

Institutional Prime Money Market Funds

Operations Post Reform

Effective October 2, 2024, the SEC adopted mandatory fees for institutional prime and institutional tax-exempt money market funds (MMFs) when daily net redemptions exceed 5% of net assets, unless the cost of liquidity is deemed de minimis (less than 0.01%). If a fund cannot make a good-faith estimate of liquidity costs, a default fee of 1% of the value of redeemed shares must be applied. Retail and government MMFs are exempt from this requirement.

Only redeeming investors will potentially pay the fee, and only under extreme market conditions. In order to better comply with the new rule, J.P. Morgan's prime MMF will offer a single strike at 3:00 PM.

The following is a short reference guide on how we will managed the daily operations under the new SEC rule.

The introduction of mandatory liquidity fees for institutional prime and institutional tax-exempt MMFs marks a significant regulatory change aimed at enhancing market stability. While the fees will only impact net redeemers on days with significant outflows, the operational complexities have led to these changes. This adjustment, aims to provide a better client experience despite reduced intraday liquidity and clients should adjust their cash management strategies accordingly.

Daily Trading Environment

- NAV calculation: Floating NAV remains intact and unchanged
- NAV Strike time: Single Strike @ 3:00 PM EST
- Trading hours: 8:00 AM through 3:00 PM EST
- Wire settlements: 4:15, 4:25, 4:45, 5:00, 5:15, 5:25, 5:30, 5:45 and 6:00 PM EST
- Trading connectivity/Access: Remains unchanged

Daily Net Redemption Monitoring

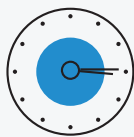
- When daily net redemptions are less than 5% on a trading day: No fee assessed and no further action required
 - When daily net redemptions are equal to or greater than 5% of the AUM on a trading day: The fund is evaluated after its close to determine if the cost of liquidity is less than 1bp
- Scenario 1:** If the cost in liquidity is less than 1bp = No fee assessed/No further action required
- Scenario 2:** If the cost in liquidity is equal to or greater than 1bp = A fee is calculated and assessed to redeeming investors only for that specific trading day. The fee is only applied to redemption wires

Mandatory Redemption Fee Timeline (EST) & Settlement Process



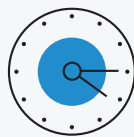
3:00 PM

Prime fund closed for trading



3:15 PM

5% Net redemption confirmed



3:30 to 4:15 PM

Mandatory redemption fee calculated



4:45 to 5:00 PM

FNAV is calculated



4:45 to 5:00 PM

Redemption wire settlements commence

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