

# J.P. Morgan Commodity Curve Index: Questions and Answers

(dated 2010, last updated as of December 2024)

*Capitalised terms used in this document and not defined herein shall have the respective meaning ascribed to each in the rules (the “Rules”) for the JPMorgan Commodity Curve Index (“JPMCCI”) which can be accessed on <http://www.jpmorgan.com/jpmcci>. JPMCCI is a family of indices. Used generically “Index” refers to any or all of the “Indices” as the context requires.*

*This Questions and Answers document has been modified as of December 2024 to account for recent updates to the Rules related to the change of Index Calculation Agent from GIRG to JPMS plc (each as defined below, see “Who is the Index Calculation Agent” below for further information), and subsequent dissolution of the JPMCCI Supervisory Committee and assumption of the role and responsibilities thereof to the Index Sponsor (each as defined below, see “Who determines which Commodity Futures are included in each Index?” below).*

## **IMPORTANT NOTICE**

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## What are the Indices?

The JPMorgan Commodity Curve Indices are a family of indices comprised of commodity futures. There are three versions (being the price return, excess return and total return (see “*What do Excess Return and Total Return mean?*” below)) of each of the Indices.

There are currently 36 single commodity indices, 6 sector indices and an aggregate index, which also exists in an energy light variation (see the table below). All these indices, including the Energy Light variation, exist in Ex-Front Month variations (see “*How do the JPMCCI Ex-Front Month Indices differ from their corresponding regular indices?*” below). The commodities included in each Index are represented by futures from across the relevant commodity curve with a range of maturities. The futures are weighted according to their “open interest” (see “*What does Open Interest mean?*” below). Each Index is, therefore, intended to be a benchmark that is representative of a diversified long-only investment across the spectrum of available futures on the commodity or commodities relevant to that index.

		Bloomberg Tickers for JPMCCI Index and JPMCCI Energy Light Index			Bloomberg Tickers for JPMCCI Index and JPMCCI Energy Light Index		
		Price Return Index	Excess Return Index	Total Return Index	Price Return Index	Excess Return Index	Total Return Index
	<b>Aggregate Energy Light</b>	JMCXPI	JMCXER	JMCXTR	JMCXEXPI	JMCXEXER	JMCXEXTR
		JMCXELPI	JMCXELER	JMCXELTR	JMCXXELP	JMCXXELE	JMCXXELT
Sector indices	<b>Energy</b>	JMCXENPI	JMCXENER	JMCXENTR	JMCXXENP	JMCXXENE	JMCXXENT
	<b>Industrial Metals</b>	JMCXIMPI	JMCXIMER	JMCXIMTR	JMCXXIMP	JMCXXIME	JMCXXIMT
	<b>Precious Metals</b>	JMCXPMPPI	JMCXPMER	JMCXPMTR	JMCXXPMP	JMCXXPME	JMCXXPMT
	<b>All Metals</b>	JMCXMEPI	JMCXMEER	JMCXMETR	JMCXXMEP	JMCXXMEE	JMCXXMET
	<b>Agriculture</b>	JMCXAGPI	JMCXAGER	JMCXAGTR	JMCXXAGP	JMCXXAGE	JMCXXAGT
	<b>Livestock</b>	JMCXLIPI	JMCXLIER	JMCXLITR	JMCXXLIP	JMCXXLIE	JMCXXLIT
Single commodity indices	<b>NYMEX Crude Oil</b>	JMCXCLPI	JMCXCLER	JMCXCLTR	JMCXXCLP	JMCXXCLE	JMCXXCLT
	<b>NYMEX Gasoline</b>	JMCXXBPI	JMCXXBER	JMCXXBTR	JMCXXXBP	JMCXXXBE	JMCXXXBT
	<b>NYMEX Heating Oil</b>	JMCXHOPI	JMCXHOER	JMCXHOTR	JMCXXHOP	JMCXXHOE	JMCXXHOT
	<b>NYMEX Natural Gas</b>	JMCXNGPI	JMCXNGER	JMCXNGTR	JMCXXNGP	JMCXXNGE	JMCXXNGT
	<b>ICE Brent Crude</b>	JMCXCOPI	JMCXCOER	JMCXCOTR	JMCXXCOP	JMCXXCOE	JMCXXCOT
	<b>ICE Gas Oil</b>	JMCXQSPI	JMCXQSER	JMCXQSTR	JMCXXQSP	JMCXXQSE	JMCXXQST
	<b>COMEX Gold</b>	JMCXGCPPI	JMCXGCER	JMCXGCTR	JMCXXGCP	JMCXXGCE	JMCXXGCT
	<b>COMEX Silver</b>	JMCXSIPI	JMCXSIER	JMCXSITR	JMCXXSIP	JMCXXSIE	JMCXXSIT
	<b>NYMEX Palladium</b>	JMCXPAPI	JMCXPAER	JMCXPATR	JMCXXPAP	JMCXXPAE	JMCXXPAT
	<b>NYMEX Platinum</b>	JMCXPLPI	JMCXPLER	JMCXPLTR	JMCXXPLP	JMCXXPLE	JMCXXPLT
	<b>LME Aluminum</b>	JMCXLAPI	JMCXLAER	JMCXLATR	JMCXXLAP	JMCXXLAE	JMCXXLAT
	<b>LME Copper</b>	JMCXLPPPI	JMCXLPER	JMCXLPTR	JMCXXLPP	JMCXXLPE	JMCXXLPT
	<b>LME Lead</b>	JMCXLLPI	JMCXLLER	JMCXLLTR	JMCXXLLP	JMCXXLLE	JMCXXLLT
	<b>LME Nickel</b>	JMCXLNPI	JMCXLNER	JMCXLNTR	JMCXXLNP	JMCXXLNE	JMCXXLNT
	<b>LME Zinc</b>	JMCXLXPI	JMCXLXER	JMCXLXTR	JMCXXLXP	JMCXXLXE	JMCXXLXT
	<b>LME Tin</b>	JMCXLTPPI	JMCXLTER	JMCXLTTR	JMCXXLTP	JMCXXLTE	JMCXXLTT
	<b>COMEX Copper</b>	JMCXHGPPI	JMCXHGER	JMCXHGTR	JMCXXHGP	JMCXXHGE	JMCXXHGT
	<b>CBOT Corn</b>	JMCXCPI	JMCXCER	JMCXCTR	JMCXXCP	JMCXXCE	JMCXXCT
	<b>CBOT Soybeans</b>	JMCXSPI	JMCXSER	JMCXSTR	JMCXXSP	JMCXXSE	JMCXXST
	<b>CBOT Soybean Meal</b>	JMCXSMPPI	JMCXSMER	JMCXSMTTR	JMCXXSMP	JMCXXSME	JMCXXSMT
	<b>CBOT Soybean Oil</b>	JMCXBOPI	JMCXBOER	JMCXBOTR	JMCXXBOP	JMCXXBOE	JMCXXBOT
	<b>CBOT Wheat</b>	JMCXWPI	JMCXWER	JMCXWTR	JMCXXWP	JMCXXWE	JMCXXWT
	<b>CBOT Rough Rice</b>	JMCXRRPI	JMCXRRER	JMCXRRTR	JMCXXRRP	JMCXXRRE	JMCXXRRT
	<b>CME Winter Wheat</b>	JMCXKWPI	JMCXKWER	JMCXKWTR	JMCXXKWP	JMCXXKWE	JMCXXKWT
	<b>MGE Spring Wheat</b>	JMCXMWPI	JMCXMWER	JMCXMWTR	JMCXXMWP	JMCXXMWE	JMCXXMWT
	<b>NYBOT Cocoa</b>	JMCXCCPI	JMCXCCER	JMCXCCTR	JMCXXCCP	JMCXXCCE	JMCXXCCT
	<b>NYBOT Coffee</b>	JMCXKCPPI	JMCXKCER	JMCXKCTR	JMCXXKCP	JMCXXKCE	JMCXXKCT
<b>NYBOT Cotton</b>	JMCXCTPI	JMCXCTER	JMCXCTTR	JMCXXCTP	JMCXXCTE	JMCXXCTT	

