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J.P.Morgan

# A MERCHANT'S GUIDE TO Card Acceptance Fees



## OPTIMIZE YOUR COST OF PAYMENTS

# Unlocking value before, during, and after the payment

Do you know how much you're paying in credit and debit card payment fees? Do you know what you get in return for those fees? You might assume there's not much you can do about the line item on your books associated with payment fees—or that any savings might not be worth the effort.

Unless you have a team of payment experts advising you, the chances are good that you are paying too much in payment fees. The reality is that you have options that can save you money and also help improve your customer checkout experience.

This guide helps you understand the basics—specifically what you can do to reduce the single-largest chunk of card transaction costs—interchange fees.

By cracking the code on interchange, you gain more control over payment acceptance costs. This guide is for anyone who wants to understand and reduce interchange fees. This includes:

- ➔ Businesses that have changed how they accept payments.
- ➔ Organizations that need or are trying to improve their payments strategy.
- ➔ Those that want to respond to customer demands while managing costs.

The next few pages will address **three common misconceptions**:

**Myth 1:** Interchange fees are impossible to figure out.

**Myth 2:** Interchange is out of your control.

**Myth 3:** Improving interchange fees is not worth the effort.



A fast-food restaurant wants to build revenue and cut costs by improving the checkout process, now slowed down by requiring PIN input.



A regional chain of stores wants to add an online channel. The company wants to understand and minimize the impact on its cost of payments.



A local gym adds a new home-delivered meal service. It's trying to keep costs low as it builds its subscriber base.

As your business grows, so does the challenge of balancing different goals.

How do you streamline the purchase experience to keep customers coming back? How can you minimize the costs to serve each customer without creating new problems? Are you ready to dive into the inner workings of payment acceptance and those costs? The right advice can help you do both: improve the customer experience and save on transaction fees.

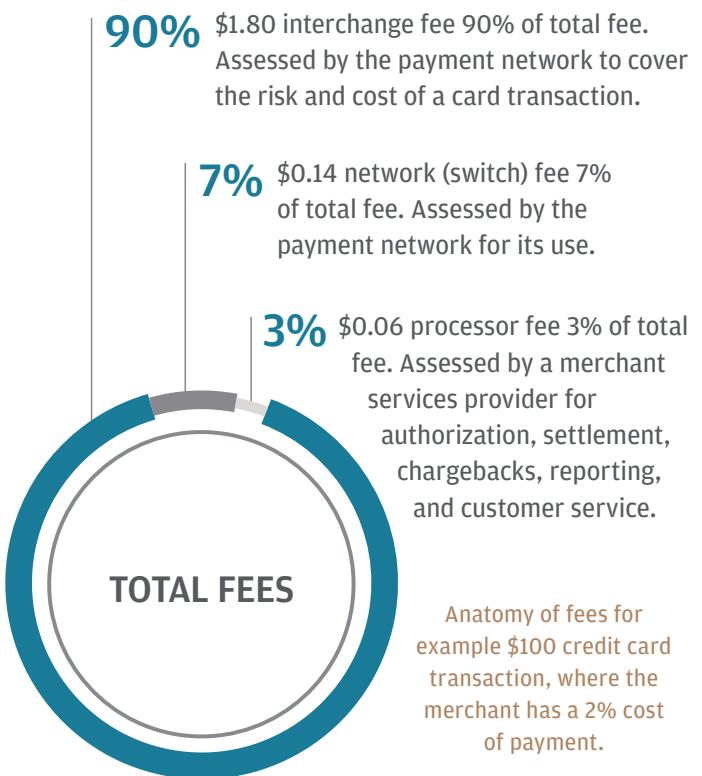
## MYTH 1 | INTERCHANGE FEES ARE IMPOSSIBLE TO FIGURE OUT

# Understand the key factors that apply to your business

Before you can make sense of interchange fees, it helps to review the card payment process. When a customer uses a card to purchase a product or service, your processor—also known as a Merchant Acquirer—connects with other stakeholders to deliver your funds quickly and safely. You may see your cost of payment as one line item from your processor—but this single number includes core payments to other stakeholders:

- 1 | The interchange fee is generally the largest fee your card processor pays on your behalf and can represent up to 95 percent of the overall cost of payments. The card payment network—which could be Visa®, Mastercard®, American Express®, Discover®, or a debit network—assesses the fees to pay the card-issuing bank. Interchange fees help cover the issuer's risks and costs associated with each card transaction and card rewards, such as points or miles. The card payment network also contacts the issuer to start the fund transfer.
- 2 | The network and switch fee—including assessments—is paid on your behalf by your card processor. The participating card payment network assesses the fee to cover the cost of using its infrastructure to process and settle the transaction.
- 3 | The processor fee is what remains after the other two fees are deducted. It covers the cost of processor actions to complete the transaction, move the money, and allocate the transaction fees that go to banks and payment networks. If you use a merchant bank like J.P. Morgan, it might look like you are paying transaction fees only to J.P. Morgan. In reality, your processor allocates more of the fees than it keeps.

Interchange fees vary from transaction to transaction based on intricate set of formulas. As you will learn on the following pages, you don't need to understand every aspect of interchange to optimize payment acceptance and minimize your interchange fees.



Anatomy of fees for example \$100 credit card transaction, where the merchant has a 2% cost of payment.



## Reducing costs is just one part of the equation

Understanding opportunities and trade-offs is key to identifying a payments processing solution.

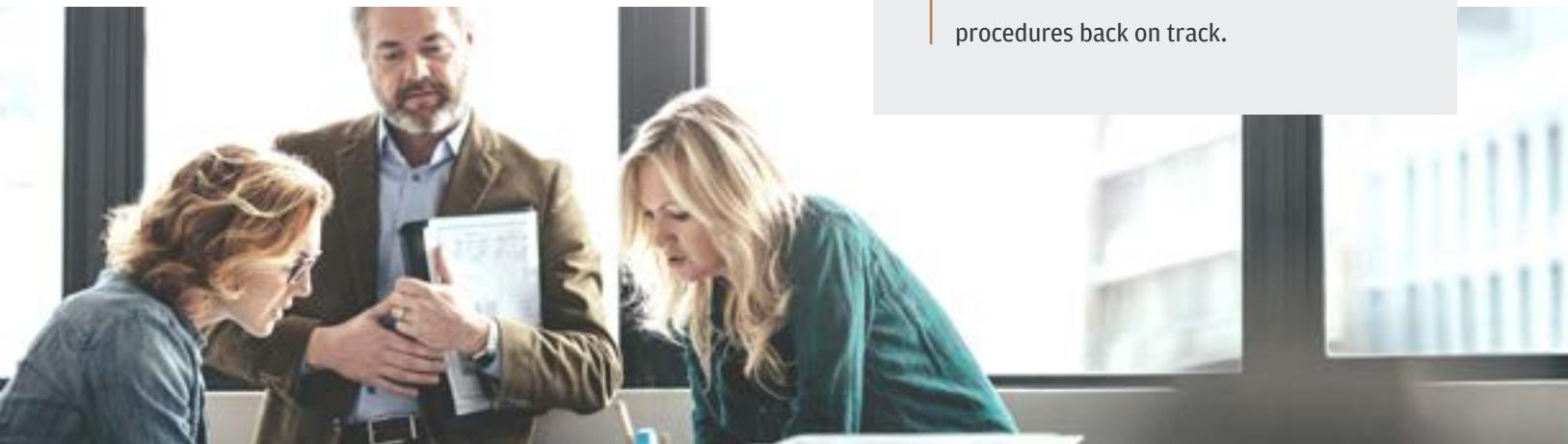
Most merchants know that the decision whether to use a debit versus a credit card is in the hands of the consumer. The cost of a debit transaction is often less than a credit transaction but saving on interchange might not be as critical as making the sale.

Do your customers prefer debit cards? Is the checkout experience with debit as easy as credit? Many merchants prefer to optimize for the customer experience, create a frictionless checkout, and guarantee the sale. Others want a solution that helps reduce the number of declined payments.

With any discussion of interchange, you need to keep an eye on your overall goals. Optimizing interchange is only part of your complete value proposition. It's one reason merchants exploring payments processing solutions value the experts at J.P. Morgan.

**How data can drive strategies.** A retail chain tried to avoid higher interchange rates by following what it believed were best practices. The chain mandated employees input a zip code for Address Verification Service (AVS) for orders received over the phone. Instead, more transactions were declined because agents used the zip code of the store instead of the cardholder.

J.P. Morgan payments experts identified the issue to help the client get its procedures back on track.



*"I don't offer generic advice aimed only at lowest cost options. I find that customers building out new functionality often want to minimize any disruption to the checkout experience. Some choose to optimize in favor of savings, only when they realize the direction improves the cardholder experience. Instead, we'll guide and tailor a solution that's right for each organization based on its goals and unique transaction mix."*

Ashleigh Mitchell  
J.P. Morgan Executive Director and Debit Product Owner

## MYTH 2 | INTERCHANGE IS OUT OF YOUR CONTROL

# Identify and implement changes you can influence

Perhaps the best way to optimize your interchange fees is to fine-tune your point-of-sale behavior to reduce risk and cost to payment networks.

Each payment network publishes rates and fees that reflect best practices. To earn the best rate and lowest fees, the transaction must meet a list of requirements. For example, some networks expect you to use Address Verification Service (AVS) as a standard practice in card-not-present transactions to validate the customer's five-digit billing zip code.

For each requirement not met, the payment network downgrades the transaction and increases the interchange fee.

## Understanding downgrades

Some reasons transactions get downgraded:



POS Terminal did not read swipe or chip correctly.



Card number entered manually.



No zip code submitted through Address Verification Service for certain card-not-present transactions.



Deposit not submitted promptly.



Additional required data not included with transaction.

Once you understand what drives downgrades, you can avoid some downgrades by adjusting processes. Over time, your effort produces quantifiable savings and other benefits. You might find yourself better able to forecast and control your interchange costs. You might gain valuable insights about your customers and their buying habits.

As a result of its experience on both ends of card transactions—settling card transactions and fees and analyzing issuing-bank data—J.P. Morgan is also in a unique position to help you minimize unnecessary interchange fees.

## Understanding factors outside your control

Only a few factors that trigger downgrades, or higher fees, are outside your control. Here are some of the biggest:

### Type of card presented by customer

You can't control the card your customer uses.

#### 1 | Credit > Debit

Credit cards typically have higher fees than debit cards.

#### 2 | Commercial > Consumer

Issuing banks typically charge higher fees for commercial cards than consumer cards.

#### 3 | Reward > General purpose

The higher the card tier, the higher the interchange. Fees help cover the cost of reward points and miles.

### Merchant Category Code

Your line of business defines your Merchant Category Code (MCC).

→ Networks establish many interchange rules at the MCC level. Your MCC plays into how you approach optimization.

## Identifying factors you can control

Given how much money you can save by adjusting some behaviors, J.P. Morgan payment experts recommend you focus on the factors that you can control.

- ➔ **Include verification support.** In general, the more information you include with the authorization, the better informed you and the issuer are about the customer and the transaction, which can help lower your interchange fees. That's because additional information typically helps mitigate risk. More information also helps improve authorization approval rates. Use AVS to improve interchange fee and Cardholder Verification data (CVD)—the 3 or 4 digits on the card—to minimize fraud.
- ➔ **Commercial card additional details (Level II and Level III data).** Even if you aren't a classic B2B merchant, you can reduce interchange fees by including Level II and Level III data with the transaction deposit. Businesses that handle a high volume of business, purchasing, and corporate card transactions—such as wholesale distributors—already do this by reporting details such as sales tax, accounting codes, and freight amount. In the same way, travel and entertainment businesses will include addendum (additional) data with transactions, such as check-in and check-out dates, ticket and folio numbers, and rates. This additional data can support your customer's need for detailed information.
- ➔ **Settlement timing.** Batching transactions for settlement makes sense but waiting too long to submit transactions results in higher than necessary interchange fees. Retail transactions typically require same-day settlement; online and call-center purchases typically require settlement within two days after ship date. Submitting deposits every day ensures transactions flow through as quickly as possible.
- ➔ **Use the correct procedures for in-person, online, and call center transactions.** Many merchants now support multiple point-of-sale channels, including retail outlets—where a card is present—and online, app, and call center operations—where you don't see the card. Each customer experience carries a slightly different level of credit risk and different information to complete the transaction. By using the right payments processing solution for each, including separate designations for in-person transactions, merchants can support multiple point-of-sale channels and optimize transaction costs.



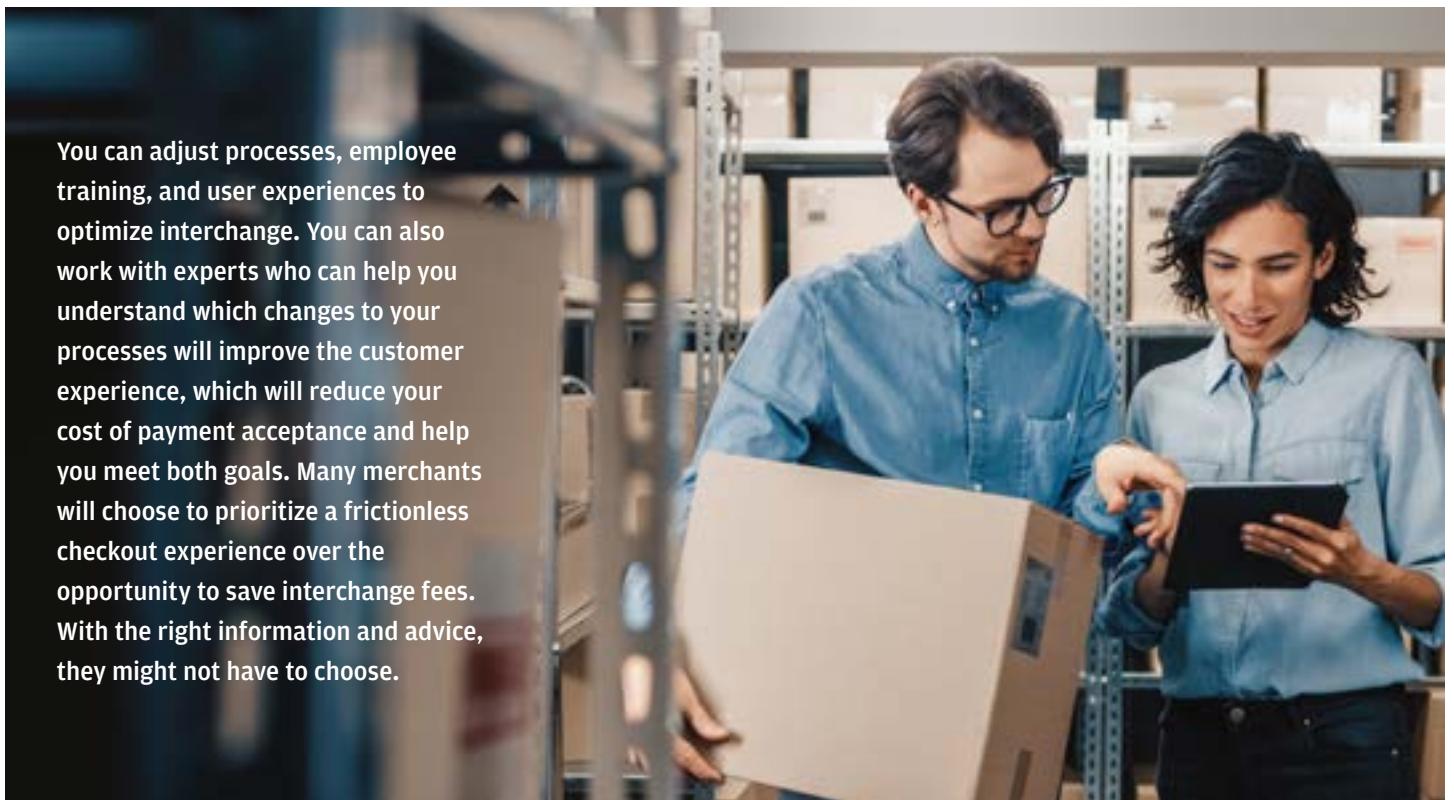
*"Data quality can be a real issue, and it often adds cost. We analyze data points within transactions to deliver insights and recommendations. For example, a few changes in how you capture and format addresses or expiration dates or even your product/service data has the potential to materially impact your interchange costs."*

Allan Shearer  
J.P. Morgan Executive Director  
and Relationship Management

## Best practices for optimizing interchange fees

Because payment networks reward best practices, you can optimize interchange for both types of transactions, using the guidance in the table that follows.

In-person transactions	Online and call-center transactions
<ul style="list-style-type: none"><li>→ Settle transactions each day.</li><li>→ Make it easy for customers to insert or tap their cards.</li><li>→ If you must manually key in a card number, get the zip code associated with the billing statement, validate using AVS.</li><li>→ Maximize savings with a debit solution tailored to your in-store needs.</li><li>→ Help prevent costly chargebacks by making it easy for customers to identify transactions on card statements. Include details like telephone number and order number.</li><li>→ Enrich with details. Report Level II and Level III data for commercial customers.</li></ul>	<ul style="list-style-type: none"><li>→ Direct customers to pay via a secure website or app, when possible, because phone or mail payments can increase costs including interchange.</li><li>→ Settle transactions as soon as they are shipped.</li><li>→ Prevent costly chargebacks by including detailed information like your phone number and URL.</li><li>→ Check your transaction type and ensure its routing process is correct. As an example, utilities qualify for special debit routing that uses PINless Bill Pay.</li><li>→ Enrich with details. Include Level II and Level III data for commercial card customers.</li></ul>



## MYTH 3 | IMPROVING INTERCHANGE FEES IS NOT WORTH THE EFFORT

# Review and update process as your business evolves

Your business might include segments with different constraints and opportunities. Your operation might include both products and services; it might include multichannel point of sale.

For these and other reasons, optimizing interchange is only part of the payments equation. While there is much you can do on your own, you don't have to. Optimizing your overall cost of payments while you balance the impact on the customer experience requires the support of experts and an ongoing commitment to the process.



When an industrial components company learned it could take advantage of threshold billing rules, it changed routing methods to optimize for card transactions that each averaged \$150,000. This shaved hundreds of dollars off the cost of each payment.

*"It works the same for other B2B companies with customer relationships and high-value tickets. If you allow customers to build up credit and pay at a certain threshold, you can save dramatically on interchange."*

Matthew Bringewatt  
J.P. Morgan Executive Director  
and Relationship Manager

## Expert guidance for the asking

For a holistic view of your options, work with your processor.

At J.P. Morgan, we work with businesses of all sizes, including some of the world's largest organizations. We understand every aspect of the payment process, from card acquisition to issuing bank operations and the rules of the payment networks that sit in between. We've turned our expertise and our customer feedback into systems, tools, and codified insights that help with these ongoing activities:

- ➔ Optimizing interchange
- ➔ Optimizing cross-border interchange
- ➔ Minimizing interchange downgrades
- ➔ Maximizing approval rates
- ➔ Improving data quality
- ➔ Minimizing chargebacks



## Operational insight for more savings

J.P. Morgan applies our knowledge to your unique operation with research and recommendations:

- ➔ See where your customers are shopping and what types of cards they use to pay. You can then forecast channel costs that include strategies to optimize interchange fees based on customer buying preferences.
- ➔ Find out how your volume breaks out across payment networks and what you need to know to negotiate better rates.
- ➔ Maximize the benefits available with your MCC. Consider special programs, tools, and solutions that address specific industries.

**Utilities**—Learn how to reduce your cost of payments and potentially increase authorization rates with tools specifically designed to help manage recurring payments.

**Small-ticket merchants**—Learn how to incentivize card usage in industries where the average ticket price is low.

**Gas stations**—Learn how a review of historical data can help you improve interchange costs by routing your debit and credit card volumes to the best networks.

**Restaurants and Hotels**—Learn how to detail incidentals, including tips, that are added after card authorization takes place to optimize interchange.

J.P. Morgan has helped thousands of merchants improve the cost of payment transactions at scale. We interpret the impact of new regulations and continually update customers on potential impact. Our commitment to customer service helps set us apart. We can help you demystify interchange fees, find the right mix of product offerings, and put you back in control of payment transaction costs.

J.P. Morgan customers come to us for specific advice, but just as often, we use our experience across the entire payments process to identify issues our customers didn't know existed.

All these services are covered by the small expense you pay your processor with every transaction, along with transaction authorization, settlement, and customer service.





## Small expense, large value

Here are some of the J.P. Morgan services covered in the processor fee.

Processor fee	What we do
Authorizations and settlements	Confirm that the transaction is approved or declined by the customer's bank (card's issuing bank) and deposit the money into your bank account.
Chargebacks	Manage any sale that is disputed by your customer.
ACH transfers	Deposit funds to your bank account via the ACH Network.
Wire transfers	Deposit funds to your bank account via electronic funds transfer.
Value-added services	Offer additional features and functions to streamline your process.

Beyond payments	How you benefit
Dedicated customer service	Access to exceptional service and support from one of the world's most trusted financial institutions. Work with experts that understand consumer insights, payment regulation, fraud monitoring, and everything in between, for holistic advice on your payment strategy.
A consumer-centric approach	We can provide access to deep insights built on the financial understanding of 66 million U.S. households.*
Complete financial services to accomplish your business goals	Choose from a comprehensive set of financial products to meet your banking needs. When you work with J.P. Morgan, you work with one of the largest, most trusted financial institutions.
Reporting and insights to drive performance	We can provide everything from simple transaction data to deep consumer insights, and everywhere in between. We have the tools, solutions, and advice to help you understand the impact of payments on your business.

\*2021 Annual Report <<https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/investor-relations/documents/annualreport-2021.pdf>>

# Start saving on transaction costs

You don't need to understand every aspect of interchange to start saving on transaction costs. Instead, look at how your business is processing payments and identify the newest or most conspicuous factors that could affect interchange. Then, adjust your processes, employee training, and customer point-of-sale experiences to keep pace with shifting business and customer needs. Finally, incorporate regular reviews into your payment best practices.

#1 | Understand the key factors that apply to your business.

#2 | Identify and implements changes you can influence.

#3 | Review and update process periodically as your business evolves.



That fast-food restaurant that wanted to speed up checkout? It now uses PINless debit processing, which enables it to continue to route payments over lower-cost debit networks while it speeds checkout time.



That regional chain of stores that added an online channel? It now knows the differences between in-store and online costs and how to minimize online fees.



That local gym that added subscriptions to home-delivered heart-healthy meals? It split into two separate MCCs to route transactions for its different business models to optimize interchange.

## Beyond your cost of payments

As you grow, you typically need strategies and services that help you drive more revenue, not just reduce your cost of payments. J.P. Morgan payment experts offer additional services to help customers optimize transactions, some of which are described in the following table.

For more details, watch the masterclass.

[WATCH NOW →](#)

Services to optimize transactions	
Wallet cleanup	Reduce declines by performing regular account updates to remove expired card-on-file details.
Timing strategy	Increase likelihood of transaction approvals with timing strategies based on money in account.
Transaction message	Ensure accuracy and completeness of data elements.
Balanced retry strategy	Trade off costs of repeat declines against incremental revenue.
Tokenized transactions	Early learnings indicate that tokenization can significantly improve authorization rates and lower fraud rates.
Routing transactions for optimal performance	Add routing strategies based on PINless network eligibility and cardholder location.

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Basics ▾

## What are overdraft fees?



Maintaining a positive checking account balance is an essential part of managing a bank account. Still, we're only human — unexpected expenses or accidental slip-ups that send your account into the red can happen to anybody. When it does, you might find your checking account hit with an overdraft fee. Let's take a closer look at what overdraft fees are and how they work.

### Understanding overdraft fees

When you spend more money than what's in your account, it's said to be overdrawn. Your bank may temporarily cover the deficit and charge an overdraft fee to help facilitate the completion of your [transaction](#).

To help clear the overdraft, you often need to add enough funds to cover the deficit, as well as any fees incurred. If the account balance stays negative for an extended period, your account may incur multiple additional fees depending on the bank's policies for your account. Checking accounts that continue to be overdrawn past a certain time might even be closed.

### What is overdraft protection?

Banks may offer customers several ways to help respond to and manage an overdrawn bank account. Typically, there are three main options when it comes to a bank's [overdraft protection](#).

#### Overdraft coverage

Overdraft coverage allows your bank to authorize a transaction that would overdraw your account, putting your account in overdraft status. The transaction is typically authorized at the bank's discretion, based on your account history.

Standard overdraft coverage typically encompasses checks, automatic payments and recurring payments. To cover every day debit card purchases, you may need to opt-in to enable additional debit card [overdraft services](#).

This overdraft coverage could result in an overdraft fee that's generally between \$20 and \$40, depending on your bank's policies. Some banks may charge a separate extended overdraft fee if your account remains overdrawn for multiple days. Contact your financial institution for more information about their specific overdraft fees.

## Overdraft protection transfers

Overdraft protection allows you to link additional bank accounts (such as a [savings account](#)) to transfer funds in the event of an overdraft. There may be an overdraft transfer fee attached, but it's generally less than a standard overdraft fee. And the transfer fee may also be charged on a per-day basis, instead of per transaction, which could help save you money. Check with your financial institution for specific fee information.

## Overdraft lines of credit

Overdraft lines of credit are similar to overdraft protection transfers. Instead of being linked to [a savings account or checking account](#), they're linked to a credit card or line of credit. It's helpful to remember that you may be charged interest on the amount you use, the interest rate may be high and there could also be an overdraft transfer fee even if you have overdraft protection services.

## Steps you can take to help avoid overdraft fees

The following are a few basic things you can do that may help lower your chances of an overdraft.

### Monitoring your checking account balances

Keeping a close eye on your account can help you avoid making purchases that could overdraw your checking account. Many banks offer account alerts to automatically notify you when your balances dip below a certain threshold.

### Quickly covering negative balances

Some banks may offer customers a grace period before applying overdraft fees. So, if you do overdraw, you could help avoid those extra charges by bringing your account balance back up within that time.

### Opting out from overdraft services

Opting out of [overdraft services](#) could help you avoid overdrawing your account and incurring possible associated fees. If you opt out of the services, your transaction may simply be declined if you have an insufficient balance.

## In summary

Overdraft fees allow banks to extend customers the courtesy of completed transactions. If an overdraft does occur, it's helpful to fix it as soon as you can. Contact your bank to find out more about their specific overdraft protection services.

[Learn more about Chase's overdraft services](#)

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# JPMorgan Chase reduces bank overdraft fees in bid for customers

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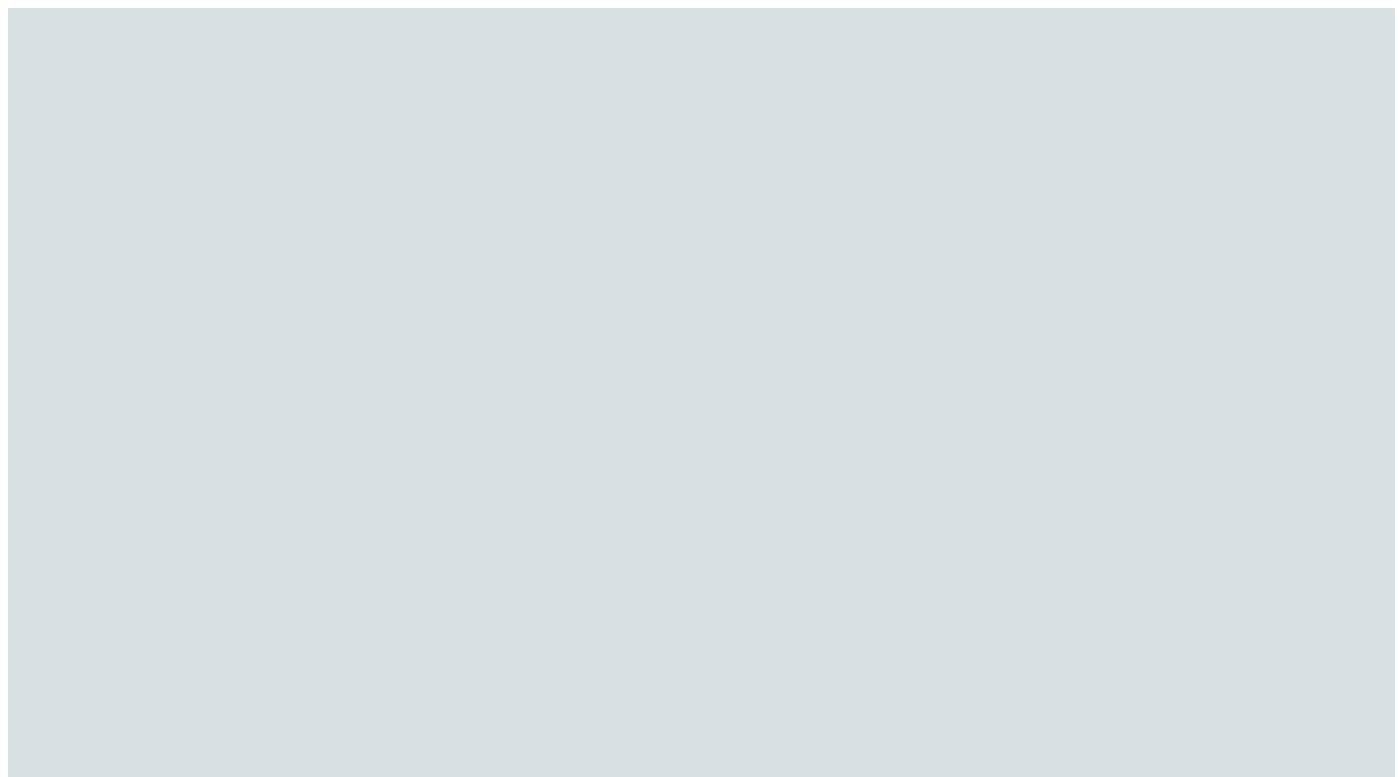
## KEY POINTS

- The changes will have a "not insignificant" impact on bank revenue, co-CEO of the Chase segment of the company said.
- New changes will also allow customers to access direct deposit paychecks up to two days early.
- About 1% of JPMorgan's revenue has come from overdraft fees, according to estimates by analysts.

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Pedestrians pass in front of a JPMorgan & Chase bank branch automated teller machine (ATM) kiosk in downtown Chicago, Illinois.

Christopher Dilts | Bloomberg | Getty Images

[JPMorgan Chase](#) will give customers more leeway on overdrafts before charging fees, giving up revenue in a bid to keep up with competitors and attract customers, it said on Wednesday.

Beginning next year it will give customers a full day to restore overdrawn balances and will allow them to

tap funds from direct deposits of paychecks two days early, the bank said.

The moves, together with changes the bank initiated in August, will have a "not insignificant" impact on bank revenue, said Jenn Piepszak, co-CEO of the Chase segment of JPMorgan, who declined to be more specific in an interview.

JPMorgan's announcement comes after [Capital One](#) said last week that it will stop charging accounts for not having sufficient funds to cover drafts, a practice which has drawn scrutiny from the U.S. Consumer Financial Protection Bureau and other Washington officials.

About 1% of JPMorgan's revenue has come from overdraft fees, according to estimates by analysts, who have been expecting more banks to reduce the charges because of pressure from competitors and public officials.

At the least, banks are revising their overdraft rules to try to look better.

"We believe this set of changes puts us in a leadership position competitively," Piepszak said.

JPMorgan will still charge for advancing funds on overdrawn transactions that exceed its limits as long as customers have agreed to pay for the service and the bank believes it will be repaid.

JPMorgan could eliminate all fees on all overdrafts but that would come with bouncing more checks written by clients, Piepszak said.

Capital One said it will cover overdrafts for free for those who show a pattern of steady deposits and who don't go overdrawn frequently.

Banks have found, Piepszak noted, that many customers knowingly choose to overdraw accounts and incur fees because doing so is better than, for example, being late to pay a bill with its own late fees, such as a utility bill.

In August, JPMorgan began easing up on charges. The bank eliminated fees for bounced checks and it allowed customers to overdraw their accounts by \$50 before charging to cover the transactions.

Before those changes, JPMorgan was covering about 90% of overdraft transactions it received and charging fees on about two-thirds of those. Now half are incurring fees, Piepszak said.



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## 9 Common credit card fees and how to avoid them



Credit cards can be very useful, but their various fees can quickly add up. Being mindful of fees, especially if you're in credit card debt, can save you headaches down the road. This article will cover nine common credit card fees and how to avoid them:

- Annual fees
- Interest/finance charges
- Late fees
- Card replacement fees
- Balance transfer fees
- Returned payment fees
- Foreign transaction fees
- Over-limit fees
- Cash advance fees

### Common credit card fees

The most common fees you could encounter are:

#### 1. Annual fees

Some lenders charge a yearly fee to use a card. Cards with annual fees often have more benefits than cards that don't.

Fees can range anywhere from \$50 to over \$500, with some lenders waiving the fee for the first year.

**How to avoid the fee:** If you don't want to pay an annual fee, there are many [cards that don't charge them](#). You could also pick a card that will waive the annual fee in year one. Compare different cards and see whether or not paying the annual fee is worth it overall.

## 2. Interest charges

Interest charges, also known as finance charges, are charged by creditors for carrying a balance from month to month. The amount you're charged will depend on your card's annual percentage rate (APR) and the amount of the balance you're carrying.

**How to avoid the fee:** You won't be charged interest if you pay your entire balance each month by your due date. You could also get a card that offers a [0% intro APR](#). Note that this 0% rate is only temporary. The better 0% APR promotional rates usually last anywhere from 12 to 18 months. After that, the APR will return to its regular rate. Most credit cards have variable APRs, which means that the percentage fluctuates with the market. If you don't pay your balance off by the time the promotional period ends, you'll owe interest on the remaining balance.

## 3. Late fees

You'll be charged a late fee if you don't make a minimum payment by your card's due date, which may vary. Many issuers calculate the fee by how often you've paid late. Some cards will waive your first late fee as a courtesy. If your payment is over 60 days late then you could be charged a penalty APR which will cause your interest rate to go higher than your regular APR. In addition, the longer your payment is overdue, the more damage your credit score may incur.

**How to avoid the fee:** Make sure to pay your bill on time each month. Try setting up automatic payments of at least the minimum amount so you don't miss a due date.

## 4. Card replacement fees

Some credit card companies will charge you a fee if you lose your card and need a new one, though many will send you a new physical card for free. If there is a fee, it is typically between \$5 and \$15.

**How to avoid this fee:** If you lose your card, ask your credit card company if they will be willing to give you a one-time replacement for free.

## 5. Balance transfer fees

If you transfer an outstanding balance from one card to another, you'll often be charged a balance transfer fee of 3% to 5% of your transferred balance. Transferring a balance is done to pay debt faster by moving a balance from a card with a high-interest rate to a card with a lower-interest rate. Many times, the balance transfer fee is outweighed by the amount you'll save in interest.

**How to avoid this fee:** Look for cards that offer a \$0 introductory balance transfer fee.

## 6. Returned payment fees

A returned payment fee occurs when your credit card company issues a charge to your account in response to insufficient funds or if your account is unable to process a transaction for a related number of reasons.

**How to avoid this fee:** Always know how much money you have to ensure you can cover your credit card payments. If you notice your paying account is insufficient to cover your credit card payment, you can avoid returned payment fees by depositing money in the account by the time the payment is processed.

## 7. Foreign transaction fees

Some credit cards will charge you when you make a purchase in a foreign currency, either while traveling or shopping online. Foreign transaction fees are usually anywhere from 1% to 3%.

**How to avoid this fee:** Look for [no foreign transaction fee credit cards](#). Travel rewards cards usually don't have foreign transaction fees. It's often worth it to look into one if you travel often.

## 8. Over-limit fees

If your balance exceeds your credit card limit, you could be charged an over-limit fee. Credit card lenders need your consent for over-limit transaction fees and will ask you to opt-in. If you don't opt-in, your transaction could be declined.

**How to avoid this fee:** You can avoid this fee by electing not to opt-in. You just won't be able to spend over your limit. Avoid spending near your credit limit, and set up alerts to notify you when you're approaching the limit.

## 9. Cash advance fees

A cash advance fee refers to using your credit card to take out cash. Credit cards typically charge 3% to 5% for each cash advance. In addition, you'll also be charged interest on the money you take out which will accrue immediately.

**How to avoid this fee:** Instead of using your card for a cash advance, use money from an emergency fund or savings account.

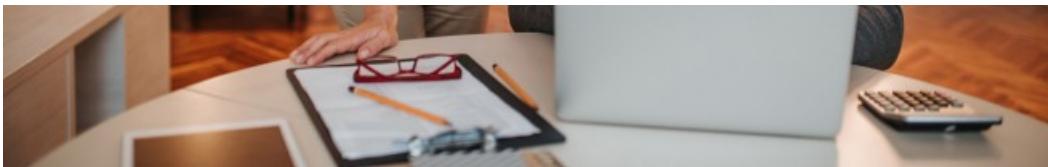
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### What is debt to income ratio and why is it important?

Understand the debt-to-income ratio and its significance in personal finance. Learn how to calculate your debt-to-income ratio and why lenders use it.



## How to consolidate your credit card debt

Debt consolidation can be a useful way to save you money and simplify your payments. Here's how to consolidate your credit card debt.

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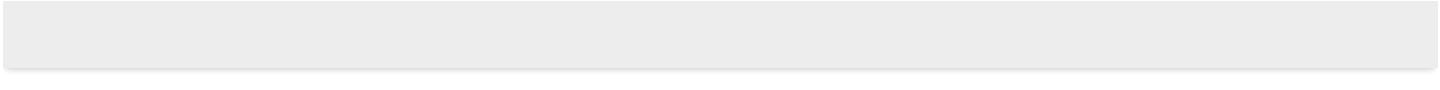
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## Chase Overdraft Services



Overdraft Protection



## Overdraft Protection

Link a Chase savings account as an Overdraft Protection backup account to your checking account to help pay any overdraft transactions that may occur. If your checking account does not have enough money, we will use the available funds from your backup account to authorize or pay transactions. The exact amount needed to cover the transaction will be transferred if enough funds are available. Overdraft Protection isn't available for Chase Secure Checking<sup>SM</sup> or Chase First Checking<sup>SM</sup>.

### What's covered?

- All transactions, including everyday debit card transactions, such as groceries, gasoline or dining out.

### What's NOT covered?

- Any transaction when there isn't enough money in your linked Chase savings account - the Standard Overdraft Practice will then apply.

### What it costs

- There isn't a fee for an Overdraft Protection transfer.

[Update protection](#)

### For business accounts

See information on [How your transactions will work for business accounts \(PDF\)](#)

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## Chase Overdraft Services

Standard Overdraft Practice



# Standard Overdraft Practice

Our Standard Overdraft Practice may pay, for a fee, overdraft transactions at our discretion based on your account history, the deposits you make and the transaction amount. Standard Overdraft Practice comes with all Chase checking accounts except Chase High School Checking<sup>SM</sup>, Chase Secure Checking<sup>SM</sup> or Chase First Checking<sup>SM</sup>.

## What's covered?

- Checks
- Automatic payments from your checking account, such as a recurring phone bill, mortgage or utility bill.
- Recurring debit card purchases, like your monthly gym membership or movie subscription.

## What's NOT covered?

- Everyday debit card transactions, such as grocery purchases, gasoline or dining out.
- Sometimes we're not able to pay an overdraft transaction. If that happens, the transaction is declined or returned unpaid.

## What it costs

- We charge a \$34 Overdraft Fee per transaction during our nightly processing beginning with the first transaction that overdraws your account balance by more than \$50 (maximum of 3 fees per business day, up to \$102).

## When a fee won't be charged

- With Chase Overdraft Assist, if you're overdrawn by \$50 or less at the end of the business day OR if you're overdrawn by more than \$50 and you bring your account balance to overdrawn by \$50 or less at the end of the next business day (you have until 11 PM ET (8 PM PT) to make a deposit or transfer). Chase Overdraft Assist<sup>SM</sup> does not require enrollment and comes with all Chase checking accounts except Chase First Checking<sup>SM</sup>, Chase High School Checking<sup>SM</sup> or Chase Secure Checking<sup>SM</sup>.
- If your transaction is \$5 or less.
- If your debit card transaction was authorized when there was a sufficient available balance in your account.
- If your check or ACH is returned unpaid. However, we may charge an Overdraft Fee if a previously returned check or ACH is presented again and paid.
- If your debit card transaction or ATM cash withdrawal request is declined.
- For Chase Sapphire<sup>SM</sup> Checking and Chase Private Client Checking<sup>SM</sup> accounts, there are no Overdraft Fees when item(s) are presented against an account with insufficient funds on the first four business days during the current and prior 12 statement periods. On a business day when we returned item(s), this counts toward the four business days when an Overdraft Fee will not be charged.

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## For business accounts

See information on [How your transactions will work for business accounts \(PDF\)](#)

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## TERMS OF BUSINESS FOR PER SE PROFESSIONAL CLIENTS

J.P. MORGAN EUROPE LIMITED

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, LONDON BRANCH

J.P. MORGAN LIMITED

J.P. MORGAN SECURITIES PLC

J.P. MORGAN MARKETS LIMITED

J.P.Morgan

**TERMS OF BUSINESS****J.P. MORGAN EUROPE LIMITED****J.P. MORGAN SECURITIES PLC**

Each authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, including any regulators which replace them or their functions.

**J.P. MORGAN LIMITED****J.P. MORGAN MARKETS LIMITED**

Each authorised and regulated by the Financial Conduct Authority, including any regulator which replaces it or its functions.

**JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,  
LONDON BRANCH**

Authorised and regulated by the Office of the Comptroller of the Currency in the jurisdiction of the U.S.A. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and to limited regulation by the Prudential Regulation Authority, including any regulators which replace them or their functions. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

**1. SCOPE AND APPLICATION**

**1.1** These Terms of Business and any supplements or notices issued by J.P. Morgan (as defined below) thereto (collectively, the "Terms") govern all designated investment business (as defined under the Financial Conduct Authority (the "FCA") Handbook and Prudential Regulation Authority (the "PRA") Handbook, as applicable) and business in relation to other traded products (excluding deposits) which is transacted with or for you by any one or more of the following companies: J.P. Morgan Europe Limited, JPMorgan Chase Bank, National Association London Branch, J.P. Morgan Limited, J.P. Morgan Securities plc. and J.P. Morgan Markets Limited. These companies are referred to collectively or, as the context may require, individually as "**J.P. Morgan**", and each of these companies shall be severally and not jointly liable for their respective acts and omissions under these Terms. References to "we/us/our" are to J.P. Morgan. "**Affiliates**" means, whether in the United Kingdom or otherwise, direct or indirect subsidiaries of J.P. Morgan and the direct or indirect subsidiaries of J.P. Morgan's direct or indirect holding companies from time to time, any entity directly or indirectly controlled by J.P. Morgan and any entity directly or indirectly under common control with J.P. Morgan and any other connected or associated person, whether or not any such subsidiary, holding company, entity or person exists as at the date at which you accept these Terms or is established or acquired after such date. References to "you" and "your" under these Terms are to you alone except as expressly provided otherwise in a specific context.

**1.2** **These Terms constitute a legally binding contract which you accept for yourself and on behalf of any principal or principals on whose behalf you are acting as agent by giving us instructions to deal or accepting services from us after our dispatch of the Terms to you.**

**1.3** These Terms supersede any terms of business for investment business (including any Global Institutional Connectivity addition and/or any Asian Addition) that may have been previously sent to you collectively by all of J.P. Morgan Europe Limited, JPMorgan Chase Bank, National Association, J.P. Morgan Limited (formerly J.P. Morgan plc) and J.P. Morgan Securities plc. (as they may have been amended from time to time by any one or more of such J.P. Morgan entities) or received from you. Transactions entered into under any terms of business which are superseded by these Terms shall be deemed, with effect from your acceptance of these Terms, as transactions entered into under these Terms.

Without limiting the application of these Terms to transactions entered into, or deemed to be entered into, under these Terms, these Terms are without prejudice to and shall not supersede or amend any other contract(s) entered into by you and J.P. Morgan (whether prior to or after our dispatch of these Terms to you) (each a "**Product Contract**") including, without limitation, any contract (s) relating to specific, or specific types of, products, services or transactions including, but not limited to, financial instruments (as defined under the Markets in Financial Instruments Directive ("MiFID")). In the event of any conflict between any Product Contract(s) and these Terms, the provisions of the Product Contract(s) shall prevail.

**1.4** Any transactions entered into by you (or, where applicable, your principal or principals) under these Terms are subject to Applicable Law. Applicable Law means (a) any applicable law contained in or made under the Financial Services and Markets Act 2000 or any other statute of the United Kingdom; (b) any laws and regulations of any other jurisdiction applicable to the provision of services to you by J.P. Morgan under, or in connection with, these Terms; and (c) any other applicable principle, rule, guidance, decision, determination, ruling, article, by-law, procedure, usage and custom of the FCA, PRA or other relevant regulatory body, Exchange, Clearing System, CSD or organised market applicable to the provision of services to you by J.P. Morgan under, or in connection with, these Terms. In the event of a conflict between these Terms and any such Applicable Law, such Applicable Law shall prevail. In no event shall J.P. Morgan be obliged to take any action or refrain from taking any action which J.P. Morgan believes would breach Applicable Law.

Any capitalised terms which are not defined herein shall be deemed to be defined in accordance with Applicable Law. Clause headings shall be disregarded in the interpretation of these Terms. "**Clearing System**" means any person (or any system or platform operated by such person) providing settlement, clearing or similar services, whether or not as part of an Exchange including, without limitation, any central counterparty; "**CSD**" means any trans-national or local securities depository, book entry system or other person that provides handling, clearing, settlement or safekeeping services in which J.P. Morgan participates as a customer or member, including Euroclear and Clearstream; and "**Exchange**" means any exchange, multilateral trading facility, market, automated trading system, organised trading facility or platform or association of dealers in any part of the world on or through which securities, commodities or currencies or assets underlying, derived from or otherwise related directly or indirectly to the same are bought and sold.

**1.5** If you are (a) based in Asia or Australasia; and/or (b) you instruct us to effect securities transactions involving Asian or Australasian securities; and/or (c) we effect securities transactions through any of our Affiliates, or a third party locally authorised broker, based in Asia or Australasia ("**Asian Transactions**"), the enclosed supplemental Asian Addition ("**Asian Addition**") shall also govern such Asian Transactions. In the event of any conflict between these Terms and the Asian Addition, the provisions of the Asian Addition shall prevail. For the purposes of Asian Transactions, "Applicable Law" as defined above in Clause 1.4 shall include to the extent relevant, any law, rule or regulation applied in a jurisdiction in Asia or Australasia which may apply or to which we may be subject when we effect Asian Transactions with you or for you.

**1.6** We may from time to time issue you with an additional supplement or notice setting out additional provisions to these Terms which will apply in respect of effecting securities transactions in certain jurisdictions and/or services.

**2. CLIENT CATEGORISATION**

**2.1** J.P. Morgan shall treat you, for the purposes of all services which we provide to you (execution related services or otherwise) as a "per se professional client" as defined by the

FCA's Conduct of Business Rules ("Rules"). A per se professional client is deemed to possess the experience and knowledge to make its own investment decisions and assess the risks arising, and hence is not entitled to certain regulatory protections available to a "retail client" (as defined by the Rules). A summary of the different protections to which you are entitled, depending on your client categorisation, is set out in the enclosed Schedule of Protections Owed to Different Client Types. You should notify us immediately if, at any point in time, you consider that you would no longer fall within the definition of a per se professional client.

**2.2** Under the Rules you should be aware that you are entitled to request to opt to a different client categorisation in accordance with the procedures set out in the Rules. If you are seeking to opt to a client categorisation with a lesser degree of protection, you will need to, inter alia, provide us with a statement in writing confirming that you are aware of the consequences of such re-categorisation. However, we would also advise you that, to the extent you request re-categorisation to opt to retail client status, we regret we shall not be able to continue to provide you with services hereunder, but, if appropriate, we may refer you to our private banking Affiliate(s) for future assistance. A summary of the different protections to which you are entitled, depending on your client categorisation, is set out in the enclosed Schedule of Protections Owed to Different Client Types.

**2.3** Unless otherwise agreed in writing between us, if you are acting on behalf of any principal or principals when transacting business with us under these Terms, J.P. Morgan will treat you alone (rather than any such principal or principals) as its client for all purposes in relation to the Rules. Therefore, you will be responsible for fulfilling any regulatory obligations to your principal(s). This applies even if you act on behalf of any principal or principals whom you have identified to us, and no such principal or principals will be a client of J.P. Morgan for the purposes of the Rules.

Where you are an Investment Manager acting as agent on behalf of one or more principals in relation to business conducted pursuant to these Terms, you shall not be liable as principal to perform any term of any transaction under these Terms and the relevant principal or principals on whose behalf you are acting shall be liable in respect of all obligations and liabilities to be performed in respect of any transaction you have entered into on their behalf under these Terms, save as otherwise provided in these Terms and save where by your conduct or otherwise you have held yourself out as acting as principal in respect of a transaction under these Terms (in which cases you shall be jointly and severally liable with the relevant principal in respect of all obligations and liabilities to be performed in respect of that transaction).

If you are not an Investment Manager, but are acting as agent on behalf of one or more principals in relation to business conducted pursuant to these Terms, you and each of your principals shall be jointly and severally liable in respect of all obligations and liabilities to be performed in respect of any transaction you have entered into on the relevant principal's behalf under these Terms, and references under these Terms to any principal on whose behalf you are acting as agent other than as an Investment Manager shall be construed as a reference to both you and your principal jointly and severally.

**"Investment Manager"** under these Terms means a firm or an overseas financial services institution acting as an investment manager, as these terms are used under the FCA Handbook and PRA Handbook, as applicable.

**2.4** For the avoidance of doubt, any principal can only act hereunder through you.

### 3. SERVICES PROVIDED

**3.1** J.P. Morgan may provide, at its sole discretion, the following services, unless otherwise specified:

- (a) Execute transactions upon your instructions in accordance with these Terms;
  - (b) Deal with or for you as principal and/or as your agent, as appropriate, or arrange deals in accordance with these Terms;
  - (c) Provide investment research to you;
  - (d) Provide such other services as may be agreed between you and J.P. Morgan; and
  - (e) Subject to Clause 32 (No Fiduciary Duty), perform ancillary actions in connection with any service under this Clause 3.
- 3.2** J.P. Morgan may provide services with or through its Affiliates or other entity or delegate the performance of services to any Affiliate or other entity without your further consent and employ such agents on such terms as we deem appropriate. Without limiting J.P. Morgan's rights under these Terms, in respect of transactions with or through such third parties, you (and, where you are acting on behalf of a principal or principals, your principal or principals) may be subject to any business terms and conditions of such persons.
- 4. REPRESENTATIONS AND WARRANTIES**
- 4.1** On a continuing basis, you represent and warrant to J.P. Morgan and agree that (including on behalf of any principal or principals for whom you are acting as agent):
- (a) You are duly organised and existing and in good standing under the laws of your jurisdiction;
  - (b) You have full power, authority and capacity, and in the case of a trustee you have and will have full power, authority and capacity when acting in the capacity of trustee under the relevant trust deed(s), to enter into and perform your obligations under these Terms and to confer on us such authorities as are necessary so that these Terms will be binding upon you;
  - (c) These Terms and any service or transaction contemplated or conducted or executed by you or for you constitute your legal, valid and binding obligations, enforceable against you in accordance with the provisions of these Terms, subject only to applicable bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting creditors' rights generally;
  - (d) Any of your investments which we or our agent hold on your behalf pursuant to these Terms are or will be beneficially owned by you free from all liens, charges and encumbrances other than those which may arise in our favour, or in the case of acting in the capacity of a trustee or investment manager, you represent that you have obtained a representation of beneficial ownership, free from all liens, charges and encumbrances, from the beneficial owner and that the beneficial owner has authorised you to deal with such investments;
  - (e) All necessary corporate or other consents and authorities to enable you to conduct all transactions and contract to receive all services under these Terms have been obtained and will be maintained by you;
  - (f) You have obtained and are in compliance with the terms of all authorisations, consents and approvals of any government or other regulatory body necessary to enable you to conduct all transactions under these Terms, and you shall provide us with copies of such consents or approvals as we may reasonably require;
  - (g) You are and will be knowledgeable of and experienced in the risks of entering into transactions under these Terms, capable of

- evaluating the merits and risks of such transactions and able to bear the economic risks of such transactions;
- (h) No Event of Default with respect to you has occurred and is continuing, and no such event or circumstance will occur as a result of entering into or performing obligations under these Terms;
- (i) You confirm that any information given to us by you or on your behalf is complete, accurate and not misleading;
- (j) Each payment by you shall be made without any deduction or withholding on account of tax, save where such deduction or withholding is required by law, in which case the amount of payment due shall be increased to an amount which (after making any deduction or withholding) leaves an amount equal to the payment which would have been due if no deduction or withholding had been required;
- (k) You will comply with and fulfil all of your obligations under Applicable Law and will not breach any Applicable Law in respect of entering into or performing any transaction under these Terms and you will provide J.P. Morgan with any instructions or orders and/or complete such procedural formalities as may be required by applicable tax or other law and/or practice and, at the request of J.P. Morgan, you will supply in a timely manner all tax-related forms, documents, certificates or other information that may be periodically required to enable J.P. Morgan to comply with its or any other tax-related information reporting obligations and/or make any payments to you (i) without reduction for any tax withholding or (ii) at a reduced rate of withholding, if applicable;
- (l) Where pursuant to these Terms you acquire securities in an offering that has not been qualified as a public offering in the jurisdiction in which you are located, you do so as a qualified, professional, institutional or similar investor that is eligible to do so under the laws of that jurisdiction pursuant to applicable private placement rules (without any action being required on our part other than that which has been performed and notified to you in writing), and that any resale, sub-participation or rehypothecation of, or other transaction in relation to, the securities by you will also be effected only in accordance with such rules (but without reliance on any such rule which is based purely on a numerical limit of offerees or purchasers);
- (m) Any third party appointed by you to give and receive instructions, notices and/or other communications on your behalf under these Terms has all requisite power and authority and/or appropriate regulatory or governmental consents (if applicable), to give and receive such instructions, notices or other communications;
- (n) Upon request from us, you will provide us with such information as is necessary for us to perform our obligations under Applicable Law; and
- (o) Either:
- (i) you do not and will not hold assets constituting, directly or indirectly, plan assets subject to (x) the fiduciary responsibility and prohibited transaction sections of the U.S. Employee Retirement Income Security Act of 1974 ("ERISA"); (y) the prohibited transaction provisions of Section 4975 of the U.S. Internal Revenue Code, (such assets in (x) and (y) being referred to as "**Plan Assets**"); or (z) any U.S. federal, state or local law that is similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code ("**Similar Law**"); or
  - (ii) your assets constitute Plan Assets but (x) these Terms and each transaction entered into hereunder will be entered into and performed on your behalf by a qualified professional asset manager (within the meaning of U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 84-14 ("**QPAM Exemption**")); and (y) such person has all requisite power and authority to enter into these Terms and each transaction hereunder on your behalf; and (z) neither the entering into nor the performance of these Terms or any transaction hereunder will result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code by reason of the application of the QPAM Exemption, all the conditions of which shall be met; or
  - (iii) your assets are subject to Similar Law but (x) the entering into and performance of these Terms and each transaction entered into hereunder will not result in a breach of Similar Law, or result in any tax, rescission right, or other penalty on J.P. Morgan including by reason of an applicable exemption, all of the conditions of which shall be met.

For the avoidance of doubt, references to "you" and "your" in this Clause 4.1 mean both you and any principal(s) on whose behalf you are acting.

4.2 In relation to any transaction carried out pursuant to these Terms, if you are acting as agent for any principal or principals then, on a continuing basis (and with respect to Clauses 4.2(a) and (b), on behalf of yourself and any principal or principals), you additionally represent, warrant and undertake to J.P. Morgan that:

- (a) You have full power, authority and capacity from your principal or each of your principals to enter into and perform your obligations under and pursuant to these Terms including, without limitation, entering into transactions under these Terms on your principal's or principals' behalf;
- (b) In so doing, you are expressly authorised by your principal or each of your principals to instruct us in relation to any such transaction and each transaction is entered into on the relevant principal's or principals' behalf and the relevant principal or principals shall be liable in respect of all obligations and liabilities to be performed in respect of any such transaction;
- (c) Where you are not an Investment Manager, but are acting as agent on behalf of one or more principals in relation to business conducted pursuant to these Terms, you and the relevant principal will be jointly and severally liable to us in respect of all obligations and liabilities to be performed in respect of any such transaction;
- (d) You have carried out all due diligence required under relevant laws, including without limitation, all applicable prevention and detection of money laundering, client identification, sanctions (for the avoidance of doubt, including any prevention and detection of terrorism legislation), laws and regulations, to satisfy yourself of the good standing of your principal or each of your principals and that your principal or each of your principals is not involved in any money laundering or criminal activity;

- (e) You assume full responsibility for, and shall ensure compliance with, without limitation any and all suitability, supervision control, registration, credit review, market abuse laws, rules and regulations and other requirements and restrictions of Applicable Law in respect of your principal's or each principal's use of services under these Terms;
  - (f) You will use all reasonable endeavours to ensure that any principal or principals on whose behalf you act as agent complies with and fulfils all of its obligations under any transactions entered into pursuant to these Terms;
  - (g) You hold and will at all times hold all requisite authorities from your principal or each principal to grant the security interests in respect of the investments, monies or other property of such principal created by Clause 16 and to take any further action as might be required by us under Clause 15.4 in respect of selling or realising any such investment; and
  - (h) Each of your principals is able to, and hereby does, make the representations in Clause 4.1 as if all references to "you" in Clause 4.1 are references to each of your principals, and you have carried out the requisite due diligence to satisfy yourself of this.
- 4.3 You will notify J.P. Morgan if any of the representations, warranties and undertakings contained in Clauses 4.1 and/or 4.2 ceases to be true.

## 5. RISK WARNING

- 5.1 This notice is provided to you in compliance with the Rules and MiFID. Please be aware that there are certain risks involved in entering into transactions in financial instruments. You should not deal in these products unless you understand their nature and the extent of exposure to risk that you will incur.
- 5.2 All financial products carry a certain degree of risk, and even low risk investment strategies contain an element of uncertainty. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should be aware of the risks associated with each of these instruments. We refer you to the enclosed Schedule of Product and Service Risk Disclosures (a copy of which can also be found at <http://www.jpmorgan.com/pages/disclosures/mifid/ib/emea>) which describes both the risks of specific products, as well as generic types of risk, including, inter alia: liquidity risk, credit risk, market risk, currency risk, interest rate risk, legal/regulatory risk and operational risk.

5.3 The information contained in the enclosed Schedule of Product and Service Risk Disclosures cannot disclose the nature of all risks of all specific products or services or disclose everything about generic types of risk. The information contained in the Schedule of Product and Service Risk Disclosures is a general description of the risks associated with the specific products or services which we may provide to you. You should not rely on the highlighted risks as being the only risks in relation to the product or service. You should always satisfy yourself that a product or service is suitable for you in light of your financial circumstances and that you fully understand the nature and risk associated with that product or service. Any risks highlighted are not to be relied upon as investment advice or a personal recommendation.

## 6. TELEPHONE TAPING AND ELECTRONIC COMMUNICATIONS

- 6.1 J.P. Morgan may in its sole discretion record all telephone conversations including those held between you and/or your agent and employees of J.P. Morgan including trading, sales or settlements. J.P. Morgan may record such telephone conversations without use of a warning tone. Such records will be our sole property. Our voice records will be

accepted by you as conclusive evidence of the orders, instructions or conversations recorded.

6.2 To the extent permitted by Applicable Law, by virtue of accepting services hereunder, you agree that J.P. Morgan may record, monitor and retain all electronic communications for the purposes of ensuring compliance with J.P. Morgan's legal and regulatory obligations and internal policies, and in connection with the services and/or transactions contemplated by these Terms.

6.3 J.P. Morgan may retain such records for whatever period may be required as a matter of its internal policies and/or Applicable Law.

6.4 You agree that your use of electronic communications will be for the purposes of your business, trade or profession. You agree that the requirements of the E-Commerce Directive (2000/31/EC), as implemented in the United Kingdom, are excluded to the fullest extent permissible by law.

## 7. AUTHORISED INSTRUCTIONS

7.1 You authorise J.P. Morgan to act on any instruction received (by whatever means transmitted, whether or not in writing) which purports, and which we believe in good faith, to come from you or to have been given on your behalf regardless of whether you have provided us with notice of a list of persons (including any individual or entity) authorised to act on your behalf and, where you have provided us with such a list, regardless of whether the person in question is named or not named on that list. If we enter into any transaction(s) upon any such instruction, and securities or funds are not delivered to us as and when due, you will fully indemnify us and each of our Affiliates against all costs, expenses, liabilities and losses which we and/or any of our Affiliates may incur and against all claims which may be made against us and/or any Affiliate as a result of such failure.

7.2 Neither J.P. Morgan nor any Affiliate, nor any director, officer or employee of J.P. Morgan or an Affiliate, shall be responsible for any delays, inaccuracies or omissions in the receipt of your instructions or in the transmission of orders or other information to J.P. Morgan or an Affiliate by you except to the extent such delays, inaccuracies or omissions are caused by its own gross negligence, fraud or wilful default.

7.3 Notwithstanding our general willingness to enter into transactions with you or on your behalf, we shall not, unless otherwise obliged under the Rules, be under any obligation to enter into any particular transaction, or to accept and act in accordance with any instruction.

## 8. ORDER HANDLING AND OTHER REGULATORY REQUIREMENTS

### 8.1 Best Execution

When executing orders on your behalf and when placing orders with, or passing orders to, other entities (including Affiliates) for execution, we will do this in accordance with our Execution Policy as amended from time to time. For information on J.P. Morgan's Execution Policy for Professional Clients, see our webpage:

<http://www.jpmorgan.com/pages/disclosures/mifid/ib/emea>

### 8.2 Aggregation and Priority of Orders

J.P. Morgan handles client and own account orders promptly, fairly and in due turn subject to market conditions. J.P. Morgan may aggregate your (or, where you are acting as agent on behalf of a principal or principals, your principal's or principals') order with (i) its own orders; (ii) orders of Affiliates; or (iii) orders of other persons, in a manner that J.P. Morgan believes is fair in accordance with Applicable Law. Such aggregation may on some occasions operate to your (or, where applicable, your principal's or principals') disadvantage and on other occasions to your (or, where applicable, your principal's or principals') advantage. Market conditions may not permit your (or, where applicable, your principal's or principals') aggregated

order to be executed at once or in a single transaction. We may therefore execute it over such period as we deem appropriate and we may report to you a volume weighted average price for a series of transactions so executed instead of the actual price of each transaction.

#### 8.3 Open Orders

Unless otherwise agreed, open orders are specific and will remain in effect until executed or cancelled (including where cancelled by an Exchange). An open order will not be cancelled automatically by an identical or different order or transaction otherwise executed for your (or, where applicable, your principal's or principals') account in the securities concerned. It is your responsibility to cancel an open order where a substitute order has been entered. A transaction resulting from the execution of any such order which you have not cancelled will be entered in your (or, where applicable, your principal's or principals') account.

Sometimes your (or, where applicable, your principal's or principals') order may be partially completed on a particular trading day, to be completed on a subsequent trading day or days, and you may request that we delay sending you a confirmation until we are able to send you a confirmation covering the whole executed order. We are not obliged to accept such a request, but if we do accept it this does not affect the fact that you (or, where applicable, your principal or principals) are contractually obliged under these Terms to purchase (or sell, as applicable) the securities to which any partial execution relates. You (and, where applicable, your principal or principals) are responsible for obtaining your (and their) own legal advice as to when any obligation(s) you (or, where applicable, your principal or principals) have to disclose your (and/or, where applicable, your principal's or principals') transaction or resultant position may arise under Applicable Law.

#### 8.4 Limit Orders

You hereby instruct J.P. Morgan and its Affiliates not to immediately make public (where we would otherwise be required to do so by Applicable Law) any limit order you place with us in respect of shares traded on a regulated market where that order cannot immediately be executed.

#### 8.5 Inducements

In the course of providing services to our clients, we may pay or receive fees, commissions, rebates or other non-monetary benefits to or from third parties (including any Affiliate(s)). Such fees, commissions and rebates we directly receive from third parties from time to time will not be held on your behalf as client money under the FCA's Client Money Rules. Such fees, commissions, rebates or other non-monetary benefits will be disclosed to you to the extent required by the Rules and with regard to the nature of the services provided to you, and such disclosure may be in summary form only. Further details will be available upon request.

#### 8.6 Margined Transactions

In the event J.P. Morgan enters into or arranges transactions with or for you (or, where applicable, your principal or principals) under which you (or, where applicable, your principal or principals) may be liable to make further payments, we may require that you (or, where applicable, your principal or principals) provide us with initial and/or additional margin in a form acceptable to us. You (or, where applicable, your principal or principals) represent and warrant to us that any initial or additional margin you post with us shall be fully transferable and that no option, lien, charge, security or encumbrance exists or will, due to any act or omission by you, exist over the margin. Without prejudice to Clause 13, if you (or, where applicable, your principal or principals) fail to provide us with such margin by no later than the close of business on the business day as defined under the Rules ("Business Day") after we have notified you of such requirements, we may suspend any payment or delivery of securities required to be

made to you (or, where applicable, your principal or principals) and may close out your (or, where applicable, your principal's or principals') account by purchasing from, or selling to, a third party in a commercially reasonable manner the relevant financial instrument, underlying securities or collateral (or comparable financial instruments or securities). You shall reimburse us for all reasonable costs incurred by us in respect of any such purchase or sale.

#### 8.7 Short Positions

Unless you inform us otherwise, all instructions to sell investments are accepted by J.P. Morgan on the understanding that you (or, where applicable, your principal or principals) own the relevant investments. At the time of providing an instruction to J.P. Morgan to enter into transactions on your (or, where applicable, your principal's or principals') behalf, you must inform J.P. Morgan if the instruction requires J.P. Morgan to sell on your (or, where applicable, your principal's or principals') behalf investments which you do not own at the time, and (without prejudice to Clause 7.3) J.P. Morgan shall have the right in its sole discretion to refuse to accept any such instruction.

We may establish short positions on your (or, where applicable, your principal's or principals') behalf, that is to say sell on your (or, where applicable, your principal's or principals') behalf investments which you (or, where applicable, your principal or principals) do not own at the time, leaving you (or, where applicable, your principal or principals) with an open exposure related to any increase in the price of those investments before settlement. We may cover your (or, where applicable, your principal's or principals') settlement obligations by borrowing for you (or, where applicable, your principal or principals) the relevant investments. We may require you to sign appropriate documentation covering such borrowing.

You (or, where applicable, your principal or principals) acknowledge that restrictions or disclosure obligations may exist or be imposed from time to time under Applicable Law in relation to transactions in investments that J.P. Morgan enters into on your (or, where applicable, your principal's or principals') behalf. J.P. Morgan (without prejudice to Clause 7.3) reserves the right to refuse to accept any instruction where it considers in its sole discretion that accepting such instruction may cause it to breach Applicable Law (whether or not you have informed us as to whether or not you (or, where applicable, your principal or principals) own the investments in question).

#### 8.8 Stocklending

Any stocklending between you (or, where applicable, your principal or principals) and J.P. Morgan will be documented separately on our standard terms.

#### 8.9 Programme Trading

Where we accept an order to effect a programme trade we will act as riskless principal unless otherwise agreed at the time.

We and/or our Affiliate(s) may execute own account transactions in any investment and/or traded product included in a programme trade.

#### 8.10 Contract Notes and Confirmations

Where J.P. Morgan executes a sale or purchase of an investment and/or traded product with or for you (or, where applicable, your principal or principals) under these Terms, J.P. Morgan may confirm essential details of that transaction with you or any agent nominated by you in writing. This confirmation or contract note may be dispatched by, inter alia, telex, SWIFT, facsimile or in electronic form (including notice via a website), which shall have the same effect as if provided to you in hard copy. Confirmations or contract notes override any oral or informal trade summary or information that may be provided to you. You (and, where applicable, your principal or principals) agree that for trades introduced or arranged by

J.P. Morgan to or for an Affiliate, the Affiliate's confirmation shall be sufficient for this purpose.

All contract notes or confirmations issued by J.P. Morgan or its Affiliates (as agent for J.P. Morgan) shall bind you (or, where applicable, your principal or principals) unless a detailed objection is received in writing by the J.P. Morgan contact stated on the applicable contract note or confirmation (or if no contact is stated, your usual contact at J.P. Morgan) within one Business Day of dispatch of the contract note or confirmation by J.P. Morgan or applicable Affiliate as agent for J.P. Morgan. A party shall not be bound by a contract note or confirmation which it issues in manifest error.

#### 8.11 Custody of your Investments

J.P. Morgan may provide safe custody services for your (or, where applicable, your principal's or principals') investments, which will be the subject of a separate agreement. In addition, we may hold collateral in connection with financial instruments (as defined under MiFID), which may also be subject to a Product Contract.

Investments and/or traded products purchased by you (or, where applicable, your principal or principals) which are not custodied by J.P. Morgan, which are registrable, will be registered by us in accordance with your instructions. Certificates will be forwarded to you in accordance with your instructions. We will not accept responsibility for the safe custody obligations of any third parties to hold your (or, where applicable, your principal's or principals') investments.

#### 8.12 Corporate Actions

We shall not be responsible for the following corporate actions, unless you have specifically instructed us and we have agreed in writing to comply with such instruction, on such matters:

- (a) Taking up any rights;
- (b) Exercising conversion or subscription rights;
- (c) Dealing with take-overs, other offers or capital reorganisations; and
- (d) Exercising voting rights.

J.P. Morgan shall have no obligation to notify you of any corporate action.

#### 8.13 No Reliance / No Advice

Neither J.P. Morgan nor any of its Affiliates shall owe you (or, where applicable, your principal or principals) any duty to advise on the merits or suitability of any investment or series of investments or trading decisions or traded products entered into or contemplated by you unless specifically agreed otherwise in writing.

Without limitation to the generalities of the foregoing, we shall not give you (or, where applicable, your principal or principals) legal, regulatory, accounting, taxation, financial or any other advice in relation to any investment or series of investments or trading decisions or traded products and you (or, where applicable, your principal or principals) are solely responsible for seeking and obtaining your (or their) own advice and taking your (or, where applicable, your principal's or principals') own trading decisions. You (and/or, where applicable, your principal or principals) agree that you and/or they will rely on your or their own judgement for all trading decisions and investments or series of investments and that you or they are not in any way acting in reliance on us.

Furthermore, any research, trading recommendation, trade idea, information about investment and investment strategy, market commentary, generic advisory material or other information communicated to you (or, where applicable, your principal or principals) is not personalised to, tailored to or based on a consideration of your (or, where applicable, your principal's or principals') individual circumstance, is incidental to the provision of services by J.P. Morgan under these Terms and should not be relied upon. Neither J.P. Morgan nor any of

its Affiliates gives any representation, warranty or guarantee as to the accuracy or completeness of any such information or as to the regulatory, legal, accounting, taxation or other consequences of any investment or traded products.

#### 8.14 Financial Services Compensation Scheme

J.P. Morgan is a member of the Financial Services Compensation Scheme ("Scheme"). The Scheme is only available to certain types of claimants and claims. Payments to eligible claimants under the Scheme will vary depending on the type of protected claim (e.g. deposits or investments) the claimants hold with respect to the relevant institution. Payments under the Scheme in respect of protected deposits are subject to a maximum payment to any eligible depositor of GBP85,000. Payments under the Scheme in respect of Designated Investment Business (as defined under the Scheme) are subject to a maximum payment of GBP50,000 per eligible investor. Further details of the Scheme are available from J.P. Morgan on request or at the Scheme's official website at <http://www.fscs.org.uk>.

#### 8.15 Settlement

J.P. Morgan's obligation to settle any transaction or to deliver any securities purchased by you (or, where applicable, your principal or principals) is conditional upon receipt by J.P. Morgan or J.P. Morgan's settlement agent of all necessary documents or funds due to be delivered by you (or, where applicable, your principal or principals) or on your (or, where applicable, your principal's or principals') behalf on or before the due date for settlement.

Unless otherwise agreed in writing, you (or, where applicable, your principal or principals) are responsible for the due performance of every transaction which we enter into with or for you (or, where applicable, your principal or principals). Where permitted to do so by Applicable Law, we may effect a net settlement with or for you (or, where applicable, your principal or principals) or on your (or, where applicable, your principal's or principals') behalf. Where we have acted as agent for you (or, where applicable, your principal or principals), it is the other party to the transaction who is responsible for settlement of the transaction and delivery or payment will be at your (or, where applicable, your principal's or principals') entire risk.

J.P. Morgan shall effect settlement of any transaction in accordance with Applicable Law and market practice in the jurisdiction or market in which the transaction is settled. You (and, where applicable, your principal or principals) acknowledge that settlement of securities in some jurisdictions or markets does not occur on a delivery against payment basis.

Where you are acting under these Terms as agent on behalf of a principal or principals, and at the time a transaction is agreed under these Terms you have not notified us of the allocation of such transaction to your principal or amongst your principals as applicable, then: (i) you undertake to fully allocate the transaction, and notify us of such allocation, promptly to your principal or amongst your principals as applicable, each of whom will be liable as principal in respect of the part of the order allocated to it; and (ii) where you are an Investment Manager, until you have fully allocated the transaction and notified us of such allocation, without prejudice to any concurrent liability of your principal(s), you shall be liable as principal in respect of all obligations and liabilities to be performed in respect of any unallocated portion of that order.

You (or, where applicable, your principal or principals) are responsible for all taxes, duties and levies payable with respect to any transaction executed by J.P. Morgan with you or on your (or, where applicable, your principal's or principals') behalf. Where the applicable tax authority looks to J.P. Morgan to account for any such tax, duty or levy on your (or, where applicable, your principal's or principals') behalf, we shall be entitled to deduct, charge and account for any such amount and you (or, where applicable, your principal or principals) shall be obligated to pay to J.P. Morgan the relevant amount in

addition to the funds required to settle the transaction. If you (or, where applicable, your principal or principals) are entitled to an exemption from any such tax, duty or levy, J.P. Morgan shall be entitled nonetheless to deduct, charge and account for the amount you (or, where applicable, your principal or principals) would have been required to pay absent the exemption unless you supply all documentation and explanations required or requested by J.P. Morgan in order to be satisfied, in its sole discretion, that the exemption is available.

#### 8.16 Execution of Orders

When executing an order on your behalf, J.P. Morgan or its Affiliate, as the case may be, may execute that order outside a regulated market or Multilateral Trading Facility ("MTF") where J.P. Morgan or its Affiliate reasonably believes that this is necessary to achieve best execution. You consent to J.P. Morgan (or an Affiliate as the case may be) executing an order outside a regulated market or MTF where J.P. Morgan (or the relevant Affiliate as the case may be) reasonably believes it is in your best interest to so execute an order.

#### 8.17 Systematic Internalisation

To the extent that J.P. Morgan may, subject to the pre-trade quotation obligations set out in the Rules, act as a systematic internaliser, and J.P. Morgan grants access to quotes provided by it, J.P. Morgan may limit the number of transactions that it undertakes with you (or, where applicable, your principal or principals) and/or the total number of transactions it may enter into in aggregate with clients on the basis of such published quote.

#### 8.18 Trade Reporting

Where J.P. Morgan executes a transaction in respect of shares admitted to trading on a regulated market, but which are transacted outside a regulated market, J.P. Morgan will make the relevant transaction information public in accordance with Applicable Law unless you inform J.P. Morgan in writing that you will undertake to do so. J.P. Morgan may rely upon third parties (including data monitors) to make public such transaction information and J.P. Morgan may receive fees or commissions in connection with such third party arrangements. Fees or commissions owed by you to J.P. Morgan in connection with any such transaction shall not be affected by any fees or commissions received by J.P. Morgan from any third party in respect of such transaction.

#### 8.19 Transaction Reporting

J.P. Morgan will comply with its obligations under the Rules set out in SUP 17 (as amended from time to time) in relation to transactions executed with you (or, where applicable, your principal or principals) or on your (or, where applicable, your principal's or principals') behalf.

#### 8.20 Duties and Charges

J.P. Morgan may charge transaction duties and charges owing from you on a trade at fund manager level, or at a level different from that payable by J.P. Morgan as execution broker. Any difference in such duties and/or charges may be retained or absorbed by J.P. Morgan.

#### 8.21 ICMA Rules and Recommendations

All transactions under these Terms in "international securities" as that term is defined in the Rules and Recommendations of the International Capital Market Association or any successor entity ("ICMA") shall be subject to ICMA Rules and Recommendations.

#### 8.22 Market Conduct

You will not take any action or fail to take any action in circumstances where taking such action or failing to take such action would amount to market abuse, nor fail to observe the proper standards of market conduct in relation to any relevant Exchange and not knowingly take any step or omit to take any

step that would cause J.P. Morgan to commit market abuse or fail to observe such proper standards.

#### 8.23 Additional market requirements

Specific additional provisions which apply when trading on certain markets (including Exchanges, Clearing Systems or order matching systems) may be included on <http://www.jpmorgan.com/pages/disclosures/markets> from time to time.

### 9. CLIENT MONEY AND CUSTODY

9.1 The application of the rules governing client money are dependent on the legal entity within J.P. Morgan with which you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) transact and specifically whether such entity is or is not authorised as a credit institution, as such term is defined under the FCA Handbook and PRA Handbook, as applicable. Each entity within J.P. Morgan that is a credit institution shall be referred to as a "**J.P. Morgan Credit Institution**". A list of which entities within J.P. Morgan are J.P. Morgan Credit Institutions can be found at

<http://www.jpmorgan.com/pages/disclosures/mifid/ib/emea>.

We will notify you from time to time, including by way of posting on the above webpage, if any entities within J.P. Morgan become or cease to be a J.P. Morgan Credit Institution.

9.2 Unless specifically agreed in writing and subject to Clause 9.5, any money which a J.P. Morgan Credit Institution, other than J.P. Morgan Securities plc ("JPMS plc"), receives from you (or, where applicable, your principal or principals), or holds on your (or, where applicable, your principal's or principals') behalf in the course of carrying on investment business in the United Kingdom, will be held as banker, not as trustee, and will therefore not be subject to the protections conferred by the FCA's Client Money Rules as set out in CASS 7 of the FCA Handbook ("**Client Money Rules**"), and such funds will not be segregated from the money of such J.P. Morgan Credit Institution, and may be used by it in the course of its business. As a result, if such J.P. Morgan Credit Institution fails, the FCA's Client Money Distribution Rules as set out in CASS 7A of the FCA Handbook ("**Client Money Distribution Rules**") will not apply to these sums and you will not be entitled to share in any distribution under the Client Money Distribution Rules. You (or, where applicable, your principal or principals) will therefore rank only as a general creditor of such J.P. Morgan Credit Institution.

9.3 Subject to Clause 9.5, entities within J.P. Morgan that are not J.P. Morgan Credit Institutions ("**J.P. Morgan Investment Firms**") and JPMS plc will treat any money received from you (or, where applicable, your principal or principals) or held on your (or, where applicable, your principal's or principals') behalf in the course of carrying on investment business as client money in accordance with the Client Money Rules which, for the avoidance of doubt, may include holding client money with a third party bank or banks. A J.P. Morgan Investment Firm or JPMS plc (as applicable) may also hold client money with a J.P. Morgan Credit Institution or other member of the group of companies of which J.P. Morgan forms part which is a bank authorised in a third country (as defined under the Client Money Rules). We may also allow another third party (for example an OTC counterparty, settlement agent, intermediate broker, Exchange or Clearing System) to hold or control client money in order to effect one or more transactions through or with that person or to satisfy your obligation to provide collateral in respect of a transaction. Client money may be held outside the United Kingdom. If client money is held with a party outside the United Kingdom the applicable legal and regulatory regime may be different from that of the United Kingdom and other European Economic Area (the "**EEA**") states and if the bank, intermediate broker, over-the-counter ("**OTC**") counterparty, Exchange, Clearing System or settlement agent fails, your (or, where applicable, your principal's or principals') money may be treated differently from the position that would apply if client money were held in the

United Kingdom or an EEA state. You (and, where relevant, your principal or principals) should consider taking independent legal advice if you or they have any concerns.

9.4 J.P. Morgan Investment Firms or JPMS plc (as applicable) may place your (or, where applicable, your principal's or principals') money into a qualifying money fund, as defined in the Client Money Rules. As a result, any money will not be held in accordance with the Client Money Rules and the units in any such fund will be held for you as custody assets in accordance with the provisions on custody assets set out in the FCA's Custody Rules as set out in CASS 6 of the FCA Handbook (the "**Custody Rules**"). If you do not want us to place client money we hold on your (or, where applicable, your principal's or principals') behalf into a qualifying money fund, please advise us in writing.

