



## J.P. Morgan Securities LLC (“JPMS”) Guide to Investment Banking Services and Prime Brokerage Services

Thank you for your interest in working with JPMS. We believe our knowledge and experience, combined with our broad range of products and services, will provide the foundation to help you realize your goals. JPMS and its affiliates (collectively, “J.P. Morgan”) comprise a full service securities firm and a commercial bank engaged in securities trading and brokerage activities, as well as providing investment banking, asset management, financing, and financial advisory services and other commercial and investment banking products and services to a wide range of corporations and individuals.

Inside this Guide, you will find information to help you understand our prime brokerage services and investment banking services so that you can choose what works best for you. We provide details on our products and services, as well as those we offer from third-party providers. You will also learn about the compensation that JPMS, in connection with the services described herein and, if applicable, its investment professionals, can reasonably expect to be paid from the sale of the products and for the services available *through* JPMS.

JPMS is a registered broker-dealer and investment adviser with the Securities and Exchange Commission (“SEC”). JPMS is also a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”), the Municipal Securities Rulemaking Board (“MSRB”) and the Securities Investor Protection Corp. (“SIPC”). We perform the investment banking and prime brokerages services described herein solely in our capacity as a registered broker-dealer. For more information on our investment advisory services, please see Part 2 of our Form ADV, available at <https://adviserinfo.sec.gov/firm/brochure/79> and Form CRS, available at <https://www.jpmorgan.com/jpmpdf/1320748684033.pdf>. You can access free and simple tools to research us and our financial professionals at Investor.gov/CRS and <https://brokercheck.finra.org>.

In connection with our prime brokerage services and investment banking services, we may provide related ideas, market commentary, our own views, or other information that are intended to generate dialogue with you, and are for information purposes only. Unless we have expressly agreed to do so, we generally do not provide investment advice or make specific recommendations for you to take action in connection with these services. In the event that we provide you with a recommendation as your broker-dealer, we have to act in your best interest and not put our interest ahead of yours.

We hope you find the Guide to be a useful resource. The Table of Contents that starts on the next page provides an overview of the information you will find inside. As you will see, Part I describes our prime brokerage services and Part II describes our investment banking services. We may make periodic updates and will notify you of any material changes to the information set forth in this Guide during the term of our engagement. You can also view the most current version of the Guide at [www.jpmorganinvestment.com](http://www.jpmorganinvestment.com), or you can always contact your JPMS team for more information.

## Contents

Part One: Prime Brokerage Accounts and Services .....	3
1. Introduction .....	3
2. Prime Brokerage Accounts Overview .....	3
3. Prime Brokerage Products and Execution Services .....	3
4. Prime Brokerage Compensation and Potential Conflicts.....	5
A. Compensation Paid to JPMS .....	5
B. Compensation to J.P. Morgan and Affiliates .....	5
Part Two: Investment Banking Services.....	6
1. Introduction .....	6
2. Scope of Services.....	6
A. Underwriting and Private Placements.....	6
B. Mergers & Acquisitions Advisory Services.....	8
3. Investment Banking Services Compensation and Potential Conflicts.....	8

# Part One: Prime Brokerage Accounts and Services

## 1. Introduction

This section focuses on the prime brokerage services that JPMS offers. We provide prime brokerage services to a broad array of clients, including entities. Please be aware that some account types, and certain products and services may not be available to all clients as described in further detail below.

Prime brokerage provides a full service offering including clearing, custody and settlement of global equity and fixed income securities, securities lending, traditional and synthetic financing, and capital introduction and business consulting services primarily to hedge fund clients. For additional information regarding the services JPMS provides with respect to prime brokerage accounts, please refer to your J.P. Morgan Institutional Account Agreement and other applicable service-related documents, which may be amended from time to time. You may request additional copies of these agreements or other documents at any time.

## 2. Prime Brokerage Accounts Overview

Prime brokerage accounts and related services have a transaction-based fee structure. JPMS will handle the prime brokerage and related functions for your account, which may include, for example, holding securities and cash; clearing and settling transactions; collecting and processing dividends; issuing buy and sell confirmations and statements; and looking after the various details incidental to the clearing and carrying of accounts. For additional information regarding the services JPMS provides with respect to prime brokerage accounts, please refer to your J.P. Morgan Institutional Account Agreement and other applicable service-related documents, which may be amended from time to time. You may request additional copies of these agreements or other documents at any time.

