J.P.Morgan WEALTH MANAGEMENT

Margin Overview

What is margin?

Buying on margin refers to the purchase of an asset in which the buyer only pays a percentage of the asset's value and borrows the rest from a bank or broker-dealer. The broker acts as a lender, using the value of the purchased security as collateral to support the loan balance.

Please see disclosures for important information regarding risks associated with buying on margin.

Does J.P. Morgan offer margin?

Margin is only available for nonqualified accounts and for certain entity accounts (e.g., trusts, LLCs, corporations) where the formation documents state that margin is allowed. For a complete list of eligible account types, please reach out to your investment professional. Margin accounts are only available through J.P. Morgan Securities Company LLC.

What are the steps to add margin to an account?

To add margin to your self-directed brokerage account, send your request to onlinebrokerage@firstrepublic.com and include your account number.

If your account was opened in the last six months, margin can be added on the same day if the account meets the stated minimum and the investment's objectives, and if the documentation is in good order.

If your account was opened more than six months ago, you will receive a margin agreement form to complete via DocuSign. Upon receipt of the signed form, the request will be processed within two to three business days.

What are the current rates offered by J.P. Morgan?

Our current rates[1] can be found on our website. Please note that these rates are subject to change at any time.

What are the margin maintenance guidelines for my account?

Maintenance margin is the minimum equity an investor must hold in the margin account after the purchase has been made and may vary based on the type of security, market price, concentration of the position,[2] and other factors such as market news and volatility. The standard maintenance requirements are noted below but can vary based on your individual holdings. If you are unsure of your specific requirements, please reach out to your Client Service team for additional information.

Stocks Listed on a National Stock Exchange — The greater of 30% of the market value or $3 per share.

Exchange-Traded Funds Leveraged Two Times — The greater of 60% of the market value or $3 per share.

Mutual Funds and UITs — The greater of 30% of the market value or $3 per share.

Options — Options are generally not available to margin. Reach out to your Client Service team for details.

Fixed Income Securities — Reach out to your Client Service team for details.

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[1] Rates are updated only when the Fed fund increases or decreases.

[2] Pershing systematically identifies concentrated positions and applies higher margin maintenance requirements.

How much can I borrow against the positions in my account?

Under Regulation T, an investor may borrow up to 50% of the purchase price of marginable equity, ETFs and mutual funds, with the remaining balance paid in cash. Fixed income securities may be entitled to a higher release. J.P. Morgan has the right to reduce the amount you can borrow on a security-by-security basis. If you have questions on a specific security, please reach out to your Relationship Manager for further review.

What is a house call?

When the equity value of the account drops below the maintenance requirement noted above, the account will be issued a house call. A house call is a demand by a brokerage firm that an account holder deposit enough cash to cover the equity shortfall below the account's needed requirement. This typically follows losses in the investments bought on margin.

Typically, a client will have four days from issuance to satisfy a house call. The house call can be satisfied through the deposit of cash into the account greater than or equal to the amount of the call issued or through the liquidation of securities in the account. Since the account is in a house call, the total sales would need to be a minimum of three times the amount of the call and may need to be greater based on the maintenance requirements for the underlying securities. To ensure the call has been satisfied, all deposits or liquidations should occur by 2:00 p.m. ET on the due date.

If you are unsure of your specific requirements, please reach out to your Client Service team for additional information.

A failure to meet the house call by the due date may result in a sellout of the account by J.P. Morgan Securities LLC to cover the call.

What is an exchange call?

When the equity value of the account drops below the 25% exchange requirement, the account will be issued an exchange call. An exchange call is a demand by a brokerage firm that an account holder deposit enough cash to cover the regulatory equity requirement. This typically follows losses in the investments bought on margin.

Typically, a client will have one day to satisfy an exchange call — and if the exchange call is past due, the account may be sold out to resolve the past-due call requirement. The exchange call can be satisfied through the deposit of cash into the account greater than or equal to the amount of the call or through the liquidation of securities in the account to cover the ENTIRE CALL AMOUNT. To ensure the call has been satisfied, all deposits or liquidations should occur by 2:00 p.m. ET on the due date.

Since the account is in an exchange call, the total sales would need to be a minimum of four times the amount of the call and may need to be greater based on the maintenance requirements for the underlying securities.