9.5 The Client Money Rules and the Custody Rules will not apply in respect of any monies or assets where full ownership has been transferred by you (or, where applicable, your principal or principals) to J.P. Morgan for the purpose of securing or otherwise covering present or future, actual or contingent or prospective obligations (a "**Title Transfer Collateral Arrangement**") pursuant to a Product Contract.

Where money or securities have been provided to J.P. Morgan under a Title Transfer Collateral Arrangement such money and securities may be used in the course of J.P. Morgan's business and you (or where applicable, your principal or principals) will therefore rank only as a general creditor of such J.P. Morgan institution. Any notification that you would like to terminate a Title Transfer Collateral Arrangement should be made in accordance with the Product Contract and in writing.

9.6 In the event that a J.P. Morgan Credit Institution agrees separately with you to treat any money received from you or held on your behalf as client money in accordance with the Client Money Rules, the provisions of Clauses 9.3 to 9.5 shall apply in respect of that J.P. Morgan Credit Institution as if it were a J.P. Morgan Investment Firm, save to the extent that such J. P. Morgan Credit Institution may otherwise agree in writing with you.

9.7 You agree that J.P. Morgan may in its sole discretion decide to pay away any unclaimed money held on your (or, where applicable, your principal's or principals') behalf as client money in accordance with the Client Money Rules to a registered charity of our choice, provided that J.P. Morgan has held such unclaimed money for you for at least 6 years following the last movement on your account (disregarding any payment or receipt of interest, charges or similar items) and we have taken reasonable steps in accordance with the Client Money Rules to trace you and return the money, in which case we shall cease to treat such money as client money. In such circumstances, we (or an Affiliate) will unconditionally undertake to pay you a sum equal to the balance paid away in the event that you seek to claim such balance in the future.

9.8 You agree that J.P. Morgan may in its sole discretion decide to:

- (a) liquidate any unclaimed assets kept in safe custody by us for you at market value and pay away the proceeds, or
- (b) pay away any such unclaimed assets,

in either case to a registered charity of our choice, provided that we have held the relevant assets in safe custody for you for at least 12 years; we have in the 12 years preceding the divestment not received any instructions from you or on your behalf relating to any assets kept in safe custody for you; and we have taken reasonable steps in accordance with the Custody Rules to trace you and return the relevant assets, in which case we shall cease to treat such assets as custody assets held for you. In such circumstances, we (or an Affiliate) will unconditionally undertake to pay you a sum equal to the value of the relevant asset at the time it was liquidated or paid away in the event that you seek to claim the asset in the future.

9.9 J.P. Morgan reserves the right to charge an account maintenance fee in relation to inactive accounts in respect of which we have not received any instructions from you or on your behalf for at least 1 year. Such fee will be notified to you at your last known address. Pursuant to Clause 10.2, such maintenance fee may be deducted from any funds held by us on your (or where applicable your principal's or principals') behalf. In the event that insufficient funds are available in such accounts, you agree that we may in such manner and at such time or times as we in our sole discretion see fit, liquidate any investments or other assets, as we in our sole discretion may select, that we hold for you (or, where applicable your principal or principals) in safe custody in order to deduct the amount of the maintenance fee from the proceeds.

9.10 You may at any time make a request for information in respect of any client money or assets J.P. Morgan holds for you in safe custody or a copy of any statement previously provided to you, in respect of which we may charge you an amount which reasonably corresponds to our actual costs.

## 10. CHARGES AND INTEREST

10.1 We may charge you (or, where applicable, your principal or principals) interest in the following circumstances:

- (a) Where you (or, where applicable, your principal or principals) are in default by virtue of late payment for or delivery of investments, traded products, collateral or cash, interest may be charged at a rate at our sole discretion; and
- (b) Where there is an agreed debit balance on your (or, where applicable, your principal's or principals') account with us, interest may be charged at the rate agreed between us.

Interest will not normally be payable to you (or, where applicable, your principal or principals) in respect of any money we hold for you (or, where applicable, your principal or principals), unless specifically agreed between you and J.P. Morgan in writing.

10.2 Our charges will be subject to negotiation and agreement. In the absence of any agreement between us, we shall be entitled to charge and you (or, where applicable, your principal or principals) agree to pay our standard rates plus all commission, mark-up, mark-down, spread or other fees, charges, expenses, fines or penalties on a transaction entered into by you under these Terms, as well as any applicable value added tax. Any charges due to us (or to our agents) plus any applicable value added tax, duties, taxes and levies may be deducted from any funds held by us on your (or, where applicable, your principal's or principals') behalf or any payments made by us to you (or, where applicable, your principal or principals) or to others on your behalf or, at our discretion, shall be paid by you (or, where applicable, your principal or principals) as we notify. Where value added tax is due on our charges (including any expenses) payable by you (or, where applicable, your principal or principals) to J.P. Morgan, you (or, where applicable, your principal or principals) shall be responsible for such value added tax and shall pay such value added tax to the relevant tax authorities or J.P. Morgan as required by Applicable Law. References to "**value added tax**" in this paragraph include value added tax, sales tax, services tax, goods and services tax and analogous taxes plus any interest or penalties if relevant.

10.3 Where we effect any transaction as principal with you (or, where applicable, your principal or principals), the pricing of that transaction may incorporate a mark up or mark down, which may result in additional compensation to us.

10.4 We and/or our Affiliates may receive other payments in connection with any transaction we execute with or for you (or, where applicable, your principal or principals), in addition to or in lieu of any fees, as described in Clause 8.5.

We may share our charges with other persons and the amount or basis of any shared charges in relation to a specific transaction will be made available on request to the extent required under the Rules and with regard to the nature of the services provided to you, and such disclosure may be in summary form only. Further details will be available on request.

## 11. MATERIAL INTERESTS

11.1 When we deal or arrange deals with or for you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) or otherwise provide services to you, we, an Affiliate or some other person connected with us, may have an interest, relationship or arrangement that is material in relation to the transactions or investment concerned and you authorise us under these Terms to deal or arrange deals in such circumstances without further specific prior notification to you, and J.P. Morgan and/or its Affiliates may retain any profit from such transactions. For example, we may deal in investments as principal, or as agent for more than one party, or may make a recommendation to buy or sell an investment in which we have a long or short position or in which we have been given instructions by another customer to buy or sell. Information barriers may exist between the different parts of our organisation, which will mean that the person dealing with or for you (or, where applicable, your principal or principals) may be unaware of such a situation. However, even where this is not the case, we shall not, in providing services to you, be obligated to use or disclose information, whether or not unpublished and/or price sensitive, which is in possession of another of our business areas or any of our Affiliates.

11.2 We are required to treat you (or, where applicable, your principal or principals) fairly in relation to conflicts of interest or material interests. Where we are unable to manage a potential conflict effectively through our own internal conflict management arrangements, we may make you aware of the possibility of such conflict or material interest and ask you to consent to us acting notwithstanding such conflict or material interest. We may also decline to act where we believe that there is no other practicable way of treating you (or, where applicable, your principal or principals) and our other clients fairly. If you object to us acting where we have disclosed that we have a conflict or material interest, you should notify your usual contact at J.P. Morgan in writing. Unless so notified, we will assume that you do not object to our so acting.

11.3 Neither the relationship between you (or, where applicable, your principal or principals) and J.P. Morgan, nor the services to be provided by J.P. Morgan, nor any recommendation or advice tendered to you (or, where applicable, your principal or principals), nor any other matter, will give rise to any fiduciary or equitable duties on the part of J.P. Morgan which would oblige either J.P. Morgan or an Affiliate to accept responsibilities more extensive than those set out in these Terms or which would prevent or hinder J.P. Morgan or an Affiliate from:

- (a) Acting as principal or as agent for any Affiliate in respect of investments and/or traded products sold or purchased; or
- (b) Advising on, managing, underwriting, or otherwise participating in any issue or proposed issue of securities or other corporate finance matter (whether for a corporation or otherwise); or
- (c) Advising on or managing investments and/or traded products for any person.

Neither J.P. Morgan nor any Affiliate shall be liable to account to you (or, where applicable, your principal or principals) for any profit, commission or remuneration made or received from or by reason of transactions with our clients or any connected transaction nor will our fees, unless otherwise agreed in writing between us, be rebated. You acknowledge and agree that J.P. Morgan and its Affiliates may provide services and earn

(and retain) all such profit, commission or remuneration notwithstanding the existence of material interests.

11.4 J.P. Morgan, or an Affiliate, may hold a long or short position or a derivative interest in, or act as a market maker in, the financial instruments of any issuer in which you (or, where applicable, your principal or principals) may hold a position or J.P. Morgan or an Affiliate may act as underwriter, distributor, adviser or lender to any such issuer. J.P. Morgan may conduct trading activities, including hedging, in connection with any transaction referenced herein, which may have an adverse impact on you (or, where applicable, your principal or principals).

## 12. AFFILIATES

We may recommend the services of, or pass an order to, any Affiliate. We may introduce you to an Affiliate outside the United Kingdom which may not be an authorised person subject to regulation under the terms of the FSMA, and any money held by such an Affiliate on your (or, where applicable, your principal's or principals') behalf may be treated differently to how it would be treated if it were held by an authorised person who is subject to regulation under the terms of the FSMA.

## 13. EVENTS OF DEFAULT

13.1 On or at any time after the occurrence of any of the following events (each an "Event of Default"):

13.1.1 You (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) fail to pay any amount due and owing, or fail to deliver when due any property in respect of any transaction with J.P. Morgan or any Affiliate; or

13.1.2 You (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) otherwise default in the due performance and observance of any other provision of these Terms; or

13.1.3 Any representation or warranty made by you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) being incorrect, untrue, or ceasing to be true in any material respect at any time, or you (or, where applicable, your principal or principals) fail to comply with any undertaking made by you (or, where applicable, your principal or principals) under these Terms; or

13.1.4 You (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) fail to comply with the rules and/or regulations of any Exchange, OTC market, Clearing System, applicable regulation or law, or you (or, where applicable, your principal or principals) are suspended from membership of, or participating in, any Exchange, over-the-counter market or Clearing System; or

13.1.5 Any material adverse change in your (or, where you are acting as agent on behalf of a principal or principals, your principal's or principals') financial condition or business occurs which, in our opinion, may jeopardise our position in relation to any transaction entered into with you (or, where applicable, your principal or principals); or

13.1.6 You (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) become insolvent or unable to pay your (or, where applicable, your principal's or principals') debts as they become due, or make a general assignment, arrangement or composition with or for the benefit of creditors, or become the subject of insolvency, bankruptcy or similar proceedings, or a petition is presented for your (or, where applicable, your principal's or principals') winding up or liquidation or a trustee, receiver or manager is appointed over all or substantially all of your (or, where applicable, your principal's or principals') assets; or

13.1.7 You (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) lose the regulatory authorisations and/or licences which are necessary for you (or, where applicable, your principal or principals) to

lawfully perform your (or, where applicable, your principal's or principals') obligations under these Terms; or

13.1.8 Where you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) are acting as a trustee, you (or, where applicable, your principal or principals) cease to act as trustee of the relevant trust or you (or, where applicable, your principal or principals) lose your (or, where applicable, your principal's or principals') trustee indemnity; or

13.1.9 Where you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) are a natural person, you (or, where applicable, your principal or principals) die or become of unsound mind;

We may:

- (a) Terminate these Terms, with immediate effect upon written notice to you, whereupon any amount or other obligations owed by you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) to J.P. Morgan and/or any Affiliate under these Terms shall become immediately due and payable and due for performance; and/or
- (b) Terminate these Terms in relation to any J.P. Morgan entity or entities with immediate effect upon written notice to you, whereupon any amount or other obligations owed by you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) to that J.P. Morgan entity (or those J.P. Morgan entities), and/or an Affiliate in respect of services provided to you by that J.P. Morgan entity, under these Terms shall become immediately due and payable and due for performance but these Terms will remain in force between you (or, where applicable, your principal or principals) and each other J.P. Morgan entity and references in these Terms to "J.P. Morgan" and "we" shall be construed accordingly; and/or
- (c) Terminate with immediate effect any outstanding transaction(s) entered into between J.P. Morgan and you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) under these Terms as we shall determine and notify you of such termination as soon as reasonably practicable, whereupon any amount or other obligations owed by you (or, where applicable, your principal or principals) to J.P. Morgan and/or any Affiliate in respect of that transaction or those transaction(s) shall become immediately due and payable and due for performance but these Terms will remain in force between us in respect of all other transactions; and/or
- (d) Without prejudice to any of our other rights, exercise any of our powers pursuant to Clauses 15, 16 and/or 17 below.

13.2 Where you are subject to a system of law that does not permit termination to take place after the occurrence of an Event of Default, (a) we shall not be required to serve you with notice of termination; and (b) termination of these Terms shall be deemed to have occurred as of the time immediately preceding the Event of Default ("Automatic Early Termination Event").

13.3 Where in relation to any transaction carried out pursuant to these Terms you are acting as agent for any principal or principals, any Event of Default and/or an Automatic Early Termination Event in relation to you shall constitute an Event of Default in respect of that principal or principals on whose behalf you are acting as agent, unless otherwise determined by us.

13.4 If an Event of Default and/or an Automatic Early Termination Event occurs in relation to you (or, where relevant, your principal or principals), you shall immediately give written notice thereof to us, specifying the relevant Event of Default and/or Automatic Early Termination Event. Neither the existence nor non-existence of such notification by you shall prejudice the rights and remedies available to us under these Terms or Applicable Law.

13.5 Where an Event of Default and/or an Automatic Early Termination Event occurs in relation to a principal or principals on whose behalf you are acting as agent, these Terms can be terminated by us in relation to such principal(s) under Clause 13.1 without affecting the continuation of these Terms in relation to you and any other party on whose behalf you act.

13.6 If any person (a "Guarantor") has provided J.P. Morgan any form of financial or performance guarantee or surety or collateral in respect of your (or, where relevant, your principal's or principals') obligations under these Terms, then it shall also be an Event of Default if any of the events set out in Clause 13.1 occur in relation to the Guarantor, unless otherwise determined by us.

13.7 If a J.P. Morgan entity admits in writing that it is unable to pay its debts as they fall due, or a receiver, administrator (whether out of court or otherwise), administrative receiver, liquidator, trustee or analogous officer is appointed over it or over all or any material part of its property, or there is a declaration of a moratorium in respect of its indebtedness (other than where any of the foregoing events are pursuant to or in connection with a consolidation, reorganisation, amalgamation or merger or any analogous event to any of the foregoing events in this parenthesis), you shall be entitled upon written notice to such J.P. Morgan entity to terminate these Terms in relation to that J.P. Morgan entity with immediate effect upon written notice to that J.P. Morgan entity, whereupon you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) may treat the outstanding transactions between you (or, where applicable, your principal or principals) and that J.P. Morgan entity under these Terms (but, for the avoidance of doubt, not including any transactions between you and that J.P. Morgan entity under a Product Contract) as cancelled and terminated and/or set-off and/or net the positions and liabilities between you (or, where applicable, your principal or principals) and that J.P. Morgan entity in respect of such outstanding transactions, but these Terms will remain in force between you (or, where applicable, your principal or principals) and each other J.P. Morgan entity and references in these Terms to "J.P. Morgan" and "we" shall be construed accordingly. For the purposes of you exercising any set-off or netting right under this Clause 13.7, where you (or, where applicable, your principal or principals) or the relevant J.P. Morgan entity are under an obligation to deliver securities in respect of a transaction under these Terms, any such obligations shall constitute an amount equal to the purchase price of the relevant securities in the market as shall be reasonable in the circumstances.

13.8 Any termination under this Clause 13 will not affect any provision of these Terms intended to survive termination, including, without limitation, Clauses 8.15, 10, this Clause 13, Clauses 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34.

#### 14. TERMINATION ON NOTICE

14.1 J.P. Morgan may, by sending you a notice in writing under these Terms: (a) terminate these Terms; and/or (b) terminate these Terms in relation to any J.P. Morgan entity or entities, whereupon these Terms will remain in force between you (or, where applicable, your principal or principals) and each other J.P. Morgan entity and references in these Terms to "J.P. Morgan", "we", "us" and "our" shall be construed accordingly.

14.2 Any termination given by us may take effect immediately or on such later date as the notice may specify.

14.3 You may also terminate these Terms by giving notice in writing of termination, which will take effect ten Business Days after the date on which we receive such notice.

14.4 Upon termination under either Clauses 14.1 or 14.3, both we and you (or, where applicable, your principal or principals) will honour and fulfil any transactions agreed to but not settled before the date of any such termination.

14.5 Where under these Terms you are acting as agent on behalf of more than one other party, we may terminate these Terms in relation to any such other party pursuant to this Clause 14 without affecting the continuation of these Terms in relation to you and any other party on whose behalf you act.

14.6 Upon termination subject to final discharge of all obligations owed by you (or, where applicable, your principal or principals) to us, your account will be transferred or otherwise administered in accordance with your instructions.

14.7 Any termination effected by either party under this Clause 14 will not affect accrued rights under these Terms or in respect of any transaction(s) entered into under these Terms, or any provision of these Terms intended to survive termination, including, without limitation, Clauses 8.15, 10, 13, this Clause 14, Clauses 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34.

## 15. CLOSE OUT

15.1 If any of the Events of Default set out in Clause 13.1 occurs, we may, with immediate effect or as soon as practicable, in our sole discretion and without notice, and without prejudice to any of our rights, whether under these Terms or otherwise:

- (a) Treat any or all outstanding transactions or matching transactions under these Terms as cancelled and terminated; and/or
- (b) Cancel, close out, terminate and/or reverse all or any transaction(s) or open positions under these Terms, and, or alternatively, take any other action which we consider necessary or appropriate to cover (including to hedge, open new positions or otherwise risk manage our positions and/or cover our expenses), reduce or prevent our loss or otherwise recover any amount owed by you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) to J.P. Morgan or any Affiliate under these Terms; and/or
- (c) Set-off and/or net any or all positions and liabilities between J.P. Morgan and you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) under these Terms, including the values upon close out, termination or reversing of transactions or open positions.

15.2 Where an Event of Default is an Automatic Early Termination Event under Clause 13.2, the close-out provisions under Clause 15.1 shall occur automatically.

15.3 For the purposes of valuing any positions or transactions in respect of our rights above and under Clause 13.1 we may, without limitation, take into account such factors as we deem relevant including, but without limitation, reasonable transaction costs, fees, commissions and expenses which would be incurred in connection with a purchase, sale or realisation of an investment and/or traded product.

15.4 For the purpose of selling or realising any investment and/or traded product which we are holding or are entitled to receive on your (or, where you are acting as agent on behalf of a principal or principals, your principal's or principals') behalf, if we so request at any time, you shall

promptly execute and sign all such transfers, assignments, further assurances, powers of attorney or other documents and do all such other acts and things (or, where you are acting as agent for any principal or principals, and have no authority to do so yourself, you shall use best endeavours to procure the same from that principal or principals) as may reasonably be required to sell, dispose of or realise the investment or for the exercise by us of all or any of the powers, authorities and discretions conferred on us by these Terms.

## 16. LIEN, CHARGE AND SET-OFF

16.1 Without prejudice and in addition to any general lien, right of set-off or other similar rights which we may have, by law or otherwise, over any of your (and, where you are acting as agent on behalf of a principal or principals, your principal's or principals') investments, monies or other property, your (or, where applicable, your principal's or principals') investments, monies or other property shall be subject to a general lien in favour of J.P. Morgan and its Affiliates, insofar as there remains any outstanding amount owed by you (or, where applicable, your principal or principals) to J.P. Morgan or any Affiliate under these Terms.

16.2 Your (or, where applicable, your principal's or principals') investments, monies or other property shall be subject to a charge in favour of J.P. Morgan and its Affiliates as continuing security for the payment and discharge of any obligation, whether present or future, actual or contingent owed by you (or, where applicable, your principal or principals) to J.P. Morgan or any Affiliate under these Terms. Where you are acting under these Terms as agent on behalf of a principal or principals, the charge over the investments, monies or other property of that principal or those principals shall act as continuing security only for the payment and discharge of any obligation, whether present or future, actual or contingent owed by that principal or those principals to J.P. Morgan or any Affiliate.

16.3 If at any time during the course of or following the termination of these Terms any amount or other obligation is owed by you (or, where applicable, your principal or principals) to us under these Terms, we may set-off any such amount or obligation against, or retain or make deductions from, any amount or other obligation which we, or any Affiliate, owe to you (or, where applicable, your principal or principals) or are holding including in any of the following ways under these Terms:

- (a) In accordance with the rules and/or regulations of any applicable Exchange or Clearing System;
- (b) By debiting any account or accounts of yours (or, where applicable, your principal or principals) with us and/or with any Affiliate;
- (c) In any other manner which we deem appropriate and in accordance with the law; and
- (d) In addition we shall have the right at any time without notice to combine and/or consolidate all or any of your (or, where applicable, your principal's or principals') accounts held by any Affiliate, any nominee or trustee for an Affiliate, and/or us.

16.4 Where you (or, where applicable, your principal or principals) or we or an Affiliate are under an obligation to deliver securities, for the purposes of J.P. Morgan exercising any termination, close out, netting or set-off rights under these Terms, any such obligations shall constitute an amount equal to the purchase price of the relevant securities in the market (as determined by us in our sole discretion).

16.5 J.P. Morgan will not be obliged to exercise any power of sale under these Terms in place of exercising any right of set-off.

16.6 Where we exercise any right of set-off against a principal on whose behalf you are acting as agent, we shall only exercise such right of set-off against the property of the

relevant principal and, for the avoidance of doubt, we will not exercise any such rights against the property of any other principal on whose behalf you are acting as agent. In respect of a principal that is a trustee, corporation or other person or group of persons formed as a collective investment scheme having an "umbrella" structure, we will only have recourse against those assets attributable to the relevant sub-fund of the umbrella in respect of which you have effected a transaction under these Terms and we will not have recourse against any other assets of that umbrella that have been allocated to any other sub-fund of such umbrella notwithstanding that it is at law a single legal entity.

#### **17. POWER OF SALE**

17.1 You (or, where applicable, any principal or principals on whose behalf you are acting) hereby irrevocably authorise us at any time after the occurrence of an Event of Default, if any amount or other obligation owed to us and/or any Affiliate(s) from you (or, where applicable, your principal or principals) under these Terms has not been paid or performed when due, to sell, dispose of or realise any investment, traded product or other property which we are holding or are entitled to receive on your (or, where applicable, your principal's or principals') behalf, without responsibility for any loss or diminution, in order to realise funds to satisfy any amount or obligation (including, without limitation, our expenses and/or any costs incurred as a result of any buy-in) owed by you (or, where applicable, your principal or principals) to J.P. Morgan or any Affiliate.

17.2 At any time after the occurrence of an Event of Default, we shall have the right to appropriate all or part of any investment, traded product or other property which we are holding or are entitled to receive on your (or, where applicable, your principal's or principals') behalf, without responsibility for any loss or diminution, towards satisfying any amount or obligation owed by you (or, where applicable, your principal or principals) to J.P. Morgan and/or any Affiliate(s).

#### **18. EXCLUSION, RESTRICTION OF LIABILITY AND INDEMNITY**

18.1 Subject to Clause 18.4 below, none of us nor any Affiliate, nor any of our or their respective directors, officers or employees shall be liable for any loss suffered by you (or, as applicable, your principal or principals) under or in connection with these Terms unless caused by its own gross negligence, wilful default or fraud.

18.2 Subject to Clause 18.4 below, you (or, where applicable, any principal or principals on whose behalf you are acting) will indemnify us and/or each Affiliate and each of our and/or its respective directors, officers or employees against any costs, loss, liability or expense whatsoever which may be suffered or incurred by us and/or any of them directly or indirectly in connection with or as a result of any service performed or action permitted under these Terms (including, for the avoidance of doubt, the occurrence of any of the events set out in Clause 13.1), unless caused by the gross negligence, wilful default or fraud of the person claiming indemnity under this Clause 18.2.

18.3 Subject to Clause 18.4 below, in no event shall we or any Affiliate, or any of our or their respective directors, officers or employees be liable to you (or, where applicable, any principal or principals on whose behalf you are acting) for any consequential, indirect, punitive, special or incidental damages, liabilities, claims, losses, expenses, awards, proceedings or costs howsoever caused.

18.4 Nothing in these Terms will exclude or restrict any liability for fraud or any duty or liability we may have to you under the Rules which may not be excluded or restricted thereunder, or require you to indemnify or compensate us to any extent prohibited by the Rules.

#### **19. PROVISION OF FINANCIAL AND OTHER INFORMATION**

You will provide us with financial and other information concerning yourself (and/or, where you are acting as agent for any principal or principals, information on that other party or parties) as we from time to time may reasonably request or as we may be required to procure as a matter of law or regulation, and you will notify us immediately of any material adverse change in your financial status (and/or, where you are acting as agent for any principal or principals, the financial status of each principal).

You also authorise us to disclose information to your investment manager, investment adviser, auditors, administrators, other advisors or agents as they may from time to time request, and to disclose such information to third parties (including but not limited to investors) at the direction of your investment manager, investment adviser, administrator and other advisers of agents. We shall not be liable to you for any costs, expenses, losses, damages, liabilities, demands, charges, actions and claims of any kind or nature whatsoever, howsoever caused, resulting from any such disclosure following the request of your investment manager, investment adviser, auditors, administrators, other advisors or agents.

#### **20. DATA PRIVACY AND MARKETING**

J.P. Morgan hereby notifies you (and, where you are acting as agent on behalf of a principal or principals, your principal or principals) and your and their affiliates and agents and your and their officers, employees and other individual representatives that, in the course of providing services, J.P. Morgan may process information about officers and employees of you (or, where applicable, your principal or principals) and your or their affiliates and agents which may constitute personal data (including sensitive personal data) under the EU Data Protection Directive (the "Directive") and implementing laws or under other data protection laws that apply in J.P. Morgan's Europe, Middle East & Africa region ("Personal Data"). The Personal Data may be shared, for the purposes described below, with our Affiliates and/or our service providers and/or the service providers of our Affiliates in any country in which J.P. Morgan or such Affiliates or service providers conduct business. This may include some countries that do not provide the same statutory protection for Personal Data as applies under the Directive and implementing laws or under other data protection laws that apply in J.P. Morgan's Europe, Middle East & Africa region. The Personal Data may be processed for purposes including administering the relationship and related services, compliance with any Applicable Law, and the prevention or investigation of suspected or actual crimes or malpractice. The Personal Data may be disclosed by us and/or our Affiliates and/or our service providers and/or the service providers of our Affiliates if permitted or compelled by Applicable Law, or to regulators, auditors or law enforcement agencies, or in response to court orders or requests from government authorities. Further details of J.P. Morgan's processing activities, including the type of organisations to which the Personal Data may be disclosed, are available at

[http://www.jpmorgan.com/directdoc/emea\\_privacy.pdf](http://www.jpmorgan.com/directdoc/emea_privacy.pdf), as amended from time to time. Individuals about whom J.P. Morgan processes Personal Data may request a copy of the Personal Data held in relation to them by J.P. Morgan. J.P. Morgan may, if allowed by law, charge a fee for this. If any Personal Data is found to be wrong, the individual concerned has the right to ask J.P. Morgan to amend, update or delete it, as appropriate.

J.P. Morgan may contact you and your employees by mail, e-mail, SMS, telephone and any other electronic means to provide information on products and services that J.P. Morgan believes will be of interest to you, unless J.P. Morgan receives a written objection to receiving such information. Anyone who does not wish to receive such communications from J.P. Morgan should contact their usual relevant contact at J.P. Morgan.

## 21. ELECTRONIC SERVICES

J.P. Morgan may make available to you those electronic services which J.P. Morgan has agreed to provide to you from time to time. The provision of such electronic services shall be subject to these Terms, as well as the enclosed Electronic Services Terms.

## 22. THIRD PARTY DEPOSITORIES

Where J.P. Morgan places your (or, where you are acting as agent on behalf of a principal or principals, your principal's or principals') funds, financial instruments or traded products in accounts with third party depositories, such accounts will be subject to the laws of the jurisdiction of such accounts (which may be in a jurisdiction other than that of a Member State of the EEA), and such depositories may impose a security interest or lien over, or right of set-off in relation to those funds, financial instruments or traded products. Your rights to your (or, where applicable, your principal's or principals' rights to their) funds, financial instruments or traded products in the event of an insolvency or default may be different (and may be reduced) in the event of an insolvency or default of a depository. Such depository may hold your (or, where applicable, your principal's or principals') assets in an omnibus account. In the event of an insolvency or default of such party, if there is a shortfall in the omnibus account or the assets available to settle all claims, you (or, where applicable, your principal or principals) may not recover all your assets. It also may not be possible under the relevant national law of a third party for assets held on your (or, where applicable, your principal's or principals') behalf to be separately identifiable from the assets belonging to that third party or to us. Where your (or, where applicable, your principal's or principals') assets are held by a third party, J.P. Morgan will not be liable for the acts or omissions of that third party or for any loss or damage you (or, where applicable, your principal or principals) may incur other than as a direct result of gross negligence, wilful default or fraud on our part in the initial selection of the third party depository.

## 23. MONEY LAUNDERING PREVENTION

We are obliged to comply with Applicable Law, regulations and sanctions concerning money laundering and the financing of terrorism. These laws and regulations require us to deter money launderers from using us as a conduit for their illegal activities, to identify and report suspicious transactions and to keep an audit trail for use in any subsequent investigation into money laundering activities. Our obligations under these laws and regulations override any obligations of confidentiality which may otherwise be owed to you (and, where applicable, your principal or principals). We may be obliged to notify the relevant authorities (including in the United Kingdom, the United States of America and/or other jurisdictions) of any transactions which we may suspect involve the laundering of the proceeds of, or involve the financing of, any criminal activity, regardless of where that crime may have been committed. We shall therefore deal with you (and, where applicable, your principal or principals) on the understanding that you (or, where applicable, your principal or principals) are complying with and will continue to apply all applicable anti-money laundering legislation to which you (or, where applicable, your principal or principals) may be subject. We may also from time to time seek your written assurance that you have records evidencing that you have identified your clients in accordance with applicable anti-money laundering legislation, as applicable. If at such time you are unable to provide us with such assurance, we reserve the right to cease to deal with you without limiting any other rights under these Terms.

## 24. AMENDMENTS AND ASSIGNMENT

24.1 You agree that we have a right to amend these Terms at any time by sending you either a notice of amendment in writing or a revised Terms of Business. Any amendment will apply in respect of any commitment or

transaction entered into by us after notice of the amendment is given, and may take effect either immediately or at such later date as the notice may specify.

24.2 You agree that we may at any time cause all or any part of our rights, benefits and/or obligations under or in connection with these Terms and/or any transaction(s) entered into under these Terms to be transferred to any Affiliate subject to giving you notice thereof.

24.3 Except in respect of *de minimis* sums transferred in accordance with the Client Money Rules (where your consent is not required), you agree that, we may transfer to another person, as part of a transfer of business to that person, client money balances, provided that:

- (a) the sums transferred will be held for you by the person to whom they are transferred in accordance with the Client Money Rules; or
- (b) if not held in accordance with (a), J.P. Morgan will exercise all due skill, care and diligence in assessing whether the person to whom the client money is transferred will apply adequate measures to protect these sums.

For the purposes of this Clause, *de minimis* sums shall mean £100 or less.

24.4 You (or, as applicable, your principal or principals) may not assign any of your rights, benefits and/or obligations under these Terms or any transaction(s) entered into under these Terms without our prior written consent.

## 25. ENTIRE AGREEMENT

Subject to Clauses 1.5, 1.6, 8.23 and 21 above, these Terms constitute the entire terms on which we will conduct the types of business set out in Clause 1.1 with you (or, as applicable, your principal or principals) and no amendment, addition, supplement or other terms of business will have effect unless issued or agreed by J.P. Morgan in writing.

## 26. INFORMATION SHARING AND CO-OPERATION

26.1 J.P. Morgan may, without notice to you, share information relating to you with any of its Affiliates and you consent to such sharing.

26.2 Without limiting J.P. Morgan's rights under Applicable Law, J.P. Morgan may and you agree that J.P. Morgan may, without notice to you, disclose information relating to you (i) if it considers such disclosure to be required by any court of competent jurisdiction or by Applicable Law, or (ii) to any governmental or regulatory or supervisory or self-regulatory body, or (iii) in defence of claims or enforcement of rights, or (iv) to any of J.P. Morgan's or any of its Affiliates' external lawyers, accountants, auditors, insurers and others providing advice and/or other services to J.P. Morgan or the relevant Affiliate, or (v) to issuers, registrars, clearing agents, Exchanges, central counterparties, clearing organisations, CSDs, depositaries, custodians, other agents or service providers or other trading venues where disclosure is considered by J.P. Morgan as necessary or appropriate.

26.3 You shall provide us with all reasonable assistance and co-operation in connection with any investigation, proceedings or request for information in relation to the provision of services or transactions entered into under these Terms by any relevant regulatory, supervisory, Exchange or self-regulatory body, including but not limited to, co-operating with any dispute resolution mechanisms of, or providing any information or records requested by, such a regulatory, supervisory, Exchange or self-regulatory body.

## 27. FORCE MAJEURE

It is hereby agreed that neither J.P. Morgan nor any Affiliate shall be liable to you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals), or have any responsibility of any kind for any loss thereby

incurred or suffered by you (or, as relevant, your principal or principals), for the non-performance, partial performance or delay in performance of any of its obligations hereunder caused by a “**Force Majeure Event**”, being any reason of any cause beyond the control of J.P. Morgan or any of its Affiliates, including: (a) fire, flood, storm, earthquake or other acts of God, war, hostilities, expropriation, strike, lockout, work to rule or other industrial dispute, terrorist or criminal action, civil unrest, lack of energy supply or embargoes; (b) any unavailability, impairment, breakdown or failure of transmission or communication, data processing or computer facilities, bank or electronic transfer systems, postal or other strikes or similar industrial action; (c) any failure or delay of any relevant Exchange, Clearing System, multilateral trading facility, organised trading facility or custodian through which your transaction is made; (d) the imposition, introduction, amendment or change (including a change in interpretation) of any legislation, regulation, directive, policy, tax treaty, foreign exchange control, limits on the repatriation of currency, rule, trade embargo or foreign investment or ownership rules by any governmental or supranational body, Exchange, regulatory or self regulatory organisation, CSD or Clearing System or any failure or delay by any of the foregoing in publicising or enforcing or applying the same. Where a Force Majeure Event occurs that prevents or delays the performance by J.P. Morgan and/or any of its Affiliates of any of their obligations under these Terms or a transaction entered into under these Terms: (a) all such obligations shall be suspended for the duration of the Force Majeure Event; and (b) for the avoidance of doubt, any such obligation that would, but for the Force Majeure Event, have fallen due shall not fall due, or be deemed for any purpose to fall due, for the duration of the Force Majeure Event. In no event shall we or any Affiliate have any liability for any consequential, indirect, punitive, special or incidental damages, liabilities, claims, losses, expenses, awards, proceedings or costs howsoever caused.

## **28. COMMUNICATIONS AND COMPLAINTS**

28.1 All communications by you to us will be to the address or fax number, and to the J.P. Morgan entity and department, set out in any further agreement between us in respect of any relevant service or product or, if there is no such agreement or any such agreement is not applicable, to the relevant J.P. Morgan entity and department, marked for the attention of your usual relevant contact at J.P. Morgan, at the fax number or address of such J.P. Morgan department or contact. Any communications made by us to you shall be directed to whomever we consider appropriate in your organisation in the circumstances for the purposes of the communication.

28.2 Unless otherwise agreed, communications between us will be taken to be received:

- if sent by post, courier or delivered by hand, upon receipt; and
- if sent by fax, at the time shown in a transmission report that indicates that the whole fax was sent; and
- if sent by telex, when the proper answer-back is received; and
- if posted on our website, on the Business Day following such posting.

Instructions to us may also be given by telephone, e-mail or through our website if specifically agreed with us in writing in advance.

28.3 For the avoidance of doubt, any notice or notification that we are required or permitted to give under these Terms (including, without limitation, notices under Clauses 13.1, 14.1, 24.1, 24.2, 30, and Clause 6 of the enclosed Electronic Services Terms) to any principal or principals on whose behalf you act as agent may be provided by J.P. Morgan to you. Any notice to be provided to us by a principal or principals on whose behalf you act as agent shall

be provided to us by you and we shall not be obligated to act or rely on any notice otherwise received by us.

We shall not be obligated to act or rely on any notice received by us purporting to be from any principal or principals on whose behalf you are acting as agent.

28.4 If you have any cause for complaint in relation to any aspect of your relationship with us, your complaint should be addressed to:

The Head of Compliance

JPMorgan Chase Bank, National Association, London Branch

25 Bank Street

Canary Wharf

London E14 5JP

## **29. LANGUAGE**

These Terms are supplied to you in English, and we will continue to communicate with you, and you shall communicate with us, in English.

## **30. GOVERNING LAW AND DISPUTE RESOLUTION**

30.1 **Application of English law:** Subject to Clauses 1.3 and 1.4, these Terms, any agreement to which these Terms relate, any agreement or transaction executed in connection with any services provided to you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) under these Terms by J.P. Morgan or any Affiliate and the whole of our relationship (including, without limitation, (1) any contractual, pre-contractual or non-contractual rights, obligations or liabilities arising in any way out of, in relation to or in connection with our relationship, and (2) any issue as to the existence, validity or termination of these Terms or any related or connected agreement) will be governed solely by, and construed solely in accordance with, English law.

30.2 **Jurisdiction of English courts:** Subject to Clause 30.3, we and you (and, where you are acting as agent on behalf of a principal or principals, your principal or principals) agree that the English courts have exclusive jurisdiction to settle any dispute, difference or other question arising in any way out of or in connection with these Terms, any agreement to which these Terms relate, any agreement or transaction executed in connection with any services provided to you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) under these Terms by J.P. Morgan or any Affiliate or any other aspect of our relationship (including, without limitation, (1) any contractual, pre-contractual or non-contractual rights, obligations or liabilities arising in any way out of, in relation to or in connection with our relationship, and (2) any issue as to the existence, validity or termination of these Terms or any related or connected agreement) (a “**Dispute**”). You (and, where applicable, your principal or principals) irrevocably submit to the jurisdiction of the English courts and agree that the English courts are the most appropriate and convenient courts to settle any Dispute and that you will not argue to the contrary.

30.3 **Arbitration:** We and you (and, where you are acting as agent on behalf of a principal or principals, your principal or principals) agree that any Dispute shall be referred to and finally resolved by arbitration in the event that we and/or you (and/or, where applicable, your principal or principals) give notice in writing to that effect before any proceedings are brought under Clause 30.2 or, if such proceedings have been brought, before the date for filing a defence in those proceedings. If proceedings have already been brought under Clause 30.2 when such notice is given, (i) the party which has brought such proceedings will immediately discontinue the proceedings, (ii) the costs of the discontinued proceedings will be reserved to the Arbitral Tribunal, and (iii) any claim by the discontinuing party in the arbitration which corresponds to a claim made in the discontinued proceedings will be regarded

as having been commenced on the date of issue of the discontinued proceedings. Any arbitration under this Clause 30.3 shall be under the Arbitration Rules (the "LCIA Rules") of the London Court of International Arbitration ("LCIA"), which are deemed to be incorporated by reference into this Clause 30.3, save that any requirement in the LCIA Rules to take account of the nationality of a person considered for appointment as an arbitrator shall be disapplied and a person shall be nominated or appointed as an arbitrator (including as Chairman) regardless of that person's nationality. The arbitral tribunal shall consist of three arbitrators. The seat of arbitration shall be London, England. The language of the arbitration shall be English. In this connection, we and you (and, where applicable, your principal or principals) waive any right of application to determine a preliminary point of law under Section 45 of the Arbitration Act 1996.

**30.4 Service of process:** You (and, where applicable, your principal or principals) agree that, without prejudice to any mode of service allowed under any relevant law, any document relating to any arbitration or court proceedings may be served on you (and/or, where applicable, your principal or principals) by any of the methods of communication set out at Clause 28. You (and, where applicable, your principal or principals) further agree that we may serve any documents required to be served on you (or, where applicable, your principal or principals) in relation to any Dispute at any address in England where you (or, where applicable, your principal or principals) or any company within the same group of companies of which you (or, where applicable, your principal or principals) are a member have a place of business and that this will constitute effective service. For the avoidance of doubt, where you are acting as agent on behalf of a principal or principals, we may serve any documents required to be served on you (or your principal or principals) at any such address in England of either you or such principal or principals.

**30.5 Indemnity:** Without prejudice to any other remedy, you (and/or, where applicable, any principal or principals on whose behalf you are acting) will indemnify us, any Affiliate and any of our or its respective directors, officers, employees or representatives against any costs, loss, liability or expense whatsoever which may be suffered or incurred by us and/or them directly or indirectly in connection with or as a result of any suit, action, proceeding or any step in any suit, action or proceeding taken by you (and/or, where applicable, your principal or principals) and/or any person connected or affiliated with you (and/or, where applicable, your principal or principals) otherwise than in accordance with this Clause 30.

### 31. WAIVER OF IMMUNITY

You (and, where applicable, your principal or principals) irrevocably waive, to the fullest extent permitted by any law, with respect to you (and, where applicable, any principal or principals on whose behalf you are acting) and your (and/or, where applicable, your principal's or principals') revenues and assets (irrespective of their use or intended use), all sovereign or other immunities and privileges to which you (and/or, where applicable, your principal or principals) or your (and/or, where applicable, your principal's or principals') revenues or assets might otherwise be entitled in the courts of any jurisdiction in any suit, action or proceeding relating to any Dispute (including, without limitation, immunity from (i) suit and legal process, (ii) jurisdiction of any court, (iii) relief by way of injunction or order for specific performance or recovery of property, (iv) attachment or seizure of your (and/or, where applicable, your principal's or principals') assets whether before or after judgement, and (v) execution or enforcement of any judgment or award by any means). You (and, where applicable, your principal or principals) consent to the grant of such relief in any form and irrevocably agree that you (and/or, where applicable, any of your principal or principals) will not claim any such immunity or privilege in any suit, action or proceeding relating to any Dispute.

### 32. NO FIDUCIARY DUTY

Neither the relationship between J.P. Morgan and you (or, where applicable, any principal or principals on whose behalf you are acting), nor the services to be provided by J.P. Morgan to you (or, where applicable, your principal or principals) under these Terms, nor any other matter, shall give rise to any fiduciary or equitable duties on J.P. Morgan's part which would oblige it to accept responsibilities more extensive than expressly stated in these Terms.

### 33. RIGHTS OF THIRD PARTIES

**33.1** Any Affiliate may enforce and rely on any provision of these Terms conferring a benefit on it to the same extent as if it were a party to these Terms or any transactions hereunder.

**33.2** Save as aforesaid, a person who is not a party to these Terms has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any provision of these Terms.

### 34. NO WAIVER

Failure to exercise or a delay in exercising a right or remedy under these Terms or by law, by us, does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided under these Terms or by law prevents the further exercise of the right or remedy or the exercise of another right or remedy by us. A waiver by us in respect of a breach of these Terms or any other default in respect of these Terms must be in writing and signed by us to be effective. A waiver by us in respect of a breach of these Terms or any other default in respect of these Terms does not constitute a waiver by us of a subsequent or prior breach or default in respect of these Terms.

For and on behalf of

J.P. MORGAN EUROPE LIMITED

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,  
LONDON BRANCH

J.P. MORGAN LIMITED

J.P. MORGAN SECURITIES PLC

J.P. MORGAN MARKETS LIMITED

J.P. Morgan Europe Limited, Registered in England & Wales 938937. Registered Office: 25 Bank Street, Canary Wharf, London E14 5JP. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMorgan Chase Bank, National Association, Organised under the laws of U.S.A. with limited liability. Main Office 1111 Polaris Parkway, Columbus, Ohio 43240. Registered as a branch in England & Wales branch No. BR000746. Registered Branch Office: 25 Bank Street, Canary Wharf, London E14 5JP. Authorised and regulated by the Office of the Comptroller of the Currency in the jurisdiction of the U.S.A. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and to limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. J.P. Morgan Limited, Registered in England & Wales No. 248609. Registered Office: 25 Bank Street, Canary Wharf, London E14 5JP. Authorised and regulated by the Financial Conduct Authority. J.P. Morgan Securities plc, Registered in England & Wales No. 2711006. Registered Office: 25 Bank Street, Canary Wharf, London E14 5JP. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. J.P. Morgan Markets Limited, Registered in England & Wales No. 1592029. Registered Office: 25 Bank Street, Canary Wharf, London E14 5JP. Authorised and regulated by the Financial Conduct Authority.

## Schedule of Protections Owed to Different Client Types

1. Under the provisions of the FCA Handbook and PRA Handbook, as applicable, Professional Clients (as defined under the FCA's Conduct of Business Rules) are granted fewer protections than Retail Clients (as defined under the FCA's Conduct of Business Rules). In particular:
  - (a) You will be provided with less information with regard to the firm, its services and any investments (for example on costs, commissions, fees and charges);
  - (b) Where we assess the appropriateness of a product or service, we can assume that you have sufficient knowledge and experience to understand the risks involved;
  - (c) If we are required to assess the suitability of a personal recommendation made to you, we can assume that you have sufficient experience and knowledge to understand the risks involved, and can sometimes assume that you are able financially to bear any investment risks consistent with your investment objectives;
  - (d) When providing you with best execution we are not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution for you;
  - (e) We do not need to inform you of material difficulties relevant to the proper carrying out of your order(s) promptly;
  - (f) Should we provide you with periodic statements, we are not required to provide them as frequently as for retail clients;
  - (g) Where we are holding your client money, we are not required to notify you of whether interest is payable on it; and
  - (h) As a Professional Client you may not be entitled to compensation under certain investor compensation schemes.
2. Under the Rules, Eligible Counterparties (as defined under the FCA's Conduct of Business Rules) are granted fewer protections than Professional Clients and Retail Clients. In particular, and in addition to the above:
  - (a) We are not required to provide you with best execution in executing your orders;
  - (b) We are not required to disclose to you information regarding any fees or commissions that we pay or receive;
  - (c) We are not required to assess the appropriateness of a product or service that we provide to you but can assume that you have the expertise to choose the most appropriate product or service for yourself;
  - (d) We are not required to provide you with information about ourselves, our services and the arrangements through which we will be remunerated;
  - (e) We are not required to provide you with risk disclosures on the products or services that you select from us; and
  - (f) We are not required to provide reports to you on the execution of your orders or the management of your investments.

## Asian Addition

This Asian Addition supplements and forms part of the Terms of Business and any additional supplements or notices issued by J.P. Morgan thereto (collectively, the “**Terms**”) which govern all designated investment business (as defined under the FCA Handbook and PRA Handbook, as applicable) and business in relation to other traded products (excluding deposits) which is transacted with or for you by J.P. Morgan. Unless otherwise stated, the following additional provisions shall also govern all Asian Transactions. In the event of any inconsistency between the Terms and this Asian Addition, this Asian Addition shall prevail with respect to the Asian Transactions.

### 1. DEFINITIONS

Capitalised terms used in this Asian Addition shall have the same meanings as defined in the Terms, unless indicated otherwise.

### 2. PROGRAMME TRADING

Clause 8.9 of the Terms shall be deleted and replaced in its entirety with the following:

#### “8.9 Programme Trading

“Where we accept an order to effect a programme trade we will act as agent unless otherwise agreed at the time and confirmed in the relevant confirmation, if any.

We or our Affiliates may execute own account transactions in any investment and/or traded product included in a programme trade.”

### 3. CHARGES AND INTEREST

Clause 10.2 of the Terms shall be deleted and replaced in its entirety with the following:

“Our charges will be subject to negotiation and agreement. In the absence of any agreement between us, we shall be entitled to charge and you (or, where applicable, your principal or principals) agree to pay our standard rates plus all commission, mark-up, mark-down, spread or other fees, charges, expenses, fines or penalties on a transaction entered into by you under these Terms. Any charges (including any expenses) due to us (or to our agents) plus any applicable taxes, duties, taxes and levies may be deducted from any funds held by us on your (or, where applicable, your principal's or principals') behalf or any payments made by us to you (or, where applicable, your principal or principals) or to others on your behalf or, at our discretion, shall be paid by you (or, where applicable, your principal or principals) as we notify. All expenses (including but not limited to levies, fees, duties and taxes) arising out of or in performance of any of J.P. Morgan's duties under these Terms, shall be reimbursed by you (or, where applicable, your principal or principals) to J.P. Morgan. Where value added tax, services tax, goods and services tax or any analogous tax (each “**VAT**”) is due on our charges (including any expenses) payable by you (or, where applicable, your principal or principals) to J.P. Morgan, you (or, where applicable, your principal or principals) shall be responsible for such VAT and shall pay such VAT to the relevant tax authorities or J.P. Morgan as required by Applicable Law. J.P. Morgan shall exercise its best efforts to discharge applicable withholding tax for you (or, where applicable, your principal or principals) as required in the ordinary course of business in the purchase or sale of securities based on prevailing tax directives and customary practice. Should the same be inquired and/or disputed by applicable tax authorities, you (or, where applicable, your principal or principals) agree to provide further supporting documents as may be requested by the applicable tax authorities from time to time for the purpose of confirming the applicable tax charge.”

### 4. INFORMATION SHARING AND REGULATORY ENQUIRIES

The following wording shall be added to the end of Clause 26 of the Terms as follows:

“26.4 You further agree that, in relation to a transaction where J.P. Morgan has received an enquiry from a regulatory authority, the following provisions shall apply:

- (a) Subject as provided below, you shall, immediately upon request by J.P. Morgan (which request shall include the relevant contact details of a regulatory authority), inform a regulatory authority of the identity and contact details of the customer for whose account the transaction was effected and (so far as known to you) of the person with the ultimate beneficial interest in the transaction. You shall also inform a regulatory authority of any third party (if different from the customer/ultimate beneficiary) who originated the transaction and “Know Your Client” documentation to a regulatory authority.
- (b) If you effected the transaction for an investment fund or discretionary account, you shall, immediately upon request by J.P. Morgan (which request shall include the relevant contact details of a regulatory authority), inform a regulatory authority of the identity and contact details of the fund or account and, if applicable, the identity and contact details of the person who, on behalf of the fund or account, instructed you to effect the transaction.
- (c) If you are aware that your customer is acting as intermediary for its underlying customers, and you do not know the identity and contact details of the underlying customer for whom the transaction was effected, you confirm that:
  - (1) You have arrangements in place with your customer which entitle you to obtain such information from your customer immediately upon request; and
  - (2) You will, on request from J.P. Morgan in relation to a transaction, promptly request such information from the customer on whose instructions the transaction was effected, and provide the information to the relevant regulatory authority as soon as you have received from your customer.”

### 5. J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

The following additional provisions shall apply where we effect your transaction through J.P. Morgan Securities (Asia Pacific) Limited (“**JPMSAPL**”).

#### 5.1 Address and licensing information

JPMSAPL has its registered address at 19, 20, 22-29/F, Chater House, 8 Connaught Road Central, Central, Hong Kong, and is licensed by the Securities and Futures Commission of Hong Kong for Types 1 (dealing in securities), 4 (advising on securities) and 7 (providing automated trading services) activities, with CE number AAJ321.

#### 5.2 Professional Investors

In relation to your dealings with JPMSAPL, you are categorised as a Professional Investor pursuant to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”). Given your categorisation, JPMSAPL wishes to highlight the following treatment applicable to you:

- (a) Client agreement  
JPMSAPL is not required to enter into a written agreement relating to the services that are provided to you.
- (b) Risk disclosure statements  
JPMSAPL is not required to provide you with relevant disclosure statements in respect of the risks involved in any transactions it enters into with you, or to bring those risks to your attention.
- (c) Information about clients  
JPMSAPL is not required to establish your financial situation, investment experience or investment objectives.

You have the right to withdraw from being treated as a Professional Investor pursuant to the SFO at any time, whether in respect of all products or markets or any part thereof, by giving written notice to JPMSAPL. Please also inform JPMSAPL immediately if you no longer fall within the category of Professional Investor as defined under the SFO.

## **6. ADDITIONAL PROVISIONS FOR TRADING IN AUSTRALIAN SECURITIES AND / OR TRADING WITH CLIENTS DOMICILED IN AUSTRALIA**

The following additional provisions shall apply to all transactions in Australian securities:

### **6.1 J.P. Morgan Securities Australia Limited as contracting broker**

Until we provide further notice to you, J.P. Morgan Securities plc ("JPMS plc") will introduce your (or, where you are acting as agent on behalf of a principal or principals, your principal's or principals') orders in Australian securities (the "**Australian Transactions**") to J.P. Morgan Securities Australia Limited ("JPMSAL"), who will execute and confirm execution of the Australian Transactions to you. For this purpose, JPMSAL is deemed as your contracting broker. JPMSAL holds an Australian Financial Services License granted by Australian Securities and Investments Commission which covers the provision of certain financial services to you.

### **6.2 Wholesale clients**

You represent and warrant to JPMS plc and JPMSAL that you are, and JPMS plc and JPMSAL shall be entitled to treat you as, a "wholesale client" within the meaning of Section 761G of the Corporations Act 2001 (the "**Corporations Act**"). JPMS plc and JPMSAL are providing services to you on the basis that you are a wholesale client. Please notify JPMS plc and JPMSAL immediately if, at any point of time, you consider you would no longer fall within the definition of this term. You undertake to provide to JPMS plc and JPMSAL any information, documents or certificates requested by JPMS plc and JPMSAL for the purposes of confirming the accuracy of your representation contained in this Clause 6.2. For the avoidance of doubt, this paragraph shall be construed in accordance with the provisions of Clause 2.3 of the Terms except that references to the "**Rules**" shall be deemed to be to the Corporations Act.

Where you are acting as agent, you shall be taken to give the representations and warranties in the preceding paragraph and Clause 4.1 of the Terms, both in your own right and as agent for the relevant principal and give the representations, warranties and undertakings in Clause 4.2 of the Terms in your own right and in respect of Clause 4.2(a) and (b) on behalf of yourself and any principal or principals.

### **6.3 Amendment of Terms**

For the purpose of Australian Transactions, the Terms shall apply to you altered as necessary so that all references to "J.P. Morgan" in the Terms shall be construed to include JPMSAL, and:

- (a) Clause 4.1 shall be amended by adding a new Clause 4.1(n) as follows, and renumbering the existing Clause 4.1(n) as Clause 4.1(o):

"(n) On those occasions where you place instructions with J.P. Morgan to buy and sell the same security for the same price, the execution of those instructions will result in there being a change in the beneficial ownership of the securities and you will provide written confirmation to J.P. Morgan of a change in beneficial ownership in respect of the relevant securities when requested to do so by J.P. Morgan; and"

- (b) Clause 7.3 shall be amended by adding the following additional paragraphs:

"In respect of all transactions entered into by J.P. Morgan with you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) or on your (or, as applicable, your principal's or principals') behalf under these Terms, you authorise J.P. Morgan to cancel or amend, without requiring your consent, any of those transactions where:

- (a) J.P. Morgan is requested to do so by the operator of any relevant financial market or clearing and settlement facility; or
- (b) Otherwise pursuant to or as contemplated by the ASX Operating Rules, the ASX Clear Operating Rules (formerly the ACH Clearing Rules), the ASX Settlement Operating Rules (formerly the ASTC Settlement Rules) or the practices and procedures of the ASX and any relevant clearing house.

To the full extent permitted by law, J.P. Morgan shall not be liable for any loss suffered by you in these circumstances."

- (c) Clause 8.7 shall be deleted and replaced in its entirety with the following:

### **"8.7 Short Positions**

We may, in accordance with Applicable Law, establish short positions on your (or, where applicable, your principal's or principals') behalf, that is to say sell on your (or, where applicable, your principal's or principals') behalf financial products or investments which you (or, where applicable, your principal or principals) do not own at the time, leaving you (or, where applicable, your principal or principals) with an open exposure related to any increase in the price of those financial products or investments before settlement. We may cover your (or, where applicable, your principal's or principals') settlement obligations by borrowing for you (or, where applicable, your principal or principals) the relevant financial products or investments. We may require you to sign appropriate documentation covering such borrowing.

At the time of providing an instruction to J.P. Morgan to enter into transactions on your (or, where applicable, your principal's or principals') behalf, you must inform J.P. Morgan if the execution of that instruction would constitute a short sale within the meaning of section 1020B of the Corporations Act.

In the event that you (or, where applicable, your principal or principals) fail to deliver to J.P. Morgan the relevant securities required to settle a transaction entered into on your (or, where applicable, your principal's or principals') behalf by the settlement date, J.P. Morgan may cancel, close out or terminate (at J.P. Morgan's discretion) the transaction entered into on your (or, where applicable, your principal's or principals') behalf and will do so at your (or, where applicable, your principal's or principals') cost."

- (d) Clause 9 shall be amended by including the following new Clauses 9.11 and 9.12:

"9.11 J.P. Morgan will treat any money received from you (or, where applicable, your principal or principals) or held on your (or, where applicable, your principal's or principals') behalf under these Terms in accordance with Applicable Law.

9.12 Unless specifically agreed in writing, JPMSAL will deposit any money received from you (or, where applicable, your principal or principals) at JPMorgan Chase Bank N.A. (Sydney Branch) ("JPMB Sydney"). JPMB Sydney is an Australian authorised deposit-taking institution as defined by the Corporations Act. Unless required by

Applicable Law, any money which JPMCB Sydney holds on your (or, where applicable, your principal's or principals') behalf is held in its capacity as your (or, where applicable, your principal's or principals') bank, not as trustee and such money may not be subject to the client money requirements of the Corporations Act. Unless specifically agreed in a separate agreement or required by Applicable Law, any funds which JPMCB Sydney receives from you (or, where applicable, your principal or principals), or holds on your (or, where applicable, your principal's or principals') behalf will not be subject to the client money protections conferred by the Corporations Act, and such funds will not be segregated from the money of JPMCB Sydney, and may be used by it in the course of its business and you (or, where applicable, your principal or principals) may therefore rank only as a general creditor."

- (e) Clause 30 of the Terms shall be deleted and replaced in its entirety with the following:

#### **"30. GOVERNING LAW AND DISPUTE RESOLUTION**

The Terms between us will be governed by the laws of New South Wales. The courts of New South Wales shall have non-exclusive jurisdiction to settle any dispute or claim which may arise out of or in connection with these Terms, for which purpose we both agree to submit to the non-exclusive jurisdiction of the courts of New South Wales."

The following additional provisions shall apply to all transactions with clients domiciled in Australia:

If you are domiciled in Australia, you are notified that:

- (a) JPMS plc does not hold an Australian financial services licence covering the financial services it provides to you. JPMS plc will provide financial services to you pursuant to Class Order 03/1099 issued and gazetted by the Australian Securities and Investments Commission on 23 December 2003 (the "**Class Order**"), which exempts JPMS plc from the requirement to hold an Australian Financial Services Licence ("**AFSL**") under the Corporations Act. JPMS plc authorized by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority under the laws of the United Kingdom, which differ from Australian laws; and
- (b) J.P. Morgan Markets Limited ("**JPMML**") does not hold an AFSL covering the financial services it provides to you. JPMML will provide financial services to you pursuant to the Class Order which exempts JPMML from the requirement to hold an AFSL under the Corporations Act. JPMML is authorized and regulated by the Financial Conduct Authority under the laws of the United Kingdom, which differ from Australian laws; and
- (c) J.P. Morgan Securities (Asia Pacific) Limited ("**JPMSAPL**") does not hold an AFSL covering the financial services it provides to you. JPMSAPL will provide financial services to you pursuant to Class Order 03/1103 issued and gazetted by the Australian Securities and Investments Commission on 23 December 2003 (the "**JPMSAPL Class Order**"), which exempts JPMSAPL from the requirement to hold an AFSL under the Corporations Act. JPMSAPL is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong under the laws of Hong Kong, which differ from Australian laws; and
- (d) J.P. Morgan (S.E.A.) Limited ("**JPMSEAL**") does not hold an AFSL covering the financial services it provides to you. However, JPMSEAL will continue to provide financial services to you pursuant to Class Order 03/1102 issued by ASIC, which exempts JPMSEAL from the requirement to hold an AFSL under the Act. Please note that JPMSEAL is authorized and regulated by the Monetary Authority of Singapore under the laws of Singapore, which differ from Australian laws.

JPMS plc, JPMML, JPMSAPL and JPMSEAL understand that you are a wholesale client within the meaning of section 761G of the Corporation Act ("**wholesale client**"). JPMS plc, JPMML, JPMSAPL and JPMSEAL may only continue to provide you with financial services pursuant to the Class Order / JPMSAPL Class Order (as applicable) while you remain a wholesale client. You will inform JPMS plc, JPMML, JPMSAPL and JPMSEAL if you cease to be a wholesale client at any time in the future.

Information on all entities within the J.P. Morgan group which hold Class Order relief granted by the Australian Securities and Investments Commission may be found at:  
[https://www.jpmorgan.com/pages/disclosures/ASIC\\_Class\\_Orders](https://www.jpmorgan.com/pages/disclosures/ASIC_Class_Orders)

#### **7. ADDITIONAL PROVISIONS FOR PROVISION OF FINANCIAL ADVISORY SERVICES TO AND DEALING IN SECURITIES WITH OR FOR INVESTORS IN SINGAPORE**

JPMS plc has been approved by the Monetary Authority of Singapore to:

- (a) Provide financial advisory services to accredited and institutional investors, via application by J.P. Morgan Securities Singapore Private Limited ("**JPMSS**") and J.P. Morgan (S.E.A.) Limited ("**JPMSEAL**") pursuant to paragraph 11 of the First Schedule to the Financial Advisers Act (Cap. 110 of Singapore); and
- (b) Deal in securities for accredited and institutional investors, via application by JPMSS and JPMSEAL pursuant to paragraph 9 of the Third Schedule to the Securities and Futures Act (Cap. 289 of Singapore).

## **8. ADDITIONAL PROVISIONS FOR CHINA CONNECT TERMS – CLIENTS OF J.P. MORGAN SECURITIES PLC**

### **8.1 Application**

8.1.1 Notwithstanding any provision in any General Terms and Conditions, these China Connect Terms constitute a legally binding contract which you accept and which shall apply where you inform or indicate to J.P. Morgan that you wish to trade China Connect Securities through China Connect.

8.1.2 These China Connect Terms are supplemental to, and without prejudice to, any applicable General Terms and Conditions.

8.1.3 Capitalised terms used in these China Connect Terms (including in the Risk Disclosures Statement) will have the meanings given to such terms in the Schedule hereto. In the event of any inconsistency with respect to transactions in China Connect Securities between these China Connect Terms and the General Terms and Conditions, these China Connect Terms shall prevail.

### **8.2 Compliance with Trading Restrictions and Applicable China Connect Laws**

8.2.1 Any trading in China Connect Securities will be subject to the China Connect Rules and all Applicable China Connect Laws, including, without limitation, any applicable requirements and/or restrictions pursuant to China Connect as may be amended from time to time, certain of which are referred to in the Risk Disclosures Statement. You shall be fully responsible for understanding and complying with all Applicable China Connect Laws as amended from time to time and for any consequences of Northbound trading. Neither J.P. Morgan nor any Related Person will, or intends to, advise you on any of the Applicable China Connect Laws. For further information, please refer to the web pages on the HKEx website and the SFC website relating to China Connect from time to time and other relevant sources.

8.2.2 J.P. Morgan shall have the right to apply any procedures or requirements in respect of any trading of China Connect Securities through China Connect which it determines in its absolute discretion to be necessary or desirable for the purpose of complying with any Applicable China Connect Laws or market practice. Neither J.P. Morgan nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from such procedures or requirements.

8.2.3 J.P. Morgan may refuse to execute any instruction given by you, if (for example, and without limitation):

8.2.3.1 such instruction is not compliant with any Applicable China Connect Laws or if J.P. Morgan reasonably believes that such instruction may not be compliant with any Applicable China Connect Laws or if J.P. Morgan is required by the SEHK not to accept such instruction;

8.2.3.2 in respect of any instruction to make a Northbound sell order, J.P. Morgan determines in its absolute discretion that you do not have sufficient China Connect Securities at the time of such instruction to settle the delivery obligation; and

8.2.3.3 in respect of any instruction to make a Northbound buy order, J.P. Morgan determines in its absolute discretion that you do not have sufficient funds to settle the payment obligation in respect of such order on the settlement day.

Neither J.P. Morgan nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from such refusal.

8.2.4 In the event that SEHK, the SEHK Subsidiary or HKSCC is notified by SSE, CSDCC or any other relevant exchange, clearing

house or governmental or regulatory body that there is reasonable cause to believe that you have failed to comply with or have breached any Applicable China Connect Laws, you shall, upon the request of J.P. Morgan provide such information (including translations into Chinese if requested by J.P. Morgan) as J.P. Morgan may reasonably request to enable it to assist the relevant exchange, clearing house or governmental or regulatory body including, without limitation, SSE, CSDCC or any PRC governmental or regulatory authorities or agencies to assess whether there is any non-compliance or breach of the Applicable China Connect Laws and/or the extent of any non-compliance or breach, and, by providing such information, you are deemed to waive the benefit of any bank secrecy laws and data protection laws which may be applicable.

### **8.3 Free of Payment Pre-delivery of China Connect Securities by you**

8.3.1 If J.P. Morgan Chase Bank N.A. is not your custodian, or if it is your custodian but does not, on T-1 day, hold China Connect Securities which you intend to sell on T day, you may, if agreed with J.P. Morgan, pre-deliver sufficient China Connect Securities to fulfill your anticipated and associated sell order to the Account (defined below) on T-1 day or within applicable times on T day in accordance with CCASS operational procedures, in which case the primary or only reason that the HK Dealer will accept delivery of such China Connect Securities is in anticipation of settlement of an associated sale by you of those China Connect Securities and to facilitate the pre-trade checking requirements under the China Connect Rules (see Risk Disclosures Statement). If you pre-deliver your China Connect Securities on T day, you acknowledge the greater risk that such China Connect Securities may not actually be recognised by SEHK as being available for sale on T day and therefore your sell order will be rejected by J.P. Morgan.

8.3.2 Your China Connect Securities delivered in accordance with these provisions will be held by the HK Dealer in a designated client securities account (the "Account") at CCASS. The HK Dealer will determine in its reasonable discretion whether to accept in the Account any proposed delivery of China Connect Securities.

8.3.3 Your China Connect Securities will be held by HKSCC on the HK Dealer's behalf. You should note that because of the law and market practice in the PRC, your China Connect Securities will be registered in the name of HKSCC. Neither J.P. Morgan nor any Related Person shall be liable for any act or omission by, or the insolvency of, HKSCC. In the event you incur a loss due to the negligence, wilful default, or insolvency of HKSCC, J.P. Morgan will make reasonable endeavours, in its discretion, to seek recovery from HKSCC, but it will not be under any obligation to institute legal proceedings, file any proof of claim in any insolvency proceeding, or take any similar action. In the event of the insolvency of HKSCC you may not have any proprietary interest in the China Connect Securities and may be an unsecured general creditor in respect of any claim you may have in respect of them whether against us or against, HKSCC.

8.3.4 Your China Connect Securities may be held in an omnibus account by HKSCC. As a result there is a risk that your China Connect Securities will not be separately distinguishable from the China Connect Securities held for any other person in that omnibus account (whether or not other clients of J.P. Morgan) and, in the event of a shortfall in the number of China Connect Securities held by HKSCC you may be required to share in that shortfall. A further effect of holding in an omnibus account can be that following a corporate action that favours the small investor, your rights in respect of that corporate action may be less than they otherwise would have been, had your China Connect Securities investments been held in your own name.

8.3.5 Accounts that contain your China Connect Securities are or will be subject to the law of a jurisdiction other than that of an EEA State, such as Hong Kong and/or PRC law. Your rights relating to those China Connect Securities may differ accordingly.

8.3.6 A depositary may have a security interest or lien over, or right of set-off in relation to your China Connect Securities.

8.3.7 Unless J.P. Morgan shall have received and accepted a contrary instruction, J.P. Morgan may in your name or on your behalf sign any document relating to China Connect Securities which may be required (i) to obtain receipt of any China Connect Securities or funds or (ii) by any tax or regulatory authority.

8.3.8 You acknowledge that J.P. Morgan intends to re-deliver to you or to your usual custodian or bank any China Connect Securities which have not been sold on T day.

8.3.9 You acknowledge that J.P. Morgan conducts business in China Connect Securities for other clients and for the account of its affiliates. J.P. Morgan may pool your China Connect Securities received hereunder and treat them as fungible with the same China Connect Securities of other clients. J.P. Morgan may at any time allocate equivalent China Connect Securities to you and shall not be bound to return to you the original China Connect Securities delivered to the HK Dealer. You acknowledge that J.P. Morgan intends, within one Trading Day of receipt, to deliver or pay to you or your usual custodian (net of any fees or other expense payable by you to J.P. Morgan) any distribution or payment received by J.P. Morgan in respect of China Connect Securities for your account.

8.3.10 You undertake to give such instructions promptly on J.P. Morgan's request (to J.P. Morgan and/or your usual custodian or bank and/or any other person) as J.P. Morgan may require to pre-authorise any such delivery or payment in connection with this Clause 8.3.

8.3.11 J.P. Morgan shall have no obligation whatsoever to collect or receive or take any other action (including attending any general meeting and/or exercising any voting right) in relation to any payment or distribution or voting in respect of China Connect Securities for your account or to notify you of the existence of or the terms of any notice, circular, report, announcement or similar corporate action in respect of China Connect Securities. You acknowledge that in certain circumstances, including, without limitation, as a result of any Applicable China Connect Laws, it may be difficult, impracticable or not permissible for HSCC or its nominee (and for J.P. Morgan or you) to exercise any rights or entitlements or to participate in any actions, transactions or other matters in respect of any China Connect Securities. If J.P. Morgan shall make any such collection or receipt, take any such action or give you any such notification or shall take any action pursuant to any such notification, J.P. Morgan shall not have (a) any liability in respect of any inaccuracies or delays; and (b) any obligation to continue or repeat any such action.

#### 8.4 Risk Disclosures and Acknowledgement

8.4.1 These China Connect Terms (together with the Risk Disclosures Statement) highlight certain key features of China Connect. By instructing J.P. Morgan in respect of any transaction relating to China Connect Securities, you acknowledge:

8.4.1.1 that (i) you have read and understood the Risk Disclosures Statement and other information set out in the Risk Disclosures Statement; (ii) you understand that there is a risk of prohibition from trading China Connect Securities; and (iii) your instructions to trade China Connect Securities may not be accepted; and (iv) you understand your obligations when trading China Connect Securities through China Connect including any consequences of a breach of Applicable China Connect Laws;

8.4.1.2 that neither J.P. Morgan nor any Related Person shall be liable for any loss, liability, or third party claim or demand that you may suffer or incur directly or indirectly as a result of any action or inaction by J.P. Morgan and/or any Related Person in connection with the provision of services under these China Connect Terms including, without limitation, the materialisation of any of the risks described in the Risk Disclosures Statement;

8.4.1.3 that SEHK has the power not to extend the China Connect Service to you and the power to require J.P. Morgan not to accept instructions from you if it is found that you, J.P. Morgan and/or any of J.P. Morgan's clients has or may have committed any abnormal trading conduct set out in the SSE Rules or failed to comply with any China Connect Rules;

8.4.1.4 that J.P. Morgan and/or any Related Person may provide to a China Connect Authority relevant information and materials relating to you, including, without limitation, in relation to your identity, personal data and trading activities for the purposes of assisting any investigation or surveillance by a China Connect Authority;

8.4.1.5 that if the SSE Rules and/or any other Applicable China Connect Laws are breached, (i) SSE has the power to carry out investigations, and may, through SEHK (or the SEHK Subsidiary or any other governmental or regulatory body), require J.P. Morgan and/or any Related Person to (A) provide relevant information and materials relating to you including, without limitation, in relation to your identity, personal data and trading activity; and (B) assist in a China Connect Authority's investigation in relation to you and/or your trading activity and (ii) you may be subject to regulatory investigations and the relevant legal or regulatory consequences if you are in breach of, or fail to comply with such laws, rules and regulations;

8.4.1.6 that the SEHK may (for the purpose of assisting SSE in its regulatory surveillance of the China Connect Market and enforcement of the SSE China Connect Rules and as part of the regulatory cooperation arrangement between the SEHK, the SEHK Subsidiary and SSE), at the request of SSE, require J.P. Morgan to provide information (including, without limitation, in relation to your identity, personal data and trading activity) in relation to you and any other persons referred to in the SEHK China Connect Rules with respect to any China Connect orders placed or China Connect transactions made or entered into by J.P. Morgan on their behalf;

8.4.1.7 that where a China Connect Authority considers that there is a serious breach of the SSE Rules, J.P. Morgan and/or any Related Person may be required by a China Connect Authority to (a) issue warning statements (verbally or in writing) to you; and (b) cease providing you with any service relating to trading China Connect Securities through China Connect;

8.4.1.8 and agree that prior to J.P. Morgan and/or any Related Person informing you that a Northbound buy order instructed by you has been settled, you shall not instruct a Northbound sell order in respect of the China Connect Securities which are the subject of such Northbound buy order;

8.4.1.9 and consent to J.P. Morgan and/or any Related Person providing information relating to your profile, the types and values of Northbound buy and sell orders and transactions made and executed on your behalf to a China Connect Authority at such intervals and in such form as such China Connect Authority may specify from time to time;

8.4.1.10 and accept responsibility for paying all fees, charges, levies and taxes and shall comply with any filing or registration obligations as may be required by any China Connect Authority or Applicable China Connect Laws relating to any China Connect Securities;

8.4.1.11 and accept that J.P. Morgan and any Related Person may in accordance with the China Connect Rules keep records (including telephone records) for a period of not less than 20 years, of: (i) all orders and trades executed on your behalf; (ii) any instructions received from you; and (iii) your account information in relation to Northbound trading ;

8.4.1.12 that the SEHK may upon SSE's request require the Exchange Participant to reject an order made on your behalf; and

8.4.1.13 that none of the China Connect Authorities or their respective directors, employees and agents shall be responsible or held liable for any loss or damage directly or indirectly suffered by J.P. Morgan or any Related Person, you or any other third party arising from or in connection with (i) the trading of China Connect Securities or the operation of the CSC in respect of China Connect Securities; or (ii) any amendments, making or enforcement of the China Connect Rules; or (iii) any action taken by a China Connect Authority in the discharge of its supervisory or regulatory obligations or functions (including any action taken in respect of abnormal trading activities).

## 8.5 Representations

8.5.1 You make the representations set out in this Clause to J.P. Morgan on a continuing basis, including without limitation on the first date that these China Connect Terms are effective and on each date that you instruct an order or give an instruction in respect of China Connect Securities under these China Connect Terms:

8.5.1.1 that you are aware of and shall comply with all Applicable China Connect Laws to which you may be subject;

8.5.1.2 that the execution of any instruction you give to J.P. Morgan shall not result in any breach of any Applicable China Connect Laws;

8.5.1.3 that you understand and have assessed the risks relating to China Connect and you are willing to undertake the risks relating to China Connect;

8.5.1.4 that as Northbound trading is available only to Hong Kong and overseas investors, you are not a legal entity incorporated or registered in the PRC; and

8.5.1.5 where you are an agent, you hereby confirm that you have authority to trade with J.P. Morgan on behalf of your principals. You further confirm that you have authority, and unless specifically stated otherwise, make all representations and acknowledges all matters herein on behalf of yourself and your principals.

8.5.2 You make the following representations set out in this Clause to J.P. Morgan on the date you instruct an order to sell China Connect Securities:

8.5.2.1 that you do not know of any fact that may impair the validity of such China Connect Securities and that you have full authority to receive, deal with and give instructions, authorisations or declarations in respect of the same;

8.5.2.2 that there is no adverse claim to such China Connect Securities; and

8.5.2.3 that there is no restriction on the transfer of such China Connect Securities other than those expressly provided for under the SEHK China Connect Rules or CCASS China Connect Rules.

## 8.6 Settlement and Currency Conversion

8.6.1 All Northbound trading is effected and settled in Renminbi. If J.P. Morgan does not receive sufficient Renminbi before settlement of a Northbound buy order to settle such purchase of China Connect Securities, settlement may be delayed and/or fail and you may not acquire title to, or become entitled to sell or transfer the relevant China Connect Securities. Where J.P. Morgan holds any funds on your behalf, if there are insufficient Renminbi funds to settle any Northbound buy order or other payment obligation in connection with China Connect, you authorise J.P. Morgan to convert any funds in any other currency which are held by it on your behalf into Renminbi for the purposes of settlement thereof.

8.6.2 Notwithstanding any provisions in the General Terms and Conditions, where it is necessary to convert one currency to another pursuant to these China Connect Terms, such conversion may be

carried out automatically by J.P. Morgan in a commercially reasonable manner without prior notice to you. Any risk, loss or cost resulting from any conversion of one currency into another currency pursuant to these China Connect Terms shall be borne by you.

8.6.3 Notwithstanding any provisions in the General Terms and Conditions, where J.P. Morgan determines that there is insufficient liquidity in Renminbi to settle any buy orders, J.P. Morgan may, in its sole and absolute discretion, reject your instruction to place such buy order.

## 8.7 Sale, Transfer and Disgorgement

8.7.1 Where, under the terms of the China Connect Rules, J.P. Morgan and/or any Related Person receives any notice (a "Forced-sale Notice") from a China Connect Authority requiring it to sell and liquidate a specified number of China Connect Securities owned by you, J.P. Morgan shall issue a corresponding notice to you requesting you to sell and liquidate such China Connect Securities within the period specified by the relevant China Connect Authority.

8.7.2 In relation to any Forced-sale Notice, you hereby authorise J.P. Morgan to sell or arrange for the sale of such China Connect Securities on your behalf at such price and on such terms as they may determine in its absolute discretion to the extent necessary to comply with all Applicable China Connect Laws.

8.7.3 Where China Connect Securities owned by you that are the subject of a Forced-sale Notice have been transferred from the holding of the Exchange Participant to another Clearing Participant or custodian (the "Recipient Agent"), you hereby authorise J.P. Morgan and any Related Person to provide instructions to the Recipient Agent on your behalf to return the relevant China Connect Securities for sale and liquidation in accordance with all Applicable China Connect Laws. You also undertake to inform the Recipient Agent of such authorisation and, where required, to instruct the Recipient Agent to act accordingly.

8.7.4 You hereby authorise J.P. Morgan to sell or arrange for the sale of any amount of China Connect Securities owned by you if J.P. Morgan and/or any Related Person receives any notice or request from any China Connect Authority requiring you to disgorge any profits as a result of any "short swing profit rule".

8.7.5 In addition to the above, you hereby authorise J.P. Morgan to sell, procure the sale of, transfer or carry out any other action in relation to China Connect Securities owned by you if J.P. Morgan and/or any Related Person is instructed to do so by any China Connect Authority or if J.P. Morgan and/or any Related Person otherwise determines in its absolute discretion that it is necessary or desirable to do so in order to comply with any Applicable China Connect Laws.

8.7.6 Neither J.P. Morgan nor any Related Person shall have any liability for any losses or risks which may result to you directly or indirectly from any actions taken by J.P. Morgan or any Related Person in respect of this Clause.

## 8.8 Liability and Indemnity

8.8.1 Notwithstanding any other provision in these China Connect Terms, neither J.P. Morgan nor any Related Person shall be responsible for or shall have any liability to you for any damage, liability or loss (including loss of profit) unless such damage, liability or loss is a direct result of J.P. Morgan's or any Related Person's fraud, wilful default or gross negligence.

8.8.2 You will indemnify J.P. Morgan and each Related Person and their respective directors, officers and employees (together, the "Indemnified Parties") on a full indemnity basis against any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever arising directly or indirectly from the services provided under these China Connect Terms, including,

without limitation (a) any Taxes resulting from any trading of China Connect Securities pursuant to China Connect; (b) the materialisation of any risk referred to in the Risk Disclosures Statement; (c) any legal costs which any Indemnified Party may incur in connection with any instruction given by you; or (d) any costs incurred in connection with Clause 8.7 (*Sale, Transfer and Disgorgement*) above and in each case other than those claims, demands, actions, proceedings, damages, costs, expenses, losses and liabilities which result directly from J.P. Morgan's fraud, willful default or gross negligence.

#### 8.9 Fees and Taxation

8.9.1 J.P. Morgan shall be entitled in its absolute discretion, without further notice or demand, forthwith, to satisfy any obligation or potential obligation of J.P. Morgan and/or any Related Person or you to pay or account for any amounts in respect of any Taxes by selling, realising or otherwise dealing with, in such manner as J.P. Morgan in its absolute discretion may determine, all or part of any property held by J.P. Morgan or any Related Person for any purpose, and to apply the proceeds in reduction of all or part of your liability to any tax authority or J.P. Morgan and/or any Related Person.

8.9.2 Neither J.P. Morgan nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by any of them in respect of the foregoing.