## 3. Prime Brokerage Products and Execution Services

JPMS may provide the following brokerage products and execution services:

- Equities/stocks
- Fixed income/bonds
- Structured investments
- Securitized products
- Derivatives
- Money market funds
- Exchange-traded products

### **Fees:**

We may charge your account certain fees or other amounts in the normal course of providing certain services or products to you. These charges may include such things as fees for certain administrative services. These fees are directly negotiated with you and were provided to you at account opening. You may request additional copies of these agreements or other documents at any time.

### **Restrictions/Limitations:**

Since our clients are principally institutional clients, the range of products we offer to retail investors is limited. You may need to meet certain criteria to transact in these products. Please contact your JPMS team for product availability.

### **Risks and other relevant information:**

Each product comes with its own risks. Please see below for an overview of certain risks associated with our prime brokerage products. Please refer to your service-related documents for more information about the risks associated with each product.

Product	Associated Risks
Equities/Stocks	<ul style="list-style-type: none"> <li>• The price may rise or fall because of changes in the market.</li> <li>• Stocks may not be registered, publicly listed or traded on an exchange, and these securities are more likely to be illiquid.</li> </ul>
Fixed Income/Bonds	<ul style="list-style-type: none"> <li>• Fixed income securities sold or redeemed prior to maturity may be subject to substantial gain or loss.</li> <li>• There may be no market for a particular fixed income instrument, and you may not be able to sell at the desired place or time.</li> </ul>
Structured Investments	<ul style="list-style-type: none"> <li>• Investments in structured products entail varying degrees of risk, and may result in the loss of the full amount invested.</li> <li>• Structured products may not be publicly listed or traded on an exchange and therefore may be illiquid.</li> <li>• We have a conflict of interest when recommending structured products issued by J.P. Morgan affiliates because it increases the overall revenue of J.P. Morgan.</li> </ul>
Securitized Products	<ul style="list-style-type: none"> <li>• Risks generally include interest rate risk, basis risk, liquidity risk, prepayment/extension risk and credit risk.</li> </ul>
Derivatives	<ul style="list-style-type: none"> <li>• Risks generally include market risk, credit risk, price transparency, option risk, and leverage risk.</li> <li>• Collateral may be required to support your obligations under OTC derivatives.</li> </ul>
Money Market Funds	<ul style="list-style-type: none"> <li>• An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency, nor are they guaranteed by any private entity, such as their investment adviser or custodian. Although money market funds strive to preserve the value of the investment, it is possible to lose money by investing in them.</li> </ul>
Exchange-Traded Products	<ul style="list-style-type: none"> <li>• Exchange-traded products are subject to risks similar to those of stocks. Investments returns will fluctuate and are subject to market volatility.</li> <li>• The prospectus will contain important information regarding the merits, risks, charges, expenses and other matters of interest. JPMS will provide a copy of the prospectus to you upon request.</li> </ul>

#### **Resource(s) to obtain additional information:**

Please refer to your J.P. Morgan Institutional Account Agreement and other applicable service-related documents for further disclosures.

## **4. Prime Brokerage Compensation and Potential Conflicts**

### **A. Compensation Paid to JPMS**

JPMS earns compensation in accordance with the negotiated fee arrangement between you and JPMS. Please refer to that agreement for specific information on how JPMS earns compensation. You may request additional copies of these agreements or other documents at any time

#### **Non-Cash Compensation**

Additionally, JPMS may receive certain non-cash compensation under limited circumstances. The J.P. Morgan Code of Conduct and other gift-related policies generally prohibit acceptance of any gifts, entertainment, or other non-monetary compensation in connection with the services we provide to any particular client, or in return for any business of the firm. Exceptions may be made for certain nominal non-cash gifts to JPMS employees of less than \$100 meeting certain criteria (e.g. birthday or holiday gift), including potentially from third-party investment managers. J.P. Morgan policies set conditions for each of these types of payments, and do not permit any gifts or entertainment unless it is clear that the gift-giving person is not trying to influence or reward the JPMS employee inappropriately in connection with any business decision or transaction and the gift is unsolicited.

