

Disclosure on Pre-Hedging Activity for Australia

Pre-hedging is principal trading activity to partially or fully hedge a specific transaction with a client or counterparty prior to execution of the transaction. Where J.P. Morgan (“we”, “our” or “us”) receives, from a client or counterparty (“you”), an indicative interest in a potential transaction, request for a quote or order details (amongst other information), we may use such information to engage in pre-hedging with a view to facilitating your potential transaction or request. Any pre-hedging transactions may be executed before (including, but not limited to, immediately prior to) the pricing or consummation of any directly or indirectly related transactions between you and us, at a price that is different from, and more or less favourable than, the price at which we transact with you. We pre-hedge transactions across all asset classes (including, without limitation, fixed income, futures and equities) and product types (including, without limitation, cash and derivatives).

Whilst pre-hedging activity is not designed or intended to disadvantage you, such pre-hedging activity may **negatively** impact market price or liquidity, **adversely** affect your transaction with us or with others with whom you trade, and may result in profit, or loss, to us. We are under no obligation to pass on to you any profits derived from our pre-hedging activity.

This disclosure is not meant as a statement that we will engage or not engage in any pre-hedging activity or describe exactly how pre-hedging may impact any specific transaction or market. The impact of pre-hedging may vary from one transaction to the next or by type of transaction or transaction strategy.

For further information on any items set out in this Disclosure, please contact your J.P. Morgan Representative.