8.9.3 You shall be responsible for paying all fees, charges, levies and Taxes, and you shall be required to comply with any filing or registration obligations, in each case as may be required by any China Connect Authority or any Applicable China Connect Laws relating to any trading or investment by you of or in China Connect Securities.

#### 8.10 Miscellaneous

8.10.1 You will execute any further documents and provide any materials and/or information as J.P. Morgan may reasonably request to enable it to perform its duties and obligations under these China Connect Terms which may become necessary as and when the China Connect Rules are amended from time to time.

8.10.2 You will provide all information (including translations into Chinese, if required) to J.P. Morgan which it requests if such information is requested by any China Connect Authority or any exchange, regulatory authority or an organisation (whether within or outside Hong Kong) with which HKEx or the SEHK has entered into an information sharing arrangement or agreement. Amongst other things, your failure to comply with this provision may result in a suspension of China Connect Services to you.

8.10.3 J.P. Morgan reserves the right to vary any of the terms of these China Connect Terms and the Risk Disclosures Statement by written notice to you and by making such amendments available at [www.jpmorgan.com/directdoc/disclosures/markets/ChinaConnect\\_JP\\_MSplc.pdf](http://www.jpmorgan.com/directdoc/disclosures/markets/ChinaConnect_JP_MSplc.pdf)

8.10.4 Save for Clause 8.2 (Compliance with Trading Restrictions and Applicable China Connect Laws), Clause 8.3 (free of Payment Pre-delivery of China Connect Securities by you), Clause 8.4 (Risk Disclosures Statement and Acknowledgement), Clause 8.7 (*Sale, Transfer and Disgorgement*), Clause 8.8 (Liability and Indemnity) and Clause 8.9 (Fees and Taxation), and/or to the extent the context requires, these China Connect Terms shall automatically terminate upon termination of the General Terms and Conditions.

### SCHEDULE: DEFINITIONS

**"Affiliate"** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or

person means ownership of a majority of the voting power of the entity or person.

**"A Shares"** means any securities issued by companies incorporated in the PRC which are listed and traded on the PRC A Share markets (Shanghai and Shenzhen) and not on the SEHK.

**"Applicable China Connect Laws"** means the laws, regulations, rules and guidelines of Hong Kong and the PRC from time to time including, without limitation, the China Connect Rules.

**"Average Pricing"** means the allocation or application of an average price per China Connect Security to each individual fund managed by the same fund manager in respect of trades in such China Connect Security on the same Trading Day.

**"Cash"** means all cash or cash equivalents in Renminbi received and held by J.P. Morgan.

**"CCASS"** means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on The Stock Exchange of Hong Kong Limited and/ or any system established for the purpose of China Connect.

**"CCASS China Connect Rules"** means the general rules of CCASS, as amended for the purposes of implementing China Connect, and as amended, supplemented, modified and/or varied from time to time.

**"China Connect"** means a securities trading and clearing links programme developed or to be developed by the SEHK, SSE, HKSCC and CSDCC for the establishment of mutual market access between the SEHK and SSE.

**"China Connect Authorities"** means the exchanges, clearing systems and regulators which provide services in relation to and/or regulate China Connect and activities relating to China Connect, including without limitation the SEHK, HKSCC, SEHK Subsidiary, SSE, CSDCC, CSRC, PBOC, SAFE, SFC, HKMA and any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of China Connect and **"China Connect Authority"** means any one of them.

**"China Connect Market"** means SSE.

**"China Connect Market System"** means the system used for the trading of China Connect Securities on SSE, as operated by the SSE.

**"China Connect Rules"** means any laws, rules, regulations, policies or guidelines published or applied by any China Connect Authority from time to time in respect of China Connect or any **activities arising from China Connect**.

**"China Connect Securities"** means any securities listed on SSE which may be eligible for trading by Hong Kong and international investors under China Connect.

**"China Connect Service"** means the order-routing service through which Northbound orders placed by the Exchange Participant may be transmitted by the SEHK Subsidiary to SSE for the buying and selling of China Connect Securities and any related supporting services.

**"China Connect Terms"** means these China Connect Terms (including the Risk Disclosures Statement) governing the terms on which J.P. Morgan provides you with China Connect Services and which is supplemental to the General Terms and Conditions as amended, supplemented, modified and/or varied from time to time.

**"Clearing Participant"** has the meaning given to such term in the rules of the Central Clearing and Settlement System of Hong Kong.

**"Client Identity Rules"** means the SFC's client identity rules in the Code of Conduct and Client Identity Rule Policy.

**"Client Securities Rules"** means the Securities and Futures (Client Securities) Rules (Cap 571H of the Laws of Hong Kong).

**"Code of Conduct"** means the SFC's Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

**"CSC"** means the China Stock Connect System for receiving and routing China Connect orders to a China Connect Market System for automatic matching and execution.

**"CSDCC"** means China Securities Depository and Clearing Corporation.

**"CSDCC China Connect Rules"** means the rules of CSDCC, including without limitation, the rules published by CSDCC for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time.

**"CSRC"** means China Securities Regulatory Commission.

**"Exchange Participant"** means J.P. Morgan Broking (Hong Kong) Limited which is a person registered as a China Connect Exchange Participant by the SEHK and is also a Clearing Participant.

**"Forced-sale Notice"** has the meaning given to such term in Clause 7.1.

**"General Terms and Conditions"** means any applicable existing terms, client account agreement and/or other relevant notices and disclosures between you and J.P. Morgan.

**"H Shares"** means any securities issued by companies incorporated in the PRC and listed on the SEHK.

**"HK Dealer"** means J.P. Morgan Securities (Asia Pacific) Limited (as agent for J.P. Morgan).

**"HKEx"** means the Hong Kong Exchanges and Clearing Limited.

**"HKMA"** means the Hong Kong Monetary Authority.

**"HKSCC"** means the Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx.

**"J.P. Morgan"** means J.P. Morgan Securities plc.

**"Northbound"** denotes the trading of China Connect Securities by Hong Kong and international investors through China Connect.

**"PBOC"** means the People's Bank of China.

**"PRC"** means, for the purposes of these China Connect Terms, the People's Republic of China (excluding Hong Kong, Macau and Taiwan).

**"PRC Listco"** has the meaning given to such term in paragraph 5 of the Risk Disclosures Statement.

**"QFII"** means a Qualified Foreign Institutional Investor.

**"Related Person"** means (i) the HK Dealer; (ii) the Exchange Participant; and (iii) any other Affiliate of J.P. Morgan through which your transactions in China Connect Securities may be effected.

**"Renminbi"** or **"RMB"** means the lawful currency of the PRC, deliverable in Hong Kong.

**"RQFII"** means a RMB Qualified Foreign Institutional Investor.

**"Risk Disclosures Statement"** means the China Connect Risk Disclosures Statement (as amended, supplemented, modified and/or varied from time to time), the latest version of which is available at [www.jpmorgan.com/directdoc/disclosures/markets/ChinaConnectRiskDisclosures.pdf](http://www.jpmorgan.com/directdoc/disclosures/markets/ChinaConnectRiskDisclosures.pdf) and which is hereby incorporated by reference within these China Connect Terms.

**"SAFE"** means the State Administration of Foreign Exchange of the PRC.

**"SEHK"** means The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEx.

**"SEHK China Connect Rules"** means the rules of HKEx, as amended for the purposes of implementing China Connect, and as amended, supplemented, modified and/or varied from time to time.

**"SEHK Subsidiary"** means the wholly-owned subsidiary of the SEHK duly authorised as an automated trading service provider under the SFO and licensed under applicable laws in the PRC to provide the order-routing service under China Connect.

**"SFC"** means the Securities and Futures Commission of Hong Kong.

**"SFO"** means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

**"Special China Connect Securities"** means any securities listed on SSE which SEHK (after consulting with SSE) from time to time accepts or designates as eligible only for China Connect sell orders and not for China Connect buy orders.

**"SSE"** means the Shanghai Stock Exchange.

**"SSE China Connect Rules"** means the SSE Regulations on the Shanghai-Hong Kong Stock Connect Pilot Programme which have been published by SSE for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time.

**"SSE Listing Rules"** means the Rules Governing the Listing of Stocks on Shanghai Stock Exchange as amended, supplemented, modified and/or varied from time to time.

**"SSE Rules"** means the SSE China Connect Rules and the business and trading rules and regulations of SSE as amended, supplemented, modified or varied from time to time.

**"Taxes"** means all taxes, duties, levies, imposts, charges, assessments, deductions, withholdings and related liabilities, including additions to tax, penalties and interest imposed on or in respect of (i) China Connect Securities or Cash, (ii) any transaction effected under these China Connect Terms or (iii) you.

**"Trading Day"** means a day on which SEHK is open for Northbound trading where **"T day"** denotes (as the case may be) the day on which a transaction is executed; **"T+1 day"** denotes (as the case may be) the day which is one Trading Day or, in the context of settlement of funds, the business day (on which banks in Hong Kong and Shanghai are generally open for business) after T day; and **"T-1 day"** denotes (as the case may be) the day which is one Trading Day or, in the context of settlement of funds, the business day (on which banks in Hong Kong and Shanghai are generally open for business) prior to T day.

**"you"** means you and, if applicable, the principal(s) on whose behalf you act.

#### CHINA CONNECT RISK DISCLOSURES STATEMENT

This Risk Disclosures Statement describes some of the key risk disclosures and other rules, requirements and features of China Connect and Applicable China Connect Laws. This Risk Disclosures

Statement does not disclose all the risks and other significant aspects of Northbound trading through China Connect. You should ensure that you understand the nature and risks of China Connect and Northbound trading and you should consider carefully (and consult your own advisers where necessary) whether trading in China Connect Securities is suitable for you in light of your circumstances. The decision to trade in China Connect Securities is yours, but you should not trade in China Connect Securities unless you fully understand and are willing to assume the risks associated with China Connect. You acknowledge the risks, and agree to the terms, set out in this Risk Disclosures Statement.

Neither J.P. Morgan nor any Related Person represents that the information set out in this Risk Disclosures Statement is up to date or comprehensive, and does not undertake to update the information set out in this Risk Disclosures Statement. Neither J.P. Morgan nor any Related Person is liable for any inaccuracies or misstatements in the information set out in this Risk Disclosures Statement.

Unless otherwise defined herein, capitalised terms used in this Risk Disclosures Statement will have the meanings given to such terms in the China Connect Terms applicable to you and available at: [www.jpmorgan.com/pages/disclosures/markets/ChinaConnect](http://www.jpmorgan.com/pages/disclosures/markets/ChinaConnect)

## 1. Pre-Trade Checking

Under PRC law, SSE may reject a sell order if an investor does not have sufficient available China Connect Securities. The SEHK will apply similar checking on all Northbound sell orders at the exchange participant level to ensure there is no overselling by any individual exchange participant ("Pre-Trade Checking"). Accordingly, you will ensure that you hold sufficient available China Connect Securities held with the Exchange Participant to cover any proposed sell order and you will comply with any requirements relating to Pre-Trade Checking mandated by the China Connect Authorities. If J.P. Morgan considers that you do not have sufficient available China Connect Securities held with the Exchange Participant to settle a sell order by the applicable cut-off time (as notified to you by J.P. Morgan from time to time), J.P. Morgan may (but shall not be obliged to) in its absolute discretion: (a) reject your sell order (in whole or in part); where appropriate arrangements are in place and as permitted by Applicable China Connect Laws, use any China Connect Securities in the Exchange Participant's (or any other exchange participant's) designated CCASS stock account(s) which J.P. Morgan holds for itself or on behalf of its other customers to fulfil the Pre-Trade Checking requirement in respect of your sell order, in which case you shall reimburse J.P. Morgan for any costs, losses or expenses which J.P. Morgan incurs as a result of buying in or otherwise sourcing the amount of China Connect Securities which you have failed to deliver in respect of your sell order, on such terms and at such price (including any associated fees and expenses) and at such time as J.P. Morgan shall determine in its absolute discretion; or (c) perform any other act which J.P. Morgan considers necessary or desirable to comply with Pre-Trade Checking and/or relevant Applicable China Connect Laws and to cover your shortfall (including but not limited to applying any other China Connect Securities available to J.P. Morgan) from other sources. In addition, J.P. Morgan may in its absolute discretion reject your sell order (in whole or in part) if for any other reason J.P. Morgan considers that there is or may be non-compliance with any Applicable China Connect Laws. Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre-Trade Checking and/or the relevant Applicable China Connect Laws shall be borne by you.

If J.P. Morgan considers that you have not (by the commencement of trading on the Trading Day on which you wish to execute a sell order or any other cut-off time specified by J.P. Morgan from time to time) transferred sufficient available China Connect Securities to the Exchange Participant's designated CCASS stock account(s) to cover a proposed sell order, J.P. Morgan may (but shall not be obliged to) in its absolute discretion: (a) reject your sell order; or (b) perform any other act which J.P. Morgan considers necessary or desirable to comply with Pre-Trade Checking and/or relevant Applicable China Connect Laws and to cover your shortfall (including but not limited to applying any other China Connect Securities available to J.P. Morgan) from any stock borrowing arrangements (to the extent permitted by Applicable China Connect Laws and available to J.P. Morgan) or other sources.

In addition, J.P. Morgan may in its absolute discretion reject your sell order if for any other reason J.P. Morgan considers that there is or may be non-compliance with any Applicable China Connect Laws. Any risk, loss or cost resulting from non-compliance with Pre-Trade Checking and/or any relevant Applicable China Connect Laws shall be borne by you.

## 2. Settlement

J.P. Morgan has established cut-off times. If you do not provide your trade allocations by J.P. Morgan's applicable cut-off time as notified to you from time to time then your trade may fail. Where you are an agent and you have not, in relation to your transactions in China Connect Securities accepted by J.P. Morgan, provided J.P. Morgan with your trade allocations to your applicable principals by J.P. Morgan's applicable cut-off time, J.P. Morgan will, unless expressly agreed otherwise, allocate such transactions on a pro-rata basis amongst your applicable principals. Where such pro-rata allocation results in odd lots, J.P. Morgan shall allocate such odd lots to the principal(s) with the largest allocation(s).

Northbound trades will follow the A Share settlement cycle. For settlement of China Connect Securities trades, CSDCC will debit or credit the securities accounts of its participants (including HKSCC as clearing participant) on T day free of payment. J.P. Morgan may have settlement arrangements in place different from the CSDCC settlement arrangements. Unless J.P. Morgan agrees to prefund, settlement of funds relating to such trading will be effected on T+1 day. In the event J.P. Morgan agrees to prefund the settlement of China Connect Securities trades, (a) J.P. Morgan shall retain the funds received from the HKSCC on T+1 day; and (b) you shall reimburse J.P. Morgan with respect to any pre-funding provided by J.P. Morgan.

Although the transfer of the China Connect Securities precedes the transfer of cash, under the China Connect Service, the title to China Connect Securities will not be released until the receipt of confirmation of payment. Accordingly, for purposes of contract notes, the settlement date would be T+1 day when both the securities and the cash are settled or where the purchase was pre-funded, the settlement date would be the date on which the China Connect Securities are released from hold.

## 3. Quota Restrictions

Purchases of China Connect Securities through China Connect are subject to certain quota controls. As a result, there is no assurance that a buy order can be successfully placed through China Connect. There is a quota limiting the maximum net value of all Northbound buy trades that can be executed by exchange participants while China Connect is in operation ("Aggregate Quota"). There is also a daily quota limiting the maximum value of all Northbound buy trades that can be executed by exchange participants on each Trading Day ("Daily Quota"). The Aggregate Quota and/or the Daily Quota may change from time to time without prior notice and investors are advised to refer to the HKE website and other information published by the HKE for up-to-date information.

Under the China Connect Rules, investors may sell their China Connect Securities regardless of whether there is a breach of the provisions relating to Aggregate Quota or Daily Quota. If there is a restriction, rejection or suspension of Northbound buying as a result of (a) the Daily Quota being fully utilised, or (b) the balance of the Aggregate Quota falling below the Daily Quota, no further buy orders can be carried out.

J.P. Morgan will handle client orders fairly. J.P. Morgan may aggregate your Northbound orders with the Northbound orders of any other client or of its affiliates when it processes such orders. This may, because of the quota restrictions, result in your order only being partially executed or not at all. In the continuous trading session J.P. Morgan will take reasonable steps to handle client orders and transactions to be undertaken for clients (including delta one hedge transactions arising from client swap orders) ("Client Orders") promptly in accordance with clients' instructions and in the sequence in which they are received.

All Client Orders which are for submission to the applicable open auction or start of continuous trading session (the "Open") shall be handled by J.P. Morgan in a way that seeks to ensure that all such Client Orders have fair and equal opportunity to participate in the Open. J.P. Morgan will regard all such Client Orders as having been received by it only at the point at which it takes any action for the purposes of submitting Client Orders into the Open.

#### 4. Restriction on Day Trading

Day (turnaround) trading is not permitted on the PRC A Share market. If you buy China Connect Securities on T day, you may be able to sell the shares only on or after T+1 day. Due to Pre-Trade Checking requirements, sell orders in relation to China Connect Securities bought on T day may only be accepted on or after the applicable cut-off time (as notified to you by the J.P. Morgan from time to time) on T+1 day.

#### 5. Disclosure of Interests

Under PRC laws, rules and regulations, if you hold or control shares (on an aggregate basis, i.e., including both domestically and overseas issued shares of the same PRC Listco (as defined below), whether the relevant holdings are through Northbound trading, QFII/RQFII regime or other investment channels) in a PRC incorporated company which is listed on a PRC stock exchange (a "PRC Listco") up to a certain threshold as may be specified from time to time by the relevant China Connect Authorities, you must disclose such interest within the period specified by the relevant China Connect Authority, and you must not buy or sell any such shares within the period specified by the relevant China Connect Authority. You must also disclose any substantial change in your holding as required by the relevant China Connect Authority.

Under Hong Kong law, where a PRC incorporated company has both H Shares listed on the SEHK and A Shares listed on the SSE, if an investor is interested in more than a certain threshold (as may be specified from time to time) of any class of voting shares (including A Shares purchased through China Connect) in such PRC incorporated company, the investor is under a duty of disclosure pursuant to Part XV of the SFO. Part XV of the SFO does not apply where the PRC incorporated company has not listed any shares on the SEHK. It shall be your responsibility to comply with any disclosure of interest rules from time to time imposed by the relevant China Connect Authorities and to arrange for any relevant filings.

#### 6. Short Swing Profit Rule

Under PRC laws, rules and regulations, if the "short swing profit rule" requires you to give up or return any profits made from purchases and sales in respect of China Connect Securities of a particular PRC Listco if (a) your shareholding in such PRC Listco exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. You (and you alone) must comply with the "short swing profit rule".

#### 7. Foreign Ownership Limits

Under PRC laws, rules and regulations, there is a limit to how many shares a single foreign investor is permitted to hold in a single PRC Listco, and also a limit to the maximum combined holdings of all foreign investors in a single PRC Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same issuer, whether the relevant holdings are through Northbound trading, QFII/RQFII regime or other investment channels). It shall be your responsibility to comply with all foreign ownership limits from time to time imposed by Applicable China Connect Laws. Such legal and regulatory restrictions or limitations may have an adverse effect on the liquidity and performance of an investment in China Connect Securities due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers. As a result, you may suffer losses through your trading or investments in China Connect Securities.

If J.P. Morgan and/or any Related Person becomes aware that you have breached (or reasonably believes that you may breach upon execution of further Northbound buy orders) any foreign ownership limits, or if J.P. Morgan and/or any Related Person is so required by any China Connect Authority, including without limitation to , as a result of any Forced-sale Notice issued by the SSE, J.P. Morgan will sell any China Connect Securities pursuant to the China Connect Terms in order to ensure compliance with all Applicable China Connect Laws. In such case, no China Connect Securities buy orders for the relevant China Connect Securities will be accepted until SSE informs the SEHK Subsidiary or the SEHK that the aggregate foreign shareholding has fallen below a certain percentage. The SEHK may determine in its absolute discretion which exchange participants and what quantity of China Connect Securities should be subject to a Forced-sale Notice (this is generally likely to be on a "last-in, first-out" basis), and the SEHK's (or the SEHK Subsidiary's) own records shall be final and conclusive.

Moreover, under PRC laws, where the aggregate holding of foreign investors exceeds a specified percentage (the "**Cautionary Level**") of the issued shares of a single PRC Listco, upon notification by the SSE to the SEHK Subsidiary, the SEHK and the SEHK Subsidiary are required as soon as practicable thereafter to suspend accepting China Connect Securities buy orders in respect of the relevant China Connect Securities. In such circumstances, your buy orders may be rejected until the aggregate shareholding of foreign investors has fallen below a specified percentage (the "**Permitted Level**") as advised by SSE from time to time.

Currently, the single foreign investor limit is set at 10% of the total issued shares of a PRC Listco and the aggregate foreign investor limit is set at 30% of the total issued shares of a PRC Listco (while the Cautionary Level and the Permitted Level are set at 28% and 26% respectively of the total issued shares of a PRC Listco). Such limits and levels are subject to change from time to time. Neither J.P. Morgan nor the any Related Person shall be under any obligation to inform you of any such changes relating to foreign ownership limits.

#### 8. SSE-listed Shares Eligible for Northbound Trading

The SEHK will include and exclude securities as China Connect Securities based on the prescribed criteria under the China Connect Rules, any adjustments made to the SSE 180 Index and SSE 380 Index, any relevant A Shares and H Shares being listed on or delisted from SSE and/or the SEHK, and any relevant A Shares being placed under or released form risk alert. You should refer to the HKEx website and other information published by the HKEx for up-to-date information. Neither J.P. Morgan nor any Related Person shall be under any obligation to inform you of any changes to the eligibility of share for Northbound trading.

According to the SSE Listing Rules, if any SSE-listed company is in the delisting process, or its operation is unstable due to financial or other reasons such that there is a risk of being delisted or exposing investors' interest to undue damage, the SSE-listed company will be earmarked and traded on the risk alert board. Any change to the risk alert board may occur without prior notice. If a China Connect Security which is eligible for China Connect trading at launch of the programme is subsequently moved to the risk alert board, investors under China Connect will be allowed only to sell the relevant China Connect Security and are prohibited from further buying. For details concerning the risk alert board, please refer to the SSE Listing Rules and SSE Risk Alert Board Provisional Trading Arrangement and any other relevant sources from time to time.

#### 9. Special China Connect Securities

The SEHK will accept or designate securities which cease to meet the eligibility criteria for China Connect Securities as Special China Connect Securities (provided that they remain listed on SSE). In addition, any securities or options (which are not eligible for China Connect trading) received by you as a result of any distribution of rights or entitlements, conversion, takeover, other corporate actions or abnormal trading activities will be accepted or designated by the SEHK as Special China Connect Securities. You will be able only to sell, but not to buy, any Special China Connect Securities.

## **10. No Off-exchange Trading and Transfers**

You, J.P. Morgan and any Related Person shall not trade or provide services to facilitate trading of any China Connect Securities otherwise than through the China Connect Market System, and J.P. Morgan shall not match, execute or arrange the execution of any sale and purchase instructions or any transfer instructions from you or effect any Non-trade Transfer (as defined below in paragraph 26) or settlement of instructions in respect of any China Connect Securities in any manner other than through China Connect in accordance with the China Connect Rules, except in the following circumstances or as otherwise provided by a relevant China Connect Authority:

- (a) stock borrowing and lending of China Connect Securities which are eligible for covered short selling and with a tenor of no more than one month;
- (b) stock borrowing and lending of China Connect Securities which are eligible for satisfying the Pre-trade Checking requirement, with a tenor of one day (and which is not renewable);
- (c) post-trade allocation of China Connect Securities by a fund manager or an asset manager across the funds and/or sub-funds or clients it manages; and
- (d) any other situations specified by SSE and CSDCC, including but not limited to any Non-trade Transfer as a result or for the purpose of (i) succession, (ii) divorce, (iii) dissolution, liquidation or winding-up of any company or corporation, (iv) donation to a charitable foundation; and (v) assisting in any enforcement action or proceedings of any court, prosecutor or law enforcement agency.

## **11. Placing Orders**

Only limit orders with a specified price are allowed pursuant to Applicable China Connect Laws, whereby buy orders may be executed at or lower than the specified price and sell orders may be executed at or higher than the specified price. Market orders will not be accepted.

## **12. Price Limits**

China Connect Securities are subject to a general price limit of ±10% based on the previous Trading Day's closing price (and a price limit of ±5% where the China Connect Securities are on risk alert). The price limit may be changed from time to time. All orders in respect of China Connect Securities must be within the price limit. Any orders with a price beyond the price limit will be rejected by SSE. Additionally, the SEHK has put in place a dynamic price checking for buy orders. Buy orders with input prices lower than the current best bid (or last traded price in the absence of current best bid, or previous closing price in the absence of both current best bid and last traded price) beyond a prescribed percentage will be rejected by China Connect Market System. The price checking percentage, which is currently set at 3%, may be adjusted by the SEHK from time to time.

## **13. Taxation**

China Connect Securities traded under China Connect currently enjoy a temporary exemption from PRC "income" tax and PRC business tax. It is uncertain when such exemptions will expire and whether other PRC taxes will be applicable to trading of China Connect Securities under China Connect. Dividends derived from China Connect Securities are subject to PRC withholding tax. PRC stamp duty is also payable for transactions in China Connect Securities under China Connect. You will be fully responsible for any Taxes in respect of China Connect Securities. Neither J.P. Morgan nor any Related Person assumes any responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with China Connect, nor will any of them provide any service or assistance in this regard. Prior to investing in China Connect Securities, you are strongly urged to consult your own tax advisers and counsel with respect to the possible tax consequences to you of such investment since such tax consequences may differ in respect of different investors.

In addition and without prejudice to any other right or remedy which J.P. Morgan may have, J.P. Morgan shall be entitled in its absolute discretion, without further notice or demand, forthwith, to satisfy any obligation or potential obligation of J.P. Morgan or any Related Person or you to pay or account for any amounts in respect of any Taxes by selling, realising or otherwise dealing with, in such manner as J.P. Morgan in its absolute discretion may determine, all or part of any property held by J.P. Morgan or any Related Person for any purpose in any of your accounts held with J.P. Morgan or any Related Person, and to apply the proceeds in reduction of all or part of your liability to J.P. Morgan or any Related Person. Neither J.P. Morgan nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by J.P. Morgan or any Related Person in respect of the foregoing.

## **14. Client Securities Rules**

By way of brief background, the Client Securities Rules prescribe how client assets are to be dealt with by all intermediaries and their associated entities. However, as the China Connect Securities traded through China Connect are not listed or traded on the SEHK, you will not have protection under the Client Securities Rules, unless otherwise specified by the SFC or any other relevant China Connect Authority.

## **15. Investor Compensation Fund**

Trading in China Connect Securities does not enjoy the protection afforded by the Investor Compensation Fund established under the Securities and Futures Ordinance. Accordingly, unlike the trading of SEHK-listed securities, you will not be covered by the Investor Compensation Fund in respect of any loss you may sustain by reason of a default by any SFC licensed or registered intermediaries.

## **16. Ownership of China Connect Securities**

China Connect Securities are held in CSDCC. HKSCC will become a direct participant in CSDCC and China Connect Securities acquired by investors through Northbound trading will be:

- (a) recorded in the name of HKSCC in the nominee securities account opened by HKSCC with CSDCC and HKSCC will be nominee holder of such China Connect Securities; and
- (b) held in custody under the depository of CSDCC and registered in the shareholders' register of the relevant PRC Listco.

HKSCC will record interests in such China Connect Securities in the CCASS stock account of the relevant HKSCC Clearing Participant.

Under Hong Kong law, HKSCC will be regarded as the legal owner of such China Connect Securities and will be regarded as holding the beneficial entitlement to the China Connect Securities on behalf of the relevant Clearing Participant(s). Depending on the custody arrangements between a Clearing Participant and its Hong Kong or overseas clients, such Clearing Participant will in turn generally be regarded as holding the beneficial entitlement for such Hong Kong or overseas clients.

Under current PRC regulations, China Connect Securities will be recorded in a nominee account opened by HKSCC with CSDCC and Northbound investors have rights and interests in China Connect Securities acquired through China Connect according to the applicable laws. The CSRC Securities Registration and Settlement Measures, CSDCC Securities Registration Rules and Administrative Rules on Securities Accounts, the CSDCC China Connect Rules and SSE China Connect Rules generally provide for the concept of a "nominee holder" and recognise the Northbound investors as the "ultimate owners" of China Connect Securities.

Northbound investors shall exercise their rights in relation to China Connect Securities through HKSCC as the nominee holder. As Northbound investors will have actual control over voting rights in respect of such China Connect Securities (either individually or acting in concert with others), Northbound investors are responsible for

complying with disclosure obligations under PRC laws and regulations in relation to China Connect Securities acquired through Northbound trading.

However, the precise nature and rights of a Northbound investor as the beneficial owner of China Connect Securities through HKSCC as nominee is less well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases in the PRC courts concerning a nominee account structure. Therefore the exact nature and methods of enforcement of the rights and interests of Northbound investors under PRC law are not free from doubt.

HKEx has published materials explaining the ownership rights of Northbound investors in China Connect Securities and may publish further information from time to time. In summary, the HKEx published materials state that:

- (a) it is the Hong Kong and overseas investors as the ultimate investors (rather than any broker, custodian or intermediary through whom such investors hold the China Connect Securities) who should be recognised under PRC laws and regulations as having beneficial ownership in the China Connect Securities;
- (b) as key functions of a nominee holder, HKSCC will be responsible for collecting and distributing dividends to its participants (for their own account and/or as agent for their investors) and obtaining and consolidating voting instructions from its participants and submitting a combined single voting instruction to the issuer of the relevant China Connect Securities. However, under the CCASS China Connect Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of China Connect Securities in the PRC or elsewhere; and
- (c) on the insolvency of HKSCC, the China Connect Securities will not be regarded as the general assets of HKSCC under Hong Kong and PRC law and will not be available to the general creditors of HKSCC. CSDCC and the PRC courts will recognise the liquidator of HKSCC, duly appointed pursuant to Hong Kong law, as the rightful person to deal with China Connect Securities in the place of HKSCC.

You should conduct your own review of the HKEx published materials and the applicable China Connect Rules from time to time. You should also consult your own legal advisers to make your own assessment of your rights as a Northbound investor in China Connect Securities.

## **17. No Manual Trade or Block Trade**

There will be no manual trade facility or block trade facility for Northbound trading under China Connect.

## **18. Amendment of Orders and Loss of Priority**

Consistent with the current practice in the PRC, if an investor engaged in Northbound trading wishes to amend an order, the investor must first cancel the original order and then input a new one. Accordingly, order priority will be lost and, subject to the Daily Quota and Aggregate Quota restrictions (see paragraph 3 above), the subsequent order may not be filled on the same Trading Day.

## **19. Risk of CSDCC Default**

CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. If CSDCC (as the host central counterparty) defaults, HKSCC may (but shall have no obligation) to take any legal action or court proceeding to seek recovery of the outstanding China Connect Securities and monies from CSDCC through available legal channels and through CSDCC's liquidation process, if applicable. As CSDCC does not contribute to the HKSCC guarantee fund, HKSCC will not use the HKSCC guarantee fund to cover any residual loss as a result of closing out any of CSDCC's positions. HKSCC will in turn distribute China Connect Securities and/or monies recovered to clearing participants on a pro-

rata basis as prescribed by the relevant China Connect Authorities. J.P. Morgan in turn will be distributing China Connect Securities and/or monies only to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by CSDCC is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound trading.

## **20. Risk of HKSCC Default**

The provision of services pursuant to the China Connect Terms also depends upon the performance by HKSCC of its obligations. Any action or inaction of the HKSCC or a failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of China Connect Securities and/or monies in connection with them and you may suffer losses as a result. Neither J.P. Morgan nor any Related Person shall have any responsibility or liability for any such losses.

## **21. Scripless Securities**

China Connect Securities are traded in scripless form and accordingly, China Connect Securities may not be physically deposited into and/or withdrawn from CCASS.

## **22. Company Announcements on Corporate Actions**

Neither J.P. Morgan nor any Related Person shall be responsible for any corporate actions. Any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the SSE website and certain officially appointed newspapers. HKSCC will also record all corporate actions relating to China Connect Securities in CCASS and inform its clearing participants of the details via the CCASS terminals as soon as practicable on the announcement date. Investors engaged in Northbound trading may refer to the SSE website and the relevant newspapers for the latest listed company announcements or, alternatively, the HKEx website's China Stock Markets Web (or such other replacement or successor web-page from time to time) for corporate actions in respect of China Connect Securities issued on the previous trading day. Investors should note that SSE-listed issuers publish corporate documents in Chinese and English translations may not be available.

In addition, HKSCC will endeavour to collect and distribute cash dividends relating to China Connect Securities to clearing participants in a timely manner. Upon receipt of the dividend amount, HKSCC will to the extent practicable arrange to distribute to relevant clearing participants on the same day.

Following existing market practice in the PRC, investors engaged in Northbound trading will not be able to attend shareholder meetings by proxy or in person, unlike the current practice in Hong Kong in respect of SEHK-listed shares.

Neither J.P. Morgan nor any Related Person can ensure the accuracy, reliability or timeliness of any company announcements of corporate actions and they accept no liability (whether in tort or contract or otherwise) for any loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. J.P. Morgan and Related Persons expressly disclaims all warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

## **23. Average Pricing across Funds for Fund Managers**

Where Average Pricing applies, you will be allocated China Connect Securities (or their proceeds) at the same averaged price across your orders, which may be higher or lower than the price which you would have paid or received had the orders been processed individually and in the order submitted. Neither J.P. Morgan nor any Related Person will be responsible for any such difference in pricing or any loss or risk arising from the application of Average Pricing.

#### **24. Disclosure of Information and Publication of Trade Information**

The SEHK may require J.P. Morgan to provide information on your profile, and the type and value of your orders in relation to Northbound trading of China Connect Securities and the trades which J.P. Morgan handled for you at such intervals and in such form as the SEHK may specify from time to time for purposes of the publication, dissemination or public distribution of aggregated information in respect of China Connect Securities trades under China Connect, trading volumes, investor profiles and other related data.

#### **25. Retention of Information**

You acknowledge and accept that J.P. Morgan and any Related Person may in accordance with the China Connect Rules keep records for a period of not less than 20 years of (a) all orders and trades executed on your behalf; (b) any instructions received from you; (c) your account information in relation to Northbound trading; and (d) all relevant information concerning margin trading and stock borrowing and lending of any China Connect Securities (including, without limitation, in respect of any such margin trading, the relevant securities margin trading arrangement and the funds provided).

#### **26. Client Error**

Neither J.P. Morgan nor any Related Person shall be liable for any loss, damage or expense or consequential loss, damage or expense suffered by you as a result of any trading based on your instructions. J.P. Morgan will not be able to unwind any trade, and investors should take note of the settlement arrangements in respect of China Connect Securities under China Connect, including but not limited to quota restrictions which may affect the ability to mitigate the consequences of any error trades.

The China Connect Rules generally prohibit any off-exchange trading or transfers. However, transfers may be permitted between exchange participants and their clients to rectify an error trade in limited circumstances, although there is a lack of clarity as to the circumstances in which such transfers may be permitted. Exchange participants who perform a transfer of beneficial ownership of China Connect Securities which is not conducted through the China Connect Service and executed on the China Connect Market (a “**Non-trade Transfer**”) to rectify an error trade will be required to submit to the SEHK an error trade report together with supporting documents explaining how the error was made and providing details of the Non-trade Transfer. The SEHK has the power to disallow a particular exchange participant to conduct Non-trade Transfers for error trade rectification if the SEHK has reasonable cause to suspect or to believe that the exchange participant may abuse or may have abused such rectification arrangements or may have used such rectification arrangements to circumvent the prohibition against off-exchange trades or transfers. The SEHK may provide error trade reports and related information to the SFC and SSE. Exchange participants are warned by the SEHK not to misuse this arrangement to effect off-exchange trades or transfers which are otherwise disallowed under the relevant China Connect Rules. J.P. Morgan shall have absolute discretion to determine whether to conduct any transfer to rectify any error trade and shall have no obligation to do so. Neither J.P. Morgan nor any Related Person shall have any liability for any losses which may result directly or indirectly from any error trade or any refusal to conduct a transfer to correct an error trade.

#### **27. Operation of China Connect Service/Novelty of China Connect Market System**

The SEHK or the SEHK Subsidiary (after consulting with the SEHK) may, under certain circumstances as specified in the SEHK rules and/or whenever the SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors, temporarily suspend or restrict all or part of the order-routing and related supporting services with regard to all or any Northbound trading of China Connect Securities, and for such duration and frequency as the SEHK may consider appropriate. You will not be able to buy or sell China Connect Securities on the SEHK through China Connect during any period in which trading of China Connect Securities is suspended.

In particular, you should note that while trading of China Connect Securities is suspended by the SEHK, trading of such China Connect Securities may continue on SSE. You may remain exposed to fluctuations in the price of China Connect Securities caused by trading on SSE during the period when trading of such China Connect Securities is suspended by the SEHK.

The SEHK has absolute discretion to change the operational hours and arrangements of the China Connect Service at any time and without advance notice, whether on a temporary basis, due to operational needs, inclement weather, under emergency situations or otherwise. Moreover, the SEHK or the SEHK Subsidiary (with the agreement of the SEHK) may cease the provision of the China Connect Northbound trading service permanently.

Such suspension, restriction or cessation will affect J.P. Morgan's ability to accept and process your orders and you are advised to refer to the HKEx website and other information published by the HKEx for up-to-date information. There can be no assurance that your orders will be accepted or processed, notwithstanding that China Connect Securities may be traded through other channels including, without limitation, by PRC investors on SSE.

Further, the SEHK China Connect Rules state that where any H Shares with corresponding A Shares eligible as China Connect Securities are suspended from trading on the SEHK, but the corresponding A Shares are not suspended from trading on SSE, the service for routing the China Connect sell orders and China Connect buy orders for such A Shares to SSE for execution will normally remain available. However, the SEHK may, in its discretion, restrict or suspend such service without prior notice and your ability to place sell orders and buy orders may be affected.

In addition, the China Connect Market System is a new platform for trading of China Connect Securities under China Connect. Trading services are provided based on the China Connect Market System which is operated by the SSE. Neither J.P. Morgan nor any Related Person is responsible for any delay or failure caused by the China Connect Market System and investors accept all risks arising from trading China Connect Securities through the China Connect Market System. Neither J.P. Morgan nor any Related Person shall be responsible or held liable for any loss or damage directly or indirectly suffered by you arising from or in connection with the China Connect Service or the CSC through Northbound trading including, without limitation, the following:

- (a) a suspension, restriction or cessation of the China Connect Service or the CSC, or any inability to access or use the CSC or the China Connect Service;
- (b) any special arrangement put in place or any action, step or measure taken or not taken to deal with an emergency, including but not limited to the cancellation of any or all China Connect orders inputted;
- (c) any suspension, delay, interruption or cessation of trading of any China Connect Securities on SSE or through the SEHK;
- (d) any delay, suspension, interruption or order cancellation of any China Connect Securities as a result of the hoisting of a Typhoon Signal No. 8 or above or the issuance of the Black Rainstorm Warning in Hong Kong;
- (e) any delay or failure to route any China Connect orders, or any delay or failure to send any order cancellation requests or to provide the China Connect Service, due to any system, communication or connection failure, power outage, software or hardware malfunction or other event beyond the control of the SEHK, J.P. Morgan or any Related Person;
- (f) any circumstance that a cancellation of a China Connect order which the Exchange Participant has requested to be cancelled is not cancelled for any reason whatsoever;

(g) any delay, failure or error of any China Connect Market System or any system upon which the SEHK Subsidiary, J.P. Morgan or any Related Person is reliant in providing the China Connect Service; and

(h) any delay or failure to execute, or any error in matching or executing any, China Connect order due to any reason beyond the control of the SEHK, HKEx or the SEHK Subsidiary or J.P. Morgan or any Related Person (including, without limitation, any action or decision taken or made, or not taken or made, by SSE any China Connect Authority or any other relevant governmental or regulatory body).

If there is any delay or failure to send any order cancellation request any circumstance described in paragraph (e) above, you shall, in the event such order is matched and executed, remain responsible to fulfil any settlement obligations in respect of such transaction.

## 28. Operational Hours

The SEHK has absolute discretion to determine from time to time the operational hours of the China Connect Service, and will have absolute discretion to change the operational hours and arrangements of the China Connect Service at any time and without advance notice whether on a temporary basis or otherwise. Neither J.P. Morgan nor any Related Person shall be under any obligation to inform you of any such determinations by the SEHK as to the operational hours of the China Connect Service.

Where, for example, there is any price sensitive information relating to a PRC Listco during a time when the China Connect Service is not in operation, the A Shares of the PRC Listco may continue to trade on SSE and the price of such A Shares may move significantly. In such case, Northbound investors will not be able to trade in such shares until the next available Trading Day under China Connect.

## 29. Margin Trading

Subject to certain conditions prescribed by the China Connect Authorities, Hong Kong and overseas investors may conduct margin trading in China Connect Securities determined by the relevant China Connect Authorities to be eligible for margin trading ("Eligible Margin Trading Securities"). The HKEx will from time to time publish a list of Eligible Margin Trading Securities. The SSE may suspend margin trading activities in any specific A Share if the volume of margin trading activities in such A Share exceeds a threshold determined by SSE and resume margin trading activities when the volume of margin trading activities drops below a prescribed threshold. Where the SEHK is notified by SSE that a suspension or resumption involves a security on the list of Eligible Margin Trading Securities, the HKEx will disclose such information on its website. In such circumstances, any margin trading (except for margin trading in respect of China Connect Securities buy orders) in the relevant China Connect Security shall be suspended and/or resumed accordingly. SSE has reserved the right to require at some point in time, margin trading orders to be flagged as margin trading orders when routed to China Connect. Neither J.P. Morgan nor any Related Person shall have any obligation to update you in respect of the list of Eligible Margin Trading Securities or any restrictions or suspensions in respect of margin trading from time to time.

## 30. Rights Issuances

Where a Hong Kong or overseas investor receives any form of entitlement security from the issuer of a China Connect Security, if such entitlement security:

(a) is a China Connect Security, Hong Kong and overseas investors will be allowed to buy and sell the entitlement security through China Connect;

(b) is not a China Connect Security but is a RMB-denominated security listed on the SSE, Hong Kong and overseas investors may be

permitted to sell the entitlement security through China Connect but will not be permitted to buy such entitlement security;

(c) is an SSE-listed security but is not traded in RMB, Hong Kong and overseas investors will not be allowed to buy or sell the entitlement security through China Connect. HKEx has stated that SSE and the SEHK will consult each other to agree on the appropriate treatment of the entitlement security; and

(d) is not listed on SSE, Hong Kong and overseas investors will not be allowed to buy or sell the entitlement security on China Connect unless and until appropriate arrangements (if any) have been provided by HKSCC. It is possible that no such arrangements will be provided.

## 31. Odd Lot Trading

Odd lot trading in China Connect Securities is available only for sell orders and all odd lots must be sold in one single order. A board lot order may be matched with different odd lot sell orders, resulting in odd lot trades. Board lot and odd lot orders are matched on the same platform on China Connect and subject to the same share price. The maximum order size is 1 million shares and the tick size is uniformly set at RMB0.01.

## 32. Short Selling

Covered short selling of China Connect Securities may become available in due course provided such covered short selling satisfies the requirements specified by the relevant China Connect Authorities. Short selling may be suspended where the volume of short selling in respect of the relevant China Connect Security exceeds the threshold(s) specified by the SEHK, and may be resumed if the SEHK so permit. However, naked short selling of China Connect Securities is prohibited. You shall be fully responsible for understanding and complying with short selling requirements in effect from time to time and for any consequences of non-compliance.

## 33. Stock Borrowing and Lending

Stock borrowing and lending are permitted for eligible China Connect Securities as specified by SSE for the purpose of (a) covered short selling and (b) satisfying the Pre-Trade Checking requirement. Special China Connect Securities are not eligible for stock borrowing and lending for the purpose of covered short selling (but are eligible for the purpose of satisfying the Pre-Trade Checking requirement) SSE will determine a list of eligible China Connect Securities for stock borrowing and lending. Stock borrowing and lending of eligible China Connect Securities will be subject to restrictions set by the SEHK and SSE, including but not limited to the following:

(a) stock borrowing and lending agreements for the purpose of covered short selling shall have a duration of not more than one month;

(b) stock borrowing and lending agreements for the purpose of satisfying the Pre-Trade Checking requirement shall have a duration of not more than one day (and roll-over is not permitted);

(c) stock lending will be restricted to certain types of persons to be determined by SSE; and

(d) stock borrowing and lending activities will be required to be reported to the SEHK.

Only certain persons are eligible to lend China Connect Securities in stock borrowing and lending arrangements concerning China Connect Securities.

J.P. Morgan will be required to file a monthly report to the SEHK providing details of its stock borrowing and lending activities with respect to China Connect Securities. This may include (amongst others) details of the borrower, lender, amount of shares

borrowed/lent, amount of shares outstanding and date of borrowing/returning.

Where the prescribed proportion of stock borrowing and lending of any China Connect Security exceeds the limit prescribed by SSE, SSE may suspend stock borrowing and lending of such China Connect Security and require the SEHK Subsidiary to suspend placement of covered short selling orders relating to such China Connect Security. If and when the prescribed proportion of stock borrowing and lending falls below the prescribed limit, SSE may resume stock borrowing and lending of such China Connect Security and notify the SEHK Subsidiary that it may resume acceptance of covered short selling orders relating to such China Connect Security.

You are advised to refer to the relevant provisions from time to time governing stock borrowing and lending of China Connect Securities under the SEHK China Connect Rules and the Applicable China Connect Laws. Neither J.P. Morgan nor any Related Person shall have any obligation to update you in respect of any suspension of stock borrowing and lending or any change to the relevant SEHK China Connect Rules or Applicable China Connect Laws.

#### **34. Risks associated with investing in China Connect Securities**

##### *PRC-related risks*

Investing in the PRC, an emerging market, involves special considerations and risks, including without limitation greater price volatility, less developed regulatory and legal framework, economic, and social and political instability.

##### *Market risk*

The market value of China Connect Securities and the income from them may go down as well as up. There can be no assurance that you will achieve profits or avoid losses from trading China Connect Securities, significant or otherwise. The return you receive from the China Connect Securities (if any) will fluctuate in response to changes in capital appreciation and/or income relating to such China Connect Securities. Furthermore, China Connect Securities may experience volatility and decline depending on market conditions. Through trading China Connect Securities, you are exposed to various forms of risk, including (for example), interest rate risks (risks of falling China Connect Securities values in a rising interest rate market), income risks (risks of falling incomes from China Connect Securities in a falling interest rate market) and credit risk (risk of a default by an issuer of China Connect Securities).

##### *Possible business failure risk*

In the current economic environment, global markets are experiencing very high level of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more underlying issuer of China Connect Securities may have an adverse effect on your investment. You may lose money by investing in China Connect Securities.

##### *Equity risk*

Investing in China Connect Securities may offer a higher rate of return than investing in short term and longer term debt securities. However, the risks associated with investments in China Connect Securities may also be higher, because the investment performance of China Connect Securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease in value.

##### *Dividend risk*

Whether an issuer of China Connect Securities will pay distributions is subject to such underlying issuer's dividend policy. Dividend payment rates in respect of China Connect Securities may depend on factors including general economic conditions and the financial positions of the relevant issuers. There can be no assurance that any dividends or distributions in respect of China Connect Securities will be declared or paid.

##### *Liquidity risks*

Although China Connect Securities are listed for trading on SSE and available for trading through the SEHK by China Connect, there can be no assurance that an active trading market for China Connect Securities will develop or be maintained. If spreads on China Connect Securities are wide, this may adversely affect your ability to dispose of China Connect Securities at the desired price. If you need to sell China Connect Securities at a time when no active market for them exists, the price you receive for your China Connect Securities — assuming you are able to sell them — is likely to be lower than the price received if an active market did exist.

##### *General legal and regulatory risk*

You must comply with all Applicable China Connect Laws. Furthermore, any change in any Applicable China Connect Laws may have an impact on the market sentiment which may in turn affect the performance of China Connect Securities. It is impossible to predict whether such an impact caused by any such change will be positive or negative for China Connect Securities. In the worst case scenario, you may lose a material part of your investments in China Connect Securities.

##### *Currency risk*

RMB is not yet freely convertible in Hong Kong, and is subject to foreign exchange controls and restrictions. Particularly, conversion of RMB through banks in Hong Kong is subject to certain restrictions. It may be difficult for investors to convert RMB into Hong Kong dollars or other currencies or vice versa at any specific time, and conversion will be subject to conversion costs and such costs and timings for conversion may not be of your preference.

In addition, the value of RMB against Hong Kong dollars or other foreign currencies may be affected by a wide range of factors. There is no guarantee that RMB will not depreciate. A depreciation of RMB may result in a decrease in the market value of RMB denominated securities and the realisation price of the RMB denominated securities. Investors who are trading in RMB denominated securities may also sustain loss in the event that they subsequently convert any RMB proceeds back to Hong Kong dollars or other base currencies.

There are also significant restrictions on the remittance of RMB into and out of the PRC. If the issuer of RMB denominated securities is not able to remit RMB to Hong Kong or make distributions in RMB due to exchange controls or other restrictions, the issuer may make distributions (including dividends and other payments) in other currencies. Investors may therefore be exposed to additional foreign exchange risk and liquidity exposures.

The liquidity and trading price of China Connect Securities may be adversely affected by the limited availability of RMB outside the PRC and restrictions on the conversion of RMB. These factors may affect the liquidity of RMB for investors and accordingly adversely affect the market demand for China Connect Securities.

## Americas Addition

This Americas Addition supplements and forms part of the Terms of Business and any additional supplements or notices issued by J.P. Morgan thereto (collectively, the "Terms") which govern all designated investment business (as defined under the FCA Handbook and PRA Handbook, as applicable) and business in relation to other traded products (excluding deposits) which is transacted with or for you by J.P. Morgan.

### 1. Brazil Addition

Unless otherwise stated, the following additional provisions shall apply where we effect your transaction in securities listed on the Brazilian BM&FBovespa Stock, Mercantile & Futures Exchange ("BM&FBovespa") (each a "Brazil Transaction") through any of our Affiliates and/or a third party locally authorised broker based in Brazil (including J.P. Morgan Corretora de Câmbio e Valores Mobiliários S.A., "JPMCCVM" and each such broker, a "Brazil Broker"). In the event of any inconsistency between the Terms and this Brazil Addition, this Brazil Addition shall prevail with respect to the Brazil Transactions.

Capitalised terms used in this Brazil Addition shall have the same meanings as defined in the Terms, unless indicated otherwise.

(i) For the purposes of Brazil Transactions, for the avoidance of doubt, "**Applicable Law**" as defined in the Terms shall include the Brazil Broker's rules and parameters and code of ethics (where JPMCCVM is your Brazil Broker for the Brazil Transaction, these are available at <http://www.jpmorgan.com/pages/jpmorgan/brazil/en/business/ib/ccvm>).

Applicable law shall also include the laws and regulations issued by the National Monetary Council of Brazil, the Brazilian Central Bank, the Brazilian Securities Commission (Comissão de Valores Mobiliários "CVM") and BM&FBovespa, including, with respect to the latter, those established by BM&FBovespa's bylaws, regulations, manuals, standards and rules in general. Additional disclosures may apply from time to time which will be included on <http://www.jpmorgan.com/pages/disclosures/markets>.

(ii) BM&FBovespa is the self-regulating entity of the Brazilian equity markets and is an auxiliary body of the CVM. BM&FBovespa, in its capacity, is responsible for regulating and supervising the operations and activities carried out by the Brazil Broker in the markets managed by BM&FBovespa and cleared and settled through BM&FBovespa.

(iii) You agree that J.P. Morgan and its Affiliates may disclose information about you (including on behalf of any principal or principals for whom you are acting as agent) to Brazilian regulators, including but not limited to BM&FBovespa, the Brazilian Central Bank and the CVM.

(iv) The Brazil Broker may in its discretion, refuse to receive or execute orders, totally or partially, or cancel any pending order, immediately communicating such refusal or cancellation to you if:

(a) you (and, if applicable your principals) are defaulting on any of your obligations;

(b) the orders to be executed represent excessive risks in relation to your financial capacity; and/ or

(c) the Brazil Broker verifies any irregularity, breach or non-compliance with applicable laws or regulations, in particular those aimed at creating artificial demand, or artificial offer or price conditions, price manipulation, fraudulent transactions, or other non-equitable market practices.

(v) BM&FBovespa requires its members to take action to:

(a) enforce operating and credit limits; and

(b) limit "excessive risks" stemming from market price fluctuations and exceptional market conditions. Such action may affect our ability to execute your Brazil Transaction.

(vi) In order to be able to carry out the Brazil Transactions on the BM&FBovespa, you shall maintain an account with the Brazil Broker (if applicable, on behalf of any principal or principal for whom you are acting as agent), and shall observe the terms established by the Brazil Broker in connection therewith, so as to comply with all of your obligations in connection with the Brazil Transactions and the terms hereof.

(vii) You hereby appoint the applicable Brazil Broker as your agent and representative to the BM&FBovespa, with power on your behalf to: take all necessary steps to carry out Brazil Transactions; receive and deliver cash or securities; enter into agreements; to settle the Brazil Transactions; and assume all obligations and exercise all rights arising under the standards and regulations of BM&FBovespa.

(viii) You and, if applicable, your principals hereby recognise and agree that in the case of insufficient balances in your accounts, lack of payment or delivery, in part or in full, of funds or securities due in connection with the Brazil Transactions, including, but without limitation, any margins required by the Brazil Broker, by 12pm (twelve o'clock) on the day they are due, the Brazil Broker shall be entitled to, without previous notice or any other judicial or extrajudicial measure:

(a) execute, retain and/or transfer any funds or assets which are held for the Customer's benefit or account and/or held under some form of guarantee; and

(b) sell, at market prices, the securities and/or other assets given as collateral, as well as any other assets which are held for the Customer's benefit or account and/or held under some form of guarantee, including without limitation, the positions, securities and/or assets in connection with the Brazil Transactions executed on the BM&FBovespa.

(ix) In case of failure to comply with your payment obligations, you and, if applicable, your principals shall have your name included in the BM&FBovespa's list of defaulted clients and shall not be authorised to trade until full payment of the outstanding debt, in accordance with the rules issued by the BM&FBovespa.

(x) You and, if applicable, your principals shall be deemed compliant with your payment obligations relating to the Brazil Transactions executed on the BM&FBovespa's markets only upon confirmation of receipt of funds by (a) the Brazil Broker; (b) the Brazil Broker's clearing member; and (c) the BM&FBovespa. Notwithstanding paragraph (ix) above, any collateral posted by you in connection with Brazil Transactions may be executed (a) by the Brazil Broker's clearing member if the Brazil Broker fails to transfer the settlement funds corresponding to the Brazil Transactions executed to its clearing member; and (b) by the BM&FBovespa if the Brazil Broker's clearing member fails to transfer the settlement funds corresponding to the Brazil Transactions executed by you and, if applicable your principals, to the BM&FBovespa.

(xi) You confirm that the representations, warranties and undertakings made by you under the Brazil Addition are made to J.P. Morgan and its Affiliates. You further represent and warrant that you are not a Bound Person as defined by CVM Instruction 505, as amended from time to time.

(xii) You and, if applicable, your principals, undertake to maintain a record of your financial and other information with J.P. Morgan and keep such information accurate and current at all times (including, without limitation, any Corporate Charter, Articles of Incorporation, Memorandum of Association, Articles of Association, Bylaws, Minutes of Election of the Members of the Board of Directors, Minutes of Shareholders' Meetings, Minutes of Partners' Meetings, Minutes of Meetings of the Board of Directors, and/or other decision or resolution-taking minutes or equivalent documents or any other corporate documents, documents that qualify and authorise company representatives, attorneys in fact or designees, balance sheets, and financial statements) and will supply such information and/or documents that J.P. Morgan and the Brazil Broker may reasonably request. In addition, you and, if applicable, your principals, agree to (a) promptly respond and provide such information as may be requested by J.P. Morgan, its Affiliates or the Brazil Broker to comply with any

request of any Brazilian regulatory authority; and (b) upon request, provide accurate and current information concerning the identity, address, occupation, contact details, income, net worth and financial situation of you and/or your principal or principals, and any person having ultimate beneficial interest in the Brazil Transaction.

(xiii) All communication (including by telephone, electronic mail, messaging systems or similar) between you and/or J.P. Morgan acting on your behalf and the Brazil Broker, shall be recorded by the Brazil Broker and maintained in its files (the "Recordings") for five (5) years or in the case of regulatory proceedings for such longer period as determined by the CVM or applicable law or regulation, the BM&FBovespa or by the BM&FBovespa Supervisão de Mercados ("BSM"). The Recordings may be used as evidence for clarification of questions arising in connection with your account and/or the Brazil Transactions.

(xiv) Brokerage fees on Brazil Transactions may take into account a variety of factors, possibly including: volume of trades; growth and volume expectations; characteristics of the transactions; and client profile and relationship.

(xv) With respect to Brazil Transactions in derivatives on BM&FBovespa, you and, if applicable your principals, expressly acknowledge and agree that:

(a) the value of your open positions is adjusted daily to reflect the market price fluctuations in accordance with BM&FBovespa rules. Acting as a buyer in the futures market, you and, if applicable your principals, bear the risk of having a negative impact in the value of your adjusted position if market prices go down. Acting as a seller in the futures market, you and, if applicable your principals, bear the risk of having a negative impact in the value of your adjusted position if market prices go up. In either case, you and, if applicable your principals, will be required to pay daily adjustments in cash related to the market value adjustment on the positions related to such Brazil Transactions and, at the discretion of BM&FBovespa and/or the Brazil Broker, comply with margining requirements;

(b) the Brazil Broker may at its own discretion (i) limit the amount of open positions held on your behalf or, if applicable, on behalf of your principals, as well as close them out in case the limit is exceeded; (ii) close out, totally or partially, your positions or, if applicable, the positions you hold on behalf of your principals; (iii) proceed with the enforcement of the collateral held on your behalf or, if applicable, on behalf of your principals; (iv) sell or buy the securities necessary for the settlement of open positions held on your behalf or on behalf of your principals; and (v) request the increase of margins, including for existing positions held on your behalf or, if applicable, on behalf of your principals, anticipation of payment of daily adjustments, additional collateral as the Brazil Broker deems appropriate, as well as the replacement of deposited collateral, including, without limitation, for existing positions for which collateral has been already posted;

(c) you shall post additional collateral and/or replace posted collateral as required and subject to the terms and conditions established by the Brazil Broker;

(d) the risk of carry trade is not eliminated by holding covered or offsetting positions, either on the futures or options markets;

(e) Brazil Transactions involving options bear certain risks, including: (i) as buyer of a call option you and, if applicable your principals, may have a loss on the premium paid, or part thereof, in case the intrinsic value of the option (i.e. the difference between the price of the underlying asset and the strike price, if positive) is lower than the amount of the premium paid for such option; (ii) as buyer of a put option you and, if applicable your principals, may have a loss on the premium paid, or part thereof, in case the intrinsic value of the option (i.e. the difference between the strike price and the price of the underlying asset, if positive) is lower than the amount of the premium paid for such option; (iii) as seller of a call option you and, if applicable your principals, may suffer losses directly related to the increase of price of the underlying asset well in excess of the premium received; and (iv) as seller of a put option you and, if applicable your principals,

may suffer losses directly related to the decrease of price of the underlying asset well in excess of the premium received;

(f) despite the fact that open positions in the futures and options market may be offset by entering into an opposite transaction (buy or sell) to realise a profit, stop a loss or avoid the exercise of an option, under certain market liquidity conditions it may be difficult or impossible to liquidate or acquire a position or, in case the position is linked to a stop-loss order, to execute such an order at the stipulated price; and

(g) in case of unforeseen situations related to derivatives traded by you and, if applicable your principals, or of governmental measures or any other extraordinary factors that impact the pricing, its calculation or disclosure, or its discontinuity, BM&FBovespa shall take the measures it deems necessary, at its own discretion, to settle your position or your principals' position or to maintain such position opened on an equivalent basis.

(xvi) Failure to comply with any of the terms of this Brazil Addition may result in J.P. Morgan and/or JPMCCVM being unable to execute your orders relating to Brazil Transactions.

## 2. Canada Addition

This disclosure is in relation to clients based in Canada.

Reliance on International Dealer Exemption pursuant to subsection 8.18(2) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") and Notification to Permitted Clients of the prescribed information under subsection 8.18(4)(b) of NI 31-103.

Please be advised that J.P. Morgan Securities plc ("JPMS plc") has relied on the International Dealer Exemption pursuant to NI 31-103 in Canada. Please note that: (i) JPMS plc is not registered as a dealer in any Canadian province or territory; (ii) the jurisdiction of JPMS plc's head office or principal place of business is in the United Kingdom; (iii) all or substantially all of JPMS plc's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against JPMS plc because of the above; and (v) the name and address of the agent for service of process of JPMS plc in each of the local jurisdictions are listed below.

### Alberta

152928 Canada Inc.  
c/o Stikeman Elliott LLP  
4300 Bankers Hall, 888-3rd Street S.W.  
Calgary, Alberta T2P 5C5  
Canada  
Attention: President  
T:(403) 266-9000 F:(403) 266-9034

### British Columbia

152928 Canada Inc.  
c/o Stikeman Elliott LLP  
666 Burrard Street, Suite 1700, Park Place  
Vancouver, British Columbia V6C 2X8  
Canada  
Attention: President  
T:(604) 631-1300 F:(604) 681-1825

### Manitoba

Aikins, MacAulay & Thorvaldson LLP  
30th Floor Commodity Exchange Tower, 3000  
360 Main Street  
Winnipeg, Manitoba, R3C 4G1  
Canada  
Attention: Richard L. Yaffe  
T:(204) 957-4670 F:(204) 957-4251

### New Brunswick

Stewart McKelvey Stirling Scales  
Suite 1000, Brunswick House, 44 Chipman Hill,  
P.O. Box 7289, Postal Station A, Saint John, NB 2L 4S6  
Canada  
Attention: C. Paul W. Smith  
T:(506) 632-1970 F:(506) 652-1989

**Newfoundland & Labrador**  
Stewart McKelvey Stirling Scales  
Suite 1100, Cabot Place  
100 New Gower Street, P.O. Box 5038  
St. John's, Newfoundland and Labrador A1C 5V3  
Canada  
Attention: Geoff Brown  
T:(709) 722-4270 F:(709) 722-4565

**Nova Scotia**  
Stewart McKelvey Stirling Scales  
Suite 900, Purdy's Wharf Tower One, 1959 Upper Water Street,  
P.O. Box 997, Halifax, Nova Scotia B3J 2X2  
Canada  
Attention: Gavin Stuttard  
T:(902) 420-3200 F:(902) 420-1417

**Ontario**  
152928 Canada Inc.  
c/o Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, Ontario M5L 1B9  
Canada  
Attention: President  
T:(416) 869-5500 F:(416) 947-0866

**Prince Edward Island**  
Stewart McKelvey Stirling Scales  
65 Grafton Street  
P.O. Box 2140, Stn Central  
Charlottetown, Prince Edward Island, C1A 8B9  
Canada  
Attention: Keith Boswell  
T:(902) 892-2485 F:(902) 566-5283

**Quebec**  
152928 Canada Inc.  
c/o Stikeman Elliott LLP  
1155 Rene-Levesque Blvd., 40th Floor  
Montreal, Quebec H3B 3V2  
Canada  
Attention: Alix d'Anglejan-Chatillon  
T:(514) 397-3000 F:(514) 397-3222

**Saskatchewan**  
McDougall Gauley LLP  
1500 – 1881 Scarth Street  
Regina, Saskatchewan S4P 4K9  
Canada  
Attention: Michael W. Milani, Q.C.  
T:(306) 565-5117 F:(306) 359-0785

### 3. USA Addition

This disclosure is in relation to clients based in the United States of America.

To the extent that you are a "U.S. Institutional Investor" or a "Major U.S. Institutional Investor" (collectively, "U.S.-Based Clients") as those terms are defined in Rule 15a-6 ("Rule 15a-6") of the U.S. Securities Exchange Act of 1934 (as amended from time to time) you acknowledge that where J.P. Morgan enters into a transaction with you, you acknowledge and understand that we perform such brokerage services with the U.S.-Based Clients pursuant to the terms of Rule 15a-6. Any transactions with U.S.-Based Clients are intermediated in accordance with the terms of Rule 15a-6 by J.P. Morgan's U.S registered broker-dealer affiliate, J.P. Morgan Securities LLC.

# Electronic Services Terms

## 1. SCOPE AND APPLICATION

1.1. These Terms for Electronic Services (the "Electronic Services Terms") supplement and form part of the Terms of Business and any additional supplements or notices issued by J.P. Morgan thereto (collectively, the "Terms") which govern all designated investment business (as defined under the FCA Handbook and PRA Handbook, as applicable) and business in relation to other traded products (excluding deposits) which is transacted with or for you by J.P. Morgan. In the event of any inconsistency between these Electronic Services Terms and any other provision of the Terms, the Electronic Services Terms shall prevail to the extent of any such inconsistency.

1.2. These Electronic Services Terms set out the basis upon which, at your request and as an accommodation to you, J.P. Morgan is willing to make the Services (as defined below) available to you, subject to whatever additional obligations, conditions and limitations may be contained in your agreement(s), if any, with the Source(s) (as defined below). For the avoidance of doubt, the use by you of any of the Services and all confirmations, agreements, promises of performance, open contractual commitments and guarantees between or among you and us in connection with the same shall constitute your acceptance of Services hereunder.

1.3. Certain electronic services (such as sponsored access) that may be available from J.P. Morgan are specific to certain Markets or are otherwise highly specialised in nature, scope or functionality. Such services will not form part of the Services and will not be provided to you under these Electronic Services Terms. If J.P. Morgan agrees to provide you with such services additional terms and conditions, risk disclosures, procedural guides or similar documents may apply and will be provided to you by J.P. Morgan.

1.4. For information on our e-commerce policies please see E-Commerce Information at [www.jpmorgan.com](http://www.jpmorgan.com).

## 2. DEFINITIONS AND INTERPRETATION

2.1. All words and phrases which are defined elsewhere in the Terms shall have the same meanings in these Electronic Services Terms.

2.2. In these Electronic Services Terms:

"Content" means any and all research reports and materials, market data, news, documents and other information, reports, analytics, calculators, algorithms, programmes, data, and content;

"E-mail" means any form of electronic mail, electronic chat or instant messenger communication, whether transmitted through the internet, a proprietary network, a computer, a pager, a blackberry or another wireless device or otherwise, but not including voice communication;

"Market" means any Exchange, Clearing System or CSD;

"Parameters" has the meaning given in Clause 10.2;

"Representative" means any and all of your officers, directors and employees and any person authorised to act on your behalf, and the officers, directors and employees of such person;

"Service" means: (a) software, hardware, applications (including E-mail, internet capability or site) or telecommunications equipment provided by J.P. Morgan or any Source to connect you electronically to J.P. Morgan for order routing and/or direct market access including to J.P. Morgan's order management and routing system; (b) Content, statements, confirmations and account information received or provided by J.P. Morgan electronically; and/or (c) other capabilities, systems and services provided through any internet capability, site or service or by other electronic means;

"Source" means third party licensors, vendors, service providers, subcontractors and sources of any Content, Market, Trading System or other Service, whether the same is provided directly to you by J.P. Morgan or a third party;

"Trading System" means any trading, order entry or other communications facility or system that is used to facilitate routing of orders or trading; and

"User Code" has the meaning given in Clause 5.1 of these Electronic Services Terms.

## 3. USE OF SERVICES

3.1. On the terms and subject to the conditions and limitations set forth herein, we hereby grant you a non-exclusive licence to use the Services. The Services provided to you may be used solely by you or your Representatives on your behalf.

3.2. You shall cause your Representatives to comply with these Electronic Services Terms and shall be fully responsible for their acts and omissions. You shall not allow your Representatives access to the Services or any Trading System if they do not have suitable trading experience and familiarity with the rules of the relevant Market(s).

3.3. You shall obtain and be responsible for the expenses, installation and maintenance of all necessary equipment, software, telecommunications and other services for you to use the Service and to fulfil your obligations under or pursuant to these Electronic Services Terms.

3.4. Orders received by J.P. Morgan with a price that does not satisfy the relevant Exchange tick, lot or other size rules may be subject to rounding in accordance with Exchange rules or practice.

3.5. We reserve the right to refuse to accept any order or oral or written instruction ("Instruction"). Acceptance of an order or Instruction means only that we have accepted the order or Instruction for processing. It does not mean that the order or Instruction has been, or will be, executed. We may, at any time, and at our sole discretion, accept an order or Instruction and then not execute it or any part of it. In addition, the relevant Market may in certain circumstances cancel or fail to perform an order or Instruction.

3.6. You agree to transmit orders to us strictly in accordance with: (i) the FIX Protocol Specification (available at <http://www.fixprotocol.org>) or other method agreed with us in advance in writing and (ii) the terms set out in these Electronic Services Terms. You acknowledge that if you use File Transfer Protocol ("FTP") to send to, or receive from, J.P. Morgan trading files, instructions, data, information, reports or messages (together "Files") and/or if J.P. Morgan sends, accesses or pulls such Files, to/from your servers, these Files may be sent to you, or accessed by J.P. Morgan, in unencrypted format. When accessing FTP, you agree and acknowledge that J.P. Morgan is not responsible for any loss of confidentiality, delay, failure or corruption of such Files and that J.P. Morgan shall not be liable for executions or any Instructions that are acted upon, or not acted upon, as a result of the above.

3.7. You agree to permit (subject to reasonable confidentiality restrictions and upon reasonable notice) us and any relevant Market or regulator to inspect any equipment and connections used by you in connection with the Service.

3.8. You confirm that you have the ability to immediately disable the electronic trading capabilities of any Representative or all access to the electronic trading capability and upon the request of J.P. Morgan, you agree to immediately disable such capabilities.

3.9. You agree to report immediately to J.P. Morgan any known or suspected failure in communications, orders or instructions that arise at any time during a trading session, including any known or suspected failure to receive trade confirmations, audit trail records or order status information.

## 4. RESPONSIBILITY FOR ORDERS

You agree to be responsible for, and bound by, all orders, Instructions and transactions that are identified by any of the Services as coming from you or a User Code, and all consequences thereof, whether

entered by you, your Representatives or by any other person. You further agree and acknowledge that the records of any and all such orders, Instructions and transactions generated by any of the Services will be presumed to be accurate.

## 5. USER CODES

5.1. We and/or the Source(s) may provide you and/or your Representatives with identifiers and/or security devices or prescribe security procedures relating to use or access to some or all of the Services or any Trading System, which may include, but may not be limited to, any digital certificate(s), unique identifiers, user name(s) and/or password(s) under separate cover which may be required to access or use the Services or any Trading System (collectively, "User Code(s)").

5.2. You agree that: (a) you shall not, nor shall you permit any other person to, remove, modify, exchange, disable, penetrate or otherwise defeat any such security procedures; (b) you will take all necessary actions to preserve the confidentiality of such User Codes; (c) you shall restrict access to the User Codes and the Services or any Trading System to those persons who are duly authorised to have such access on your behalf; (d) you are responsible for ensuring that all information contained in any request for a User Code is complete and correct; (e) you are responsible for all acts or omissions that occur under any User Code; and (f) you shall notify your J.P. Morgan account executive or, where applicable, your J.P. Morgan relationship manager and, where applicable, the Source immediately in writing in the event that you learn that: (i) any such User Code is lost, stolen, or improperly disclosed to a third party; (ii) the authority or employment, as applicable, of any Representative provided with a User Code has been or is about to be terminated (in which case you agree to promptly return to us any security device previously issued to such Representative); (iii) the confidentiality of any User Code has been compromised in any way; (iv) you learn about a possible or actual unauthorised access to and/or use of the Services or any Trading System, or (v) your Exchange membership, regulatory licence or other authorisation required for your use of the Services or any Trading System is revoked or suspended.

## 6. MODIFYING/TERMINATING YOUR USE OF SERVICES

We and/or the Source(s), at any time: (i) with or without notice, may monitor, modify any aspect of, limit, suspend or terminate your use of or access to any or all of the Services or any capability accessible through any of the Services and (ii) may modify any applicable charges or fees. In addition, you agree that we have a right to amend these Electronic Services Terms by sending you either a notice or amendment in writing or a revised set of Electronic Services Terms. Any amendment will apply in respect of any commitment or transaction entered into by us after notice of the amendment is given, and may take effect either immediately or at such later date as the notice may specify. The Services shall also terminate in accordance with the termination provisions under the Terms.

## 7. USE OF CONTENT

You shall and shall ensure that your Representatives shall, at all times fully comply with all of the agreements, requirements and restrictions of J.P. Morgan and the applicable Exchanges and other Source(s) relating to such Content and the use, access, storage and redistribution thereof, and all Applicable Law. In order to ensure compliance with contractual restrictions and obligations imposed by Exchanges and other Source(s) regarding such Content, you shall promptly respond to any and all requests for information from us or the Source(s); allow us and/or the Source(s) access to premises and the distribution networks, and shall cooperate with other measures we may take in good faith to fulfil our obligations to the Source(s). If you become aware of any unauthorised use, access to, storage or redistribution of any Content, you shall immediately notify us verbally followed by an immediate written notification.

## 8. COMPLIANCE WITH APPLICABLE LAW

8.1. Notwithstanding any tools or support we provide to you, you hereby assume full responsibility for, and shall ensure compliance

with any and all "know your customer", suitability, anti-money laundering, supervision, control, registration, credit review, market abuse laws, rules and regulations (including relating to manipulative trades, wash trades and misuse of information) and other requirements and restrictions of Applicable Law, J.P. Morgan or any Source whatsoever, that may apply to: (a) the use of any of the Services or any Trading System by you or any person who accesses any of the Services or Trading System under a User Code; (b) the offer or provision of any Services, Trading System or any other financial services offered or provided by or for you; (c) any communication to or from you; or (d) any transaction executed through, or order or instruction communicated using, any of the Services or any Trading System by you.

8.2. In particular and without limitation, you assume full responsibility for: (a) determining the suitability of all orders, trading and Instructions in or through the Services or any Trading System by you; (b) ensuring that all such orders, transactions and instructions comply with all Applicable Law; (c) setting, monitoring, determining the appropriateness of, communicating to us and enforcing any limits on any and all transactions; and (d) ensuring the adequacy, suitability and appropriateness of any capability provided as part of the Services or any Trading System to assist you in meeting requirements of Applicable Law. You acknowledge and agree that in addition to your obligation to ensure that you and your Representatives remain at all times familiar with the rules of the Markets and the products that you trade, you and your Representatives will have read and understood any specific additional compliance information in relation to electronic access to Markets that we may provide to you from time to time.

8.3. You are solely responsible for any delays, expenses and losses associated with compliance or failure to fulfil any responsibility or comply with any requirement set forth in these Electronic Services Terms. Moreover, at all times you shall and shall ensure that your Representatives provide us with any and all information and assistance necessary for us to comply with Applicable Law or to respond satisfactorily to any query or request from any regulatory authority in relation to your and your Representatives' activities and transactions on any Market or through any Trading System.

## 9. MARKETS AUTHORISATIONS AND LICENCES; RESPONSIBILITY FOR DIRECTING ORDERS

9.1. You represent to us that: (a) you and your Representatives using any Services or Trading System or directing any order or transaction to any Market have obtained all applicable Market memberships, licences, permits and authorisations required for your use of the Services or any Trading System; and (b) you and your Representatives using any Service or Trading System or directing any order or transaction to any Market are fully trained in the use of the Services and any Non-Sponsored Trading System, are aware of the difficulties, limitations and risks relating to such use, and are familiar with and will abide by all Applicable Law and practices of the Market(s) where your orders are executed and those otherwise applicable to such use. Accordingly, you will be responsible for directing all orders and trading in or through the Services and you do so at your own risk and you shall be wholly responsible for the accurate and compliant placement and execution of orders and for monitoring of your use of the Services and any Trading System or otherwise and all such orders and transactions will be deemed to be unsolicited.

9.2. You acknowledge that: (i) no J.P. Morgan personnel will determine the suitability, legality or regulatory compliance of your orders, transactions or instructions; (ii) any research and other information with respect to investments communicated to you by J.P. Morgan personnel are, unless otherwise expressly agreed in writing by J.P. Morgan, incidental to the conduct of our business and such research and other information will not serve as the primary basis for any decision made by you; and (iii) all your decisions, whether or not utilising any research or advice provided by any J.P. Morgan personnel, are solely within your power and discretion.

9.3. You agree not to (i) transfer, sub-lodge, rent, assign, lease, convey, copy, translate, convert to other programming language or to modify or change the Services for any purpose; and/or (ii) except

as may be permitted by Applicable Law, reverse engineer, decompile, disassemble, or use any other means to discover, or attempt to discover, source code contained in any Services. You may make one copy of any software we provide to you for backup purposes only. You agree not to disclose or distribute to any other party, or allow any other party to inspect, copy or use the Services for any information, reports or tools contained in, related to, transmitted to or from, or derived from the Services for any purpose other than compliance with Applicable Law.

## 10. MANDATORY SYSTEMS CONTROLS

10.1. Before you or any of your Representatives use the Services to direct any order or Instruction to any Trading System, Services or Market you shall implement internal control and supervisory procedures with regard to such Trading System, Services and/or Market, as the case may be. Such procedures shall at a minimum incorporate the following features: (a) controls that limit use of the system to authorised persons; (b) checks for validation of order accuracy; (c) established limits and/or order prohibitors, to prevent orders exceeding preset credit and order size parameters from being transmitted for execution; and (d) controls that monitor for duplication/retransmission of orders, previously transmitted for execution.

10.2. Where you use the Services, you will define and or input appropriate trading limits, authorised products and types, access levels and order types ("Parameters"). In addition, J.P. Morgan may establish trading limits including credit limits, profit and loss limits, product limits and position limits that may or may not be aggregated for a particular time frame. Where Exchange rules do not permit J.P. Morgan to prevent you from trading over limits established by J.P. Morgan you agree to establish and maintain Parameters commensurate with your trading requirements and imposed by or agreed with J.P. Morgan. Where J.P. Morgan accepts, inputs or updates Parameters for a particular Service, J.P. Morgan is not responsible for establishing such Parameters or monitoring your activity against the Parameters or for any failure of the Service to enforce the Parameters. Any request to establish or amend Parameters shall be granted at J.P. Morgan's sole discretion. For the avoidance of any doubt, J.P. Morgan shall not be responsible for the rejection of any order by a Market because it has exceeded such Market's position limits.

## 11. MONITORING

You acknowledge that you are subject to potential prosecution or regulatory censure under Applicable Law for any illegal securities activity conducted by you and that a Market, regulatory authority or J.P. Morgan may monitor your trading activity so as to detect any such improper activity. You further acknowledge that if such monitoring party detects improper trading activity through your use of Services or if activity by you harmful to the integrity of a Market or its system is detected, our link to such Market may be terminated.

## 12. DISCLAIMER OF WARRANTIES

You understand that we will provide the Services using a number of systems and networks, including the internet, to carry data. Data transmission on any electronic system or network may be subject to delay, interruption, interference, blackout, failure, malfunction and interception. The Services are provided to you "as is". We hereby expressly disclaims any and all warranties, guarantees, conditions, covenants and representations relating to the Services or any Trading System, including, but not limited to, any relating to merchantability, quality, accuracy, fitness for a particular purpose, title, non-infringement, timeliness, availability, latency, capacity, currency, absence of viruses or damaging or disabling code, any warranties or representations that any Services or access to any portion of it will be: (a) uninterrupted or error-free; or (b) that defects in such Services will be correctable or corrected, or other attributes, whether express or implied (in law or in fact), oral or written, or from a course of dealing or usage of trade. We have no responsibility to inform you of any difficulties it or other third parties experience concerning use of the Services for our accounts or other accounts or to take any action in

connection with those difficulties. We also will have no duty or obligation to verify, correct, complete or update any information displayed in or available through the Services. The Services are being provided with all faults and the entire risk as to satisfactory quality, performance, accuracy and effort regarding the Services or any Trading System is with you and you agree to release and discharge J.P. Morgan and the applicable Source(s) from any and all responsibility and liability for any loss, cost, claim or damage (including, but not limited to, direct, indirect or consequential damages or lost profits) arising out of or otherwise relating to your or your Representatives access to any of the Services or any Trading System or any use of any of the Services or any Trading System under a User Code or any malfunction, delay, interruption, omission or failure of any of the Services or any Trading System.

