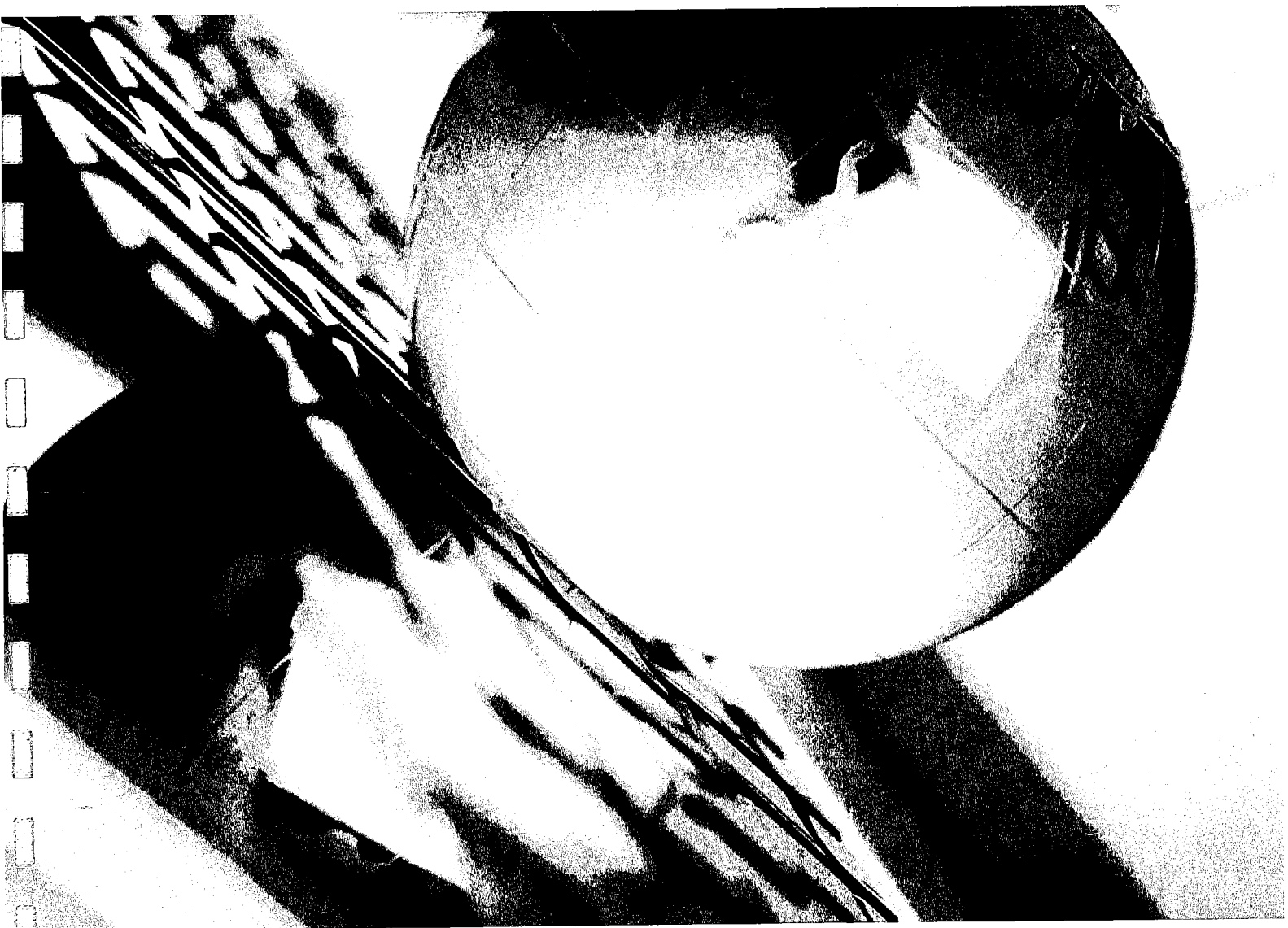


**STATE OF RHODE ISLAND AND PROVIDENCE
PLANTATIONS**

PROPOSAL FOR MASTER CUSTODY SERVICES



STRICTLY PRIVATE AND CONFIDENTIAL

J.P.Morgan

“First-class business in a first-class way”

J.P. Morgan, Jr., May 23, 1933

Excerpt from statement made before the Sub-Committee of the
Committee on Banking and Currency of the U.S. Senate.

