Policy

Personal Account Dealing – Frequently Asked Questions (FAQs)

Current Effective Date: May 7, 2014

TABLE OF CONTENTS

[1. Summary 3](#_Toc387164021)

[2. Scope 3](#_Toc387164022)

[3. Changes from Previous Version 3](#_Toc387164023)

[4. Policy Statements 3](#_Toc387164024)

[5. Designated Broker Questions 4](#_Toc387164025)

[5.1. Why am I subject to this policy? 4](#_Toc387164026)

[5.2. Who are the Firm’s Designated Brokers? 4](#_Toc387164027)

[5.3. What are employee-associated accounts? 4](#_Toc387164028)

[5.4. My spouse/domestic partner works for a firm that requires our accounts to be maintained in-house or with one of JPM’s non-designated broker. What should I do? 4](#_Toc387164029)

[5.5. Do the Designated Broker rules apply to custodian accounts that I and/or my spouse/domestic partner has set up for our children? 4](#_Toc387164030)

[5.6. Are 401k accounts covered by the designated broker rule? 5](#_Toc387164031)

[5.7. Are 529 plans permitted outside the designated brokers? 5](#_Toc387164032)

[5.8. What impact does the Designated Broker rule have on individual retirement accounts (IRA)? 5](#_Toc387164033)

[5.9. Are mutual funds covered by the Designated Broker rule? 5](#_Toc387164034)

[5.10. Are stock dividend reinvestment plans (DRIPs) for JPMorgan or other stocks subject to the Designated Broker and preclearance rule? 5](#_Toc387164035)

[5.11. I am a U.S. citizen placed on assignment overseas. How am I affected by the Designated Broker requirement? 6](#_Toc387164036)

[5.12. I am a trustee for family accounts which are NOT maintained at one of the Designated Brokers. How should I handle this? 6](#_Toc387164037)

[5.13. Are Employee Stock Purchase Plans and Employee Stock Option Plans permitted? 6](#_Toc387164038)

[5.14. How do I effect the transfer of accounts? 6](#_Toc387164039)

[5.15. Will there be any fees or costs related to the transfer of my accounts from my current broker to a designated broker? 6](#_Toc387164040)

[5.16. I am active in a charitable organization in our community and sit on the financial advisory board which reviews the finances and investment strategy for the organization. What must I do? 6](#_Toc387164041)

[5.17. Am I able to trade in options and/or futures transactions? 6](#_Toc387164042)

[6. Preclearance Issues 8](#_Toc387164043)

[6.1. How do I preclear my trades of publicly traded securities? 8](#_Toc387164044)

[6.2. What type of transaction is subject to the preclearance policy? 8](#_Toc387164045)

[6.3. If I have my account(s) at one of the Designated Brokers, do I need to get preclearance from Compliance? 8](#_Toc387164046)

[6.4. How long is the trade approval valid for? 8](#_Toc387164047)

[6.5. Is there a minimum holding period for investments? 8](#_Toc387164048)

[6.6. I am planning on making a charitable donation of securities; will I need approval from The Personal Account Dealing Group to do so? 8](#_Toc387164049)

[6.7. Do I have to preclear sales of JPMorgan Chase securities? 9](#_Toc387164050)

[6.8. Do I have to preclear private investments – investments in non investments in hedge funds or limited partnerships? 9](#_Toc387164051)

[6.9. Do I have to preclear transactions in my children’s account? 9](#_Toc387164052)

[6.10. Do I need preclearance for securities I had before I joined the firm? 9](#_Toc387164053)

[7. Defined Terms 10](#_Toc387164054)

[8. Firm References 10](#_Toc387164055)

[9. Document Information 10](#_Toc387164056)

# Summary

The document outlines frequently asked questions pertaining to the Personal Account Dealing Policy in North America

# Scope

|  |  |
| --- | --- |
| Lines of Business | All |
| Sub-Lines of Business | N/A |
| Function(s) | All |
| Locations | North America |
| Legal Entities | All |

# Changes from Previous Version

* Revision to list of Designated Brokers

# Policy Statements

* Designated Broker Questions. All employees subject to the Personal Account Dealing policy must maintain their accounts with one of the Firm’s Designated Brokers. The section outlines general questions pertaining to this requirement.
* Preclearance Related Questions. All employees subject to the Personal Account Dealing policy must pre-clear all personal investments, both public and private. The section outlines general questions pertaining to this requirement.