## 13. INDEMNIFICATION OBLIGATIONS

You (or, where you are acting on behalf of an underlying principal or principals, your underlying principal or principals) agree to indemnify and hold harmless J.P. Morgan, its Affiliates and the applicable Source(s) against any and all costs, expenses, losses, liabilities, obligations, damages, penalties and fines to which J.P. Morgan, its Affiliates or the applicable Source(s) may become subject, including, but not limited to, legal and other professional fees reasonably incurred in investigating, defending or appealing pending or threatened claims, actions, suits, proceedings, arbitrations, amounts paid in settlement thereof and amounts awarded thereunder (all of the foregoing collectively, "Expenses"), directly or indirectly arising out of or relating to these Electronic Services Terms, any breach hereof or failure by you to carry out any obligation or responsibility hereunder, any provision of any of the Services or access to any Services or any Trading System by you or any use of any of the Services or any Trading System under a User Code or any violation by you, any affiliate or any of your or their Representatives of any agreement, requirement or restriction of J.P. Morgan, its Affiliates or any Source or Applicable Law, unless caused by J.P. Morgan's fraud, gross negligence or wilful default except to the extent a court of applicable jurisdiction finds that such Expenses resulted directly and primarily from J.P. Morgan's fraud, gross negligence or wilful default.

## 14. CONSENT TO RECORDING

You consent to the recording, retention and use by us of all information and data that you input or otherwise communicate during your access to and/or use of any Services or any Trading System or through any E-mail to or from us or cookies placed on your computer and any other electronic communication means and the transmittal of the same to any J.P. Morgan entity and third parties for execution, processing, database maintenance, record keeping or any other use in accordance with data protection and other Applicable Law applicable to us.

## 15. ELECTRONIC DOCUMENTS

You consent to the delivery of confirmations, statements, any other required or optional communication or agreement under any applicable law or regulation and any agreements or changes in the terms and conditions on any Services, by E-mail, web site or other electronic means, subject to compliance with Applicable Law. Any such documents that are delivered to you electronically are deemed to be in writing. If your signature, agreement, consent or acknowledgment is required or requested with respect to any such document or otherwise by any Services and such signature, agreement, consent or acknowledgment is communicated under a User Code (by a "click" in the appropriate space or such other action as may be indicated on the Services), you will be deemed to have signed or acknowledged, the document to the same extent and with the same effect as if you had signed the document manually. You have the right to withdraw your consent to the electronic delivery and signature of documents at any time by providing prior written notice to us. However, if you revoke your consent, your access to or use of the Services may be restricted or terminated.

## 16. USE OF E-MAIL

You acknowledge that if we use E-mail to communicate with you we will only do so as an accommodation to you. Use of E-mail necessarily

involves certain risks, including, but not necessarily limited to those referred to below. By using E-mail to communicate with J.P. Morgan personnel you are agreeing to assume all such risks. E-mail may not be secure, and communications through E-mail may not be confidential. In addition, we assume no responsibility to update any information communicated through E-mail. Furthermore, even though a J.P. Morgan person has communicated with you through E-mail recently, the J.P. Morgan person may not (and we assume no obligation to) timely see, process, act on or respond to any message from you through E-mail. We recommend against any use of E-mail for sending or executing orders, trades, instructions or cancellations. If you choose to use E-mail for any such purpose, you are agreeing that we are responsible for honouring such orders, trades, instructions or cancellations only if, as and when we have confirmed our receipt and processing of the same, and that you will be responsible for and at risk for all such orders, trades, instructions or cancellations as and when processed by us.

## 17. DATA

17.1. Where you use the Services to access a Trading System or Market, you understand that you may require additional licences and consents, and may be required to pay fees imposed by the Trading System or Market, in relation to the use of Market data. You agree that you will be responsible for making all payments as may be required to Trading Systems, Markets and third parties, unless we expressly agree in writing to make such payments on your behalf.

17.2. Unless otherwise expressly agreed in writing, you shall not remove or modify any disclaimer or copyright or trademark notice contained in any Service or Trading System or in anything copied or downloaded from the use thereof. The Services are commercially valuable proprietary products and trade secrets of J.P. Morgan and/or the Sources and shall remain the sole property of J.P. Morgan and/or the Sources and title and full ownership rights in the Services are reserved and shall remain with J.P. Morgan and/or Sources and may not be disclosed or distributed to any third party.

17.3. Neither we nor you grant the other intellectual property rights in any software, documentation, data, design, materials or any other item except those specifically set forth herein.

## 18. FURTHER DISCLOSURES

18.1. Specific additional provisions which apply when trading on certain Markets will be included on <http://www.jpmorgan.com/pages/disclosures/markets> from time to time. For Asian and Australasian Exchanges, the laws and rules that apply to Asian Transactions can be found at <http://www.jpmorgan.com/pages/disclosures/asiantransactions>.

18.2. Each of us agrees that the other is not obliged to maintain any equipment nor the FIX protocol. In relation to FIX:

- (a) Unless otherwise agreed, orders placed in accordance with the FIX Protocol Specification may only be accepted, amended or terminated in accordance with the FIX Protocol Specification;
- (b) A message delivered in accordance with the FIX Protocol Specification to amend or terminate your order can be accepted at J.P. Morgan's sole discretion;
- (c) Orders and Instructions may only be accepted during certain Market hours. Availability can be changed at any time (without notice) but J.P. Morgan will attempt to notify you of any permanent changes (continuity not guaranteed);
- (d) If the FIX Protocol Specification is interrupted, order placed in accordance with the FIX Protocol Specification prior to such interruption will remain valid for execution;

- (e) You and J.P. Morgan agree that the FIX Protocol Organisation, a committee structure comprised of fund managers, brokers and other industry participants, presently maintains and amends the FIX Protocol Specification and that neither you nor J.P. Morgan is responsible for any action or inaction by the FIX Protocol Organisation.

# Schedule of Product and Service Risk Disclosures

## PART I: INTRODUCTION

This Schedule of Product and Service Risk Disclosures is for use by professional clients of the following J.P. Morgan companies only and must not be relied on by anyone else. The companies are: J.P. Morgan Europe Limited, JPMorgan Chase Bank, National Association, J.P. Morgan Limited, J.P. Morgan Securities plc ("JPMS plc") and J.P. Morgan Markets Limited, these companies being referred to collectively or, as the context may require, individually, as "J.P. Morgan" and to any "Affiliate" of J.P. Morgan being, whether in the UK or otherwise, direct or indirect subsidiaries of J.P. Morgan and the direct or indirect subsidiaries of J.P. Morgan's direct or indirect holding companies from time to time, any entity directly or indirectly controlled by J.P. Morgan and any entity directly or indirectly under common control with J.P. Morgan and any other connected or associated person, whether or not any such subsidiary, holding company, entity or person exists as at the date of the Terms of Business (the "Terms") or is established or acquired after. It cannot disclose all the risks and other significant aspects of the products you may purchase, sell or subscribe for from or through us ("products"), but is intended to give you information on and a warning of the risks associated with them so that you are reasonably able to understand the nature and risks of the services and of the specific types of investment being offered and, consequently, to take investment decisions on an informed basis. You should also read any product/transaction specific disclosures that may be included in any product/transaction specific documentation provided to you.

All defined terms used herein shall have the meaning given in the Terms, unless specified otherwise.

You must not rely on the guidance contained in this Schedule of Product and Service Risk Disclosures as investment advice based on your personal circumstances, nor as a recommendation to enter into any of the services or invest in any of the products listed below. Where you are unclear as to the meaning of any of the disclosures or warnings described below, we would strongly recommend that you seek independent legal or financial advice.

You should not deal in these or any other products unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the product and/or service is suitable for you in light of your circumstances and financial position and, where necessary, you should seek appropriate independent advice in advance of any investment decisions.

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of any investment. In any of the situations described below, the use of leverage (which has the effect of magnifying potential positive or negative outcomes) may significantly increase the impact on you of any of the risks described.

All financial products carry a certain degree of risk and even low risk investment strategies contain an element of uncertainty. The types of risk that might be of concern will depend on various matters, including how the instrument is created, structured or drafted. The specific risks of a particular product or transaction will depend upon the terms of the product or transaction and the particular circumstances of, and relationships between, the relevant parties involved in such product or transaction. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments or become involved in any financial products you should be aware of the guidance set out below:

## PART II: PRODUCTS AND INVESTMENTS

Set out below is an outline of the major categories of risk that may be associated with certain generic types of Financial Instruments, which should be read in conjunction with Parts III and IV.

### 1. SHARES AND OTHER TYPES OF EQUITY INSTRUMENTS

#### 1.1. General

A risk with an equity investment is that the company must both grow in value and, if it elects to pay dividends to its shareholders, make adequate dividend payments, or the share price may fall. If the share price falls, the company, if listed or traded on-exchange, may then find it difficult to raise further capital to finance the business, and the company's performance may deteriorate vis à vis its competitors, leading to further reductions in the share price. Ultimately the company may become vulnerable to a takeover or may fail.

Shares have exposure to all the major risk types referred to in Part III below. In addition, there is a risk that there could be volatility or problems in the sector that the company is in. If the company is private, i.e. not listed or traded on an exchange, or is listed but only traded infrequently, there may also be liquidity risk, whereby shares could become very difficult to dispose of.

#### 1.2. Ordinary shares

Ordinary shares are issued by limited liability companies as the primary means of raising risk capital. The issuer has no obligation to repay the original cost of the share, or the capital, to the shareholder until the issuer is wound up (in other words, the issuer company ceases to exist). In return for the capital investment in the share, the issuer may make discretionary dividend payments to shareholders which could take the form of cash or additional shares.

Ordinary shares usually carry a right to vote at general meetings of the issuer.

There is no guaranteed return on an investment in ordinary shares for the reasons set out in 1.1 above, and in a liquidation of the issuer, ordinary shareholders are amongst the last with a right to repayment of capital and any surplus funds of the issuer, which could lead to a loss of a substantial proportion, or all, of the original investment.

#### 1.3. Preference shares

Unlike ordinary shares, preference shares give shareholders the right to a fixed dividend the calculation of which is not based on the success of the issuer company. They therefore tend to be a less risky form of investment than ordinary shares.

Preference shares do not usually give shareholders the right to vote at general meetings of the issuer, but shareholders will have a greater preference to any surplus funds of the issuer than ordinary shareholders, should the issuer go into liquidation. There is still a risk that you may lose all or part of your capital.

#### 1.4. Depositary Receipts

Depositary Receipts (ADRs, GDRs, etc.) are negotiable certificates, typically issued by a bank, which represent a specific number of shares in a company, traded on a stock exchange which is local or overseas to the issuer of the receipt. They may facilitate investment in the companies due to the widespread availability of price information, lower transaction costs and timely dividend distributions. The risks involved relate both to the underlying share (see 1.1 - 1.3 above) and to the bank issuing the receipt. In addition, there are important differences between the rights of holders of ADRs and GDRs, (together, "Depositary Receipts") and the rights of holders of the shares of the underlying share issuer represented by such Depositary Receipts. The relevant deposit agreement for the Depositary Receipt sets out the rights and responsibilities of the depositary (being the issuer of the Depositary Receipt), the underlying share issuer and holders of the Depositary Receipt which may be different from the rights of holders of the underlying shares. For example, the underlying share issuer may make distributions in respect of its underlying shares that are not passed on to the holders of its Depositary Receipts. Any such differences between the rights of holders of the Depositary Receipts and holders of the underlying shares of the underlying share issuer may be significant and may materially and adversely affect the value of the relevant instruments. Depositary Receipts representing

underlying shares in a foreign jurisdiction (in particular an emerging market jurisdiction) also involve risks associated with the securities markets in such jurisdictions.

#### **1.5. Penny shares**

There is an extra risk of losing money when shares are bought in some smaller companies, including penny shares. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up.

#### **2. WARRANTS**

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security could result in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be volatile.

The right to subscribe for any of the investment products listed in 1 above or 3 or 4 below which a warrant confers, is invariably limited in time, with the consequence that if the investor fails to exercise this right within the pre-determined time-scale, the investment becomes worthless.

If subscription rights are exercised, the warrant holder may be required to pay to the issuer additional sums (which may be at or near the value of the underlying assets). Exercise of the warrant will give the warrant holder all the rights and risks of ownership of the underlying investment product.

A warrant is potentially subject to all of the major risk types referred to in Part III below.

You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.

Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a covered warrant). For these instruments, see 6.3 below.

#### **3. MONEY-MARKET INSTRUMENTS**

A money-market instrument is a borrowing of cash for a period, generally no longer than six months, but occasionally up to one year, in which the lender takes a deposit from the money markets in order to lend (or advance) it to the borrower. Unlike in an overdraft, the borrower must specify the exact amount and the period for which he wishes to borrow. Like other debt instruments (see 4 below), money-market instruments may be exposed to the major risk types in Part III below, in particular credit and interest rate risk.

#### **4. DEBT INSTRUMENTS/BONDS/DEBENTURES**

All debt instruments are potentially exposed to the major risk types in Part III below, in particular credit risk and interest rate risk.

Debt securities may be subject to the risk of the issuer's inability to meet principal and /or interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, general market liquidity, and other economic factors, amongst other issues. When interest rates rise, the value of corporate debt securities can be expected to decline. Fixed-rate transferable debt securities with longer maturities/lower coupons tend to be more sensitive to interest rate movements than those with shorter maturities/higher coupons.

#### **5. UNITS IN COLLECTIVE INVESTMENT SCHEMES**

Collective investment schemes and their underlying assets are potentially exposed to all of the major risk types referred to in Part III below.

There are many different types of collective investment schemes. Generally, a collective investment scheme will involve an arrangement

that enables a number of investors to 'pool' their assets and have these professionally managed by an independent manager. Investments may typically include gifts, bonds and quoted equities, but depending on the type of scheme, may go wider into derivatives, real estate or any other asset. There may be risks on the underlying assets held by the scheme and investors are advised, therefore, to check whether the scheme holds a number of different assets, thus spreading its risk. Subject to this, investment in such schemes may reduce risk by spreading the investor's investment more widely than may have been possible if he or she was to invest in the assets directly.

The reduction in risk may be achieved because the wide range of investments held in a collective investment scheme can reduce the effect that a change in the value of any one investment may have on the overall performance of the portfolio. Although, therefore, seen as a way to spread risks, the portfolio price can fall as well as rise and, depending on the investment decisions made, a collective investment scheme may be exposed to many different major risk types.

The valuation of a collective investment scheme is generally controlled by the relevant fund manager or the investment adviser (as the case may be) of the collective investment scheme. Valuations are performed in accordance with the terms and conditions governing the collective investment scheme. Such valuations may be based upon the unaudited financial records of the collective investment scheme and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the collective investment schemes and accounts. The collective investment scheme may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the collective investment scheme in order to reflect its judgement as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the collective investment scheme assets and/or accounts may have an adverse effect on the net asset value of the relevant collective investment scheme where such judgements regarding valuations prove to be incorrect.

A collective investment scheme and any collective investment scheme components in which it may invest may utilise (*inter alia*) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Collective investment schemes, and any collective investment scheme components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. The performance of each collective investment scheme and any collective investment scheme component in which it may invest is dependent on the performance of the collective investment scheme managers in selecting collective investment scheme components and the management of the relevant component in respect of the collective investment scheme components.

In addition, the opportunities to realise an investment in a collective investment scheme is often limited in accordance with the terms and conditions applicable to the scheme and subject to long periods of advance notice (during which the price at which interests may be redeemed may fluctuate or move against you). There may be no secondary market in the collective investment scheme and therefore an investment in such a scheme may be (highly) illiquid.

#### **6. DERIVATIVES, INCLUDING OPTIONS, FUTURES, SWAPS, FORWARD RATE AGREEMENTS, DERIVATIVE INSTRUMENTS FOR THE TRANSFER OF CREDIT RISK, FINANCIAL CONTRACTS FOR DIFFERENCES**

The risks set out in 6.1 - 6.5 below may arise in connection with all types of derivative contract, whether it is in the form of a listed instrument, an OTC instrument, or a securitised product such as a note or a certificate.

### 6.1. Derivatives Generally

A derivative is a financial instrument, the value of which is derived from an underlying asset's value. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.

There are many types of derivative, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest.

If a derivative transaction is particularly large or if the relevant market is illiquid (as may be the case with many privately negotiated off-exchange derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

On-exchange derivatives are subject, in addition, to the risks of exchange trading generally, including potentially the requirement to provide margin. Off-exchange derivatives may take the form of unlisted transferable securities or bi-lateral "over the counter" contracts ("OTC"). Although these forms of derivatives may be traded differently, both arrangements may be subject to credit risk of the issuer (if transferable securities) or the counterparty (if OTCs) and, like any contract, are subject also to the particular terms of the contract (whether a one-off transferable security or OTC, or a master agreement), as well as the risks identified in Part III below. In particular, with an OTC contract, the counterparty may not be bound to "close out" or liquidate this position, and so it may not be possible to terminate a loss-making contract. Off-exchange derivatives are individually negotiated. As the terms of the transactions are not standardised and no centralised pricing source exists (as exists for exchange traded instruments), the transactions may be difficult to value. Different pricing formulas and financial assumptions may yield different values, and different financial institutions may quote different prices for the same transaction. In addition, the value of an off-exchange derivative will vary over time and is affected by many factors, including the remaining time until maturity, the market price, price volatility and prevailing interest rates.

Derivatives can be used for speculative purposes or as hedges to manage other investment or economic risks. In all cases the suitability of the transaction for the particular investor should be very carefully considered.

You are therefore advised to ask about the terms and conditions of the specific derivatives and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of an underlying asset and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or Clearing House to reflect changes in the underlying asset.

Normal pricing relationships between the underlying asset and the derivative may not exist in all cases. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to assess 'fair' value.

The points set out below in relation to different types of derivative are not only applicable specifically to these derivatives but are also applicable more widely to derivatives generally. All derivatives are potentially subject to the major risk types in Part III below, especially market risk, credit risk and any specific sector risks connected with the underlying asset.

### 6.2. Futures/Forwards/Forward rate agreements

Transactions in futures or forwards involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures and forwards trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures and forwards transactions have a contingent liability, and you should be aware of the implications of this, in particular margining requirements: these are that, on a daily basis, with all exchange-traded, and most OTC off-exchange, futures and forwards, you will have to pay over in cash losses incurred on a daily basis and if you fail to, the contract may be terminated. See further, 1 and 2 of Part IV below.

### 6.3. Options

There are many different types of options with different characteristics subject to the following conditions.

Put option: a put option is an option contract that gives the holder (buyer) of the option the right to sell a certain quantity of an underlying security to the writer of the option at a specified price (the strike price) up to a specified date (the expiration date).

Call option: a call option is an option contract that gives the holder (buyer) the right to buy a certain quantity of an underlying security from the writer of the option, at a specified price (the strike price) up to a specified date (the expiration date).

Buying options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you must acquire the future. This will expose you to the risks described under 'futures' and 'contingent liability investment transactions'. Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

Writing options: If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position (as explained in 6.2 above) and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price.

If you already own the underlying asset which you have contracted to sell (known as 'covered call options') the risk is reduced. If you do not own the underlying asset (known as 'uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

Depending on the type of option entered into, there may be increased exposure to market risk (see Part III: Generic Risk types, paragraph 4 – Market Risk below) when compared to other financial products. There are several option styles including (but not limited to) American-, European- and Bermuda-style. An American-style option may be exercised at any time prior to its expiration. A European-style option may only be exercised on a specific date, its expiration date. A Bermuda-style option may be exercised on certain specified dates during the term of the transaction.

If you buy an American-style call option and the relevant market price of the underlying asset never rises above the strike price on the option (or if you fail to exercise the option while such condition exists), the option will expire unexercised and you will have lost the premium you paid for the option. Similarly, if you buy an American-style put option and the relevant market price for the underlying asset does not fall

below the option strike price (or if you fail to exercise the option while such condition exists), the option will not be exercised and you will have lost the premium you paid for the put option.

Purchasing European-style or Bermuda-style options may carry additional market risk since the option could be "in-the-money" for part or substantially all of the holding period but not on the exercise date(s). A call option is "in-the-money" if the strike price is lower than the relevant market price for the underlying asset. A put option is "in-the-money" if the strike price is higher than the relevant market price for the underlying asset.

It is even possible for the holder of an exercised, "in-the-money" option to lose money on an option transaction. Such a situation exists whenever the value received under the option fails to exceed the purchaser's costs of entering into the option transaction (the premium and any other costs and expenses).

If you are a potential writer of an option, you should consider how the type of option affects the timing of your potential payment and delivery obligations thereunder. As the writer of a European-style option, the timing of any payment and delivery obligations is predictable. Absent early termination, no settlements will be necessary prior to the expiration date. As the writer of an American-style option, however, you must be certain that you are prepared to satisfy your potential payment and delivery obligations at any time during the exercise period (possibly quite soon following the sale of the option).

**Traditional options:** Certain London Stock Exchange member firms under special exchange rules write a particular type of option called a 'traditional option'. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

#### **6.4. Contracts for differences**

Certain derivatives are referred to as contracts for differences. These can be options and futures on the FTSE 100 index or any other index of an exchange, as well as equity, currency and interest rate swaps, amongst others. However, unlike other futures and options (which may, depending on their terms, be settled in cash or by delivery of the underlying asset), these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option as referred to in 6.2 and 6.3 above. Transactions in contracts for differences may also have a contingent liability.

#### **6.5. Swaps**

A swap agreement is a derivative where two counterparties exchange one stream of cash flows against another stream, calculated by reference to an "underlying" (such as securities' indices, bonds currencies, interest rates or commodities, or more intangible items).

A swap agreement may also be combined with an option. Such an option may be structured in two different ways. On the one hand, "swaptions" are transactions that give the purchaser of the swaption the right, against payment of a premium, to exercise or not to exercise, until the agreed maturity date, its right to enter into a pre-agreed swap agreement. On the other hand, "caps", "floors" and "collars" enable a party, against payment or receipt of a premium, to protect itself against, or to take an exposure on, the variation on the value or level of an underlying.

A major risk of off-exchange derivatives, (including swaps) is known as counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant Financial Instrument. For example if a party, A, wants a fixed interest rate loan and so swaps a variable rate loan with another party, B, thereby swapping payments, this will synthetically create a fixed rate for A. However, if B goes insolvent, A will lose its fixed rate and will be paying a variable rate again. If interest rates have gone up a lot, it is possible that A will struggle to repay.

The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation to cover swaps trading over a broad range of underlying assets. As a result, the swap market for certain underlying assets has become more liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

#### **7. COMBINED INSTRUMENTS/BASKETS**

Any combined instruments, such as a bond with a warrant attached, is exposed to the risk of both those products and so combined products may contain a risk which is greater than those of its components generally, although certain combined instruments may contain risk mitigation features, such as principal protected instruments.

The value of a basket of products (such as shares, indices etc.) may be affected by the number and quality of reference assets included in such basket. Generally, the value of a basket that includes reference assets from a number of reference asset issuers or indices will be less affected by changes in the value of any particular reference asset included therein than a basket that includes fewer reference assets, or that gives greater weight to some reference assets included therein. In addition, if the reference assets included in basket are concentrated in a particular industry, the value of such a basket will be more affected by the economic, financial and other factors affecting that industry than if the reference assets included in the basket are in various industries that are affected by different economic, financial or other factors or are affected by such factors in different ways.

### **PART III: GENERIC RISK TYPES**

#### **1. GENERAL**

The price or value of an investment will depend on fluctuations in the financial markets outside of anyone's control. Past performance is no indicator of future performance.

The nature and extent of investment risks varies between countries and from investment to investment. These investment risks will vary with, amongst other things, the type of investment being made, including how the financial products have been created or their terms drafted, the needs and objectives of particular investors, the manner in which a particular investment is made or offered, sold or traded, the location or domicile of the issuer, the diversification or concentration in a portfolio (e.g. the amount invested in any one currency, security, country or issuer), the complexity of the transaction and the use of leverage.

The risk types set out below could have an impact on each type of investment:

#### **2. LIQUIDITY**

The liquidity of an instrument is directly affected by the supply and demand for that instrument and also indirectly by other factors, including market disruptions (for example a disruption on the relevant exchange) or infrastructure issues, such as a lack of sophistication or disruption in the securities settlement process. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. This may occur, for example, at times of rapid price movement if the price rises or falls to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to intended amounts, but market conditions may make it impossible to execute such an order at the stipulated price. In addition, unless the contract terms so provide, a party may not have to accept early termination of a contract or buy back or redeem the relevant product and there may therefore be zero liquidity in the product. In other cases, early termination, realisation or redemption may result in you receiving substantially less than you paid for the product or, in some cases, nothing at all.

#### **3. CREDIT RISK**

Credit risk is the risk of loss caused by borrowers, bond obligors, guarantors, or counterparties failing to fulfil their obligations or the risk of such parties' credit quality deteriorating. Exposure to the credit risk of one or more reference entities is particularly relevant to any credit linked product such as credit linked notes, and the potential losses which may be sustained, and the frequency and likelihood of such losses occurring, when investing in credit links products may be substantially greater than when investing in an obligation of the reference entity itself.

#### **4. MARKET RISK**

##### **4.1. General**

The price of investments goes up and down depending on market supply and demand, investor perception and the prices of any underlying or allied investments or, indeed, sector, political and economic factors. These can be totally unpredictable.

##### **4.2. Overseas markets**

Any overseas investment or investment with an overseas element can be subject to the risks of overseas markets which may involve different risks from those of the home market of the investor. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in overseas denominated contracts will be affected by fluctuations in overseas exchange rates.

##### **4.3. Emerging Markets**

Price volatility in emerging markets, in particular, can be extreme. Price discrepancies, low trading volumes and wide pricing spreads can be common and unpredictable movements in the market not uncommon. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. Emerging markets generally lack the level of transparency, liquidity, efficiency, market infrastructure, legal certainty and regulation found in more developed markets. For example, these markets might not have regulations governing market or price manipulation and insider trading or other provisions designed to "level the playing field" with respect to the availability of information and the use or misuse thereof in such markets. They may also be affected by sector, economic and political risk. It may be difficult to employ certain risk and legal uncertainty management practices for emerging markets investments, such as forward currency exchange contracts or derivatives. The impact of the imposition or removal of foreign exchange controls at any time should be considered, as well as potential difficulties in repatriation of assets. The risks associated with nationalisation or expropriation of assets, the imposition of confiscatory or punitive taxation, restrictions on investments by foreigners in an emerging market, sanctions, war and revolution should also be considered.

#### **5. CLEARING HOUSE PROTECTIONS/SETTLEMENT RISK**

On many exchanges, the performance of a transaction may be "guaranteed" by the exchange or clearing house. However, this guarantee is usually in favour of the exchange or clearing house member and cannot be enforced by the client who may, therefore, be subject to the credit and insolvency risks of the firm through whom the transaction was executed. There is, typically, no clearing house for off-exchange OTC instruments which are not traded under the rules of an exchange (although unlisted transferable securities may be cleared through a clearing house).

Settlement risk is the risk that a counterparty does not deliver the security (or its value) in accordance with the agreed terms after the other counterparty has already fulfilled its part of the agreement to so deliver. Settlement risk increases where different legs of the transaction settle in different time zones or in different settlement systems where netting is not possible. This risk is particularly acute in foreign exchange transactions and currency swap transactions.

#### **6. INSOLVENCY**

The insolvency or default of the firm with whom you are dealing, or of any brokers involved with your transaction, may lead to positions being

liquidated or closed out without your consent or, indeed, investments not being returned to you. There is also insolvency risk in relation to the investment itself, for example of the company that issued a bond or of the counterparty to off-exchange derivatives (where the risk relates to the derivative itself and to any collateral or margin held by the counterparty).

#### **7. CURRENCY RISK**

In respect of any foreign exchange transactions and transactions in derivatives and securities that are denominated in a currency other than that in which your account is denominated, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions.

The weakening of a country's currency relative to a benchmark currency or the currency of your portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.

#### **8. INTEREST RATE RISK**

Interest rates can rise as well as fall. A risk with interest rates is that the relative value of a security, especially a bond, will worsen due to an interest rate increase. This could impact negatively on other products. There are additional interest rate related risks in relation to floating rate instruments and fixed rate instruments; interest income on floating rate instruments cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of floating rate instruments at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the relevant instruments provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Changes in market interest rates have a substantially stronger impact on the prices of zero coupon bonds than on the prices of ordinary bonds because the discounted issue prices are substantially below par. If market interest rates increase, zero coupon bonds can suffer higher price losses than other bonds having the same maturity and credit rating.

#### **9. COMMODITY RISK**

The prices of commodities may be volatile, and, for example, may fluctuate substantially if natural disasters or catastrophes, such as hurricanes, fires or earthquakes, affect the supply or production of such commodities. The prices of commodities may also fluctuate substantially if conflict or war affects the supply or production of such commodities. If any interest and/or the redemption amount payable in respect of any product is linked to the price of a commodity, any change in the price of such commodity may result in the reduction of the amount of interest and/or the redemption amount payable. The reduction in the amount payable on the redemption of an investment may result, in some cases, in you receiving a smaller sum on redemption of a product than the amount originally invested in such product.

#### **10. REGULATORY/LEGAL/STRUCTURAL RISK**

All investments could be exposed to regulatory, legal or structural risk.

Returns on all, and particularly new, investments are at risk from regulatory or legal actions and changes which can, amongst other issues, alter the profit potential of an investment. Legal changes could even have the effect that a previously acceptable investment becomes illegal. Changes to related issues such as tax may also occur and could have a large impact on profitability. Such risk is unpredictable and can depend on numerous political, economic and other factors.

For this reason, this risk is greater in emerging markets but does apply everywhere. In emerging markets, there is generally less government supervision and regulation of business and industry practices, stock exchanges and over-the-counter markets.

The type of laws and regulations with which investors are familiar in the EEA may not exist in some places, and where they do, may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that an overseas investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in overseas courts.

In the case of many products, there will be no legal or beneficial interest in the obligations or securities of the underlying reference entity but rather an investor will have a contractual relationship with the counterparty only and its rights will therefore be limited to contractual remedies against the counterparty in accordance with the terms of the relevant product.

In all cases the legal terms and conditions of a product may contain provisions which could operate against your interests. For example, they may permit early redemption or termination at a time which is unfavourable to you, or they may give wide discretion to the issuer of securities to revise the terms applicable to securities. In other cases there may be limits on the amounts in relation to which rights attaching to securities may be exercised and in the event that you hold too many (or too few) securities, your interests may be prejudiced and should scrutinise these carefully. In some cases, the exercise of rights by others may impact on your investment. For example, a product such as a bond or note may contain provisions for calling meetings of holders of those bonds or notes to consider matters affecting their interests generally (including yours) and may permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Further, in some cases amendments may be made to the terms and conditions of bonds or notes without the consent of any of the holders in circumstances set out in general conditions attaching to such bonds or notes.

## 11. OPERATIONAL RISK

Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact on all financial products. Business risk, especially the risk that the business is run incompetently or poorly, could also impact on shareholders of, or investors in, such a business. Personnel and organisational changes can severely affect such risks and, in general, operational risk may not be apparent from outside the organisation.

## 12. CONFLICTS

In the ordinary course of their respective businesses, the individual companies defined above as "J.P. Morgan", and any of its or their Affiliates, will be subject to various actual and potential conflicts of interest which may operate against your interests.

## PART IV: TRANSACTION AND SERVICE RISKS

### 1. CONTINGENT LIABILITY INVESTMENT TRANSACTIONS

Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If you trade in futures, contracts for differences or sell options, you may sustain a total loss of the margin you deposit with your firm to establish or maintain a position. If the market moves against you, you

may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you must be responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

## 2. COLLATERAL

If you deposit collateral as security with a firm, the way in which it will be treated will vary according to the type of transaction and where it is traded and the terms of any Product Contract you have entered into with us. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a regulated market (see 4 below), with the rules of that exchange (and the associated clearing house) applying, or trading on another exchange or, indeed, off-exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash. You should ascertain from the firm how your collateral will be dealt with.

### 2.1. Effect of absolute title transfer

Where your collateral is subject to total title transfer to us, you should note that:

- (a) The assets cease to be your assets and you will no longer have a proprietary claim over them. They will not be held subject to the rules of the FCA's Client Assets Sourcebook or of another applicable regulator in safe custody (where they are financial instruments) or subject to FCA's Client Money Rules or other applicable client money protection (where they are cash). The assets become our assets and we can deal with them in our own right;
- (b) You will have an unsecured contractual claim against us for re-transfer of equivalent assets; and
- (c) As a result, the assets will not be subject to a trust or otherwise insulated in our insolvency. And, in such event, you may not receive back everything so transferred to us and you will only rank as a general creditor. The FCA's Client Money Distribution Rules which are set out in the CASS 7A of the FCA Handbook ("Client Money Distribution Rules") will not apply to these assets where they are cash and you will not be entitled to share in any distribution under the Client Money Distribution Rules.

## 3. SHORT SALES

Selling "short" means to sell financial instruments that you do not own at the time of the sale. The seller has an obligation to deliver the product sold at the settlement date which will generally be a few days later than the trade date, so he will either go into the market to buy the relevant financial instruments for delivery or he will "borrow" the relevant financial instruments under a stock lending arrangement (for further detail on this see 11 below).

Short selling is a technique used by investors who want to try to profit from the falling price of a financial instrument. If the price of the financial instrument drops after the investor has sold short (in other words at the time when he is buying or borrowing the relevant financial instruments for delivery), the investor will make a profit. If however the price of the financial instrument rises after the investor has sold short, the investor will have automatically made a loss, and the loss has the potential to get bigger and bigger if the price of the financial instrument continues to rise before the investor has gone into the market to buy or borrow the financial instrument to settle the short sale.

## 4. OFF-EXCHANGE TRANSACTIONS

FCA has categorised certain exchanges as recognised or designated investment exchanges. A list of these exchanges can be found on the

FCA website. Transactions which are traded elsewhere may be exposed to substantially greater risks.

## 5. LIMITED LIABILITY TRANSACTIONS

Before entering into a limited liability transaction, you should obtain from the firm a formal written statement confirming that the extent of your loss liability on each transaction will be limited to an amount agreed by you before you enter into the transaction.

The amount you can lose in limited liability transactions will be less than in other margined transactions, which have no predetermined loss limit. Nevertheless, even though the extent of loss will be subject to the agreed limit, you may sustain the loss in a relatively short time. Your loss may be limited, but the risk of sustaining a total loss to the amount agreed is substantial.

## 6. COMMISSIONS/TRANSACTION COSTS

Before you begin to trade, you should obtain details of all commissions and other charges for which you must be liable.

When products are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the products. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, you must take into account that you may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of products (direct costs), you must also take into account any follow-up costs (such as custody fees). You should inform yourself about any additional costs incurred in connection with the purchase, custody or sale of an investment before investing. The effect of transaction costs (for example on a new issue of securities) may result in the issue price of such securities falling below the market value when trading starts.

## 7. CORPORATE ACCESS SERVICES

If you are an investment management firm authorised and regulated by the UK Financial Conduct Authority (**FCA**), in your consideration and compliance with the rules applicable to you regarding the use of dealing commissions, you may determine that you need to make a payment from your own funds for corporate access or ancillary services (henceforth the **Services**) provided to you by J.P. Morgan Securities plc ("JPMS plc"). When making this determination, the nature, value and appropriate compensation to be ascribed to such services should be considered.

For the avoidance of doubt, where JPMS plc is providing you with Services which have been originated on behalf of a corporate client, JPMS plc does not require payment in relation to such Services. In the instances where JPMS plc is not acting on behalf of a corporate client, please note there is a cost associated with the provision of such Services (including those that occur as part of a conference).

JPMS plc is itself regulated by the FCA and must comply with its obligations under the FCA's rules, including the rules on inducements. Accordingly, where you determine you need to make a direct payment for Services, that payment should be a realistic reflection of the costs incurred in arranging the Services. JPMS plc would be happy to discuss the Services you receive and provide additional information as necessary in order for you to determine the invoice amounts.

## 8. SUSPENSIONS OF TRADING AND GREY MARKET INVESTMENTS

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such

an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

Transactions may not be entered into in:

- (a) A security whose listing on an exchange is suspended, or the listing of or dealings in which have been discontinued, or which is subject to an exchange announcement suspending or prohibiting dealings; or
- (b) A grey market security, which is a security for which application has been made for listing or admission to dealings on an exchange where the security's listing or admission has not yet taken place (otherwise than because the application has been rejected) and the security is not already listed or admitted to dealings on another exchange.

There may be insufficient published information on which to base a decision to buy or sell such securities.

## 9. CASH AND PROPERTY

You should familiarise yourself with the protections accorded to you in respect of money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy.

Where we provide safe custody services for you or where we hold money for you as client money, your securities or client money may be held by a third party on our behalf, including banks, OTC counterparties, settlement agents, intermediate brokers, Exchanges, Clearing Systems, sub-custodians, CSDs, depositories, agents and nominees (each a "**Third Party**"). Except as specifically provided in the Terms, J.P. Morgan will not be liable for any acts or omissions of any Third Party.

Where your property or client money is held overseas, there may be different legal and regulatory requirements from those applying in the UK and your rights to the property or money may differ from those you would have in the UK.

In the event of insolvency or default of a Third Party, you may not recover all of your property or money. In some jurisdictions compensation schemes may offer protections in connection with investments to certain types of claimants in the event that they suffer financial loss as a consequence of a person being unable to meet its liabilities. The protections available may be different from the protections afforded to clients under the UK's Financial Services Compensation Scheme and the compensation schemes may also have different rules governing qualification for compensation, limits to the level of protection provided and procedures and time limits for making claims for compensation. In some cases overseas compensation schemes may prioritise local investors over non-local investors.

We will, where possible, direct that your property that is deposited with a Third Party is identifiable separately from our property and from those belonging to that Third Party (for instance, by differently titled accounts or other equivalent measures that achieve the same level of protection). However, in some jurisdictions it may not be possible under national law for your property to be separately identifiable from our assets or those of the Third Party. In these circumstances, there is a risk that your property could be withdrawn or used to meet the obligations of the Third Party or lost altogether if the Third Party fails. On our failure (i.e. the appointment of a liquidator, receiver or administrator, or trustee in bankruptcy, or any equivalent procedure in any relevant jurisdiction), your property may not be protected from claims made on behalf of our general creditors, the Third Party may challenge your rights to any property and you may need to share in a shortfall.

Although property will ordinarily be registered in the name of a nominee, we may from time to time (if the property is subject to the law

or market practice of a jurisdiction outside the UK and it is in your best interests to register in that way or it is not feasible to do otherwise because of the nature of the applicable law or market practice) register or record securities in the name of a Third Party or in our own name. If property is registered in our name, the property in question may not be segregated from our property and in the event of our failure (i.e. the appointment of a liquidator, receiver or administrator or trustee in bankruptcy, or any equivalent procedure in the jurisdiction in question), your property may not be protected from claims made on behalf of our general creditors.

Your property may be held in an omnibus account by a Third Party. Property that is held in an omnibus account may be pooled or commingled with property belonging to our other clients or clients of the Third Party. There is a risk that the property could be withdrawn to meet the obligations of other clients, or that the balance of property does not reconcile with the quantity that we or the Third Party is required to hold. In the event of a shortfall, you may share in that shortfall and as a result may not receive your full entitlement of property.

#### **10. STABILISATION**

Transactions may be carried out in securities where the price may have been influenced by measures taken to stabilise it.

Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. Regulations allow stabilisation in order to help counter the fact that, when a new issue comes on to the market for the first time, the price can sometimes drop for a time before buyers are found.

Stabilisation is carried out by a 'stabilisation manager' (normally the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

The Stabilisation Rules:

- (a) Limit the period when a stabilising manager may stabilise a new issue;
- (b) Fix the price at which he may stabilise (in the case of shares and warrants but not bonds); and
- (c) Require him to disclose that he may be stabilising but not that he is actually doing so.

The fact that a new issue or a related security is being stabilised should not be taken as any indication of the level of interest from investors, nor of the price at which they are prepared to buy the securities.

#### **11. NON-READYLY REALISABLE INVESTMENTS**

Both exchange listed and traded and off-exchange investments may be non-readily realisable. These are investments in which the market is limited or could become so. Accordingly, it may be difficult to assess their market value and/or to liquidate your position.

#### **12. STOCK LENDING/REPOS**

The effect of lending (or 'repo'ing) securities to a third party is to transfer title to them to the borrower (or repo purchaser) for the period that they are lent (or 'repo'ed). At the end of the period, subject to default of the borrower (or 'repo' purchaser), the lender (or 'repo' seller) receives back securities of the same issuer and type. The borrower's (or 'repo' purchaser's) obligation to transfer equivalent securities is secured against collateral (which is usually transferred by a title transfer mechanism pursuant to market standard agreements). There is, accordingly, credit risk. Lending (or 'repo'ing) securities may affect your tax position.

#### **13. STRATEGIES**

Particular investment strategies will carry their own particular risks. For example, certain strategies, such as 'spread' position or a 'straddle', may be as risky as a simple 'long' or 'short' position.



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## Chase Overdraft Services

Standard Overdraft Practice



# Standard Overdraft Practice

Our Standard Overdraft Practice may pay, for a fee, overdraft transactions at our discretion based on your account history, the deposits you make and the transaction amount. Standard Overdraft Practice comes with all Chase checking accounts except Chase High School Checking<sup>SM</sup>, Chase Secure Checking<sup>SM</sup> or Chase First Checking<sup>SM</sup>.

## What's covered?

- Checks
- Automatic payments from your checking account, such as a recurring phone bill, mortgage or utility bill.
- Recurring debit card purchases, like your monthly gym membership or movie subscription.

## What's NOT covered?

- Everyday debit card transactions, such as grocery purchases, gasoline or dining out.
- Sometimes we're not able to pay an overdraft transaction. If that happens, the transaction is declined or returned unpaid.

## What it costs

- We charge a \$34 Overdraft Fee per transaction during our nightly processing beginning with the first transaction that overdraws your account balance by more than \$50 (maximum of 3 fees per business day, up to \$102).

## When a fee won't be charged

- With Chase Overdraft Assist, if you're overdrawn by \$50 or less at the end of the business day OR if you're overdrawn by more than \$50 and you bring your account balance to overdrawn by \$50 or less at the end of the next business day (you have until 11 PM ET (8 PM PT) to make a deposit or transfer). Chase Overdraft Assist<sup>SM</sup> does not require enrollment and comes with all Chase checking accounts except Chase First Checking<sup>SM</sup>, Chase High School Checking<sup>SM</sup> or Chase Secure Checking<sup>SM</sup>.
- If your transaction is \$5 or less.
- If your debit card transaction was authorized when there was a sufficient available balance in your account.
- If your check or ACH is returned unpaid. However, we may charge an Overdraft Fee if a previously returned check or ACH is presented again and paid.
- If your debit card transaction or ATM cash withdrawal request is declined.
- For Chase Sapphire<sup>SM</sup> Checking and Chase Private Client Checking<sup>SM</sup> accounts, there are no Overdraft Fees when item(s) are presented against an account with insufficient funds on the first four business days during the current and prior 12 statement periods. On a business day when we returned item(s), this counts toward the four business days when an Overdraft Fee will not be charged.

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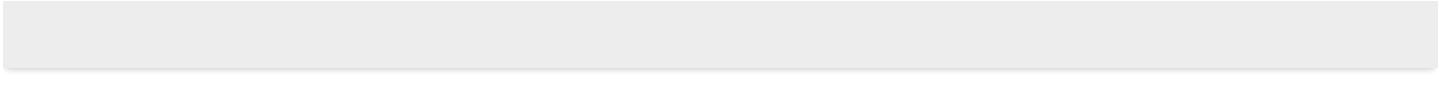
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## Chase Overdraft Services



Overdraft Protection



## Overdraft Protection

Link a Chase savings account as an Overdraft Protection backup account to your checking account to help pay any overdraft transactions that may occur. If your checking account does not have enough money, we will use the available funds from your backup account to authorize or pay transactions. The exact amount needed to cover the transaction will be transferred if enough funds are available. Overdraft Protection isn't available for Chase Secure Checking<sup>SM</sup> or Chase First Checking<sup>SM</sup>.

### What's covered?

- All transactions, including everyday debit card transactions, such as groceries, gasoline or dining out.

### What's NOT covered?

- Any transaction when there isn't enough money in your linked Chase savings account - the Standard Overdraft Practice will then apply.

### What it costs

- There isn't a fee for an Overdraft Protection transfer.

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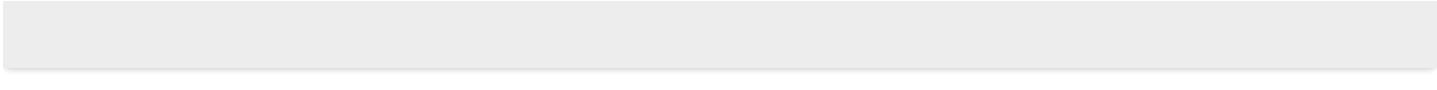
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## Overdraft protection: How does it work?



For some consumers, overdraft protection may be a tool to help ensure transactions go through in the case of insufficient funds. But what's overdraft protection, exactly? With overdraft protection, consumers link secondary accounts to fill in for another when it lacks sufficient funds for a transaction. While this can be helpful, overdraft protection comes with several potentially important considerations for consumers.

### What is overdraft protection?

An overdraft occurs when an account is debited for a transaction but lacks the funds to cover it. The bank approves to complete the transaction on behalf of the customer. An overdraft typically comes with fees, like insufficient-funds fees. A savings withdrawal limit fee could apply if the customer goes over the allotted number of savings withdrawals in a month.

When consumers sign up for overdraft protection, they assign back up accounts or lines of credit to be drawn upon in the case of insufficient funds. This ensures that, for example, a check doesn't bounce or a [debit card transaction](#) is successfully processed.

As its name suggests, overdraft protection may help prevent any associated [overdraft fees](#) in the case of insufficient funds — as well as time wasted or penalties from merchants. But, for this service, customers might be required to pay a separate overdraft protection fee to cover the transfer of funds between accounts. The overdraft protection fee is, however, usually lower than the fees that can add up in the case of insufficient funds and declined transactions.

Say you wrote a check for \$500 but a few days later when it presented for payment, the checking account balance was \$450. With typical overdraft protection plans, the protection would kick in, and instead of bouncing, the remaining funds needed to cover the check, would be deducted from your linked account. In this case, \$50. The check clears and you likely save on any potential fees from your bank or the merchant. If the overdraft protection plan has a fee, the

amount of the fee would also be transferred from the linked account.

But overdraft protection isn't foolproof; you can still be charged a fee if the backup account also lacks the required funds to cover the check. In the above example, if your savings account does not have the funds to cover the check, you could still get an overdraft fee.

## How many times can you overdraft?

Different financial institutions have their own sets of rules governing how often they allow customers to [overdraft](#) with or without overdraft protection. Typically, overdraft coverage lasts as long as the backup account carries sufficient funds — but it can become expensive with repeated use. When asking yourself, "How many times can you overdraft?" it might be worthwhile to remember that an overdraft protection fee may be charged for each protective transfer.

If applicable, relying heavily on a savings account as backup also runs the added risk of exceeding its monthly withdrawal limit. Some institutions may eventually apply penalties for overuse, including account closure or revocation of the [overdraft protection service](#).

## Is overdraft protection worth it?

Overdraft protection can potentially shield you from more expensive charges. Several banks, as well as credit unions, offer overdraft protection services that the customer can opt-in for, rather than an automatic service. So, the choice is ultimately yours.

Determining whether overdraft protection is right for you might ultimately depend on your financial situation and spending habits. If you foresee a strong likelihood of overdrawing your account, the added protection might prove beneficial. If overdrawing an account seems unlikely, however, you could run the risk of paying for a service you don't end up using.

On the other hand, the lower fees and confidence in making transactions could come in handy for lastminute, [emergency spending](#). Without overdraft protection, customers not only run the risk of hefty fees but the possibility that an important transaction gets declined; financial institutions aren't required to clear transactions that would overdraw an account.

So, is overdraft protection worth it? There's no universal answer. Assessing your situation and consulting your financial institution about the specifics of their overdraft protection service may help you decide if overdraft protection is worth it for you.

## In summary

Overdraft protection may help save you from paying [overdraft](#) and insufficient fund fees and ensure [transactions are carried out as planned](#). The service is optional and works by designating a backup account to be drawn from if the primary account is too low to complete a payment or transaction. Altogether, assessing your likelihood of overdrawing an account can be a helpful consideration in deciding whether [overdraft protection](#) will save or cost you money in the long run.

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## 9 Common credit card fees and how to avoid them



Credit cards can be very useful, but their various fees can quickly add up. Being mindful of fees, especially if you're in credit card debt, can save you headaches down the road. This article will cover nine common credit card fees and how to avoid them:

- Annual fees
- Interest/finance charges
- Late fees
- Card replacement fees
- Balance transfer fees
- Returned payment fees
- Foreign transaction fees
- Over-limit fees
- Cash advance fees

### Common credit card fees

The most common fees you could encounter are:

#### 1. Annual fees

Some lenders charge a yearly fee to use a card. Cards with annual fees often have more benefits than cards that don't.

Fees can range anywhere from \$50 to over \$500, with some lenders waiving the fee for the first year.

**How to avoid the fee:** If you don't want to pay an annual fee, there are many [cards that don't charge them](#). You could also pick a card that will waive the annual fee in year one. Compare different cards and see whether or not paying the annual fee is worth it overall.

## 2. Interest charges

Interest charges, also known as finance charges, are charged by creditors for carrying a balance from month to month. The amount you're charged will depend on your card's annual percentage rate (APR) and the amount of the balance you're carrying.

**How to avoid the fee:** You won't be charged interest if you pay your entire balance each month by your due date. You could also get a card that offers a [0% intro APR](#). Note that this 0% rate is only temporary. The better 0% APR promotional rates usually last anywhere from 12 to 18 months. After that, the APR will return to its regular rate. Most credit cards have variable APRs, which means that the percentage fluctuates with the market. If you don't pay your balance off by the time the promotional period ends, you'll owe interest on the remaining balance.

## 3. Late fees

You'll be charged a late fee if you don't make a minimum payment by your card's due date, which may vary. Many issuers calculate the fee by how often you've paid late. Some cards will waive your first late fee as a courtesy. If your payment is over 60 days late then you could be charged a penalty APR which will cause your interest rate to go higher than your regular APR. In addition, the longer your payment is overdue, the more damage your credit score may incur.

**How to avoid the fee:** Make sure to pay your bill on time each month. Try setting up automatic payments of at least the minimum amount so you don't miss a due date.

## 4. Card replacement fees

Some credit card companies will charge you a fee if you lose your card and need a new one, though many will send you a new physical card for free. If there is a fee, it is typically between \$5 and \$15.

**How to avoid this fee:** If you lose your card, ask your credit card company if they will be willing to give you a one-time replacement for free.

## 5. Balance transfer fees

If you transfer an outstanding balance from one card to another, you'll often be charged a balance transfer fee of 3% to 5% of your transferred balance. Transferring a balance is done to pay debt faster by moving a balance from a card with a high-interest rate to a card with a lower-interest rate. Many times, the balance transfer fee is outweighed by the amount you'll save in interest.

**How to avoid this fee:** Look for cards that offer a \$0 introductory balance transfer fee.

## 6. Returned payment fees

A returned payment fee occurs when your credit card company issues a charge to your account in response to insufficient funds or if your account is unable to process a transaction for a related number of reasons.

**How to avoid this fee:** Always know how much money you have to ensure you can cover your credit card payments. If you notice your paying account is insufficient to cover your credit card payment, you can avoid returned payment fees by depositing money in the account by the time the payment is processed.

## 7. Foreign transaction fees

Some credit cards will charge you when you make a purchase in a foreign currency, either while traveling or shopping online. Foreign transaction fees are usually anywhere from 1% to 3%.

**How to avoid this fee:** Look for [no foreign transaction fee credit cards](#). Travel rewards cards usually don't have foreign transaction fees. It's often worth it to look into one if you travel often.

## 8. Over-limit fees

If your balance exceeds your credit card limit, you could be charged an over-limit fee. Credit card lenders need your consent for over-limit transaction fees and will ask you to opt-in. If you don't opt-in, your transaction could be declined.

**How to avoid this fee:** You can avoid this fee by electing not to opt-in. You just won't be able to spend over your limit. Avoid spending near your credit limit, and set up alerts to notify you when you're approaching the limit.

## 9. Cash advance fees

A cash advance fee refers to using your credit card to take out cash. Credit cards typically charge 3% to 5% for each cash advance. In addition, you'll also be charged interest on the money you take out which will accrue immediately.

**How to avoid this fee:** Instead of using your card for a cash advance, use money from an emergency fund or savings account.

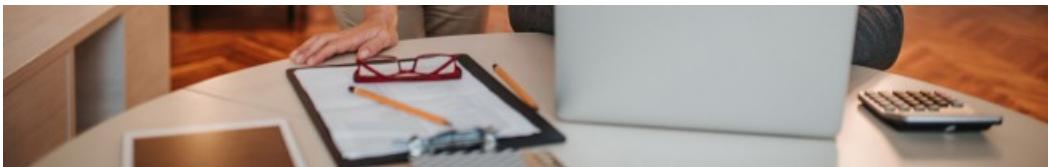
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Understand the debt-to-income ratio and its significance in personal finance. Learn how to calculate your debt-to-income ratio and why lenders use it.



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## TERMS OF BUSINESS FOR PER SE PROFESSIONAL CLIENTS

J.P. MORGAN EUROPE LIMITED

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, LONDON BRANCH

J.P. MORGAN LIMITED

J.P. MORGAN SECURITIES PLC

J.P. MORGAN MARKETS LIMITED

J.P.Morgan

**TERMS OF BUSINESS****J.P. MORGAN EUROPE LIMITED****J.P. MORGAN SECURITIES PLC**

Each authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, including any regulators which replace them or their functions.

**J.P. MORGAN LIMITED****J.P. MORGAN MARKETS LIMITED**

Each authorised and regulated by the Financial Conduct Authority, including any regulator which replaces it or its functions.

**JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,  
LONDON BRANCH**

Authorised and regulated by the Office of the Comptroller of the Currency in the jurisdiction of the U.S.A. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and to limited regulation by the Prudential Regulation Authority, including any regulators which replace them or their functions. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

**1. SCOPE AND APPLICATION**

1.1 These Terms of Business and any supplements or notices issued by J.P. Morgan (as defined below) thereto (collectively, the "Terms") govern all designated investment business (as defined under the Financial Conduct Authority (the "FCA") Handbook and Prudential Regulation Authority (the "PRA") Handbook, as applicable) and business in relation to other traded products (excluding deposits) which is transacted with or for you by any one or more of the following companies: J.P. Morgan Europe Limited, JPMorgan Chase Bank, National Association London Branch, J.P. Morgan Limited, J.P. Morgan Securities plc. and J.P. Morgan Markets Limited. These companies are referred to collectively or, as the context may require, individually as "**J.P. Morgan**", and each of these companies shall be severally and not jointly liable for their respective acts and omissions under these Terms. References to "we/us/our" are to J.P. Morgan. "**Affiliates**" means, whether in the United Kingdom or otherwise, direct or indirect subsidiaries of J.P. Morgan and the direct or indirect subsidiaries of J.P. Morgan's direct or indirect holding companies from time to time, any entity directly or indirectly controlled by J.P. Morgan and any entity directly or indirectly under common control with J.P. Morgan and any other connected or associated person, whether or not any such subsidiary, holding company, entity or person exists as at the date at which you accept these Terms or is established or acquired after such date. References to "you" and "your" under these Terms are to you alone except as expressly provided otherwise in a specific context.

1.2 **These Terms constitute a legally binding contract which you accept for yourself and on behalf of any principal or principals on whose behalf you are acting as agent by giving us instructions to deal or accepting services from us after our dispatch of the Terms to you.**

1.3 These Terms supersede any terms of business for investment business (including any Global Institutional Connectivity addition and/or any Asian Addition) that may have been previously sent to you collectively by all of J.P. Morgan Europe Limited, JPMorgan Chase Bank, National Association, J.P. Morgan Limited (formerly J.P. Morgan plc) and J.P. Morgan Securities plc. (as they may have been amended from time to time by any one or more of such J.P. Morgan entities) or received from you. Transactions entered into under any terms of business which are superseded by these Terms shall be deemed, with effect from your acceptance of these Terms, as transactions entered into under these Terms.

Without limiting the application of these Terms to transactions entered into, or deemed to be entered into, under these Terms, these Terms are without prejudice to and shall not supersede or amend any other contract(s) entered into by you and J.P. Morgan (whether prior to or after our dispatch of these Terms to you) (each a "**Product Contract**") including, without limitation, any contract (s) relating to specific, or specific types of, products, services or transactions including, but not limited to, financial instruments (as defined under the Markets in Financial Instruments Directive ("MiFID")). In the event of any conflict between any Product Contract(s) and these Terms, the provisions of the Product Contract(s) shall prevail.

1.4 Any transactions entered into by you (or, where applicable, your principal or principals) under these Terms are subject to Applicable Law. Applicable Law means (a) any applicable law contained in or made under the Financial Services and Markets Act 2000 or any other statute of the United Kingdom; (b) any laws and regulations of any other jurisdiction applicable to the provision of services to you by J.P. Morgan under, or in connection with, these Terms; and (c) any other applicable principle, rule, guidance, decision, determination, ruling, article, by-law, procedure, usage and custom of the FCA, PRA or other relevant regulatory body, Exchange, Clearing System, CSD or organised market applicable to the provision of services to you by J.P. Morgan under, or in connection with, these Terms. In the event of a conflict between these Terms and any such Applicable Law, such Applicable Law shall prevail. In no event shall J.P. Morgan be obliged to take any action or refrain from taking any action which J.P. Morgan believes would breach Applicable Law.

Any capitalised terms which are not defined herein shall be deemed to be defined in accordance with Applicable Law. Clause headings shall be disregarded in the interpretation of these Terms. "**Clearing System**" means any person (or any system or platform operated by such person) providing settlement, clearing or similar services, whether or not as part of an Exchange including, without limitation, any central counterparty; "**CSD**" means any trans-national or local securities depository, book entry system or other person that provides handling, clearing, settlement or safekeeping services in which J.P. Morgan participates as a customer or member, including Euroclear and Clearstream; and "**Exchange**" means any exchange, multilateral trading facility, market, automated trading system, organised trading facility or platform or association of dealers in any part of the world on or through which securities, commodities or currencies or assets underlying, derived from or otherwise related directly or indirectly to the same are bought and sold.

1.5 If you are (a) based in Asia or Australasia; and/or (b) you instruct us to effect securities transactions involving Asian or Australasian securities; and/or (c) we effect securities transactions through any of our Affiliates, or a third party locally authorised broker, based in Asia or Australasia ("**Asian Transactions**"), the enclosed supplemental Asian Addition ("**Asian Addition**") shall also govern such Asian Transactions. In the event of any conflict between these Terms and the Asian Addition, the provisions of the Asian Addition shall prevail. For the purposes of Asian Transactions, "Applicable Law" as defined above in Clause 1.4 shall include to the extent relevant, any law, rule or regulation applied in a jurisdiction in Asia or Australasia which may apply or to which we may be subject when we effect Asian Transactions with you or for you.

1.6 We may from time to time issue you with an additional supplement or notice setting out additional provisions to these Terms which will apply in respect of effecting securities transactions in certain jurisdictions and/or services.

**2. CLIENT CATEGORISATION**

2.1 J.P. Morgan shall treat you, for the purposes of all services which we provide to you (execution related services or otherwise) as a "per se professional client" as defined by the

FCA's Conduct of Business Rules ("Rules"). A per se professional client is deemed to possess the experience and knowledge to make its own investment decisions and assess the risks arising, and hence is not entitled to certain regulatory protections available to a "retail client" (as defined by the Rules). A summary of the different protections to which you are entitled, depending on your client categorisation, is set out in the enclosed Schedule of Protections Owed to Different Client Types. You should notify us immediately if, at any point in time, you consider that you would no longer fall within the definition of a per se professional client.

**2.2** Under the Rules you should be aware that you are entitled to request to opt to a different client categorisation in accordance with the procedures set out in the Rules. If you are seeking to opt to a client categorisation with a lesser degree of protection, you will need to, inter alia, provide us with a statement in writing confirming that you are aware of the consequences of such re-categorisation. However, we would also advise you that, to the extent you request re-categorisation to opt to retail client status, we regret we shall not be able to continue to provide you with services hereunder, but, if appropriate, we may refer you to our private banking Affiliate(s) for future assistance. A summary of the different protections to which you are entitled, depending on your client categorisation, is set out in the enclosed Schedule of Protections Owed to Different Client Types.

**2.3** Unless otherwise agreed in writing between us, if you are acting on behalf of any principal or principals when transacting business with us under these Terms, J.P. Morgan will treat you alone (rather than any such principal or principals) as its client for all purposes in relation to the Rules. Therefore, you will be responsible for fulfilling any regulatory obligations to your principal(s). This applies even if you act on behalf of any principal or principals whom you have identified to us, and no such principal or principals will be a client of J.P. Morgan for the purposes of the Rules.

Where you are an Investment Manager acting as agent on behalf of one or more principals in relation to business conducted pursuant to these Terms, you shall not be liable as principal to perform any term of any transaction under these Terms and the relevant principal or principals on whose behalf you are acting shall be liable in respect of all obligations and liabilities to be performed in respect of any transaction you have entered into on their behalf under these Terms, save as otherwise provided in these Terms and save where by your conduct or otherwise you have held yourself out as acting as principal in respect of a transaction under these Terms (in which cases you shall be jointly and severally liable with the relevant principal in respect of all obligations and liabilities to be performed in respect of that transaction).

If you are not an Investment Manager, but are acting as agent on behalf of one or more principals in relation to business conducted pursuant to these Terms, you and each of your principals shall be jointly and severally liable in respect of all obligations and liabilities to be performed in respect of any transaction you have entered into on the relevant principal's behalf under these Terms, and references under these Terms to any principal on whose behalf you are acting as agent other than as an Investment Manager shall be construed as a reference to both you and your principal jointly and severally.

**"Investment Manager"** under these Terms means a firm or an overseas financial services institution acting as an investment manager, as these terms are used under the FCA Handbook and PRA Handbook, as applicable.

**2.4** For the avoidance of doubt, any principal can only act hereunder through you.

### 3. SERVICES PROVIDED

**3.1** J.P. Morgan may provide, at its sole discretion, the following services, unless otherwise specified:

- (a) Execute transactions upon your instructions in accordance with these Terms;
  - (b) Deal with or for you as principal and/or as your agent, as appropriate, or arrange deals in accordance with these Terms;
  - (c) Provide investment research to you;
  - (d) Provide such other services as may be agreed between you and J.P. Morgan; and
  - (e) Subject to Clause 32 (No Fiduciary Duty), perform ancillary actions in connection with any service under this Clause 3.
- 3.2** J.P. Morgan may provide services with or through its Affiliates or other entity or delegate the performance of services to any Affiliate or other entity without your further consent and employ such agents on such terms as we deem appropriate. Without limiting J.P. Morgan's rights under these Terms, in respect of transactions with or through such third parties, you (and, where you are acting on behalf of a principal or principals, your principal or principals) may be subject to any business terms and conditions of such persons.
- 4. REPRESENTATIONS AND WARRANTIES**
- 4.1** On a continuing basis, you represent and warrant to J.P. Morgan and agree that (including on behalf of any principal or principals for whom you are acting as agent):
- (a) You are duly organised and existing and in good standing under the laws of your jurisdiction;
  - (b) You have full power, authority and capacity, and in the case of a trustee you have and will have full power, authority and capacity when acting in the capacity of trustee under the relevant trust deed(s), to enter into and perform your obligations under these Terms and to confer on us such authorities as are necessary so that these Terms will be binding upon you;
  - (c) These Terms and any service or transaction contemplated or conducted or executed by you or for you constitute your legal, valid and binding obligations, enforceable against you in accordance with the provisions of these Terms, subject only to applicable bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting creditors' rights generally;
  - (d) Any of your investments which we or our agent hold on your behalf pursuant to these Terms are or will be beneficially owned by you free from all liens, charges and encumbrances other than those which may arise in our favour, or in the case of acting in the capacity of a trustee or investment manager, you represent that you have obtained a representation of beneficial ownership, free from all liens, charges and encumbrances, from the beneficial owner and that the beneficial owner has authorised you to deal with such investments;
  - (e) All necessary corporate or other consents and authorities to enable you to conduct all transactions and contract to receive all services under these Terms have been obtained and will be maintained by you;
  - (f) You have obtained and are in compliance with the terms of all authorisations, consents and approvals of any government or other regulatory body necessary to enable you to conduct all transactions under these Terms, and you shall provide us with copies of such consents or approvals as we may reasonably require;
  - (g) You are and will be knowledgeable of and experienced in the risks of entering into transactions under these Terms, capable of

- evaluating the merits and risks of such transactions and able to bear the economic risks of such transactions;
- (h) No Event of Default with respect to you has occurred and is continuing, and no such event or circumstance will occur as a result of entering into or performing obligations under these Terms;
- (i) You confirm that any information given to us by you or on your behalf is complete, accurate and not misleading;
- (j) Each payment by you shall be made without any deduction or withholding on account of tax, save where such deduction or withholding is required by law, in which case the amount of payment due shall be increased to an amount which (after making any deduction or withholding) leaves an amount equal to the payment which would have been due if no deduction or withholding had been required;
- (k) You will comply with and fulfil all of your obligations under Applicable Law and will not breach any Applicable Law in respect of entering into or performing any transaction under these Terms and you will provide J.P. Morgan with any instructions or orders and/or complete such procedural formalities as may be required by applicable tax or other law and/or practice and, at the request of J.P. Morgan, you will supply in a timely manner all tax-related forms, documents, certificates or other information that may be periodically required to enable J.P. Morgan to comply with its or any other tax-related information reporting obligations and/or make any payments to you (i) without reduction for any tax withholding or (ii) at a reduced rate of withholding, if applicable;
- (l) Where pursuant to these Terms you acquire securities in an offering that has not been qualified as a public offering in the jurisdiction in which you are located, you do so as a qualified, professional, institutional or similar investor that is eligible to do so under the laws of that jurisdiction pursuant to applicable private placement rules (without any action being required on our part other than that which has been performed and notified to you in writing), and that any resale, sub-participation or rehypothecation of, or other transaction in relation to, the securities by you will also be effected only in accordance with such rules (but without reliance on any such rule which is based purely on a numerical limit of offerees or purchasers);
- (m) Any third party appointed by you to give and receive instructions, notices and/or other communications on your behalf under these Terms has all requisite power and authority and/or appropriate regulatory or governmental consents (if applicable), to give and receive such instructions, notices or other communications;
- (n) Upon request from us, you will provide us with such information as is necessary for us to perform our obligations under Applicable Law; and
- (o) Either:
- (i) you do not and will not hold assets constituting, directly or indirectly, plan assets subject to (x) the fiduciary responsibility and prohibited transaction sections of the U.S. Employee Retirement Income Security Act of 1974 ("ERISA"); (y) the prohibited transaction provisions of Section 4975 of the U.S. Internal Revenue Code, (such assets in (x) and (y) being referred to as "**Plan Assets**"); or (z) any U.S. federal, state or local law that is similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code ("**Similar Law**"); or
  - (ii) your assets constitute Plan Assets but (x) these Terms and each transaction entered into hereunder will be entered into and performed on your behalf by a qualified professional asset manager (within the meaning of U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 84-14 ("**QPAM Exemption**")); and (y) such person has all requisite power and authority to enter into these Terms and each transaction hereunder on your behalf; and (z) neither the entering into nor the performance of these Terms or any transaction hereunder will result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the U.S. Internal Revenue Code by reason of the application of the QPAM Exemption, all the conditions of which shall be met; or
  - (iii) your assets are subject to Similar Law but (x) the entering into and performance of these Terms and each transaction entered into hereunder will not result in a breach of Similar Law, or result in any tax, rescission right, or other penalty on J.P. Morgan including by reason of an applicable exemption, all of the conditions of which shall be met.

For the avoidance of doubt, references to "you" and "your" in this Clause 4.1 mean both you and any principal(s) on whose behalf you are acting.

4.2 In relation to any transaction carried out pursuant to these Terms, if you are acting as agent for any principal or principals then, on a continuing basis (and with respect to Clauses 4.2(a) and (b), on behalf of yourself and any principal or principals), you additionally represent, warrant and undertake to J.P. Morgan that:

- (a) You have full power, authority and capacity from your principal or each of your principals to enter into and perform your obligations under and pursuant to these Terms including, without limitation, entering into transactions under these Terms on your principal's or principals' behalf;
- (b) In so doing, you are expressly authorised by your principal or each of your principals to instruct us in relation to any such transaction and each transaction is entered into on the relevant principal's or principals' behalf and the relevant principal or principals shall be liable in respect of all obligations and liabilities to be performed in respect of any such transaction;
- (c) Where you are not an Investment Manager, but are acting as agent on behalf of one or more principals in relation to business conducted pursuant to these Terms, you and the relevant principal will be jointly and severally liable to us in respect of all obligations and liabilities to be performed in respect of any such transaction;
- (d) You have carried out all due diligence required under relevant laws, including without limitation, all applicable prevention and detection of money laundering, client identification, sanctions (for the avoidance of doubt, including any prevention and detection of terrorism legislation), laws and regulations, to satisfy yourself of the good standing of your principal or each of your principals and that your principal or each of your principals is not involved in any money laundering or criminal activity;

- (e) You assume full responsibility for, and shall ensure compliance with, without limitation any and all suitability, supervision control, registration, credit review, market abuse laws, rules and regulations and other requirements and restrictions of Applicable Law in respect of your principal's or each principal's use of services under these Terms;
  - (f) You will use all reasonable endeavours to ensure that any principal or principals on whose behalf you act as agent complies with and fulfils all of its obligations under any transactions entered into pursuant to these Terms;
  - (g) You hold and will at all times hold all requisite authorities from your principal or each principal to grant the security interests in respect of the investments, monies or other property of such principal created by Clause 16 and to take any further action as might be required by us under Clause 15.4 in respect of selling or realising any such investment; and
  - (h) Each of your principals is able to, and hereby does, make the representations in Clause 4.1 as if all references to "you" in Clause 4.1 are references to each of your principals, and you have carried out the requisite due diligence to satisfy yourself of this.
- 4.3 You will notify J.P. Morgan if any of the representations, warranties and undertakings contained in Clauses 4.1 and/or 4.2 ceases to be true.

## 5. RISK WARNING

- 5.1 This notice is provided to you in compliance with the Rules and MiFID. Please be aware that there are certain risks involved in entering into transactions in financial instruments. You should not deal in these products unless you understand their nature and the extent of exposure to risk that you will incur.
- 5.2 All financial products carry a certain degree of risk, and even low risk investment strategies contain an element of uncertainty. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should be aware of the risks associated with each of these instruments. We refer you to the enclosed Schedule of Product and Service Risk Disclosures (a copy of which can also be found at <http://www.jpmorgan.com/pages/disclosures/mifid/ib/emea>) which describes both the risks of specific products, as well as generic types of risk, including, inter alia: liquidity risk, credit risk, market risk, currency risk, interest rate risk, legal/regulatory risk and operational risk.

5.3 The information contained in the enclosed Schedule of Product and Service Risk Disclosures cannot disclose the nature of all risks of all specific products or services or disclose everything about generic types of risk. The information contained in the Schedule of Product and Service Risk Disclosures is a general description of the risks associated with the specific products or services which we may provide to you. You should not rely on the highlighted risks as being the only risks in relation to the product or service. You should always satisfy yourself that a product or service is suitable for you in light of your financial circumstances and that you fully understand the nature and risk associated with that product or service. Any risks highlighted are not to be relied upon as investment advice or a personal recommendation.

## 6. TELEPHONE TAPING AND ELECTRONIC COMMUNICATIONS

- 6.1 J.P. Morgan may in its sole discretion record all telephone conversations including those held between you and/or your agent and employees of J.P. Morgan including trading, sales or settlements. J.P. Morgan may record such telephone conversations without use of a warning tone. Such records will be our sole property. Our voice records will be

accepted by you as conclusive evidence of the orders, instructions or conversations recorded.

6.2 To the extent permitted by Applicable Law, by virtue of accepting services hereunder, you agree that J.P. Morgan may record, monitor and retain all electronic communications for the purposes of ensuring compliance with J.P. Morgan's legal and regulatory obligations and internal policies, and in connection with the services and/or transactions contemplated by these Terms.

6.3 J.P. Morgan may retain such records for whatever period may be required as a matter of its internal policies and/or Applicable Law.

6.4 You agree that your use of electronic communications will be for the purposes of your business, trade or profession. You agree that the requirements of the E-Commerce Directive (2000/31/EC), as implemented in the United Kingdom, are excluded to the fullest extent permissible by law.

## 7. AUTHORISED INSTRUCTIONS

7.1 You authorise J.P. Morgan to act on any instruction received (by whatever means transmitted, whether or not in writing) which purports, and which we believe in good faith, to come from you or to have been given on your behalf regardless of whether you have provided us with notice of a list of persons (including any individual or entity) authorised to act on your behalf and, where you have provided us with such a list, regardless of whether the person in question is named or not named on that list. If we enter into any transaction(s) upon any such instruction, and securities or funds are not delivered to us as and when due, you will fully indemnify us and each of our Affiliates against all costs, expenses, liabilities and losses which we and/or any of our Affiliates may incur and against all claims which may be made against us and/or any Affiliate as a result of such failure.

7.2 Neither J.P. Morgan nor any Affiliate, nor any director, officer or employee of J.P. Morgan or an Affiliate, shall be responsible for any delays, inaccuracies or omissions in the receipt of your instructions or in the transmission of orders or other information to J.P. Morgan or an Affiliate by you except to the extent such delays, inaccuracies or omissions are caused by its own gross negligence, fraud or wilful default.

7.3 Notwithstanding our general willingness to enter into transactions with you or on your behalf, we shall not, unless otherwise obliged under the Rules, be under any obligation to enter into any particular transaction, or to accept and act in accordance with any instruction.

## 8. ORDER HANDLING AND OTHER REGULATORY REQUIREMENTS

### 8.1 Best Execution

When executing orders on your behalf and when placing orders with, or passing orders to, other entities (including Affiliates) for execution, we will do this in accordance with our Execution Policy as amended from time to time. For information on J.P. Morgan's Execution Policy for Professional Clients, see our webpage:

<http://www.jpmorgan.com/pages/disclosures/mifid/ib/emea>

### 8.2 Aggregation and Priority of Orders

J.P. Morgan handles client and own account orders promptly, fairly and in due turn subject to market conditions. J.P. Morgan may aggregate your (or, where you are acting as agent on behalf of a principal or principals, your principal's or principals') order with (i) its own orders; (ii) orders of Affiliates; or (iii) orders of other persons, in a manner that J.P. Morgan believes is fair in accordance with Applicable Law. Such aggregation may on some occasions operate to your (or, where applicable, your principal's or principals') disadvantage and on other occasions to your (or, where applicable, your principal's or principals') advantage. Market conditions may not permit your (or, where applicable, your principal's or principals') aggregated

order to be executed at once or in a single transaction. We may therefore execute it over such period as we deem appropriate and we may report to you a volume weighted average price for a series of transactions so executed instead of the actual price of each transaction.

#### 8.3 Open Orders

Unless otherwise agreed, open orders are specific and will remain in effect until executed or cancelled (including where cancelled by an Exchange). An open order will not be cancelled automatically by an identical or different order or transaction otherwise executed for your (or, where applicable, your principal's or principals') account in the securities concerned. It is your responsibility to cancel an open order where a substitute order has been entered. A transaction resulting from the execution of any such order which you have not cancelled will be entered in your (or, where applicable, your principal's or principals') account.

Sometimes your (or, where applicable, your principal's or principals') order may be partially completed on a particular trading day, to be completed on a subsequent trading day or days, and you may request that we delay sending you a confirmation until we are able to send you a confirmation covering the whole executed order. We are not obliged to accept such a request, but if we do accept it this does not affect the fact that you (or, where applicable, your principal or principals) are contractually obliged under these Terms to purchase (or sell, as applicable) the securities to which any partial execution relates. You (and, where applicable, your principal or principals) are responsible for obtaining your (and their) own legal advice as to when any obligation(s) you (or, where applicable, your principal or principals) have to disclose your (and/or, where applicable, your principal's or principals') transaction or resultant position may arise under Applicable Law.

#### 8.4 Limit Orders

You hereby instruct J.P. Morgan and its Affiliates not to immediately make public (where we would otherwise be required to do so by Applicable Law) any limit order you place with us in respect of shares traded on a regulated market where that order cannot immediately be executed.

#### 8.5 Inducements

In the course of providing services to our clients, we may pay or receive fees, commissions, rebates or other non-monetary benefits to or from third parties (including any Affiliate(s)). Such fees, commissions and rebates we directly receive from third parties from time to time will not be held on your behalf as client money under the FCA's Client Money Rules. Such fees, commissions, rebates or other non-monetary benefits will be disclosed to you to the extent required by the Rules and with regard to the nature of the services provided to you, and such disclosure may be in summary form only. Further details will be available upon request.

#### 8.6 Margined Transactions

In the event J.P. Morgan enters into or arranges transactions with or for you (or, where applicable, your principal or principals) under which you (or, where applicable, your principal or principals) may be liable to make further payments, we may require that you (or, where applicable, your principal or principals) provide us with initial and/or additional margin in a form acceptable to us. You (or, where applicable, your principal or principals) represent and warrant to us that any initial or additional margin you post with us shall be fully transferable and that no option, lien, charge, security or encumbrance exists or will, due to any act or omission by you, exist over the margin. Without prejudice to Clause 13, if you (or, where applicable, your principal or principals) fail to provide us with such margin by no later than the close of business on the business day as defined under the Rules ("Business Day") after we have notified you of such requirements, we may suspend any payment or delivery of securities required to be

made to you (or, where applicable, your principal or principals) and may close out your (or, where applicable, your principal's or principals') account by purchasing from, or selling to, a third party in a commercially reasonable manner the relevant financial instrument, underlying securities or collateral (or comparable financial instruments or securities). You shall reimburse us for all reasonable costs incurred by us in respect of any such purchase or sale.

#### 8.7 Short Positions

Unless you inform us otherwise, all instructions to sell investments are accepted by J.P. Morgan on the understanding that you (or, where applicable, your principal or principals) own the relevant investments. At the time of providing an instruction to J.P. Morgan to enter into transactions on your (or, where applicable, your principal's or principals') behalf, you must inform J.P. Morgan if the instruction requires J.P. Morgan to sell on your (or, where applicable, your principal's or principals') behalf investments which you do not own at the time, and (without prejudice to Clause 7.3) J.P. Morgan shall have the right in its sole discretion to refuse to accept any such instruction.

We may establish short positions on your (or, where applicable, your principal's or principals') behalf, that is to say sell on your (or, where applicable, your principal's or principals') behalf investments which you (or, where applicable, your principal or principals) do not own at the time, leaving you (or, where applicable, your principal or principals) with an open exposure related to any increase in the price of those investments before settlement. We may cover your (or, where applicable, your principal's or principals') settlement obligations by borrowing for you (or, where applicable, your principal or principals) the relevant investments. We may require you to sign appropriate documentation covering such borrowing.

You (or, where applicable, your principal or principals) acknowledge that restrictions or disclosure obligations may exist or be imposed from time to time under Applicable Law in relation to transactions in investments that J.P. Morgan enters into on your (or, where applicable, your principal's or principals') behalf. J.P. Morgan (without prejudice to Clause 7.3) reserves the right to refuse to accept any instruction where it considers in its sole discretion that accepting such instruction may cause it to breach Applicable Law (whether or not you have informed us as to whether or not you (or, where applicable, your principal or principals) own the investments in question).

#### 8.8 Stocklending

Any stocklending between you (or, where applicable, your principal or principals) and J.P. Morgan will be documented separately on our standard terms.

#### 8.9 Programme Trading

Where we accept an order to effect a programme trade we will act as riskless principal unless otherwise agreed at the time.

We and/or our Affiliate(s) may execute own account transactions in any investment and/or traded product included in a programme trade.

#### 8.10 Contract Notes and Confirmations

Where J.P. Morgan executes a sale or purchase of an investment and/or traded product with or for you (or, where applicable, your principal or principals) under these Terms, J.P. Morgan may confirm essential details of that transaction with you or any agent nominated by you in writing. This confirmation or contract note may be dispatched by, inter alia, telex, SWIFT, facsimile or in electronic form (including notice via a website), which shall have the same effect as if provided to you in hard copy. Confirmations or contract notes override any oral or informal trade summary or information that may be provided to you. You (and, where applicable, your principal or principals) agree that for trades introduced or arranged by

J.P. Morgan to or for an Affiliate, the Affiliate's confirmation shall be sufficient for this purpose.