Table of Contents

I.	TRANSMITTAL LETTER	1
II.	BUSINESS REFERENCES	3
III.	REQUIRED FINANCIAL INFORMATION	4
IV.	CONFLICT OF INTEREST	5
V.	CLIENT SATISFACTION STUDY	7
VI.	LEGAL REQUIREMENTS	8
VII.	INDEMNIFICATION	9
VIII.	ORGANIZATIONAL STRUCTURE	10
IX.	CUSTODY RELATIONSHIPS	20
X.	PROFESSIONAL STAFF AND CLIENT RELATIONS	27
XI.	AUDIT CONTROL	32
XII.	CUSTODY OF ASSETS	43
XIII.	CASH MANAGEMENT	72
XIV.	TRANSACTION SERVICES	81
XV.	PORTFOLIO ACCOUNTING	96
XVI.	REPORTING	105
XVII.	BENEFIT PAYMENTS	114
XVIII.	SYSTEM CAPABILITIES	127
XIX.	TRANSITION / CONVERSION PROCESS	142
XX.	FEE SUMMARY	151
	Proposal 1	151
	Proposal 2	158

Exhibits

Exhibit 1.	Liability Insurance Certificate
Exhibit 2.	Money Market Funds Investment Performance
Exhibit 3.	Pricing Sources

Enclosure CD

Annual Reports (last three)
SEC10K (2009-2011)
Call Reports (last four)
Custody Report Samples
Accounting Standard Report Samples
Benefits Payment Report Samples



I. TRANSMITTAL LETTER

Office of the General Treasurer
Attention; Vincent T. Izzo
Cash Manager
50 Service Avenue, 2nd Floor
Warwick, Rhode Island 02886

April 10, 2012

Dear Mr. Izzo,

On behalf of J.P. Morgan, I'm pleased to submit our response to the State of Rhode Island and Providence Plantations, Office of the General Treasurers, Request for Proposal for Master Custody Services.

The variety of custody related capabilities that J.P. Morgan can offer creates an unparalleled package of products/services to support all of the requirements discussed in the RFP. J.P. Morgan Worldwide Securities Services has a long history of providing custody services to public pension plans and is considered the 'custody bank of choice' to the most sophisticated plan sponsors in the United States.

Please consider the following as you review our proposal:

- Financial stability is a key component supporting the reinvestment necessary to maintain the competitiveness of our Worldwide Securities Services business. J.P. Morgan is one of the largest bank holding companies with \$2.3 trillion in assets and a market capitalization of \$126.3 billion (as of December 31, 2011). The size of our overall firm and the scale of our Worldwide Securities Services business, which provides custody services for approximately \$16.9 trillion in assets and reinvests over \$650 million in technology per year, signify that J.P. Morgan is an 'End-Game' player within the custody and financial services industry.
- Although, much of what we will deliver to Rhode Island is via technology, the people and intellectual capital of J.P. Morgan is consistently recognized as a major point of differentiation. We are proposing an experienced coverage team led by *Kevin Cohane*, Rhode Island's relationship manager.

J.P. Morgan certifies that we meet or exceed all of the 'Minimum Qualifications of Proposer'

- J.P. Morgan currently provider custody for over \$16 trillion of investors assets.
- J.P. Morgan has been providing master custody services since 1857.
- J.P. Morgan is a is a federally chartered national banking association and are authorized by the National Bank Act to exercise in any state the same fiduciary powers that the state has authorized or permits for its own state-chartered fiduciaries. .
- J.P. Morgan is an Equal Opportunity Employer.