# Designated Broker Questions

## Why am I subject to this policy?

* As you know JPMorgan Chase is a major investment bank. We have access to information that could be considered inside information and there are regulations, laws and rules that govern our ability to do business. In order to protect the firm against reputational risk (actual or perceived) and to ensure that we do not trade on inside information, the policy was put in place.

## Who are the Firm’s Designated Brokers?

* Chase Investments
* JPM Private Bank;
* JPMS LLC;
* Charles Schwab;
* Fidelity Investments;
* Merrill Lynch;
* Morgan Stanley Smith Barney;
* E\*trade
* TD Ameritrade

## What are employee-associated accounts?

* All personal investment policies that apply to you also apply to transactions in any account, whether domestic or foreign:
  + That is established or maintained by you, your spouse, domestic partner, minor children, or any **other person to whom you provide significant financial support**;
  + Over which you, or any of the other persons referred to in (a), have or share the **power**, directly or indirectly, **to make investment decisions**, regardless of beneficial interest; or
  + That is established or maintained by you or with your consent or knowledge and in which you have a direct or indirect financial interest.

## My spouse/domestic partner works for a firm that requires our accounts to be maintained in-house or with one of JPM’s non-designated broker. What should I do?

* If these accounts are required as a condition of their employment, an exemption from the designated broker requirement may be considered for these accounts. A request would need to be made in writing and a subsequent approval given from the Personal Account Dealing Group.
  + Preclearance is still required for all transactions subject to the PAD Policy
  + Duplicate confirmations and statements will still need to be provided to the Personal Account Dealing Group.

## Do the Designated Broker rules apply to custodian accounts that I and/or my spouse/domestic partner has set up for our children?

* **Yes**. If the account(s) has brokerage capabilities, it is subject to the policy. If the employee, or employee-associated persons, are custodians on the account and they have control over the investment decisions being made, then the account would be subject to the Designated Broker rule.

## Are 401k accounts covered by the designated broker rule?

* Generally, **NO**.
  + 401K accounts held in a qualified 401K plan typically can only be invested in set mutual funds offered by that plan.  Such qualified 401K accounts are not required to be moved to a designated broker.
  + Please ensure that the 401K account is not a brokerage account which would allow trading in individual securities.
  + *If the account has brokerage capability then the account must be held by one of the Firm’s Designated Brokers*.
  + In addition, if you were to rollover your 401K into a retirement account vehicle, which has brokerage capabilities (i.e.: IRA, ROTH), the Designated Broker rule would apply.

## Are 529 plans permitted outside the designated brokers?

* **Yes**. As long as the account does not have brokerage capabilities.

## What impact does the Designated Broker rule have on individual retirement accounts (IRA)?

* IRAs that have brokerage capabilities **are** subject to the Designated Broker rule **and** preclearance requirements even if they hold only mutual funds.
* IRAs that are bank accounts holding investments such as certificates of deposit or consist of money market accounts, savings accounts, and the like are not subject to the designated broker requirement. However, brokerage accounts held at a bank would need to be moved to a designated broker.

## Are mutual funds covered by the Designated Broker rule?

* Open-end mutual funds may be purchased or sold through one of JPMorgan’s designated brokers or directly through a mutual fund distributor.
* However, you need to ensure that your account at a mutual fund distributor is a mutual fund-only account and **not** a brokerage account -which would allow you to trade in individual stocks.
  + If the account can trade in individual securities, the account must be transferred to a Designated Broker.

## Are stock dividend reinvestment plans (DRIPs) for JPMorgan or other stocks subject to the Designated Broker and preclearance rule?