All contract notes or confirmations issued by J.P. Morgan or its Affiliates (as agent for J.P. Morgan) shall bind you (or, where applicable, your principal or principals) unless a detailed objection is received in writing by the J.P. Morgan contact stated on the applicable contract note or confirmation (or if no contact is stated, your usual contact at J.P. Morgan) within one Business Day of dispatch of the contract note or confirmation by J.P. Morgan or applicable Affiliate as agent for J.P. Morgan. A party shall not be bound by a contract note or confirmation which it issues in manifest error.

#### 8.11 Custody of your Investments

J.P. Morgan may provide safe custody services for your (or, where applicable, your principal's or principals') investments, which will be the subject of a separate agreement. In addition, we may hold collateral in connection with financial instruments (as defined under MiFID), which may also be subject to a Product Contract.

Investments and/or traded products purchased by you (or, where applicable, your principal or principals) which are not custodied by J.P. Morgan, which are registrable, will be registered by us in accordance with your instructions. Certificates will be forwarded to you in accordance with your instructions. We will not accept responsibility for the safe custody obligations of any third parties to hold your (or, where applicable, your principal's or principals') investments.

#### 8.12 Corporate Actions

We shall not be responsible for the following corporate actions, unless you have specifically instructed us and we have agreed in writing to comply with such instruction, on such matters:

- (a) Taking up any rights;
- (b) Exercising conversion or subscription rights;
- (c) Dealing with take-overs, other offers or capital reorganisations; and
- (d) Exercising voting rights.

J.P. Morgan shall have no obligation to notify you of any corporate action.

#### 8.13 No Reliance / No Advice

Neither J.P. Morgan nor any of its Affiliates shall owe you (or, where applicable, your principal or principals) any duty to advise on the merits or suitability of any investment or series of investments or trading decisions or traded products entered into or contemplated by you unless specifically agreed otherwise in writing.

Without limitation to the generalities of the foregoing, we shall not give you (or, where applicable, your principal or principals) legal, regulatory, accounting, taxation, financial or any other advice in relation to any investment or series of investments or trading decisions or traded products and you (or, where applicable, your principal or principals) are solely responsible for seeking and obtaining your (or their) own advice and taking your (or, where applicable, your principal's or principals') own trading decisions. You (and/or, where applicable, your principal or principals) agree that you and/or they will rely on your or their own judgement for all trading decisions and investments or series of investments and that you or they are not in any way acting in reliance on us.

Furthermore, any research, trading recommendation, trade idea, information about investment and investment strategy, market commentary, generic advisory material or other information communicated to you (or, where applicable, your principal or principals) is not personalised to, tailored to or based on a consideration of your (or, where applicable, your principal's or principals') individual circumstance, is incidental to the provision of services by J.P. Morgan under these Terms and should not be relied upon. Neither J.P. Morgan nor any of

its Affiliates gives any representation, warranty or guarantee as to the accuracy or completeness of any such information or as to the regulatory, legal, accounting, taxation or other consequences of any investment or traded products.

#### 8.14 Financial Services Compensation Scheme

J.P. Morgan is a member of the Financial Services Compensation Scheme ("Scheme"). The Scheme is only available to certain types of claimants and claims. Payments to eligible claimants under the Scheme will vary depending on the type of protected claim (e.g. deposits or investments) the claimants hold with respect to the relevant institution. Payments under the Scheme in respect of protected deposits are subject to a maximum payment to any eligible depositor of GBP85,000. Payments under the Scheme in respect of Designated Investment Business (as defined under the Scheme) are subject to a maximum payment of GBP50,000 per eligible investor. Further details of the Scheme are available from J.P. Morgan on request or at the Scheme's official website at <http://www.fscs.org.uk>.

#### 8.15 Settlement

J.P. Morgan's obligation to settle any transaction or to deliver any securities purchased by you (or, where applicable, your principal or principals) is conditional upon receipt by J.P. Morgan or J.P. Morgan's settlement agent of all necessary documents or funds due to be delivered by you (or, where applicable, your principal or principals) or on your (or, where applicable, your principal's or principals') behalf on or before the due date for settlement.

Unless otherwise agreed in writing, you (or, where applicable, your principal or principals) are responsible for the due performance of every transaction which we enter into with or for you (or, where applicable, your principal or principals). Where permitted to do so by Applicable Law, we may effect a net settlement with or for you (or, where applicable, your principal or principals) or on your (or, where applicable, your principal's or principals') behalf. Where we have acted as agent for you (or, where applicable, your principal or principals), it is the other party to the transaction who is responsible for settlement of the transaction and delivery or payment will be at your (or, where applicable, your principal's or principals') entire risk.

J.P. Morgan shall effect settlement of any transaction in accordance with Applicable Law and market practice in the jurisdiction or market in which the transaction is settled. You (and, where applicable, your principal or principals) acknowledge that settlement of securities in some jurisdictions or markets does not occur on a delivery against payment basis.

Where you are acting under these Terms as agent on behalf of a principal or principals, and at the time a transaction is agreed under these Terms you have not notified us of the allocation of such transaction to your principal or amongst your principals as applicable, then: (i) you undertake to fully allocate the transaction, and notify us of such allocation, promptly to your principal or amongst your principals as applicable, each of whom will be liable as principal in respect of the part of the order allocated to it; and (ii) where you are an Investment Manager, until you have fully allocated the transaction and notified us of such allocation, without prejudice to any concurrent liability of your principal(s), you shall be liable as principal in respect of all obligations and liabilities to be performed in respect of any unallocated portion of that order.

You (or, where applicable, your principal or principals) are responsible for all taxes, duties and levies payable with respect to any transaction executed by J.P. Morgan with you or on your (or, where applicable, your principal's or principals') behalf. Where the applicable tax authority looks to J.P. Morgan to account for any such tax, duty or levy on your (or, where applicable, your principal's or principals') behalf, we shall be entitled to deduct, charge and account for any such amount and you (or, where applicable, your principal or principals) shall be obligated to pay to J.P. Morgan the relevant amount in

addition to the funds required to settle the transaction. If you (or, where applicable, your principal or principals) are entitled to an exemption from any such tax, duty or levy, J.P. Morgan shall be entitled nonetheless to deduct, charge and account for the amount you (or, where applicable, your principal or principals) would have been required to pay absent the exemption unless you supply all documentation and explanations required or requested by J.P. Morgan in order to be satisfied, in its sole discretion, that the exemption is available.

#### 8.16 Execution of Orders

When executing an order on your behalf, J.P. Morgan or its Affiliate, as the case may be, may execute that order outside a regulated market or Multilateral Trading Facility ("MTF") where J.P. Morgan or its Affiliate reasonably believes that this is necessary to achieve best execution. You consent to J.P. Morgan (or an Affiliate as the case may be) executing an order outside a regulated market or MTF where J.P. Morgan (or the relevant Affiliate as the case may be) reasonably believes it is in your best interest to so execute an order.

#### 8.17 Systematic Internalisation

To the extent that J.P. Morgan may, subject to the pre-trade quotation obligations set out in the Rules, act as a systematic internaliser, and J.P. Morgan grants access to quotes provided by it, J.P. Morgan may limit the number of transactions that it undertakes with you (or, where applicable, your principal or principals) and/or the total number of transactions it may enter into in aggregate with clients on the basis of such published quote.

#### 8.18 Trade Reporting

Where J.P. Morgan executes a transaction in respect of shares admitted to trading on a regulated market, but which are transacted outside a regulated market, J.P. Morgan will make the relevant transaction information public in accordance with Applicable Law unless you inform J.P. Morgan in writing that you will undertake to do so. J.P. Morgan may rely upon third parties (including data monitors) to make public such transaction information and J.P. Morgan may receive fees or commissions in connection with such third party arrangements. Fees or commissions owed by you to J.P. Morgan in connection with any such transaction shall not be affected by any fees or commissions received by J.P. Morgan from any third party in respect of such transaction.

#### 8.19 Transaction Reporting

J.P. Morgan will comply with its obligations under the Rules set out in SUP 17 (as amended from time to time) in relation to transactions executed with you (or, where applicable, your principal or principals) or on your (or, where applicable, your principal's or principals') behalf.

#### 8.20 Duties and Charges

J.P. Morgan may charge transaction duties and charges owing from you on a trade at fund manager level, or at a level different from that payable by J.P. Morgan as execution broker. Any difference in such duties and/or charges may be retained or absorbed by J.P. Morgan.

#### 8.21 ICMA Rules and Recommendations

All transactions under these Terms in "international securities" as that term is defined in the Rules and Recommendations of the International Capital Market Association or any successor entity ("ICMA") shall be subject to ICMA Rules and Recommendations.

#### 8.22 Market Conduct

You will not take any action or fail to take any action in circumstances where taking such action or failing to take such action would amount to market abuse, nor fail to observe the proper standards of market conduct in relation to any relevant Exchange and not knowingly take any step or omit to take any

step that would cause J.P. Morgan to commit market abuse or fail to observe such proper standards.

#### 8.23 Additional market requirements

Specific additional provisions which apply when trading on certain markets (including Exchanges, Clearing Systems or order matching systems) may be included on <http://www.jpmorgan.com/pages/disclosures/markets> from time to time.

### 9. CLIENT MONEY AND CUSTODY

9.1 The application of the rules governing client money are dependent on the legal entity within J.P. Morgan with which you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) transact and specifically whether such entity is or is not authorised as a credit institution, as such term is defined under the FCA Handbook and PRA Handbook, as applicable. Each entity within J.P. Morgan that is a credit institution shall be referred to as a "**J.P. Morgan Credit Institution**". A list of which entities within J.P. Morgan are J.P. Morgan Credit Institutions can be found at

<http://www.jpmorgan.com/pages/disclosures/mifid/ib/emea>.

We will notify you from time to time, including by way of posting on the above webpage, if any entities within J.P. Morgan become or cease to be a J.P. Morgan Credit Institution.

9.2 Unless specifically agreed in writing and subject to Clause 9.5, any money which a J.P. Morgan Credit Institution, other than J.P. Morgan Securities plc ("JPMS plc"), receives from you (or, where applicable, your principal or principals), or holds on your (or, where applicable, your principal's or principals') behalf in the course of carrying on investment business in the United Kingdom, will be held as banker, not as trustee, and will therefore not be subject to the protections conferred by the FCA's Client Money Rules as set out in CASS 7 of the FCA Handbook ("**Client Money Rules**"), and such funds will not be segregated from the money of such J.P. Morgan Credit Institution, and may be used by it in the course of its business. As a result, if such J.P. Morgan Credit Institution fails, the FCA's Client Money Distribution Rules as set out in CASS 7A of the FCA Handbook ("**Client Money Distribution Rules**") will not apply to these sums and you will not be entitled to share in any distribution under the Client Money Distribution Rules. You (or, where applicable, your principal or principals) will therefore rank only as a general creditor of such J.P. Morgan Credit Institution.

9.3 Subject to Clause 9.5, entities within J.P. Morgan that are not J.P. Morgan Credit Institutions ("**J.P. Morgan Investment Firms**") and JPMS plc will treat any money received from you (or, where applicable, your principal or principals) or held on your (or, where applicable, your principal's or principals') behalf in the course of carrying on investment business as client money in accordance with the Client Money Rules which, for the avoidance of doubt, may include holding client money with a third party bank or banks. A J.P. Morgan Investment Firm or JPMS plc (as applicable) may also hold client money with a J.P. Morgan Credit Institution or other member of the group of companies of which J.P. Morgan forms part which is a bank authorised in a third country (as defined under the Client Money Rules). We may also allow another third party (for example an OTC counterparty, settlement agent, intermediate broker, Exchange or Clearing System) to hold or control client money in order to effect one or more transactions through or with that person or to satisfy your obligation to provide collateral in respect of a transaction. Client money may be held outside the United Kingdom. If client money is held with a party outside the United Kingdom the applicable legal and regulatory regime may be different from that of the United Kingdom and other European Economic Area (the "**EEA**") states and if the bank, intermediate broker, over-the-counter ("**OTC**") counterparty, Exchange, Clearing System or settlement agent fails, your (or, where applicable, your principal's or principals') money may be treated differently from the position that would apply if client money were held in the

United Kingdom or an EEA state. You (and, where relevant, your principal or principals) should consider taking independent legal advice if you or they have any concerns.

9.4 J.P. Morgan Investment Firms or JPMS plc (as applicable) may place your (or, where applicable, your principal's or principals') money into a qualifying money fund, as defined in the Client Money Rules. As a result, any money will not be held in accordance with the Client Money Rules and the units in any such fund will be held for you as custody assets in accordance with the provisions on custody assets set out in the FCA's Custody Rules as set out in CASS 6 of the FCA Handbook (the "**Custody Rules**"). If you do not want us to place client money we hold on your (or, where applicable, your principal's or principals') behalf into a qualifying money fund, please advise us in writing.

9.5 The Client Money Rules and the Custody Rules will not apply in respect of any monies or assets where full ownership has been transferred by you (or, where applicable, your principal or principals) to J.P. Morgan for the purpose of securing or otherwise covering present or future, actual or contingent or prospective obligations (a "**Title Transfer Collateral Arrangement**") pursuant to a Product Contract.

Where money or securities have been provided to J.P. Morgan under a Title Transfer Collateral Arrangement such money and securities may be used in the course of J.P. Morgan's business and you (or where applicable, your principal or principals) will therefore rank only as a general creditor of such J.P. Morgan institution. Any notification that you would like to terminate a Title Transfer Collateral Arrangement should be made in accordance with the Product Contract and in writing.

9.6 In the event that a J.P. Morgan Credit Institution agrees separately with you to treat any money received from you or held on your behalf as client money in accordance with the Client Money Rules, the provisions of Clauses 9.3 to 9.5 shall apply in respect of that J.P. Morgan Credit Institution as if it were a J.P. Morgan Investment Firm, save to the extent that such J. P. Morgan Credit Institution may otherwise agree in writing with you.

9.7 You agree that J.P. Morgan may in its sole discretion decide to pay away any unclaimed money held on your (or, where applicable, your principal's or principals') behalf as client money in accordance with the Client Money Rules to a registered charity of our choice, provided that J.P. Morgan has held such unclaimed money for you for at least 6 years following the last movement on your account (disregarding any payment or receipt of interest, charges or similar items) and we have taken reasonable steps in accordance with the Client Money Rules to trace you and return the money, in which case we shall cease to treat such money as client money. In such circumstances, we (or an Affiliate) will unconditionally undertake to pay you a sum equal to the balance paid away in the event that you seek to claim such balance in the future.

9.8 You agree that J.P. Morgan may in its sole discretion decide to:

- (a) liquidate any unclaimed assets kept in safe custody by us for you at market value and pay away the proceeds, or
- (b) pay away any such unclaimed assets,

in either case to a registered charity of our choice, provided that we have held the relevant assets in safe custody for you for at least 12 years; we have in the 12 years preceding the divestment not received any instructions from you or on your behalf relating to any assets kept in safe custody for you; and we have taken reasonable steps in accordance with the Custody Rules to trace you and return the relevant assets, in which case we shall cease to treat such assets as custody assets held for you. In such circumstances, we (or an Affiliate) will unconditionally undertake to pay you a sum equal to the value of the relevant asset at the time it was liquidated or paid away in the event that you seek to claim the asset in the future.

9.9 J.P. Morgan reserves the right to charge an account maintenance fee in relation to inactive accounts in respect of which we have not received any instructions from you or on your behalf for at least 1 year. Such fee will be notified to you at your last known address. Pursuant to Clause 10.2, such maintenance fee may be deducted from any funds held by us on your (or where applicable your principal's or principals') behalf. In the event that insufficient funds are available in such accounts, you agree that we may in such manner and at such time or times as we in our sole discretion see fit, liquidate any investments or other assets, as we in our sole discretion may select, that we hold for you (or, where applicable your principal or principals) in safe custody in order to deduct the amount of the maintenance fee from the proceeds.

9.10 You may at any time make a request for information in respect of any client money or assets J.P. Morgan holds for you in safe custody or a copy of any statement previously provided to you, in respect of which we may charge you an amount which reasonably corresponds to our actual costs.

## 10. CHARGES AND INTEREST

10.1 We may charge you (or, where applicable, your principal or principals) interest in the following circumstances:

- (a) Where you (or, where applicable, your principal or principals) are in default by virtue of late payment for or delivery of investments, traded products, collateral or cash, interest may be charged at a rate at our sole discretion; and
- (b) Where there is an agreed debit balance on your (or, where applicable, your principal's or principals') account with us, interest may be charged at the rate agreed between us.

Interest will not normally be payable to you (or, where applicable, your principal or principals) in respect of any money we hold for you (or, where applicable, your principal or principals), unless specifically agreed between you and J.P. Morgan in writing.

10.2 Our charges will be subject to negotiation and agreement. In the absence of any agreement between us, we shall be entitled to charge and you (or, where applicable, your principal or principals) agree to pay our standard rates plus all commission, mark-up, mark-down, spread or other fees, charges, expenses, fines or penalties on a transaction entered into by you under these Terms, as well as any applicable value added tax. Any charges due to us (or to our agents) plus any applicable value added tax, duties, taxes and levies may be deducted from any funds held by us on your (or, where applicable, your principal's or principals') behalf or any payments made by us to you (or, where applicable, your principal or principals) or to others on your behalf or, at our discretion, shall be paid by you (or, where applicable, your principal or principals) as we notify. Where value added tax is due on our charges (including any expenses) payable by you (or, where applicable, your principal or principals) to J.P. Morgan, you (or, where applicable, your principal or principals) shall be responsible for such value added tax and shall pay such value added tax to the relevant tax authorities or J.P. Morgan as required by Applicable Law. References to "**value added tax**" in this paragraph include value added tax, sales tax, services tax, goods and services tax and analogous taxes plus any interest or penalties if relevant.

10.3 Where we effect any transaction as principal with you (or, where applicable, your principal or principals), the pricing of that transaction may incorporate a mark up or mark down, which may result in additional compensation to us.

10.4 We and/or our Affiliates may receive other payments in connection with any transaction we execute with or for you (or, where applicable, your principal or principals), in addition to or in lieu of any fees, as described in Clause 8.5.

We may share our charges with other persons and the amount or basis of any shared charges in relation to a specific transaction will be made available on request to the extent required under the Rules and with regard to the nature of the services provided to you, and such disclosure may be in summary form only. Further details will be available on request.

## 11. MATERIAL INTERESTS

11.1 When we deal or arrange deals with or for you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) or otherwise provide services to you, we, an Affiliate or some other person connected with us, may have an interest, relationship or arrangement that is material in relation to the transactions or investment concerned and you authorise us under these Terms to deal or arrange deals in such circumstances without further specific prior notification to you, and J.P. Morgan and/or its Affiliates may retain any profit from such transactions. For example, we may deal in investments as principal, or as agent for more than one party, or may make a recommendation to buy or sell an investment in which we have a long or short position or in which we have been given instructions by another customer to buy or sell. Information barriers may exist between the different parts of our organisation, which will mean that the person dealing with or for you (or, where applicable, your principal or principals) may be unaware of such a situation. However, even where this is not the case, we shall not, in providing services to you, be obligated to use or disclose information, whether or not unpublished and/or price sensitive, which is in possession of another of our business areas or any of our Affiliates.

11.2 We are required to treat you (or, where applicable, your principal or principals) fairly in relation to conflicts of interest or material interests. Where we are unable to manage a potential conflict effectively through our own internal conflict management arrangements, we may make you aware of the possibility of such conflict or material interest and ask you to consent to us acting notwithstanding such conflict or material interest. We may also decline to act where we believe that there is no other practicable way of treating you (or, where applicable, your principal or principals) and our other clients fairly. If you object to us acting where we have disclosed that we have a conflict or material interest, you should notify your usual contact at J.P. Morgan in writing. Unless so notified, we will assume that you do not object to our so acting.

11.3 Neither the relationship between you (or, where applicable, your principal or principals) and J.P. Morgan, nor the services to be provided by J.P. Morgan, nor any recommendation or advice tendered to you (or, where applicable, your principal or principals), nor any other matter, will give rise to any fiduciary or equitable duties on the part of J.P. Morgan which would oblige either J.P. Morgan or an Affiliate to accept responsibilities more extensive than those set out in these Terms or which would prevent or hinder J.P. Morgan or an Affiliate from:

- (a) Acting as principal or as agent for any Affiliate in respect of investments and/or traded products sold or purchased; or
- (b) Advising on, managing, underwriting, or otherwise participating in any issue or proposed issue of securities or other corporate finance matter (whether for a corporation or otherwise); or
- (c) Advising on or managing investments and/or traded products for any person.

Neither J.P. Morgan nor any Affiliate shall be liable to account to you (or, where applicable, your principal or principals) for any profit, commission or remuneration made or received from or by reason of transactions with our clients or any connected transaction nor will our fees, unless otherwise agreed in writing between us, be rebated. You acknowledge and agree that J.P. Morgan and its Affiliates may provide services and earn

(and retain) all such profit, commission or remuneration notwithstanding the existence of material interests.

11.4 J.P. Morgan, or an Affiliate, may hold a long or short position or a derivative interest in, or act as a market maker in, the financial instruments of any issuer in which you (or, where applicable, your principal or principals) may hold a position or J.P. Morgan or an Affiliate may act as underwriter, distributor, adviser or lender to any such issuer. J.P. Morgan may conduct trading activities, including hedging, in connection with any transaction referenced herein, which may have an adverse impact on you (or, where applicable, your principal or principals).

## 12. AFFILIATES

We may recommend the services of, or pass an order to, any Affiliate. We may introduce you to an Affiliate outside the United Kingdom which may not be an authorised person subject to regulation under the terms of the FSMA, and any money held by such an Affiliate on your (or, where applicable, your principal's or principals') behalf may be treated differently to how it would be treated if it were held by an authorised person who is subject to regulation under the terms of the FSMA.

## 13. EVENTS OF DEFAULT

13.1 On or at any time after the occurrence of any of the following events (each an "Event of Default"):

13.1.1 You (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) fail to pay any amount due and owing, or fail to deliver when due any property in respect of any transaction with J.P. Morgan or any Affiliate; or

13.1.2 You (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) otherwise default in the due performance and observance of any other provision of these Terms; or

13.1.3 Any representation or warranty made by you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) being incorrect, untrue, or ceasing to be true in any material respect at any time, or you (or, where applicable, your principal or principals) fail to comply with any undertaking made by you (or, where applicable, your principal or principals) under these Terms; or

13.1.4 You (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) fail to comply with the rules and/or regulations of any Exchange, OTC market, Clearing System, applicable regulation or law, or you (or, where applicable, your principal or principals) are suspended from membership of, or participating in, any Exchange, over-the-counter market or Clearing System; or

13.1.5 Any material adverse change in your (or, where you are acting as agent on behalf of a principal or principals, your principal's or principals') financial condition or business occurs which, in our opinion, may jeopardise our position in relation to any transaction entered into with you (or, where applicable, your principal or principals); or

13.1.6 You (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) become insolvent or unable to pay your (or, where applicable, your principal's or principals') debts as they become due, or make a general assignment, arrangement or composition with or for the benefit of creditors, or become the subject of insolvency, bankruptcy or similar proceedings, or a petition is presented for your (or, where applicable, your principal's or principals') winding up or liquidation or a trustee, receiver or manager is appointed over all or substantially all of your (or, where applicable, your principal's or principals') assets; or

13.1.7 You (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) lose the regulatory authorisations and/or licences which are necessary for you (or, where applicable, your principal or principals) to

lawfully perform your (or, where applicable, your principal's or principals') obligations under these Terms; or

13.1.8 Where you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) are acting as a trustee, you (or, where applicable, your principal or principals) cease to act as trustee of the relevant trust or you (or, where applicable, your principal or principals) lose your (or, where applicable, your principal's or principals') trustee indemnity; or

13.1.9 Where you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) are a natural person, you (or, where applicable, your principal or principals) die or become of unsound mind;

We may:

- (a) Terminate these Terms, with immediate effect upon written notice to you, whereupon any amount or other obligations owed by you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) to J.P. Morgan and/or any Affiliate under these Terms shall become immediately due and payable and due for performance; and/or
- (b) Terminate these Terms in relation to any J.P. Morgan entity or entities with immediate effect upon written notice to you, whereupon any amount or other obligations owed by you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) to that J.P. Morgan entity (or those J.P. Morgan entities), and/or an Affiliate in respect of services provided to you by that J.P. Morgan entity, under these Terms shall become immediately due and payable and due for performance but these Terms will remain in force between you (or, where applicable, your principal or principals) and each other J.P. Morgan entity and references in these Terms to "J.P. Morgan" and "we" shall be construed accordingly; and/or
- (c) Terminate with immediate effect any outstanding transaction(s) entered into between J.P. Morgan and you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) under these Terms as we shall determine and notify you of such termination as soon as reasonably practicable, whereupon any amount or other obligations owed by you (or, where applicable, your principal or principals) to J.P. Morgan and/or any Affiliate in respect of that transaction or those transaction(s) shall become immediately due and payable and due for performance but these Terms will remain in force between us in respect of all other transactions; and/or
- (d) Without prejudice to any of our other rights, exercise any of our powers pursuant to Clauses 15, 16 and/or 17 below.

13.2 Where you are subject to a system of law that does not permit termination to take place after the occurrence of an Event of Default, (a) we shall not be required to serve you with notice of termination; and (b) termination of these Terms shall be deemed to have occurred as of the time immediately preceding the Event of Default ("Automatic Early Termination Event").

13.3 Where in relation to any transaction carried out pursuant to these Terms you are acting as agent for any principal or principals, any Event of Default and/or an Automatic Early Termination Event in relation to you shall constitute an Event of Default in respect of that principal or principals on whose behalf you are acting as agent, unless otherwise determined by us.

13.4 If an Event of Default and/or an Automatic Early Termination Event occurs in relation to you (or, where relevant, your principal or principals), you shall immediately give written notice thereof to us, specifying the relevant Event of Default and/or Automatic Early Termination Event. Neither the existence nor non-existence of such notification by you shall prejudice the rights and remedies available to us under these Terms or Applicable Law.

13.5 Where an Event of Default and/or an Automatic Early Termination Event occurs in relation to a principal or principals on whose behalf you are acting as agent, these Terms can be terminated by us in relation to such principal(s) under Clause 13.1 without affecting the continuation of these Terms in relation to you and any other party on whose behalf you act.

13.6 If any person (a "Guarantor") has provided J.P. Morgan any form of financial or performance guarantee or surety or collateral in respect of your (or, where relevant, your principal's or principals') obligations under these Terms, then it shall also be an Event of Default if any of the events set out in Clause 13.1 occur in relation to the Guarantor, unless otherwise determined by us.

13.7 If a J.P. Morgan entity admits in writing that it is unable to pay its debts as they fall due, or a receiver, administrator (whether out of court or otherwise), administrative receiver, liquidator, trustee or analogous officer is appointed over it or over all or any material part of its property, or there is a declaration of a moratorium in respect of its indebtedness (other than where any of the foregoing events are pursuant to or in connection with a consolidation, reorganisation, amalgamation or merger or any analogous event to any of the foregoing events in this parenthesis), you shall be entitled upon written notice to such J.P. Morgan entity to terminate these Terms in relation to that J.P. Morgan entity with immediate effect upon written notice to that J.P. Morgan entity, whereupon you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) may treat the outstanding transactions between you (or, where applicable, your principal or principals) and that J.P. Morgan entity under these Terms (but, for the avoidance of doubt, not including any transactions between you and that J.P. Morgan entity under a Product Contract) as cancelled and terminated and/or set-off and/or net the positions and liabilities between you (or, where applicable, your principal or principals) and that J.P. Morgan entity in respect of such outstanding transactions, but these Terms will remain in force between you (or, where applicable, your principal or principals) and each other J.P. Morgan entity and references in these Terms to "J.P. Morgan" and "we" shall be construed accordingly. For the purposes of you exercising any set-off or netting right under this Clause 13.7, where you (or, where applicable, your principal or principals) or the relevant J.P. Morgan entity are under an obligation to deliver securities in respect of a transaction under these Terms, any such obligations shall constitute an amount equal to the purchase price of the relevant securities in the market as shall be reasonable in the circumstances.

13.8 Any termination under this Clause 13 will not affect any provision of these Terms intended to survive termination, including, without limitation, Clauses 8.15, 10, this Clause 13, Clauses 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34.

#### 14. TERMINATION ON NOTICE

14.1 J.P. Morgan may, by sending you a notice in writing under these Terms: (a) terminate these Terms; and/or (b) terminate these Terms in relation to any J.P. Morgan entity or entities, whereupon these Terms will remain in force between you (or, where applicable, your principal or principals) and each other J.P. Morgan entity and references in these Terms to "J.P. Morgan", "we", "us" and "our" shall be construed accordingly.

14.2 Any termination given by us may take effect immediately or on such later date as the notice may specify.

14.3 You may also terminate these Terms by giving notice in writing of termination, which will take effect ten Business Days after the date on which we receive such notice.

14.4 Upon termination under either Clauses 14.1 or 14.3, both we and you (or, where applicable, your principal or principals) will honour and fulfil any transactions agreed to but not settled before the date of any such termination.

14.5 Where under these Terms you are acting as agent on behalf of more than one other party, we may terminate these Terms in relation to any such other party pursuant to this Clause 14 without affecting the continuation of these Terms in relation to you and any other party on whose behalf you act.

14.6 Upon termination subject to final discharge of all obligations owed by you (or, where applicable, your principal or principals) to us, your account will be transferred or otherwise administered in accordance with your instructions.

14.7 Any termination effected by either party under this Clause 14 will not affect accrued rights under these Terms or in respect of any transaction(s) entered into under these Terms, or any provision of these Terms intended to survive termination, including, without limitation, Clauses 8.15, 10, 13, this Clause 14, Clauses 15, 16, 17, 18, 19, 20, 22, 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34.

## 15. CLOSE OUT

15.1 If any of the Events of Default set out in Clause 13.1 occurs, we may, with immediate effect or as soon as practicable, in our sole discretion and without notice, and without prejudice to any of our rights, whether under these Terms or otherwise:

- (a) Treat any or all outstanding transactions or matching transactions under these Terms as cancelled and terminated; and/or
- (b) Cancel, close out, terminate and/or reverse all or any transaction(s) or open positions under these Terms, and, or alternatively, take any other action which we consider necessary or appropriate to cover (including to hedge, open new positions or otherwise risk manage our positions and/or cover our expenses), reduce or prevent our loss or otherwise recover any amount owed by you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) to J.P. Morgan or any Affiliate under these Terms; and/or
- (c) Set-off and/or net any or all positions and liabilities between J.P. Morgan and you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) under these Terms, including the values upon close out, termination or reversing of transactions or open positions.

15.2 Where an Event of Default is an Automatic Early Termination Event under Clause 13.2, the close-out provisions under Clause 15.1 shall occur automatically.

15.3 For the purposes of valuing any positions or transactions in respect of our rights above and under Clause 13.1 we may, without limitation, take into account such factors as we deem relevant including, but without limitation, reasonable transaction costs, fees, commissions and expenses which would be incurred in connection with a purchase, sale or realisation of an investment and/or traded product.

15.4 For the purpose of selling or realising any investment and/or traded product which we are holding or are entitled to receive on your (or, where you are acting as agent on behalf of a principal or principals, your principal's or principals') behalf, if we so request at any time, you shall

promptly execute and sign all such transfers, assignments, further assurances, powers of attorney or other documents and do all such other acts and things (or, where you are acting as agent for any principal or principals, and have no authority to do so yourself, you shall use best endeavours to procure the same from that principal or principals) as may reasonably be required to sell, dispose of or realise the investment or for the exercise by us of all or any of the powers, authorities and discretions conferred on us by these Terms.

## 16. LIEN, CHARGE AND SET-OFF

16.1 Without prejudice and in addition to any general lien, right of set-off or other similar rights which we may have, by law or otherwise, over any of your (and, where you are acting as agent on behalf of a principal or principals, your principal's or principals') investments, monies or other property, your (or, where applicable, your principal's or principals') investments, monies or other property shall be subject to a general lien in favour of J.P. Morgan and its Affiliates, insofar as there remains any outstanding amount owed by you (or, where applicable, your principal or principals) to J.P. Morgan or any Affiliate under these Terms.

16.2 Your (or, where applicable, your principal's or principals') investments, monies or other property shall be subject to a charge in favour of J.P. Morgan and its Affiliates as continuing security for the payment and discharge of any obligation, whether present or future, actual or contingent owed by you (or, where applicable, your principal or principals) to J.P. Morgan or any Affiliate under these Terms. Where you are acting under these Terms as agent on behalf of a principal or principals, the charge over the investments, monies or other property of that principal or those principals shall act as continuing security only for the payment and discharge of any obligation, whether present or future, actual or contingent owed by that principal or those principals to J.P. Morgan or any Affiliate.

16.3 If at any time during the course of or following the termination of these Terms any amount or other obligation is owed by you (or, where applicable, your principal or principals) to us under these Terms, we may set-off any such amount or obligation against, or retain or make deductions from, any amount or other obligation which we, or any Affiliate, owe to you (or, where applicable, your principal or principals) or are holding including in any of the following ways under these Terms:

- (a) In accordance with the rules and/or regulations of any applicable Exchange or Clearing System;
- (b) By debiting any account or accounts of yours (or, where applicable, your principal or principals) with us and/or with any Affiliate;
- (c) In any other manner which we deem appropriate and in accordance with the law; and
- (d) In addition we shall have the right at any time without notice to combine and/or consolidate all or any of your (or, where applicable, your principal's or principals') accounts held by any Affiliate, any nominee or trustee for an Affiliate, and/or us.

16.4 Where you (or, where applicable, your principal or principals) or we or an Affiliate are under an obligation to deliver securities, for the purposes of J.P. Morgan exercising any termination, close out, netting or set-off rights under these Terms, any such obligations shall constitute an amount equal to the purchase price of the relevant securities in the market (as determined by us in our sole discretion).

16.5 J.P. Morgan will not be obliged to exercise any power of sale under these Terms in place of exercising any right of set-off.

16.6 Where we exercise any right of set-off against a principal on whose behalf you are acting as agent, we shall only exercise such right of set-off against the property of the

relevant principal and, for the avoidance of doubt, we will not exercise any such rights against the property of any other principal on whose behalf you are acting as agent. In respect of a principal that is a trustee, corporation or other person or group of persons formed as a collective investment scheme having an "umbrella" structure, we will only have recourse against those assets attributable to the relevant sub-fund of the umbrella in respect of which you have effected a transaction under these Terms and we will not have recourse against any other assets of that umbrella that have been allocated to any other sub-fund of such umbrella notwithstanding that it is at law a single legal entity.

#### **17. POWER OF SALE**

17.1 You (or, where applicable, any principal or principals on whose behalf you are acting) hereby irrevocably authorise us at any time after the occurrence of an Event of Default, if any amount or other obligation owed to us and/or any Affiliate(s) from you (or, where applicable, your principal or principals) under these Terms has not been paid or performed when due, to sell, dispose of or realise any investment, traded product or other property which we are holding or are entitled to receive on your (or, where applicable, your principal's or principals') behalf, without responsibility for any loss or diminution, in order to realise funds to satisfy any amount or obligation (including, without limitation, our expenses and/or any costs incurred as a result of any buy-in) owed by you (or, where applicable, your principal or principals) to J.P. Morgan or any Affiliate.

17.2 At any time after the occurrence of an Event of Default, we shall have the right to appropriate all or part of any investment, traded product or other property which we are holding or are entitled to receive on your (or, where applicable, your principal's or principals') behalf, without responsibility for any loss or diminution, towards satisfying any amount or obligation owed by you (or, where applicable, your principal or principals) to J.P. Morgan and/or any Affiliate(s).

#### **18. EXCLUSION, RESTRICTION OF LIABILITY AND INDEMNITY**

18.1 Subject to Clause 18.4 below, none of us nor any Affiliate, nor any of our or their respective directors, officers or employees shall be liable for any loss suffered by you (or, as applicable, your principal or principals) under or in connection with these Terms unless caused by its own gross negligence, wilful default or fraud.

18.2 Subject to Clause 18.4 below, you (or, where applicable, any principal or principals on whose behalf you are acting) will indemnify us and/or each Affiliate and each of our and/or its respective directors, officers or employees against any costs, loss, liability or expense whatsoever which may be suffered or incurred by us and/or any of them directly or indirectly in connection with or as a result of any service performed or action permitted under these Terms (including, for the avoidance of doubt, the occurrence of any of the events set out in Clause 13.1), unless caused by the gross negligence, wilful default or fraud of the person claiming indemnity under this Clause 18.2.

18.3 Subject to Clause 18.4 below, in no event shall we or any Affiliate, or any of our or their respective directors, officers or employees be liable to you (or, where applicable, any principal or principals on whose behalf you are acting) for any consequential, indirect, punitive, special or incidental damages, liabilities, claims, losses, expenses, awards, proceedings or costs howsoever caused.

18.4 Nothing in these Terms will exclude or restrict any liability for fraud or any duty or liability we may have to you under the Rules which may not be excluded or restricted thereunder, or require you to indemnify or compensate us to any extent prohibited by the Rules.

#### **19. PROVISION OF FINANCIAL AND OTHER INFORMATION**

You will provide us with financial and other information concerning yourself (and/or, where you are acting as agent for any principal or principals, information on that other party or parties) as we from time to time may reasonably request or as we may be required to procure as a matter of law or regulation, and you will notify us immediately of any material adverse change in your financial status (and/or, where you are acting as agent for any principal or principals, the financial status of each principal).

You also authorise us to disclose information to your investment manager, investment adviser, auditors, administrators, other advisors or agents as they may from time to time request, and to disclose such information to third parties (including but not limited to investors) at the direction of your investment manager, investment adviser, administrator and other advisers of agents. We shall not be liable to you for any costs, expenses, losses, damages, liabilities, demands, charges, actions and claims of any kind or nature whatsoever, howsoever caused, resulting from any such disclosure following the request of your investment manager, investment adviser, auditors, administrators, other advisors or agents.

#### **20. DATA PRIVACY AND MARKETING**

J.P. Morgan hereby notifies you (and, where you are acting as agent on behalf of a principal or principals, your principal or principals) and your and their affiliates and agents and your and their officers, employees and other individual representatives that, in the course of providing services, J.P. Morgan may process information about officers and employees of you (or, where applicable, your principal or principals) and your or their affiliates and agents which may constitute personal data (including sensitive personal data) under the EU Data Protection Directive (the "Directive") and implementing laws or under other data protection laws that apply in J.P. Morgan's Europe, Middle East & Africa region ("Personal Data"). The Personal Data may be shared, for the purposes described below, with our Affiliates and/or our service providers and/or the service providers of our Affiliates in any country in which J.P. Morgan or such Affiliates or service providers conduct business. This may include some countries that do not provide the same statutory protection for Personal Data as applies under the Directive and implementing laws or under other data protection laws that apply in J.P. Morgan's Europe, Middle East & Africa region. The Personal Data may be processed for purposes including administering the relationship and related services, compliance with any Applicable Law, and the prevention or investigation of suspected or actual crimes or malpractice. The Personal Data may be disclosed by us and/or our Affiliates and/or our service providers and/or the service providers of our Affiliates if permitted or compelled by Applicable Law, or to regulators, auditors or law enforcement agencies, or in response to court orders or requests from government authorities. Further details of J.P. Morgan's processing activities, including the type of organisations to which the Personal Data may be disclosed, are available at

[http://www.jpmorgan.com/directdoc/emea\\_privacy.pdf](http://www.jpmorgan.com/directdoc/emea_privacy.pdf), as amended from time to time. Individuals about whom J.P. Morgan processes Personal Data may request a copy of the Personal Data held in relation to them by J.P. Morgan. J.P. Morgan may, if allowed by law, charge a fee for this. If any Personal Data is found to be wrong, the individual concerned has the right to ask J.P. Morgan to amend, update or delete it, as appropriate.

J.P. Morgan may contact you and your employees by mail, e-mail, SMS, telephone and any other electronic means to provide information on products and services that J.P. Morgan believes will be of interest to you, unless J.P. Morgan receives a written objection to receiving such information. Anyone who does not wish to receive such communications from J.P. Morgan should contact their usual relevant contact at J.P. Morgan.

## 21. ELECTRONIC SERVICES

J.P. Morgan may make available to you those electronic services which J.P. Morgan has agreed to provide to you from time to time. The provision of such electronic services shall be subject to these Terms, as well as the enclosed Electronic Services Terms.

## 22. THIRD PARTY DEPOSITORIES

Where J.P. Morgan places your (or, where you are acting as agent on behalf of a principal or principals, your principal's or principals') funds, financial instruments or traded products in accounts with third party depositories, such accounts will be subject to the laws of the jurisdiction of such accounts (which may be in a jurisdiction other than that of a Member State of the EEA), and such depositories may impose a security interest or lien over, or right of set-off in relation to those funds, financial instruments or traded products. Your rights to your (or, where applicable, your principal's or principals' rights to their) funds, financial instruments or traded products in the event of an insolvency or default may be different (and may be reduced) in the event of an insolvency or default of a depository. Such depository may hold your (or, where applicable, your principal's or principals') assets in an omnibus account. In the event of an insolvency or default of such party, if there is a shortfall in the omnibus account or the assets available to settle all claims, you (or, where applicable, your principal or principals) may not recover all your assets. It also may not be possible under the relevant national law of a third party for assets held on your (or, where applicable, your principal's or principals') behalf to be separately identifiable from the assets belonging to that third party or to us. Where your (or, where applicable, your principal's or principals') assets are held by a third party, J.P. Morgan will not be liable for the acts or omissions of that third party or for any loss or damage you (or, where applicable, your principal or principals) may incur other than as a direct result of gross negligence, wilful default or fraud on our part in the initial selection of the third party depository.

## 23. MONEY LAUNDERING PREVENTION

We are obliged to comply with Applicable Law, regulations and sanctions concerning money laundering and the financing of terrorism. These laws and regulations require us to deter money launderers from using us as a conduit for their illegal activities, to identify and report suspicious transactions and to keep an audit trail for use in any subsequent investigation into money laundering activities. Our obligations under these laws and regulations override any obligations of confidentiality which may otherwise be owed to you (and, where applicable, your principal or principals). We may be obliged to notify the relevant authorities (including in the United Kingdom, the United States of America and/or other jurisdictions) of any transactions which we may suspect involve the laundering of the proceeds of, or involve the financing of, any criminal activity, regardless of where that crime may have been committed. We shall therefore deal with you (and, where applicable, your principal or principals) on the understanding that you (or, where applicable, your principal or principals) are complying with and will continue to apply all applicable anti-money laundering legislation to which you (or, where applicable, your principal or principals) may be subject. We may also from time to time seek your written assurance that you have records evidencing that you have identified your clients in accordance with applicable anti-money laundering legislation, as applicable. If at such time you are unable to provide us with such assurance, we reserve the right to cease to deal with you without limiting any other rights under these Terms.

## 24. AMENDMENTS AND ASSIGNMENT

24.1 You agree that we have a right to amend these Terms at any time by sending you either a notice of amendment in writing or a revised Terms of Business. Any amendment will apply in respect of any commitment or

transaction entered into by us after notice of the amendment is given, and may take effect either immediately or at such later date as the notice may specify.

24.2 You agree that we may at any time cause all or any part of our rights, benefits and/or obligations under or in connection with these Terms and/or any transaction(s) entered into under these Terms to be transferred to any Affiliate subject to giving you notice thereof.

24.3 Except in respect of *de minimis* sums transferred in accordance with the Client Money Rules (where your consent is not required), you agree that, we may transfer to another person, as part of a transfer of business to that person, client money balances, provided that:

- (a) the sums transferred will be held for you by the person to whom they are transferred in accordance with the Client Money Rules; or
- (b) if not held in accordance with (a), J.P. Morgan will exercise all due skill, care and diligence in assessing whether the person to whom the client money is transferred will apply adequate measures to protect these sums.

For the purposes of this Clause, *de minimis* sums shall mean £100 or less.

24.4 You (or, as applicable, your principal or principals) may not assign any of your rights, benefits and/or obligations under these Terms or any transaction(s) entered into under these Terms without our prior written consent.

## 25. ENTIRE AGREEMENT

Subject to Clauses 1.5, 1.6, 8.23 and 21 above, these Terms constitute the entire terms on which we will conduct the types of business set out in Clause 1.1 with you (or, as applicable, your principal or principals) and no amendment, addition, supplement or other terms of business will have effect unless issued or agreed by J.P. Morgan in writing.

## 26. INFORMATION SHARING AND CO-OPERATION

26.1 J.P. Morgan may, without notice to you, share information relating to you with any of its Affiliates and you consent to such sharing.

26.2 Without limiting J.P. Morgan's rights under Applicable Law, J.P. Morgan may and you agree that J.P. Morgan may, without notice to you, disclose information relating to you (i) if it considers such disclosure to be required by any court of competent jurisdiction or by Applicable Law, or (ii) to any governmental or regulatory or supervisory or self-regulatory body, or (iii) in defence of claims or enforcement of rights, or (iv) to any of J.P. Morgan's or any of its Affiliates' external lawyers, accountants, auditors, insurers and others providing advice and/or other services to J.P. Morgan or the relevant Affiliate, or (v) to issuers, registrars, clearing agents, Exchanges, central counterparties, clearing organisations, CSDs, depositaries, custodians, other agents or service providers or other trading venues where disclosure is considered by J.P. Morgan as necessary or appropriate.

26.3 You shall provide us with all reasonable assistance and co-operation in connection with any investigation, proceedings or request for information in relation to the provision of services or transactions entered into under these Terms by any relevant regulatory, supervisory, Exchange or self-regulatory body, including but not limited to, co-operating with any dispute resolution mechanisms of, or providing any information or records requested by, such a regulatory, supervisory, Exchange or self-regulatory body.

## 27. FORCE MAJEURE

It is hereby agreed that neither J.P. Morgan nor any Affiliate shall be liable to you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals), or have any responsibility of any kind for any loss thereby

incurred or suffered by you (or, as relevant, your principal or principals), for the non-performance, partial performance or delay in performance of any of its obligations hereunder caused by a “**Force Majeure Event**”, being any reason of any cause beyond the control of J.P. Morgan or any of its Affiliates, including: (a) fire, flood, storm, earthquake or other acts of God, war, hostilities, expropriation, strike, lockout, work to rule or other industrial dispute, terrorist or criminal action, civil unrest, lack of energy supply or embargoes; (b) any unavailability, impairment, breakdown or failure of transmission or communication, data processing or computer facilities, bank or electronic transfer systems, postal or other strikes or similar industrial action; (c) any failure or delay of any relevant Exchange, Clearing System, multilateral trading facility, organised trading facility or custodian through which your transaction is made; (d) the imposition, introduction, amendment or change (including a change in interpretation) of any legislation, regulation, directive, policy, tax treaty, foreign exchange control, limits on the repatriation of currency, rule, trade embargo or foreign investment or ownership rules by any governmental or supranational body, Exchange, regulatory or self regulatory organisation, CSD or Clearing System or any failure or delay by any of the foregoing in publicising or enforcing or applying the same. Where a Force Majeure Event occurs that prevents or delays the performance by J.P. Morgan and/or any of its Affiliates of any of their obligations under these Terms or a transaction entered into under these Terms: (a) all such obligations shall be suspended for the duration of the Force Majeure Event; and (b) for the avoidance of doubt, any such obligation that would, but for the Force Majeure Event, have fallen due shall not fall due, or be deemed for any purpose to fall due, for the duration of the Force Majeure Event. In no event shall we or any Affiliate have any liability for any consequential, indirect, punitive, special or incidental damages, liabilities, claims, losses, expenses, awards, proceedings or costs howsoever caused.

## **28. COMMUNICATIONS AND COMPLAINTS**

28.1 All communications by you to us will be to the address or fax number, and to the J.P. Morgan entity and department, set out in any further agreement between us in respect of any relevant service or product or, if there is no such agreement or any such agreement is not applicable, to the relevant J.P. Morgan entity and department, marked for the attention of your usual relevant contact at J.P. Morgan, at the fax number or address of such J.P. Morgan department or contact. Any communications made by us to you shall be directed to whomever we consider appropriate in your organisation in the circumstances for the purposes of the communication.

28.2 Unless otherwise agreed, communications between us will be taken to be received:

- if sent by post, courier or delivered by hand, upon receipt; and
- if sent by fax, at the time shown in a transmission report that indicates that the whole fax was sent; and
- if sent by telex, when the proper answer-back is received; and
- if posted on our website, on the Business Day following such posting.

Instructions to us may also be given by telephone, e-mail or through our website if specifically agreed with us in writing in advance.

28.3 For the avoidance of doubt, any notice or notification that we are required or permitted to give under these Terms (including, without limitation, notices under Clauses 13.1, 14.1, 24.1, 24.2, 30, and Clause 6 of the enclosed Electronic Services Terms) to any principal or principals on whose behalf you act as agent may be provided by J.P. Morgan to you. Any notice to be provided to us by a principal or principals on whose behalf you act as agent shall

be provided to us by you and we shall not be obligated to act or rely on any notice otherwise received by us.

We shall not be obligated to act or rely on any notice received by us purporting to be from any principal or principals on whose behalf you are acting as agent.

28.4 If you have any cause for complaint in relation to any aspect of your relationship with us, your complaint should be addressed to:

The Head of Compliance  
JPMorgan Chase Bank, National Association, London Branch  
25 Bank Street  
Canary Wharf  
London E14 5JP

## **29. LANGUAGE**

These Terms are supplied to you in English, and we will continue to communicate with you, and you shall communicate with us, in English.

## **30. GOVERNING LAW AND DISPUTE RESOLUTION**

30.1 **Application of English law:** Subject to Clauses 1.3 and 1.4, these Terms, any agreement to which these Terms relate, any agreement or transaction executed in connection with any services provided to you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) under these Terms by J.P. Morgan or any Affiliate and the whole of our relationship (including, without limitation, (1) any contractual, pre-contractual or non-contractual rights, obligations or liabilities arising in any way out of, in relation to or in connection with our relationship, and (2) any issue as to the existence, validity or termination of these Terms or any related or connected agreement) will be governed solely by, and construed solely in accordance with, English law.

30.2 **Jurisdiction of English courts:** Subject to Clause 30.3, we and you (and, where you are acting as agent on behalf of a principal or principals, your principal or principals) agree that the English courts have exclusive jurisdiction to settle any dispute, difference or other question arising in any way out of or in connection with these Terms, any agreement to which these Terms relate, any agreement or transaction executed in connection with any services provided to you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) under these Terms by J.P. Morgan or any Affiliate or any other aspect of our relationship (including, without limitation, (1) any contractual, pre-contractual or non-contractual rights, obligations or liabilities arising in any way out of, in relation to or in connection with our relationship, and (2) any issue as to the existence, validity or termination of these Terms or any related or connected agreement) (a “**Dispute**”). You (and, where applicable, your principal or principals) irrevocably submit to the jurisdiction of the English courts and agree that the English courts are the most appropriate and convenient courts to settle any Dispute and that you will not argue to the contrary.

30.3 **Arbitration:** We and you (and, where you are acting as agent on behalf of a principal or principals, your principal or principals) agree that any Dispute shall be referred to and finally resolved by arbitration in the event that we and/or you (and/or, where applicable, your principal or principals) give notice in writing to that effect before any proceedings are brought under Clause 30.2 or, if such proceedings have been brought, before the date for filing a defence in those proceedings. If proceedings have already been brought under Clause 30.2 when such notice is given, (i) the party which has brought such proceedings will immediately discontinue the proceedings, (ii) the costs of the discontinued proceedings will be reserved to the Arbitral Tribunal, and (iii) any claim by the discontinuing party in the arbitration which corresponds to a claim made in the discontinued proceedings will be regarded

as having been commenced on the date of issue of the discontinued proceedings. Any arbitration under this Clause 30.3 shall be under the Arbitration Rules (the "LCIA Rules") of the London Court of International Arbitration ("LCIA"), which are deemed to be incorporated by reference into this Clause 30.3, save that any requirement in the LCIA Rules to take account of the nationality of a person considered for appointment as an arbitrator shall be disapplied and a person shall be nominated or appointed as an arbitrator (including as Chairman) regardless of that person's nationality. The arbitral tribunal shall consist of three arbitrators. The seat of arbitration shall be London, England. The language of the arbitration shall be English. In this connection, we and you (and, where applicable, your principal or principals) waive any right of application to determine a preliminary point of law under Section 45 of the Arbitration Act 1996.

**30.4 Service of process:** You (and, where applicable, your principal or principals) agree that, without prejudice to any mode of service allowed under any relevant law, any document relating to any arbitration or court proceedings may be served on you (and/or, where applicable, your principal or principals) by any of the methods of communication set out at Clause 28. You (and, where applicable, your principal or principals) further agree that we may serve any documents required to be served on you (or, where applicable, your principal or principals) in relation to any Dispute at any address in England where you (or, where applicable, your principal or principals) or any company within the same group of companies of which you (or, where applicable, your principal or principals) are a member have a place of business and that this will constitute effective service. For the avoidance of doubt, where you are acting as agent on behalf of a principal or principals, we may serve any documents required to be served on you (or your principal or principals) at any such address in England of either you or such principal or principals.

**30.5 Indemnity:** Without prejudice to any other remedy, you (and/or, where applicable, any principal or principals on whose behalf you are acting) will indemnify us, any Affiliate and any of our or its respective directors, officers, employees or representatives against any costs, loss, liability or expense whatsoever which may be suffered or incurred by us and/or them directly or indirectly in connection with or as a result of any suit, action, proceeding or any step in any suit, action or proceeding taken by you (and/or, where applicable, your principal or principals) and/or any person connected or affiliated with you (and/or, where applicable, your principal or principals) otherwise than in accordance with this Clause 30.

### 31. WAIVER OF IMMUNITY

You (and, where applicable, your principal or principals) irrevocably waive, to the fullest extent permitted by any law, with respect to you (and, where applicable, any principal or principals on whose behalf you are acting) and your (and/or, where applicable, your principal's or principals') revenues and assets (irrespective of their use or intended use), all sovereign or other immunities and privileges to which you (and/or, where applicable, your principal or principals) or your (and/or, where applicable, your principal's or principals') revenues or assets might otherwise be entitled in the courts of any jurisdiction in any suit, action or proceeding relating to any Dispute (including, without limitation, immunity from (i) suit and legal process, (ii) jurisdiction of any court, (iii) relief by way of injunction or order for specific performance or recovery of property, (iv) attachment or seizure of your (and/or, where applicable, your principal's or principals') assets whether before or after judgement, and (v) execution or enforcement of any judgment or award by any means). You (and, where applicable, your principal or principals) consent to the grant of such relief in any form and irrevocably agree that you (and/or, where applicable, any of your principal or principals) will not claim any such immunity or privilege in any suit, action or proceeding relating to any Dispute.

### 32. NO FIDUCIARY DUTY

Neither the relationship between J.P. Morgan and you (or, where applicable, any principal or principals on whose behalf you are acting), nor the services to be provided by J.P. Morgan to you (or, where applicable, your principal or principals) under these Terms, nor any other matter, shall give rise to any fiduciary or equitable duties on J.P. Morgan's part which would oblige it to accept responsibilities more extensive than expressly stated in these Terms.

### 33. RIGHTS OF THIRD PARTIES

**33.1** Any Affiliate may enforce and rely on any provision of these Terms conferring a benefit on it to the same extent as if it were a party to these Terms or any transactions hereunder.

**33.2** Save as aforesaid, a person who is not a party to these Terms has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any provision of these Terms.

### 34. NO WAIVER

Failure to exercise or a delay in exercising a right or remedy under these Terms or by law, by us, does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided under these Terms or by law prevents the further exercise of the right or remedy or the exercise of another right or remedy by us. A waiver by us in respect of a breach of these Terms or any other default in respect of these Terms must be in writing and signed by us to be effective. A waiver by us in respect of a breach of these Terms or any other default in respect of these Terms does not constitute a waiver by us of a subsequent or prior breach or default in respect of these Terms.

For and on behalf of

J.P. MORGAN EUROPE LIMITED

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,  
LONDON BRANCH

J.P. MORGAN LIMITED

J.P. MORGAN SECURITIES PLC

J.P. MORGAN MARKETS LIMITED

J.P. Morgan Europe Limited, Registered in England & Wales 938937. Registered Office: 25 Bank Street, Canary Wharf, London E14 5JP. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMorgan Chase Bank, National Association, Organised under the laws of U.S.A. with limited liability. Main Office 1111 Polaris Parkway, Columbus, Ohio 43240. Registered as a branch in England & Wales branch No. BR000746. Registered Branch Office: 25 Bank Street, Canary Wharf, London E14 5JP. Authorised and regulated by the Office of the Comptroller of the Currency in the jurisdiction of the U.S.A. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and to limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. J.P. Morgan Limited, Registered in England & Wales No. 248609. Registered Office: 25 Bank Street, Canary Wharf, London E14 5JP. Authorised and regulated by the Financial Conduct Authority. J.P. Morgan Securities plc, Registered in England & Wales No. 2711006. Registered Office: 25 Bank Street, Canary Wharf, London E14 5JP. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. J.P. Morgan Markets Limited, Registered in England & Wales No. 1592029. Registered Office: 25 Bank Street, Canary Wharf, London E14 5JP. Authorised and regulated by the Financial Conduct Authority.

## Schedule of Protections Owed to Different Client Types

1. Under the provisions of the FCA Handbook and PRA Handbook, as applicable, Professional Clients (as defined under the FCA's Conduct of Business Rules) are granted fewer protections than Retail Clients (as defined under the FCA's Conduct of Business Rules). In particular:
  - (a) You will be provided with less information with regard to the firm, its services and any investments (for example on costs, commissions, fees and charges);
  - (b) Where we assess the appropriateness of a product or service, we can assume that you have sufficient knowledge and experience to understand the risks involved;
  - (c) If we are required to assess the suitability of a personal recommendation made to you, we can assume that you have sufficient experience and knowledge to understand the risks involved, and can sometimes assume that you are able financially to bear any investment risks consistent with your investment objectives;
  - (d) When providing you with best execution we are not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution for you;
  - (e) We do not need to inform you of material difficulties relevant to the proper carrying out of your order(s) promptly;
  - (f) Should we provide you with periodic statements, we are not required to provide them as frequently as for retail clients;
  - (g) Where we are holding your client money, we are not required to notify you of whether interest is payable on it; and
  - (h) As a Professional Client you may not be entitled to compensation under certain investor compensation schemes.
2. Under the Rules, Eligible Counterparties (as defined under the FCA's Conduct of Business Rules) are granted fewer protections than Professional Clients and Retail Clients. In particular, and in addition to the above:
  - (a) We are not required to provide you with best execution in executing your orders;
  - (b) We are not required to disclose to you information regarding any fees or commissions that we pay or receive;
  - (c) We are not required to assess the appropriateness of a product or service that we provide to you but can assume that you have the expertise to choose the most appropriate product or service for yourself;
  - (d) We are not required to provide you with information about ourselves, our services and the arrangements through which we will be remunerated;
  - (e) We are not required to provide you with risk disclosures on the products or services that you select from us; and
  - (f) We are not required to provide reports to you on the execution of your orders or the management of your investments.

## Asian Addition

This Asian Addition supplements and forms part of the Terms of Business and any additional supplements or notices issued by J.P. Morgan thereto (collectively, the "Terms") which govern all designated investment business (as defined under the FCA Handbook and PRA Handbook, as applicable) and business in relation to other traded products (excluding deposits) which is transacted with or for you by J.P. Morgan. Unless otherwise stated, the following additional provisions shall also govern all Asian Transactions. In the event of any inconsistency between the Terms and this Asian Addition, this Asian Addition shall prevail with respect to the Asian Transactions.

### 1. DEFINITIONS

Capitalised terms used in this Asian Addition shall have the same meanings as defined in the Terms, unless indicated otherwise.

### 2. PROGRAMME TRADING

Clause 8.9 of the Terms shall be deleted and replaced in its entirety with the following:

#### "8.9 Programme Trading

"Where we accept an order to effect a programme trade we will act as agent unless otherwise agreed at the time and confirmed in the relevant confirmation, if any.

We or our Affiliates may execute own account transactions in any investment and/or traded product included in a programme trade."

### 3. CHARGES AND INTEREST

Clause 10.2 of the Terms shall be deleted and replaced in its entirety with the following:

"Our charges will be subject to negotiation and agreement. In the absence of any agreement between us, we shall be entitled to charge and you (or, where applicable, your principal or principals) agree to pay our standard rates plus all commission, mark-up, mark-down, spread or other fees, charges, expenses, fines or penalties on a transaction entered into by you under these Terms. Any charges (including any expenses) due to us (or to our agents) plus any applicable taxes, duties, taxes and levies may be deducted from any funds held by us on your (or, where applicable, your principal's or principals') behalf or any payments made by us to you (or, where applicable, your principal or principals) or to others on your behalf or, at our discretion, shall be paid by you (or, where applicable, your principal or principals) as we notify. All expenses (including but not limited to levies, fees, duties and taxes) arising out of or in performance of any of J.P. Morgan's duties under these Terms, shall be reimbursed by you (or, where applicable, your principal or principals) to J.P. Morgan. Where value added tax, services tax, goods and services tax or any analogous tax (each "VAT") is due on our charges (including any expenses) payable by you (or, where applicable, your principal or principals) to J.P. Morgan, you (or, where applicable, your principal or principals) shall be responsible for such VAT and shall pay such VAT to the relevant tax authorities or J.P. Morgan as required by Applicable Law. J.P. Morgan shall exercise its best efforts to discharge applicable withholding tax for you (or, where applicable, your principal or principals) as required in the ordinary course of business in the purchase or sale of securities based on prevailing tax directives and customary practice. Should the same be inquired and/or disputed by applicable tax authorities, you (or, where applicable, your principal or principals) agree to provide further supporting documents as may be requested by the applicable tax authorities from time to time for the purpose of confirming the applicable tax charge."

### 4. INFORMATION SHARING AND REGULATORY ENQUIRIES

The following wording shall be added to the end of Clause 26 of the Terms as follows:

"26.4 You further agree that, in relation to a transaction where J.P. Morgan has received an enquiry from a regulatory authority, the following provisions shall apply:

- (a) Subject as provided below, you shall, immediately upon request by J.P. Morgan (which request shall include the relevant contact details of a regulatory authority), inform a regulatory authority of the identity and contact details of the customer for whose account the transaction was effected and (so far as known to you) of the person with the ultimate beneficial interest in the transaction. You shall also inform a regulatory authority of any third party (if different from the customer/ultimate beneficiary) who originated the transaction and "Know Your Client" documentation to a regulatory authority.
- (b) If you effected the transaction for an investment fund or discretionary account, you shall, immediately upon request by J.P. Morgan (which request shall include the relevant contact details of a regulatory authority), inform a regulatory authority of the identity and contact details of the fund or account and, if applicable, the identity and contact details of the person who, on behalf of the fund or account, instructed you to effect the transaction.
- (c) If you are aware that your customer is acting as intermediary for its underlying customers, and you do not know the identity and contact details of the underlying customer for whom the transaction was effected, you confirm that:
  - (1) You have arrangements in place with your customer which entitle you to obtain such information from your customer immediately upon request; and
  - (2) You will, on request from J.P. Morgan in relation to a transaction, promptly request such information from the customer on whose instructions the transaction was effected, and provide the information to the relevant regulatory authority as soon as you have received from your customer."

### 5. J.P. MORGAN SECURITIES (ASIA PACIFIC) LIMITED

The following additional provisions shall apply where we effect your transaction through J.P. Morgan Securities (Asia Pacific) Limited ("JPMSAPL").

#### 5.1 Address and licensing information

JPMSAPL has its registered address at 19, 20, 22-29/F, Chater House, 8 Connaught Road Central, Central, Hong Kong, and is licensed by the Securities and Futures Commission of Hong Kong for Types 1 (dealing in securities), 4 (advising on securities) and 7 (providing automated trading services) activities, with CE number AAJ321.

#### 5.2 Professional Investors

In relation to your dealings with JPMSAPL, you are categorised as a Professional Investor pursuant to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"). Given your categorisation, JPMSAPL wishes to highlight the following treatment applicable to you:

- (a) Client agreement  
JPMSAPL is not required to enter into a written agreement relating to the services that are provided to you.
- (b) Risk disclosure statements  
JPMSAPL is not required to provide you with relevant disclosure statements in respect of the risks involved in any transactions it enters into with you, or to bring those risks to your attention.
- (c) Information about clients  
JPMSAPL is not required to establish your financial situation, investment experience or investment objectives.

You have the right to withdraw from being treated as a Professional Investor pursuant to the SFO at any time, whether in respect of all products or markets or any part thereof, by giving written notice to JPMSAPL. Please also inform JPMSAPL immediately if you no longer fall within the category of Professional Investor as defined under the SFO.

## **6. ADDITIONAL PROVISIONS FOR TRADING IN AUSTRALIAN SECURITIES AND / OR TRADING WITH CLIENTS DOMICILED IN AUSTRALIA**

The following additional provisions shall apply to all transactions in Australian securities:

### **6.1 J.P. Morgan Securities Australia Limited as contracting broker**

Until we provide further notice to you, J.P. Morgan Securities plc ("JPMS plc") will introduce your (or, where you are acting as agent on behalf of a principal or principals, your principal's or principals') orders in Australian securities (the "**Australian Transactions**") to J.P. Morgan Securities Australia Limited ("JPMSAL"), who will execute and confirm execution of the Australian Transactions to you. For this purpose, JPMSAL is deemed as your contracting broker. JPMSAL holds an Australian Financial Services License granted by Australian Securities and Investments Commission which covers the provision of certain financial services to you.

### **6.2 Wholesale clients**

You represent and warrant to JPMS plc and JPMSAL that you are, and JPMS plc and JPMSAL shall be entitled to treat you as, a "wholesale client" within the meaning of Section 761G of the Corporations Act 2001 (the "**Corporations Act**"). JPMS plc and JPMSAL are providing services to you on the basis that you are a wholesale client. Please notify JPMS plc and JPMSAL immediately if, at any point of time, you consider you would no longer fall within the definition of this term. You undertake to provide to JPMS plc and JPMSAL any information, documents or certificates requested by JPMS plc and JPMSAL for the purposes of confirming the accuracy of your representation contained in this Clause 6.2. For the avoidance of doubt, this paragraph shall be construed in accordance with the provisions of Clause 2.3 of the Terms except that references to the "**Rules**" shall be deemed to be to the Corporations Act.

Where you are acting as agent, you shall be taken to give the representations and warranties in the preceding paragraph and Clause 4.1 of the Terms, both in your own right and as agent for the relevant principal and give the representations, warranties and undertakings in Clause 4.2 of the Terms in your own right and in respect of Clause 4.2(a) and (b) on behalf of yourself and any principal or principals.

### **6.3 Amendment of Terms**

For the purpose of Australian Transactions, the Terms shall apply to you altered as necessary so that all references to "J.P. Morgan" in the Terms shall be construed to include JPMSAL, and:

- (a) Clause 4.1 shall be amended by adding a new Clause 4.1(n) as follows, and renumbering the existing Clause 4.1(n) as Clause 4.1(o):

"(n) On those occasions where you place instructions with J.P. Morgan to buy and sell the same security for the same price, the execution of those instructions will result in there being a change in the beneficial ownership of the securities and you will provide written confirmation to J.P. Morgan of a change in beneficial ownership in respect of the relevant securities when requested to do so by J.P. Morgan; and"

- (b) Clause 7.3 shall be amended by adding the following additional paragraphs:

"In respect of all transactions entered into by J.P. Morgan with you (or, where you are acting as agent on behalf of a principal or principals, your principal or principals) or on your (or, as applicable, your principal's or principals') behalf under these Terms, you authorise J.P. Morgan to cancel or amend, without requiring your consent, any of those transactions where:

- (a) J.P. Morgan is requested to do so by the operator of any relevant financial market or clearing and settlement facility; or
- (b) Otherwise pursuant to or as contemplated by the ASX Operating Rules, the ASX Clear Operating Rules (formerly the ACH Clearing Rules), the ASX Settlement Operating Rules (formerly the ASTC Settlement Rules) or the practices and procedures of the ASX and any relevant clearing house.

To the full extent permitted by law, J.P. Morgan shall not be liable for any loss suffered by you in these circumstances."

- (c) Clause 8.7 shall be deleted and replaced in its entirety with the following:

### **"8.7 Short Positions**

We may, in accordance with Applicable Law, establish short positions on your (or, where applicable, your principal's or principals') behalf, that is to say sell on your (or, where applicable, your principal's or principals') behalf financial products or investments which you (or, where applicable, your principal or principals) do not own at the time, leaving you (or, where applicable, your principal or principals) with an open exposure related to any increase in the price of those financial products or investments before settlement. We may cover your (or, where applicable, your principal's or principals') settlement obligations by borrowing for you (or, where applicable, your principal or principals) the relevant financial products or investments. We may require you to sign appropriate documentation covering such borrowing.

At the time of providing an instruction to J.P. Morgan to enter into transactions on your (or, where applicable, your principal's or principals') behalf, you must inform J.P. Morgan if the execution of that instruction would constitute a short sale within the meaning of section 1020B of the Corporations Act.

In the event that you (or, where applicable, your principal or principals) fail to deliver to J.P. Morgan the relevant securities required to settle a transaction entered into on your (or, where applicable, your principal's or principals') behalf by the settlement date, J.P. Morgan may cancel, close out or terminate (at J.P. Morgan's discretion) the transaction entered into on your (or, where applicable, your principal's or principals') behalf and will do so at your (or, where applicable, your principal's or principals') cost."

- (d) Clause 9 shall be amended by including the following new Clauses 9.11 and 9.12:

"9.11 J.P. Morgan will treat any money received from you (or, where applicable, your principal or principals) or held on your (or, where applicable, your principal's or principals') behalf under these Terms in accordance with Applicable Law.

9.12 Unless specifically agreed in writing, JPMSAL will deposit any money received from you (or, where applicable, your principal or principals) at JPMorgan Chase Bank N.A. (Sydney Branch) ("JPMB Sydney"). JPMB Sydney is an Australian authorised deposit-taking institution as defined by the Corporations Act. Unless required by

Applicable Law, any money which JPMCB Sydney holds on your (or, where applicable, your principal's or principals') behalf is held in its capacity as your (or, where applicable, your principal's or principals') bank, not as trustee and such money may not be subject to the client money requirements of the Corporations Act. Unless specifically agreed in a separate agreement or required by Applicable Law, any funds which JPMCB Sydney receives from you (or, where applicable, your principal or principals), or holds on your (or, where applicable, your principal's or principals') behalf will not be subject to the client money protections conferred by the Corporations Act, and such funds will not be segregated from the money of JPMCB Sydney, and may be used by it in the course of its business and you (or, where applicable, your principal or principals) may therefore rank only as a general creditor."

- (e) Clause 30 of the Terms shall be deleted and replaced in its entirety with the following:

#### **"30. GOVERNING LAW AND DISPUTE RESOLUTION**

The Terms between us will be governed by the laws of New South Wales. The courts of New South Wales shall have non-exclusive jurisdiction to settle any dispute or claim which may arise out of or in connection with these Terms, for which purpose we both agree to submit to the non-exclusive jurisdiction of the courts of New South Wales."

The following additional provisions shall apply to all transactions with clients domiciled in Australia:

If you are domiciled in Australia, you are notified that:

- (a) JPMS plc does not hold an Australian financial services licence covering the financial services it provides to you. JPMS plc will provide financial services to you pursuant to Class Order 03/1099 issued and gazetted by the Australian Securities and Investments Commission on 23 December 2003 (the "**Class Order**"), which exempts JPMS plc from the requirement to hold an Australian Financial Services Licence ("**AFSL**") under the Corporations Act. JPMS plc authorized by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority under the laws of the United Kingdom, which differ from Australian laws; and
- (b) J.P. Morgan Markets Limited ("**JPMML**") does not hold an AFSL covering the financial services it provides to you. JPMML will provide financial services to you pursuant to the Class Order which exempts JPMML from the requirement to hold an AFSL under the Corporations Act. JPMML is authorized and regulated by the Financial Conduct Authority under the laws of the United Kingdom, which differ from Australian laws; and
- (c) J.P. Morgan Securities (Asia Pacific) Limited ("**JPMSAPL**") does not hold an AFSL covering the financial services it provides to you. JPMSAPL will provide financial services to you pursuant to Class Order 03/1103 issued and gazetted by the Australian Securities and Investments Commission on 23 December 2003 (the "**JPMSAPL Class Order**"), which exempts JPMSAPL from the requirement to hold an AFSL under the Corporations Act. JPMSAPL is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong under the laws of Hong Kong, which differ from Australian laws; and
- (d) J.P. Morgan (S.E.A.) Limited ("**JPMSEAL**") does not hold an AFSL covering the financial services it provides to you. However, JPMSEAL will continue to provide financial services to you pursuant to Class Order 03/1102 issued by ASIC, which exempts JPMSEAL from the requirement to hold an AFSL under the Act. Please note that JPMSEAL is authorized and regulated by the Monetary Authority of Singapore under the laws of Singapore, which differ from Australian laws.

JPMS plc, JPMML, JPMSAPL and JPMSEAL understand that you are a wholesale client within the meaning of section 761G of the Corporation Act ("**wholesale client**"). JPMS plc, JPMML, JPMSAPL and JPMSEAL may only continue to provide you with financial services pursuant to the Class Order / JPMSAPL Class Order (as applicable) while you remain a wholesale client. You will inform JPMS plc, JPMML, JPMSAPL and JPMSEAL if you cease to be a wholesale client at any time in the future.

Information on all entities within the J.P. Morgan group which hold Class Order relief granted by the Australian Securities and Investments Commission may be found at:  
[https://www.jpmorgan.com/pages/disclosures/ASIC\\_Class\\_Orders](https://www.jpmorgan.com/pages/disclosures/ASIC_Class_Orders)

#### **7. ADDITIONAL PROVISIONS FOR PROVISION OF FINANCIAL ADVISORY SERVICES TO AND DEALING IN SECURITIES WITH OR FOR INVESTORS IN SINGAPORE**

JPMS plc has been approved by the Monetary Authority of Singapore to:

- (a) Provide financial advisory services to accredited and institutional investors, via application by J.P. Morgan Securities Singapore Private Limited ("**JPMSS**") and J.P. Morgan (S.E.A.) Limited ("**JPMSEAL**") pursuant to paragraph 11 of the First Schedule to the Financial Advisers Act (Cap. 110 of Singapore); and
- (b) Deal in securities for accredited and institutional investors, via application by JPMSS and JPMSEAL pursuant to paragraph 9 of the Third Schedule to the Securities and Futures Act (Cap. 289 of Singapore).

## **8. ADDITIONAL PROVISIONS FOR CHINA CONNECT TERMS – CLIENTS OF J.P. MORGAN SECURITIES PLC**

### **8.1 Application**

8.1.1 Notwithstanding any provision in any General Terms and Conditions, these China Connect Terms constitute a legally binding contract which you accept and which shall apply where you inform or indicate to J.P. Morgan that you wish to trade China Connect Securities through China Connect.

8.1.2 These China Connect Terms are supplemental to, and without prejudice to, any applicable General Terms and Conditions.

8.1.3 Capitalised terms used in these China Connect Terms (including in the Risk Disclosures Statement) will have the meanings given to such terms in the Schedule hereto. In the event of any inconsistency with respect to transactions in China Connect Securities between these China Connect Terms and the General Terms and Conditions, these China Connect Terms shall prevail.

### **8.2 Compliance with Trading Restrictions and Applicable China Connect Laws**

8.2.1 Any trading in China Connect Securities will be subject to the China Connect Rules and all Applicable China Connect Laws, including, without limitation, any applicable requirements and/or restrictions pursuant to China Connect as may be amended from time to time, certain of which are referred to in the Risk Disclosures Statement. You shall be fully responsible for understanding and complying with all Applicable China Connect Laws as amended from time to time and for any consequences of Northbound trading. Neither J.P. Morgan nor any Related Person will, or intends to, advise you on any of the Applicable China Connect Laws. For further information, please refer to the web pages on the HKEx website and the SFC website relating to China Connect from time to time and other relevant sources.

8.2.2 J.P. Morgan shall have the right to apply any procedures or requirements in respect of any trading of China Connect Securities through China Connect which it determines in its absolute discretion to be necessary or desirable for the purpose of complying with any Applicable China Connect Laws or market practice. Neither J.P. Morgan nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from such procedures or requirements.

8.2.3 J.P. Morgan may refuse to execute any instruction given by you, if (for example, and without limitation):

8.2.3.1 such instruction is not compliant with any Applicable China Connect Laws or if J.P. Morgan reasonably believes that such instruction may not be compliant with any Applicable China Connect Laws or if J.P. Morgan is required by the SEHK not to accept such instruction;

8.2.3.2 in respect of any instruction to make a Northbound sell order, J.P. Morgan determines in its absolute discretion that you do not have sufficient China Connect Securities at the time of such instruction to settle the delivery obligation; and

8.2.3.3 in respect of any instruction to make a Northbound buy order, J.P. Morgan determines in its absolute discretion that you do not have sufficient funds to settle the payment obligation in respect of such order on the settlement day.

Neither J.P. Morgan nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from such refusal.

8.2.4 In the event that SEHK, the SEHK Subsidiary or HKSCC is notified by SSE, CSDCC or any other relevant exchange, clearing

house or governmental or regulatory body that there is reasonable cause to believe that you have failed to comply with or have breached any Applicable China Connect Laws, you shall, upon the request of J.P. Morgan provide such information (including translations into Chinese if requested by J.P. Morgan) as J.P. Morgan may reasonably request to enable it to assist the relevant exchange, clearing house or governmental or regulatory body including, without limitation, SSE, CSDCC or any PRC governmental or regulatory authorities or agencies to assess whether there is any non-compliance or breach of the Applicable China Connect Laws and/or the extent of any non-compliance or breach, and, by providing such information, you are deemed to waive the benefit of any bank secrecy laws and data protection laws which may be applicable.

### **8.3 Free of Payment Pre-delivery of China Connect Securities by you**

8.3.1 If J.P. Morgan Chase Bank N.A. is not your custodian, or if it is your custodian but does not, on T-1 day, hold China Connect Securities which you intend to sell on T day, you may, if agreed with J.P. Morgan, pre-deliver sufficient China Connect Securities to fulfill your anticipated and associated sell order to the Account (defined below) on T-1 day or within applicable times on T day in accordance with CCASS operational procedures, in which case the primary or only reason that the HK Dealer will accept delivery of such China Connect Securities is in anticipation of settlement of an associated sale by you of those China Connect Securities and to facilitate the pre-trade checking requirements under the China Connect Rules (see Risk Disclosures Statement). If you pre-deliver your China Connect Securities on T day, you acknowledge the greater risk that such China Connect Securities may not actually be recognised by SEHK as being available for sale on T day and therefore your sell order will be rejected by J.P. Morgan.

8.3.2 Your China Connect Securities delivered in accordance with these provisions will be held by the HK Dealer in a designated client securities account (the "Account") at CCASS. The HK Dealer will determine in its reasonable discretion whether to accept in the Account any proposed delivery of China Connect Securities.

8.3.3 Your China Connect Securities will be held by HKSCC on the HK Dealer's behalf. You should note that because of the law and market practice in the PRC, your China Connect Securities will be registered in the name of HKSCC. Neither J.P. Morgan nor any Related Person shall be liable for any act or omission by, or the insolvency of, HKSCC. In the event you incur a loss due to the negligence, wilful default, or insolvency of HKSCC, J.P. Morgan will make reasonable endeavours, in its discretion, to seek recovery from HKSCC, but it will not be under any obligation to institute legal proceedings, file any proof of claim in any insolvency proceeding, or take any similar action. In the event of the insolvency of HKSCC you may not have any proprietary interest in the China Connect Securities and may be an unsecured general creditor in respect of any claim you may have in respect of them whether against us or against, HKSCC.

8.3.4 Your China Connect Securities may be held in an omnibus account by HKSCC. As a result there is a risk that your China Connect Securities will not be separately distinguishable from the China Connect Securities held for any other person in that omnibus account (whether or not other clients of J.P. Morgan) and, in the event of a shortfall in the number of China Connect Securities held by HKSCC you may be required to share in that shortfall. A further effect of holding in an omnibus account can be that following a corporate action that favours the small investor, your rights in respect of that corporate action may be less than they otherwise would have been, had your China Connect Securities investments been held in your own name.

8.3.5 Accounts that contain your China Connect Securities are or will be subject to the law of a jurisdiction other than that of an EEA State, such as Hong Kong and/or PRC law. Your rights relating to those China Connect Securities may differ accordingly.

8.3.6 A depositary may have a security interest or lien over, or right of set-off in relation to your China Connect Securities.

8.3.7 Unless J.P. Morgan shall have received and accepted a contrary instruction, J.P. Morgan may in your name or on your behalf sign any document relating to China Connect Securities which may be required (i) to obtain receipt of any China Connect Securities or funds or (ii) by any tax or regulatory authority.

8.3.8 You acknowledge that J.P. Morgan intends to re-deliver to you or to your usual custodian or bank any China Connect Securities which have not been sold on T day.