#### **Other Non-cash Compensation and Subsidies**

Third-party providers (such as fund companies) may participate in J.P. Morgan-sponsored internal training and education conferences, and meetings, seminars, and sales meetings and may make payments to, or for the benefit of, JPMS or its investment professionals to reimburse for certain expenses incurred for these events. Providers may also sponsor their own educational conferences or due diligence meetings and only pay for expenses while onsite for the event of investment professionals attending these events. J.P. Morgan's policies require that the training or educational portion of these conferences comprises substantially all of the event and such conferences and meetings are subject to review and approval.

### **B. Compensation to J.P. Morgan and Affiliates**

#### **Margin**

JPMS may earn additional compensation through such prime brokerage-related services it provides such as extending margin loans to clients. When a client has a margin account with JPMS, JPMS, as permitted by federal law, may use certain securities in the client's account for, among other things, settling short sales and lending securities for short sales. JPMS will generally be compensated in connection with these transactions. JPMS may receive additional compensation separate and distinct from interest and fees paid by the client on margin debit balances held by the client in any account. JPMS does not receive transaction-based compensation on margin loans. However, JPMS has a financial incentive for the client to incur margin debt to buy securities in the client's account because the client will be required to pay interest and fees on the debt, and they have a further financial incentive for the client's margin debit balance.

#### **Principal Trading and Agency Cross Transactions Compensation**

When permitted by applicable federal law, JPMS may sell securities to you and buy securities from you through our own account as principal and act as agent for you and another client in the same trade without first obtaining your consent. The trading capacity is disclosed to you on the trade confirmation. When we or an affiliate act as principal in buying a security from or selling a security to a client, we earn compensation on the transaction by marking up the price of the security sold to the client and marking down the amount received by the client when selling a security to us. This spread is the firm's compensation for taking market risk and making a market in the security.

We have adopted policies and procedures that govern transactions for our principal accounts and the accounts of our employees. These policies and procedures are designed to prevent, among other things, improper or abusive conduct when there is a potential conflict with interests of clients.

JPMS also has the authority to effect “agency cross” transactions (i.e., transactions for which JPMS or one of its affiliates acts as a broker for both the account and the counterparty to the transaction) when permitted by applicable federal law. JPMS or its affiliates may receive compensation from each party to the transaction, and for that reason, we will have a potentially conflicting division of loyalties and responsibilities regarding the parties to the transaction.

#### Order flow, ECNs, Trading Systems Payments

JPMS may receive payment for order flow in the form of discounts, rebates, reductions of fees or credits. This does not alter JPMS’s policy to route client orders to the market where it believes clients will receive the best execution, taking into account price, reliability, market depth, quality of service, speed and efficiency.

In addition, JPMS may effect trades on behalf of your account(s) through exchanges, electronic communications networks, alternative trading systems and similar execution systems and trading venues (collectively, “Trading Systems”), including Trading Systems in which J.P. Morgan may have a direct or indirect ownership interest. J.P. Morgan may receive indirect proportionate compensation based on its ownership percentage in relation to the transaction fees charged by such Trading Systems in which it has an ownership interest. Please contact your J.P. Morgan representative to request an up-to-date list of all Trading Systems through which we might trade. Such Trading Systems (and the extent of our ownership interest in any Trading System) may change from time to time.

## Part Two: Investment Banking Services

### 1. Introduction

Our investment banking services include (i) our serving as an initial purchaser, placement agent or broker in connection with the private placement of securities made in reliance on Rule 144A of the Securities Act, Regulation D of the Securities Act or Section 4(a)(2) of the Securities Act, among other exemptions from SEC registration, (ii) our serving as underwriter in connection with securities offerings that are registered with the SEC, and (iii) our providing Merger & Acquisition (“M&A”) advisory services, each described in the following sections.

### 2. Scope of Services

#### A. Underwriting and Private Placements

We offer a wide range of capital markets services, from origination to structuring, executing and syndicating securities offerings for corporate, financial sponsor and sovereign clients globally. Our underwriting activities include initial public offerings, follow-on equity offerings, convertible and exchangeable securities offerings and bond offerings and these securities may be offered and sold in registered public offerings or private placements.

