

## Central Securities Depositories Regulation (CSDR), Article 38(5) and Article 38(6) Costs Disclosure Document:

### J.P. Morgan Securities plc and J.P. Morgan Securities LLC

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#### Introduction

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Pursuant to Article 38(5) of the Central Securities Depositories Regulation (“**CSDR**”), Section 16 of The Central Securities Depositories (Amendment) (EU Exit) Regulations 2018 (in relation to CSDs in the United Kingdom) and Article 73 of the Swiss Financial Market Infrastructure Act (“**FMIA**”), J.P. Morgan Securities plc (“**JPMS plc**”) and J.P. Morgan Securities LLC (“**JPMS LLC**”) are required to offer their clients the choice between omnibus client segregation in an Omnibus Client Segregated Account (“**OSA**”) and individual client segregation in an Individual Client Segregated Account (**ISA**) at each Central Securities Depository (“**CSD**”) in the European Economic Area (“**EEA**”), the United Kingdom and Switzerland, in which JP Morgan is a direct participant.

Pursuant to Article 38(6) of CSDR, each JP Morgan entity that is a direct participant of a CSD in the EEA is required to publicly disclose the costs associated with OSAs and ISAs.

Further information on OSAs and ISAs and the protections conferred are set out here:

[J.P. Morgan Securities plc](#)

[J.P. Morgan Securities LLC](#)

(each J.P. Morgan entity set out above shall together be referred to as “**JPMorgan**”)

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#### Background

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In our own books and records, we record each client’s individual entitlement to securities that we hold for that client in a separate client account. We also open accounts with CSDs in our own (or in our nominee’s or a nominee of our affiliate’s) name in which we hold clients’ securities. We currently make two types of accounts with CSDs available to clients: Individual Client Segregated Accounts (ISAs) and Omnibus Client Segregated Accounts (OSAs).

An ISA is used to hold the securities of a single client and therefore the client’s securities are held separately from the securities of other clients and our own proprietary securities.

An OSA is used to hold the securities of a number of clients on a collective basis. However, we do not hold our own proprietary securities in OSAs.

## Costs Information

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This section provides indicative information with respect to JPMorgan's anticipated charging structure for setting up and maintaining an OSA and ISA at a CSD.

Aggregate costs would be determined by several different factors, including whether the account is an OSA or ISA, the number of relevant accounts required and related set-up and maintenance costs.

As a general matter, should you elect an ISA structure, costs are likely to be higher than if you elect an OSA structure. This is due to the increased operational and maintenance costs associated with that structure, along with the fact that multiple such accounts would be required than would be required under an OSA structure.

**This Cost Disclosure is intended to provide an indication of the relative costs of maintaining an OSA and ISA structure respectively. This disclosure does not purport to contain all the information you would need to decide which type of account it should choose in a relevant CSD. It is your responsibility to review and conduct your own due diligence and review all applicable legal documentation, laws, regulations and rules provided to you by us or a third party.**

Detailed discussion of costs should be raised with your usual JPMorgan contact.

### 1. COSTS FOR OSAs and ISAs.

#### (a) Set up and maintenance fees

OSAs form part of the existing account structure which we currently offer at CSDs and therefore we would not expect our account opening and ongoing maintenance fees to differ significantly from existing levels.

Where JP Morgan provides a standard client with an ISA, JPM may apply the following charges:

- A set-up fee to each client account at each CSD.
- A periodic charge to open a new individual account or convert an existing account to the individual account structure.
- A fixed periodic account maintenance fee charged per account.

Any account maintenance charge applied by the CSD may be passed through and charged to the client for both OSAs and ISAs.

Clients should note that if it settles securities at more than one CSD and selects an ISA at each CSD, the fees set out above will apply separately to each account.

Overdraft interest fees may also be applied if applicable.

#### (b) Third party fees and JPMorgan fees

In addition to JP Morgan's fees, JP Morgan may require clients to pay third party fees incurred in relation to the CSD holding the clients' securities. Such third party fees will generally include central securities depository fees (including fees imposed by CSDs for holding non-cash collateral), regulatory levies, taxes or other charges or costs that may be imposed on the CSD or on any third party broker, third party vendor, regulator or tax authority.

## **(c) Charges associated with enhancements to the delivery of services**

In determining whether to apply a premium to the standard fees for an OSA or an ISA, the application of the criteria listed below may be relevant:

- Bespoke or enhanced technological or operational support
- Complex account structure or high volume of accounts
- Extensive or high level of oversight required to support the client
- Additional services arising from non-standard products or portfolio types
- Activity on markets where there are specific barriers to entry or extensive regulatory requirements
- Activity on markets where the client or JP Morgan does not have economies of scale

Where one or more of such criteria apply, JP Morgan may apply a premium to the standard fees set out in this document.

## **(d) Minimum Account Activity fees**

JP Morgan may require clients to maintain a level of activity to sustain the ongoing costs arising from the maintenance of live accounts.

## **(e) Negative Interest Rates**

Clients should be aware that in certain market conditions and in relation to certain currencies, CSDRs may pay negative interest on cash collateral posted at the CSDR. As such an additional charge may be incurred to pass on the costs incurred, particularly in stressed markets or in relation to certain currencies.

All charges are subject to periodic and ongoing review and change by us and the relevant CSD.

Fees charged by JP Morgan are not inclusive of out-of-pocket expenses, registration fees, stamp duty, legal fees, travel expenses and usual disbursements together with VAT or GST, if applicable.

This Costs Disclosure Document was updated on July [ ] 2020

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