8.3.9 You acknowledge that J.P. Morgan conducts business in China Connect Securities for other clients and for the account of its affiliates. J.P. Morgan may pool your China Connect Securities received hereunder and treat them as fungible with the same China Connect Securities of other clients. J.P. Morgan may at any time allocate equivalent China Connect Securities to you and shall not be bound to return to you the original China Connect Securities delivered to the HK Dealer. You acknowledge that J.P. Morgan intends, within one Trading Day of receipt, to deliver or pay to you or your usual custodian (net of any fees or other expense payable by you to J.P. Morgan) any distribution or payment received by J.P. Morgan in respect of China Connect Securities for your account.

8.3.10 You undertake to give such instructions promptly on J.P. Morgan's request (to J.P. Morgan and/or your usual custodian or bank and/or any other person) as J.P. Morgan may require to pre-authorise any such delivery or payment in connection with this Clause 8.3.

8.3.11 J.P. Morgan shall have no obligation whatsoever to collect or receive or take any other action (including attending any general meeting and/or exercising any voting right) in relation to any payment or distribution or voting in respect of China Connect Securities for your account or to notify you of the existence of or the terms of any notice, circular, report, announcement or similar corporate action in respect of China Connect Securities. You acknowledge that in certain circumstances, including, without limitation, as a result of any Applicable China Connect Laws, it may be difficult, impracticable or not permissible for HSCC or its nominee (and for J.P. Morgan or you) to exercise any rights or entitlements or to participate in any actions, transactions or other matters in respect of any China Connect Securities. If J.P. Morgan shall make any such collection or receipt, take any such action or give you any such notification or shall take any action pursuant to any such notification, J.P. Morgan shall not have (a) any liability in respect of any inaccuracies or delays; and (b) any obligation to continue or repeat any such action.

#### 8.4 Risk Disclosures and Acknowledgement

8.4.1 These China Connect Terms (together with the Risk Disclosures Statement) highlight certain key features of China Connect. By instructing J.P. Morgan in respect of any transaction relating to China Connect Securities, you acknowledge:

8.4.1.1 that (i) you have read and understood the Risk Disclosures Statement and other information set out in the Risk Disclosures Statement; (ii) you understand that there is a risk of prohibition from trading China Connect Securities; and (iii) your instructions to trade China Connect Securities may not be accepted; and (iv) you understand your obligations when trading China Connect Securities through China Connect including any consequences of a breach of Applicable China Connect Laws;

8.4.1.2 that neither J.P. Morgan nor any Related Person shall be liable for any loss, liability, or third party claim or demand that you may suffer or incur directly or indirectly as a result of any action or inaction by J.P. Morgan and/or any Related Person in connection with the provision of services under these China Connect Terms including, without limitation, the materialisation of any of the risks described in the Risk Disclosures Statement;

8.4.1.3 that SEHK has the power not to extend the China Connect Service to you and the power to require J.P. Morgan not to accept instructions from you if it is found that you, J.P. Morgan and/or any of J.P. Morgan's clients has or may have committed any abnormal trading conduct set out in the SSE Rules or failed to comply with any China Connect Rules;

8.4.1.4 that J.P. Morgan and/or any Related Person may provide to a China Connect Authority relevant information and materials relating to you, including, without limitation, in relation to your identity, personal data and trading activities for the purposes of assisting any investigation or surveillance by a China Connect Authority;

8.4.1.5 that if the SSE Rules and/or any other Applicable China Connect Laws are breached, (i) SSE has the power to carry out investigations, and may, through SEHK (or the SEHK Subsidiary or any other governmental or regulatory body), require J.P. Morgan and/or any Related Person to (A) provide relevant information and materials relating to you including, without limitation, in relation to your identity, personal data and trading activity; and (B) assist in a China Connect Authority's investigation in relation to you and/or your trading activity and (ii) you may be subject to regulatory investigations and the relevant legal or regulatory consequences if you are in breach of, or fail to comply with such laws, rules and regulations;

8.4.1.6 that the SEHK may (for the purpose of assisting SSE in its regulatory surveillance of the China Connect Market and enforcement of the SSE China Connect Rules and as part of the regulatory cooperation arrangement between the SEHK, the SEHK Subsidiary and SSE), at the request of SSE, require J.P. Morgan to provide information (including, without limitation, in relation to your identity, personal data and trading activity) in relation to you and any other persons referred to in the SEHK China Connect Rules with respect to any China Connect orders placed or China Connect transactions made or entered into by J.P. Morgan on their behalf;

8.4.1.7 that where a China Connect Authority considers that there is a serious breach of the SSE Rules, J.P. Morgan and/or any Related Person may be required by a China Connect Authority to (a) issue warning statements (verbally or in writing) to you; and (b) cease providing you with any service relating to trading China Connect Securities through China Connect;

8.4.1.8 and agree that prior to J.P. Morgan and/or any Related Person informing you that a Northbound buy order instructed by you has been settled, you shall not instruct a Northbound sell order in respect of the China Connect Securities which are the subject of such Northbound buy order;

8.4.1.9 and consent to J.P. Morgan and/or any Related Person providing information relating to your profile, the types and values of Northbound buy and sell orders and transactions made and executed on your behalf to a China Connect Authority at such intervals and in such form as such China Connect Authority may specify from time to time;

8.4.1.10 and accept responsibility for paying all fees, charges, levies and taxes and shall comply with any filing or registration obligations as may be required by any China Connect Authority or Applicable China Connect Laws relating to any China Connect Securities;

8.4.1.11 and accept that J.P. Morgan and any Related Person may in accordance with the China Connect Rules keep records (including telephone records) for a period of not less than 20 years, of: (i) all orders and trades executed on your behalf; (ii) any instructions received from you; and (iii) your account information in relation to Northbound trading ;

8.4.1.12 that the SEHK may upon SSE's request require the Exchange Participant to reject an order made on your behalf; and

8.4.1.13 that none of the China Connect Authorities or their respective directors, employees and agents shall be responsible or held liable for any loss or damage directly or indirectly suffered by J.P. Morgan or any Related Person, you or any other third party arising from or in connection with (i) the trading of China Connect Securities or the operation of the CSC in respect of China Connect Securities; or (ii) any amendments, making or enforcement of the China Connect Rules; or (iii) any action taken by a China Connect Authority in the discharge of its supervisory or regulatory obligations or functions (including any action taken in respect of abnormal trading activities).

## 8.5 Representations

8.5.1 You make the representations set out in this Clause to J.P. Morgan on a continuing basis, including without limitation on the first date that these China Connect Terms are effective and on each date that you instruct an order or give an instruction in respect of China Connect Securities under these China Connect Terms:

8.5.1.1 that you are aware of and shall comply with all Applicable China Connect Laws to which you may be subject;

8.5.1.2 that the execution of any instruction you give to J.P. Morgan shall not result in any breach of any Applicable China Connect Laws;

8.5.1.3 that you understand and have assessed the risks relating to China Connect and you are willing to undertake the risks relating to China Connect;

8.5.1.4 that as Northbound trading is available only to Hong Kong and overseas investors, you are not a legal entity incorporated or registered in the PRC; and

8.5.1.5 where you are an agent, you hereby confirm that you have authority to trade with J.P. Morgan on behalf of your principals. You further confirm that you have authority, and unless specifically stated otherwise, make all representations and acknowledges all matters herein on behalf of yourself and your principals.

8.5.2 You make the following representations set out in this Clause to J.P. Morgan on the date you instruct an order to sell China Connect Securities:

8.5.2.1 that you do not know of any fact that may impair the validity of such China Connect Securities and that you have full authority to receive, deal with and give instructions, authorisations or declarations in respect of the same;

8.5.2.2 that there is no adverse claim to such China Connect Securities; and

8.5.2.3 that there is no restriction on the transfer of such China Connect Securities other than those expressly provided for under the SEHK China Connect Rules or CCASS China Connect Rules.

## 8.6 Settlement and Currency Conversion

8.6.1 All Northbound trading is effected and settled in Renminbi. If J.P. Morgan does not receive sufficient Renminbi before settlement of a Northbound buy order to settle such purchase of China Connect Securities, settlement may be delayed and/or fail and you may not acquire title to, or become entitled to sell or transfer the relevant China Connect Securities. Where J.P. Morgan holds any funds on your behalf, if there are insufficient Renminbi funds to settle any Northbound buy order or other payment obligation in connection with China Connect, you authorise J.P. Morgan to convert any funds in any other currency which are held by it on your behalf into Renminbi for the purposes of settlement thereof.

8.6.2 Notwithstanding any provisions in the General Terms and Conditions, where it is necessary to convert one currency to another pursuant to these China Connect Terms, such conversion may be

carried out automatically by J.P. Morgan in a commercially reasonable manner without prior notice to you. Any risk, loss or cost resulting from any conversion of one currency into another currency pursuant to these China Connect Terms shall be borne by you.

8.6.3 Notwithstanding any provisions in the General Terms and Conditions, where J.P. Morgan determines that there is insufficient liquidity in Renminbi to settle any buy orders, J.P. Morgan may, in its sole and absolute discretion, reject your instruction to place such buy order.

## 8.7 Sale, Transfer and Disgorgement

8.7.1 Where, under the terms of the China Connect Rules, J.P. Morgan and/or any Related Person receives any notice (a "Forced-sale Notice") from a China Connect Authority requiring it to sell and liquidate a specified number of China Connect Securities owned by you, J.P. Morgan shall issue a corresponding notice to you requesting you to sell and liquidate such China Connect Securities within the period specified by the relevant China Connect Authority.

8.7.2 In relation to any Forced-sale Notice, you hereby authorise J.P. Morgan to sell or arrange for the sale of such China Connect Securities on your behalf at such price and on such terms as they may determine in its absolute discretion to the extent necessary to comply with all Applicable China Connect Laws.

8.7.3 Where China Connect Securities owned by you that are the subject of a Forced-sale Notice have been transferred from the holding of the Exchange Participant to another Clearing Participant or custodian (the "Recipient Agent"), you hereby authorise J.P. Morgan and any Related Person to provide instructions to the Recipient Agent on your behalf to return the relevant China Connect Securities for sale and liquidation in accordance with all Applicable China Connect Laws. You also undertake to inform the Recipient Agent of such authorisation and, where required, to instruct the Recipient Agent to act accordingly.

8.7.4 You hereby authorise J.P. Morgan to sell or arrange for the sale of any amount of China Connect Securities owned by you if J.P. Morgan and/or any Related Person receives any notice or request from any China Connect Authority requiring you to disgorge any profits as a result of any "short swing profit rule".

8.7.5 In addition to the above, you hereby authorise J.P. Morgan to sell, procure the sale of, transfer or carry out any other action in relation to China Connect Securities owned by you if J.P. Morgan and/or any Related Person is instructed to do so by any China Connect Authority or if J.P. Morgan and/or any Related Person otherwise determines in its absolute discretion that it is necessary or desirable to do so in order to comply with any Applicable China Connect Laws.

8.7.6 Neither J.P. Morgan nor any Related Person shall have any liability for any losses or risks which may result to you directly or indirectly from any actions taken by J.P. Morgan or any Related Person in respect of this Clause.

## 8.8 Liability and Indemnity

8.8.1 Notwithstanding any other provision in these China Connect Terms, neither J.P. Morgan nor any Related Person shall be responsible for or shall have any liability to you for any damage, liability or loss (including loss of profit) unless such damage, liability or loss is a direct result of J.P. Morgan's or any Related Person's fraud, wilful default or gross negligence.

8.8.2 You will indemnify J.P. Morgan and each Related Person and their respective directors, officers and employees (together, the "Indemnified Parties") on a full indemnity basis against any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever arising directly or indirectly from the services provided under these China Connect Terms, including,

without limitation (a) any Taxes resulting from any trading of China Connect Securities pursuant to China Connect; (b) the materialisation of any risk referred to in the Risk Disclosures Statement; (c) any legal costs which any Indemnified Party may incur in connection with any instruction given by you; or (d) any costs incurred in connection with Clause 8.7 (*Sale, Transfer and Disgorgement*) above and in each case other than those claims, demands, actions, proceedings, damages, costs, expenses, losses and liabilities which result directly from J.P. Morgan's fraud, willful default or gross negligence.

#### 8.9 Fees and Taxation

8.9.1 J.P. Morgan shall be entitled in its absolute discretion, without further notice or demand, forthwith, to satisfy any obligation or potential obligation of J.P. Morgan and/or any Related Person or you to pay or account for any amounts in respect of any Taxes by selling, realising or otherwise dealing with, in such manner as J.P. Morgan in its absolute discretion may determine, all or part of any property held by J.P. Morgan or any Related Person for any purpose, and to apply the proceeds in reduction of all or part of your liability to any tax authority or J.P. Morgan and/or any Related Person.

8.9.2 Neither J.P. Morgan nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by any of them in respect of the foregoing.

8.9.3 You shall be responsible for paying all fees, charges, levies and Taxes, and you shall be required to comply with any filing or registration obligations, in each case as may be required by any China Connect Authority or any Applicable China Connect Laws relating to any trading or investment by you of or in China Connect Securities.

#### 8.10 Miscellaneous

8.10.1 You will execute any further documents and provide any materials and/or information as J.P. Morgan may reasonably request to enable it to perform its duties and obligations under these China Connect Terms which may become necessary as and when the China Connect Rules are amended from time to time.

8.10.2 You will provide all information (including translations into Chinese, if required) to J.P. Morgan which it requests if such information is requested by any China Connect Authority or any exchange, regulatory authority or an organisation (whether within or outside Hong Kong) with which HKEx or the SEHK has entered into an information sharing arrangement or agreement. Amongst other things, your failure to comply with this provision may result in a suspension of China Connect Services to you.

8.10.3 J.P. Morgan reserves the right to vary any of the terms of these China Connect Terms and the Risk Disclosures Statement by written notice to you and by making such amendments available at [www.jpmorgan.com/directdoc/disclosures/markets/ChinaConnect\\_JP\\_MSplc.pdf](http://www.jpmorgan.com/directdoc/disclosures/markets/ChinaConnect_JP_MSplc.pdf)

8.10.4 Save for Clause 8.2 (Compliance with Trading Restrictions and Applicable China Connect Laws), Clause 8.3 (free of Payment Pre-delivery of China Connect Securities by you), Clause 8.4 (Risk Disclosures Statement and Acknowledgement), Clause 8.7 (*Sale, Transfer and Disgorgement*), Clause 8.8 (Liability and Indemnity) and Clause 8.9 (Fees and Taxation), and/or to the extent the context requires, these China Connect Terms shall automatically terminate upon termination of the General Terms and Conditions.

### SCHEDULE: DEFINITIONS

**"Affiliate"** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or

person means ownership of a majority of the voting power of the entity or person.

**"A Shares"** means any securities issued by companies incorporated in the PRC which are listed and traded on the PRC A Share markets (Shanghai and Shenzhen) and not on the SEHK.

**"Applicable China Connect Laws"** means the laws, regulations, rules and guidelines of Hong Kong and the PRC from time to time including, without limitation, the China Connect Rules.

**"Average Pricing"** means the allocation or application of an average price per China Connect Security to each individual fund managed by the same fund manager in respect of trades in such China Connect Security on the same Trading Day.

**"Cash"** means all cash or cash equivalents in Renminbi received and held by J.P. Morgan.

**"CCASS"** means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on The Stock Exchange of Hong Kong Limited and/ or any system established for the purpose of China Connect.

**"CCASS China Connect Rules"** means the general rules of CCASS, as amended for the purposes of implementing China Connect, and as amended, supplemented, modified and/or varied from time to time.

**"China Connect"** means a securities trading and clearing links programme developed or to be developed by the SEHK, SSE, HKSCC and CSDCC for the establishment of mutual market access between the SEHK and SSE.

**"China Connect Authorities"** means the exchanges, clearing systems and regulators which provide services in relation to and/or regulate China Connect and activities relating to China Connect, including without limitation the SEHK, HKSCC, SEHK Subsidiary, SSE, CSDCC, CSRC, PBOC, SAFE, SFC, HKMA and any other regulator, agency or authority with jurisdiction, authority or responsibility in respect of China Connect and **"China Connect Authority"** means any one of them.

**"China Connect Market"** means SSE.

**"China Connect Market System"** means the system used for the trading of China Connect Securities on SSE, as operated by the SSE.

**"China Connect Rules"** means any laws, rules, regulations, policies or guidelines published or applied by any China Connect Authority from time to time in respect of China Connect or any **activities arising from China Connect**.

**"China Connect Securities"** means any securities listed on SSE which may be eligible for trading by Hong Kong and international investors under China Connect.

**"China Connect Service"** means the order-routing service through which Northbound orders placed by the Exchange Participant may be transmitted by the SEHK Subsidiary to SSE for the buying and selling of China Connect Securities and any related supporting services.

**"China Connect Terms"** means these China Connect Terms (including the Risk Disclosures Statement) governing the terms on which J.P. Morgan provides you with China Connect Services and which is supplemental to the General Terms and Conditions as amended, supplemented, modified and/or varied from time to time.

**"Clearing Participant"** has the meaning given to such term in the rules of the Central Clearing and Settlement System of Hong Kong.

**"Client Identity Rules"** means the SFC's client identity rules in the Code of Conduct and Client Identity Rule Policy.

**"Client Securities Rules"** means the Securities and Futures (Client Securities) Rules (Cap 571H of the Laws of Hong Kong).

**"Code of Conduct"** means the SFC's Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

**"CSC"** means the China Stock Connect System for receiving and routing China Connect orders to a China Connect Market System for automatic matching and execution.

**"CSDCC"** means China Securities Depository and Clearing Corporation.

**"CSDCC China Connect Rules"** means the rules of CSDCC, including without limitation, the rules published by CSDCC for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time.

**"CSRC"** means China Securities Regulatory Commission.

**"Exchange Participant"** means J.P. Morgan Broking (Hong Kong) Limited which is a person registered as a China Connect Exchange Participant by the SEHK and is also a Clearing Participant.

**"Forced-sale Notice"** has the meaning given to such term in Clause 7.1.

**"General Terms and Conditions"** means any applicable existing terms, client account agreement and/or other relevant notices and disclosures between you and J.P. Morgan.

**"H Shares"** means any securities issued by companies incorporated in the PRC and listed on the SEHK.

**"HK Dealer"** means J.P. Morgan Securities (Asia Pacific) Limited (as agent for J.P. Morgan).

**"HKEx"** means the Hong Kong Exchanges and Clearing Limited.

**"HKMA"** means the Hong Kong Monetary Authority.

**"HKSCC"** means the Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx.

**"J.P. Morgan"** means J.P. Morgan Securities plc.

**"Northbound"** denotes the trading of China Connect Securities by Hong Kong and international investors through China Connect.

**"PBOC"** means the People's Bank of China.

**"PRC"** means, for the purposes of these China Connect Terms, the People's Republic of China (excluding Hong Kong, Macau and Taiwan).

**"PRC Listco"** has the meaning given to such term in paragraph 5 of the Risk Disclosures Statement.

**"QFII"** means a Qualified Foreign Institutional Investor.

**"Related Person"** means (i) the HK Dealer; (ii) the Exchange Participant; and (iii) any other Affiliate of J.P. Morgan through which your transactions in China Connect Securities may be effected.

**"Renminbi"** or **"RMB"** means the lawful currency of the PRC, deliverable in Hong Kong.

**"RQFII"** means a RMB Qualified Foreign Institutional Investor.

**"Risk Disclosures Statement"** means the China Connect Risk Disclosures Statement (as amended, supplemented, modified and/or varied from time to time), the latest version of which is available at [www.jpmorgan.com/directdoc/disclosures/markets/ChinaConnectRiskDisclosures.pdf](http://www.jpmorgan.com/directdoc/disclosures/markets/ChinaConnectRiskDisclosures.pdf) and which is hereby incorporated by reference within these China Connect Terms.

**"SAFE"** means the State Administration of Foreign Exchange of the PRC.

**"SEHK"** means The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEx.

**"SEHK China Connect Rules"** means the rules of HKEx, as amended for the purposes of implementing China Connect, and as amended, supplemented, modified and/or varied from time to time.

**"SEHK Subsidiary"** means the wholly-owned subsidiary of the SEHK duly authorised as an automated trading service provider under the SFO and licensed under applicable laws in the PRC to provide the order-routing service under China Connect.

**"SFC"** means the Securities and Futures Commission of Hong Kong.

**"SFO"** means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

**"Special China Connect Securities"** means any securities listed on SSE which SEHK (after consulting with SSE) from time to time accepts or designates as eligible only for China Connect sell orders and not for China Connect buy orders.

**"SSE"** means the Shanghai Stock Exchange.

**"SSE China Connect Rules"** means the SSE Regulations on the Shanghai-Hong Kong Stock Connect Pilot Programme which have been published by SSE for the purposes of implementing China Connect, as amended, supplemented, modified and/or varied from time to time.

**"SSE Listing Rules"** means the Rules Governing the Listing of Stocks on Shanghai Stock Exchange as amended, supplemented, modified and/or varied from time to time.

**"SSE Rules"** means the SSE China Connect Rules and the business and trading rules and regulations of SSE as amended, supplemented, modified or varied from time to time.

**"Taxes"** means all taxes, duties, levies, imposts, charges, assessments, deductions, withholdings and related liabilities, including additions to tax, penalties and interest imposed on or in respect of (i) China Connect Securities or Cash, (ii) any transaction effected under these China Connect Terms or (iii) you.

**"Trading Day"** means a day on which SEHK is open for Northbound trading where **"T day"** denotes (as the case may be) the day on which a transaction is executed; **"T+1 day"** denotes (as the case may be) the day which is one Trading Day or, in the context of settlement of funds, the business day (on which banks in Hong Kong and Shanghai are generally open for business) after T day; and **"T-1 day"** denotes (as the case may be) the day which is one Trading Day or, in the context of settlement of funds, the business day (on which banks in Hong Kong and Shanghai are generally open for business) prior to T day.

**"you"** means you and, if applicable, the principal(s) on whose behalf you act.

## CHINA CONNECT RISK DISCLOSURES STATEMENT

This Risk Disclosures Statement describes some of the key risk disclosures and other rules, requirements and features of China Connect and Applicable China Connect Laws. This Risk Disclosures

Statement does not disclose all the risks and other significant aspects of Northbound trading through China Connect. You should ensure that you understand the nature and risks of China Connect and Northbound trading and you should consider carefully (and consult your own advisers where necessary) whether trading in China Connect Securities is suitable for you in light of your circumstances. The decision to trade in China Connect Securities is yours, but you should not trade in China Connect Securities unless you fully understand and are willing to assume the risks associated with China Connect. You acknowledge the risks, and agree to the terms, set out in this Risk Disclosures Statement.

Neither J.P. Morgan nor any Related Person represents that the information set out in this Risk Disclosures Statement is up to date or comprehensive, and does not undertake to update the information set out in this Risk Disclosures Statement. Neither J.P. Morgan nor any Related Person is liable for any inaccuracies or misstatements in the information set out in this Risk Disclosures Statement.

Unless otherwise defined herein, capitalised terms used in this Risk Disclosures Statement will have the meanings given to such terms in the China Connect Terms applicable to you and available at: [www.jpmorgan.com/pages/disclosures/markets/ChinaConnect](http://www.jpmorgan.com/pages/disclosures/markets/ChinaConnect)

## 1. Pre-Trade Checking

Under PRC law, SSE may reject a sell order if an investor does not have sufficient available China Connect Securities. The SEHK will apply similar checking on all Northbound sell orders at the exchange participant level to ensure there is no overselling by any individual exchange participant ("Pre-Trade Checking"). Accordingly, you will ensure that you hold sufficient available China Connect Securities held with the Exchange Participant to cover any proposed sell order and you will comply with any requirements relating to Pre-Trade Checking mandated by the China Connect Authorities. If J.P. Morgan considers that you do not have sufficient available China Connect Securities held with the Exchange Participant to settle a sell order by the applicable cut-off time (as notified to you by J.P. Morgan from time to time), J.P. Morgan may (but shall not be obliged to) in its absolute discretion: (a) reject your sell order (in whole or in part); where appropriate arrangements are in place and as permitted by Applicable China Connect Laws, use any China Connect Securities in the Exchange Participant's (or any other exchange participant's) designated CCASS stock account(s) which J.P. Morgan holds for itself or on behalf of its other customers to fulfil the Pre-Trade Checking requirement in respect of your sell order, in which case you shall reimburse J.P. Morgan for any costs, losses or expenses which J.P. Morgan incurs as a result of buying in or otherwise sourcing the amount of China Connect Securities which you have failed to deliver in respect of your sell order, on such terms and at such price (including any associated fees and expenses) and at such time as J.P. Morgan shall determine in its absolute discretion; or (c) perform any other act which J.P. Morgan considers necessary or desirable to comply with Pre-Trade Checking and/or relevant Applicable China Connect Laws and to cover your shortfall (including but not limited to applying any other China Connect Securities available to J.P. Morgan) from other sources. In addition, J.P. Morgan may in its absolute discretion reject your sell order (in whole or in part) if for any other reason J.P. Morgan considers that there is or may be non-compliance with any Applicable China Connect Laws. Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre-Trade Checking and/or the relevant Applicable China Connect Laws shall be borne by you.

If J.P. Morgan considers that you have not (by the commencement of trading on the Trading Day on which you wish to execute a sell order or any other cut-off time specified by J.P. Morgan from time to time) transferred sufficient available China Connect Securities to the Exchange Participant's designated CCASS stock account(s) to cover a proposed sell order, J.P. Morgan may (but shall not be obliged to) in its absolute discretion: (a) reject your sell order; or (b) perform any other act which J.P. Morgan considers necessary or desirable to comply with Pre-Trade Checking and/or relevant Applicable China Connect Laws and to cover your shortfall (including but not limited to applying any other China Connect Securities available to J.P. Morgan) from any stock borrowing arrangements (to the extent permitted by Applicable China Connect Laws and available to J.P. Morgan) or other sources.

In addition, J.P. Morgan may in its absolute discretion reject your sell order if for any other reason J.P. Morgan considers that there is or may be non-compliance with any Applicable China Connect Laws. Any risk, loss or cost resulting from non-compliance with Pre-Trade Checking and/or any relevant Applicable China Connect Laws shall be borne by you.

## 2. Settlement

J.P. Morgan has established cut-off times. If you do not provide your trade allocations by J.P. Morgan's applicable cut-off time as notified to you from time to time then your trade may fail. Where you are an agent and you have not, in relation to your transactions in China Connect Securities accepted by J.P. Morgan, provided J.P. Morgan with your trade allocations to your applicable principals by J.P. Morgan's applicable cut-off time, J.P. Morgan will, unless expressly agreed otherwise, allocate such transactions on a pro-rata basis amongst your applicable principals. Where such pro-rata allocation results in odd lots, J.P. Morgan shall allocate such odd lots to the principal(s) with the largest allocation(s).

Northbound trades will follow the A Share settlement cycle. For settlement of China Connect Securities trades, CSDCC will debit or credit the securities accounts of its participants (including HKSCC as clearing participant) on T day free of payment. J.P. Morgan may have settlement arrangements in place different from the CSDCC settlement arrangements. Unless J.P. Morgan agrees to prefund, settlement of funds relating to such trading will be effected on T+1 day. In the event J.P. Morgan agrees to prefund the settlement of China Connect Securities trades, (a) J.P. Morgan shall retain the funds received from the HKSCC on T+1 day; and (b) you shall reimburse J.P. Morgan with respect to any pre-funding provided by J.P. Morgan.

Although the transfer of the China Connect Securities precedes the transfer of cash, under the China Connect Service, the title to China Connect Securities will not be released until the receipt of confirmation of payment. Accordingly, for purposes of contract notes, the settlement date would be T+1 day when both the securities and the cash are settled or where the purchase was pre-funded, the settlement date would be the date on which the China Connect Securities are released from hold.

## 3. Quota Restrictions

Purchases of China Connect Securities through China Connect are subject to certain quota controls. As a result, there is no assurance that a buy order can be successfully placed through China Connect. There is a quota limiting the maximum net value of all Northbound buy trades that can be executed by exchange participants while China Connect is in operation ("Aggregate Quota"). There is also a daily quota limiting the maximum value of all Northbound buy trades that can be executed by exchange participants on each Trading Day ("Daily Quota"). The Aggregate Quota and/or the Daily Quota may change from time to time without prior notice and investors are advised to refer to the HKE website and other information published by the HKE for up-to-date information.

Under the China Connect Rules, investors may sell their China Connect Securities regardless of whether there is a breach of the provisions relating to Aggregate Quota or Daily Quota. If there is a restriction, rejection or suspension of Northbound buying as a result of (a) the Daily Quota being fully utilised, or (b) the balance of the Aggregate Quota falling below the Daily Quota, no further buy orders can be carried out.

J.P. Morgan will handle client orders fairly. J.P. Morgan may aggregate your Northbound orders with the Northbound orders of any other client or of its affiliates when it processes such orders. This may, because of the quota restrictions, result in your order only being partially executed or not at all. In the continuous trading session J.P. Morgan will take reasonable steps to handle client orders and transactions to be undertaken for clients (including delta one hedge transactions arising from client swap orders) ("Client Orders") promptly in accordance with clients' instructions and in the sequence in which they are received.

All Client Orders which are for submission to the applicable open auction or start of continuous trading session (the "Open") shall be handled by J.P. Morgan in a way that seeks to ensure that all such Client Orders have fair and equal opportunity to participate in the Open. J.P. Morgan will regard all such Client Orders as having been received by it only at the point at which it takes any action for the purposes of submitting Client Orders into the Open.

#### 4. Restriction on Day Trading

Day (turnaround) trading is not permitted on the PRC A Share market. If you buy China Connect Securities on T day, you may be able to sell the shares only on or after T+1 day. Due to Pre-Trade Checking requirements, sell orders in relation to China Connect Securities bought on T day may only be accepted on or after the applicable cut-off time (as notified to you by the J.P. Morgan from time to time) on T+1 day.

#### 5. Disclosure of Interests

Under PRC laws, rules and regulations, if you hold or control shares (on an aggregate basis, i.e., including both domestically and overseas issued shares of the same PRC Listco (as defined below), whether the relevant holdings are through Northbound trading, QFII/RQFII regime or other investment channels) in a PRC incorporated company which is listed on a PRC stock exchange (a "PRC Listco") up to a certain threshold as may be specified from time to time by the relevant China Connect Authorities, you must disclose such interest within the period specified by the relevant China Connect Authority, and you must not buy or sell any such shares within the period specified by the relevant China Connect Authority. You must also disclose any substantial change in your holding as required by the relevant China Connect Authority.

Under Hong Kong law, where a PRC incorporated company has both H Shares listed on the SEHK and A Shares listed on the SSE, if an investor is interested in more than a certain threshold (as may be specified from time to time) of any class of voting shares (including A Shares purchased through China Connect) in such PRC incorporated company, the investor is under a duty of disclosure pursuant to Part XV of the SFO. Part XV of the SFO does not apply where the PRC incorporated company has not listed any shares on the SEHK. It shall be your responsibility to comply with any disclosure of interest rules from time to time imposed by the relevant China Connect Authorities and to arrange for any relevant filings.

#### 6. Short Swing Profit Rule

Under PRC laws, rules and regulations, if the "short swing profit rule" requires you to give up or return any profits made from purchases and sales in respect of China Connect Securities of a particular PRC Listco if (a) your shareholding in such PRC Listco exceeds the threshold prescribed by the relevant China Connect Authority from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. You (and you alone) must comply with the "short swing profit rule".

#### 7. Foreign Ownership Limits

Under PRC laws, rules and regulations, there is a limit to how many shares a single foreign investor is permitted to hold in a single PRC Listco, and also a limit to the maximum combined holdings of all foreign investors in a single PRC Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same issuer, whether the relevant holdings are through Northbound trading, QFII/RQFII regime or other investment channels). It shall be your responsibility to comply with all foreign ownership limits from time to time imposed by Applicable China Connect Laws. Such legal and regulatory restrictions or limitations may have an adverse effect on the liquidity and performance of an investment in China Connect Securities due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers. As a result, you may suffer losses through your trading or investments in China Connect Securities.

If J.P. Morgan and/or any Related Person becomes aware that you have breached (or reasonably believes that you may breach upon execution of further Northbound buy orders) any foreign ownership limits, or if J.P. Morgan and/or any Related Person is so required by any China Connect Authority, including without limitation to , as a result of any Forced-sale Notice issued by the SSE, J.P. Morgan will sell any China Connect Securities pursuant to the China Connect Terms in order to ensure compliance with all Applicable China Connect Laws. In such case, no China Connect Securities buy orders for the relevant China Connect Securities will be accepted until SSE informs the SEHK Subsidiary or the SEHK that the aggregate foreign shareholding has fallen below a certain percentage. The SEHK may determine in its absolute discretion which exchange participants and what quantity of China Connect Securities should be subject to a Forced-sale Notice (this is generally likely to be on a "last-in, first-out" basis), and the SEHK's (or the SEHK Subsidiary's) own records shall be final and conclusive.

Moreover, under PRC laws, where the aggregate holding of foreign investors exceeds a specified percentage (the "**Cautionary Level**") of the issued shares of a single PRC Listco, upon notification by the SSE to the SEHK Subsidiary, the SEHK and the SEHK Subsidiary are required as soon as practicable thereafter to suspend accepting China Connect Securities buy orders in respect of the relevant China Connect Securities. In such circumstances, your buy orders may be rejected until the aggregate shareholding of foreign investors has fallen below a specified percentage (the "**Permitted Level**") as advised by SSE from time to time.

Currently, the single foreign investor limit is set at 10% of the total issued shares of a PRC Listco and the aggregate foreign investor limit is set at 30% of the total issued shares of a PRC Listco (while the Cautionary Level and the Permitted Level are set at 28% and 26% respectively of the total issued shares of a PRC Listco). Such limits and levels are subject to change from time to time. Neither J.P. Morgan nor any Related Person shall be under any obligation to inform you of any such changes relating to foreign ownership limits.

#### 8. SSE-listed Shares Eligible for Northbound Trading

The SEHK will include and exclude securities as China Connect Securities based on the prescribed criteria under the China Connect Rules, any adjustments made to the SSE 180 Index and SSE 380 Index, any relevant A Shares and H Shares being listed on or delisted from SSE and/or the SEHK, and any relevant A Shares being placed under or released form risk alert. You should refer to the HKEx website and other information published by the HKEx for up-to-date information. Neither J.P. Morgan nor any Related Person shall be under any obligation to inform you of any changes to the eligibility of share for Northbound trading.

According to the SSE Listing Rules, if any SSE-listed company is in the delisting process, or its operation is unstable due to financial or other reasons such that there is a risk of being delisted or exposing investors' interest to undue damage, the SSE-listed company will be earmarked and traded on the risk alert board. Any change to the risk alert board may occur without prior notice. If a China Connect Security which is eligible for China Connect trading at launch of the programme is subsequently moved to the risk alert board, investors under China Connect will be allowed only to sell the relevant China Connect Security and are prohibited from further buying. For details concerning the risk alert board, please refer to the SSE Listing Rules and SSE Risk Alert Board Provisional Trading Arrangement and any other relevant sources from time to time.

#### 9. Special China Connect Securities

The SEHK will accept or designate securities which cease to meet the eligibility criteria for China Connect Securities as Special China Connect Securities (provided that they remain listed on SSE). In addition, any securities or options (which are not eligible for China Connect trading) received by you as a result of any distribution of rights or entitlements, conversion, takeover, other corporate actions or abnormal trading activities will be accepted or designated by the SEHK as Special China Connect Securities. You will be able only to sell, but not to buy, any Special China Connect Securities.

## **10. No Off-exchange Trading and Transfers**

You, J.P. Morgan and any Related Person shall not trade or provide services to facilitate trading of any China Connect Securities otherwise than through the China Connect Market System, and J.P. Morgan shall not match, execute or arrange the execution of any sale and purchase instructions or any transfer instructions from you or effect any Non-trade Transfer (as defined below in paragraph 26) or settlement of instructions in respect of any China Connect Securities in any manner other than through China Connect in accordance with the China Connect Rules, except in the following circumstances or as otherwise provided by a relevant China Connect Authority:

- (a) stock borrowing and lending of China Connect Securities which are eligible for covered short selling and with a tenor of no more than one month;
- (b) stock borrowing and lending of China Connect Securities which are eligible for satisfying the Pre-trade Checking requirement, with a tenor of one day (and which is not renewable);
- (c) post-trade allocation of China Connect Securities by a fund manager or an asset manager across the funds and/or sub-funds or clients it manages; and
- (d) any other situations specified by SSE and CSDCC, including but not limited to any Non-trade Transfer as a result or for the purpose of (i) succession, (ii) divorce, (iii) dissolution, liquidation or winding-up of any company or corporation, (iv) donation to a charitable foundation; and (v) assisting in any enforcement action or proceedings of any court, prosecutor or law enforcement agency.

## **11. Placing Orders**

Only limit orders with a specified price are allowed pursuant to Applicable China Connect Laws, whereby buy orders may be executed at or lower than the specified price and sell orders may be executed at or higher than the specified price. Market orders will not be accepted.

## **12. Price Limits**

China Connect Securities are subject to a general price limit of ±10% based on the previous Trading Day's closing price (and a price limit of ±5% where the China Connect Securities are on risk alert). The price limit may be changed from time to time. All orders in respect of China Connect Securities must be within the price limit. Any orders with a price beyond the price limit will be rejected by SSE. Additionally, the SEHK has put in place a dynamic price checking for buy orders. Buy orders with input prices lower than the current best bid (or last traded price in the absence of current best bid, or previous closing price in the absence of both current best bid and last traded price) beyond a prescribed percentage will be rejected by China Connect Market System. The price checking percentage, which is currently set at 3%, may be adjusted by the SEHK from time to time.

## **13. Taxation**

China Connect Securities traded under China Connect currently enjoy a temporary exemption from PRC "income" tax and PRC business tax. It is uncertain when such exemptions will expire and whether other PRC taxes will be applicable to trading of China Connect Securities under China Connect. Dividends derived from China Connect Securities are subject to PRC withholding tax. PRC stamp duty is also payable for transactions in China Connect Securities under China Connect. You will be fully responsible for any Taxes in respect of China Connect Securities. Neither J.P. Morgan nor any Related Person assumes any responsibility for advising on or handling any tax issues, liabilities and/or obligations in connection with China Connect, nor will any of them provide any service or assistance in this regard. Prior to investing in China Connect Securities, you are strongly urged to consult your own tax advisers and counsel with respect to the possible tax consequences to you of such investment since such tax consequences may differ in respect of different investors.

In addition and without prejudice to any other right or remedy which J.P. Morgan may have, J.P. Morgan shall be entitled in its absolute discretion, without further notice or demand, forthwith, to satisfy any obligation or potential obligation of J.P. Morgan or any Related Person or you to pay or account for any amounts in respect of any Taxes by selling, realising or otherwise dealing with, in such manner as J.P. Morgan in its absolute discretion may determine, all or part of any property held by J.P. Morgan or any Related Person for any purpose in any of your accounts held with J.P. Morgan or any Related Person, and to apply the proceeds in reduction of all or part of your liability to J.P. Morgan or any Related Person. Neither J.P. Morgan nor any Related Person shall have any liability for any losses or risks which may result directly or indirectly from any actions taken by J.P. Morgan or any Related Person in respect of the foregoing.

## **14. Client Securities Rules**

By way of brief background, the Client Securities Rules prescribe how client assets are to be dealt with by all intermediaries and their associated entities. However, as the China Connect Securities traded through China Connect are not listed or traded on the SEHK, you will not have protection under the Client Securities Rules, unless otherwise specified by the SFC or any other relevant China Connect Authority.

## **15. Investor Compensation Fund**

Trading in China Connect Securities does not enjoy the protection afforded by the Investor Compensation Fund established under the Securities and Futures Ordinance. Accordingly, unlike the trading of SEHK-listed securities, you will not be covered by the Investor Compensation Fund in respect of any loss you may sustain by reason of a default by any SFC licensed or registered intermediaries.

## **16. Ownership of China Connect Securities**

China Connect Securities are held in CSDCC. HKSCC will become a direct participant in CSDCC and China Connect Securities acquired by investors through Northbound trading will be:

- (a) recorded in the name of HKSCC in the nominee securities account opened by HKSCC with CSDCC and HKSCC will be nominee holder of such China Connect Securities; and
- (b) held in custody under the depository of CSDCC and registered in the shareholders' register of the relevant PRC Listco.

HKSCC will record interests in such China Connect Securities in the CCASS stock account of the relevant HKSCC Clearing Participant.

Under Hong Kong law, HKSCC will be regarded as the legal owner of such China Connect Securities and will be regarded as holding the beneficial entitlement to the China Connect Securities on behalf of the relevant Clearing Participant(s). Depending on the custody arrangements between a Clearing Participant and its Hong Kong or overseas clients, such Clearing Participant will in turn generally be regarded as holding the beneficial entitlement for such Hong Kong or overseas clients.

Under current PRC regulations, China Connect Securities will be recorded in a nominee account opened by HKSCC with CSDCC and Northbound investors have rights and interests in China Connect Securities acquired through China Connect according to the applicable laws. The CSRC Securities Registration and Settlement Measures, CSDCC Securities Registration Rules and Administrative Rules on Securities Accounts, the CSDCC China Connect Rules and SSE China Connect Rules generally provide for the concept of a "nominee holder" and recognise the Northbound investors as the "ultimate owners" of China Connect Securities.

Northbound investors shall exercise their rights in relation to China Connect Securities through HKSCC as the nominee holder. As Northbound investors will have actual control over voting rights in respect of such China Connect Securities (either individually or acting in concert with others), Northbound investors are responsible for

complying with disclosure obligations under PRC laws and regulations in relation to China Connect Securities acquired through Northbound trading.

However, the precise nature and rights of a Northbound investor as the beneficial owner of China Connect Securities through HKSCC as nominee is less well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases in the PRC courts concerning a nominee account structure. Therefore the exact nature and methods of enforcement of the rights and interests of Northbound investors under PRC law are not free from doubt.

HKEx has published materials explaining the ownership rights of Northbound investors in China Connect Securities and may publish further information from time to time. In summary, the HKEx published materials state that:

- (a) it is the Hong Kong and overseas investors as the ultimate investors (rather than any broker, custodian or intermediary through whom such investors hold the China Connect Securities) who should be recognised under PRC laws and regulations as having beneficial ownership in the China Connect Securities;
- (b) as key functions of a nominee holder, HKSCC will be responsible for collecting and distributing dividends to its participants (for their own account and/or as agent for their investors) and obtaining and consolidating voting instructions from its participants and submitting a combined single voting instruction to the issuer of the relevant China Connect Securities. However, under the CCASS China Connect Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of China Connect Securities in the PRC or elsewhere; and
- (c) on the insolvency of HKSCC, the China Connect Securities will not be regarded as the general assets of HKSCC under Hong Kong and PRC law and will not be available to the general creditors of HKSCC. CSDCC and the PRC courts will recognise the liquidator of HKSCC, duly appointed pursuant to Hong Kong law, as the rightful person to deal with China Connect Securities in the place of HKSCC.

You should conduct your own review of the HKEx published materials and the applicable China Connect Rules from time to time. You should also consult your own legal advisers to make your own assessment of your rights as a Northbound investor in China Connect Securities.

## **17. No Manual Trade or Block Trade**

There will be no manual trade facility or block trade facility for Northbound trading under China Connect.

## **18. Amendment of Orders and Loss of Priority**

Consistent with the current practice in the PRC, if an investor engaged in Northbound trading wishes to amend an order, the investor must first cancel the original order and then input a new one. Accordingly, order priority will be lost and, subject to the Daily Quota and Aggregate Quota restrictions (see paragraph 3 above), the subsequent order may not be filled on the same Trading Day.

## **19. Risk of CSDCC Default**

CSDCC has established a risk management framework and measures that are approved and supervised by the CSRC. If CSDCC (as the host central counterparty) defaults, HKSCC may (but shall have no obligation) to take any legal action or court proceeding to seek recovery of the outstanding China Connect Securities and monies from CSDCC through available legal channels and through CSDCC's liquidation process, if applicable. As CSDCC does not contribute to the HKSCC guarantee fund, HKSCC will not use the HKSCC guarantee fund to cover any residual loss as a result of closing out any of CSDCC's positions. HKSCC will in turn distribute China Connect Securities and/or monies recovered to clearing participants on a pro-

rata basis as prescribed by the relevant China Connect Authorities. J.P. Morgan in turn will be distributing China Connect Securities and/or monies only to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by CSDCC is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound trading.

## **20. Risk of HKSCC Default**

The provision of services pursuant to the China Connect Terms also depends upon the performance by HKSCC of its obligations. Any action or inaction of the HKSCC or a failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of China Connect Securities and/or monies in connection with them and you may suffer losses as a result. Neither J.P. Morgan nor any Related Person shall have any responsibility or liability for any such losses.

## **21. Scripless Securities**

China Connect Securities are traded in scripless form and accordingly, China Connect Securities may not be physically deposited into and/or withdrawn from CCASS.

## **22. Company Announcements on Corporate Actions**

Neither J.P. Morgan nor any Related Person shall be responsible for any corporate actions. Any corporate action in respect of China Connect Securities will be announced by the relevant issuer through the SSE website and certain officially appointed newspapers. HKSCC will also record all corporate actions relating to China Connect Securities in CCASS and inform its clearing participants of the details via the CCASS terminals as soon as practicable on the announcement date. Investors engaged in Northbound trading may refer to the SSE website and the relevant newspapers for the latest listed company announcements or, alternatively, the HKEx website's China Stock Markets Web (or such other replacement or successor web-page from time to time) for corporate actions in respect of China Connect Securities issued on the previous trading day. Investors should note that SSE-listed issuers publish corporate documents in Chinese and English translations may not be available.

In addition, HKSCC will endeavour to collect and distribute cash dividends relating to China Connect Securities to clearing participants in a timely manner. Upon receipt of the dividend amount, HKSCC will to the extent practicable arrange to distribute to relevant clearing participants on the same day.

Following existing market practice in the PRC, investors engaged in Northbound trading will not be able to attend shareholder meetings by proxy or in person, unlike the current practice in Hong Kong in respect of SEHK-listed shares.

Neither J.P. Morgan nor any Related Person can ensure the accuracy, reliability or timeliness of any company announcements of corporate actions and they accept no liability (whether in tort or contract or otherwise) for any loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. J.P. Morgan and Related Persons expressly disclaims all warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

## **23. Average Pricing across Funds for Fund Managers**

Where Average Pricing applies, you will be allocated China Connect Securities (or their proceeds) at the same averaged price across your orders, which may be higher or lower than the price which you would have paid or received had the orders been processed individually and in the order submitted. Neither J.P. Morgan nor any Related Person will be responsible for any such difference in pricing or any loss or risk arising from the application of Average Pricing.

#### **24. Disclosure of Information and Publication of Trade Information**

The SEHK may require J.P. Morgan to provide information on your profile, and the type and value of your orders in relation to Northbound trading of China Connect Securities and the trades which J.P. Morgan handled for you at such intervals and in such form as the SEHK may specify from time to time for purposes of the publication, dissemination or public distribution of aggregated information in respect of China Connect Securities trades under China Connect, trading volumes, investor profiles and other related data.

#### **25. Retention of Information**

You acknowledge and accept that J.P. Morgan and any Related Person may in accordance with the China Connect Rules keep records for a period of not less than 20 years of (a) all orders and trades executed on your behalf; (b) any instructions received from you; (c) your account information in relation to Northbound trading; and (d) all relevant information concerning margin trading and stock borrowing and lending of any China Connect Securities (including, without limitation, in respect of any such margin trading, the relevant securities margin trading arrangement and the funds provided).

#### **26. Client Error**

Neither J.P. Morgan nor any Related Person shall be liable for any loss, damage or expense or consequential loss, damage or expense suffered by you as a result of any trading based on your instructions. J.P. Morgan will not be able to unwind any trade, and investors should take note of the settlement arrangements in respect of China Connect Securities under China Connect, including but not limited to quota restrictions which may affect the ability to mitigate the consequences of any error trades.

The China Connect Rules generally prohibit any off-exchange trading or transfers. However, transfers may be permitted between exchange participants and their clients to rectify an error trade in limited circumstances, although there is a lack of clarity as to the circumstances in which such transfers may be permitted. Exchange participants who perform a transfer of beneficial ownership of China Connect Securities which is not conducted through the China Connect Service and executed on the China Connect Market (a “**Non-trade Transfer**”) to rectify an error trade will be required to submit to the SEHK an error trade report together with supporting documents explaining how the error was made and providing details of the Non-trade Transfer. The SEHK has the power to disallow a particular exchange participant to conduct Non-trade Transfers for error trade rectification if the SEHK has reasonable cause to suspect or to believe that the exchange participant may abuse or may have abused such rectification arrangements or may have used such rectification arrangements to circumvent the prohibition against off-exchange trades or transfers. The SEHK may provide error trade reports and related information to the SFC and SSE. Exchange participants are warned by the SEHK not to misuse this arrangement to effect off-exchange trades or transfers which are otherwise disallowed under the relevant China Connect Rules. J.P. Morgan shall have absolute discretion to determine whether to conduct any transfer to rectify any error trade and shall have no obligation to do so. Neither J.P. Morgan nor any Related Person shall have any liability for any losses which may result directly or indirectly from any error trade or any refusal to conduct a transfer to correct an error trade.

#### **27. Operation of China Connect Service/Novelty of China Connect Market System**

The SEHK or the SEHK Subsidiary (after consulting with the SEHK) may, under certain circumstances as specified in the SEHK rules and/or whenever the SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors, temporarily suspend or restrict all or part of the order-routing and related supporting services with regard to all or any Northbound trading of China Connect Securities, and for such duration and frequency as the SEHK may consider appropriate. You will not be able to buy or sell China Connect Securities on the SEHK through China Connect during any period in which trading of China Connect Securities is suspended.

In particular, you should note that while trading of China Connect Securities is suspended by the SEHK, trading of such China Connect Securities may continue on SSE. You may remain exposed to fluctuations in the price of China Connect Securities caused by trading on SSE during the period when trading of such China Connect Securities is suspended by the SEHK.

The SEHK has absolute discretion to change the operational hours and arrangements of the China Connect Service at any time and without advance notice, whether on a temporary basis, due to operational needs, inclement weather, under emergency situations or otherwise. Moreover, the SEHK or the SEHK Subsidiary (with the agreement of the SEHK) may cease the provision of the China Connect Northbound trading service permanently.

Such suspension, restriction or cessation will affect J.P. Morgan's ability to accept and process your orders and you are advised to refer to the HKEx website and other information published by the HKEx for up-to-date information. There can be no assurance that your orders will be accepted or processed, notwithstanding that China Connect Securities may be traded through other channels including, without limitation, by PRC investors on SSE.

Further, the SEHK China Connect Rules state that where any H Shares with corresponding A Shares eligible as China Connect Securities are suspended from trading on the SEHK, but the corresponding A Shares are not suspended from trading on SSE, the service for routing the China Connect sell orders and China Connect buy orders for such A Shares to SSE for execution will normally remain available. However, the SEHK may, in its discretion, restrict or suspend such service without prior notice and your ability to place sell orders and buy orders may be affected.

In addition, the China Connect Market System is a new platform for trading of China Connect Securities under China Connect. Trading services are provided based on the China Connect Market System which is operated by the SSE. Neither J.P. Morgan nor any Related Person is responsible for any delay or failure caused by the China Connect Market System and investors accept all risks arising from trading China Connect Securities through the China Connect Market System. Neither J.P. Morgan nor any Related Person shall be responsible or held liable for any loss or damage directly or indirectly suffered by you arising from or in connection with the China Connect Service or the CSC through Northbound trading including, without limitation, the following:

- (a) a suspension, restriction or cessation of the China Connect Service or the CSC, or any inability to access or use the CSC or the China Connect Service;
- (b) any special arrangement put in place or any action, step or measure taken or not taken to deal with an emergency, including but not limited to the cancellation of any or all China Connect orders inputted;
- (c) any suspension, delay, interruption or cessation of trading of any China Connect Securities on SSE or through the SEHK;
- (d) any delay, suspension, interruption or order cancellation of any China Connect Securities as a result of the hoisting of a Typhoon Signal No. 8 or above or the issuance of the Black Rainstorm Warning in Hong Kong;
- (e) any delay or failure to route any China Connect orders, or any delay or failure to send any order cancellation requests or to provide the China Connect Service, due to any system, communication or connection failure, power outage, software or hardware malfunction or other event beyond the control of the SEHK, J.P. Morgan or any Related Person;
- (f) any circumstance that a cancellation of a China Connect order which the Exchange Participant has requested to be cancelled is not cancelled for any reason whatsoever;

(g) any delay, failure or error of any China Connect Market System or any system upon which the SEHK Subsidiary, J.P. Morgan or any Related Person is reliant in providing the China Connect Service; and

(h) any delay or failure to execute, or any error in matching or executing any, China Connect order due to any reason beyond the control of the SEHK, HKEx or the SEHK Subsidiary or J.P. Morgan or any Related Person (including, without limitation, any action or decision taken or made, or not taken or made, by SSE any China Connect Authority or any other relevant governmental or regulatory body).

If there is any delay or failure to send any order cancellation request any circumstance described in paragraph (e) above, you shall, in the event such order is matched and executed, remain responsible to fulfil any settlement obligations in respect of such transaction.

## 28. Operational Hours

The SEHK has absolute discretion to determine from time to time the operational hours of the China Connect Service, and will have absolute discretion to change the operational hours and arrangements of the China Connect Service at any time and without advance notice whether on a temporary basis or otherwise. Neither J.P. Morgan nor any Related Person shall be under any obligation to inform you of any such determinations by the SEHK as to the operational hours of the China Connect Service.

Where, for example, there is any price sensitive information relating to a PRC Listco during a time when the China Connect Service is not in operation, the A Shares of the PRC Listco may continue to trade on SSE and the price of such A Shares may move significantly. In such case, Northbound investors will not be able to trade in such shares until the next available Trading Day under China Connect.

## 29. Margin Trading

Subject to certain conditions prescribed by the China Connect Authorities, Hong Kong and overseas investors may conduct margin trading in China Connect Securities determined by the relevant China Connect Authorities to be eligible for margin trading ("Eligible Margin Trading Securities"). The HKEx will from time to time publish a list of Eligible Margin Trading Securities. The SSE may suspend margin trading activities in any specific A Share if the volume of margin trading activities in such A Share exceeds a threshold determined by SSE and resume margin trading activities when the volume of margin trading activities drops below a prescribed threshold. Where the SEHK is notified by SSE that a suspension or resumption involves a security on the list of Eligible Margin Trading Securities, the HKEx will disclose such information on its website. In such circumstances, any margin trading (except for margin trading in respect of China Connect Securities buy orders) in the relevant China Connect Security shall be suspended and/or resumed accordingly. SSE has reserved the right to require at some point in time, margin trading orders to be flagged as margin trading orders when routed to China Connect. Neither J.P. Morgan nor any Related Person shall have any obligation to update you in respect of the list of Eligible Margin Trading Securities or any restrictions or suspensions in respect of margin trading from time to time.

## 30. Rights Issuances

Where a Hong Kong or overseas investor receives any form of entitlement security from the issuer of a China Connect Security, if such entitlement security:

(a) is a China Connect Security, Hong Kong and overseas investors will be allowed to buy and sell the entitlement security through China Connect;

(b) is not a China Connect Security but is a RMB-denominated security listed on the SSE, Hong Kong and overseas investors may be

permitted to sell the entitlement security through China Connect but will not be permitted to buy such entitlement security;

(c) is an SSE-listed security but is not traded in RMB, Hong Kong and overseas investors will not be allowed to buy or sell the entitlement security through China Connect. HKEx has stated that SSE and the SEHK will consult each other to agree on the appropriate treatment of the entitlement security; and

(d) is not listed on SSE, Hong Kong and overseas investors will not be allowed to buy or sell the entitlement security on China Connect unless and until appropriate arrangements (if any) have been provided by HKSCC. It is possible that no such arrangements will be provided.

## 31. Odd Lot Trading

Odd lot trading in China Connect Securities is available only for sell orders and all odd lots must be sold in one single order. A board lot order may be matched with different odd lot sell orders, resulting in odd lot trades. Board lot and odd lot orders are matched on the same platform on China Connect and subject to the same share price. The maximum order size is 1 million shares and the tick size is uniformly set at RMB0.01.

## 32. Short Selling

Covered short selling of China Connect Securities may become available in due course provided such covered short selling satisfies the requirements specified by the relevant China Connect Authorities. Short selling may be suspended where the volume of short selling in respect of the relevant China Connect Security exceeds the threshold(s) specified by the SEHK, and may be resumed if the SEHK so permit. However, naked short selling of China Connect Securities is prohibited. You shall be fully responsible for understanding and complying with short selling requirements in effect from time to time and for any consequences of non-compliance.

## 33. Stock Borrowing and Lending

Stock borrowing and lending are permitted for eligible China Connect Securities as specified by SSE for the purpose of (a) covered short selling and (b) satisfying the Pre-Trade Checking requirement. Special China Connect Securities are not eligible for stock borrowing and lending for the purpose of covered short selling (but are eligible for the purpose of satisfying the Pre-Trade Checking requirement) SSE will determine a list of eligible China Connect Securities for stock borrowing and lending. Stock borrowing and lending of eligible China Connect Securities will be subject to restrictions set by the SEHK and SSE, including but not limited to the following:

(a) stock borrowing and lending agreements for the purpose of covered short selling shall have a duration of not more than one month;

(b) stock borrowing and lending agreements for the purpose of satisfying the Pre-Trade Checking requirement shall have a duration of not more than one day (and roll-over is not permitted);

(c) stock lending will be restricted to certain types of persons to be determined by SSE; and

(d) stock borrowing and lending activities will be required to be reported to the SEHK.

Only certain persons are eligible to lend China Connect Securities in stock borrowing and lending arrangements concerning China Connect Securities.

J.P. Morgan will be required to file a monthly report to the SEHK providing details of its stock borrowing and lending activities with respect to China Connect Securities. This may include (amongst others) details of the borrower, lender, amount of shares

borrowed/lent, amount of shares outstanding and date of borrowing/returning.

Where the prescribed proportion of stock borrowing and lending of any China Connect Security exceeds the limit prescribed by SSE, SSE may suspend stock borrowing and lending of such China Connect Security and require the SEHK Subsidiary to suspend placement of covered short selling orders relating to such China Connect Security. If and when the prescribed proportion of stock borrowing and lending falls below the prescribed limit, SSE may resume stock borrowing and lending of such China Connect Security and notify the SEHK Subsidiary that it may resume acceptance of covered short selling orders relating to such China Connect Security.

You are advised to refer to the relevant provisions from time to time governing stock borrowing and lending of China Connect Securities under the SEHK China Connect Rules and the Applicable China Connect Laws. Neither J.P. Morgan nor any Related Person shall have any obligation to update you in respect of any suspension of stock borrowing and lending or any change to the relevant SEHK China Connect Rules or Applicable China Connect Laws.

#### **34. Risks associated with investing in China Connect Securities**

##### *PRC-related risks*

Investing in the PRC, an emerging market, involves special considerations and risks, including without limitation greater price volatility, less developed regulatory and legal framework, economic, and social and political instability.

##### *Market risk*

The market value of China Connect Securities and the income from them may go down as well as up. There can be no assurance that you will achieve profits or avoid losses from trading China Connect Securities, significant or otherwise. The return you receive from the China Connect Securities (if any) will fluctuate in response to changes in capital appreciation and/or income relating to such China Connect Securities. Furthermore, China Connect Securities may experience volatility and decline depending on market conditions. Through trading China Connect Securities, you are exposed to various forms of risk, including (for example), interest rate risks (risks of falling China Connect Securities values in a rising interest rate market), income risks (risks of falling incomes from China Connect Securities in a falling interest rate market) and credit risk (risk of a default by an issuer of China Connect Securities).

##### *Possible business failure risk*

In the current economic environment, global markets are experiencing very high level of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more underlying issuer of China Connect Securities may have an adverse effect on your investment. You may lose money by investing in China Connect Securities.

##### *Equity risk*

Investing in China Connect Securities may offer a higher rate of return than investing in short term and longer term debt securities. However, the risks associated with investments in China Connect Securities may also be higher, because the investment performance of China Connect Securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease in value.

##### *Dividend risk*

Whether an issuer of China Connect Securities will pay distributions is subject to such underlying issuer's dividend policy. Dividend payment rates in respect of China Connect Securities may depend on factors including general economic conditions and the financial positions of the relevant issuers. There can be no assurance that any dividends or distributions in respect of China Connect Securities will be declared or paid.

##### *Liquidity risks*

Although China Connect Securities are listed for trading on SSE and available for trading through the SEHK by China Connect, there can be no assurance that an active trading market for China Connect Securities will develop or be maintained. If spreads on China Connect Securities are wide, this may adversely affect your ability to dispose of China Connect Securities at the desired price. If you need to sell China Connect Securities at a time when no active market for them exists, the price you receive for your China Connect Securities — assuming you are able to sell them — is likely to be lower than the price received if an active market did exist.

##### *General legal and regulatory risk*

You must comply with all Applicable China Connect Laws. Furthermore, any change in any Applicable China Connect Laws may have an impact on the market sentiment which may in turn affect the performance of China Connect Securities. It is impossible to predict whether such an impact caused by any such change will be positive or negative for China Connect Securities. In the worst case scenario, you may lose a material part of your investments in China Connect Securities.

##### *Currency risk*

RMB is not yet freely convertible in Hong Kong, and is subject to foreign exchange controls and restrictions. Particularly, conversion of RMB through banks in Hong Kong is subject to certain restrictions. It may be difficult for investors to convert RMB into Hong Kong dollars or other currencies or vice versa at any specific time, and conversion will be subject to conversion costs and such costs and timings for conversion may not be of your preference.

In addition, the value of RMB against Hong Kong dollars or other foreign currencies may be affected by a wide range of factors. There is no guarantee that RMB will not depreciate. A depreciation of RMB may result in a decrease in the market value of RMB denominated securities and the realisation price of the RMB denominated securities. Investors who are trading in RMB denominated securities may also sustain loss in the event that they subsequently convert any RMB proceeds back to Hong Kong dollars or other base currencies.

There are also significant restrictions on the remittance of RMB into and out of the PRC. If the issuer of RMB denominated securities is not able to remit RMB to Hong Kong or make distributions in RMB due to exchange controls or other restrictions, the issuer may make distributions (including dividends and other payments) in other currencies. Investors may therefore be exposed to additional foreign exchange risk and liquidity exposures.

The liquidity and trading price of China Connect Securities may be adversely affected by the limited availability of RMB outside the PRC and restrictions on the conversion of RMB. These factors may affect the liquidity of RMB for investors and accordingly adversely affect the market demand for China Connect Securities.

## Americas Addition

This Americas Addition supplements and forms part of the Terms of Business and any additional supplements or notices issued by J.P. Morgan thereto (collectively, the "Terms") which govern all designated investment business (as defined under the FCA Handbook and PRA Handbook, as applicable) and business in relation to other traded products (excluding deposits) which is transacted with or for you by J.P. Morgan.

### 1. Brazil Addition

Unless otherwise stated, the following additional provisions shall apply where we effect your transaction in securities listed on the Brazilian BM&FBovespa Stock, Mercantile & Futures Exchange ("BM&FBovespa") (each a "Brazil Transaction") through any of our Affiliates and/or a third party locally authorised broker based in Brazil (including J.P. Morgan Corretora de Câmbio e Valores Mobiliários S.A., "JPMCCVM" and each such broker, a "Brazil Broker"). In the event of any inconsistency between the Terms and this Brazil Addition, this Brazil Addition shall prevail with respect to the Brazil Transactions.

Capitalised terms used in this Brazil Addition shall have the same meanings as defined in the Terms, unless indicated otherwise.

(i) For the purposes of Brazil Transactions, for the avoidance of doubt, "**Applicable Law**" as defined in the Terms shall include the Brazil Broker's rules and parameters and code of ethics (where JPMCCVM is your Brazil Broker for the Brazil Transaction, these are available at <http://www.jpmorgan.com/pages/jpmorgan/brazil/en/business/ib/ccvm>).

Applicable law shall also include the laws and regulations issued by the National Monetary Council of Brazil, the Brazilian Central Bank, the Brazilian Securities Commission (Comissão de Valores Mobiliários "CVM") and BM&FBovespa, including, with respect to the latter, those established by BM&FBovespa's bylaws, regulations, manuals, standards and rules in general. Additional disclosures may apply from time to time which will be included on <http://www.jpmorgan.com/pages/disclosures/markets>.

(ii) BM&FBovespa is the self-regulating entity of the Brazilian equity markets and is an auxiliary body of the CVM. BM&FBovespa, in its capacity, is responsible for regulating and supervising the operations and activities carried out by the Brazil Broker in the markets managed by BM&FBovespa and cleared and settled through BM&FBovespa.

(iii) You agree that J.P. Morgan and its Affiliates may disclose information about you (including on behalf of any principal or principals for whom you are acting as agent) to Brazilian regulators, including but not limited to BM&FBovespa, the Brazilian Central Bank and the CVM.

(iv) The Brazil Broker may in its discretion, refuse to receive or execute orders, totally or partially, or cancel any pending order, immediately communicating such refusal or cancellation to you if:

(a) you (and, if applicable your principals) are defaulting on any of your obligations;

(b) the orders to be executed represent excessive risks in relation to your financial capacity; and/ or

(c) the Brazil Broker verifies any irregularity, breach or non-compliance with applicable laws or regulations, in particular those aimed at creating artificial demand, or artificial offer or price conditions, price manipulation, fraudulent transactions, or other non-equitable market practices.

(v) BM&FBovespa requires its members to take action to:

(a) enforce operating and credit limits; and

(b) limit "excessive risks" stemming from market price fluctuations and exceptional market conditions. Such action may affect our ability to execute your Brazil Transaction.

(vi) In order to be able to carry out the Brazil Transactions on the BM&FBovespa, you shall maintain an account with the Brazil Broker (if applicable, on behalf of any principal or principal for whom you are acting as agent), and shall observe the terms established by the Brazil Broker in connection therewith, so as to comply with all of your obligations in connection with the Brazil Transactions and the terms hereof.

(vii) You hereby appoint the applicable Brazil Broker as your agent and representative to the BM&FBovespa, with power on your behalf to: take all necessary steps to carry out Brazil Transactions; receive and deliver cash or securities; enter into agreements; to settle the Brazil Transactions; and assume all obligations and exercise all rights arising under the standards and regulations of BM&FBovespa.

(viii) You and, if applicable, your principals hereby recognise and agree that in the case of insufficient balances in your accounts, lack of payment or delivery, in part or in full, of funds or securities due in connection with the Brazil Transactions, including, but without limitation, any margins required by the Brazil Broker, by 12pm (twelve o'clock) on the day they are due, the Brazil Broker shall be entitled to, without previous notice or any other judicial or extrajudicial measure:

(a) execute, retain and/or transfer any funds or assets which are held for the Customer's benefit or account and/or held under some form of guarantee; and

(b) sell, at market prices, the securities and/or other assets given as collateral, as well as any other assets which are held for the Customer's benefit or account and/or held under some form of guarantee, including without limitation, the positions, securities and/or assets in connection with the Brazil Transactions executed on the BM&FBovespa.

(ix) In case of failure to comply with your payment obligations, you and, if applicable, your principals shall have your name included in the BM&FBovespa's list of defaulted clients and shall not be authorised to trade until full payment of the outstanding debt, in accordance with the rules issued by the BM&FBovespa.

(x) You and, if applicable, your principals shall be deemed compliant with your payment obligations relating to the Brazil Transactions executed on the BM&FBovespa's markets only upon confirmation of receipt of funds by (a) the Brazil Broker; (b) the Brazil Broker's clearing member; and (c) the BM&FBovespa. Notwithstanding paragraph (ix) above, any collateral posted by you in connection with Brazil Transactions may be executed (a) by the Brazil Broker's clearing member if the Brazil Broker fails to transfer the settlement funds corresponding to the Brazil Transactions executed to its clearing member; and (b) by the BM&FBovespa if the Brazil Broker's clearing member fails to transfer the settlement funds corresponding to the Brazil Transactions executed by you and, if applicable your principals, to the BM&FBovespa.

(xi) You confirm that the representations, warranties and undertakings made by you under the Brazil Addition are made to J.P. Morgan and its Affiliates. You further represent and warrant that you are not a Bound Person as defined by CVM Instruction 505, as amended from time to time.

(xii) You and, if applicable, your principals, undertake to maintain a record of your financial and other information with J.P. Morgan and keep such information accurate and current at all times (including, without limitation, any Corporate Charter, Articles of Incorporation, Memorandum of Association, Articles of Association, Bylaws, Minutes of Election of the Members of the Board of Directors, Minutes of Shareholders' Meetings, Minutes of Partners' Meetings, Minutes of Meetings of the Board of Directors, and/or other decision or resolution-taking minutes or equivalent documents or any other corporate documents, documents that qualify and authorise company representatives, attorneys in fact or designees, balance sheets, and financial statements) and will supply such information and/or documents that J.P. Morgan and the Brazil Broker may reasonably request. In addition, you and, if applicable, your principals, agree to (a) promptly respond and provide such information as may be requested by J.P. Morgan, its Affiliates or the Brazil Broker to comply with any

request of any Brazilian regulatory authority; and (b) upon request, provide accurate and current information concerning the identity, address, occupation, contact details, income, net worth and financial situation of you and/or your principal or principals, and any person having ultimate beneficial interest in the Brazil Transaction.

(xiii) All communication (including by telephone, electronic mail, messaging systems or similar) between you and/or J.P. Morgan acting on your behalf and the Brazil Broker, shall be recorded by the Brazil Broker and maintained in its files (the "Recordings") for five (5) years or in the case of regulatory proceedings for such longer period as determined by the CVM or applicable law or regulation, the BM&FBovespa or by the BM&FBovespa Supervisão de Mercados ("BSM"). The Recordings may be used as evidence for clarification of questions arising in connection with your account and/or the Brazil Transactions.

(xiv) Brokerage fees on Brazil Transactions may take into account a variety of factors, possibly including: volume of trades; growth and volume expectations; characteristics of the transactions; and client profile and relationship.

(xv) With respect to Brazil Transactions in derivatives on BM&FBovespa, you and, if applicable your principals, expressly acknowledge and agree that:

(a) the value of your open positions is adjusted daily to reflect the market price fluctuations in accordance with BM&FBovespa rules. Acting as a buyer in the futures market, you and, if applicable your principals, bear the risk of having a negative impact in the value of your adjusted position if market prices go down. Acting as a seller in the futures market, you and, if applicable your principals, bear the risk of having a negative impact in the value of your adjusted position if market prices go up. In either case, you and, if applicable your principals, will be required to pay daily adjustments in cash related to the market value adjustment on the positions related to such Brazil Transactions and, at the discretion of BM&FBovespa and/or the Brazil Broker, comply with margining requirements;

(b) the Brazil Broker may at its own discretion (i) limit the amount of open positions held on your behalf or, if applicable, on behalf of your principals, as well as close them out in case the limit is exceeded; (ii) close out, totally or partially, your positions or, if applicable, the positions you hold on behalf of your principals; (iii) proceed with the enforcement of the collateral held on your behalf or, if applicable, on behalf of your principals; (iv) sell or buy the securities necessary for the settlement of open positions held on your behalf or on behalf of your principals; and (v) request the increase of margins, including for existing positions held on your behalf or, if applicable, on behalf of your principals, anticipation of payment of daily adjustments, additional collateral as the Brazil Broker deems appropriate, as well as the replacement of deposited collateral, including, without limitation, for existing positions for which collateral has been already posted;

(c) you shall post additional collateral and/or replace posted collateral as required and subject to the terms and conditions established by the Brazil Broker;

(d) the risk of carry trade is not eliminated by holding covered or offsetting positions, either on the futures or options markets;

(e) Brazil Transactions involving options bear certain risks, including: (i) as buyer of a call option you and, if applicable your principals, may have a loss on the premium paid, or part thereof, in case the intrinsic value of the option (i.e. the difference between the price of the underlying asset and the strike price, if positive) is lower than the amount of the premium paid for such option; (ii) as buyer of a put option you and, if applicable your principals, may have a loss on the premium paid, or part thereof, in case the intrinsic value of the option (i.e. the difference between the strike price and the price of the underlying asset, if positive) is lower than the amount of the premium paid for such option; (iii) as seller of a call option you and, if applicable your principals, may suffer losses directly related to the increase of price of the underlying asset well in excess of the premium received; and (iv) as seller of a put option you and, if applicable your principals,

may suffer losses directly related to the decrease of price of the underlying asset well in excess of the premium received;

(f) despite the fact that open positions in the futures and options market may be offset by entering into an opposite transaction (buy or sell) to realise a profit, stop a loss or avoid the exercise of an option, under certain market liquidity conditions it may be difficult or impossible to liquidate or acquire a position or, in case the position is linked to a stop-loss order, to execute such an order at the stipulated price; and

(g) in case of unforeseen situations related to derivatives traded by you and, if applicable your principals, or of governmental measures or any other extraordinary factors that impact the pricing, its calculation or disclosure, or its discontinuity, BM&FBovespa shall take the measures it deems necessary, at its own discretion, to settle your position or your principals' position or to maintain such position opened on an equivalent basis.

(xvi) Failure to comply with any of the terms of this Brazil Addition may result in J.P. Morgan and/or JPMCCVM being unable to execute your orders relating to Brazil Transactions.

## 2. Canada Addition

This disclosure is in relation to clients based in Canada.

Reliance on International Dealer Exemption pursuant to subsection 8.18(2) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") and Notification to Permitted Clients of the prescribed information under subsection 8.18(4)(b) of NI 31-103.

Please be advised that J.P. Morgan Securities plc ("JPMS plc") has relied on the International Dealer Exemption pursuant to NI 31-103 in Canada. Please note that: (i) JPMS plc is not registered as a dealer in any Canadian province or territory; (ii) the jurisdiction of JPMS plc's head office or principal place of business is in the United Kingdom; (iii) all or substantially all of JPMS plc's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against JPMS plc because of the above; and (v) the name and address of the agent for service of process of JPMS plc in each of the local jurisdictions are listed below.

### Alberta

152928 Canada Inc.  
c/o Stikeman Elliott LLP  
4300 Bankers Hall, 888-3rd Street S.W.  
Calgary, Alberta T2P 5C5  
Canada  
Attention: President  
T:(403) 266-9000 F:(403) 266-9034

### British Columbia

152928 Canada Inc.  
c/o Stikeman Elliott LLP  
666 Burrard Street, Suite 1700, Park Place  
Vancouver, British Columbia V6C 2X8  
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T:(604) 631-1300 F:(604) 681-1825

### Manitoba

Aikins, MacAulay & Thorvaldson LLP  
30th Floor Commodity Exchange Tower, 3000  
360 Main Street  
Winnipeg, Manitoba, R3C 4G1  
Canada  
Attention: Richard L. Yaffe  
T:(204) 957-4670 F:(204) 957-4251

### New Brunswick

Stewart McKelvey Stirling Scales  
Suite 1000, Brunswick House, 44 Chipman Hill,  
P.O. Box 7289, Postal Station A, Saint John, NB 2L 4S6  
Canada  
Attention: C. Paul W. Smith  
T:(506) 632-1970 F:(506) 652-1989

**Newfoundland & Labrador**  
Stewart McKelvey Stirling Scales  
Suite 1100, Cabot Place  
100 New Gower Street, P.O. Box 5038  
St. John's, Newfoundland and Labrador A1C 5V3  
Canada  
Attention: Geoff Brown  
T:(709) 722-4270 F:(709) 722-4565

**Nova Scotia**  
Stewart McKelvey Stirling Scales  
Suite 900, Purdy's Wharf Tower One, 1959 Upper Water Street,  
P.O. Box 997, Halifax, Nova Scotia B3J 2X2  
Canada  
Attention: Gavin Stuttard  
T:(902) 420-3200 F:(902) 420-1417

**Ontario**  
152928 Canada Inc.  
c/o Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, Ontario M5L 1B9  
Canada  
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T:(416) 869-5500 F:(416) 947-0866

**Prince Edward Island**  
Stewart McKelvey Stirling Scales  
65 Grafton Street  
P.O. Box 2140, Stn Central  
Charlottetown, Prince Edward Island, C1A 8B9  
Canada  
Attention: Keith Boswell  
T:(902) 892-2485 F:(902) 566-5283

**Quebec**  
152928 Canada Inc.  
c/o Stikeman Elliott LLP  
1155 Rene-Levesque Blvd., 40th Floor  
Montreal, Quebec H3B 3V2  
Canada  
Attention: Alix d'Anglejan-Chatillon  
T:(514) 397-3000 F:(514) 397-3222

**Saskatchewan**  
McDougall Gauley LLP  
1500 – 1881 Scarth Street  
Regina, Saskatchewan S4P 4K9  
Canada  
Attention: Michael W. Milani, Q.C.  
T:(306) 565-5117 F:(306) 359-0785

### 3. USA Addition

This disclosure is in relation to clients based in the United States of America.

To the extent that you are a "U.S. Institutional Investor" or a "Major U.S. Institutional Investor" (collectively, "U.S.-Based Clients") as those terms are defined in Rule 15a-6 ("Rule 15a-6") of the U.S. Securities Exchange Act of 1934 (as amended from time to time) you acknowledge that where J.P. Morgan enters into a transaction with you, you acknowledge and understand that we perform such brokerage services with the U.S.-Based Clients pursuant to the terms of Rule 15a-6. Any transactions with U.S.-Based Clients are intermediated in accordance with the terms of Rule 15a-6 by J.P. Morgan's U.S registered broker-dealer affiliate, J.P. Morgan Securities LLC.

# Electronic Services Terms

## 1. SCOPE AND APPLICATION

1.1. These Terms for Electronic Services (the "Electronic Services Terms") supplement and form part of the Terms of Business and any additional supplements or notices issued by J.P. Morgan thereto (collectively, the "Terms") which govern all designated investment business (as defined under the FCA Handbook and PRA Handbook, as applicable) and business in relation to other traded products (excluding deposits) which is transacted with or for you by J.P. Morgan. In the event of any inconsistency between these Electronic Services Terms and any other provision of the Terms, the Electronic Services Terms shall prevail to the extent of any such inconsistency.

1.2. These Electronic Services Terms set out the basis upon which, at your request and as an accommodation to you, J.P. Morgan is willing to make the Services (as defined below) available to you, subject to whatever additional obligations, conditions and limitations may be contained in your agreement(s), if any, with the Source(s) (as defined below). For the avoidance of doubt, the use by you of any of the Services and all confirmations, agreements, promises of performance, open contractual commitments and guarantees between or among you and us in connection with the same shall constitute your acceptance of Services hereunder.

1.3. Certain electronic services (such as sponsored access) that may be available from J.P. Morgan are specific to certain Markets or are otherwise highly specialised in nature, scope or functionality. Such services will not form part of the Services and will not be provided to you under these Electronic Services Terms. If J.P. Morgan agrees to provide you with such services additional terms and conditions, risk disclosures, procedural guides or similar documents may apply and will be provided to you by J.P. Morgan.

1.4. For information on our e-commerce policies please see E-Commerce Information at [www.jpmorgan.com](http://www.jpmorgan.com).

## 2. DEFINITIONS AND INTERPRETATION

2.1. All words and phrases which are defined elsewhere in the Terms shall have the same meanings in these Electronic Services Terms.

2.2. In these Electronic Services Terms:

"Content" means any and all research reports and materials, market data, news, documents and other information, reports, analytics, calculators, algorithms, programmes, data, and content;

"E-mail" means any form of electronic mail, electronic chat or instant messenger communication, whether transmitted through the internet, a proprietary network, a computer, a pager, a blackberry or another wireless device or otherwise, but not including voice communication;

"Market" means any Exchange, Clearing System or CSD;

"Parameters" has the meaning given in Clause 10.2;

"Representative" means any and all of your officers, directors and employees and any person authorised to act on your behalf, and the officers, directors and employees of such person;

"Service" means: (a) software, hardware, applications (including E-mail, internet capability or site) or telecommunications equipment provided by J.P. Morgan or any Source to connect you electronically to J.P. Morgan for order routing and/or direct market access including to J.P. Morgan's order management and routing system; (b) Content, statements, confirmations and account information received or provided by J.P. Morgan electronically; and/or (c) other capabilities, systems and services provided through any internet capability, site or service or by other electronic means;

"Source" means third party licensors, vendors, service providers, subcontractors and sources of any Content, Market, Trading System or other Service, whether the same is provided directly to you by J.P. Morgan or a third party;

"Trading System" means any trading, order entry or other communications facility or system that is used to facilitate routing of orders or trading; and

"User Code" has the meaning given in Clause 5.1 of these Electronic Services Terms.

## 3. USE OF SERVICES

3.1. On the terms and subject to the conditions and limitations set forth herein, we hereby grant you a non-exclusive licence to use the Services. The Services provided to you may be used solely by you or your Representatives on your behalf.