If you are unsure of your specific requirements, please reach out to your Client Service team for additional information.

If the exchange call is past due, the total value of the call is due in full immediately and may be for an amount greater than the original call amount based on current market conditions.

A failure to meet the exchange call by the due date may result in a sellout of the account by J.P. Morgan Securities LLC to cover the call.

What is the role of appreciation in a margin call?

A client may attempt to wait to cover the call expecting that the account may appreciate enough to cover the call. A client should note that this is a risky approach, as the account must be entirely appreciated out of the call at the close of business the night before the due date. Intraday market appreciation may give the appearance that the call has been satisfied, but clients should note that the valuation of the account is based on the market prices at the close. Failure to cover the call timely may result in the account being sold out.

How does trading work while in a house call?

Clients wishing to buy securities are required to deposit funds to cover the call in full prior to being allowed to enter a buy trade. If the client is looking to satisfy the call through the liquidation of securities, the call must be satisfied in full prior to entering the buy trade. A client should also be aware that purchases are limited to one's current buying power, and any intraday appreciation will not be considered. Exchange and house calls still open on the due date are restricted to liquidating orders only.

What happens if I do not satisfy a margin call? Does J.P. Morgan Securities LLC sell out my position?

If the margin call has not been satisfied by the due date, J.P. Morgan Securities LLC may initiate the sale of securities to cover the remaining call amount. The sale of securities will be supported by the J.P. Morgan Securities Agency Trading desk and will be executed using the last-in/first-out (LIFO) method. Standard commission charges may apply.

Is there risk involved with trading on margin?

Investing in any security may involve risk. Before trading on margin, we recommend that you educate yourself on the potential benefits and risks of using margin so that you can make the appropriate decision based on your investing goals and risk tolerance.

Margin Disclosure Statement

Your brokerage firm is furnishing this document to you to provide some basic facts about purchasing securities on margin, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review the margin agreement provided by your firm. Consult your firm regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your brokerage firm. If you choose to borrow funds from your firm, you will open a margin account with the firm. The securities purchased are the firm's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the firm can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with the member, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

- **You can lose more funds than you deposit in the margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities or assets in your account(s).
- **The firm can force the sale of securities or other assets in your account(s).** If the equity in your account falls below the maintenance margin requirements, or the firm's higher "house" requirements, the firm can sell the securities or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any short fall in the account after such a sale.
- **The firm can sell your securities or other assets without contacting you.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.
- **You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, the firm has the right to decide which security to sell in order to protect its interests.
- **The firm can increase its "house" maintenance margin requirements at any time and is not required to provide you advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause the member to liquidate or sell securities in your account(s).
- **You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

If you choose to borrow funds from Pershing, you will need to open a margin account with Pershing through your financial organization. The securities purchased are used as collateral for the loan that was made to you or any other indebtedness arising after the initial transaction. If the securities in your brokerage account decline in value, so does the value of the collateral supporting your loan. As a result, your financial organization or Pershing can take action. For instance, your financial organization or Pershing can issue a margin call and/or sell securities or liquidate other assets in any of your brokerage accounts held with your financial organization or Pershing in order to maintain the required equity in the margin account.

A decline in the value of securities that are purchased on margin may require you to provide additional funds to Pershing to avoid the forced sale of those securities or other securities or assets in your account(s).

J.P. Morgan Wealth Management is a business of JPMorgan Chase & Co., which offers investment products and services through J.P. Morgan Securities LLC (JPMS), a registered broker-dealer and investment adviser, Member FINRA and SIPC. Certain advisory products may be offered through J.P. Morgan Private Wealth Advisors LLC (JPMPWA), a registered investment adviser. Trust and Fiduciary services including custody are offered through JPMorgan Chase Bank, N.A. (JPMCB) and affiliated trust companies. Insurance products are made available through Chase Insurance Agency, Inc. (CIA), a licensed insurance agency, doing business as Chase Insurance Agency Services, Inc. in Florida. JPMS, CIA, JPMPWA and JPMCB are affiliated companies under the common control of JPMorgan Chase & Co.

INVESTMENT AND INSURANCE PRODUCTS ARE:

- **NOT FDIC INSURED**
- **NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY**
- **NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, JPMORGAN CHASE BANK, N.A. OR ANY OF ITS AFFILIATES**
- **SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED**