

**CONFLICTS OF INTEREST DISCLOSURE STATEMENT**

# Conflicts of Interest Disclosure Statement

## 1. Introduction

This document sets out key Conflicts management information in the [Conflicts of Interest Policy – Firmwide](#) and a high-level description of certain related Conflicts management arrangements for JP Morgan SE<sup>1</sup> and its EEA and UK branches, J.P. Morgan Europe Limited, JPMorgan Chase Bank N.A. and its UK and EEA branches, J.P. Morgan Securities PLC and its EEA branches, J.P. Morgan Mansart Management Limited, J.P. Morgan Dublin Plc, and J.P. Morgan Markets Limited (together **J.P. Morgan, the Firm, we or us**). This document also sets out examples of circumstances where Conflicts of Interest could arise in the context of carrying out Investment Services and Activities (defined below).

JP Morgan is required to maintain and operate effective organisational and administrative arrangements in order to prevent actual, potential or perceived conflicts of interest (**Conflicts of Interest or Conflicts**) from adversely affecting the interests of the Firm's clients.

The Firm has put controls, policies and procedures in place to identify, prevent or manage Conflicts of Interest between the Firm or a workforce member and the Firm's clients, as well as between one client and another that arise as a result of the Firm providing regulated activities and services including investment services and activities and ancillary services; (i) in the EEA under the Markets in Financial Instruments Directive 2014/65/EC of the European Parliament and of the Council and (ii) in the United Kingdom under the Markets in Financial Instruments Directive 2014/65/EC of the European Parliament and of the Council as it forms part of 'retained EU law' as defined in the European Union (Withdrawal) Act 2018 (as amended from time to time) (together **Investment Services and Activities**).<sup>2</sup>

## 2. Our Policy

Our internal control framework is designed to help ensure that the Firm:

- identifies circumstances in relation to the carrying out of Investment Services and Activities which do, or may give rise to, Conflicts of Interest; and
- establishes appropriate procedures and measures in order to prevent or manage such Conflicts, including where disclosure of the conflict is required.

## 3. Conflicts of Interest

Circumstances where Conflicts of Interest could arise in the course of the Firm carrying out Investment Services and Activities include, but are not limited to, the following:

- where the Firm has provided corporate finance advice to one corporate client that subsequently becomes the target of a bid and the Firm seeks to act for the bidder;
- where the Firm is providing advice to a corporate client in relation to a securities offering and is advising other clients as to the advantages and disadvantages of investing in that security;
- where the Firm is providing advice to a corporate client in relation to a securities offering, the proceeds from which are intended to repay the Firm's loan to the client;

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<sup>1</sup> J.P. Morgan SE is the resulting entity from a merger of J.P. Morgan AG, J.P. Morgan Bank Luxembourg S.A. and J.P. Morgan Bank (Ireland) Public Limited Company in January 2022.

<sup>2</sup> The Firm may be subject to other regulatory (including local) obligations in respect of the identification, prevention or management of Conflicts of Interest.

- where the Firm, acting on a client's behalf, engages with affiliates or related parties;
- where the Firm has a holding in, or is trading, dealing or market-making in, financial instruments purchased or sold by or for a client;
- where the Firm is sponsoring, underwriting, sub-underwriting, placing, purchasing, arranging, acting as stabilizing manager for, or otherwise participating in, the issue of financial instruments purchased or sold by or for a client;
- where the Firm is issuer of any financial instrument purchased or sold by or for a client or adviser or banker to, or who has any other business relationship with, the trustee, custodian, operator or manager of, or investment adviser to any form of collective investment scheme in which interests are purchased or sold for a client;
- where the Firm provides advisory and financing services to one client in respect of a transaction and seeks to provide financing services to another client (or clients) in respect of the same transaction;
- where the Firm is acting as a discretionary portfolio manager for more than one client or fund, in particular in respect of issues relating to allocation;
- where the Firm is providing research in relation to an issuer (or any of its affiliates) to which it also provides investment banking services;
- where a workforce member of the Firm engages in personal account dealing in respect of financial instruments and the Firm has a client with an interest that potentially conflicts with such dealing;
- where a workforce member of the Firm serves as a director, advisory board member or in some other oversight capacity for a public or private company that the Firm is advising;
- where the Firm receives financial benefit, in the form of either direct or indirect compensation, from a third party and/or supplier for an agreed arrangement (for example, obtaining services, outsourcing services, directing trading to exchanges) which could affect the Firm's exercise of its best judgment, and therefore potentially may not be in the client's best interest.

#### **4. Prevention or Management of Conflicts**

Specific measures for preventing or managing Conflicts include, but are not limited to:

##### **4.1 Information Barriers**

The Firm has established internal controls (including physical, technological and electronic information barriers) to regulate and restrict the flow of confidential information between different legal entities and also within the different business areas within the same legal entity.

These arrangements are designed to prevent the exchange or misuse of confidential information including client and material non-public information. The Firm's Control Room assists with the monitoring of information barriers and maintains watch and restricted lists.

##### **4.2 Separation of Job Functions**

If a business with two or more job functions/responsibilities within a line of business would lead to Conflicts, the line of business must institute appropriate controls to manage and, where possible, prevent the possible Conflicts. Controls may include splitting the job functions/responsibilities into

separately-managed businesses, having the job functions/responsibilities managed by different senior members of staff, or providing appropriate training of senior staff and the job functions'/responsibilities' workforce members in managing Conflicts.