<b>NYBOT Orange Juice</b>	JMCXJOPI	JMCXJOER	JMCXJOTR	JMCXXJOP	JMCXXJOE	JMCXXJOT
<b>NYBOT Sugar</b>	JMCXSBPI	JMCXSBER	JMCXSBTR	JMCXXSBP	JMCXXSBE	JMCXXSBT
<b>LIFFE Robusta Coffee</b>	JMCXCFPI	JMCXCFER	JMCXCFTR	JMCXXCFP	JMCXXCFE	JMCXXCFT
<b>LIFFE White Sugar</b>	JMCXQWPI	JMCXQWER	JMCXQWTR	JMCXXQWP	JMCXXQWE	JMCXXQWT
<b>CME Feeder Cattle</b>	JMCXFCPI	JMCXFCER	JMCXFCTR	JMCXXFCP	JMCXXFCE	JMCXXFCT
<b>CME Lean Hogs</b>	JMCXLHPI	JMCXLHER	JMCXLHTR	JMCXXLHP	JMCXXLHE	JMCXXLHT
<b>CME Live Cattle</b>	JMCXLCPI	JMCXLCER	JMCXLCTR	JMCXXLCP	JMCXXLCE	JMCXXLCT

### How do the JPMCCI Ex-Front Month Indices differ from their corresponding regular indices?

The JPMCCI Ex-Front Month Indices (“**Ex-Front Month Indices**”) are variations of the aggregate, energy light, sector and single commodity indices, where the first nearby monthly contract is excluded from the composition of the index when possible. The first nearby monthly contract for a commodity will only be comprised in an Ex-Front Month Index where the exclusion of such front month contract would result in no monthly contracts being comprised in the Index for the relevant commodity.

### What is a Commodity Future?

Each Index is comprised of commodity futures. A commodity future is an agreement where one person agrees to sell and another agrees to buy a specific quantity of a particular commodity at some date in the future at a pre-agreed price. Commodity futures are exchange-traded contracts. They are traded on numerous exchanges throughout the world, however only commodity futures listed on a Permitted Exchange are eligible to be included in the Indices (see “*How is the Composition of each Index Determined?*” below). As commodity futures are traded on an exchange, the terms of the contracts are generally standardised, although there may be some differences between contracts traded on different exchanges. In addition, commodity futures generally mature in specific months so there may, for instance, be a January, March, June and December contract for a particular commodity on more than one exchange. Where this is the case, the relevant Index will, generally speaking, only include contracts on the relevant commodity from the exchange with the greatest open interest.

### How do Commodity Futures work?

Commodity futures may be cash settled or physically settled.

If a commodity future is physically settled, then at maturity the seller will deliver the agreed quantity of the relevant commodity to the buyer and the buyer will pay the seller the pre-agreed price. If the market price of the relevant commodity at that time is higher than the pre-agreed price then the buyer can sell what it receives and make a profit. If, however, the market price of the relevant commodity at that time is lower than the pre-agreed price then the seller can buy the relevant quantity of the commodity at a price that is less than what the buyer must pay and make a profit.