3.2. You shall cause your Representatives to comply with these Electronic Services Terms and shall be fully responsible for their acts and omissions. You shall not allow your Representatives access to the Services or any Trading System if they do not have suitable trading experience and familiarity with the rules of the relevant Market(s).

3.3. You shall obtain and be responsible for the expenses, installation and maintenance of all necessary equipment, software, telecommunications and other services for you to use the Service and to fulfil your obligations under or pursuant to these Electronic Services Terms.

3.4. Orders received by J.P. Morgan with a price that does not satisfy the relevant Exchange tick, lot or other size rules may be subject to rounding in accordance with Exchange rules or practice.

3.5. We reserve the right to refuse to accept any order or oral or written instruction ("Instruction"). Acceptance of an order or Instruction means only that we have accepted the order or Instruction for processing. It does not mean that the order or Instruction has been, or will be, executed. We may, at any time, and at our sole discretion, accept an order or Instruction and then not execute it or any part of it. In addition, the relevant Market may in certain circumstances cancel or fail to perform an order or Instruction.

3.6. You agree to transmit orders to us strictly in accordance with: (i) the FIX Protocol Specification (available at <http://www.fixprotocol.org>) or other method agreed with us in advance in writing and (ii) the terms set out in these Electronic Services Terms. You acknowledge that if you use File Transfer Protocol ("FTP") to send to, or receive from, J.P. Morgan trading files, instructions, data, information, reports or messages (together "Files") and/or if J.P. Morgan sends, accesses or pulls such Files, to/from your servers, these Files may be sent to you, or accessed by J.P. Morgan, in unencrypted format. When accessing FTP, you agree and acknowledge that J.P. Morgan is not responsible for any loss of confidentiality, delay, failure or corruption of such Files and that J.P. Morgan shall not be liable for executions or any Instructions that are acted upon, or not acted upon, as a result of the above.

3.7. You agree to permit (subject to reasonable confidentiality restrictions and upon reasonable notice) us and any relevant Market or regulator to inspect any equipment and connections used by you in connection with the Service.

3.8. You confirm that you have the ability to immediately disable the electronic trading capabilities of any Representative or all access to the electronic trading capability and upon the request of J.P. Morgan, you agree to immediately disable such capabilities.

3.9. You agree to report immediately to J.P. Morgan any known or suspected failure in communications, orders or instructions that arise at any time during a trading session, including any known or suspected failure to receive trade confirmations, audit trail records or order status information.

## 4. RESPONSIBILITY FOR ORDERS

You agree to be responsible for, and bound by, all orders, Instructions and transactions that are identified by any of the Services as coming from you or a User Code, and all consequences thereof, whether

entered by you, your Representatives or by any other person. You further agree and acknowledge that the records of any and all such orders, Instructions and transactions generated by any of the Services will be presumed to be accurate.

## 5. USER CODES

5.1. We and/or the Source(s) may provide you and/or your Representatives with identifiers and/or security devices or prescribe security procedures relating to use or access to some or all of the Services or any Trading System, which may include, but may not be limited to, any digital certificate(s), unique identifiers, user name(s) and/or password(s) under separate cover which may be required to access or use the Services or any Trading System (collectively, "User Code(s)").

5.2. You agree that: (a) you shall not, nor shall you permit any other person to, remove, modify, exchange, disable, penetrate or otherwise defeat any such security procedures; (b) you will take all necessary actions to preserve the confidentiality of such User Codes; (c) you shall restrict access to the User Codes and the Services or any Trading System to those persons who are duly authorised to have such access on your behalf; (d) you are responsible for ensuring that all information contained in any request for a User Code is complete and correct; (e) you are responsible for all acts or omissions that occur under any User Code; and (f) you shall notify your J.P. Morgan account executive or, where applicable, your J.P. Morgan relationship manager and, where applicable, the Source immediately in writing in the event that you learn that: (i) any such User Code is lost, stolen, or improperly disclosed to a third party; (ii) the authority or employment, as applicable, of any Representative provided with a User Code has been or is about to be terminated (in which case you agree to promptly return to us any security device previously issued to such Representative); (iii) the confidentiality of any User Code has been compromised in any way; (iv) you learn about a possible or actual unauthorised access to and/or use of the Services or any Trading System, or (v) your Exchange membership, regulatory licence or other authorisation required for your use of the Services or any Trading System is revoked or suspended.

## 6. MODIFYING/TERMINATING YOUR USE OF SERVICES

We and/or the Source(s), at any time: (i) with or without notice, may monitor, modify any aspect of, limit, suspend or terminate your use of or access to any or all of the Services or any capability accessible through any of the Services and (ii) may modify any applicable charges or fees. In addition, you agree that we have a right to amend these Electronic Services Terms by sending you either a notice or amendment in writing or a revised set of Electronic Services Terms. Any amendment will apply in respect of any commitment or transaction entered into by us after notice of the amendment is given, and may take effect either immediately or at such later date as the notice may specify. The Services shall also terminate in accordance with the termination provisions under the Terms.

## 7. USE OF CONTENT

You shall and shall ensure that your Representatives shall, at all times fully comply with all of the agreements, requirements and restrictions of J.P. Morgan and the applicable Exchanges and other Source(s) relating to such Content and the use, access, storage and redistribution thereof, and all Applicable Law. In order to ensure compliance with contractual restrictions and obligations imposed by Exchanges and other Source(s) regarding such Content, you shall promptly respond to any and all requests for information from us or the Source(s); allow us and/or the Source(s) access to premises and the distribution networks, and shall cooperate with other measures we may take in good faith to fulfil our obligations to the Source(s). If you become aware of any unauthorised use, access to, storage or redistribution of any Content, you shall immediately notify us verbally followed by an immediate written notification.

## 8. COMPLIANCE WITH APPLICABLE LAW

8.1. Notwithstanding any tools or support we provide to you, you hereby assume full responsibility for, and shall ensure compliance

with any and all "know your customer", suitability, anti-money laundering, supervision, control, registration, credit review, market abuse laws, rules and regulations (including relating to manipulative trades, wash trades and misuse of information) and other requirements and restrictions of Applicable Law, J.P. Morgan or any Source whatsoever, that may apply to: (a) the use of any of the Services or any Trading System by you or any person who accesses any of the Services or Trading System under a User Code; (b) the offer or provision of any Services, Trading System or any other financial services offered or provided by or for you; (c) any communication to or from you; or (d) any transaction executed through, or order or instruction communicated using, any of the Services or any Trading System by you.

8.2. In particular and without limitation, you assume full responsibility for: (a) determining the suitability of all orders, trading and Instructions in or through the Services or any Trading System by you; (b) ensuring that all such orders, transactions and instructions comply with all Applicable Law; (c) setting, monitoring, determining the appropriateness of, communicating to us and enforcing any limits on any and all transactions; and (d) ensuring the adequacy, suitability and appropriateness of any capability provided as part of the Services or any Trading System to assist you in meeting requirements of Applicable Law. You acknowledge and agree that in addition to your obligation to ensure that you and your Representatives remain at all times familiar with the rules of the Markets and the products that you trade, you and your Representatives will have read and understood any specific additional compliance information in relation to electronic access to Markets that we may provide to you from time to time.

8.3. You are solely responsible for any delays, expenses and losses associated with compliance or failure to fulfil any responsibility or comply with any requirement set forth in these Electronic Services Terms. Moreover, at all times you shall and shall ensure that your Representatives provide us with any and all information and assistance necessary for us to comply with Applicable Law or to respond satisfactorily to any query or request from any regulatory authority in relation to your and your Representatives' activities and transactions on any Market or through any Trading System.

## 9. MARKETS AUTHORISATIONS AND LICENCES; RESPONSIBILITY FOR DIRECTING ORDERS

9.1. You represent to us that: (a) you and your Representatives using any Services or Trading System or directing any order or transaction to any Market have obtained all applicable Market memberships, licences, permits and authorisations required for your use of the Services or any Trading System; and (b) you and your Representatives using any Service or Trading System or directing any order or transaction to any Market are fully trained in the use of the Services and any Non-Sponsored Trading System, are aware of the difficulties, limitations and risks relating to such use, and are familiar with and will abide by all Applicable Law and practices of the Market(s) where your orders are executed and those otherwise applicable to such use. Accordingly, you will be responsible for directing all orders and trading in or through the Services and you do so at your own risk and you shall be wholly responsible for the accurate and compliant placement and execution of orders and for monitoring of your use of the Services and any Trading System or otherwise and all such orders and transactions will be deemed to be unsolicited.

9.2. You acknowledge that: (i) no J.P. Morgan personnel will determine the suitability, legality or regulatory compliance of your orders, transactions or instructions; (ii) any research and other information with respect to investments communicated to you by J.P. Morgan personnel are, unless otherwise expressly agreed in writing by J.P. Morgan, incidental to the conduct of our business and such research and other information will not serve as the primary basis for any decision made by you; and (iii) all your decisions, whether or not utilising any research or advice provided by any J.P. Morgan personnel, are solely within your power and discretion.

9.3. You agree not to (i) transfer, sub-lodge, rent, assign, lease, convey, copy, translate, convert to other programming language or to modify or change the Services for any purpose; and/or (ii) except

as may be permitted by Applicable Law, reverse engineer, decompile, disassemble, or use any other means to discover, or attempt to discover, source code contained in any Services. You may make one copy of any software we provide to you for backup purposes only. You agree not to disclose or distribute to any other party, or allow any other party to inspect, copy or use the Services for any information, reports or tools contained in, related to, transmitted to or from, or derived from the Services for any purpose other than compliance with Applicable Law.

## 10. MANDATORY SYSTEMS CONTROLS

10.1. Before you or any of your Representatives use the Services to direct any order or Instruction to any Trading System, Services or Market you shall implement internal control and supervisory procedures with regard to such Trading System, Services and/or Market, as the case may be. Such procedures shall at a minimum incorporate the following features: (a) controls that limit use of the system to authorised persons; (b) checks for validation of order accuracy; (c) established limits and/or order prohibitors, to prevent orders exceeding preset credit and order size parameters from being transmitted for execution; and (d) controls that monitor for duplication/retransmission of orders, previously transmitted for execution.

10.2. Where you use the Services, you will define and or input appropriate trading limits, authorised products and types, access levels and order types ("Parameters"). In addition, J.P. Morgan may establish trading limits including credit limits, profit and loss limits, product limits and position limits that may or may not be aggregated for a particular time frame. Where Exchange rules do not permit J.P. Morgan to prevent you from trading over limits established by J.P. Morgan you agree to establish and maintain Parameters commensurate with your trading requirements and imposed by or agreed with J.P. Morgan. Where J.P. Morgan accepts, inputs or updates Parameters for a particular Service, J.P. Morgan is not responsible for establishing such Parameters or monitoring your activity against the Parameters or for any failure of the Service to enforce the Parameters. Any request to establish or amend Parameters shall be granted at J.P. Morgan's sole discretion. For the avoidance of any doubt, J.P. Morgan shall not be responsible for the rejection of any order by a Market because it has exceeded such Market's position limits.

## 11. MONITORING

You acknowledge that you are subject to potential prosecution or regulatory censure under Applicable Law for any illegal securities activity conducted by you and that a Market, regulatory authority or J.P. Morgan may monitor your trading activity so as to detect any such improper activity. You further acknowledge that if such monitoring party detects improper trading activity through your use of Services or if activity by you harmful to the integrity of a Market or its system is detected, our link to such Market may be terminated.

## 12. DISCLAIMER OF WARRANTIES

You understand that we will provide the Services using a number of systems and networks, including the internet, to carry data. Data transmission on any electronic system or network may be subject to delay, interruption, interference, blackout, failure, malfunction and interception. The Services are provided to you "as is". We hereby expressly disclaims any and all warranties, guarantees, conditions, covenants and representations relating to the Services or any Trading System, including, but not limited to, any relating to merchantability, quality, accuracy, fitness for a particular purpose, title, non-infringement, timeliness, availability, latency, capacity, currency, absence of viruses or damaging or disabling code, any warranties or representations that any Services or access to any portion of it will be: (a) uninterrupted or error-free; or (b) that defects in such Services will be correctable or corrected, or other attributes, whether express or implied (in law or in fact), oral or written, or from a course of dealing or usage of trade. We have no responsibility to inform you of any difficulties it or other third parties experience concerning use of the Services for our accounts or other accounts or to take any action in

connection with those difficulties. We also will have no duty or obligation to verify, correct, complete or update any information displayed in or available through the Services. The Services are being provided with all faults and the entire risk as to satisfactory quality, performance, accuracy and effort regarding the Services or any Trading System is with you and you agree to release and discharge J.P. Morgan and the applicable Source(s) from any and all responsibility and liability for any loss, cost, claim or damage (including, but not limited to, direct, indirect or consequential damages or lost profits) arising out of or otherwise relating to your or your Representatives access to any of the Services or any Trading System or any use of any of the Services or any Trading System under a User Code or any malfunction, delay, interruption, omission or failure of any of the Services or any Trading System.

## 13. INDEMNIFICATION OBLIGATIONS

You (or, where you are acting on behalf of an underlying principal or principals, your underlying principal or principals) agree to indemnify and hold harmless J.P. Morgan, its Affiliates and the applicable Source(s) against any and all costs, expenses, losses, liabilities, obligations, damages, penalties and fines to which J.P. Morgan, its Affiliates or the applicable Source(s) may become subject, including, but not limited to, legal and other professional fees reasonably incurred in investigating, defending or appealing pending or threatened claims, actions, suits, proceedings, arbitrations, amounts paid in settlement thereof and amounts awarded thereunder (all of the foregoing collectively, "Expenses"), directly or indirectly arising out of or relating to these Electronic Services Terms, any breach hereof or failure by you to carry out any obligation or responsibility hereunder, any provision of any of the Services or access to any Services or any Trading System by you or any use of any of the Services or any Trading System under a User Code or any violation by you, any affiliate or any of your or their Representatives of any agreement, requirement or restriction of J.P. Morgan, its Affiliates or any Source or Applicable Law, unless caused by J.P. Morgan's fraud, gross negligence or wilful default except to the extent a court of applicable jurisdiction finds that such Expenses resulted directly and primarily from J.P. Morgan's fraud, gross negligence or wilful default.

## 14. CONSENT TO RECORDING

You consent to the recording, retention and use by us of all information and data that you input or otherwise communicate during your access to and/or use of any Services or any Trading System or through any E-mail to or from us or cookies placed on your computer and any other electronic communication means and the transmittal of the same to any J.P. Morgan entity and third parties for execution, processing, database maintenance, record keeping or any other use in accordance with data protection and other Applicable Law applicable to us.

## 15. ELECTRONIC DOCUMENTS

You consent to the delivery of confirmations, statements, any other required or optional communication or agreement under any applicable law or regulation and any agreements or changes in the terms and conditions on any Services, by E-mail, web site or other electronic means, subject to compliance with Applicable Law. Any such documents that are delivered to you electronically are deemed to be in writing. If your signature, agreement, consent or acknowledgment is required or requested with respect to any such document or otherwise by any Services and such signature, agreement, consent or acknowledgment is communicated under a User Code (by a "click" in the appropriate space or such other action as may be indicated on the Services), you will be deemed to have signed or acknowledged, the document to the same extent and with the same effect as if you had signed the document manually. You have the right to withdraw your consent to the electronic delivery and signature of documents at any time by providing prior written notice to us. However, if you revoke your consent, your access to or use of the Services may be restricted or terminated.

## 16. USE OF E-MAIL

You acknowledge that if we use E-mail to communicate with you we will only do so as an accommodation to you. Use of E-mail necessarily

involves certain risks, including, but not necessarily limited to those referred to below. By using E-mail to communicate with J.P. Morgan personnel you are agreeing to assume all such risks. E-mail may not be secure, and communications through E-mail may not be confidential. In addition, we assume no responsibility to update any information communicated through E-mail. Furthermore, even though a J.P. Morgan person has communicated with you through E-mail recently, the J.P. Morgan person may not (and we assume no obligation to) timely see, process, act on or respond to any message from you through E-mail. We recommend against any use of E-mail for sending or executing orders, trades, instructions or cancellations. If you choose to use E-mail for any such purpose, you are agreeing that we are responsible for honouring such orders, trades, instructions or cancellations only if, as and when we have confirmed our receipt and processing of the same, and that you will be responsible for and at risk for all such orders, trades, instructions or cancellations as and when processed by us.

## 17. DATA

17.1. Where you use the Services to access a Trading System or Market, you understand that you may require additional licences and consents, and may be required to pay fees imposed by the Trading System or Market, in relation to the use of Market data. You agree that you will be responsible for making all payments as may be required to Trading Systems, Markets and third parties, unless we expressly agree in writing to make such payments on your behalf.

17.2. Unless otherwise expressly agreed in writing, you shall not remove or modify any disclaimer or copyright or trademark notice contained in any Service or Trading System or in anything copied or downloaded from the use thereof. The Services are commercially valuable proprietary products and trade secrets of J.P. Morgan and/or the Sources and shall remain the sole property of J.P. Morgan and/or the Sources and title and full ownership rights in the Services are reserved and shall remain with J.P. Morgan and/or Sources and may not be disclosed or distributed to any third party.

17.3. Neither we nor you grant the other intellectual property rights in any software, documentation, data, design, materials or any other item except those specifically set forth herein.

## 18. FURTHER DISCLOSURES

18.1. Specific additional provisions which apply when trading on certain Markets will be included on <http://www.jpmorgan.com/pages/disclosures/markets> from time to time. For Asian and Australasian Exchanges, the laws and rules that apply to Asian Transactions can be found at <http://www.jpmorgan.com/pages/disclosures/asiantransactions>.

18.2. Each of us agrees that the other is not obliged to maintain any equipment nor the FIX protocol. In relation to FIX:

- (a) Unless otherwise agreed, orders placed in accordance with the FIX Protocol Specification may only be accepted, amended or terminated in accordance with the FIX Protocol Specification;
- (b) A message delivered in accordance with the FIX Protocol Specification to amend or terminate your order can be accepted at J.P. Morgan's sole discretion;
- (c) Orders and Instructions may only be accepted during certain Market hours. Availability can be changed at any time (without notice) but J.P. Morgan will attempt to notify you of any permanent changes (continuity not guaranteed);
- (d) If the FIX Protocol Specification is interrupted, order placed in accordance with the FIX Protocol Specification prior to such interruption will remain valid for execution;

- (e) You and J.P. Morgan agree that the FIX Protocol Organisation, a committee structure comprised of fund managers, brokers and other industry participants, presently maintains and amends the FIX Protocol Specification and that neither you nor J.P. Morgan is responsible for any action or inaction by the FIX Protocol Organisation.

# Schedule of Product and Service Risk Disclosures

## PART I: INTRODUCTION

This Schedule of Product and Service Risk Disclosures is for use by professional clients of the following J.P. Morgan companies only and must not be relied on by anyone else. The companies are: J.P. Morgan Europe Limited, JPMorgan Chase Bank, National Association, J.P. Morgan Limited, J.P. Morgan Securities plc ("JPMS plc") and J.P. Morgan Markets Limited, these companies being referred to collectively or, as the context may require, individually, as "J.P. Morgan" and to any "Affiliate" of J.P. Morgan being, whether in the UK or otherwise, direct or indirect subsidiaries of J.P. Morgan and the direct or indirect subsidiaries of J.P. Morgan's direct or indirect holding companies from time to time, any entity directly or indirectly controlled by J.P. Morgan and any entity directly or indirectly under common control with J.P. Morgan and any other connected or associated person, whether or not any such subsidiary, holding company, entity or person exists as at the date of the Terms of Business (the "Terms") or is established or acquired after. It cannot disclose all the risks and other significant aspects of the products you may purchase, sell or subscribe for from or through us ("products"), but is intended to give you information on and a warning of the risks associated with them so that you are reasonably able to understand the nature and risks of the services and of the specific types of investment being offered and, consequently, to take investment decisions on an informed basis. You should also read any product/transaction specific disclosures that may be included in any product/transaction specific documentation provided to you.

All defined terms used herein shall have the meaning given in the Terms, unless specified otherwise.

You must not rely on the guidance contained in this Schedule of Product and Service Risk Disclosures as investment advice based on your personal circumstances, nor as a recommendation to enter into any of the services or invest in any of the products listed below. Where you are unclear as to the meaning of any of the disclosures or warnings described below, we would strongly recommend that you seek independent legal or financial advice.

You should not deal in these or any other products unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the product and/or service is suitable for you in light of your circumstances and financial position and, where necessary, you should seek appropriate independent advice in advance of any investment decisions.

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of any investment. In any of the situations described below, the use of leverage (which has the effect of magnifying potential positive or negative outcomes) may significantly increase the impact on you of any of the risks described.

All financial products carry a certain degree of risk and even low risk investment strategies contain an element of uncertainty. The types of risk that might be of concern will depend on various matters, including how the instrument is created, structured or drafted. The specific risks of a particular product or transaction will depend upon the terms of the product or transaction and the particular circumstances of, and relationships between, the relevant parties involved in such product or transaction. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments or become involved in any financial products you should be aware of the guidance set out below:

## PART II: PRODUCTS AND INVESTMENTS

Set out below is an outline of the major categories of risk that may be associated with certain generic types of Financial Instruments, which should be read in conjunction with Parts III and IV.

### 1. SHARES AND OTHER TYPES OF EQUITY INSTRUMENTS

#### 1.1. General

A risk with an equity investment is that the company must both grow in value and, if it elects to pay dividends to its shareholders, make adequate dividend payments, or the share price may fall. If the share price falls, the company, if listed or traded on-exchange, may then find it difficult to raise further capital to finance the business, and the company's performance may deteriorate vis à vis its competitors, leading to further reductions in the share price. Ultimately the company may become vulnerable to a takeover or may fail.

Shares have exposure to all the major risk types referred to in Part III below. In addition, there is a risk that there could be volatility or problems in the sector that the company is in. If the company is private, i.e. not listed or traded on an exchange, or is listed but only traded infrequently, there may also be liquidity risk, whereby shares could become very difficult to dispose of.

#### 1.2. Ordinary shares

Ordinary shares are issued by limited liability companies as the primary means of raising risk capital. The issuer has no obligation to repay the original cost of the share, or the capital, to the shareholder until the issuer is wound up (in other words, the issuer company ceases to exist). In return for the capital investment in the share, the issuer may make discretionary dividend payments to shareholders which could take the form of cash or additional shares.

Ordinary shares usually carry a right to vote at general meetings of the issuer.

There is no guaranteed return on an investment in ordinary shares for the reasons set out in 1.1 above, and in a liquidation of the issuer, ordinary shareholders are amongst the last with a right to repayment of capital and any surplus funds of the issuer, which could lead to a loss of a substantial proportion, or all, of the original investment.

#### 1.3. Preference shares

Unlike ordinary shares, preference shares give shareholders the right to a fixed dividend the calculation of which is not based on the success of the issuer company. They therefore tend to be a less risky form of investment than ordinary shares.

Preference shares do not usually give shareholders the right to vote at general meetings of the issuer, but shareholders will have a greater preference to any surplus funds of the issuer than ordinary shareholders, should the issuer go into liquidation. There is still a risk that you may lose all or part of your capital.

#### 1.4. Depositary Receipts

Depositary Receipts (ADRs, GDRs, etc.) are negotiable certificates, typically issued by a bank, which represent a specific number of shares in a company, traded on a stock exchange which is local or overseas to the issuer of the receipt. They may facilitate investment in the companies due to the widespread availability of price information, lower transaction costs and timely dividend distributions. The risks involved relate both to the underlying share (see 1.1 - 1.3 above) and to the bank issuing the receipt. In addition, there are important differences between the rights of holders of ADRs and GDRs, (together, "Depositary Receipts") and the rights of holders of the shares of the underlying share issuer represented by such Depositary Receipts. The relevant deposit agreement for the Depositary Receipt sets out the rights and responsibilities of the depositary (being the issuer of the Depositary Receipt), the underlying share issuer and holders of the Depositary Receipt which may be different from the rights of holders of the underlying shares. For example, the underlying share issuer may make distributions in respect of its underlying shares that are not passed on to the holders of its Depositary Receipts. Any such differences between the rights of holders of the Depositary Receipts and holders of the underlying shares of the underlying share issuer may be significant and may materially and adversely affect the value of the relevant instruments. Depositary Receipts representing

underlying shares in a foreign jurisdiction (in particular an emerging market jurisdiction) also involve risks associated with the securities markets in such jurisdictions.

#### **1.5. Penny shares**

There is an extra risk of losing money when shares are bought in some smaller companies, including penny shares. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up.

#### **2. WARRANTS**

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security could result in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be volatile.

The right to subscribe for any of the investment products listed in 1 above or 3 or 4 below which a warrant confers, is invariably limited in time, with the consequence that if the investor fails to exercise this right within the pre-determined time-scale, the investment becomes worthless.

If subscription rights are exercised, the warrant holder may be required to pay to the issuer additional sums (which may be at or near the value of the underlying assets). Exercise of the warrant will give the warrant holder all the rights and risks of ownership of the underlying investment product.

A warrant is potentially subject to all of the major risk types referred to in Part III below.

You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.

Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a covered warrant). For these instruments, see 6.3 below.

#### **3. MONEY-MARKET INSTRUMENTS**

A money-market instrument is a borrowing of cash for a period, generally no longer than six months, but occasionally up to one year, in which the lender takes a deposit from the money markets in order to lend (or advance) it to the borrower. Unlike in an overdraft, the borrower must specify the exact amount and the period for which he wishes to borrow. Like other debt instruments (see 4 below), money-market instruments may be exposed to the major risk types in Part III below, in particular credit and interest rate risk.

#### **4. DEBT INSTRUMENTS/BONDS/DEBENTURES**

All debt instruments are potentially exposed to the major risk types in Part III below, in particular credit risk and interest rate risk.

Debt securities may be subject to the risk of the issuer's inability to meet principal and /or interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, general market liquidity, and other economic factors, amongst other issues. When interest rates rise, the value of corporate debt securities can be expected to decline. Fixed-rate transferable debt securities with longer maturities/lower coupons tend to be more sensitive to interest rate movements than those with shorter maturities/higher coupons.

#### **5. UNITS IN COLLECTIVE INVESTMENT SCHEMES**

Collective investment schemes and their underlying assets are potentially exposed to all of the major risk types referred to in Part III below.

There are many different types of collective investment schemes. Generally, a collective investment scheme will involve an arrangement

that enables a number of investors to 'pool' their assets and have these professionally managed by an independent manager. Investments may typically include gifts, bonds and quoted equities, but depending on the type of scheme, may go wider into derivatives, real estate or any other asset. There may be risks on the underlying assets held by the scheme and investors are advised, therefore, to check whether the scheme holds a number of different assets, thus spreading its risk. Subject to this, investment in such schemes may reduce risk by spreading the investor's investment more widely than may have been possible if he or she was to invest in the assets directly.

The reduction in risk may be achieved because the wide range of investments held in a collective investment scheme can reduce the effect that a change in the value of any one investment may have on the overall performance of the portfolio. Although, therefore, seen as a way to spread risks, the portfolio price can fall as well as rise and, depending on the investment decisions made, a collective investment scheme may be exposed to many different major risk types.

The valuation of a collective investment scheme is generally controlled by the relevant fund manager or the investment adviser (as the case may be) of the collective investment scheme. Valuations are performed in accordance with the terms and conditions governing the collective investment scheme. Such valuations may be based upon the unaudited financial records of the collective investment scheme and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the collective investment schemes and accounts. The collective investment scheme may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the collective investment scheme in order to reflect its judgement as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the collective investment scheme assets and/or accounts may have an adverse effect on the net asset value of the relevant collective investment scheme where such judgements regarding valuations prove to be incorrect.

A collective investment scheme and any collective investment scheme components in which it may invest may utilise (*inter alia*) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Collective investment schemes, and any collective investment scheme components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. The performance of each collective investment scheme and any collective investment scheme component in which it may invest is dependent on the performance of the collective investment scheme managers in selecting collective investment scheme components and the management of the relevant component in respect of the collective investment scheme components.

In addition, the opportunities to realise an investment in a collective investment scheme is often limited in accordance with the terms and conditions applicable to the scheme and subject to long periods of advance notice (during which the price at which interests may be redeemed may fluctuate or move against you). There may be no secondary market in the collective investment scheme and therefore an investment in such a scheme may be (highly) illiquid.

#### **6. DERIVATIVES, INCLUDING OPTIONS, FUTURES, SWAPS, FORWARD RATE AGREEMENTS, DERIVATIVE INSTRUMENTS FOR THE TRANSFER OF CREDIT RISK, FINANCIAL CONTRACTS FOR DIFFERENCES**

The risks set out in 6.1 - 6.5 below may arise in connection with all types of derivative contract, whether it is in the form of a listed instrument, an OTC instrument, or a securitised product such as a note or a certificate.

### 6.1. Derivatives Generally

A derivative is a financial instrument, the value of which is derived from an underlying asset's value. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.

There are many types of derivative, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest.

If a derivative transaction is particularly large or if the relevant market is illiquid (as may be the case with many privately negotiated off-exchange derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

On-exchange derivatives are subject, in addition, to the risks of exchange trading generally, including potentially the requirement to provide margin. Off-exchange derivatives may take the form of unlisted transferable securities or bi-lateral "over the counter" contracts ("OTC"). Although these forms of derivatives may be traded differently, both arrangements may be subject to credit risk of the issuer (if transferable securities) or the counterparty (if OTCs) and, like any contract, are subject also to the particular terms of the contract (whether a one-off transferable security or OTC, or a master agreement), as well as the risks identified in Part III below. In particular, with an OTC contract, the counterparty may not be bound to "close out" or liquidate this position, and so it may not be possible to terminate a loss-making contract. Off-exchange derivatives are individually negotiated. As the terms of the transactions are not standardised and no centralised pricing source exists (as exists for exchange traded instruments), the transactions may be difficult to value. Different pricing formulas and financial assumptions may yield different values, and different financial institutions may quote different prices for the same transaction. In addition, the value of an off-exchange derivative will vary over time and is affected by many factors, including the remaining time until maturity, the market price, price volatility and prevailing interest rates.

Derivatives can be used for speculative purposes or as hedges to manage other investment or economic risks. In all cases the suitability of the transaction for the particular investor should be very carefully considered.

You are therefore advised to ask about the terms and conditions of the specific derivatives and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of an underlying asset and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or Clearing House to reflect changes in the underlying asset.

Normal pricing relationships between the underlying asset and the derivative may not exist in all cases. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to assess 'fair' value.

The points set out below in relation to different types of derivative are not only applicable specifically to these derivatives but are also applicable more widely to derivatives generally. All derivatives are potentially subject to the major risk types in Part III below, especially market risk, credit risk and any specific sector risks connected with the underlying asset.

### 6.2. Futures/Forwards/Forward rate agreements

Transactions in futures or forwards involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures and forwards trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures and forwards transactions have a contingent liability, and you should be aware of the implications of this, in particular margining requirements: these are that, on a daily basis, with all exchange-traded, and most OTC off-exchange, futures and forwards, you will have to pay over in cash losses incurred on a daily basis and if you fail to, the contract may be terminated. See further, 1 and 2 of Part IV below.

### 6.3. Options

There are many different types of options with different characteristics subject to the following conditions.

Put option: a put option is an option contract that gives the holder (buyer) of the option the right to sell a certain quantity of an underlying security to the writer of the option at a specified price (the strike price) up to a specified date (the expiration date).

Call option: a call option is an option contract that gives the holder (buyer) the right to buy a certain quantity of an underlying security from the writer of the option, at a specified price (the strike price) up to a specified date (the expiration date).

Buying options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you must acquire the future. This will expose you to the risks described under 'futures' and 'contingent liability investment transactions'. Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

Writing options: If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position (as explained in 6.2 above) and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price.

If you already own the underlying asset which you have contracted to sell (known as 'covered call options') the risk is reduced. If you do not own the underlying asset (known as 'uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

Depending on the type of option entered into, there may be increased exposure to market risk (see Part III: Generic Risk types, paragraph 4 – Market Risk below) when compared to other financial products. There are several option styles including (but not limited to) American-, European- and Bermuda-style. An American-style option may be exercised at any time prior to its expiration. A European-style option may only be exercised on a specific date, its expiration date. A Bermuda-style option may be exercised on certain specified dates during the term of the transaction.

If you buy an American-style call option and the relevant market price of the underlying asset never rises above the strike price on the option (or if you fail to exercise the option while such condition exists), the option will expire unexercised and you will have lost the premium you paid for the option. Similarly, if you buy an American-style put option and the relevant market price for the underlying asset does not fall

below the option strike price (or if you fail to exercise the option while such condition exists), the option will not be exercised and you will have lost the premium you paid for the put option.

Purchasing European-style or Bermuda-style options may carry additional market risk since the option could be "in-the-money" for part or substantially all of the holding period but not on the exercise date(s). A call option is "in-the-money" if the strike price is lower than the relevant market price for the underlying asset. A put option is "in-the-money" if the strike price is higher than the relevant market price for the underlying asset.

It is even possible for the holder of an exercised, "in-the-money" option to lose money on an option transaction. Such a situation exists whenever the value received under the option fails to exceed the purchaser's costs of entering into the option transaction (the premium and any other costs and expenses).

If you are a potential writer of an option, you should consider how the type of option affects the timing of your potential payment and delivery obligations thereunder. As the writer of a European-style option, the timing of any payment and delivery obligations is predictable. Absent early termination, no settlements will be necessary prior to the expiration date. As the writer of an American-style option, however, you must be certain that you are prepared to satisfy your potential payment and delivery obligations at any time during the exercise period (possibly quite soon following the sale of the option).

**Traditional options:** Certain London Stock Exchange member firms under special exchange rules write a particular type of option called a 'traditional option'. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

#### **6.4. Contracts for differences**

Certain derivatives are referred to as contracts for differences. These can be options and futures on the FTSE 100 index or any other index of an exchange, as well as equity, currency and interest rate swaps, amongst others. However, unlike other futures and options (which may, depending on their terms, be settled in cash or by delivery of the underlying asset), these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option as referred to in 6.2 and 6.3 above. Transactions in contracts for differences may also have a contingent liability.

#### **6.5. Swaps**

A swap agreement is a derivative where two counterparties exchange one stream of cash flows against another stream, calculated by reference to an "underlying" (such as securities' indices, bonds currencies, interest rates or commodities, or more intangible items).

A swap agreement may also be combined with an option. Such an option may be structured in two different ways. On the one hand, "swaptions" are transactions that give the purchaser of the swaption the right, against payment of a premium, to exercise or not to exercise, until the agreed maturity date, its right to enter into a pre-agreed swap agreement. On the other hand, "caps", "floors" and "collars" enable a party, against payment or receipt of a premium, to protect itself against, or to take an exposure on, the variation on the value or level of an underlying.

A major risk of off-exchange derivatives, (including swaps) is known as counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant Financial Instrument. For example if a party, A, wants a fixed interest rate loan and so swaps a variable rate loan with another party, B, thereby swapping payments, this will synthetically create a fixed rate for A. However, if B goes insolvent, A will lose its fixed rate and will be paying a variable rate again. If interest rates have gone up a lot, it is possible that A will struggle to repay.

The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation to cover swaps trading over a broad range of underlying assets. As a result, the swap market for certain underlying assets has become more liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

#### **7. COMBINED INSTRUMENTS/BASKETS**

Any combined instruments, such as a bond with a warrant attached, is exposed to the risk of both those products and so combined products may contain a risk which is greater than those of its components generally, although certain combined instruments may contain risk mitigation features, such as principal protected instruments.

The value of a basket of products (such as shares, indices etc.) may be affected by the number and quality of reference assets included in such basket. Generally, the value of a basket that includes reference assets from a number of reference asset issuers or indices will be less affected by changes in the value of any particular reference asset included therein than a basket that includes fewer reference assets, or that gives greater weight to some reference assets included therein. In addition, if the reference assets included in basket are concentrated in a particular industry, the value of such a basket will be more affected by the economic, financial and other factors affecting that industry than if the reference assets included in the basket are in various industries that are affected by different economic, financial or other factors or are affected by such factors in different ways.

### **PART III: GENERIC RISK TYPES**

#### **1. GENERAL**

The price or value of an investment will depend on fluctuations in the financial markets outside of anyone's control. Past performance is no indicator of future performance.

The nature and extent of investment risks varies between countries and from investment to investment. These investment risks will vary with, amongst other things, the type of investment being made, including how the financial products have been created or their terms drafted, the needs and objectives of particular investors, the manner in which a particular investment is made or offered, sold or traded, the location or domicile of the issuer, the diversification or concentration in a portfolio (e.g. the amount invested in any one currency, security, country or issuer), the complexity of the transaction and the use of leverage.

The risk types set out below could have an impact on each type of investment:

#### **2. LIQUIDITY**

The liquidity of an instrument is directly affected by the supply and demand for that instrument and also indirectly by other factors, including market disruptions (for example a disruption on the relevant exchange) or infrastructure issues, such as a lack of sophistication or disruption in the securities settlement process. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. This may occur, for example, at times of rapid price movement if the price rises or falls to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to intended amounts, but market conditions may make it impossible to execute such an order at the stipulated price. In addition, unless the contract terms so provide, a party may not have to accept early termination of a contract or buy back or redeem the relevant product and there may therefore be zero liquidity in the product. In other cases, early termination, realisation or redemption may result in you receiving substantially less than you paid for the product or, in some cases, nothing at all.

#### **3. CREDIT RISK**

Credit risk is the risk of loss caused by borrowers, bond obligors, guarantors, or counterparties failing to fulfil their obligations or the risk of such parties' credit quality deteriorating. Exposure to the credit risk of one or more reference entities is particularly relevant to any credit linked product such as credit linked notes, and the potential losses which may be sustained, and the frequency and likelihood of such losses occurring, when investing in credit links products may be substantially greater than when investing in an obligation of the reference entity itself.

#### **4. MARKET RISK**

##### **4.1. General**

The price of investments goes up and down depending on market supply and demand, investor perception and the prices of any underlying or allied investments or, indeed, sector, political and economic factors. These can be totally unpredictable.

##### **4.2. Overseas markets**

Any overseas investment or investment with an overseas element can be subject to the risks of overseas markets which may involve different risks from those of the home market of the investor. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in overseas denominated contracts will be affected by fluctuations in overseas exchange rates.

##### **4.3. Emerging Markets**

Price volatility in emerging markets, in particular, can be extreme. Price discrepancies, low trading volumes and wide pricing spreads can be common and unpredictable movements in the market not uncommon. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. Emerging markets generally lack the level of transparency, liquidity, efficiency, market infrastructure, legal certainty and regulation found in more developed markets. For example, these markets might not have regulations governing market or price manipulation and insider trading or other provisions designed to "level the playing field" with respect to the availability of information and the use or misuse thereof in such markets. They may also be affected by sector, economic and political risk. It may be difficult to employ certain risk and legal uncertainty management practices for emerging markets investments, such as forward currency exchange contracts or derivatives. The impact of the imposition or removal of foreign exchange controls at any time should be considered, as well as potential difficulties in repatriation of assets. The risks associated with nationalisation or expropriation of assets, the imposition of confiscatory or punitive taxation, restrictions on investments by foreigners in an emerging market, sanctions, war and revolution should also be considered.

#### **5. CLEARING HOUSE PROTECTIONS/SETTLEMENT RISK**

On many exchanges, the performance of a transaction may be "guaranteed" by the exchange or clearing house. However, this guarantee is usually in favour of the exchange or clearing house member and cannot be enforced by the client who may, therefore, be subject to the credit and insolvency risks of the firm through whom the transaction was executed. There is, typically, no clearing house for off-exchange OTC instruments which are not traded under the rules of an exchange (although unlisted transferable securities may be cleared through a clearing house).

Settlement risk is the risk that a counterparty does not deliver the security (or its value) in accordance with the agreed terms after the other counterparty has already fulfilled its part of the agreement to so deliver. Settlement risk increases where different legs of the transaction settle in different time zones or in different settlement systems where netting is not possible. This risk is particularly acute in foreign exchange transactions and currency swap transactions.

#### **6. INSOLVENCY**

The insolvency or default of the firm with whom you are dealing, or of any brokers involved with your transaction, may lead to positions being

liquidated or closed out without your consent or, indeed, investments not being returned to you. There is also insolvency risk in relation to the investment itself, for example of the company that issued a bond or of the counterparty to off-exchange derivatives (where the risk relates to the derivative itself and to any collateral or margin held by the counterparty).

#### **7. CURRENCY RISK**

In respect of any foreign exchange transactions and transactions in derivatives and securities that are denominated in a currency other than that in which your account is denominated, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions.

The weakening of a country's currency relative to a benchmark currency or the currency of your portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.

#### **8. INTEREST RATE RISK**

Interest rates can rise as well as fall. A risk with interest rates is that the relative value of a security, especially a bond, will worsen due to an interest rate increase. This could impact negatively on other products. There are additional interest rate related risks in relation to floating rate instruments and fixed rate instruments; interest income on floating rate instruments cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of floating rate instruments at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the relevant instruments provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Changes in market interest rates have a substantially stronger impact on the prices of zero coupon bonds than on the prices of ordinary bonds because the discounted issue prices are substantially below par. If market interest rates increase, zero coupon bonds can suffer higher price losses than other bonds having the same maturity and credit rating.

#### **9. COMMODITY RISK**

The prices of commodities may be volatile, and, for example, may fluctuate substantially if natural disasters or catastrophes, such as hurricanes, fires or earthquakes, affect the supply or production of such commodities. The prices of commodities may also fluctuate substantially if conflict or war affects the supply or production of such commodities. If any interest and/or the redemption amount payable in respect of any product is linked to the price of a commodity, any change in the price of such commodity may result in the reduction of the amount of interest and/or the redemption amount payable. The reduction in the amount payable on the redemption of an investment may result, in some cases, in you receiving a smaller sum on redemption of a product than the amount originally invested in such product.

#### **10. REGULATORY/LEGAL/STRUCTURAL RISK**

All investments could be exposed to regulatory, legal or structural risk.

Returns on all, and particularly new, investments are at risk from regulatory or legal actions and changes which can, amongst other issues, alter the profit potential of an investment. Legal changes could even have the effect that a previously acceptable investment becomes illegal. Changes to related issues such as tax may also occur and could have a large impact on profitability. Such risk is unpredictable and can depend on numerous political, economic and other factors.

For this reason, this risk is greater in emerging markets but does apply everywhere. In emerging markets, there is generally less government supervision and regulation of business and industry practices, stock exchanges and over-the-counter markets.

The type of laws and regulations with which investors are familiar in the EEA may not exist in some places, and where they do, may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that an overseas investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in overseas courts.

In the case of many products, there will be no legal or beneficial interest in the obligations or securities of the underlying reference entity but rather an investor will have a contractual relationship with the counterparty only and its rights will therefore be limited to contractual remedies against the counterparty in accordance with the terms of the relevant product.

In all cases the legal terms and conditions of a product may contain provisions which could operate against your interests. For example, they may permit early redemption or termination at a time which is unfavourable to you, or they may give wide discretion to the issuer of securities to revise the terms applicable to securities. In other cases there may be limits on the amounts in relation to which rights attaching to securities may be exercised and in the event that you hold too many (or too few) securities, your interests may be prejudiced and should scrutinise these carefully. In some cases, the exercise of rights by others may impact on your investment. For example, a product such as a bond or note may contain provisions for calling meetings of holders of those bonds or notes to consider matters affecting their interests generally (including yours) and may permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Further, in some cases amendments may be made to the terms and conditions of bonds or notes without the consent of any of the holders in circumstances set out in general conditions attaching to such bonds or notes.

## 11. OPERATIONAL RISK

Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact on all financial products. Business risk, especially the risk that the business is run incompetently or poorly, could also impact on shareholders of, or investors in, such a business. Personnel and organisational changes can severely affect such risks and, in general, operational risk may not be apparent from outside the organisation.

## 12. CONFLICTS

In the ordinary course of their respective businesses, the individual companies defined above as "J.P. Morgan", and any of its or their Affiliates, will be subject to various actual and potential conflicts of interest which may operate against your interests.

## PART IV: TRANSACTION AND SERVICE RISKS

### 1. CONTINGENT LIABILITY INVESTMENT TRANSACTIONS

Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If you trade in futures, contracts for differences or sell options, you may sustain a total loss of the margin you deposit with your firm to establish or maintain a position. If the market moves against you, you

may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you must be responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

## 2. COLLATERAL

If you deposit collateral as security with a firm, the way in which it will be treated will vary according to the type of transaction and where it is traded and the terms of any Product Contract you have entered into with us. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a regulated market (see 4 below), with the rules of that exchange (and the associated clearing house) applying, or trading on another exchange or, indeed, off-exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash. You should ascertain from the firm how your collateral will be dealt with.

### 2.1. Effect of absolute title transfer

Where your collateral is subject to total title transfer to us, you should note that:

- (a) The assets cease to be your assets and you will no longer have a proprietary claim over them. They will not be held subject to the rules of the FCA's Client Assets Sourcebook or of another applicable regulator in safe custody (where they are financial instruments) or subject to FCA's Client Money Rules or other applicable client money protection (where they are cash). The assets become our assets and we can deal with them in our own right;
- (b) You will have an unsecured contractual claim against us for re-transfer of equivalent assets; and
- (c) As a result, the assets will not be subject to a trust or otherwise insulated in our insolvency. And, in such event, you may not receive back everything so transferred to us and you will only rank as a general creditor. The FCA's Client Money Distribution Rules which are set out in the CASS 7A of the FCA Handbook ("Client Money Distribution Rules") will not apply to these assets where they are cash and you will not be entitled to share in any distribution under the Client Money Distribution Rules.

## 3. SHORT SALES

Selling "short" means to sell financial instruments that you do not own at the time of the sale. The seller has an obligation to deliver the product sold at the settlement date which will generally be a few days later than the trade date, so he will either go into the market to buy the relevant financial instruments for delivery or he will "borrow" the relevant financial instruments under a stock lending arrangement (for further detail on this see 11 below).

Short selling is a technique used by investors who want to try to profit from the falling price of a financial instrument. If the price of the financial instrument drops after the investor has sold short (in other words at the time when he is buying or borrowing the relevant financial instruments for delivery), the investor will make a profit. If however the price of the financial instrument rises after the investor has sold short, the investor will have automatically made a loss, and the loss has the potential to get bigger and bigger if the price of the financial instrument continues to rise before the investor has gone into the market to buy or borrow the financial instrument to settle the short sale.

## 4. OFF-EXCHANGE TRANSACTIONS

FCA has categorised certain exchanges as recognised or designated investment exchanges. A list of these exchanges can be found on the

FCA website. Transactions which are traded elsewhere may be exposed to substantially greater risks.

## 5. LIMITED LIABILITY TRANSACTIONS

Before entering into a limited liability transaction, you should obtain from the firm a formal written statement confirming that the extent of your loss liability on each transaction will be limited to an amount agreed by you before you enter into the transaction.

The amount you can lose in limited liability transactions will be less than in other margined transactions, which have no predetermined loss limit. Nevertheless, even though the extent of loss will be subject to the agreed limit, you may sustain the loss in a relatively short time. Your loss may be limited, but the risk of sustaining a total loss to the amount agreed is substantial.

## 6. COMMISSIONS/TRANSACTION COSTS

Before you begin to trade, you should obtain details of all commissions and other charges for which you must be liable.

When products are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the products. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, you must take into account that you may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of products (direct costs), you must also take into account any follow-up costs (such as custody fees). You should inform yourself about any additional costs incurred in connection with the purchase, custody or sale of an investment before investing. The effect of transaction costs (for example on a new issue of securities) may result in the issue price of such securities falling below the market value when trading starts.

## 7. CORPORATE ACCESS SERVICES

If you are an investment management firm authorised and regulated by the UK Financial Conduct Authority (**FCA**), in your consideration and compliance with the rules applicable to you regarding the use of dealing commissions, you may determine that you need to make a payment from your own funds for corporate access or ancillary services (henceforth the **Services**) provided to you by J.P. Morgan Securities plc ("JPMS plc"). When making this determination, the nature, value and appropriate compensation to be ascribed to such services should be considered.

For the avoidance of doubt, where JPMS plc is providing you with Services which have been originated on behalf of a corporate client, JPMS plc does not require payment in relation to such Services. In the instances where JPMS plc is not acting on behalf of a corporate client, please note there is a cost associated with the provision of such Services (including those that occur as part of a conference).

JPMS plc is itself regulated by the FCA and must comply with its obligations under the FCA's rules, including the rules on inducements. Accordingly, where you determine you need to make a direct payment for Services, that payment should be a realistic reflection of the costs incurred in arranging the Services. JPMS plc would be happy to discuss the Services you receive and provide additional information as necessary in order for you to determine the invoice amounts.

## 8. SUSPENSIONS OF TRADING AND GREY MARKET INVESTMENTS

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such

an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

Transactions may not be entered into in:

- (a) A security whose listing on an exchange is suspended, or the listing of or dealings in which have been discontinued, or which is subject to an exchange announcement suspending or prohibiting dealings; or
- (b) A grey market security, which is a security for which application has been made for listing or admission to dealings on an exchange where the security's listing or admission has not yet taken place (otherwise than because the application has been rejected) and the security is not already listed or admitted to dealings on another exchange.

There may be insufficient published information on which to base a decision to buy or sell such securities.

## 9. CASH AND PROPERTY

You should familiarise yourself with the protections accorded to you in respect of money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy.

Where we provide safe custody services for you or where we hold money for you as client money, your securities or client money may be held by a third party on our behalf, including banks, OTC counterparties, settlement agents, intermediate brokers, Exchanges, Clearing Systems, sub-custodians, CSDs, depositories, agents and nominees (each a "**Third Party**"). Except as specifically provided in the Terms, J.P. Morgan will not be liable for any acts or omissions of any Third Party.

Where your property or client money is held overseas, there may be different legal and regulatory requirements from those applying in the UK and your rights to the property or money may differ from those you would have in the UK.

In the event of insolvency or default of a Third Party, you may not recover all of your property or money. In some jurisdictions compensation schemes may offer protections in connection with investments to certain types of claimants in the event that they suffer financial loss as a consequence of a person being unable to meet its liabilities. The protections available may be different from the protections afforded to clients under the UK's Financial Services Compensation Scheme and the compensation schemes may also have different rules governing qualification for compensation, limits to the level of protection provided and procedures and time limits for making claims for compensation. In some cases overseas compensation schemes may prioritise local investors over non-local investors.

We will, where possible, direct that your property that is deposited with a Third Party is identifiable separately from our property and from those belonging to that Third Party (for instance, by differently titled accounts or other equivalent measures that achieve the same level of protection). However, in some jurisdictions it may not be possible under national law for your property to be separately identifiable from our assets or those of the Third Party. In these circumstances, there is a risk that your property could be withdrawn or used to meet the obligations of the Third Party or lost altogether if the Third Party fails. On our failure (i.e. the appointment of a liquidator, receiver or administrator, or trustee in bankruptcy, or any equivalent procedure in any relevant jurisdiction), your property may not be protected from claims made on behalf of our general creditors, the Third Party may challenge your rights to any property and you may need to share in a shortfall.

Although property will ordinarily be registered in the name of a nominee, we may from time to time (if the property is subject to the law

or market practice of a jurisdiction outside the UK and it is in your best interests to register in that way or it is not feasible to do otherwise because of the nature of the applicable law or market practice) register or record securities in the name of a Third Party or in our own name. If property is registered in our name, the property in question may not be segregated from our property and in the event of our failure (i.e. the appointment of a liquidator, receiver or administrator or trustee in bankruptcy, or any equivalent procedure in the jurisdiction in question), your property may not be protected from claims made on behalf of our general creditors.

Your property may be held in an omnibus account by a Third Party. Property that is held in an omnibus account may be pooled or commingled with property belonging to our other clients or clients of the Third Party. There is a risk that the property could be withdrawn to meet the obligations of other clients, or that the balance of property does not reconcile with the quantity that we or the Third Party is required to hold. In the event of a shortfall, you may share in that shortfall and as a result may not receive your full entitlement of property.

#### **10. STABILISATION**

Transactions may be carried out in securities where the price may have been influenced by measures taken to stabilise it.

Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. Regulations allow stabilisation in order to help counter the fact that, when a new issue comes on to the market for the first time, the price can sometimes drop for a time before buyers are found.

Stabilisation is carried out by a 'stabilisation manager' (normally the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

The Stabilisation Rules:

- (a) Limit the period when a stabilising manager may stabilise a new issue;
- (b) Fix the price at which he may stabilise (in the case of shares and warrants but not bonds); and
- (c) Require him to disclose that he may be stabilising but not that he is actually doing so.

The fact that a new issue or a related security is being stabilised should not be taken as any indication of the level of interest from investors, nor of the price at which they are prepared to buy the securities.

#### **11. NON-READYLY REALISABLE INVESTMENTS**

Both exchange listed and traded and off-exchange investments may be non-readily realisable. These are investments in which the market is limited or could become so. Accordingly, it may be difficult to assess their market value and/or to liquidate your position.

#### **12. STOCK LENDING/REPOS**

The effect of lending (or 'repo'ing) securities to a third party is to transfer title to them to the borrower (or repo purchaser) for the period that they are lent (or 'repo'ed). At the end of the period, subject to default of the borrower (or 'repo' purchaser), the lender (or 'repo' seller) receives back securities of the same issuer and type. The borrower's (or 'repo' purchaser's) obligation to transfer equivalent securities is secured against collateral (which is usually transferred by a title transfer mechanism pursuant to market standard agreements). There is, accordingly, credit risk. Lending (or 'repo'ing) securities may affect your tax position.

#### **13. STRATEGIES**

Particular investment strategies will carry their own particular risks. For example, certain strategies, such as 'spread' position or a 'straddle', may be as risky as a simple 'long' or 'short' position.

# DEPOSIT ACCOUNT AGREEMENT AND PRIVACY NOTICE



## *Thank you for choosing Chase*

This is your Deposit Account Agreement (may also be referred to as Account Rules and Regulations), or contract, with us.

We recommend keeping this agreement but we regularly update it, so you can always get the current agreement at chase.com, a branch or by request when you call us.

The Deposit Account Agreement also includes these separate documents that pertain to our personal and business accounts:

- Rates for interest-bearing accounts
- Personal accounts:
  - Additional Banking Services and Fees (including our Fee Schedule)
- Business accounts:
  - Additional Banking Services and Fees (including our Fee Schedule)
- Any additional disclosures, such as amendments or agreements, that we provide to you either when you open your account or when we change the terms of your account.

## *How to Contact Us*

We're here for you. See below for how to reach us.

### **Personal Accounts:**

Main phone number: 1-800-935-9935  
Spanish: 1-877-312-4273  
International calls: 1-713-262-1679  
Website: chase.com

### **Business Accounts:**

Main phone number: 1-800-242-7338  
Spanish: 1-888-622-4273  
International calls: 1-713-262-1679  
Website: chase.com/business

### **Chase Private Client:**

Main phone number: 1-888-994-5626  
International calls: 1-405-235-4847  
Website: chase.com/privateclient

### **Chase Mobile or Online Banking:**

1-877-242-7372

We accept operator relay calls

### **Electronic Funds Transfers (EFTs):**

In case of errors or questions about your EFTs, or if you believe your debit card has been lost or stolen, call us at 1-866-564-2262 or write:

Chase  
PO Box 659809  
Internal Mail TX3-7849  
San Antonio, TX 78265-9109

### **To Dispute Information Reported to a Consumer Reporting Agency:**

JPMorgan Chase Bank, N.A.  
PO Box 182108  
Internal Mail OHW-1000  
Columbus, OH 43218

### **All Other Written Correspondence:**

JPMorgan Chase Bank, N.A.  
PO Box 44945  
Indianapolis, IN 46204-4945

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## *Privacy Notice*

# Deposit Account Agreement

This agreement is the contract that governs your account.

Whether you have a personal or business deposit account, this document is the basic agreement between you and us (JPMorgan Chase Bank, N.A. or "Chase"). By signing a signature card or submitting an account application, or by using any of our deposit account services, you and anyone else identified as an owner of the account agree to the terms in this agreement. Customers of some of our business groups, such as Corporate Banking, will get a different agreement and their accounts will be governed by that agreement, not this one. If you have a product that is not a deposit account, such as a credit card, this agreement does not apply to that product. Also, other products or services, such as online banking or retirement accounts, may have additional agreements. In the event of an irreconcilable conflict between the terms of this agreement and any applicable Chase agreements, the terms of this agreement will control, unless otherwise explicitly stated.

This agreement also refers to and includes other disclosures we may provide to you, including (1) product information, (2) rate information, (3) banking services and fees, and (4) other disclosures, agreements, and amendments that we may provide to you. All may contain information on fees that apply to your accounts. Products and services as well as associated fees, charges, interest rates and balance requirements may differ among different geographic locations. Not all products and services, including check cashing, are offered at all locations.

## I. Definitions

Here are some important terms that we use throughout this agreement:

**Account:** Any deposit account, such as a checking or savings account, you have with us that is covered by this agreement.

**ACH (Automated Clearing House):** ACH, which may also be referred to as automatic payments, are funds transferred to or from your account through an automated clearing house network. Common examples include direct deposits of payroll, tax refunds, government benefits, and pensions.

**ATM (Automated Teller Machine):** An electronic device that performs many banking services, which can include withdrawals and balance inquiries.

**Available balance:** The amount of money in your account that you can use right now. You can find this balance on receipts you receive at ATMs, from a banker at a branch, on chase.com or Chase Mobile.

Here's how we calculate your available balance: We start with your previous end of day balance,

- Add any pending credit transactions,
- Subtract any pending debit transactions, deposits that are not available yet for withdrawal, and any holds on your account.

**Business day:** Every day except Saturdays, Sundays and federal holidays. Some branches may close on a business day due to an emergency or to observe a state holiday.

**Check:** A written order to pay a specific amount of money drawn on, payable through, payable at or processed by a bank or other depository institution. If a check is sent or returned as an electronic image or as a substitute check, it is still considered a check.

**Debit card transaction:** Any purchase or bill payment using your debit card. A debit card transaction may be either an everyday (not recurring) purchase transaction or a recurring payment, such as a monthly bill.

**Direct deposit:** An automatic electronic deposit made through the ACH network to your account by someone else, such as an employer issuing payroll or a government paying benefits.

**Transaction (may also be referred to as item):** Any check, ACH, funds transfer, online banking transaction, wire transfer, teller cash withdrawal, ATM withdrawal, debit card purchase, fee, charge or other instruction for an amount to be added to or subtracted from your balance, whether or not we pay or settle the transaction.

**Overdraft:** The amount by which any transaction(s) would exceed the balance in your account either when it is authorized or presented for settlement during our nightly processing. If your account has a negative balance it is considered to be overdrawn.

**PIN:** A four-digit personal identification number that you either select or request from us for your debit or ATM card. Some merchants and all ATMs require a PIN when you use a debit card.

**Present balance:** The total amount of money recorded in your account, including funds not yet available for you to use. This includes pending transactions, authorization holds that are not yet posted or deposits that have not yet been made available. You can find this balance on receipts you receive at ATMs, from a banker at a branch, on chase.com or Chase Mobile.

## II. Opening Your Account

### A. Personal Accounts

THE TYPE OF ACCOUNT OWNERSHIP MAY DETERMINE HOW YOUR FUNDS ARE PAID IF YOU DIE, EVEN IF YOUR WILL STATES OTHERWISE. PLEASE CONSULT YOUR ESTATE PLANNING ADVISOR OR ATTORNEY ABOUT YOUR CHOICES.

If your account is a type listed under "Personal Accounts" in our product information, you agree not to use it for business purposes. Ownership of your account is determined by the most current signature card. However, we are authorized to rely on the account ownership information contained in our deposit system unless we are notified that the most current signature card and the deposit system contain different information.

#### 1. Solely owned account

When only one individual is listed as the owner of an account, we will treat the account as a solely owned account.

#### 2. Joint accounts

When two or more people are listed as owners of a personal account, the account is a "joint account" and each owner is a "joint owner."

Each joint owner has complete control over all of the funds in the account.

DEPOSIT ACCOUNT AGREEMENT

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If your joint account becomes overdrawn, each joint owner is liable for the full amount the account is overdrawn, regardless of who initiated or benefited from the activity that caused the overdraft.

If one joint owner requests that we not pay transactions initiated by a different joint owner, we may block the account, but we are not required to do so. That means we will refuse to pay all transactions, including transactions initiated by the owner making the request. If we block the account, we may not release the block unless all joint owners agree in writing to remove it. No request to block the account will affect transactions that we paid before the request. If we decide not to block the account, all joint owners remain responsible for transactions subtracted from the account.

Any joint owner may close the account without the consent from any other joint owners. We may choose whether or not to act upon other instructions of any joint owners, including adding another owner to the account, without the authorization of the other joint owners. We may also pay all or any part of the funds in the joint account to a court or government agency if we receive a garnishment, levy or similar legal process that identifies any of the joint owners.

### **Joint account with rights of survivorship**

If a joint account has rights of survivorship, and one joint owner dies, the account ownership will be transferred to the surviving joint owners. The estate of the deceased owner will have no rights to the account. If there is more than one surviving joint owner, the account will continue as a joint account with rights of survivorship among the remaining owners. If an account is designated "JAWROS" or "JTWROS," it has rights of survivorship.

### **Joint account with no right of survivorship (also called "tenants in common")**

If a joint account does not have rights of survivorship, and one joint owner dies, that owner's interest passes to the owner's estate. Either the surviving joint owners or the deceased owner's estate may withdraw the funds at any time, and we have no responsibility for determining the respective interests of the owners. If an account is designated "Tenants in common" or "JTIC," it does not have rights of survivorship.

### **When survivorship rights apply**

Except as otherwise stated in this paragraph, a joint account has rights of survivorship unless you clearly indicate on the signature card and in the account title that the account is created without these rights. Accounts in Louisiana do not have rights of survivorship. Accounts in Texas do not have rights of survivorship unless you clearly indicate on the signature card and in the account title that the account is created with these rights.

If a joint account also contains a "payable on death" or "in trust for" designation, the account always includes a right of survivorship and is payable to the beneficiary only upon the death of the last surviving owner, except as stated in the paragraph below.

### **Marital account (Wisconsin only)**

If one owner of a marital account dies, the survivor is entitled to 50% of the account funds and the estate of the deceased is entitled to the other 50%. If a marital account contains a payable on death designation, the POD beneficiary is entitled to the deceased spouse's 50% share. However, we have no responsibility to determine the respective interests of the owner and the POD beneficiary.

### **Tenants by the entirety (Florida only)**

A Florida joint account owned solely by two spouses is a "tenants by the entirety" account unless the signature card indicates otherwise. We are not required to determine whether an account is a tenants by the entirety account before responding to a garnishment or other legal process. We may assert our right of setoff or security interest in a tenants by the entirety account in order to collect debts of either owner.

## **3. "Payable on death" account**

If you establish your account payable on death to one or more beneficiaries, the account is a "POD" account. If we receive proof you've died, we will pay the balance of the account to the beneficiary or beneficiaries you designated. Multiple beneficiaries will be paid in equal shares unless the signature card provides otherwise. We do not offer POD accounts in all states.

## **4. "In trust for" (informal trust) account**

If you establish your account as in trust for ("ITF") or as trustee for one or more beneficiaries without presenting formal trust documents, we may treat the account as an "ITF" account. If we receive proof you've died, we will pay the balance of the account to the beneficiary or beneficiaries you designated. Multiple beneficiaries will be paid in equal shares unless the signature card provides otherwise. We do not offer ITF accounts in all states.

## **5. Convenience account**

If you have a convenience account, you are its sole owner, but you authorize an additional signer to write checks or authorize other transactions. You are solely responsible for the actions of the additional signer (legacy accounts only).

## **6. Power of attorney**

A power of attorney is a document you sign that authorizes someone else, called the agent, to act on your behalf. If you sign a power of attorney, the agent can sign on your behalf and do anything you could do regarding the account, including withdrawing or spending all of the money in the account. Do not sign a power of attorney unless you trust the agent to act in your best interest. If you choose to add an agent, you must provide a power of attorney form that we agree to accept. We may rely on a copy of an original power of attorney. We are not required to investigate the facts relating to any power of attorney provided to us on your behalf, including whether your signature on the power of attorney is authentic or whether the agent continues to have authority. We may follow or refuse to follow the agent's instructions at any time, including if we suspect fraud or abuse on your account, unless state law requires otherwise. We may also refuse an agent's request to become a joint owner or a beneficiary of an account, but we have no liability to anyone if we do so. We have no liability when we follow or refuse to follow any instructions from an agent, for example, if your agent misuses the authority you have given them. An agent's power of attorney on an account is terminated when the account owner dies.

## **7. Supported decision-making agreement**

In certain states you can name a supporter to assist you in understanding the information, responsibilities and consequences of your financial decisions. This is done through a supported decision-making agreement, which is an agreement between you and a supporter that is entered into so the supporter can assist with gathering information for you to make decisions about your account.

A supporter is a person that is named by you in a supported decision-making agreement. A supporter may not transact on your account; however, a supporter may request and be provided with account information, such as statements or copies of checks. A supporter may also communicate decisions made by you.

## **8. Uniform Transfers to Minors Act/Uniform Gifts to Minors Act (UTMA/UGMA) account**

The designated minor is the owner of the funds in the account; including any funds transferred into the account are irrevocably owned by the minor. UTMA/UGMA accounts can't be pledged as collateral for a personal loan to you, nor can checks be cashed against it.

If you are the custodian or successor custodian of an account under a state's UTMA/UGMA, you agree to manage and use the account in accordance with your obligations under applicable state law, including:

- Using the account for the exclusive use and benefit of the minor, and
- Transferring assets to the beneficiary at the age when the UTMA/UGMA terminates

It is your responsibility as custodian to consult your own legal or tax advisor about the governing state law.

At our sole discretion we may limit transactions on the account if you fail to transfer funds to the beneficiary as required by applicable law. You agree, on your own behalf and on behalf of the minor, to indemnify and hold us harmless from any and all liability, including from any claim by the beneficiary, for following any instructions with respect to the account.

## **9. Representative payee/VA custodian account**

If you open an account as a "representative payee" for someone who receives Social Security payments, or as a legal custodian, spouse payee or other custodian for someone who receives Veterans Administration payments, you agree not to permit any deposits to the account other than the designated payments. We are not required to determine whether you deposit other funds or whether any debits from the account are for the support of the person for whose benefit the funds are paid. This person is called the beneficiary. If the beneficiary dies, you must promptly notify us and stop all further deposits to and withdrawals from the account. If the government demands that we return deposits made after the beneficiary's death and the account does not have enough funds to pay the demand, we may take the funds from any account you or the beneficiary owns.

## **10. Other fiduciary accounts**

If you open an estate account, trust account, guardianship or conservatorship account, or other similar type of account, we reserve the right to require any documents we reasonably request to satisfy us that you are authorized to open and use the account, including withdrawing the funds. We do not have to permit any withdrawal from the account until we receive all requested documents. We have no fiduciary duties to you as the trustee, executor, guardian or conservator, or to the beneficial owners of the account.

## **B. Business Accounts**

If your account is a type listed under "Business Accounts" in our product information, you agree not to use it for personal purposes.

If our records list a business organization as the owner of an account, the account is payable to the business organization and not to any individual director, shareholder, member or partner. "Business organization" means a corporation, unincorporated association, limited liability company, partnership, or any other business, government or non-profit organization. We may rely on the accuracy and completeness of all resolutions, signature cards and other documents you deliver to us in connection with the account. If they state that a person is authorized to sign checks or otherwise initiate transactions on your account, that person is called a signer.

If the account owner is a sole proprietorship, that means that one person conducts the business as his or her own property, instead of through a business organization. A sole proprietor may also designate signers by appropriate documents. We may in some states allow a married couple to open an account as a sole proprietorship.

If you change your form of ownership or authorized signers, you must notify us when the change occurs.

A signer is authorized to endorse checks payable to the business. Endorsements "for deposit" may be written or stamped. A signer is also authorized to sign checks drawn on your account. We are authorized to pay checks without asking how the checks were issued or how the proceeds will be used, even if the check is payable to the person who signed the check.

A signer is authorized to instruct us to close accounts or do anything else involving any account, and to sign any agreements or documents relating to accounts or other business. We may, although we are not required to, cash checks payable to or accept "less cash" deposits from a business organization.

If you open an attorney trust account, including an IOLTA or similar account, you authorize us to notify the appropriate state agency if the account is overdrawn or checks are dishonored, if the applicable state requires notice of those events.

## ***III. Using Your Checking or Savings Account***

### **A. Adding Money to Your Account**

#### **1. Direct deposits; notice of electronic deposits**

When we receive an electronic deposit to your account, the only notice you will receive from us is on your next statement. You may visit chase.com or Chase Mobile® and use Account Alerts, or call us to confirm that we have received a deposit.

If the bank that sent an electronic deposit to your account tells us it was a mistake, or was intended for another customer or account, we may deduct the amount from your balance without investigating.

#### **2. Endorsements**

An endorsement is a signature, stamp or other mark made on a check to transfer the check to another person. If a check you deposited doesn't have your endorsement, we may endorse it for you or treat the check as if we had endorsed it. Either way, the effect will be as if you had endorsed the check. Also, any deposited check that appears to contain your stamped or facsimile endorsement will be treated as if you had actually endorsed it. We are not bound by any conditional or restrictive endorsements on a check you cash or deposit, or by any endorsement "without recourse."

### **3. Endorsement requirements**

To help ensure that checks you deposit or cash will be processed timely, your endorsement (and any other endorsement supplied by a co-payee) must be in the 1½ inch area that starts on the right side as viewed from the back. Payee or customer information must not be on any other part of the back of the check.

If you don't endorse your check properly and it causes us a loss, cost or expense, you have to pay that amount to us.

### **4. Our rights and responsibilities for deposits**

If you deposit or cash a check, or we send one for collection, we act only on your behalf. Our only responsibility is to exercise reasonable care. If we lose a check, you agree to use reasonable efforts to help us locate or replace it.

We will not be liable for the lack of care of any bank or third party we use to collect checks, or for checks lost during shipping. We may send checks to any bank or to the entity on which the check was written in our customary manner. We may have agreements with other banks regarding times and methods for collecting or returning items.

We may refuse a deposit, or part of a deposit, at any time. We also may refuse a deposit after initially accepting it. We can reverse any amount we have added to your balance for a deposited check and send the check on a collection basis even after we have taken physical possession of the check. We will not be liable to you for refusing a deposit, even if it causes us to decline any transactions you have already made.

If we refuse a deposit, we may take a check on a "collection basis," which means we will not add funds to your balance until we have actually been paid for the check. If we process any check deposit on a "collection basis," we will not add funds to your balance until we have actually been paid for the check by the other bank.

If the other bank charges us a collections or processing fee for any item, we will deduct that from your account or the amount credited to you. These charges or fees will be assessed even if the other bank does not pay us for the check or the funds have already been deposited to your account.

### **5. Our right to charge back deposited or cashed items**

If you deposit or cash a check or other item and (1) the paying bank returns it to us unpaid; (2) the paying bank or the issuer of a check demands that we repay them because the check was altered, forged or unauthorized, is missing a signature or endorsement, or has a forged endorsement; or (3) the sending bank or the originator of an item demands that we return the item because it was unauthorized, sent to the wrong account number or procured by fraud, we may pay the return or demand, and subtract the funds from the balance in your account or in other accounts for which you are an owner, or charge part of the item to each, even if you have already withdrawn the funds. If we have reason to believe that any of the events in the previous sentence has occurred or may occur or that the check or other item should not have been paid or may not be paid for any other reason, we may place a hold on the funds or move them to a non-customer account until we determine who is entitled to them.

### **6. Transaction records and receipts**

We may rely on the account number on any deposit slip, payment instruction, or similar record we receive, even if that account number is associated with a name that's different from the name you've provided. It's not our responsibility to detect any inconsistency between the account number you provide and the name.

If you make a deposit, we may provide a receipt, but the amount on your deposit receipt is based entirely on the deposit slip you complete. We may confirm the funds you deposit and, after review, may adjust your account for any errors including any errors on your deposit slip.

We are permitted to adjust (debit or credit) your account, and we may notify you, if we:

- Determine a discrepancy exists between the declared and the actual amount of the funds in your account, or
- Misdirected a transaction to or from your account or made a transaction that we reasonably believe to be in error.

If we give you a receipt for a CD that you decide not to open or we give you a receipt for a deposit that you then cancel, the receipt is void and you may not claim those funds.

### **7. Night depository and large cash deposits**

Any of our employees may open and count any deposit that a branch banker didn't count in front of you, including night depository deposits and large cash deposits, and you agree not to dispute that employee's determination of the amount you deposited.

If you use our night depository, you are responsible for any disappearance, theft or loss of any envelope, bag or money before we issue a written receipt for the deposit.

### **8. Depositing remotely created checks**

A remotely created check is created by the payee and not signed by the account owner. It states that the account owner authorized the check. If you deposit a remotely created check, you guarantee it was authorized by the account owner for payment in the amount it shows.

## **B. Posting Order and Processing**

### **1. Posting order**

Posting order is the order in which we apply deposits and withdrawals to your account. We provide you with visibility into how transactions are posted and in what order to help you better manage your account.

When we transition from one business day to the next business day we post transactions to and from your account during our nightly processing. The order in which we generally post transactions during nightly processing for each business day is:

- First, we make any previous day adjustments, and add deposits to your account.
- Second, we subtract transactions in chronological order by using the date and time of when the transaction was authorized or shown as pending. This includes ATM and Chase banker withdrawals, transfers and payments; automatic payments; chase.com or Chase Mobile online transactions; checks drawn on your account; debit card transactions; wire transfers; and real time payments. If multiple transactions have the same date and time, then they are posted in high to low dollar order.

- There are some instances where we do not have the time of the transaction therefore we post at the end of the day the transaction occurred:
  - We are unable to show the transaction as pending; or
  - We don't receive an authorization request from the merchant but the transaction is presented for payment.
- Third, there are some transactions that we cannot process automatically or until we've completed posting of your chronological transactions. This includes Overdraft Protection transfers or transfers to maintain target balances in other accounts. We subtract these remaining transactions in high to low dollar order.
- Finally, fees are assessed last.

If you review your account during the day, you will see that we show some transactions as "pending." For details, refer to the section "*Pending*" transactions. These transactions impact your available balance, but have not yet posted to your account and do not guarantee that we will pay these transactions to your account if you have a negative balance at that time. We may still return a transaction unpaid if your balance has insufficient funds during that business day's nightly processing, even if it had been displayed as a "pending" transaction on a positive balance during the day. If a transaction that you made or authorized does not display as "pending," you are still responsible for it and it may still be posted against your account during nightly processing.

## **2. "Pending" transactions**

Throughout the day we post debits and credits to your account that may appear as "pending" when we become aware of the transaction. The following are the most common types of debit transactions that may appear as "pending" and reduce your available balance by the amount of the transaction:

- ATM and Chase Banker Withdrawals, Transfers and Payments
- Automatic Payments
- Chase.com or Chase Mobile Online Transactions
- Checks Drawn on Your Account
- Debit Card Transactions
- Wire Transfers

**ATM and Chase Banker Withdrawals, Transfers and Payments:** For payments or cash withdrawals, we will apply the transactions and update your available balance as soon as the transaction is complete.

**Automatic Payments (ACH transactions):** We will generally apply debit transactions against your available balance as pending at the start of the business day of the effective date of the payment. If you initiate ACH debit transactions on the same day as the effective date, we will apply them in the order we receive them.

**Chase.com or Chase Mobile Online Transactions:** For any payment or transfer, once you approve the transaction, we'll apply it to your account. For recurring or future dated payments, it is applied on the effective "send on" date.

**Checks Drawn on Your Account:** When cashed or deposited at a Chase ATM, branch, or online, the check will be pending on your account at the time it was cashed or deposited. Checks that are deposited at other banks will show as pending throughout the day as the other banks submit the item to us for payment. If the amount of the check identified in the notice exceeds your balance at the time we receive the notice, we may notify the other bank of that fact.

**Debit Card Transactions:** For more information on debit card transactions refer to the section *Important Information and Agreements About Your Card*.

**Wire Transfers:** Once we've begun processing the wire transfer and completed all of our internal reviews, we will apply the transaction to your account and update your available balance on the transfer's effective date.

While we make every effort to place transactions in a pending status on your account during the day, transactions may be unable to be displayed as pending before they are posted to your account. How these transactions are posted when they are completed and no longer display as pending is based on the posting order. Fees are applied against the account based on how transactions are posted. For details, refer to the section *Posting Order*.

## **C. Overdrafts, Fees and Overdraft Protection**

### **1. Paying transactions presented against insufficient funds**

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize or pay any type of transaction. Even if we've paid overdraft transactions before, we are not required to do it in the future.

We may pay or return any transaction when it is presented if your account balance is less than the amount of that transaction. The account balance we use to pay or return a transaction is determined during our nightly processing. During our nightly processing, we take your previous end of day's balance and post credits. If there are any deposits not yet available for use or holds (such as a garnishment), these will reduce the account balance used to pay your transactions. Then we subtract any debit transactions presented during our nightly processing. We look at your balance only once when the transaction is presented (or presented again at a later time such as a check or ACH) to us to decide if you have enough funds to pay the transaction. For details, refer to the section *Posting Order*.

The available balance shown to you during the day may not be the same amount used to pay your transactions as some transactions may not be displayed to you before nightly processing. We will decline any requested ATM withdrawal unless your available balance at the time is equal to or more than the amount of the requested withdrawal. Special rules for everyday debit card transactions, overdraft and fees for these transactions, are described in the *Electronic Funds Transfer Service Terms*. Withdrawals and debits at ATMs or with merchants may be subject to additional limitation described in the Additional Banking Services and Fees.

### **2. Your responsibility to repay overdrafts**

You must immediately pay the amount of any overdraft along with any fees that apply. We may report you to consumer reporting agencies, close your account, or both. This could affect your ability to open accounts with us or other banks in the future. For certain business accounts, if you don't immediately pay the amount of overdraft, you may also be charged additional fees or interest during nightly processing.

You authorize us to use the money from any subsequent deposits to your account (including but not limited to a direct deposit of Social Security or any other state or federal benefit payment) to pay any overdraft and resulting fees in that account. The repayment of any overdraft or resulting fee from any other account is outlined in the section *Setoff and Security Interest*. For deposits you have authorized, you understand and agree that if you don't want your benefits applied in this way, you may change your direct deposit instructions at any time with the person or organization paying the benefits.

You agree to pay all costs and expenses we incur in collecting any overdraft. We may still pursue collection of the amount you owe (including suing you) after it is charged off. It's your responsibility to avoid overdrawing your account.

### **3. Overdraft Fees**

We will charge an Overdraft Fee (may also be referred to as Insufficient Funds Fee) during nightly processing for any paid transaction posted on a business day when your account is overdrawn. If we return a transaction, we will not charge a fee. We will charge an Overdraft Fee for a transaction that may have been previously returned unpaid if it is later paid against an overdrawn balance. Special rules for everyday debit card transactions are described in the *Electronic Funds Transfer Service Terms*.

Refer to your product information and Fee Schedule for information about what fees apply and how fees are calculated for your account. We may limit the number of Overdraft Fees we charge for a business day. For business accounts, we may charge interest on any amount you are overdrawn that you haven't repaid promptly.

### **4. Overdraft Protection**

Overdraft Protection allows you to link one of your accounts as your backup account to your checking account to help pay an overdraft. If your checking account does not have enough money, we will use the available funds from your backup account to authorize or pay transactions.

**Establishing or Canceling Overdraft Protection:** Any owner of both a qualifying checking account and the backup account may enroll in Overdraft Protection without the consent of other owners and both accounts must share at least one owner to maintain Overdraft Protection. Any owner of the checking account or the backup account may cancel Overdraft Protection (by terminating the service or closing the account) without the consent of other owners. A backup account can provide Overdraft Protection for more than one checking account, but a checking account can have only one backup account. A personal checking account may be linked to a Chase personal savings account; and a business checking account may be linked to a Chase business savings account or a business line of credit in good standing. We may cancel your Overdraft Protection service at any time. Your request to add or cancel Overdraft Protection will become effective within a reasonable time after approval.

**Transfers:** We will make one Overdraft Protection transfer per business day that will appear on your statement for both accounts. If you have enough available funds in your backup account, we will automatically transfer enough to bring your checking account balance to zero. If you do not have enough available funds in your backup account to bring your checking account balance to zero, but you have enough available funds to pay one or more transactions and/or your previous day's negative balance, we will transfer that amount. If the amount transferred does not bring your checking account balance to zero, your checking account will become overdrawn and you may be charged Overdraft Fees. If we authorize your transaction, we will leave the funds in your backup account until we pay the transaction, which may take several days. However, if you use those funds before the transaction is paid there will not be available funds to transfer and your checking account may become overdrawn and charged an Overdraft Fee. The available balance for a savings account is determined at the time that we authorize a transaction or at the end of business day processing. The available balance for a business line of credit is determined at the end of the previous business day processing. We are not required to notify you if funds from the backup account cannot be transferred for Overdraft Protection (for example if the account is dormant, purged, restricted or not in good standing). Refer to the section *Restricting Your Account; Blocking or Delaying Transactions* for additional information.

