

# J.P. Morgan Commodity Curve Index Risk Disclosure

(dated 2010, last updated as of December 2024)

Capitalised terms used in this section and not defined herein shall have the respective meaning ascribed to each in the rules (the “Rules”) of the J.P. Morgan Commodity Curve Indices (“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 Risk Disclosure 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), 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 “Index Calculation Agent Discretion” below).

## IMPORTANT NOTICE

---

THE FOLLOWING LIST OF RISKS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF ALL THE RISKS ASSOCIATED WITH THE INDEX. IT IS NOT INTENDED TO BE AND SHOULD NOT BE RELIED UPON AS A SUBSTITUTE FOR READING THE RULES. YOU SHOULD CAREFULLY READ THE RULES IN THEIR ENTIRETY TO UNDERSTAND THE TERMS OF THE INDEX. IN ADDITION, IF YOU ARE CONSIDERING PURCHASING A PRODUCT OR ENTERING INTO A TRANSACTION REFERENCING THE INDEX YOU SHOULD ALSO READ THE OFFERING DOCUMENT OR AGREEMENT FOR SUCH PRODUCT OR TRANSACTION TO FULLY UNDERSTAND THE TERMS OF, AND THE RISKS ASSOCIATED WITH, SUCH PRODUCT OR TRANSACTION BEFORE MAKING A DECISION ABOUT WHETHER TO INVEST IN OR PARTICIPATE IN SUCH PRODUCT OR TRANSACTION. YOUR DECISION TO INVEST IN ANY PRODUCT OR PARTICIPATE IN ANY TRANSACTION REFERENCING THE INDEX SHOULD BE MADE WITHOUT RELIANCE ON THE INDEX SPONSOR OR ANY OF ITS AFFILIATES AND YOU SHOULD CONSULT WITH YOUR PROFESSIONAL ADVISORS TO THE EXTENT YOU DEEM NECESSARY.

THE INDEX SPONSOR DOES NOT SPONSOR, ENDORSE OR PROMOTE ANY PRODUCT OR TRANSACTION REFERENCING THE INDEX AND THE INDEX SPONSOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF ANY PRODUCT OR THE PARTIES TO ANY TRANSACTION REFERENCING THE INDEX OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN ANY PRODUCT OR TRANSACTION REFERENCING THE INDEX OR ANY PRODUCT OR TRANSACTION GENERALLY. NOTHING HEREIN CONSTITUTES OR SHOULD BE CONSTRUED AS AN OFFER TO BUY OR SELL ANY SECURITIES, PARTICIPATE IN ANY TRANSACTION OR ADOPT ANY INVESTMENT STRATEGY OR LEGAL, TAX, REGULATORY OR ACCOUNTING ADVICE. THE INDEX SPONSOR SHALL, TO THE FULLEST EXTENT PERMITTED BY LAW, HAVE NO LIABILITY OR RESPONSIBILITY TO ANY PERSON OR ENTITY FOR ANY LOSS, DAMAGES, COSTS, CHARGES, EXPENSES OR OTHER LIABILITIES, INCLUDING WITHOUT LIMITATION LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS, LOST TIME AND GOODWILL), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER ARISING IN TORT, CONTRACT, STRICT LIABILITY OR OTHERWISE, IN CONNECTION WITH THE USE OF THE INDEX OR IN CONNECTION WITH ANY PRODUCT OR TRANSACTION REFERENCING THE INDEX. THE INDEX IS THE EXCLUSIVE PROPERTY OF THE INDEX SPONSOR AND THE INDEX SPONSOR RETAINS ALL PROPRIETARY RIGHTS THEREIN.

## **Each Index is Synthetic**

---

The JPMorgan Commodity Curve Indices are purely synthetic. There is no pool of commodity futures to which any person is entitled or in which any person has any ownership, interest, or which serve as collateral for the return on any product or transaction referencing the Indices.

## **Market Risk**

---

The JPMorgan Commodity Curve Indices are subject to risks associated with the relevant commodity and related futures markets. Commodity markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, the participation of speculators, and government regulation and intervention. Resultant suspension or disruption of market trading may adversely affect the performance of the Indices. Additionally, commodity or futures contract prices may change or behave unpredictably, including, under certain circumstances, by having a price that is near zero, zero or negative, which may adversely affect an investment in an index that references such commodities or futures. Negative, zero or near-zero pricing may also have unforeseen or collateral consequences, including with respect to index calculations and mechanics, and to activities aimed at hedging and trading risks associated with the affected contracts (including operational risks related to the stability and functioning of relevant trading systems).

## **Price Return Risk**

---

Each Index is comprised of futures on the relevant commodity. Price movements in the relevant 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 the relevant 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 markets are also subject to temporary trading suspensions, distortions or other disruptions due to various factors, including the lack of liquidity in the markets, 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 and the payout on any product or transaction referencing the Indices. Historical prices for commodity futures should not be considered to be indicative of future prices, the level of the Index or the amount that may be due under a product or transaction referencing an Index.

## **Roll Return Risk**

---

Each Index is comprised of commodity futures with a variety of maturity dates (in respect of Ex-Front Month Indices, other than front month futures contracts in most circumstances) selected on the basis of historical open interest. Each month, contracts that are (a) in the case of Ex-Front Month Indices, about to become the front month contractor (b) about to mature or cease to be available for trading before the end of the next roll period will be rolled into longer dated contracts. In addition, because the Indices are weighted by open interest, all monthly contracts included in the Indices will be re-weighted on a monthly basis, regardless of whether they are approaching maturity or, in the case of Ex-Front Month Indices, close to becoming the front month contract (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 Index into contracts with a different maturity. The act of replacing and re-

weighting the commodity futures that comprise the Index will generate a profit or loss known as the “roll return” that will be reflected in the level of the Indices. This return will be affected by a number of factors including, without limitation, whether the prices of the relevant longer dated contracts are higher or lower than the prices of the shorter dated contracts. If the prices of the relevant longer dated contracts are greater than the prices of the shorter dated contracts then the roll return will generally be negative. Conversely, if the prices of the relevant longer dated contracts are less than the prices of the shorter dated contracts then the roll return will generally be positive. The prices of commodity futures can be volatile and the roll return generated by rolling commodity futures included in the Index will therefore have an effect, which may therefore be positive or negative, on the level of the Index.