If a commodity future is cash-settled, then the contract is settled by payment from one party to the other. If the market price of the relevant commodity is higher at maturity than the pre-agreed price then the seller will pay the difference between the market price and the pre-agreed price to the buyer. If, however, the market price of the relevant commodity is lower than the pre-agreed price at maturity the buyer will pay the difference between the market price and the pre-agreed price to the seller.

Both cash settled and physically settled commodity futures may be included in the Indices. However, if both physically settled and cash settled contracts on a particular commodity are eligible to be included in the relevant Index, such Index will usually only include the contract with the greatest open interest.

All commodity futures included in the relevant Index are rolled before maturity into longer dated contracts (see “*How are the Commodity Futures included in each Index Rolled?*” below).

## **What are the different Commodity Sectors?**

There are 5 main sectors in commodity futures that may be referenced by JPMCCI: Energy, Industrial Metals, Precious Metals, Agriculture, and Livestock. See below for more information on each sector.

1. What is the Energy Sector?

Generally speaking, the energy sector is that part of the economy dedicated to the production, transformation and handling of various sources of energy. Futures are not available on all commodities in this sector. As of the date of this disclosure document, the following energy commodities futures are eligible for inclusion in the JPM Energy Index: crude oil, gasoline, heating oil, natural gas, brent crude, and gas oil.

2. What is the Precious Metals Sector?

Generally speaking, the precious metals sector is that part of the economy dedicated to the location and extraction of relatively scarce metals. Futures are not available on all commodities in this sector. As of the date of this disclosure document, the following precious metals commodities futures are eligible for inclusion in the JPMCCI Precious Metals Index: gold, silver, palladium, and platinum.

3. What is the Industrial Metals Sector?

Generally speaking, the industrial metals sector is that part of the economy dedicated to the production of metals used in construction, manufacturing and technology industries. Futures are not available on all commodities in this sector. As of the date of this disclosure document, the following industrial metals commodities futures are eligible for inclusion in the JPMCCI Industrial Metals Index: aluminium, copper, lead, nickel, zinc, and tin.

4. What is the Agricultural Sector?

Generally speaking, the agricultural sector is that part of the economy dedicated to the production of food, fibres, fuel and other goods from the systematic raising of plants. Futures are not available on all commodities in this sector. As of the date of this disclosure document, the following agricultural commodities futures are eligible for inclusion in the JPMCCI Agriculture Index: corn, soybean, soybean meal, soybean oil, rough rice, wheat, winter wheat, spring wheat, cocoa, coffee, cotton, orange juice, sugar, robusta coffee, and white sugar.

5. What is the Livestock Sector?

Generally speaking, the agricultural sector is that part of the economy dedicated to the systematic raising of domesticated animals raised in an agricultural setting. Futures are not available on all commodities in this sector. As of the date of this disclosure document, the following livestock commodities futures are eligible for inclusion in the JPMCCI Livestock Index: feeder cattle, lean hogs, and live cattle.

The commodities are weighted according to their “open interest” and are selected in accordance with the methodology outlined below (see “*How is the Composition of the Index Determined?*” below) and described in more detail in the Rules.

## **What does Open Interest mean?**

Open interest represents the total number of outstanding commodity futures that are held by market participants either at a certain point in time or over a certain period of time. It may be used to approximate the size of the entire commodity futures market, a segment of it or the market for an individual commodity futures contract. Commodity futures comprising the Indices are weighted by their open interest (see “*How are the Components of the Indices Weighted?*” below).

### **What do Excess Return and Total Return mean?**

The total return generated by investing in and rolling commodity futures comes from three sources:

- (a) changes in the price of commodity futures (which is known as the “**price return**”),
- (b) profits and/or losses realised by rolling commodity futures (which is known as the “**roll return**”) and,
- (c) interest earned on any cash deposited as collateral or margin for the purchase of commodity futures (which is known as the “**collateral return**”).

An excess return index measures the returns accrued from investing in uncollateralized commodity futures or, in other words, the sum of the price return and the roll return associated with an investment in, and the roll of, commodity futures. A total return index measures the returns accrued from investing in collateralized commodity futures or, in other words, the sum of the price return, the roll return and the collateral return associated with an investment in, and the roll of, commodity futures. The total return versions of the JPMCCI indices assume collateral return is based on the 91-day auction high rate for U.S. Treasury Bills.

### **What does Commodity Curve mean?**

Futures contracts on commodities are available with a range of maturities. For example, at a given point in time you may be able to buy commodity futures that mature in the following June, September and December. These are called the “**monthly contracts**” on the relevant commodity and the one maturing in June is called the “June contract”, the one maturing in September is called the “September contract” and so on. The “front month contract” is the contract with an expiration date closest to the current date.

The monthly contracts for a commodity will each have a different price. A commodity futures curve is a graph that shows the relationship between the price of these monthly contracts and their time to maturity. The curve may slope upwards (which indicates that longer dated contracts are more expensive than shorter dated contracts) or downwards (which indicates that longer dated contracts are cheaper than shorter dated contracts). Generally speaking, commodity futures curves tend to slope upwards because the price of longer dated futures contracts should generally reflect the price of buying the relevant commodity today plus the costs associated with storing that commodity until the month in which the contract matures. However, this is not always the case and the curves for commodity futures may sometimes slope upwards and sometimes slope downwards depending on numerous factors and market conditions, such as the supply and demand for the underlying commodity and global economic conditions. Moreover, the shape of the curve for any particular commodity may not be uniform and parts of it may slope upwards and parts may slope downwards for similar reasons.

