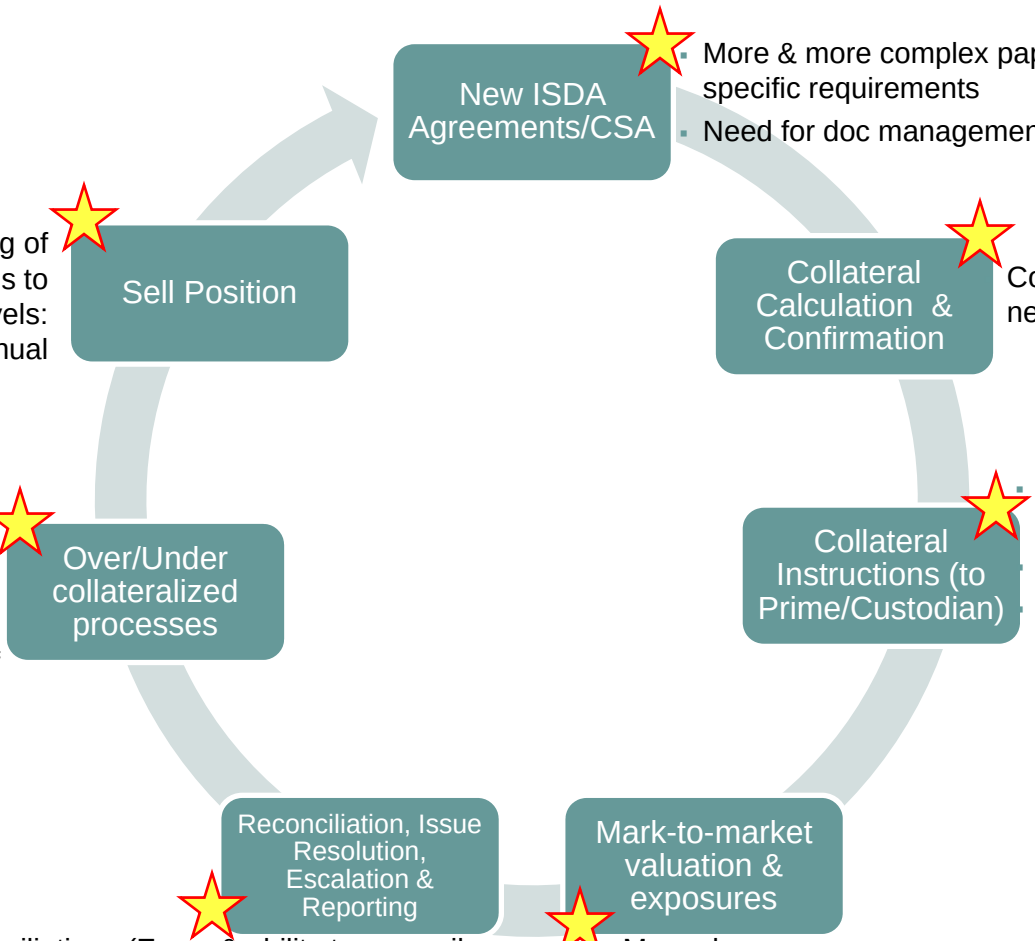
Collateral Management: Lifecycle Overview & Issues



- More & more complex paperwork with client type specific requirements
- Need for doc management & workflow approvals

Confirmations not real-time or near-time

- Manual process; issues increase as volume increases
- No industry standard message
- Custodians technology platforms/accounting processes
  - Ability to segregate vs. comingle accounts
    - 1940 Act Fund Collateral
    - Dealer vs. Client Owned
  - Ability to handle cash as collateral
  - Ability to handle all asset classes

- Manual processes
- Valuation errors & differing methodologies
- Collateral flagged as encumbered so not to inadvertently sell position

- Frequency of Reconciliations (Ease & ability to reconcile positions, cash & interest, dividend payments)
- Complete, Timely & Flexible Data: Ability to get raw data
- Report w/multiple price sources
- Lack of Personnel

- Manual process during resets/novations
- Timely release of collateral

- Track selling of encumbered positions to ensure collateral levels: may be manual