* You may continue to accumulate shares of JPMorgan Chase or other stocks in one of these plans directly through the issuer’s transfer agent without preclearance.
* However, the *initial* investment, *the sale* of any shares that you have accumulated in such plans, and *changes to the investment amount* /*nonroutine/nonautomatic purchase* **must** be precleared.

## I am a U.S. citizen placed on assignment overseas. How am I affected by the [Designated Broker](http://legalweb.legal.chase.com/Legal/ctcprepo.nsf/a024201380fb22d985256a0e006542e8/6322bbbe16ddf17b85256ae6004e6b1f?OpenDocument) requirement?

* While the preclearance requirement applies to those subject to the Global Personal Account Dealing Policy, the Designated Broker rule may vary based on region.
  + When you are based in North America, you must comply with the Personal Account Dealing Policy – U.S. Supplement or Personal Account Dealing Policy – Canada Supplement.
  + When you are based outside of North America, you will be subject to the regional personal trading policy for the region where you working. If you wish, you may avail yourself of the U.S. Designated Broker programs to the extent that they comply with the requirements of your current location and local law.

## I am a trustee for family accounts which are NOT maintained at one of the Designated Brokers. How should I handle this?

* If you are involved in the investment decisions for this trust account (i.e. trustee) then it **IS** subject to the Firm’s policies.
* You must disclose this account and either:
  + Resign your position as trustee over the account, where you would not be directing investment decisions 🡪 no longer need to disclose;
  + See if the account qualifies for the managed account exception; **or**
  + Move the account to a Designated Broker.

## Are Employee Stock Purchase Plans and Employee Stock Option Plans permitted?

* **Yes**. These accounts must be disclosed.
* These accounts will be approved if they do not have brokerage capabilities.

## How do I effect the transfer of accounts?

* The Designated Broker you choose will assist you with the process. You should not liquidate any positions until you speak to your Designated Broker. If you decide to liquidate your positions, you must preclear the positions by submitting the preclearance request via the [Employee Compliance Portal](https://ecp.jpmchase.net/ecp/LoginAction.action).

## Will there be any fees or costs related to the transfer of my accounts from my current broker to a designated broker?

* Some non-designated brokers may charge an account transfer fee. However, you should advise your broker that the transfer is a corporate requirement with which you, as an employee of the firm, need to comply. Though not obligated to absorb such fees, the broker community generally understands the regulatory environment that necessitates these policies and may make accommodations accordingly.
* JPM will *not* be responsible for any transfer fees incurred in conforming with PAD requirements.

## I am active in a charitable organization in our community and sit on the financial advisory board which reviews the finances and investment strategy for the organization. What must I do?

* Please refer to the Firm’s [Code of Conduct](https://portal.jpmchase.net/sites/codeofconduct/Pages/CodeofConduct.aspx) on Outside Business Activities.

## Am I able to trade in options and/or futures transactions?

* Generally, the Firm’s policy does not permit options and futures trading.
* There are certain exceptions to this rule:
  + Short sales, derivatives transactions relating to debt and equity, and purchases and sales of options will only be permitted if entered into as a bona fide hedge against an offsetting position on a one-to-one ratio in accordance with local rules and regulations.
  + The following are the Firm’s approved options strategies:
    - Writing (sell) a covered call to open a position (must own the underlying shares)
      * May buy back the call the close the position.
    - Buying a protective put to open a position (must own the underlying shares)
      * May sell the put to close the position.
    - Buying a put and selling a call at the same time (must own the underlying shares).
    - Buying LEAP (puts or calls) to open a position – there must be at least one (1) year until the expiration date and the position is subject to a 60 day minimum holding period.
      * May sell to close as well.
    - Buying a put or a call option on a widely traded Index to open the position.
      * May sell to close.
    - Options on JPMC securities are generally not allowed unless they are part of the Firm’s compensation/benefits programs or as a bona fide hedge against a long position *already held*.
  + Foreign exchange and commodity futures and options are permitted only for bona fide hedging purposes, against an offsetting position, not as a speculative investment.