The commodity included in each Index is represented by futures from across the relevant commodity curve with a range of maturities that are weighted according to their open interest. Each Index therefore tracks the weighted average price of futures of various maturities. This means the level of each Index is, generally speaking, less volatile than it would be if it tracked the price of a single contract of short maturity for the relevant commodity, however, it also means that at any point in time the level of each Index may be higher or lower than it would be if it tracked the price of a single contract of short maturity for the relevant commodity.

The shape of the commodity curve for any commodity will affect the roll return associated with futures on such commodity and therefore the level of the Index or Indices in which such commodity is included (see “*How are the Commodity Futures included in each Index Rolled?*” below).

### **Why do the Commodity Futures included in each Index need to be Rolled?**

All commodity futures included in the Indices are rolled before maturity into longer dated contracts. They need to be rolled because although the commodity futures included in the Indices have specific maturities, the Indices themselves have an indefinite life. They also need to be rolled because the components of the Indices are weighted by open interest, potentially excluding the front month for the Ex-Front Month versions. The weight of

each component will be adjusted each month to reflect any changes in the open interest for such component (see *"How are the Commodity Futures included in each Index Rolled?"* below).

### **How are the Commodity Futures included in each Index Rolled?**

If a monthly contract on a commodity future you own is about to mature and you wish to maintain your exposure to that commodity you will need to roll your monthly contract before it matures by selling it and using the proceeds to buy a longer dated monthly contract on the same commodity. Commodity futures included in each Index are generally rolled in the calendar month immediately preceding the month in which they are about to mature. In addition, in the case of Ex-Front Month Indices, the commodity futures included in each Index are generally rolled when they are about to become the front month contract. A commodity future will become the "front month contract" after all other contracts with shorter expiration dates have expired.

In addition, because each Index is weighted by open interest, all monthly contracts included in the relevant Index are re-weighted on a monthly basis, whether they are approaching maturity or not, or, in the case of Ex-Front Month Indices, whether they are close to becoming the front month contract or not, to reflect the monthly change in their open interest. The re-weighting is achieved by rolling the monthly contracts included in the relevant Index into contracts with potentially different maturities.

Monthly contracts included in each Index are rolled over a period (the "roll period") of ten days at the beginning of the relevant month. Over the roll period the weight of any monthly contract about to mature or, in the case of Ex-Front Month Indices, to become a front month contract (as the case may be) will be progressively reduced in equal increments of 10% to zero and the weight of the replacement monthly contract will be progressively increased in equal increments of 10% until it equals its allocated weight. Similarly, contracts whose weight needs to be reduced or increased to reflect a change in their open interest will have their weight progressively reduced or increased (as the case may be) in equal increments of 10% until their new target weight is achieved.

A profit or loss may be realised by rolling commodity futures. This profit or loss is known as the roll return. If the relevant portion of the commodity futures curve for a particular commodity slopes upwards, the roll return will generally be negative because longer dated contracts are more expensive than shorter dated contracts. Conversely, if the relevant portion of the commodity futures curve for a particular commodity slopes downwards, the roll return will generally be positive because longer dated contracts are cheaper than shorter dated contracts. The roll return generated by rolling commodity futures included in the Indices will have an effect, which may be positive or negative, on the level of the Indices.

If the exchange on which a monthly commodities futures contract referenced by the Indices (including the front month contract, even though such contract may not be comprised in the Index) is listed does not publish a price for that contract, or it publishes a limit price (which is a price published when there is an unscheduled limitation to, or suspension in, trading a particular monthly contract) on any day in the roll period, then the portion of the roll that is scheduled to occur with respect to all monthly contracts on the relevant commodity on that day will be postponed until the relevant exchange publishes a price that is not a limit price across all contracts for the relevant commodity (the "next good day"). The delayed portion of the roll for all monthly contracts on the relevant commodity will be executed on the next good day together with the portion of the roll for all such contracts originally scheduled to occur on that day. The incremental change in weight for these contracts on such day will, therefore, be larger than 10% of their target weight. This may have an effect, positive or negative, on the level of the relevant Index.

Although a portion of the roll for the monthly contracts on a particular commodity may be delayed in the circumstances set out above, the roll period for such contracts is not, in general, expected to be longer than ten (10) days because the next good day will typically occur within a very short space of time. However, it is possible that the delay could be longer in which case the roll period for the affected monthly contracts may also be longer.

In addition, if an exchange does not publish a price for a particular monthly contract or it publishes a limit price on the last scheduled day of the roll period, the roll period for the affected monthly contracts will necessarily be longer than ten (10) days.

**What does it mean that each Index is replicable?**

Each Index is said to be replicable because you can, in theory, buy all the commodity futures that comprise the Index, and in the case of the Total Return also invest in Treasury Bills to generate the collateral return. The Index Calculation Agent will publish the components of the Indices together with their corresponding weights on a semi-annual basis, once before the end of the calendar year, to announce the components of the Indices for the following January to June, and once before the end of June, to announce the components of the Indices for the following July to December. The publication will be available free of cost at <http://www.jpmorgan.com/jpmcci>. Armed with this information, you can, in theory, replicate the Indices if you want.