#### **Fees:**

In connection with securities offerings, our fees are negotiated on a transaction-by-transaction basis, taking into account a variety of factors including, but not limited to, the size and complexity of the particular transaction, the risk involved, and fees charged in comparable transactions. We are paid by the issuer, financial sponsor or selling shareholder. Fees are often based on a percentage of proceeds as consideration for the transaction.

In our role as underwriter or initial purchaser in connection with securities offerings, we typically receive our compensation in the form of discounts and commissions paid by the seller and/or issuer with respect to the securities we sell, which are described in the offering document related to the securities offering. For this reason, you should refer to the documentation relating to your transaction with JPMS to learn more about the fees and expenses associated with your specific transaction. When we act as placement agent in a private placement we receive a placement agent fee from the seller and/or issuer that is described in the private placement engagement letter provided to the seller and/or issuer.

**Restrictions/Limitations:**

Since our clients are principally institutional clients, the range of products we offer to retail investors is limited. For example, when we act as placement agent in connection with offerings of securities by issuers made in reliance on Rule 144A of the Securities Act, Section 4(a)(2) under the Securities Act or Regulation D of the Securities Act, you may not be able to participate in these transactions if you do not qualify as a qualified institutional buyer (as defined under Rule 144A), or an accredited investor (as defined under Rule 501 of the Securities Act) as applicable. You may also be restricted from participating in certain offerings in which we participate as an underwriter or placement agent, including initial public offerings, pursuant to applicable law, including FINRA Rule 5130, Restrictions on the Purchase and Sale of Initial Equity Public Offerings and FINRA Rule 5131, New Issue Allocations and Distributions.

We may have a limited mandate to sell specific securities for cash.

Further, our mandate may be limited by the terms of our engagement letter with the seller or issuer to the offer of a specified amount and type of security that the seller or issuer wants to sell or issue.

**Risks and other relevant information:**

Securities transactions in which we participate are subject to various market, liquidity, currency, economic, geographic and political risks and are not necessarily profitable. You should be prepared to assume the risks of any securities transactions in which you participate.

When we participate as underwriter, initial purchaser or placement agent (or a similar capacity) in connection with securities offerings on behalf of an issuer, financial sponsor or selling securityholder, we do not serve as your agent, fiduciary, financial advisor, or in any other similar capacity on your behalf, unless otherwise expressly agreed in the related transaction documentation or required by law or regulation. The capacity in which we act will be defined by the scope, nature, and context of any services that are being provided and as set forth in the related documentation with the seller and/or issuer. Unless otherwise specifically agreed, we understand that you will independently handle your purchases and sales of securities and consult with your own legal, financial, regulatory and tax advisors to the extent you deem appropriate. In addition, we do not provide an on-going monitoring service or monitor your account; you are expected to monitor your own activity and your own positions.

Private placement securities are generally not registered under the Securities Act or any other applicable securities laws, and unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to any exemption therefrom or in a transaction not subject thereto. Private placement securities may be highly illiquid, and are suitable for eligible, long-term investors who are willing to forego liquidity and put capital at risk for what may be an indefinite period of time. You could lose all or a substantial amount of your investment, and you must have the ability to bear the economic risks of such investment and can afford the complete loss of such investment. Investors in private placements for which we act as placement agent to the seller must agree to consult with their own advisors concerning such investment and to be responsible for making their own independent investigation and appraisal of the issuer and the investment and to conduct their own diligence of the transaction, and JPMS does not undertake any responsibility or liability to the investor with respect thereto.

Underwritten offerings involve sales of securities to the public, often in sizable distributions, which may be at a substantial discount to the prevailing market price, if any, and involve underwriting discounts and commissions to compensate the underwriters for the risk of agreeing to purchase or place the securities. In IPOs, where there is no prevailing market price, the managing underwriters typically assist with price discovery by evaluating comparable transactions and engaging in price talk with investors, and the perspective they share with the issuer or sponsor on price is designed to help effectuate a successful offering and, if possible, foster a robust public trading market in the aftermath of the IPO, and as such the IPO price reflects considerations other than obtaining the highest price possible for the offering. Issuers that conduct underwritten offerings usually request that shareholders sign lock-up letters (restricting public sales for a period of time) for securities that are not sold in the underwritten offering. Investors who sell in underwritten offerings are usually required to provide basic information about their identity and holdings, and that information is usually required to be published in the prospectus relating to the offering.