#### **4.3 Compensation**

The Firm's governance and management structure delineates responsibility and accountability for incentive compensation arrangements so that such arrangements are designed to appropriately consider Conflicts as a component of conduct risk management, including to incentivize workforce members to act in a manner that builds long-term, sustainable client relationships and does not incentivize behavior that would create a conflict between themselves and the Firm or clients.

#### **4.4 Gifts and Entertainment**

The exchange of gifts, entertainment or inducements has the potential to create Conflicts of Interest. The Firm's workforce members must not solicit or provide gifts, entertainment or other inducements directly or indirectly to/from anyone which would impair the Firm's duty to act in the best interest of its clients.

The Firm's workforce members must comply with the Firm's inducements policies when considering whether to pay or receive any fee or commission, or provide or be provided with any non-monetary benefit, in connection with the carrying out of Investment Services and Activities to or by a client.

#### **4.5 Inducements**

In order to prevent any Conflict of Interest, the Firm has controls in place ensuring that it only provides or accepts inducements that (i) are designed to enhance the quality of the relevant service to the client and (ii) do not impair compliance with the duty to act honestly, fairly and professionally in accordance with the best interest of its clients. Where the Firm provides portfolio management services, only certain acceptable minor non-monetary benefits are permitted.

Where such inducement is research received or provided in the course of providing investment services or UCITS management services, the Firm must ensure that it is received in return for a payment where required by relevant regulations.

#### **4.6 Personal Account Dealing and Outside Activities**

Workforce members must disclose their personal trading accounts, pre-clear personal trades, only engage in approved investment strategies and maintain their accounts with approved brokers (where applicable). In addition, in-scope workforce members are required to pre-clear certain outside activities and second jobs which are then vetted to ensure that the second job does not give rise to a Conflict of Interest with their responsibilities at the Firm.

#### **4.7 Allocation of New Issues**

The Firm's allocation policy addresses the various Conflicts of Interest that can arise during the management and distribution of a securities offering on behalf of an issuer. Amongst other things, the policy prohibits allocations:

- to incentivise the payment of disproportionately high fees, or commissions by an investment client as compensation for receiving an allocation of the issue (so-called 'laddering');
- to an executive officer or director of a client as consideration for future or past corporate finance business (so-called 'spinning');

- based on the amount of trading, commission or other income received or expected by the Firm from business with a particular investor.

#### **4.8 Execution/Client Order Handling**

Clients' interests are protected by the Firm's dealing policies, which detail how the Firm will execute and treat your order. The Firm prohibits the Firm's traders from front-running client orders and stipulates that client orders must take priority over certain other trading. When the Firm is aggregating a client order or an own account transaction with another client order and allocating the related trades, the Firm must ensure that each client is treated fairly. Please refer to the Firm's [Execution Policy](#).

#### **4.9 Independence of Research**

The Firm has implemented various measures, including but not limited to: putting in place information barriers to restrict the flow of information between the Research Department and other parts of the business, prohibiting Research workforce members from engaging in personal transactions in financial instruments where such transaction would constitute a conflict of interest with their production of research.

#### **4.10 Global Conflicts Office**

The Firm's Global Conflicts Office is an independent function with a global footprint and is responsible for the oversight of the Firm's identification and management of transactional Conflicts of Interest. The Global Conflicts Office partners closely with senior global and regional management alongside line of business (LOB) Legal and LOB Compliance to manage potential Conflict situations from both a transaction and a client relationship standpoint. Transactions reviewed by the Global Conflicts Office include corporate finance, merger & acquisition advisory assignments, acquisition financings, private placements or underwritten debt, equity offerings, banking financings, certain markets-related transactions and strategic acquisitions undertaken for the benefit of the Firm. The Global Conflict Office reviews information about proposed transactions together with information concerning other transactions or relationships within the Firm to determine if a Conflict exists. The Global Conflict Office then either approves (where no Conflicts exist), approves with conditions (where a Conflict can be appropriately managed with the imposition of additional controls) or rejects the transaction (where a disabling Conflict exists that cannot be managed). The Global Conflicts Office also oversees deal team staffing on specific transactions and, in consultation with LOB Legal and LOB Compliance, approves or rejects individuals as members of deal teams based on a review of other transactions they are currently or have previously been staffed on and their client relationships.

#### **4.11 New Business Initiative Approval**

The Firm has a New Business Initiative Approval program which consists of an approval and vetting process that is designed to ensure Conflicts related to new business initiatives are identified and addressed appropriately.

### **5. Disclosure**

Each line of business must adopt procedures and controls in order to ensure that, where arrangements to prevent or manage its Conflicts are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interest of the client will be prevented appropriate disclosure regarding that conflict is provided to the client before undertaking (or continuing to undertake) Investment Services and Activities on their behalf.

The Firm should not place an over-reliance on disclosure in order to manage Conflicts.

Disclosure of Conflicts to clients is permitted to be used only as a measure of last resort.

Where disclosure of the conflict to the client is both required and permitted, it must be made in a durable medium and take into account the nature of the client, so that the client can make an informed decision, and include the following:

- a description of the general nature or sources of Conflicts;
- a description of the Conflict that arises in the provision of the Investment Services and Activities;
- a description of the risks to the client that arise as a result of the Conflict and the steps taken to mitigate those risks; and
- a clear statement that the organizational and administrative arrangements established by the Firm to prevent or manage the Conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented.

## **6. Declining to Act**

If the Firm considers that the Conflict of Interest cannot be prevented or managed in any other way it may: decide to decline to act for a client, or no longer carry on a particular activity or offer a particular service.