**So will I get the same return by investing in a product linked to an Index as I would if I bought all the futures that comprise such Index?**

No. Investing directly in the commodity futures that comprise the Indices may generate a very different return (which may be better or worse) from the return you may get by investing in a product linked to one or more Indices for a number of reasons including the following:

1. In the case of the excess return index such Index only reflects the price return and the roll return generated by a direct investment in commodity futures. It does not reflect the collateral return that would be generated by a direct fully funded investment in commodity futures. Nor does it reflect any return you might receive on cash you don't need to post as collateral. To buy some assets, for example shares, you must generally pay the full purchase price upfront. However, futures can generally be purchased by posting a fraction of the purchase price as collateral or margin with your broker. You can therefore, put the cash you don't need to purchase the futures to use elsewhere and you may earn a return on that cash. Any such return is not reflected in the Index. If the Index is a total return Index, the level of the Index does not represent the return you would get from investing directly in the relevant commodity futures. The Index assumes the commodity futures positions reflected in the Index are fully collateralised and earn interest at a rate based on the 91-day auction high rate for U.S. Treasury Bills. However, commodity futures can generally be purchased by posting a fraction of the purchase price as collateral or margin with your broker. You can therefore, put the cash you don't need to purchase the futures to use elsewhere and you may earn a return on that cash. This return may well be different from the rate of return assumed by the Index for the purposes of calculating the collateral return.
2. The level of each Index does not reflect any of the transaction costs or fees you may have to pay if you invest directly in commodity futures. The issuer of a product linked to the Indices or any distributor thereof may, however, charge you different fees.
3. The roll return reflected in the level of the Indices is calculated using settlement prices published by the relevant exchanges. However, if you were trading directly in commodity futures you might realise a different price.
4. The payout at maturity of a product linked to an Index may be structured. Accordingly the amount paid on maturity of the product may not be reflective of the increase or decrease in value of such Index. You must refer to the terms and conditions of such product for more information.
5. The return of a product linked to an Index may be affected by the creditworthiness of the issuer. If the issuer defaults, you may lose money. In contrast, your return from a direct investment in commodity futures may be affected by the creditworthiness of the relevant exchange and the value of any collateral posted in relation to those contracts.

### **Who determines which Commodity Futures are included in each Index?**

Prior to 2 January 2025 (the “ICA Change Date”), an index supervisory committee (the “JPMCCI Supervisory Committee”) approved the commodity futures inclusion determinations by the Index Calculation Agent. Since the ICA Change Date, such role has been transferred to the Index Sponsor.

Subject to approval from the Index Sponsor, the Index Calculation Agent determines which commodity futures are included in the Indices in accordance with the rules and criteria set out in the Rules. The Index Calculation Agent shall present its determinations made in accordance with the Rules to the Index Sponsor. The Index Sponsor may approve or disapprove any such determinations and the ultimate decision regarding any calculation or determination relating to the Indices rests therefore solely with the Index Sponsor. For further information in relation to the Index Sponsor see “*Who is the Index Sponsor?*” below.

### **Who is the Index Calculation Agent?**

Prior to the ICA Change Date, the Index Calculation Agent was the Global Index Research Group, a division of JPMorgan Chase Bank, N.A. (“GIRG”); and, as of the ICA Change Date, the Index Calculation Agent is J.P. Morgan Securities plc (“JPMS plc”). Any successor to JPMS plc or any other third party appointed by the Index Sponsor may replace JPMS plc in the future. The Index Calculation Agent is appointed by the Index Sponsor to calculate and determine the Indices in accordance with the Rules. The Index Calculation Agent is under no obligation to continue the calculation, publication and dissemination of the Indices.

### **Who is the Index Sponsor?**

The Index Sponsor is JPMS plc. The Index Sponsor will maintain all ownership rights with respect to the Indices, including the ability to license, sell or transfer any or all of its ownership rights with respect to the Indices. The Index Sponsor appoints the Index Calculation Agent to calculate and maintain the Indices.

### **Does the Index Calculation Agent have discretion?**

Yes. Subject to approval from the Index Sponsor, the Index Calculation Agent is responsible for determining which commodity futures are included in the Indices and all other calculations and determinations related thereto. The Index Calculation Agent may exercise a certain amount of discretion in making these calculations and determinations. The exercise of this discretion may have an adverse impact on the level of the Indices.

The Index Calculation Agent may exercise discretion in other determinations bearing on the composition of the Indices too. For example, futures on a particular commodity may trade on more than one exchange. If the Index Calculation Agent determines, in its discretion, that the terms and conditions of both contracts are sufficiently similar and they are both eligible to be included in an Index, the Index Calculation Agent will, generally speaking, only include the contracts from the exchange with the greatest open interest, but the Rules do not preclude both contracts being included. Moreover, if the Index Calculation Agent determines that the contracts are sufficiently similar, it may decide, in its discretion, to allocate the open interest figures for the contracts excluded from the relevant Index to the contracts included in the relevant Index thereby increasing the weight allocated to the contracts included in the relevant Index. Although the Index Calculation Agent will make this determination with the intention of improving the representative nature of the relevant Index, the exercise of such discretion may have a negative impact on the level of the relevant Index.

The Index Calculation Agent is also responsible for calculating and publishing the level of the Indices. The level of each Index will reflect the prices of the commodity futures included in such Index. In the event that the price published by any exchange for a particular futures contract is subsequently corrected, the Index Calculation Agent may, if it determines in its discretion that it is practicable and the correction is material, correct the level of the relevant Index in respect of the relevant days to reflect the price correction. A correction will only be made if the



Index Calculation Agent determines, in its discretion, that the price correction is material and it is practicable to make the correction to the level of the relevant Index. The exercise of this discretion will therefore affect the level of the relevant Index.