### **Diversification**

---

Diversification is generally considered to reduce the amount of risk associated with investment returns. The Indices contain a variety of commodity futures with different maturities. However, some of the indices may reference one commodity or one sector of commodities. Therefore, there can be no assurance that the Indices will be sufficiently diversified at any time to reduce or minimise risks to any extent.

### **Excess or Total Return**

---

The total return generated by investing in and rolling commodity futures comes from three sources: (a) changes in the price of the commodity futures (which is known as the “**price return**”), (b) profits and/or losses realised by rolling the 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 the commodity futures (which is known as the “**collateral return**”).

The excess return indices measure the returns accrued from investing in uncollateralized 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. They do not reflect the collateral return that would be generated by a direct investment in commodity futures. 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 excess return indices.

The total return indices measure the returns accrued from investing in collateralized 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 indices assume that the collateral return is based on the 91-day auction high rate for U.S. Treasury Bills. This may not be the same return you would get if you were investing directly in commodity futures.

### **Weighting Limitations**

---

Each Index, other than the Ex-Front Month Indices, is intended to be a benchmark weighted across the relevant commodity futures 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.

These limitations are also relevant for the Ex-Front Month Indices given their weights are derived in a similar way except that the front month contract weight is set to 0 (when possible) and the weights for the remaining monthly contracts are scaled accordingly.

### **The level of each Index**

---

The level of each Index is determined on each Scheduled Index Valuation Day (as defined in the Rules). The Index Calculation Agent will publish the level of such Index even if a settlement price is not available on a given day for a particular futures contract. If a settlement price is not available, the Index Calculation Agent will use the most recently available settlement price to determine the level of such Index. In these circumstances the level of the relevant Index will only approximate the actual performance of the commodity futures that comprise the relevant Index.

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.

### **Continuity of the Indices**

---

The Index Calculation Agent is under no obligation to continue the calculation, publication and dissemination of the Indices. Should the Index or Indices cease to exist, this may have a negative impact on the return of any product or transaction linked to such Index.

### **Index Modification or Cancellation**

---

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 occurring, the Index Calculation Agent may choose to modify the Index by either replacing a commodity future included in the Index with another commodity future or excluding a commodity future included in the Index. A replacement or exclusion of a commodity future may adversely affect the level of the Index and consequently, the value of any product or transaction linked to the Indices. In certain circumstances, the Index Calculation Agent may also decide that it is necessary to cancel the Index.

### **Amendment to the Rules**

---

The J.P. Morgan Commodity Curve Index Rules may be amended and/or supplemented from time to time by the Index Calculation Agent without prior notice to any person. The Index Calculation Agent has no obligation 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 an adverse effect on the level of the Indices and may therefore 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.

### **Index Calculation Agent Discretion**

---

Subject to the approval of the Index Sponsor, the Index Calculation Agent is responsible for all calculations and determinations related to the Indices. 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 and therefore on the return on any product or transaction linked to the Indices.

The Index Calculation Agent may exercise discretion in determinations bearing on the composition of the Indices. In November of each year the Index Calculation Agent will determine which commodities will be represented in the Index in the following calendar year by reference to certain criteria as set forth in the Rules. The Index Calculation Agent is permitted to exercise some discretion with respect to these criteria. For example:

- A particular commodity will only be represented in the Index if futures on that commodity have sufficient liquidity. Whether futures on a particular commodity have sufficient liquidity is determined by the Index Calculation Agent in its sole discretion.
- A commodity will only be represented in the Index if, generally speaking, futures on that commodity have been trading for at least a year before the date on which they may be included in the Index. However, the Index Calculation Agent may decide to include a commodity in the Index even if it has a shorter trading history if, in its discretion, it determines that the representative nature of the Index would be compromised if such commodity were excluded.
- A commodity will only be represented in the Index if the Index Calculation Agent determines that it can obtain sufficient data on futures on such commodity. The Index Calculation Agent will make this determination in its sole discretion.
- 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.

All of these determinations will have an impact on the composition of the Index and therefore on the level of the Index and the return on any product or transaction that references the Index. This impact may be positive or negative. The Index Calculation Agent may also exercise discretion in other determinations bearing on the composition of the 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 and therefore on the return of any products or transactions linked to the Indices.

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 and therefore the return on any products or transactions linked to 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.

Prior to 2 January 2025 (the “ICA Change Date”), all calculations and determinations made by the Index Calculation Agent in relation to the composition of the Indices were subject to review and approval by an index supervisory committee (the “JPMCCI Supervisory Committee”). Since the ICA Change Date, such committee has been dissolved and its role has been transferred to the Index Sponsor.

### **Potential 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 enter into or promote, offer or sell 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 through any product or transaction referencing the Indices.

**The foregoing list of risk factors is not intended to be exhaustive. All persons should seek such advice as they consider necessary from their professional advisors, legal, tax or otherwise, without reliance on the Issuer, the Index Calculation Agent or any of their affiliates or subsidiaries or any of their respective directors, officers, employees, representatives, delegates or agents.**