionalities to our existing direct euro clearing services, we will be able to offer our clients a broad array of solutions combined with greater flexibility. We will also be able to offer improved reporting tools, expansion of our around-the-clock transactional processing, consistent procedures across geographic regions, and Europe, Middle East & Africa (EMEA)-based foreign currency processing to support our clients' needs for global payment solutions.

While primarily led by Treasury Services, EPH is a firm-wide initiative, important to our counterparts in BNY Mellon Asset Servicing and BNY Mellon Global Markets, and to our technology and operations partners. Other areas of BNY Mellon will benefit as well, via their use of Treasury Services as their global payments service provider.

The investment in this highly visible and strategic initiative reaffirms BNY Mellon's commitment to transactional banking. The new platform will enhance and expand our payments capabilities, helping to fortify BNY Mellon as a preeminent provider of payments processing and investment servicing.

For more information on our EPH service, please contact us at 1 800 424 3004 (Option 2) or treasury@bnymellon.com.



THOUGHT LEADERSHIP

EVENTS

APRIL 2013

APRIL

28-30 **Securities Industry and Financial Markets Association (SIFMA) Operations Conference and Exhibit**

Boca Raton, FL

Louis Maricondi, BNY Mellon, “Ultra High Net Worth Strategies” (panelist); Louis Maricondi and Jeff Sander, BNY Mellon, “Debit Card Fraud Trends.”

28-May 1 **BAFT-IFSA Annual Global Meeting**

Naples, FL

Philip Zeidner, BNY Mellon, “The Payments Hour — a Fireside Chat.”

MAY

8-10 **Windy City Summit**

Chicago, IL

Lex Litton, Phoenix-Hecht, and Blaine Carnprobst, BNY Mellon, “Impact of USPS Network Consolidation upon Remittance Mail”; Jim Crawford, BNY Mellon, “Getting the Pain out of Payments — Dealing with Problem Payment Streams.”

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15-17	**Treasury Management Association of New England (TMANE)** Boston, MA Jim Crawford, BNY Mellon, "New Solutions for Problem Payment Streams"; Ana Sancho and Phillip Welton, BNY Mellon, "406 Multicurrency Settlement Market Solutions for a Regulated Era"; Kirk Black, BNY Mellon, "Navigating the New Treasury Investing Environment."
19-22	**FUNDtech Insights Conference 2013** Miami Beach, FL
19-22	**LOMA Financial Inforum 2013** Miami, FL
21-22	**Euro Banking Association** Berlin, Germany Laura McGorty, BNY Mellon (panelist), "Challenges of Building a Seamless, End-to-End Payments Chain."
19-23	**TAWPI Fusion 2013** Orlando, FL Lex Litton, Phoenix-Hecht, and Blaine Carnprobst, BNY Mellon, "Impact of USPS Network Consolidation upon Remittance Mail — Three Viewpoints." Booth #106
21-23	**Global Summit 2013 (IBM)** Nashville, TN Gary Sefcik, BNY Mellon, "Improving the Corporate Customer's Payments Experience."

29-31	**New York Cash Exchange (NYCE)** New York City, NY Jim Crawford, BNY Mellon, "Getting the Pain out of Payments — Dealing with Problem Payment Streams"; Cheryl Gurz, BNY Mellon, "Fundamentals of the Payments Environment"; ShinYoung Park, Henry Schein, Inc., and Jeffrey Horowitz, BNY Mellon, "Trends in Transaction Processing — How Marketplace Changes are Impacting Industry Opportunities." Booth #124

JUNE

2-5	**Insurance Accounting & Systems Association (IASA) Annual Education & Business Show** Washington, D.C. Booth #217
9-11	**FELABAN/CLACE** Panama City, Panama
12-14	**America's Health Insurance Plans (AHIP) Institute 2013** Las Vegas, NV
16-19	**Healthcare Financial Management Association (HFMA) ANI National Institute** Orlando, FL Booth #1235
18-19	**SIFMA Tech** New York City, NY Virum Rampersad and Saket Sharma, BNY Mellon, "Launching a Global Innovation Program."

JULY

11-12	**SWIFT LARC** Cartagena de Indias, Colombia
13-16	**National Association of College and University Business Officers (NACUBO) Annual Meeting** Indianapolis, IN

30-31 **Healthcare Payments Innovations Summit**

Cambridge, MA

AUGUST

8-11 **National Association of Bankruptcy Trustees (NABT)**

White Sulphur Springs, WV

SEPTEMBER

16-19 **Sibos 2013**

Dubai, United Arab Emirates

Booth #F45

30-Oct. 3 **Utility Payment Conference**

Houston, TX

OCTOBER

21-23 **Insurance Collection Executives Conference (ICE)**

Las Vegas, NV

27-30 **AFP Annual Conference**

Las Vegas, NV

Lynne Marlor, BNY Mellon, "Social Media 101: Getting into Social Media for the Risk-Averse Treasury Management Professional"; Lynne Marlor, BNY Mellon, "Trends in Straight Through Processing"; Jeffrey Saef, BNY Mellon, and Marty Pritz, Tucson Electric Power, "Stop Second Guessing Decisions About Asset Allocations: A New Methodology for an Uncertain Economy"; Christina Falcone, Adecco Group North America, and Jim Crawford, BNY Mellon, "Getting the Pain out of Payments and Payables — Dealing with Problem Payment Streams"; Cheryl Gurz, BNY Mellon, "Building a Full Value Global Payments Program."

Booth #1139

NOVEMBER

13-15	**Caribbean Association of Banks (CAB)** Castries, St. Lucia
16-19	**FELEBAN Annual Assembly** Miami, FL

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Treasury Services Update is BNY Mellon Treasury Services' customer newsletter, published by BNY Mellon Treasury Services; Paula Comella, Marketing Director and editor; Tracy Zdobinski, writer and editor; Corporate Marketing Services design. The publication is intended to bring you timely information on BNY Mellon Treasury Services products, cash management trends and industry legislation, as well as advertisements for new offerings that may be of interest to you. This information is intended to provide a general overview of our services and is not an offering or commitment to provide any credit facilities or services. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally and may include The Bank of New York Mellon, One Wall Street, New York, New York 10286, a banking corporation organized and existing pursuant to the laws of the State of New York and operating in England through its branch at One Canada Square, London E14 5AL, England. The information contained in this newsletter is for use by wholesale clients only and is not to be relied upon by retail clients. Not all products and services are offered at all locations.

04/2013

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