

INVESTED IN CORPORATES

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Dave Cruikshank: At BNY Mellon, we understand that our corporate clients face many complexities in the current market, and we are committed to helping them address these issues.

For example, the changing pension landscape certainly presents challenges.

Our corporate clients have been focused on either reducing the risk in their defined benefit plans or transitioning from defined benefit retirement plans toward more of a defined contribution model in hopes of containing costs and better managing their liabilities.

We understand these market forces very well. Our specialists in asset management and asset servicing can play an active role in both of these transitions, whether it's helping our corporate clients manage risk or reduce costs.

We also see changes resulting from recently enacted bank regulations, specifically those that involve the Supplementary Leverage Ratio and the Liquidity Coverage Ratio.

The enhanced Supplementary Leverage Ratio in the United States and Basel III's Liquidity Coverage Ratio both focus on risk reduction and the LCR obviously aims to preserve liquidity at banking organizations. But these ratios are reaching beyond the bank's balance sheets and indirectly impacting the clients' corporate treasury office.

For instance, bank compliance with the Liquidity Coverage Ratio and the Supplemental Leverage Ratio will affect corporate lending commitments and possibly the corporate treasurer's ability to deploy excess cash.

Under the Supplemental Leverage Ratio, the new capital charge on undrawn credit facilities raises the bank's cost of making that commitment. So, the SLR also makes holding cash – and thus expanding a bank's balance sheet – more expensive. Likewise, some types of cash deposits will negatively impact the bank's Liquidity Coverage Ratio.



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And pending money market reforms may have an impact on how corporates deploy their cash. The introduction of floating NAVs, fees and gates could have a negative impact on the certainty of principal and the liquidity of the cash investment.

The end result might be that corporates will change how they raise capital and their cash management strategies and approaches to holding cash.

As a result, the relationship between a corporate and its banks may change, but the relationship can actually grow stronger as corporates and their financial service providers work together to find solutions that address these challenges.

We can offer value added services and we can explore options for capital raising and short-term investments.

BNY Mellon Treasury Services, in particular, has a deep commitment to the U.S. Corporate marketplace, as evidenced by the recent appointment of a dedicated Strategic Segment Manager in this space.

Joanne Scheier: As the Corporate segment strategist for BNY Mellon Treasury Services, I am responsible for ensuring that we carry through on the key initiatives.

This position really reflects the importance of the segment, not just to the firm, but to treasury services.

I am often asked what distinguishes BNY Mellon in the corporate market & I always start with our history. We have been providing cash management and trade services to the US Fortune1000 for decades. In fact, we opened the very first lockbox in the late 1940s.

Another differentiator for us without question is our solution set. We offer a broad array of products and services across cash management and trade services.

We have solutions for receivables, for payables. We have tools for analytics, for information reporting and for liquidity management.

And finally, there's our very nature- we're an institutional bank. And that means that the priorities and strategies that we adopt are driven by the institutional client.

We are continually investing in the key products used by this segment. And a good example is the multi-million dollar investment that we have made in our national lockbox network.

And this network incidentally is the largest wholly-owned network available in the United States today.*

We're so well regarded in the industry that other bank providers — large and small — choose us to “private label” services that they, in turn, sell to their own clients.

Our commitment to the Corporate segment extends from this rich history of providing a broad array of products and services that meet our client's need into the future of working collaboratively with those clients to solve the problems that an ever-changing marketplace represent.

David: At the end of the day, it's about relationships. We're here to help our corporate clients work through these changes – whether it's change in the financial markets or new regulations – so that they can adapt their business models today and plan for tomorrow.

For more information on corporate initiatives at BNY Mellon, please contact us at 1-800-424-3004 (Option 2) or send an e-mail to treasury@bnymellon.com.

*The statement, "We continue to maintain the largest wholly-owned retail lockbox network available today" is based on the Ernst & Young 2014 Cash Management Services Survey.

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