The foregoing is not meant to be an exhaustive list of the discretion that the Index Calculation Agent may exercise in relation to the Indices. It is only meant to illustrate some of the areas in which the Index Calculation Agent may exercise discretion and provide an indication of how the exercise of such discretion may impact the level of the Indices. Investors should refer to the Rules and read them carefully to ensure they understand when and how the Index Calculation Agent may exercise discretion in relation to the Indices.

All calculations and determinations made by the Index Calculation Agent in relation to the composition of the Indices are subject to review and approval by the Index Sponsor (see *"Who is the Index Sponsor?"* above for more information).

#### **Are there conflicts of interest?**

Potential conflicts of interest may exist in the structure and operation of the Indices and the course of normal business activities for the Index Calculation Agent or any of its affiliates or subsidiaries or their respective directors, officers, employees, representatives, delegates or agents of their normal business activities.

During the course of their normal business, the Index Calculation Agent or any of its affiliates or subsidiaries or their respective directors, officers, employees, representatives, delegates or agents may perform various roles in connection with a product, transaction or investment referencing an Index and may enter into or promote, offer or sell products, transactions or investments (structured or otherwise) linked to the Indices or any of their components. In addition, any of the foregoing entities or persons may have, or may have had, interests or positions, or may buy, sell or otherwise trade positions in or relating to the Indices or any of their components, or may invest or engage in transactions with other persons, or on behalf of such persons relating to any of these items. Such activity could give rise to a conflict of interest, and such conflict may have an impact, positive or negative, on the level of the Indices. Neither the Index Calculation Agent nor any of its affiliates or subsidiaries or their respective directors, officers, employees, representatives, delegates or agents has any duty to consider the circumstances of any person when participating in such transactions or to conduct themselves in a manner that is favourable to anyone with exposure to the Indices.

#### **When is the composition of each Index determined?**

The composition of the Indices is determined in two steps. In the first step the Index Calculation Agent will determine which commodities should be represented in each of the Indices. In the case of single commodity indices there will only be one commodity represented in such Indices. In the second step the Index Calculation Agent will determine which monthly contracts on the relevant commodities should be included in the Indices and assign a weight to each of those monthly contracts. This determination is made on a semi-annual basis, once before the end of the calendar year, in respect of the following January to June, and once before the end of June, in respect of the following July to December.

#### **Where can I find out what the composition of the Indices is?**

The Index Calculation Agent will publish the components of the Index together with their corresponding weights on a semi-annual basis, once before the end of the calendar year, to announce the components of the Indices for the following January to June, and once before the end of June, to announce the components of the Indices for the following July to December. The publication will be available free of charge throughout the year at <http://www.jpmorgan.com/jpmcci>

## How is the composition of each Index determined?

The composition of the Indices is determined in two steps.

### The First Step

The first step is to determine which commodities will be represented in each of the Indices. This determination occurs once a year in November in respect of the following year. A commodity may only be represented in the indices if futures on that commodity meet all of the following criteria:

1. Permitted Exchange: They must be listed on an exchange located in the United States of America or the United Kingdom (or exchanges that satisfy such other criteria that the Index Calculation Agent may determine from time to time).
2. Denominated in USD: They must be denominated in United States Dollars (USD).
3. Sufficient Estimated Market Size: If a commodity is not already represented in the Index, they must have an Estimated Market Size of at least USD 250 million. If a commodity is already represented in the Index, their Estimated Market Size must not have fallen below USD 150 million. The estimated market size for a commodity is equal to the three--year average historical open interest as published monthly by the Futures Industry Association for such commodity multiplied by the settlement price for the monthly contract on such commodity with the nearest expiry date at the time the determination is made in November.
4. Adequate Liquidity: They must have adequate liquidity as determined by the Index Calculation Agent in its discretion by reference to any information it deems relevant, including historical trading volumes and open interest figures.
5. Ineligible Contracts: They must not be a “mini-contract” (as defined by the relevant exchange) or a swap contract, basis contract, spread contract or weather contract (as determined by the Index Calculation Agent).
6. Sufficient Trading History: They must have been trading for at least 12 months prior to the beginning of the roll period in the following January, unless the Index Calculation Agent determines, in its discretion, to waive this requirement. The Index Calculation Agent may (by reference to any information it deems relevant, including historical trading volumes and open interest figures) waive this requirement if it determines that there is sufficient investor interest in futures on a particular commodity to warrant its inclusion.
7. Sufficient Data: There must be sufficient data available on the relevant commodity futures, as determined by the Index Calculation Agent in its discretion, to enable the Index Calculation Agent to perform its duties in relation to the Index. The data may be sourced from an independent supplier or be calculated by the Index Calculation Agent.

Futures on a particular commodity may trade on more than one exchange. If futures on more than one exchange are eligible to be included in the Index the Index will, generally speaking, only include futures from the exchange with the greatest open interest. However, in that case the Index Calculation Agent may determine in its discretion to allocate the open interest figures from the futures excluded from the Index to the futures included in the Index. For commodity indices which are not single commodity indices, this may change the weight allocated to futures on that commodity. As of January 2008, the commodities for which open interest from more than one exchange is utilised are the following:

- Crude Oil;
- Gasoline;
- Gold;
- Heating Oil; and

- Silver

In the case of single indices, there will only be one commodity represented in such indices.

