

Fair Practice Code for Lenders – JPMorgan Chase Bank, N.A., India

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1. Summary or Rationale

JPMorgan Chase Bank, N.A., India (“JPMCB India”) shall advance loans to non-individual borrowers. The only exception is for the Supply Chain Finance Program, through which JPMCB India extends credit facilities to sole proprietorships/partnerships also, on the basis of corporate guarantee from the sponsoring corporate.

This framework sets forth the business practices followed by JPMCB India in its dealings with borrowers.

2. Changes from previous version

- Addition of reference to RBI/2023-24/53 DoR.MCS.REC.28/01.01.001/2023-24 with respect to penal charges

3. Framework Statements

This framework is documenting the Fair Practice Code to be adhered to by JPMCB India for lending in accordance with the Guidelines on Fair Practice Code for lenders issued by RBI. It is, and shall be the framework of JPMCB India to carry out the business activities in a fair manner and in accordance with this framework.

4. Loan Requests

Applications for loans and their processing

1. All the loans advanced by JPMCB India must be based on bilateral negotiations and agreement with the Borrowers. Therefore, JPMCB India must request for such documents from the Borrower as may be deemed necessary so as to ensure a thorough and proper due diligence and credit appraisal of the Borrower as also completion of KYC and formalities in accordance with the KYC & AML policy of JPMCB India.
2. The facility advice letters or term sheet or other documents exchanged with the borrower should contain comprehensive information about the transaction.

Loan appraisal and terms/conditions

- JPMCB India must ensure proper assessment of loan proposals in accordance with JPMCB India's credit policies and procedures.
- After assessment of a loan proposal, JPMCB India must convey to the borrower the credit limit along with the terms and conditions thereof and keep the borrower's acceptance of these terms and conditions given with his full knowledge on record.
- Terms and conditions and other caveats governing credit facilities if arrived at after negotiation with the borrower must be reduced in writing and duly certified by the authorised official. A copy of the loan agreement along with a copy each of all enclosures (including information pertaining to penal charges) quoted in the loan agreement must be furnished to the borrower.
- The loan agreement should clearly stipulate credit facilities that are solely at the discretion of JPMCB India and that it does not have an obligation to meet further requirements of the borrower without appropriate credit assessments.
- In the case of consortium lending the procedure for appraisal, sanction or rejection will be done in consultation with the participating members..
- In case of rejection of loan applications received, JPMCB India shall convey in writing the main reasons for rejection of the loan application, within 30 working days from the date of receipt of required documents along with loan applications. In case of pending loan requests beyond 30 days, the same must be placed in the governance forums.

5. Approvals and Disbursements

Sanction and Disbursement of loans including changes in terms and conditions

- The sanction of loans must be communicated to the borrowers within a reasonable time.
- JPMCB India must ensure timely disbursement of loans sanctioned in conformity with the applicable terms and conditions governing such loans. JPMCB India must give reasonable notice of any change in terms and conditions including interest rate, service charges etc. JPMCB India must ensure that changes in interest rates and charges are only effected prospectively after due notice to the borrower. A suitable condition in this regard must be incorporated in the loan agreement.

- Decision to recall / accelerate payment or performance under the agreement must be with notice to the borrower in consonance with the terms and conditions of the loan agreement. However, if the JPMCB India has the right to accelerate payment or performance “on demand” (without any notice period) as per the loan agreement, JPMCB India must provide one day of notice to the borrower.
- JPMCB India must release all securities on repayment of all dues by the Borrower or on realisation of the outstanding amount of the loan within reasonable time subject to any legitimate right or lien for any other claim JPMCB India may have against borrower. If JPMCB India decides to exercise such right of set off, the borrower must be given notice of the same, with full particulars about the remaining claims and the conditions under which JPMCB India is entitled to retain the securities till the relevant claim is settled/paid.

6. General

- JPMCB India must refrain from interfering in the affairs of the borrower except in accordance with the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower, has come to its notice).
- In case of receipt of a request from the borrower for transfer of the loan account, the consent or otherwise i.e. objection of JPMCB India, if any, must be conveyed within 21 days from the date of receipt of such a request. Such transfer must be in accordance with contractual terms and in consonance with the law.
- In the matter of recovery of loans, JPMCB India must not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- Whenever reminders for non-compliance of material terms and conditions of loan are sent to borrowers, the applicable penal charges shall be communicated. Further, any instance of levy of penal charges and the reason therefor shall also be communicated.

7. Others

The compliance to the Fair practice Code must be subject to a periodic review and a report of such reviews must be submitted to the Managing Committee of JPMCB, India at regular intervals.

8. Grievances

JPMCB, India will adhere to the Grievance Redressal policy for any grievances raised against it.

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