BNY Mellon Achieves Significant Milestone in Tri-Party Repo Risk Reduction Initiative

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$1.44 trillion or 97% reduction in intraday credit achieved in cooperative effort with clients and other market participants

NEW YORK, May 11, 2015 /PRNewswire/ -- BNY Mellon, a global leader in investment management and investment services, announced today it completed its tri-party repo risk reduction initiative in support of the recommendations of the Task Force for U.S. Tri-Party Repo Infrastructure Reform. As part of these efforts, BNY Mellon reduced the secured credit extended in the tri-party repo market by$1.44 trillion, or 97%, resulting in the practical elimination of such credit in its program, which was a critical Task Force goal outlined in 2012.

This milestone marks the conclusion of a multi-year cooperative effort by BNY Mellon, its clients and other market participants to restructure the U.S. tri-party repo market. It also demonstrates the company's proven ability to use technology to respond to market challenges and anticipate client needs.

In addition to the intraday credit reduction, BNY Mellon introduced a wide range of enhancements that provide meaningful benefits to its clients and highlight the company's service quality and technology leadership. Key enhancements include the following:

- Automated Deal Matching captures instructions independently from repo counterparties and ensures all parameters of a tri-party repo trade match prior to settlement, which improves the timing, transparency and accuracy of such trades.
- Auto Collateral Exchange allows tri-party repo trade collateral to automatically substitute securities for cash, significantly upgrading the way collateral is optimized and allocated.
- Rolled trade functionality enables BNY Mellon to pair off or "roll" a new tri-party trade with a maturing tri-party trade when the counterparties and collateral schedules are the same. This reduces the amount of dealer liquidity needed to settle the trades and accelerates the settlement process.
- Rebalancing capabilities that allow dealers to use a limited amount of intraday credit by providing them with the ability to transfer securities among tri-party trades in projected "what if" scenarios and then apply the projected allocation to the live trades.
- A settlement algorithm that powers the simultaneous exchange of cash and securities to settle maturing and new repo trades, as well as providing a transparent process for collateral providers to settle and pay their maturing tri-party repo trades so as not to benefit any individual collateral receiver over other receivers.
- A web-based, real time credit line monitoring dashboard that dealers use to monitor their actual or projected

intraday credit usage.

"As the market leader for tri-party collateral management, we embraced the Task Force recommendations and proactively addressed the necessary changes without disrupting the market," said Brian Ruane, chief executive officer of Broker-Dealer and Tri-Party Services at BNY Mellon. "Through a comprehensive set of operational and technology improvements, as well as the strong partnership with our clients and other market participants, we have significantly reduced systemic risk and positioned our clients for success moving forward in this market."

BNY Mellon said its strategic focus on aligning its technology and business teams to develop innovative solutions to complex problems helped drive the transformation of the company's tri-party repo offerings.

"In addition to properly aligning our technology and business resources, keys to the program's success included the systematic phasing in of incremental solutions, creating close partnerships with clients and industry participants in defining and confirming requirements, communicating actively with all stakeholders throughout the process, and delivering value-added capabilities that drove adoption," said Kevin Fedigan, chief information officer of Broker-Dealer Services at BNY Mellon.

Moving forward, BNY Mellon will continue to invest in and enhance its tri-party repo capabilities, including working closely with market participants to improve the process for settling Interbank General Collateral Finance repo trades.

BNY Mellon Broker-Dealer and Tri-Party Services is the leading provider of tri-party collateral management services, servicing more than $2 trillion in tri-party balances worldwide.

BNY Mellon is a global investments company dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle. Whether providing financial services for institutions, corporations or individual investors, BNY Mellon delivers informed investment management and investment services in 35 countries and more than 100 markets. As of March 31, 2015, BNY Mellon had $28.5 trillion in assets under custody and/or administration, and $1.7 trillion in assets under management. BNY Mellon can act as a single point of contact for clients looking to create, trade, hold, manage, service, distribute or restructure investments. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE: BK). Additional information is available on www.bnymellon.com, or follow us on Twitter @BNYMellon.

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