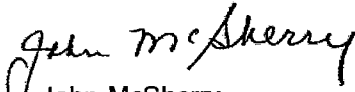
The main contact for this proposal is:

Contact/Title: John McSherry, Executive Director
Firm Name: J.P. Morgan
Firm Address: One Chase Manhattan Plaza 19th floor, New York, NY 10017
Telephone: (212)552-5516
Fax: (212)552-3110
E-mail johh.j.mcsherry@jpmchase.com

We at J.P. Morgan believe that "the right relationship is everything" and every partnership we have with our clients is based on providing the best arrangements for the given assignment. This proposal is a firm and irrevocable offer that will be valid for 120 days from the date of submission.

We are eager to receive feedback on our response and look forward to discussing J.P. Morgan's value proposition to Rhode Island in more detail during the upcoming weeks. Please feel free to contact me, John McSherry at (212)552-5516 or via email at, johh.j.mcsherry@jpmchase.com.

Sincerely,



John McSherry
Executive Director

II. BUSINESS REFERENCES

Sr. No.	Client	Details
1	Dallas Police & Fire Pension System	<p>Name: Brian Blake, Chief Investment Strategist</p> <p>Address: 4100 Harry Hines Boulevard Suite 100, Dallas TX 75219</p> <p>Phone: 214-382-4417</p> <p>Email: b.blake@dppf.org</p> <p>Assets under custody: \$3.2 billion</p> <p>Client since: 2002</p>
2	City Of Newport, RI	<p>Name: Laura L Sitrin, CPA. Finance Director</p> <p>Address: City of Newport, 43 Broadway, Newport, RI 02840</p> <p>Phone: 401-845-5394</p> <p>Email: lsitrin@cityofnewport.com</p> <p>Assets under custody: \$ 41 million</p> <p>Client since: 2009</p>
3	Entergy Services, Inc	<p>Name: Roger Cornelius, Lead Financial Analyst - Treasury</p> <p>Address: 639, Loyola Avenue, 6th Floor, New Orleans, LA 70113</p> <p>Phone: 504-576-4313</p> <p>Email: rcornel@entergy.com</p> <p>Assets under custody: \$3.6 billion</p> <p>Client since: 1981</p>

Kindly Note: as a courtesy to our clients, we appreciate the opportunity to reach out to these relationships in advance should you wish to contact any of these organizations.

III. REQUIRED FINANCIAL INFORMATION

Requirement	Artifact
Annual Report	Kindly refer the enclosure CD for the last three Annual Reports
Financial Statement (last three years)	For financial statements, kindly refer the enclosure CD for SEC 10K Reports of 2009, 2010 and 2011
A copy of the last four (4) call reports	Kindly refer the enclosure CD for SEC 10K Reports of 2009, 2010 and 2011
One copy of the most recent SEC 10K report	Kindly refer the enclosure CD for SEC 10K Reports of 2009, 2010 and 2011
Material changes subsequent to the Annual Report	None

IV. CONFLICT OF INTEREST

To the best of our knowledge, there are no potential conflicts of interest at this time that would inhibit or prohibit J.P. Morgan from providing the services contemplated in this proposal.

J.P. Morgan has established policies and procedures to identify and manage actual or potential conflicts of interest, whether between the firm and its clients, or between one client and another. These policies and procedures are designed to identify actual and potential conflicts both within and across business lines, and to ensure that the firm pays due regard to the interest of each client and manages any conflict of interest fairly. Compliance with these policies and procedures is a condition of continued employment at J.P. Morgan.

The firm's policy on conflicts identification and management is clearly documented and reviewed regularly to take account of new business initiatives, changes in regulation and market practice. Senior management plays a key role in the review of conflict types and their mitigation and in ensuring that the culture of the firm supports effective management of conflicts of interest.