**Resource(s) to obtain additional information:**

Please refer to the documentation relating to your transaction with us, including any offering documentation, for additional disclosures

**B. Mergers & Acquisitions Advisory Services**

**Description:**

We offer financial advisory services to corporations, institutions, shareholders and other parties in connection with a full range of M&A transactions and potential M&A transactions, including mergers, sales, acquisitions, leveraged buyouts, joint ventures, takeover defenses, spin-offs, divestitures and other restructurings or preparation relating to the foregoing. On any particular engagement, we may provide advice on valuation, including fairness opinions, transaction structures, deal tactics, negotiations and shareholder relations, among other services, as well as provide assistance with respect to obtaining comprehensive financing through our debt and equity issuance platforms, or affiliated bank lending entities, often in conjunction with our Corporate Finance Advisory professionals.

**Fees:**

Fees are negotiated on a transaction-by-transaction basis, taking into account a variety of factors including, but not limited to, the size and complexity of the particular transaction. Fees are often incentive-based, contingent on consummation of the transaction, and calculated based on a percentage of the transaction price. In other instances, we may receive fixed fees, which may also be contingent on consummation of the transaction, or which may be payable regardless of the outcome, such as in connection with the delivery of valuation advice. You should refer to the documentation relating to your engagement of JPMS to learn more about the fees and expenses associated with your specific transaction.

**Restrictions/Limitations:**

Your ability to participate in a particular transaction may depend on the nature and structure of the proposed transaction. In the event you have engaged JPMS to provide a fairness opinion, pursuant to FINRA Rule 5150, JPMS has written procedures for approval of such opinion, including relating to required disclosures in the event we are aware the opinion will be provided to your public shareholders, if applicable.

Our mandate may be limited by the terms of our engagement letter with the seller to advising on the sale of a particular amount and type of security that the seller wants to sell.

**Risks and other relevant information:**

All investments involve risk, the degree of which varies significantly. Investment performance cannot be guaranteed and will fluctuate due to market conditions and other factors. There is no guarantee that you will meet your investment or other goals, or that the proposed transactions will result in performance as anticipated. You are solely responsible for diligence relating to the transaction in which you are participating.

**Resource(s) to obtain additional information:**

Please refer to the engagement letter governing our advisory services and relationship, among other documentation, if applicable, for additional disclosures.

**3. Investment Banking Services Compensation and Potential Conflicts**

JPMS earns compensation in various ways which you should be aware of so you can better evaluate the services you receive from your J.P. Morgan team and the firm. JPMS earns revenue from our clients, from our affiliates, and, for some products and services, from third parties, including product vendors, underwriters, and investment managers whose products and services are purchased by clients. We also receive compensation as a result of intercompany profit-sharing and servicing agreements.

The way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the services we provide you. Here are some examples to help you understand what this means.



In securities transactions in which you may participate, we are paid discounts, commissions or agent fees by and may receive expense reimbursement from the issuer, sponsor or selling stockholder, whose interests may diverge from yours. Our purchase price for the securities may also reflect a discount to the prevailing market price and we may earn additional compensation by selling the securities at a higher price. We or our affiliates may receive proceeds raised in some offerings, including, for example, to repay a loan to the issuer or another selling securityholder by us or one of our affiliates. We or any of our affiliates may also have an ownership interest in the issuer or selling securityholder. In addition, in certain securities offerings we may be granted an option to purchase additional securities by the issuer or the selling stockholder(s). If we exercise this option we will receive the same discounts, commissions or agent fees, and the same expense reimbursement, as we would receive for the initial securities sold. We may also profit from trading activities associated with or related to the option to purchase such additional securities or any permitted stabilizing activity. Any such conflicts that may occur in connection with our participation in offerings that are registered with the SEC will be managed in accordance with FINRA Rule 5110, Underwriting Terms and Arrangements, and FINRA Rule 5121, Conflicts of Interest.