# Preclearance Issues

## How do I preclear my trades of publicly traded securities?

* In North America, employees may preclear their trades through the [Employee Compliance Portal](https://ecp.jpmchase.net/ecp/LoginAction.action).

## What type of transaction is subject to the preclearance policy?

* Generally, any security or product that trades on an exchange. This includes, but is not limited to:
  + Equity securities
  + Exchange traded funds (ETF)
  + Corporate bonds
  + DRIPs
  + Equity baskets
  + ADRs
  + Structured notes/products
  + JPMC securities and JPMC Equivalents
  + Index options
  + iShares
  + Certain covered options permitted under the policy.
* Open-end mutual funds, U.S. government securities and certain designated sovereign debt securities ***do not*** require preclearance.

## If I have my account(s) at one of the Designated Brokers, do I need to get preclearance from Compliance?

* **Yes**. The Designated Brokers do not have access to the Firm’s restricted information therefore preclearance through the Personal Account Dealing Group is required.

## How long is the trade approval valid for?

* Trade approval granted by the Personal Account Dealing Group is generally good for the day you call to preclear your transaction and the following business day up to the close of business (4:00pm EST).
* Certain business groups in Asset Wealth Management have a ***one day*** approval period (if applicable, please refer to your business specific policy for further details).
* Good-Till-Cancelled (GTC) orders are permitted but the price must be specified at the time of preclearance. GTC approval is good for the life of the order ***but*** must be precleared again in the event that the order is changed in any way or if the order is renewed with the broker at the end of its original time span.

## Is there a minimum holding period for investments?

* **Yes.** All personal transactions must be oriented toward investment as distinguished from short-term or speculative trading. Positions should be held for at least **30 calendar days** (**60 calendar days** for Asset Management). Stop loss orders will be permitted if precleared and placed simultaneously with a buy (that was also precleared) and at a price 20% less than the purchase price..

## I am planning on making a charitable donation of securities; will I need approval from The Personal Account Dealing Group to do so?

* **Yes**, all gifts and pledges of securities, such as charitable donations, require approval from The Personal Account Dealing Group.

## Do I have to preclear sales of JPMorgan Chase securities?

* **Yes**, you must preclear direct purchases **and** sales of JPMorgan Chase securities; Employee Stock Option exercises; and changes to elections involving the JPMorgan Chase & Co. common stock fund in a 401(k) plan or elections under any other employee benefit plan.
* Employees that have been specifically notified that they are subject to the “**Window**” are only allowed to transact in JPMC securities and JPMC Equivalents during certain window periods and they must preclear all transactions in our Firm’s securities.
  + This includes:
    - Direct purchases and sales;
    - Sales of JPMorgan Chase securities to meet a margin call, with or without your personal involvement;
    - Placing, canceling or amending limit orders; and
    - Entering into, canceling or amending sales plans, sometimes referred to as 10b-5(1) plans.
* Any transactions in JPM that are not done in a Computershare account (formerly Mellon Investor Services) must be done in an account at a Designated Broker. Changes to elections involving the JPMorgan Chase & Co. common stock fund in a 401(k) plan or elections under any other employee benefit plan are prohibited for window employees during certain periods.
* Furthermore, for subject employees, there is a **Quarterly Blackout Period** for trading in JPMC securities and JPMC Equivalents. This Blackout Period generally begins the day after the final day of every quarter and is lifted the day after the quarterly earnings announcement. Subject employees are strictly prohibited from trading JPM during the Quarterly Blackout Period.