J.P. Morgan's conflict architecture includes:

- Conflicts clearance processes for routine day-to-day transactions
- An escalation process for dealing with significant or sensitive transactions that may affect the reputation or financial stability of the firm
- Explicit consideration of the conflict risk in both the new business take-on process and decision making at a transactional level
- Established Chinese walls and other independence of personnel measures

Our reputation, and the trust and confidence that our clients instill in us depend on the firm's ability to identify and manage conflicts of interests, whether real, potential or perceived. Our conflicts policy describes the activities subject to the firm's conflicts risk management and reporting requirements.

We maintain a dedicated conflicts office, which monitors the firm's business activities to avoid or manage any conflicts of interests and related reputation risks. The conflicts office reviews transactions, products and activities that may pose significant risks to J.P. Morgan's reputation resulting from actual or perceived conflicts of interest.

Businesses that are subject to the conflicts office policy include the J.P. Morgan Investment Bank, Commercial Bank, Treasury & Securities Services, Private Banking, Personal Financial Services, J.P. Morgan Asset Management, One Equity Partners, Corporate Treasury, Small Business Financial Services and Chase Card Services.

Since we are a diversified financial services company, J.P. Morgan or its divisions, branches or affiliates may have a material interest in transactions entered into by a customer with respect to its custody account. Additionally, we may have a potential conflict of duty or interest, including the fact that J.P. Morgan or its affiliates may act as a market maker in financial assets, provide brokerage services to other customers, act as financial adviser to the issuer of such financial assets, act in the same transaction as agent for more than one customer, have a material interest in the issue of financial assets or earn profits from any of the activities listed herein.

To comply with relevant banking and securities laws and regulations, certain information barriers, including policies, procedures and systems are in place, designed to prevent the internal or

external dissemination of material non-public information beyond the staff and business units that handle such relationships and/or transactions.

As a result, public-side areas within J.P. Morgan, including virtually all staff within Worldwide Securities Services, may have no knowledge of these relationships and/or transactions. In addition, relevant laws and regulations may also prohibit J.P. Morgan from disclosing these relationships and/or transactions.

In addition, we produce an annual Chief Compliance Officer distributed letter to disclose any changes in oversight procedures and compliance monitoring within Worldwide Securities Services.

V. CLIENT SATISFACTION STUDY

Each client service team conducts regular and ongoing client service surveys as part of normal weekly and monthly processes. The client can therefore grade overall satisfaction with J.P. Morgan's service through a formal customer report card.

Scorecard results are specific to the individual client and therefore considered proprietary information. We ask that you review this information with client references provided to you to the extent that they will release such information.

In addition, your service team also conducts regular internal reviews with their service partners to review overall performance and identify any opportunities to further streamline and improve product quality and delivery.

Client research programs are designed to address the requirements and needs of our business partners by gathering insights, perceptions, ideas and experiences from our clients in a disciplined manner. Feedback is then analyzed and recommendations prepared focused on key trends and opportunities for improvement.

Each program is customized to the needs of the business and the specific issue being addressed and are all based on a formalized, disciplined methodology. These programs include Chatham Partners, Client Research and Product Quality Assessments.

The client research team provides consultative advice/support to business partners on research methodology, questionnaire design, statistical analysis and internet survey tools. This team is outside of product and sales, providing an independent third-party perspective.

VI. LEGAL REQUIREMENTS

1. *Certification that the Firm has not been in bankruptcy and/or receivership within the last five (5) calendar years, nor that said event(s) are reasonably foreseeable at this time*

J.P. Morgan is not bankrupt or being wound up. The firm's affairs are not being administered by the courts, nor have we entered into an arrangement with creditors or are in any analogous situation arising from a similar procedure under national laws and regulations.

The company is not a subject of proceedings for a declaration of bankruptcy, for an order for compulsory winding up or administration by the court, or for an arrangement with creditors, nor is the subject of any other similar proceedings under national laws or regulations

2. *If incorporated, identification of the Proposer's state of incorporation and a statement that the Proposer is in good standing in that state, and, if the incorporation is not in Rhode Island, a statement that the Proposer has complied with all filing requirements of the Rhode Island Secretary of State.*

JPMorgan Chase Bank, N.A. is a federally chartered national banking association approved by the Office of the Comptroller of the Currency to act in all banking/custodial capacities permitted by the National Bank Act.