Additionally, JPMS may receive certain non-cash compensation under limited circumstances. The J.P. Morgan Code of Conduct and other gift-related policies generally prohibit acceptance of any gifts, entertainment, or other non-monetary compensation in connection with the services we provide to any particular client, or in return for any business of the firm. Exceptions may be made for certain nominal non-cash gifts to JPMS employees of less than \$100 meeting certain criteria (e.g. birthday or holiday gift), including potentially from third-party service providers. J.P. Morgan policies set conditions for each of these types of payments, and do not permit any gifts or entertainment unless it is clear that the gift-giving person is not trying to influence or reward the JPMS employee inappropriately in connection with any business decision or transaction and the gift is unsolicited.

JPMS maintains multiple client relationships across industries and regions and across different product groups, and has, and is required to maintain, conflicts procedures that are designed to identify, manage and monitor, as well as to analyze, avoid or mitigate potential conflicts of interest that may arise as a result of our multiple relationships with clients around the world who may have competing interests in respect of a particular transaction, including the imposition of walls and information barriers between product groups and, when appropriate, between deal teams in the same product group, as applicable. As such, JPMS has in place policies and procedures which are designed (i) to prevent disclosure of confidential client information outside the firm, (ii) to prevent confidential client information from being used for the benefit of other JPMS clients, and (iii) to identify and manage potential conflicts of interest. These policies also expressly prohibit disclosure of confidential client information outside the firm.

In the ordinary course of J.P. Morgan's trading, brokerage, asset management, and financing activities, J.P. Morgan may at any time hold a broad array of investments, including long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities (or related derivative securities), loans or other financial instruments of any counterparty to a transaction, any client in respect of a transaction or any other entity with interests with respect to a transaction. J.P. Morgan may also have lending relationships and may hedge its credit exposure consistent with its customary risk management policies.

J.P. Morgan may have and may in the future have investment and commercial banking, trust and other relationships with parties other than the client, which parties may have interests with respect to client, its subsidiaries or affiliates (the "Company Group"), a counterparty to a transaction or a transaction. In particular, J.P. Morgan may provide financing to potential counterparties in certain circumstances with respect to a transaction notwithstanding its role as financial advisor or placement agent to a client with respect to a transaction and/or for the purchase of the securities being sold to a purchaser. If any such financing transaction is successful, we or our affiliates may receive additional compensation related to providing such financing.

Although J.P. Morgan in the course of its other relationships described above may acquire information about the Company Group, a transaction, a counterparty to a transaction or such other parties, J.P. Morgan shall have no obligation to disclose such information, or the fact that J.P. Morgan is in possession of such information, to the client or to use such information on the client's behalf. Furthermore J.P. Morgan may have fiduciary or other relationships whereby J.P. Morgan may exercise voting power over securities of various persons, which securities may from time to time include securities of the Company Group, a counterparty to a transaction, or others with interests with respect to a transaction.

J.P. Morgan in its principal capacity, or portfolio companies in which J.P. Morgan has investments, or certain investment funds managed or advised by J.P. Morgan may have investments or passive, non-controlling minority equity investments in one or more potential counterparties to a transaction. J.P. Morgan may also be party to certain hedging arrangements, be a creditor of, have fiduciary and/or proprietary holdings in, have employees that hold director positions on the boards of and/or have other relationships with the client or a counterparty to a transaction. The interests of J.P. Morgan in such capacities may differ from those of the client with respect to the timing, pricing and terms and conditions of a transaction and otherwise and J.P. Morgan in such capacities may take a position with respect to a transaction that is different from and/or adverse to the client.

Please refer to the documentation relating to your transaction with us, including any engagement letter governing our advisory services and relationship, among other documentation, if applicable and/or any offering documentation, for additional information and specific disclosures with respect to conflicts of interest in connection with the transaction or the services we provide you.

**At J.P. Morgan, we believe in doing first class business in a first class way. We are thankful for each and every one of our clients and appreciate your time and consideration. For additional information on any J.P. Morgan product or service, please visit our website, <https://www.jpmorgan.com/>.**