## Do I have to preclear private investments – investments in non investments in hedge funds or limited partnerships?

* **Yes**, these private investments must be precleared and approved by the Personal Account Dealing Group in order to prevent any potential conflicts of interest. You must fill out a [Clearance Form for Non-Public Investments](http://legalweb.legal.chase.com/legal/ctcprepo.nsf/a024201380fb22d985256a0e006542e8/b41193b164c6cdf485256f3a0069c374?OpenDocument) which is to be reviewed and approved by your manager before you send the Clearance Form to PAD.
* The completed Form as well as any additional questions pertaining to private investments should be directed to the [Private Investment Mailbox](mailto:pi.and.oba.compliance.northamerica@jpmorgan.com).

## Do I have to preclear transactions in my children’s account?

* **Yes**. Any account where the owner is financially dependent upon you or your spouse/domestic partner, or you make or have the ability to make the investment decisions or give investment advice is subject to the preclearance policy.

## Do I need preclearance for securities I had before I joined the firm?

* If you want to add to an existing position or sell stock you had prior to your employment with the firm, preclearance is required.
* Remember, as a new hire you must disclose all of your current account information to the Personal Account Dealing Group immediately. You will have 30 days to transfer any accounts that are not in compliance with our policy. Once you disclose your accounts, a member of the Personal Account Dealing Group will contact you and help you through the process.

# Defined Terms

|  |  |
| --- | --- |
| Employee-Associated Accounts | An **Employee-Associated** accountis one:  (a) That is maintained by you, your spouse, domestic partner, minor children, or any other person to whom you provide significant financial support;  (b) Over which you, or any of the other persons referred to in (a), have or share the power, directly or indirectly, to make investment decisions, regardless of beneficial interest; or  (c) That is established or maintained by you or with your consent or knowledge, and in which you have a direct or indirect financial interest. |
| PAD | Personal Account Dealing |

# Firm References

|  |  |
| --- | --- |
| Other Firm Policies | 1. [Code of Conduct](https://portal.jpmchase.net/sites/codeofconduct/Pages/CodeofConduct.aspx) 2. [Personal Account Dealing Policy – U.S. Designated Broker Summary](http://legalweb.legal.chase.com/Legal/ctcprepo.nsf/a024201380fb22d985256a0e006542e8/6322bbbe16ddf17b85256ae6004e6b1f?OpenDocument) 3. [Personal Account Dealing Policy – Global](http://legalweb.legal.chase.com/Legal/ctcprepo.nsf/a024201380fb22d985256a0e006542e8/8b60b4d6ebb543ca85256ae6004951e1?OpenDocument) 4. [Personal Account Dealing Policy and Procedure- U.S. Supplement](http://legalweb.legal.chase.com/Legal/ctcprepo.nsf/a024201380fb22d985256a0e006542e8/dd1d7783f4e5628885256ae6004ba30d?OpenDocument) 5. [Personal Account Dealing Policy – Global Corporate & Investment Bank](http://legalweb.legal.chase.com/Legal/ctcprepo.nsf/a024201380fb22d985256a0e006542e8/d33856f7dd43d72985257ada00571892?OpenDocument) |
| Forms/Systems | 1. [Employee Compliance Portal](https://ecp.jpmchase.net/ecp/LoginAction.action) 2. [Clearance Form for Non-Public Investments](http://legalweb.legal.chase.com/legal/ctcprepo.nsf/a024201380fb22d985256a0e006542e8/b41193b164c6cdf485256f3a0069c374?OpenDocument) |

# Document Information

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| --- | --- | --- | --- | --- |
| Policy Owner / Primary Contact / Secondary Contact/Policy Manager | Andrew Pfaff, Executive Director | Andrew Pfaff, Executive Director | Mary Romano, Executive Director | Samuel Siegel, Vice President |
| Policy Owner’s Function or Line of Business/Region/Country | Compliance | | | |
| Policy Approver | Andrew Pfaff | | | |
| Original Effective Date | November 20, 2005 | | | |
| Last Review Date | May 7, 2014 | | | |
| Contact Information | For any questions pertaining to the personal trading policies, please contact the PAD Group via **E-mail** ([LC\_-\_NY\_Preclearance\_Team@jpmchase.com](mailto:LC_-_NY_Preclearance_Team@jpmchase.com)). | | | |