## **D. Electronic Funds Transfer Service Terms; Payments, Deposits and Transfers You Make or Receive by Electronic Methods**

We provide a variety of electronic funds transfer (EFT) services for deposit accounts. These include payments, deposits and transfers that you make or receive by electronic methods, such as with your card, telephone, or chase.com.

### **1. Types of EFT services**

#### **a. Debit and ATM cards**

As a condition of opening certain accounts, you agree that we may automatically issue you a Chase debit or ATM card. However, activating your card is not required to keep your account open. We may deactivate any temporary ATM card when you activate your debit card.

You can use your card as follows:

#### **At ATMs to:**

- Withdraw cash;
- Transfer money;
- Check your balances;
- Deposit cash or checks;\*
- Make payments to qualifying Chase credit cards and loans;\*
- Obtain a copy of recent account activity.\*

Services marked with an asterisk (\*) are available only at Chase ATMs, and all services may not be available at all Chase ATMs.

When you use a Chase ATM, you will have access to all of your personal checking, savings and credit card accounts, regardless of whether the accounts are linked to your card. When linking multiple accounts to your card, one checking account and one savings account will be designated as primary. We also offer cards with limited functions for your deposit accounts, such as deposit-only business cards that can be linked to a checking or savings account. Subject to the limited functions provided for each card, limited-function cards are also considered "cards" under this agreement.

You can use a non-Chase ATM only if it is in a participating network. Your primary checking and savings accounts will be accessible on that network, and your other linked accounts may be accessible. Outside the U.S., only your primary checking account is usually accessible. We may charge a Non-Chase ATM Fee, and the ATM owner/network may also charge a fee. Any of these fees may be charged for any activity, including withdrawals, balance inquiries and transfers. We generally waive the

Non-Chase ATM Fee for a balance inquiry or transfer if it is made in connection with a withdrawal at the same non-Chase ATM at the same time with the same card. On some accounts, we will refund ATM fees charged by the ATM owner/network; however, some ATM owners/networks do not identify these fees in the information they send to us and, as a result, we may not automatically refund the fee. If for any reason the refund is not processed, please contact us. If you choose to convert an international transaction to U.S. dollars at either an ATM or on a purchase, foreign currency commissions and fees included in the exchange rate charged by third parties are excluded from Chase reimbursements.

### **You can use your debit card (but not your ATM card):**

#### **At participating merchants to:**

- Purchase goods and services. Purchases are subtracted from your primary checking account. If you have arranged with your merchant to make recurring payments, you must notify the merchant if your card number or expiration date has changed or your debit card is closed. We may also provide the merchant or the participating network your new account number and expiration date.
- Withdraw cash while making a purchase using your PIN if the merchant permits the cash-back option.
- Send or receive payments from another person, or receive payments from a business by providing your card number to third-party payment services.

#### **At participating financial institutions to:**

- Withdraw funds at a teller. Withdrawals are subtracted from your primary checking account. You will be charged a Non-ATM Cash Fee.

### **b. Electronic transfers using your account number**

You may authorize a third party to transfer funds to or from your account by providing your account number and your routing number or your debit card number. These transfers may use various payment networks and may take various forms, such as:

- Employer payroll, government benefits or other direct deposits;
- One-time or recurring charges to your account to pay bills or make a purchase;
- Transfers between external accounts and your Chase accounts; or
- A "check conversion" transfer, where a merchant or other payee creates an electronic transfer from your paper check. The merchant may keep your check or return it to you.

### **c. Online banking and Chase Mobile**

You may use chase.com or Chase Mobile to view your account information, make deposits (Chase Mobile only), transfer funds between your Chase accounts, pay qualifying Chase loans or credit cards, or make payments from your account to third parties. Enroll for these services on chase.com or by downloading the Chase Mobile app for select mobile devices. You must agree to the additional disclosures and specific terms for using these services when you enroll.

### **d. Telephone banking**

You may use our automated customer service system or speak to us to get your account information, transfer funds between your accounts with us, or pay qualifying Chase loans or credit cards. You must have a valid deposit or loan account and a valid password or PIN to use the automated system. Business account owners may also use a valid Taxpayer Identification Number (TIN).

### **e. Transfers for Overdraft Protection**

Transfers to and from your accounts for Overdraft Protection are also EFTs and subject to these terms.

## **2. Important information and agreements about your card**

### **a. Authorizations and holds**

Most merchants ask us to authorize your purchase. When we give authorization to a merchant, we will reserve or place a hold on your available balance, generally for three business days, for the amount of the authorization. There may be delays of several days between the authorization and the date the transaction is presented for payment, and your transaction may post to your account after the authorization hold has lifted.

We may authorize or refuse to authorize a transaction based on a different amount than the authorization request, because some merchants request authorization for an amount that is unrelated to the actual amount of the purchase (such as self-service fuel).

For some types of purchases we may place a hold for a longer period. There are times—for example, at restaurants, hotels or car rental agencies—that merchants won't know the exact amount of your purchase when they request the authorization. If the authorization is more or less than your actual purchase amount, the hold may remain for a day or two even after your purchase amount has been subtracted from your available balance. We will pay the purchase amount from your balance whenever the merchant sends it to us, even if the hold has expired.

### **b. Overdrafts with your card**

For personal accounts, unless you have notified us that you DO want us to pay debit card overdrafts at our discretion, we generally won't authorize an everyday debit card transaction if your available balance isn't enough to pay that transaction, and we will not charge an Overdraft Fee. For business accounts, if you have notified us NOT to pay overdrafts we generally won't authorize a debit card transaction if your available balance isn't enough to pay that transaction, and we will not charge an Overdraft Fee.

When we give authorization to a merchant for your purchase, your available balance will decrease. But the authorization will not prevent certain transactions, such as ACH transactions and checks, from posting to your account, which can leave your account without enough funds. To avoid Overdraft Fees, be sure to keep enough funds in your account to avoid overdrawning your account, including enough funds for previously authorized debit card transactions not yet posted to your account.

We rely on transaction coding sent to us by the merchant or other third party to determine whether the transaction is everyday or recurring, which affects whether or not we would authorize these transactions at our discretion and whether we can assess you Overdraft Fees. If any other transaction overdraws your account, we will assess fees described in the sections *Overdrafts, Fees and Overdraft Protection, Posting Order and Processing*, and the Fee Schedule.

### **c. Canceling your card**

We may cancel your card at any time without notice. You may cancel your card by calling us. If you do, please destroy it.

#### **DEPOSIT ACCOUNT AGREEMENT**

JPMorgan Chase Bank, N.A. Member FDIC

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#### **d. Our right to refuse transactions**

We can refuse to authorize any transaction when your card has been reported lost or stolen or when we reasonably believe there may be fraudulent, suspicious or illegal activity. If you lock your card, we will stop authorizing everyday debit card transactions and ATM withdrawals but may still authorize recurring debit card transactions. Any card we issue to you will be unlocked when you activate it.

#### **e. Foreign exchange transactions**

The exchange rate applied to card transactions that occur in a different currency will be selected by the network that processes the transaction. The network will select from the range of rates available in wholesale currency markets or a rate mandated by the government that issues or controls the currency in that country on the date it processes the transaction. The processing date on which the exchange rate is applied may differ from the date you used your card. When the card transaction is posted to your account, we will charge a Foreign Exchange Rate Adjustment Fee on the card transaction amount after conversion to U.S. dollars.

The exchange rate we use may include a spread, commissions or other costs that we, our affiliates or vendors charge in providing foreign exchange to you. The exchange rate may vary among customers depending on your relationship, products with us, or the type of transaction being conducted, the dollar amount, type of currency, and the date and the time of the exchange. You should expect that these rates will be less favorable than rates quoted online or in publications.

#### **f. Debit or credit prompts at terminals**

If a merchant asks "Debit or Credit?" when you make a purchase, you can choose either one and your purchase will be subtracted from your primary checking account.

- If you select Debit, you must also enter your PIN.
- If you select Credit, you may have to provide a signature except for some smaller amounts and when paying for self-service fuel.

#### **g. ATM safety and safeguarding your account information**

**Be safe at ATMs.** Some ATM locations are recorded by a surveillance camera or cameras. We advise you to be aware of your surroundings before, during and after any ATM use. Here are some additional tips:

- Choose an ATM that is well lit.
- Don't use an ATM that looks unusual or altered.
- During the hours of darkness, consider having someone accompany you to the ATM.
- If you suspect the ATM isn't working properly or if you notice anything suspicious, cancel the transaction and find another machine.
- When using a Chase ATM with a separate entry door, you should close the door completely upon entering and should not permit entrance to any unknown person after regular banking hours.
- If you need emergency assistance as a result of criminal activity or medical emergency, contact 911.
- At a walk-up ATM, minimize transaction time by having your card ready to use. At a drive-up ATM, keep your car engine running and lock your doors.
- Stand between the ATM and anyone waiting to use the machine or cover your hand so others can't see your PIN or the transaction amount.
- As soon as your transaction is complete, remove your card from the ATM, and then put away your money, receipt, and card.
- Contact the police or a security officer if you see any suspicious activity at the ATM. If you think you're being followed, go to a heavily populated, well lighted area, and immediately contact the police.
- Complaints concerning security at New York Chase ATMs should be reported to the Chase Security Department at 1-800-900-0001 or the New York State Department of Financial Services at 1-888-697-2861.

**Keep your PIN confidential.** Never give your PIN to anyone, and don't write it down. In addition, to keep your card information safe:

- Use a PIN that others can't easily figure out.
- To change your PIN (or if you forget your PIN), request a new PIN at chase.com, call us or visit any Chase branch.

#### **Protect your debit card or ATM card as you would a credit card or cash.**

**Notify us immediately if your card is lost or stolen,** or if you discover any other error. The sooner you report a problem, the sooner we can take precautions to ensure your card isn't misused.

### **3. Daily dollar limits on ATM withdrawals and card purchases**

To protect your balance, we place daily dollar limits on ATM withdrawals and card purchases, even if your available balance is higher than the daily limit. Your limits are contained in the product information you received when you opened your account.

However, we may:

- Allow transactions that exceed your limits.
- Temporarily reduce your limits without notice, for security purposes.
- Change your limits (we'll notify you if we do).

Your card will be restricted if we consider your account to be inactive or dormant.

### **4. Receipts and statements**

You can receive or have the option to receive a receipt at ATMs, from a banker at a branch, online through chase.com, and at merchant locations each time you make a transaction. However, for certain small dollar transactions at merchant locations, you may not receive a receipt.

See *Statements and notices* for information about periodic statements.

To confirm that you have received a direct deposit, review your balance and recent transactions through chase.com, Chase Mobile, at an ATM, or call us.

## **5. In case of errors or questions about your electronic funds transfers**

If you think your statement is wrong, or if you need more information about a transaction listed on it, see the *How to Contact Us* section.

### **For personal accounts only, the following procedures apply:**

We must hear from you NO LATER than 60 days after we sent you the FIRST statement on which the error appeared. Please provide us with the following:

- Your name and account number;
- A description of the error or the transaction you are unsure about, and why you think it is an error or want more information; and
- The amount of the suspected error.

We will determine whether an error occurred within 10 business days after we hear from you and will correct any error promptly. However, if we need more time, we may take up to 45 days to investigate your complaint or question. If we do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If your first account deposit is less than 30 days before the date of the suspected error, the 10-business-day period is extended to 20 business days. If your first account deposit is less than 30 days before the date of the suspected error or the transaction occurred at a point-of-sale location or outside the U.S., the 45-day period is extended to 90 days.

If you call us, we may require that you send us your complaint or question in writing within 10 business days. If we do not receive it within 10 business days, we may not credit your account.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

**For business accounts,** our practice is to follow the procedures described above, but we are not legally required to do so. For example, we are not required to give provisional credit, or to finalize the claim during the periods stated above. We require you to notify us no later than 30 days after we sent you the first statement on which the error appeared. We may require you to provide us with a written statement that the disputed transaction was unauthorized.

## **6. Our liability for failure to complete transactions**

If we do not complete a transaction from your personal account on time or in the correct amount, we will be liable for your losses or damages. However, we are not liable for any failed transaction if you do not have enough money in your balance to cover a transaction, if the ATM or device does not have enough cash or is not working properly, if circumstances beyond our control prevent the transaction, if the merchant requests authorization for an amount greater than the purchase amount, or if there are other exceptions stated in this agreement or as provided by law. We are not liable for failure to complete a transaction on a business account if we send you notice that the transaction was not completed.

## **7. Preauthorized (recurring) transfers and stop payments**

You may use your account or debit card to make recurring payments. If these recurring payments vary in amount, the payee will tell you the amount and date of the next payment at least 10 days before the payment due date. You may choose to get this notice from your payee only when the payment would differ by more than a certain amount from the previous payment or when the amount would fall outside certain limits that you set.

You can stop some payments before the scheduled payment date in the following ways:

1. If you provided your card number for the recurring transfer, you must contact us by telephone or at the branch and give us the exact card number. We will close the card and you can replace it with a new card and card number upon request.
2. If you provided your account number and routing number for ACH direct debits to your account (both recurring and one-time payments), you must contact us by telephone or at the branch and give us your account number and the exact name of the payee. We will also need the exact amount of the payment, a range of amounts or an instruction to block all payments from the named payee. We will charge a Stop Payment Fee. We are not responsible for stopping payment on ACH transactions if you do not provide this information or if you provide inconsistent information. We may refuse a payment to a payee with a similar name that we believe to be the same payee; however, we are not liable if we don't refuse the payment. If you see a "pending" payment for a different amount or for a different payee than the stop payment you placed, contact us before the end of the business day so we can try to refuse payment. We may send you a written confirmation of your stop payment. We may rely on the information in the confirmation unless you notify us immediately of any errors. We may stop multiple transactions that have the amount and exact payee name you provided unless you cancel your stop payment request.

For personal accounts, your ACH stop payment is effective until we have determined that the ACH transaction is no longer occurring, or for 18 months, whichever is longer.

For business accounts, your ACH stop payment will either be effective:

- Until we have determined that the ACH transaction is no longer occurring, or for 18 months, whichever is longer, or
  - One calendar year with automatic renewal annually for up to six additional years. We will list scheduled renewals on your business account statement 60 to 90 days in advance. The stop payment will be renewed, and you will be charged a Stop Payment Automatic Renewal Fee, unless you notify us not to renew by following the instructions in the statement.
3. If you set up your recurring or one-time bill payments or transfers through chase.com or Chase Mobile, you can use that service to cancel pending and future payments.
  4. If you previously set up recurring account transfers in the branch, you can only cancel those pending and future transfers in the branch.

We will generally process a stop payment request as soon as we receive it. If you place a stop payment three or more business days before the transfer is scheduled, and we still pay, we will be responsible for your losses or damages.

For business accounts, you can enroll in ACH Debit Block on chase.com to block and return ACH debit transactions.

## **8. Disclosure of account information to third parties**

Information about your account or the transactions you made will be disclosed to third parties:

- As necessary to complete transactions;
- In connection with the investigation of any claim you initiate;
- To comply with government agency, arbitration or court orders (including subpoenas);
- With your written permission;
- As permitted by our Privacy Notice.

## **9. Notice of your rights and liabilities**

### **For personal accounts only:**

Tell us AT ONCE if you believe your card, PIN or code has been lost or stolen. Calling us is the best and fastest way of keeping your possible losses to a minimum.

If you tell us within two business days, you can lose no more than \$50 if someone used your card, PIN or code without your permission. If you do NOT tell us within two business days after you learn of the loss or theft of your card, PIN or code and we can prove we could have stopped unauthorized transactions if you had told us, you could lose as much as \$500. If your statement shows electronic funds transfers that you did not make, tell us right away. If you do not tell us within 60 days after the statement was sent or otherwise made available to you, you may not get back any money you lost after the 60 days if we can prove that we could have prevented the transactions if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, let us know. We will extend the time periods.

### **For business accounts only, you agree:**

- To assist us in the investigation of claims for unauthorized transactions and related prosecution by completing the appropriate statements and reports reasonably requested by us;
- To notify us promptly in writing if any user of a card is no longer employed by you or authorized to conduct business on your behalf;
- That by allowing anyone to use your card, or by failing to exercise ordinary care (such as storing your PIN with your card or selecting your birthday as your PIN), you will be responsible for all authorized and unauthorized transactions;
- That all of the provisions of this agreement, including liability limitations and the requirement that you give us notice of unauthorized transactions within 30 days, apply to your EFT services.

### **Special Provisions for Card Transactions (Zero Liability Protection) for personal and business accounts:**

You are not liable for any unauthorized card transactions if you notify us promptly.

However, these special provisions do not apply where you were grossly negligent or fraudulent in the handling of your account or card, where you have given someone else your card, card number or PIN, or where you delay reporting unauthorized transactions for more than 60 days (30 days for business accounts).

## **10. Fees**

Fees for all EFT services are disclosed in our Fee Schedule and product information.

## **11. Services not covered by this part; separate agreements**

For personal accounts, EFT services described in the *Electronic Funds Transfer Service Terms* do not include wire transfers and any transactions that are not covered by Consumer Financial Protection Bureau Regulation E.

For business accounts, wire transfers and other services not specifically described in the *Electronic Funds Transfer Service Terms* are governed generally by this agreement or by separate agreements.

We may offer additional EFT services besides those described in the *Electronic Funds Transfer Service Terms* that have separate agreements and disclosures.

## **E. Other Ways to Use Your Money**

### **1. When you can withdraw funds you've deposited**

Generally, for checking and savings accounts, you may withdraw funds the next business day after the business day you deposit them. But in some cases you may not. Please see the *Funds Availability Policy* for details.

If funds from a deposit become available and you can withdraw them, that does not mean the check or other item you've deposited is authorized, is "good," has "cleared," or has been paid by the paying bank. It's also possible that the check will be returned months after we've made the funds available to you and you've withdrawn them. No one, including our employees, can guarantee to you that a check will not be returned.

### **2. Withdrawals and transfers from your account**

We may subtract from your available balance the amount of any check or other transaction that we receive throughout the day that you or any person you authorize created or approved. We may require you or any person you authorize to provide us with identification, documentation or information that's acceptable to us before allowing the transaction. If check writing is not an available feature of your account, we will not issue you checks, and you are not permitted to write checks drawn on your account. We will not pay checks if you attempt to do so.

### **3. Transactions in a foreign currency**

Any transaction we conduct for you in a foreign currency, such as sending or receiving a wire transfer to or from another country, depositing a foreign check, or exchanging foreign currency in our branches, will use an exchange rate. Currency exchange is only available at a limited number of branches and in certain currencies.

The foreign exchange rates we use are determined by us in our sole discretion. We may make a commission providing foreign currency exchange services to you. You should expect that these foreign exchange rates will be less favorable than rates quoted online or in publications. The exchange rate we use will include a spread and may include commissions or other costs that we, our affiliates, or our vendors may charge in providing foreign currency exchange to you. The exchange rate may vary among customers depending on your relationship, products with us, or the type of transaction being conducted, the dollar amount, type of currency, and the date and time of the exchange, and whether the transaction is a debit or credit to your account. If we complete a foreign currency exchange on your behalf, such as exchanging a foreign currency incoming wire transfer into U.S. dollars, we may apply a rate we have established without prior notice to you. Additional terms specific to outgoing wire transfers or consumer international wire transfers are contained in your wire transfer agreements.

We are not required to accept for deposit checks that are drawn on a non-U.S. bank or payable in a foreign currency. We may accept those checks on a collection basis without your specific instruction to do so. We can reverse any amount we've added to your balance and send the check on a collection basis even after we've taken physical possession of the check. Our Funds Availability Policy does not apply to any foreign check, whether we accept it for deposit or on a collection basis. The actual amount you receive for checks payable in a foreign currency will be determined at the exchange rate for such items that's in effect when we're paid for the check. If a check is returned later for any reason, we will subtract the amount of the check and any charges from other banks from your balance. We will use the applicable exchange rate in effect at the time of the return, which may be different from the exchange rate originally used for the deposit.

### **4. Large cash withdrawals**

We may place reasonable restrictions on when and how you make any large cash withdrawal. We may also require that you sign a document releasing us from any liability if you are robbed or assaulted. We may refuse the withdrawal request if you do not agree with these conditions.

### **5. Stop payments on a check**

If you request us to stop payment on a check, we will charge either a Stop Payment Fee or an Online or Automated Phone Stop Payment Fee depending on how you request your stop payment. However, the stop payment will not be effective if we have already certified, paid or otherwise become responsible for the check. For example, we can't stop payment on a check we've already cashed or a deposited check where the funds have already been withdrawn. Refer to the *Electronic Funds Transfer Service Terms* for how to place a stop payment on recurring electronic payments.

You may request a stop payment by calling us, in person, or through chase.com or Chase Mobile. We use automated systems to identify items, so we need specific information to process the request. In order for us to identify the item, you must give us the account number on which the check is drawn and either:

- The exact check number or a range of check numbers,
- The payee name and the exact amount of the check, or
- The payee name and range of amounts of the check.

We are not responsible for stopping payment on checks if you do not provide this information or if you provide inconsistent information. We may refuse a payment to a payee with a similar name that we believe to be the same payee; however, we are not liable if we don't refuse the payment. We may send you a written confirmation of your stop payment. We may rely on the information in the confirmation unless you notify us immediately of any errors. When the stop payment order expires, we may pay the item and have no duty to notify you.

For personal accounts, your stop payment request lasts for one year even if the check is presented more than once unless you cancel your stop payment request. However, you may place a new stop payment order, which will be effective for one calendar year from the day you place the additional order. An additional fee will be charged.

For business accounts, you may place a stop payment for either:

- One calendar year with automatic renewal annually for up to six additional years. We will list scheduled renewals on your business account statement 60 to 90 days in advance. The stop payment will be renewed, and you will be charged a Stop Payment Automatic Renewal Fee, unless you notify us not to renew by following the instructions in the statement, or
- One calendar year (this option is not available for stop payments initiated on chase.com or Chase Mobile).

Generally, we will complete your request as soon as we receive your instructions.

We may allow you to place a stop payment on a cashier's check, teller's check or certified check if you provide us a sworn statement—in a form we deem acceptable—that the check is lost, stolen or destroyed. Even if we agree to attempt to stop payment on a cashier's check, teller's check (official check) or certified check, if the check is presented for payment, we may pay it and you will be liable to us for that item, unless otherwise required by applicable law. After you place a stop payment, we are not required to refund the check amount or issue a replacement check until at least 90 days after the original check's issue date. We are not required to refund the check amount or issue a replacement check if the check is presented for payment within 90 days after the issue date.

### **6. Account numbers on funds transfers**

If you instruct us to send a funds transfer, such as a wire or ACH, we and every other bank involved in the transfer may rely on any bank number or account number you provide. If the funds transfer instruction gives both a bank number or account number and a name, and the name identifies a different person from the bank or account owner identified by number, we and other banks that handle the funds transfer may still rely exclusively on the number. We have no duty to detect any inconsistency between the bank number or account number and the name.

### **7. Savings account withdrawals**

In this agreement, a savings account means an account, including a money market account (and excluding NOW accounts), for which we reserve the right to require seven days' prior written notice to withdrawal. See the section *Our right to require advance notice of withdrawals*. During any monthly statement period, you may make transfers and withdrawals, regardless of the number of transfers and withdrawals or the way in which transfers and withdrawals are made. You agree not to make withdrawals by negotiable or transferable instruments (checks or drafts) for the purpose of making transfers to third parties from savings accounts.

## **8. Our right to require advance notice of withdrawals**

For all savings accounts and all personal interest-bearing checking accounts, we reserve the right to require seven days' prior written notice of withdrawal.

## **9. Check cashing**

If a person who is not our deposit or loan customer tries to cash your check at any of our branches, we may charge them a fee or refuse to cash it. We may also require that they provide us identification we deem acceptable.

## **10. Incomplete, future-dated, conditional or stale-dated checks**

You agree not to write a check that's incomplete, future-dated or tries to limit the time or method of payment with a condition, such as "Void after 180 days" or "Valid only for \$1,000 or less." We have no duty to discover, observe or comply with these conditions and may pay such checks. If we pay a conditional check, the conditions do not apply to us.

We may choose to pay or not to pay a stale-dated check (dated more than six months before it is presented), regardless of how old it is. If we pay it, you will be responsible for the check.

## **11. Multiple signatures**

We are not required to comply with any multiple-signature requirement, either on personal or business accounts, even if your signature card specifies that multiple signatures are required or you have otherwise instructed us to do so. A multiple-signature requirement is for your internal control purposes only.

## **12. Facsimile signatures**

We may pay a check bearing any form of facsimile or computer-generated signature. If you use a facsimile or computer-generated signature, or provide a signature card authorizing any such signature, you will be solely responsible for any check bearing a similar signature, regardless of your negligence or whether the signature was the same one you previously used.

## **13. Review of checks and signatures**

Check payment is highly automated, and we pay millions of checks every day. Although we inspect some checks, you agree that reasonable commercial standards don't require us to do so. If we return a check because we believe it doesn't match your signature on file with us, we're not liable to you even if you authorized the check. If the numeric amount on a check doesn't match the amount written out in words, we may select either one when paying it. We have no duty to prevent a check from being presented more than once.

## **14. Substitute Checks and Your Rights**

### **What is a substitute check?**

To make check processing faster, federal law permits banks to replace original checks with "substitute checks." These checks are similar in size to original checks, with a reduced image of the front and back of the original check. The front of a substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

### **What are your rights as a consumer regarding substitute checks?**

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, Overdraft Fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if applicable) within 10 business days after we receive your claim and the remainder of your refund (plus interest if applicable) no later than 45 calendar days after we receive your claim. We may reverse the refund (including interest) if we later determine the substitute check was correctly posted.

### **How do you make a claim for a refund?**

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us. You must contact us within 40 calendar days of the date that we mailed or otherwise delivered the substitute check or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

### **Your claim must include:**

- A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- The following information to help us identify the substitute check: the check number, the name of the person to whom you wrote the check, and the amount of the check.

### **Depositing substitute checks**

You may receive a substitute check, such as when a check you deposited is returned unpaid. If you deposit a substitute check and we suffer a loss, cost or expense as a result, you will have to pay us that amount.

## IV. Funds Availability Policy

### When Your Deposit Is Received:

If you make a deposit with a banker at a branch on a business day, we will consider that day to be the day of your deposit. If you make a deposit on a business day before our cutoff time at a Chase ATM, we will consider that day to be the day of your deposit. However, if you make a deposit on a day that is not a business day, or make an ATM deposit after the ATM cutoff time, we will consider the deposit to have been made on the next business day.

- For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays and federal holidays.
- For deposits and transfers at most ATMs, the cutoff time is 11 p.m. Eastern Time (8 p.m. Pacific Time). For ATMs with an earlier cutoff, the ATM screen will notify you of the cutoff time.
- Deposits placed in a night depository are considered received when we remove them from the night depository; we will remove deposits no later than the next business day.
- Branches in some locations may be closed on business days in observance of a state holiday or because of an emergency, and deposits made at a night depository when those branches are closed will be considered received on the next business day when the branch is open.
- We will not accept cash deposits by mail. Check deposits made by mail should be addressed to:

National Bank By Mail  
PO Box 6185  
Westerville, OH 43086

All deposits made by mail and addressed to any other Chase facility may be forwarded to the National Bank By Mail facility in Westerville, Ohio, and will be considered received on the date the deposit is received by that facility.

**For all accounts other than Chase Analysis Business Checking (with or without Interest):** Wire transfers, electronic direct deposits and cash deposits will be available on the day we receive your deposit. Except as described later in this policy, when you make other deposits, the funds are available on the first business day after the day we receive your deposit.

In most cases when you deposit checks drawn on a Chase account:

- Deposits made with a banker at a branch will be available on the same day we receive your deposit;
- Some or all deposits made at an ATM will be available on the same day we receive your deposit.

Once funds are available, you may withdraw them or use them to pay checks and other items. For online banking deposits, different terms may apply.

### For Chase Analysis Business Checking (with or without Interest):

**Same-day availability:** Wire transfers, electronic direct deposits, and cash deposits made with a banker at a branch or at an ATM will be available on the day we receive your deposit.

**Next business day availability:** Funds from the following deposits are available on the first business day after the day we receive your deposit:

- U.S. Treasury checks that are payable to you;
- Checks that are drawn on us.
- The following items, if you make the deposit with a banker at a branch:
  - a. State and local government checks that are payable to you, if you use the "Next Day Funds Availability" deposit slip available at any branch upon request;
  - b. Cashier's, certified, and teller's checks that are payable to you, if you use the "Next Day Funds Availability" deposit slip available at any branch upon request;
  - c. Federal Reserve Bank checks, Federal Home Loan Bank checks, and postal money orders that are payable to you.

**Second business day availability:** Funds from all other deposits are available no later than the second business day after the day we receive your deposit. Available funds may be withdrawn in cash or used to pay checks and other items.

For online banking deposits, different terms may apply.

### Longer Delays May Apply:

**For all accounts other than Chase Analysis Business Checking (with or without Interest):** In some cases, we may not make all of the funds that you deposited by check available by the first business day after the day of your deposit. Funds may not be available until the second business day after the day of your deposit. However, the first \$225 of these deposits will be available on the first business day after the day of your deposit, unless we delay availability for one of the circumstances listed below. If you will need the funds from a deposit right away, you should ask us when the funds will be available, but further review of the deposit after we receive it may still result in delayed availability.

**For all accounts:** We may delay availability for the full amount of the check, including the first \$225, up to the seventh business day after the day of your deposit under the following circumstances:

- We believe a check you deposited will not be paid;
- You deposited checks totaling more than \$5,525 in any one day;
- You redeposited a check that has been returned unpaid;
- You have overdrawn your account repeatedly in the last six months; or
- There is an emergency, such as failure of communications or our systems.

If your check deposit is made with one of our employees or at an ATM and we decide at that time to delay your ability to withdraw funds, we will tell you then. If we decide to delay availability of your funds after you complete your deposit, we will mail you a deposit hold notice by the business day after we decide to take that action.

### **Special Rules for CDs and Retirement Money Market Accounts:**

Generally, funds you deposit will be available within one business day except when you deposit checks that total more than \$5,525 in a business day. The amount exceeding \$5,525 will be available no later than the seventh business day after the day of your deposit. However, we are not required to let you withdraw principal from a CD before it matures.

### **Special Rules for New Accounts:**

If you are a new customer, the following special rules may apply during the first 30 days your account is open:

- Funds from deposits of the first \$5,525 of a business day's total deposits of cashier's, certified, teller's, traveler's, and federal, state, and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,525 will be available on the seventh business day after the day of your deposit. If your deposit of these checks (other than U.S. Treasury checks) is not made with a banker at a branch, the first \$5,525 will not be available until the second business day after the day of your deposit; and
- Funds from all other check deposits will be available no later than the seventh business day after the day of your deposit.

### **Holds on Other Funds:**

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available on the day they would have been available if you had deposited the check.

## **V. Safeguarding Your Information**

### **A. Checks and Other Documents You Use**

We are not responsible for losses or delays that result from improper printing on checks or other account documents that you obtain through someone other than us. We may refuse to accept for deposit or to pay checks that we cannot process or photograph using our customary equipment.

### **B. Protecting Your Checks**

You must protect your checks and information from theft and unauthorized use. You must write your checks in a way that prevents someone else from completing, altering or adding to them without your authorization. If you become aware that any checks or other information, such as statements, have been lost or stolen, you must notify us immediately. If you fail to do any of these things, such as leaving your checks where they can easily be stolen, we are not responsible for any losses that may result.

### **C. Review Your Account Statements for Checks and Other Errors**

**Review Your Account Statements.** You are responsible to review your account statement to identify and notify us whether any unauthorized transactions or errors have occurred and notify us promptly (see the *How to Contact Us* section) and failure to do so means you will be financially responsible for those errors. For all errors, you must provide us with all information we need to investigate the alleged error or item. You must also file any police reports and provide any supporting written statements, declarations, affidavits, and testimony we reasonably request. We have no duty to you to determine whether any check is forged, counterfeit, altered, improperly endorsed or otherwise improper.

**Let Us Know About Check Errors.** To be considered for reimbursement you must notify us:

- Within 60 days after we make a statement available if a check drawn on your account that you did not authorize or that is altered is listed on your statement.
- Within 6 months after we make the statement available if a check drawn on your account has any unauthorized, forged, improper or missing endorsements on the back of the check.

We may not be liable to reimburse these checks to you. If you report to us within the timeframes above we may work with the depositing bank on your behalf to attempt to recover your funds. In addition, if you fail to notify us of any unauthorized check within 30 days after we make a statement available that first lists an unauthorized check, we are not required to reimburse you for unauthorized checks initiated by the same wrongdoer(s) that we pay after that time. If you do not comply with these requirements, we are not required to reimburse you for any claimed loss, and you cannot bring any legal claim against us in any way related to the check or errors. These timeframes do not limit our rights to attempt to collect on checks from other banks.

**Let Us Know About Other Errors.** You must notify us within 30 days after we make a statement available if:

- There is an inaccurate or unauthorized teller transaction;
- Your account statement contains any errors; or
- You did not receive your scheduled statement.

If you do not comply with these requirements, we are not required to reimburse you for any claimed loss, and you cannot bring any legal claim against us in any way related to the errors.

**Other Transaction Types.** The requirements of this section, *Review Your Account Statements for Checks and Other Errors*, apply only to checks, teller transactions, and similar transactions. They do not apply to account transactions addressed by the *Electronic Funds Transfer Service Terms*. Additional terms specific to outgoing wire transfers or consumer international wire transfers, including cancellations, errors and unauthorized transactions are contained in your wire transfer agreements.

You also have certain rights under federal law for substitute checks; please see *Substitute Checks and Your Rights* for more information.

## **VI. Managing and Maintaining Your Account**

### **A. Interest on Checking and Savings Accounts**

When you open a checking or savings account that pays interest, we will provide you a rate sheet stating the current interest rate and Annual Percentage Yield for your account. The rate sheet is considered a part of this agreement.

Your account has a variable interest rate. That means we may change the interest rate and Annual Percentage Yield as often as we choose, without limits and without notice. Interest begins to accrue on the business day we receive credit for your deposit. For cash, wire transfers and electronic direct deposits, interest begins to accrue on the business day of your deposit.

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We use the daily balance method for calculating interest. This method applies a daily periodic rate to the balance in your account each day, which may be based on your present balance or collected balance as explained in the product information for your account. The collected balance is the balance of all deposits in your account on which we have received credit for the deposited funds (determined by the availability schedule of our Federal Reserve Bank for checks and similar items). We reserve the right not to pay interest on any deposited item that is returned to us unpaid.

Interest is credited and compounded monthly. However, Retirement Money Market accounts with interest distributions will not compound, and interest will be credited on the distribution date. Unless otherwise stated in your product disclosure, interest is computed on a 365-day basis. We pay interest only in whole cents. Therefore, at the end of each interest payment period (usually monthly), any fractional amount of interest less than half of one cent will be rounded down and any fractional amount of interest equal to half of one cent or more will be rounded up to the next whole cent.

## **B. Linking Your Accounts; Statements**

### **1. Linked accounts**

You may link your qualifying accounts to your checking account to help you avoid some fees and get relationship rates. An account may be linked to only one checking account.

We may automatically link accounts or we may provide some of the benefits you would be eligible for had you requested your accounts to be linked. If we don't, you may ask us to link your accounts. Your account information may be made available to any other owner on any of the linked accounts. If the checking account to which your other accounts are linked closes for any reason, it is your responsibility to request any remaining eligible accounts to be linked. If we determine your accounts are no longer eligible for linking, we may delink them and we are not required to notify you if we do.

If you choose to link your accounts to other accounts for which you serve as trustee or custodian (fiduciary), your account may receive a financial benefit, which could be a violation of your fiduciary duties. We are not responsible for your decision to link fiduciary accounts. You should carefully consider this decision and consult with your legal advisor if necessary. Refer to your product information to determine which qualifying accounts are eligible to be linked, any additional requirements and the benefits from linking accounts.

### **2. Statements and notices**

We will make a monthly account statement available for checking and savings accounts during each statement period. The statement period may or may not be a calendar month, but in most cases it won't be more than 32 days or less than 28. The specific dates covered by your account statement will be on your statement.

You will receive either a paperless statement or a statement by mail. We may not mail statements if your account has had no activity other than interest we paid. If you receive paper statements, we will mail them through U.S. mail to the current address listed in our records. We may change your mailing address if we receive an address change notice. Checking and savings statements are also generally available through chase.com or Chase Mobile.

We have made the statement available to you on the day we mail your paper statement or notify you that the paperless statement is available, even if your current address or email is invalid.

We may send you other notices related to your account. If you are enrolled in chase.com or Chase Mobile, some notices may only be available electronically. We send some notices only in paper form. You agree that sending the statement or notice to one owner of an account qualifies as sending it to all owners, even if all owners don't have access to the mailing address of record for the account.

### **3. Combined statements**

Checking, savings and CD accounts with at least one common owner may be combined on a single statement, either with or without your request. For customers receiving statements by mail, combined statements will be sent to the primary account holder's address, unless a new mailing address is designated for the account. However, we may send you separate statements at any time for any reason without prior notice. If accounts are included on a combined statement and you don't want that, notify us and we'll separate the statements. That change will affect only future statements.

Linked accounts do not have to be on a combined statement to receive the benefits of linking, and combining accounts on a single statement does not mean that the accounts are linked.

Each owner of each account listed on the statement can request a copy of a statement and will be able to view all account activity for all accounts on that statement through chase.com or Chase Mobile.

### **4. Options for receiving checks**

We offer three choices for how you can view or receive copies of checks you've written or authorized:

- "Check safekeeping" means we keep images of your checks, which are available through chase.com. We do not include your paid checks or images of them with your statement. Some accounts require check safekeeping.
- "Image statement" means you will receive images of the front of your paid checks on your account statement.
- "Check enclosure" means we return legal copies of your paid checks for each statement cycle. This feature is not offered on all accounts or on paperless statements. If your statement is changed from paper to paperless, you will receive an image statement instead of check enclosure.

If you have multiple personal checking accounts on a single statement and one of them uses check enclosure, all others will use check safekeeping. You agree that when we send a statement we have made the check available to you, even if we do not send originals or images with the statement. We will destroy original checks after a reasonable period of time we determine.

If for any reason we can't provide a copy of your check, you agree that we will not be liable for more than the face amount of the check. We cannot provide originals or images of checks that are sent to us as electronic transfers. Additionally, other banks may send us electronic images instead of original checks, so we can provide a copy of the image, but not the original check.

## **C. Telephone and Electronic Communication**

We may record and/or monitor any of our telephone conversations with you. If we do record, we do not have to keep the recordings, unless the law says we must. We may use your voice to verify your identity.

When you give us your mobile number, we have your permission to contact you at that number about all of your Chase or J.P. Morgan accounts. Your consent allows us to use text messaging, artificial or prerecorded voice messages and automatic dialing technology for informational and account service calls, but not for telemarketing or sales calls. It may include contact from companies working on our behalf to service your accounts. Message and data rates may apply. You may contact us anytime to change these preferences. If you give us your email address, you agree that we may send servicing messages (such as fraud alerts and hold alerts) related to your accounts to that address.

We may send communications electronically, such as by email or text message, rather than through U.S. mail or other means, unless the law says otherwise.

#### **D. Fees for Your Account**

You agree to pay all fees applicable to your account. We provided you a schedule of fees when you opened your account, and we will notify you of any changes. We may subtract these fees from your balance, even if the fee makes your balance negative. Refer to the Fee Schedule for specific fee information.

#### **E. Setoff and Security Interest**

If you owe a debt to us or any of our affiliates (either now or in the future) that is due or overdue, you grant us a right of setoff to, and a security interest in, all of your accounts to secure the debt and, as a consequence, we may use funds in any of your accounts to pay all or part of that debt. If your account is a joint account, we may use the funds in the joint account to pay the debt of any account owner. Our security interest will be governed by Uniform Commercial Code Article 9, whether Article 9 applies by its terms or not. We do not have to give you any prior notice to apply the funds except as required by law. You expressly agree that our rights extend to any federal or state benefit payments (including Social Security benefits) that had been deposited to your account. The right of setoff does not apply if the debt is created under a consumer credit card plan. Any term that may exist in another agreement that governs your debt that may also provide for such rights provided here will be governed by that agreement.

If any federal benefits or other payments are deposited to your account after you become ineligible to receive them, and we return those funds to the payor, we may reduce your account balance by that amount.

#### **F. Account Alerts and Text Banking**

Effective October 15, 2023, text banking will no longer be offered but you can still use Account Alerts.

If you receive or otherwise use Account Alerts or text banking, you agree to the following terms. If you are enrolled with chase.com, the terms of the digital or other online service agreements control the terms of these services instead.

- We may use a telephone number, email address or other delivery point we have in our records for you or other contact information that you provide to us for these services so we can send you certain information about your account. You may be automatically enrolled to receive certain Account Alerts via email. To manage your Alerts preferences or cancel Account Alerts, use chase.com or Chase Mobile or call us.
- We will send Account Alerts or text banking messages through your service provider, who will act as your agent and deliver them to you. Delivery of alerts may be delayed for various reasons, including service outages affecting your phone, wireless, or Internet provider; technology failures; and system capacity limitations.
- We do not charge for Account Alerts or text banking, but message and data rates may apply. **To cancel text banking services, send STOP to 24273 at any time.** For help or information on text banking, send HELP to 24273 or contact us at 1-877-242-7372.
- Account Alerts and text banking are provided for your convenience and do not replace your monthly statement, which is the official record of your account. Anytime you review your balance, keep in mind it may not reflect all transactions, including recent debit card transactions or checks you have written.
- You understand we may not encrypt information when it is sent to you through these services. This information may include personal or confidential information about you, such as account activity or the status of your account.

You understand we are not liable for losses or damages from any disclosure of account information to third parties, non-delivery, delayed delivery, misdirected delivery or mishandling of, or inaccurate content in Account Alerts or information sent through text banking. If we suffer a loss, cost or expense because you provide an incorrect telephone number, email address or other delivery point, or you violate applicable laws, you have to pay that amount to us.

## **VII. Maintaining Your Certificate of Deposit (CD) Account**

A certificate of deposit, or CD, is a deposit account with us for a specified period of time. This disclosure covers both retirement and non-retirement CD products. By opening your CD, you agree to keep the amount deposited (principal) on deposit.

Here are a few things you should know about CDs:

**Term:** The term is the number of days, months or years you agree to leave your money in the account.

**Maturity date and grace period:** The maturity date is the last day of your CD's term. The grace period is the 10 days after the maturity date for CDs with a term of 14 days or longer. On the maturity date or during the grace period you can change the term of your CD, make additional deposits (for non-retirement CDs only), or withdraw your CD principal without paying an early withdrawal penalty.

**CD ladders:** Chase may offer a CD ladder, which is a group of four CDs opened at the same time for the same amount but with different terms. When each CD matures, its term will change to the longest term of the original group. For example, in a 12-month ladder, we will open four CDs with original terms of 3, 6, 9 and 12 months. When each CD matures, its new term will be 12 months. The result will be four 12-month CDs with a CD maturing every three months.

**Automatically renewable CD:** An automatically renewable CD will renew on the maturity date for the same term unless 1) you have a different renewal term as part of a CD ladder; 2) you change or close the account or 3) we notify you otherwise. Once your CD renews, any reference to the maturity date means the last day of the new term. For the renewal term, your CD will earn interest for the term and amount at the CD standard rate unless you qualify for the CD relationship rate. If your CD is closed during the grace period, it will not earn interest on or after the maturity date.

**Single maturity CD:** A single maturity CD will not automatically renew on the maturity date and won't earn or be paid interest on or after that date.

**Interest:** We use the daily balance method to calculate interest on your CD. This method applies a periodic rate each day to your balance. Interest begins to accrue on the business day of your deposit. Interest for CDs is calculated on a 365-day basis, although some business CDs may calculate interest on a 360-day basis. The Annual Percentage Yield (APY) disclosed on your deposit receipt or on the maturity notice assumes interest will remain on deposit until maturity. On maturities of more than one year, interest will be paid at least annually.

You may withdraw any paid or credited interest without penalty during your CD's term or at maturity. On the maturity date, interest will become principal of the renewed CD. A withdrawal will reduce earnings.

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**Early withdrawal penalties: There is a penalty for withdrawing principal prior to the maturity date.**

**For Personal CDs:**

- If the term of the CD is less than 6 months, the early withdrawal penalty is 90 days of interest on the amount withdrawn, but not more than the total amount of interest earned during the current term of the CD.
- If the term of the CD is 6 months to less than 24 months, then the early withdrawal penalty is 180 days of interest on the amount withdrawn, but not more than the total amount of interest earned during the current term of the CD.
- For terms 24 months or more, the early withdrawal penalty is 365 days of interest on the amount withdrawn, but not more than the total amount of interest earned during the current term of the CD.
- If the withdrawal occurs less than seven days after opening the CD or making another withdrawal of principal, the early withdrawal penalty will be calculated as described above, but it cannot be less than seven days' interest. We may not permit withdrawals if funds have not been credited to the account.
- The amount of your penalty will be deducted from principal.

**For Business CDs:**

- If the term of the CD is less than 12 months, the early withdrawal penalty is equal to \$25 plus 1% of the amount withdrawn.
- For terms of 12 months or more, the early withdrawal penalty is equal to \$25 plus 3% of the amount withdrawn.
- If the withdrawal occurs less than seven days after opening the CD or making another withdrawal of principal, the early withdrawal penalty will be calculated as described above, but it cannot be less than seven days' interest. We may not permit withdrawals if funds have not been credited to the account.
- The amount of your penalty will be deducted from principal.

**Waiving early withdrawal penalties for Personal CDs:**

We will waive early withdrawal penalties under the circumstances described below, unless these withdrawals occur less than seven days after the account was opened or a previous withdrawal was made.

For non-retirement CDs:

- Death of a CD owner or a grantor of a revocable family/living trust;
- Disability of a CD owner;
- A court's determination that a CD owner is incompetent; and
- Re-titling of a CD to transfer ownership of funds into a living trust without moving funds from the bank and where no change in term or rate occurs.

For retirement CDs:

- If the retirement CD owner is withdrawing an excess annual retirement contribution amount and any corresponding earnings.

We will also waive early withdrawal penalties for retirement CDs under the circumstances described below, regardless of when the early withdrawal is made in relation to the CD opening or a previous withdrawal.

- Death or disability of a retirement CD owner;
- A court's determination that a retirement CD owner is incompetent; and
- If the retirement CD owner is age 59½ or older and the funds are taken as an IRS-reportable distribution via cash, check, or deposit or transfer to a non-retirement account. This waiver does not apply if the transfer is to a retirement account at another financial institution.

**Waiving early withdrawal penalties for Business CDs owned by a sole proprietorship:**

We will waive early withdrawal penalties under the circumstances described below, unless these withdrawals occur less than seven days after the account was opened or a previous withdrawal was made.

- Death of a CD owner or a grantor of a revocable family/living trust;
- Disability of a CD owner;
- A court's determination that a CD owner is incompetent; and
- Re-titling of a CD to transfer ownership of funds into a living trust without moving funds from the bank and where no change in term or rate occurs.

## **VIII. Closing Your Account**

Either you or we may close your account (other than a CD) at any time for any reason or no reason without prior notice. We are not required to close your account at your request if you have pending transactions, the account is overdrawn, your account is subject to legal process (such as a garnishment, attachment, execution or levy) or any type of holds (such as collateral hold, decedent hold or deposit hold). In those cases, we will limit the types of transactions that you can make until pending transactions are paid or returned, the balance is no longer negative and any legal restriction/hold has been released. After we restrict your account in preparation for closing, we will not pay any additional interest on the account. We may automatically close your account if the balance is \$0 or negative. Either you or we may close your CD account on any maturity date without cause.

We may send you written notice that we have closed or will close your account and return the balance less any fees, claims, setoffs or other amounts if the balance is greater than \$1. After your account is closed, we have no obligation to accept deposits or pay any outstanding checks, but we may reopen your account if we receive a deposit. We will have no liability for refusing to honor any check drawn on a closed account. We may advise consumer reporting agencies of accounts closed for misuse, such as overdrafts.

This agreement continues to apply to your account and issues related to your account even after it closes.

## **IX. Other Legal Terms**

### **A. Rules Governing Your Account**

This agreement, all accounts and services provided to you, and any dispute relating to those accounts and services are governed by federal law and, when not superseded by federal law, the law of the state where your account is located.

Here's how we determine where your account is located:

- If you applied for the account in person at one of our banking offices, then the account is located in the state where you applied.
- If you applied in person for a business account with one of our representatives somewhere other than at one of our banking offices (your place of business, for example), your account is located in the state where the representative's business office is located.
- If you applied for the account by mail, digitally, or through other remote means, and your address as recorded in our records was in a state where we had a branch at the time, then the account is located in that state, which for joint accounts will be based on the address of the owner whose name was listed first.
- In all other cases your account will be governed by Ohio law.

Business trust accounts for professionals regulated by a state (or a self-regulatory body under a state's laws) are located in the designated state.

### **B. General Liability**

Any provision of this agreement that limits the bank's liability does not negate the bank's duty (if any) under applicable law to act in good faith and with reasonable care. If any provision of this agreement is determined to limit the bank's liability in a way prohibited by applicable law, the provision will nevertheless be enforced to the fullest extent permitted under that law.

We will not be liable for anything we do when following your instructions. In addition, we will not be liable if we do not follow your instructions if we reasonably believe that your instructions would expose us to potential loss or civil or criminal liability, or conflict with customary banking practices. **WE WILL NOT BE LIABLE FOR INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES REGARDLESS OF THE FORM OF ACTION AND EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IF WE FAIL TO STOP PAYMENT ON AN ITEM, OR PAY AN ITEM BEARING AN UNAUTHORIZED SIGNATURE, FORGED SIGNATURE, OR FORGED ENDORSEMENT OR ALTERATION, OUR LIABILITY, IF ANY, WILL BE LIMITED TO THE FACE AMOUNT OF THE ITEM.**

If this agreement conflicts with any statements made by one of our employees or by our affiliates' employees, this agreement will govern.

### **C. Restricting Your Account; Blocking or Delaying Transactions**

There are many reasons we may decline or prevent transactions to or from your account or otherwise restrict your account, but we generally do it to protect you or us, or to comply with legal requirements or Legal Process. You acknowledge and agree that we may decline or prevent any or all transactions to or from your account, including refusing, freezing, reversing or delaying any specific withdrawal, payment or transfer of funds to or from your account, or removing funds from your account to hold them pending investigation, including in one or more of the following circumstances:

- Your account is involved in any legal or administrative proceeding;
- We receive conflicting information or instructions regarding account ownership, control, funds or activity;
- We suspect that you may be the victim of a fraud, scam or financial exploitation, even though you have authorized the transaction(s);
- We suspect that any transaction may involve illegal activity or may be fraudulent;
- We are complying in our sole discretion with any federal, state or local law, rule or regulation, including federal asset control and sanction rules and anti-money-laundering rules, or with our policies adopted to ensure that we comply with those laws, rules or regulations; or
- We reasonably believe that doing so is necessary to avoid a loss or reduce risk to us.

We also may limit cash deposits to, or withdrawals from, your account (or all of your accounts collectively) in a single transaction or total withdrawals or deposits during any period of time, or who may make deposits, in order to reduce risk and/or enhance our efforts to comply with applicable law.

We may assign and transfer your account information and documentation to a replacement account number at our discretion and without notice to you. We may make this assignment when we deem necessary to avoid disruptions, including when your account is reported compromised by you or any signer. If we issue you a replacement account number, this agreement governing you and your account will continue to apply, without interruption, as if you retained the discontinued account number.

We will have no liability for any action we take under this section and/or related sections, and we may take such action without advance notice. To the extent that any action we take is related to Legal Process or an Adverse Claim, please refer to those sections for additional information.

### **D. Changes to the Agreement**

We may change the terms of this agreement, including fees and features of your account, at any time. If any change would adversely affect you, we will notify you in advance, unless the change is necessary to comply with a legal requirement.

For CDs, changes that would adversely affect you will be effective on the next maturity date.

If we transfer your account to a different business unit within the bank, we may give notice in the same manner and provide you a different deposit agreement to govern your account. You agree that notice of these changes may be provided to any joint owner.

We are not required to send you notice of interest rate and Annual Percentage Yield changes for variable rate accounts or notice of changes in printing fees for documents (such as checks).

We may direct you to a branch or chase.com for the content of any changes or the revised agreement unless the law requires a different method. By maintaining your account after the effective date of any change, you agree to the change.

This agreement takes the place of any understandings, agreements, representations, and warranties, both written and oral, made prior to or when you entered into this agreement.

## **E. Our Responsibility to Obtain Personal Information**

Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or business who opens an account. We require the following information or documents as a condition to your opening an account:

- For a personal account: your name; residential address; date of birth; and Social Security number, driver's license or other identifying documents
- For a business account: your business name, taxpayer identification number and business address; the name, residential address, date of birth and Social Security number of each signer, so we can verify the signer's identity; and documents to verify the business's existence.

Our policies may require additional information about you or any person associated with you or with the account when or after you open the account to assure that we comply with "Know Your Customer" requirements. We may restrict or close your account if we are unable to obtain information in order to satisfy our "Know Your Customer" requirements. By opening an account with us, you confirm that neither you nor any beneficial owner of any account is covered by any sanctions programs administered or enforced by the U.S. Department of the Treasury, Office of Foreign Asset Control.

## **F. Prohibited Activities and Tax Reporting**

We strictly prohibit the use of any account to conduct transactions (including, without limitation, the acceptance or receipt of credit or other receipt of funds through an electronic funds transfer, or by check, draft or similar instrument, or the proceeds of any of the foregoing) that are related, directly or indirectly, to unlawful Internet gambling. The term "unlawful Internet gambling," as used in this Notice, shall have its meaning set forth in 12 C.F.R. Section 233.2(bb). You agree not to conduct any transactions through the account that directly or indirectly involve or are related to unlawful Internet gambling, including, without limitation, the acceptance or receipt of any funds or deposits in connection therewith.

You also agree not to use your account for any other illegal activity. We may refuse any gambling transaction, whether lawful or not.

Transactions in your account are also subject to applicable clearinghouse and Federal Reserve rules and regulations. You will not use your account to send or receive a payment on behalf of anyone who is not a U.S. citizen or resident using The Clearing House Association's Real-Time Payment network.

You agree that you are responsible for your tax obligations and any funds in, or to be deposited in, your accounts are not proceeds from any criminal activity (including, but not limited to, tax crimes). Funds in, and any income derived from, your accounts will be disclosed to the relevant tax authorities, if required by law. All information that has been provided is complete and accurate, including any information pertaining to your country of citizenship, residence, principal place of business and any other relevant information to determine legal and tax status. You agree to notify us and/or provide us with any changes related to your tax affairs as we may request in order to comply with our regulatory obligations.

## **G. Death or Incompetence of Account Owner or Sole Signer**

Tell us immediately if any account owner dies or is declared incompetent by a court. We may act as if all owners are alive and competent until we receive notice otherwise.

After we receive notice of death or incompetence, we may freeze your balance, refuse to accept transactions, and reverse or return deposits. We are also not required to release your funds until we receive any documents we reasonably request to verify your death or incompetence, as well as who is entitled to the funds. If you die while residing outside the United States, we may require a personal representative to be appointed by a court in a United States jurisdiction. If we have any tax liability because of paying your balance to your estate, the estate will be responsible for repaying us the amount of that tax. If an account owner authorizes any transaction, but it's not presented for payment until after that owner dies, we are authorized to pay the transaction. If you owe us a debt at the time of your death, we are permitted to exercise our right of setoff (our right to apply funds in one account to the debt associated with another account) or security interest rights against the funds credited to your balance after your death. We have these rights even if a surviving joint owner, a "payable on death" payee, or a beneficiary of an "in trust for" or "trustee for" account has rights to the account.

After we receive notice of death or incompetence of the sole signer on a business organization's account, we may freeze the balance, refuse to accept transactions, and reverse or return deposits. We are also not required to release the organization's funds until we receive any documents we reasonably request to verify the death or incompetence of the signer and to establish a new person's authority to act on behalf of the organization in transacting on or closing the organization's account.

## **H. Adverse Claims**

If there are conflicting instructions or there is any dispute regarding your account, we may take any action, including refusing to disburse any funds in the account to any person until all persons claiming an interest consent in writing to a resolution of the dispute; or a court of proper jurisdiction authorizes or directs the payment; or the person with a conflicting claim withdraws his or her claim in writing. We may also place funds in a court (this is called an interpleader action) for resolution. If any person notifies us of a dispute, we do not have to decide if the dispute has merit before we take further action. We may take these actions without any liability and without advance notice, unless the law says otherwise.

## **I. Authorization to Share Information**

You authorize us to share information about you and your account with affiliates and third parties, unless the law or our Privacy Notice prohibits us from doing so. Please see our *Privacy Notice* for your choices about information sharing.

## **J. Disputing Information Reported to a Consumer Reporting Agency**

If you believe that we have reported inaccurate or incomplete information about your account to a consumer reporting agency, you have the right to file a dispute with that consumer reporting agency. You may also submit a dispute directly to us by writing to the address in the *How to Contact Us* section. Provide your name, address and phone number; the account number; the specific information you are disputing; an explanation of why it is inaccurate or incomplete; and any supporting documentation.

## **K. Legal Process and Requests for Information**

"Legal Process" means any document that appears to have the force of law regarding restricting, holding or paying out funds from your account, including a garnishment, attachment, execution, levy or similar order. You acknowledge and agree that Legal Process served on us may instruct us to take certain actions with respect to your account, which may create potential liability or other risks to us if we fail to take any action directed by the Legal Process.

You agree that it is your responsibility to consult with an attorney and/or to initiate, or participate in, legal proceedings related to the Legal Process if you do not believe that the Legal Process is valid; otherwise dispute any issue related to the Legal Process, and/or seek to claim any additional exemption of funds related to the Legal Process not otherwise applied by us. You further agree that we will have no obligation to initiate any legal proceedings, or seek clarification, of any kind regarding any issue related to Legal Process. If you fail to properly seek or obtain judicial relief related to Legal Process within the deadlines provided for in the Legal Process or by applicable law, you acknowledge and agree that we will continue to comply with the Legal Process, including paying out all funds as directed by the Legal Process. We do not have to determine whether the legal process was validly issued or enforceable; and we will have no liability for any action we take as directed by the Legal Process or otherwise permitted by this agreement.

If a hold is in effect, we will continue to charge any applicable fees even though the account cannot be closed. We also may remove your Overdraft Protection if a hold is placed, but you may ask us to re-link your accounts after the hold is removed. As permitted by law, we will deduct from your balance a Legal Processing Fee or costs and expenses we incur in complying with the order, or both.

You will be liable to us for any loss, cost or expense (including attorneys' fees that we incur) resulting from our compliance with any Legal Process or any related litigation.

## **L. Abandoned Property**

If any of your accounts are closed, we will return any balance, less any fees, claims, setoffs or other amounts if the balance is greater than \$1, and we may transfer this balance from the closed account to any other open account with at least one common owner. Funds that cannot be returned or transferred may be considered abandoned under state law, and each state has laws that govern when we are required to send a customer's funds to the state.

## **M. English Language – Other Language Preferences**

The terms of this agreement and the products and services we provide are governed by the English language. As a courtesy, we make some of our forms, disclosures and documents, including this agreement, available in languages other than English. However, many important bank documents, and some products and services related to this account, are provided only in English. If there is any difference in meaning between the English and non-English version of any of our documents, the English version applies and is available upon request.

## **N. Referrals**

If you request it, our employees may at times provide contact information about third parties, such as lawyers, accountants, or contractors who offer products or services to the public. Some of these third parties may be our customers. We provide this information only as a courtesy and convenience to you and the third party, but in some cases we may be compensated for a referral. We do not make any warranties or representations about the third parties or their products or services. If you choose to do business with any third party, that decision is yours alone, and we are not responsible for the third party's performance or to help resolve any dispute between you and the third party. Our employees may also receive compensation when you purchase a Chase product based on their referral.

## **O. Special Provisions for Pass-Through Accounts**

If you have opened a deposit account on behalf of the beneficial owner(s) of the funds in the account (for example as a trustee, agent, nominee, guardian, executor, custodian or funds held in some other capacity for the benefit of others), those beneficial owners may be eligible for "pass-through" insurance from the FDIC. This means the account could qualify for more than the standard maximum deposit insurance amount (currently \$250,000 per depositor in the same ownership capacity). If the account has transactional features, you as the account holder must be able to provide a record of the interests of the beneficial owner(s) in accordance with the FDIC's requirements as specified below. The FDIC has published a guide that describes the process to follow and the information you will need to provide in the event Chase fails. That information can be accessed on the FDIC's website at [www.fdic.gov/deposit/deposits/brokers/part-370-appendix.html](http://www.fdic.gov/deposit/deposits/brokers/part-370-appendix.html).

In addition, the FDIC published an Addendum to the guide, section VIII, which is a good resource to understand the FDIC's alternative recordkeeping requirements for pass-through insurance. The Addendum sets forth the expectations of the FDIC for pass-through insurance coverage of any deposit accounts, including those with transactional features. The Addendum will provide information regarding the records you keep on the beneficial owners of the funds, identifying information for those owners, and the format in which to provide the records to the FDIC upon bank failure. You must be able to provide this information in a timely manner in order to receive payment for the insured amount of pass-through deposit insurance coverage as soon as possible. You will have an opportunity to validate the capability to deliver the required information in the appropriate format so that a timely calculation of deposit insurance coverage can be made; further instructions relating to this opportunity will be communicated at a later time.

You agree to cooperate fully with us and the FDIC in connection with determining the insured status of funds in such accounts at any time. In the event of a bank failure, you agree to provide the FDIC with the information described above in the required format within 24 hours of a bank failure. As soon as a receiver is appointed, a hold will be placed on your account and that hold will not be released until the FDIC determines that you have provided the necessary data to enable the FDIC to calculate the deposit insurance. You understand and agree that your failure to provide the necessary data to the FDIC may result in a delay in receipt of insured funds and may result in legal claims against you from the beneficial owners of the funds in the account. If you do not provide the required data, your account may be held or frozen until the information is received, which will cause a delay when the beneficial owners could receive funds. Despite other provisions in this agreement, this section survives after a receiver is appointed for us, and the FDIC is considered a third party beneficiary of this section.

## **P. Sub-accounts**

For accounting purposes, all checking accounts consist of two sub-accounts: 1) a transaction sub-account where all deposits, withdrawals and fees are posted, and 2) a savings holding sub-account, where balances above a certain level are transferred daily. Funds will be retransferred to your transaction sub-account to meet your transactional needs; however, all balances in the holding sub-account will be transferred to the transaction sub-account with the sixth transfer in any calendar month or monthly statement period.

Both sub-accounts are treated as a single account for purposes of your deposits and withdrawals, earning interest, access and information, tax reporting, fees, etc.

## **Q. Permitted Time for Filing a Lawsuit**

You must file any lawsuit or arbitration against us within two years after the cause of action arises, unless federal or state law or an applicable agreement provides for a shorter time. This limit is in addition to limits on notice as a condition to making a claim. If applicable state law does not permit contractual shortening of the time during which a lawsuit must be filed to a period as short as two years, you and we agree to the shortest permitted time under that state's laws.

We abide by federal and applicable state record retention laws and may dispose of any records that we retained or preserved for the period set forth in these laws. Any action against us must be brought within the period that the law requires us to preserve records, unless applicable law or this agreement provides a shorter limitation period. Any action against us on an automatically renewable CD must be brought within the time that the law requires us to preserve records based on the stated maturity date in the most recent record of the CD.

## **R. Location of Legal Proceedings**

If you file any lawsuit or other legal proceeding against us that is connected in any way to your accounts or services, you agree to do so in an appropriate court in the state where your account is located. If we file any lawsuit or legal proceeding that is connected in any way to your accounts or services, you consent to jurisdiction and venue in an appropriate court in the state where your account is located. If either party chooses to have disputes resolved by arbitration, the section *Arbitration; Resolving Disputes* governs the process and location of the arbitration proceedings.

## **S. Pre-judgment Interest Rate**

If either you or we are awarded a judgment against the other in connection with your account, the rate of interest earned before judgment on the judgment amount will be the rate of interest the account earned during that period unless state law requires a different rate. If the account is not interest-bearing, the rate will be the lowest generally available rate for a personal interest-bearing checking account.

## **T. Assignment of Agreement and Successors**

This agreement will be binding on your personal representative, executors, administrators and successors, and on our successors and assigns.

You may not assign, transfer or grant a security interest in your account to anyone other than us without our written consent. No assignment will be valid or binding on us, and we will not be considered to have knowledge of it, until we consent and note the assignment in our records. However, by noting the assignment, we do not have any responsibility to assure that the assignment is valid. Any permitted assignment of your account is subject to our setoff rights.

## **U. No Waiver**

If we fail to exercise any right, that does not mean that we waive that right or any other right, and we may still enforce all of our rights in the future.

## **V. Employee Retirement Income Security Act (ERISA)**

You agree that any account you opened on or after July 1, 2013, is not a qualified employer-sponsored retirement or welfare benefit plan and:

- I. The assets in the account are not part of a pension, profit sharing or other employee benefit plan subject to ERISA (each, an "ERISA Plan"), or any other substantially similar state, local or foreign law;
- II. The assets in the account are not part of any entity whose underlying assets include "Plan assets" by reason of any ERISA Plan's investment in the entity, or
- III. You are not investing "Plan assets" of any ERISA Plan into any such account.

We may request additional information in connection with this representation.

## **X. Arbitration; Resolving Disputes**

You and we agree that upon the election of either of us, any claims or disputes (as defined below) will be resolved by binding arbitration as discussed below, and not through litigation in any court (except for matters in small claims court).

This arbitration agreement is entered into pursuant to the Federal Arbitration Act, 9 U.S.C. §§ 1-16 ("FAA").

YOU HAVE A RIGHT TO OPT OUT OF THIS AGREEMENT TO ARBITRATE, AS DISCUSSED BELOW. UNLESS YOU OPT OUT OF ARBITRATION, YOU AND WE ARE WAIVING THE RIGHT TO HAVE OUR DISPUTE HEARD BEFORE A JUDGE OR JURY, OR OTHERWISE TO BE DECIDED BY A COURT OR GOVERNMENT TRIBUNAL, AND YOU AND WE ARE ALSO WAIVING ANY ABILITY TO ASSERT OR PARTICIPATE IN A CLASS, REPRESENTATIVE, OR CONSOLIDATED PROCEEDING, WHETHER IN COURT OR IN ARBITRATION. ALL DISPUTES, EXCEPT AS STATED BELOW, MUST BE RESOLVED BY BINDING ARBITRATION WHEN EITHER YOU OR WE REQUEST IT.

### **What claims or disputes are subject to arbitration?**

Claims or disputes between you and us about your deposit account, transactions involving your deposit account, and any related service or agreement with us are subject to arbitration. Any claims or disputes arising from or relating to this agreement, any prior account agreement between us, or the advertising, the application for, or the denial, approval or establishment of your account are included. Claims or disputes are subject to arbitration, regardless of what theory they are based on or whether they seek legal or equitable remedies. Arbitration applies to any and all such claims or disputes, whether they arose in the past, may currently exist or may arise in the future. All such claims or disputes are referred to in this section as "Claims."

The only exception to arbitration of Claims is that both you and we have the right to pursue a Claim in a small claims court instead of arbitration, if the Claim is in that court's jurisdiction and proceeds on an individual basis.

### **Can I (customer) cancel or opt out of this agreement to arbitrate?**

You have the right to opt out of this agreement to arbitrate if you tell us within sixty (60) days of opening your account. Requests to opt out of this agreement that are made more than sixty (60) days after opening your account are invalid. If you already have pending litigation or arbitration against/with us when you open an account, any request to opt out of this arbitration clause will not apply to that litigation or arbitration. If you want to opt out, call us at 1-800-935-9935. Otherwise this agreement to arbitrate will apply without limitation, regardless of whether 1) your account is closed; 2) you pay us in full any outstanding debt you owe; or 3) you file for bankruptcy. Opting out of this agreement to arbitrate will not affect the other provisions of this agreement. If you validly opt out of this agreement to arbitrate, your decision to opt out will apply only to this arbitration agreement and not any other arbitration agreement.

## **What about class actions or representative actions?**

Claims in arbitration will proceed on an individual basis, on behalf of the named parties only. YOU AND WE AGREE NOT TO:

1. SEEK TO PROCEED ON ANY CLAIM IN ARBITRATION AS A CLASS CLAIM OR CLASS ACTION, PRIVATE ATTORNEY GENERAL PROCEEDING, OR OTHER REPRESENTATIVE PROCEEDING;
2. SEEK TO CONSOLIDATE IN ARBITRATION ANY CLAIMS INVOLVING DIFFERENT CLAIMANTS (EXCEPT FOR CLAIMANTS WHO ARE ON THE SAME ACCOUNT), UNLESS WE AGREE;
3. BE PART OF, OR BE REPRESENTED IN, ANY CLASS ACTION OR OTHER REPRESENTATIVE ACTION BROUGHT BY ANYONE ELSE; NOR
4. SEEK ANY AWARD OR REMEDY IN ARBITRATION AGAINST OR ON BEHALF OF ANYONE WHO IS NOT A NAMED PARTY TO THE ARBITRATION, INCLUDING BUT NOT LIMITED TO PUBLIC INJUNCTIVE RELIEF.

Any question regarding the enforceability or interpretation of this section (“**What about class actions or representative actions?**”) shall be decided by a court and not the arbitrator. If a court determines that any of the terms of this section are legally unenforceable for any reason with respect to a Claim or request for relief sought in connection with a Claim, then you and we agree that the arbitration and litigation shall proceed as follows: (1) all Claims or requests for relief for which arbitration is legally enforceable must be filed and adjudicated in arbitration; (2) any Claims or requests for relief for which arbitration is not legally enforceable will be decided through litigation in court; (3) any Claims or requests for relief that are to be decided through litigation in court will be stayed pending completion of the arbitration of all other Claims or requests for relief; and (4) when litigation in court resumes, the Court may consider but will not be bound by any determination made by the arbitrator. By way of example, if a Claim seeks both public injunctive relief and other relief, and the prohibition on an award of public injunctive relief is found to be unenforceable, then the request for public injunctive relief will be decided in litigation in court after Claims seeking other relief had been adjudicated in arbitration on an individual basis. For the avoidance of doubt, no arbitrator shall have authority to entertain any Claim on behalf of a person who is not a named party, nor shall any arbitrator have authority to make any award for the benefit of, or against, any person who is not a named party.

## **Does arbitration apply to Claims involving third parties?**

Arbitration applies whenever there is a Claim between you and us. If a third party is also involved in a Claim between you and us, then the Claim will be decided with respect to the third party in arbitration as well, and it must be named as a party in accordance with the rules of procedure governing the arbitration. No award or relief will be granted by the arbitrator except on behalf of, or against, a named party. For purposes of arbitration, “you” includes any person who is listed on your account, and “we” includes JPMorgan Chase Bank, N.A., all its affiliates, and all third parties who are regarded as agents or representatives of ours in connection with a Claim. (If we assign your account to an unaffiliated third party, then “we” includes that third party.) The arbitration may not be consolidated with any other arbitration proceeding.

## **How does arbitration work?**

The party filing a Claim in arbitration must select JAMS or the American Arbitration Association (“AAA”) as the arbitration administrator. That organization will apply its rules and procedures in effect at the time the arbitration is commenced. If there is a conflict between the applicable rules and procedures and this arbitration agreement and/or this agreement, this arbitration agreement and this agreement will control. In the event that JAMS or the AAA is unable to handle the Claim for any reason, then the matter shall be arbitrated instead by a neutral arbitrator selected by agreement of the parties (or, if the parties cannot agree, selected by a court in accordance with the FAA), pursuant to the AAA rules of procedure.

The arbitrator will decide the Claim in accordance with all applicable law and consistent with the FAA. A single arbitrator will conduct the arbitration and will apply applicable substantive law, including the Uniform Commercial Code, statutes of limitation, conditions precedent to suit, and recognized principles of equity, and will honor all claims of privilege recognized by law. The arbitrator will have the power to award to a party any damages or relief as permitted by the law and the agreement between you and us (including the limitations set forth above).

## **Is the arbitrator's decision final? Is there an appeal process?**

The arbitration ruling will be considered final and binding, and enforceable by any court having jurisdiction. No party may seek an appeal of the arbitration ruling, except as provided under the FAA.

## **Who will pay for costs?**

Unless the arbitration administrator waives your initial filing fee to commence arbitration, you are obligated to pay that fee but, if a settlement is reached between you and us prior to the hearing, we will reimburse you for up to \$500 for filing fees as part of the negotiated terms of the settlement. If a settlement is not reached prior to the hearing, we will pay any fees of the arbitrator and arbitration administrator for the first two days of any hearing. If you are the prevailing party in the arbitration, we will reimburse you for any fees you paid to the arbitration organization and/or arbitrator. Except as provided above, all other fees will be allocated between you and us according to the arbitration administrator’s rules and applicable law.

## **How do I (customer) file an arbitration claim?**

Rules and forms may be obtained from, and Claims may be filed with, JAMS ([www.jamsadr.com](http://www.jamsadr.com)) or the AAA ([www.adr.org](http://www.adr.org)). Arbitration hearings will take place in the federal judicial district that includes your address at the time the Claim is filed, unless the parties agree to a different place.

# Privacy Notice



Rev. April 2021

Facts	What does Chase do with your personal information?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"><li>• Social Security number and income</li><li>• account balances and transaction history</li><li>• credit history and payment history</li></ul>
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Chase chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Chase share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes – information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes – information about your creditworthiness	Yes	Yes
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	Yes	Yes

To limit our sharing
<ul style="list-style-type: none"><li>• Call 1-888-868-8618 – our menu will prompt you through your choice(s). We accept operator relay calls.</li><li>• Visit us online: <a href="http://chase.com/privacypreferences">chase.com/privacypreferences</a></li></ul> <p>Please note: If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>

Questions
Call 1-888-868-8618 – our menu will prompt you through your choice(s). We accept operator relay calls.

<b>Who we are</b>	
<b>Who is providing this notice?</b>	The U.S. consumer financial companies within the JPMorgan Chase & Co. family, including JPMorgan Chase Bank, N.A., Chase Insurance Agency, Inc., and J.P. Morgan Securities LLC.
<b>What we do</b>	
<b>How does Chase protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We authorize our employees to get your information only when they need it to do their work, and we require companies that work for us to protect your information.
<b>How does Chase collect my personal information?</b>	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>• open an account or make deposits or withdrawals from your account</li> <li>• pay your bills or apply for a loan</li> <li>• use your credit or debit card</li> </ul> We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
<b>Why can't I limit all sharing?</b>	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.
<b>What happens when I limit sharing for an account I hold jointly with someone else?</b>	Your choices will apply to everyone on your account.
<b>Definitions</b>	
<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and non financial companies. <ul style="list-style-type: none"> <li>• <i>Our affiliates include companies with a Chase or J.P. Morgan name and financial companies such as J.P. Morgan Securities LLC</i></li> </ul>
<b>Nonaffiliates</b>	Companies not related by common ownership or control. They can be financial and non financial companies. <ul style="list-style-type: none"> <li>• <i>Nonaffiliates we share with can include companies such as retailers, auto dealers, auto makers and membership clubs</i></li> </ul>
<b>Joint marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>• <i>Our joint marketing partners include categories of companies such as insurance companies</i></li> </ul>
<b>Other important information</b>	
<p><b>VT:</b> Accounts with a Vermont mailing address are automatically treated as if they have limited the sharing as described on page 1. For joint marketing, we will only disclose your name, contact information and information about your transactions.</p> <p><b>NV:</b> We are providing you this notice pursuant to Nevada law. If you prefer not to receive marketing calls from us, you may be placed on our Internal Do Not Call List by calling 1-800-945-9470, or by writing to us at P.O. Box 734007, Dallas, TX 75373-4007.</p> <p>For more information, contact us at the address above, or email Privacy.Info@JPMChase.com, with "Nevada Annual Notice" in the subject line. You may also contact the Nevada Attorney General's office: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; telephone number: 1-702-486-3132; email BCPINFO@ag.state.nv.us</p> <p><b>CA:</b> Accounts with a California mailing address are automatically treated as if they have limited the sharing with nonaffiliates as described on page 1. CA residents are provided a CA notice for additional choices.</p>	

**!** Please update your browser.

X

We don't support this browser version anymore. Using an updated version will help protect your accounts and provide a better experience.

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CHASE

Basics ▾

## Overdraft protection: How does it work?



For some consumers, overdraft protection may be a tool to help ensure transactions go through in the case of insufficient funds. But what's overdraft protection, exactly? With overdraft protection, consumers link secondary accounts to fill in for another when it lacks sufficient funds for a transaction. While this can be helpful, overdraft protection comes with several potentially important considerations for consumers.

### What is overdraft protection?

An overdraft occurs when an account is debited for a transaction but lacks the funds to cover it. The bank approves to complete the transaction on behalf of the customer. An overdraft typically comes with fees, like insufficient-funds fees. A savings withdrawal limit fee could apply if the customer goes over the allotted number of savings withdrawals in a month.

When consumers sign up for overdraft protection, they assign back up accounts or lines of credit to be drawn upon in the case of insufficient funds. This ensures that, for example, a check doesn't bounce or a [debit card transaction](#) is successfully processed.

As its name suggests, overdraft protection may help prevent any associated [overdraft fees](#) in the case of insufficient funds — as well as time wasted or penalties from merchants. But, for this service, customers might be required to pay a separate overdraft protection fee to cover the transfer of funds between accounts. The overdraft protection fee is, however, usually lower than the fees that can add up in the case of insufficient funds and declined transactions.

Say you wrote a check for \$500 but a few days later when it presented for payment, the checking account balance was \$450. With typical overdraft protection plans, the protection would kick in, and instead of bouncing, the remaining funds needed to cover the check, would be deducted from your linked account. In this case, \$50. The check clears and you likely save on any potential fees from your bank or the merchant. If the overdraft protection plan has a fee, the

amount of the fee would also be transferred from the linked account.

But overdraft protection isn't foolproof; you can still be charged a fee if the backup account also lacks the required funds to cover the check. In the above example, if your savings account does not have the funds to cover the check, you could still get an overdraft fee.

## How many times can you overdraft?

Different financial institutions have their own sets of rules governing how often they allow customers to [overdraft](#) with or without overdraft protection. Typically, overdraft coverage lasts as long as the backup account carries sufficient funds — but it can become expensive with repeated use. When asking yourself, "How many times can you overdraft?" it might be worthwhile to remember that an overdraft protection fee may be charged for each protective transfer.

If applicable, relying heavily on a savings account as backup also runs the added risk of exceeding its monthly withdrawal limit. Some institutions may eventually apply penalties for overuse, including account closure or revocation of the [overdraft protection service](#).

## Is overdraft protection worth it?

Overdraft protection can potentially shield you from more expensive charges. Several banks, as well as credit unions, offer overdraft protection services that the customer can opt-in for, rather than an automatic service. So, the choice is ultimately yours.

Determining whether overdraft protection is right for you might ultimately depend on your financial situation and spending habits. If you foresee a strong likelihood of overdrawing your account, the added protection might prove beneficial. If overdrawing an account seems unlikely, however, you could run the risk of paying for a service you don't end up using.

On the other hand, the lower fees and confidence in making transactions could come in handy for lastminute, [emergency spending](#). Without overdraft protection, customers not only run the risk of hefty fees but the possibility that an important transaction gets declined; financial institutions aren't required to clear transactions that would overdraw an account.

So, is overdraft protection worth it? There's no universal answer. Assessing your situation and consulting your financial institution about the specifics of their overdraft protection service may help you decide if overdraft protection is worth it for you.

## In summary

Overdraft protection may help save you from paying [overdraft](#) and insufficient fund fees and ensure [transactions are carried out as planned](#). The service is optional and works by designating a backup account to be drawn from if the primary account is too low to complete a payment or transaction. Altogether, assessing your likelihood of overdrawing an account can be a helpful consideration in deciding whether [overdraft protection](#) will save or cost you money in the long run.

Already a customer?

[Learn more](#)

Not a customer yet?

[Find a checking account](#)

Chase & Co. Opinions and strategies described may not be appropriate for everyone, and are not intended as specific advice/recommendation for any individual. You should carefully consider your needs and objectives before making any decisions, and consult the appropriate professional(s). Outlooks and past performance are not guarantees of future results.

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