JPMorgan Chase Bank, N.A. is authorized by the National Bank Act to exercise in any state the same banking/custodial powers that the state has generally authorized or permits for its own state-chartered banks. JPMorgan Chase Bank, N.A.'s FDIC certificate number is 628.

3. *The Proposer must submit a statement certifying that the proposer meets all applicable state and federal requirements, and has all the licenses and registrations necessary to perform the contract.*

As discussed above, JPMorgan Chase Bank, N.A. is a federally chartered national banking association approved by the Office of the Comptroller of the Currency to act in all banking/custodial capacities permitted by the National Bank Act.

VII. INDEMNIFICATION

J.P. Morgan agrees to reciprocal indemnification by the parties for negligence or willful misconduct. The contract language should reflect such indemnification and certain liability limitations applicable to custodial services, such as duty to mitigate losses and damages that would be subject to indemnification, no liability on the custodian for indirect or consequential damages, the reasonable care standard prevailing in the relevant market with respect to subcustodians' acts and omissions, no liability on the custodian for investment losses arising out of reliance on compliance/performance/accounting reports and analysis, and no liability on the custodian for the errors or omissions of third party delivery services or providers of information regarding non-core custody services matters (such as pricing, proxy voting, corporate actions and class action litigation).

VIII. ORGANIZATIONAL STRUCTURE

1. *The Proposer shall give a brief history of its organization including the following:*

a. *Year of organization*

The firm was founded in New York in 1799 with the formation of The Manhattan Company. JPMorgan Chase & Co. is built on the foundation of more than 1,000 predecessor institutions that have come together to form today's company.

b. *Year of initiation of the master custody business*

Having offered the first custody relationship in 1857, J.P. Morgan has offered master trust and master custody services since 1974.

c. *Nature of Firm's ownership*

JPMorgan Chase & Co. is a bank holding company incorporated under Delaware law in 1968.

Shares are traded on the New York, London and Tokyo stock exchanges. The bank has no significant concentration of ownership and therefore no direct or indirect ownership relationships that could result in a potential conflict of interest.

d. *Nature of relationships with affiliated companies or joint ventures*

Principal bank subsidiaries are JPMorgan Chase Bank, N.A., a national banking association with branches in 23 U.S. states, and Chase Bank USA, N.A., a national bank that is the firm's credit card issuing bank.

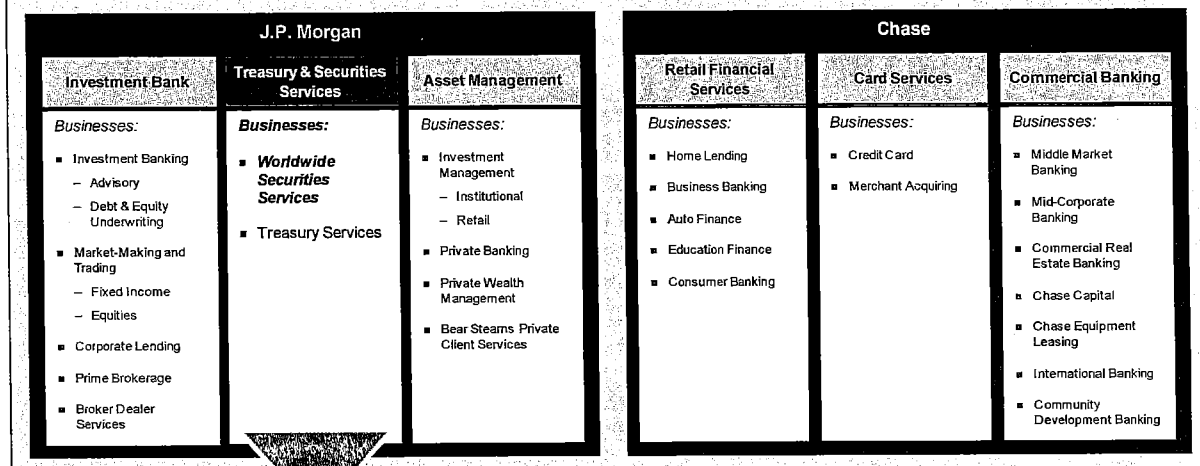
The principal non-bank subsidiary is J.P. Morgan Securities LLC, the firm's U.S. investment banking firm. For a complete list of subsidiaries, please refer to our 10-K.

