

BNY Mellon U.S. Tri-Party Repo Infrastructure Reform Program Timeline

BNY Mellon is fully committed to supporting U.S. Tri-Party Repo Infrastructure Reform that is geared toward reducing systemic risk, practically eliminating intraday credit risk, and enabling market participants to continue to efficiently and effectively fund their operations. The below timeline outlines specific BNY Mellon initiatives that are designed to phase in these risk reduction initiatives through a series of operational and technology changes and improvements. The original target completion date has been accelerated by two years. BNY Mellon continues to closely coordinate with market participants to implement changes in a timely way with the aim of full completion by the end of 2014.

◆ Production Roll-out

Timeline

1Q12 2Q12 3Q12 4Q12 1Q13 2Q13 3Q13 4Q13 1Q14 2Q14 3Q14 4Q14

Eliminate Exposure to DTC Sourced Collateral: Collateral providers are required to prefund all maturing tri-party repo transactions involving The Depository Trust Company (DTC) sourced collateral prior to settlement.

Develop Testing Roll-out Transition

Rolling Settlements¹ Phase 1 – Rolled Trades: Maturing trades will roll (and not unwind) into a new trade for the same principal amount, with the same counterparty using the same eligible collateral.

Develop Testing Roll-out

Rolling Settlements Phase 2 – Principal Differences and Rebalancing: Principal Differences will enable a maturing trade to roll (and not unwind) into a new trade for a different principal with the same counterparty using the same eligible collateral. Rebalancing will give dealers the capability to transfer securities among tri-party trades in a projected mode and then apply the projected mode allocation to actual trades, while utilizing only limited amounts of intraday credit.

Develop Testing Roll-out

Rolling Settlements Phase 3 – Enhanced Optimization: Optimization tools will be enhanced to make the transfer of securities among tri-party trades in a projected mode more efficient and timely. In Phase 3 of the Rolling Settlements program, BNY Mellon will no longer unwind term trades.

Develop Testing Roll-out Roll-out

Optimization coincides with Rolling Settlements Phase 3

Rolling Settlements Phase 4 – Target State with General Collateral Finance (GCF) Unwind : With the implementation of Phase 4, BNY Mellon will achieve the goal of “practically” eliminating intraday credit provided to dealers.

Develop Testing Roll-out

Credit Line Monitoring: Dashboard that enables a dealer to monitor its actual or projected intraday credit usage.

Develop Testing Roll-out

1. Defined as RVP/DVP Rolling Settlements Process (Patent Pending).

The above is a description of BNY Mellon's possible future capabilities, and shall not be deemed an obligation on BNY Mellon to deliver, and parties should not rely upon, any of the projects described herein. The summaries and possible impacts reflect only the opinions of BNY Mellon, and parties should rely upon their own interpretations on the possible future impacts of such capabilities. Any terms are based on client capabilities to conform within the time frame goals. Timelines may need to be adjusted based on client or investor feedback as well as unforeseen events in the marketplace. Testing may continue throughout the Roll-out period.

