

J.P.Morgan

FINRA Rule 5320 Disclosure

FINRA Rule 5320 (the “Rule”) generally prohibits a member firm that accepts and holds a customer order from trading for its own account at terms that would satisfy the customer order, unless the member immediately thereafter executes the customer order up to the size of its own order at the same price or better than it traded for its own account. Described below, are certain exceptions to the Rule and an explanation of how J.P. Morgan Securities LLC (“JPMS”) will apply those exceptions. Please note that consistent with existing regulatory guidance, not-held orders are outside the scope of the Rule.

Large Orders and Institutional Account Exceptions

Large orders (orders of 10,000 or more shares with a total value of \$100,000 or more) and/or orders by institutional accounts are excepted from the requirements of Rule 5320. JPMS will generally work such orders in accordance with customer instructions. While working such orders, JPMS may trade for its own account at prices that would satisfy the customer order.

“No-Knowledge” Exception

Where a firm implements and utilizes an effective system of internal controls, known as information barriers, Rule 5320 permits separate trading units within a firm to trade independent of one another for purposes of the Rule.

JPMS maintains Rule 5320 internal controls designed to prevent one trading unit from having knowledge of customer orders held by a different trading unit. With these barriers in place, one trading unit may hold a customer order while another trading unit, including the market making trading unit, executes an order for a Firm account that would satisfy the customer order.

If you have any questions or object to the manner in which we are handling your orders, as described above, please contact your JPMS sales representative.