2. *Describe the organizational structure of the bank and the master custody department. Provide an organization chart showing the operating relationships and authority within the master custody service unit and within the organization.*

Organization structure of the Firm

JPMorgan Chase & Co. consists of six main lines of business, each of which is described below.

JPMorgan Chase & Co.



Worldwide Securities Services			
<ul style="list-style-type: none"> Clearance Collateral Management Commission Recapture Compliance Reporting Depository Receipts 	<ul style="list-style-type: none"> Derivative Services Foreign Exchange Fund Services Futures & Options Clearance Global Custody 	<ul style="list-style-type: none"> Hedge Fund Administration Outsourcing Solutions Performance Measurement Private Equity and Real Estate Services 	<ul style="list-style-type: none"> Securities Lending Transfer Agency Transition Management Direct Custody and Clearing

1. Treasury & Securities Services

Treasury & Securities Services, a global leader in transaction, investment and information services, is one of the world's largest cash management providers and a leading global custodian.

Treasury Services provides cash management, trade, wholesale card and liquidity products and services to small and mid-sized companies, multinational corporations, financial institutions and government entities.

Worldwide Securities Services holds, values, clears and services securities, cash and alternative investments for investors and broker-dealers, and manages depository receipt programs globally.

2. Asset Management

Asset Management is a global leader in investment and wealth management. Clients include institutions, retail investors and high-net-worth individuals in every major market throughout the world. Asset Management offers global investment management in equities, fixed income, real estate, hedge funds, private equity and liquidity, including money market instruments and bank deposits. Asset Management also provides trust and estate, banking and brokerage services to high-net-worth clients and retirement services for corporations and individuals.

3. Investment Bank

J.P. Morgan is one of the world's leading investment banks, with deep client relationships and broad product capabilities. The Investment Bank's clients are corporations, financial institutions, governments and institutional investors. The firm offers a full range of products and services in all major capital markets, including advising on corporate strategy and structure, capital raising in equity and debt markets, sophisticated risk management, market-making in cash securities and derivative

instruments, prime brokerage and research. The Investment Bank also selectively commits the firm's own capital to principal investing and trading activities.

4. Retail Financial Services

Retail Financial Services, which includes the Retail Banking and Consumer Lending reporting segments, serves consumers and businesses through personal service at bank branches and through ATMs, online banking, telephone banking, auto dealerships, and school financial aid offices. Customers can use more than 5,300 bank branches and 16,000 ATMs as well as online and mobile banking. We provide checking and savings accounts, mortgages, home equity and business loans and investments across the 23-state footprint in the U.S. from New York and Florida to California.

5. Card Services

Chase Card Services is one of the largest credit card issuers in the United States with more than 145 million cards in circulation and more than US \$190 billion in managed loans. Customers used Chase cards to meet more than US \$368 billion worth of their spending needs last year. Through its merchant acquiring business, Chase Paymentech Solutions, Chase is one of the leading processors of MasterCard and Visa payments.

6. Commercial Banking

Commercial Banking serves more than 24,000 clients within the U.S., including corporations, municipalities, financial institutions and not-for-profit entities with annual revenue generally ranging from \$10 million to \$2 billion, and nearly 30,000 real estate investors/owners.

