



PJM Cash Collateral Update

Credit Subcommittee
December 21, 2015

- In October 2016, new SEC rules on money market mutual funds will go into effect
- The rules could affect the availability of funds in the BlackRock TempFund where PJM Members' cash collateral is currently held
- New SEC regulations include:
 - Floating NAV (Net Asset Value)
 - Liquidity fee; possible fee on redemptions if fund's weekly liquid assets fall below 30%
 - Redemption gate; possible restrictions on withdrawals in times of stress

- In order to maintain principal and liquidity, PJM plans to migrate cash collateral deposit accounts from BlackRock to PNC Bank by late first quarter, 2016
- PNC Bank deposit account:
 - Interest-bearing accounts
 - Aa2-rated institution
 - Full availability of funds at all times
 - FDIC insurance up to \$250,000 per Tax ID
- Treasury/Government money market funds were considered but concerns exist over their future ability to accept new deposits

- The change will have minimal administrative impact on PJM Members
 - No changes in eCredit
 - No change to wire instructions for submitting collateral
 - PJM will complete and submit most paperwork to PNC Bank
 - Some members may need to submit a W-9 form
 - PJM will contact these members prior to January 31, 2016
 - Members will still be able to view their accounts
 - For members with current BlackRock view access, PJM will provide initial PNC login credentials for PNC account view access prior to cash collateral being transferred to PNC
 - PJM will provide information and training on PNC view access near the end of February 2016
- Please contact PJM if there are any concerns or questions