### The Second Step

The second step is to determine which monthly contracts to include in each Index and assign a weight to such contracts. This determination is made on a semi-annual basis, once before the end of the year, in respect of the following January to June, and once before the end of June, in respect of the following July to December. In respect of Ex-Front Month Indices, as noted below, the front month contract for each relevant commodity is generally not comprised in the Index except where the exclusion of the front month contract would result in no monthly contract being comprised in the Index for the relevant commodity.

For each calendar month, the Index Calculation Agent will determine which monthly contracts to include by calculating the average open interest for each monthly contract available in the same month in the previous three years. For example, to determine the monthly contracts on a given commodity to include in an Index in February 2008 the Index Calculation Agent will determine the average open interest for each monthly contract available on such commodity in February 2005, February 2006 and February 2007. Let's assume monthly contracts maturing in March, May, July, September and December are available in each year and there are no contracts with a maturity beyond December and that the open interest (expressed as a percentage) is distributed as follows:

	<b>February 2005</b>	<b>February 2006</b>	<b>February 2007</b>	<b>Average</b>
March Contract	24.3%	24.8%	25.1%	24.73%
May Contract	23.7%	24.7%	22.9%	23.77%
July Contract	23.9%	24.6%	23.4%	23.97%
September Contract	25.5%	23.6%	27.3%	25.47%
December Contract	2.6%	2.3%	1.3%	2.07%
	100%	100%	100%	100%

The average percentages in the above table represent the preliminary weights to be assigned to the March 2008, May 2008, July 2008, September 2008 and December 2008 contracts on such commodity in February 2008. These preliminary results are then filtered to exclude:

1. monthly contracts that will mature or cease being available for trading before the end of the next roll period; and
2. monthly contracts with a preliminary weight of less than 3%.

If we assume the March 2008 contract matures on March 5th and the roll period in March 2008 ends on March 10th, then this monthly contract will be excluded on the basis that it matures before the end of the next roll period. In addition, since the December 2008 contract has been assigned a preliminary weight of 2.07% it will be excluded on the basis that its preliminary weight is less than 3%. Therefore, for the JPMCCI index, in the above example only the May 2008, July 2008 and September 2008 contracts will be included in the Index in February 2008 and their weights will be rescaled to 32.46%, 32.74% and 34.80% respectively.

The Ex-Front Month Indices will exclude front month contracts (i.e. contracts with an expiration date closest to the relevant current date that is available for trading before the end of the next roll period) except where the exclusion of such front month contract would result in no monthly contracts being comprised in the Index for the relevant commodity; therefore, the May 2008 contract will also need to be excluded on the basis that it is the front month contract for such commodity; therefore, in this example, only the July 2008 and September 2008 contracts will be included in the Index in February 2008 and their weights will be rescaled to respectively 48% and 52% respectively.

### **How are the Components of the Indices Weighted?**

The weights for the monthly contracts on each commodity included in the Indices are determined in the manner described in *“How is the composition of each Index determined?”* above. With the exception of the Energy Light Indices and the Ex-Front Month Indices, each Index is intended to be a benchmark weighted across the relevant commodity curve by open interest so that it is representative of the investment opportunities in the relevant commodity futures market. However, it is impossible to weight by actual open interest because those figures cannot be determined at the time the weightings are calculated. Each Index is therefore weighted using historical average open interest figures, averaged over the previous three years. A three-year average was chosen by the Index Calculation Agent to capture structural and cyclical shifts in liquidity and filter out any short term anomalies. However, there can be no assurance that the historical average open interest figures will resemble the actual open interest for any commodity futures contract and therefore that the Indices will reflect the actual investment opportunities in the market.

The Ex-Front month indices are variations where the front month contract is excluded from the composition of the Index as long as there are at least two monthly contracts in the composition of the index.

The Energy Light Indices are variations on the JPMCCI Aggregate Index, where the target dollar market weight of the JPMCCI Energy Index is set annually to a maximum weight of 33% of such JPMCCI Energy Light Index. The levels of the JPMCCI Energy Light Index will float according to the market price of the underlying monthly contracts, with the possibility that the market weight of the JPMCCI Energy Index may exceed 33%. The JPMCCI Ex-Front Month Energy Light Indices are Ex-Front Month variations of the Energy Light Indices. Due to the exclusion of Ex-Front Month Contracts, the target dollar weight of the Energy Sector on the annual Rebalancing Day of each JPMCCI Ex-Front Month Energy Light Index may be greater than or less than 33%.

### **How does the composition of each Index change throughout each year?**

In certain circumstances the composition of an Index may change at any time following modification of the Index due to the occurrence of certain events (see *“What type of events may cause each Index to be modified or cancelled?”* below).

Otherwise, the monthly contracts included in the Indices that are either (i) about to become the front month contract in the case of Ex-Front Month Indices; or (ii) about to mature, will be rolled into longer dated contracts before they become the front month contract or mature (as the case may be) (see *“How are the Commodity Futures included in each Index Rolled?”* above). In addition, because the Indices are weighted by open interest, all monthly contracts included in the Indices are re-weighted on a monthly basis regardless of whether they are close to becoming the front month contract (if relevant) or approaching maturity (as the case may be), to reflect the monthly change in their open interest. The re-weighting is achieved by rolling the monthly contracts included in the indices into contracts potentially with a different maturity.

### **What type of events may cause each Index to be modified or cancelled?**

The occurrence of certain events which affect the ability to use commodity futures for hedging purposes may lead to the modification or even the cancellation of an Index by the Index Calculation Agent. These events include (but are not limited to): a change in law which makes it unlawful to hold, acquire or dispose of any commodity future comprising an Index, a lowering in allowable position limits by a trading facility on a certain commodity future which causes positions held on such commodity future to be exceeded, any suspension or limitation imposed on trading commodity futures or any event that causes trading in any commodity futures to cease. In the event of such event occurring, the Index Calculation Agent may choose to modify or even cancel the Index (see *“How will each Index be modified or cancelled?”* below).

### **How will each Index be modified or cancelled?**

If the Index Calculation Agent determines that a certain event (see “*What type of events may cause each Index to be modified or cancelled?*” above) has occurred which makes it necessary to modify an Index, the Index Calculation Agent can do so in one of two ways. The Index Calculation Agent could either replace a commodity future represented in the Index with a new replacement commodity future or exclude a commodity future represented in the Index.

If the Index Calculation Agent is replacing a commodity future represented in an Index with a new replacement commodity future, the new replacement commodity future (selected by the Index Calculation Agent) must fulfil the criteria set out in the paragraph entitled “*The First Step*” in “*How is the composition of each Index determined?*” above. The replacement commodity future should also be a natural substitute for the commodity future being replaced. The weight assigned to the replacement commodity future will generally be equal to the weight of the commodity future that it is replacing. However, the Index Calculation Agent may assign a different weight to replacement commodity future if it determines that it would be appropriate to do so in order to maintain the objective of the Index.

If the Index Calculation Agent decides to exclude a commodity future represented in an Index, the Index Calculation Agent will adjust the weighting of the remaining commodities comprising the Index so that the aggregate weight of all such remaining futures add up to 100%, except in the case of single commodity indices.

In the event that a replacement and re-weighting (if any) is necessary, the Index Calculation Agent will announce the methodology by which such actions will be carried out as soon as reasonably practicable at [www.jpmorgan.com/jpmcci](http://www.jpmorgan.com/jpmcci).

In certain circumstances, the Index Calculation Agent may decide that the objective of the relevant Index can no longer be achieved and therefore may decide to cancel the Index. If this occurs, the Index Calculation Agent is under no obligation to continue the calculation and publication of the Index.

Prior to carrying out the actions described above, the Index Calculation Agent is required to obtain the approval of the Index Sponsor. All determinations by the Index Calculation Agent will be done in good faith and in a commercially reasonable manner.

### **When is the level of each Index Calculated?**

The level of each Index is determined on each day on which at least half of the exchanges on which the commodity futures comprising the relevant Index are listed are scheduled to be open and publish a settlement price for such commodity futures. The level of each Index will generally be published by 9 a.m. London time on the following day.

### **How is the level of each Index Calculated?**

The level of each Index is calculated using settlement prices published by the relevant exchanges. For those commodity futures listed on exchanges not scheduled to be open on any day on which the level of an Index is due to be calculated, the last available settlement price published by the relevant exchange will be used to calculate the level of such Index. In addition, if any exchange scheduled to be open on a day on which the level of an Index is due to be published does not actually publish a settlement price on a particular day or publishes a limit price (which is a price published when there is a limitation to, or suspension in, trading a particular commodity future) for any commodity future included in such Index, the level of such Index will nevertheless be calculated using (a) in the absence of an actual settlement price, the last available settlement price published by the relevant exchange and, (b) in the case of a limit price, such limit price.

The price of commodity futures can be volatile and the level of the Indices may therefore vary considerably over time. It may go down as well as up and the past performance of the Indices should not be considered to be an indication of the future performance of the Indices.

**Where can I find out what the level of each Index is?**

The level of the Index will be published on Bloomberg under the relevant Bloomberg Ticker generally by 9 a.m. London time on the day following the day on which the level was calculated.

**Will the level of each Index be stable?**

No. Price movements in commodity futures can be very volatile, they can change frequently and by large amounts. Prices are influenced by a number of factors including, without limitation, changing supply and demand relationships, the price of the underlying commodity, government policies and programs, political and economic events, changes in applicable interest rates and inflation rates and the emotions of market participants. The price of any one commodity may also be correlated to some extent with the price of another commodity, so price movements in one commodity may also affect the price of another. The commodities market is also subject to temporary trading suspensions, distortions or other disruptions due to various factors, including the lack of liquidity in the market, the participation of speculators and government regulation and intervention. Any of these factors (alone or in combination) may affect the price of the commodity futures that comprise the Indices and therefore the level of the Indices. It may go down as well as up and the past performance of an Index should not be considered to be an indication of the future performance of such Index.

**Are the Indices diversified?**

Diversification is generally considered to reduce the amount of risk associated with investment returns. The single commodity indices only contain futures contracts on one commodity with different maturities. Therefore, there can be no assurance that the Indices are diversified.

**What currency is each Index calculated in?**

The Indices are denominated in USD.

**Does anyone actually purchase the Commodity Futures that comprise each Index?**

No. The Indices are synthetic and only reference the commodity futures selected in accordance with the Rules. Therefore, there is no real portfolio of commodity futures to which anyone is entitled to or which acts as collateral.

**May the Rules be amended?**

Yes. The Index Calculation Agent may amend or supplement the Rules from time to time in its discretion and will promptly publish any such amendment or supplement within thirty (30) calendar days of such amendment or supplement. The Index Calculation Agent is not obliged to consider the circumstances of any person or entity when amending and/or supplementing the Rules and any such amendment and/or supplement may have adverse consequences for any person or entity that has exposure to the Index via an investment in any product or the participation in any transaction linked to the Index.