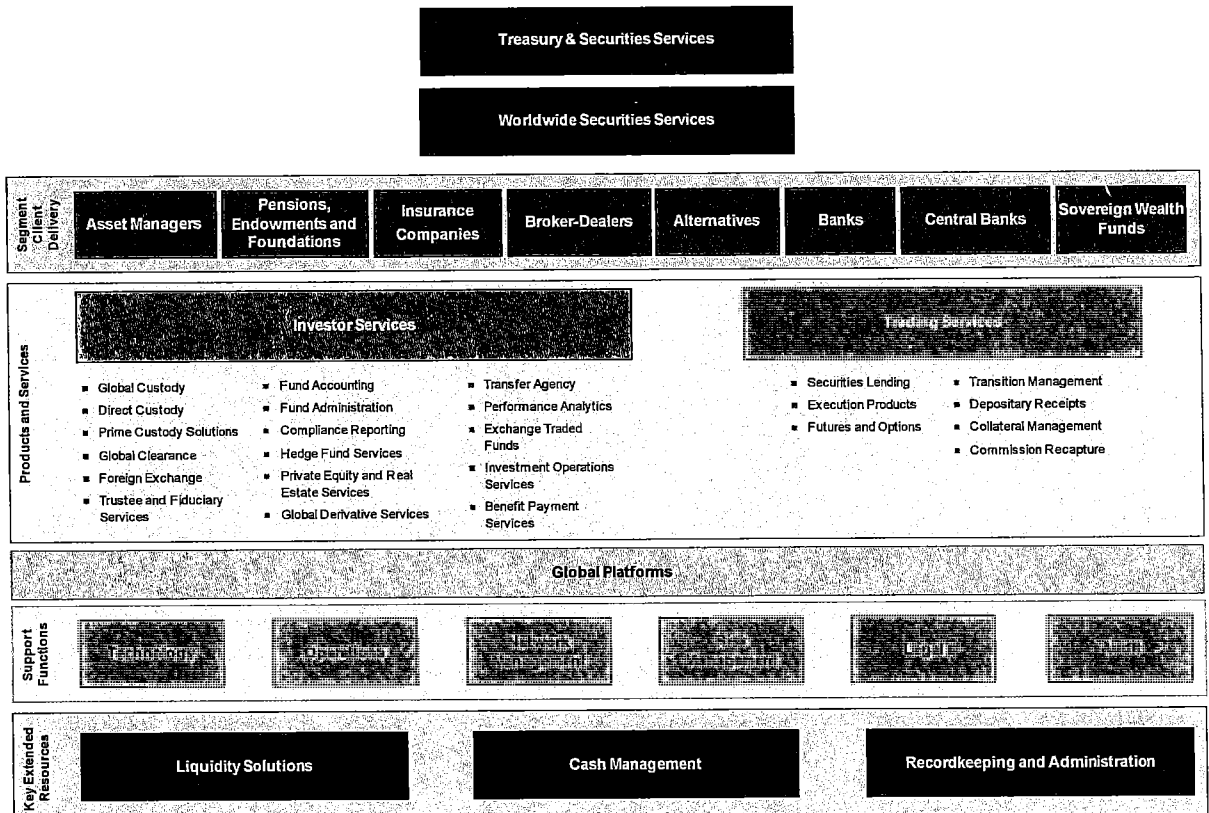
Organization structure of the Worldwide Securities Services

J.P. Morgan Worldwide Securities Services, a division of Treasury & Securities Services, provides custody, trust, fund services and clearing to asset managers, pension funds, endowments, foundations, insurance companies, banks, broker-dealers, government entities, hedge funds and sovereign wealth funds on a global basis. The State of Rhode Island will be serviced by the Worldwide Securities Services division.

We organize this business in the following fashion:

- **Investor Services:** Global custody, foreign exchange, direct custody and clearing, global clearance, fund accounting, outsourcing, global derivatives services, transfer agency, performance analytics, trust and fiduciary, hedge fund services, private equity and real estate services, and securities lending
- **Trading Services:** Securities lending, collateral management, depositary receipts and execution services, including transition management
- **Global Platform:** Consolidates the delivery of all new product development, regulatory and approved client-driven change across Worldwide Securities Services

The structure of our Global Custody organization is depicted below:



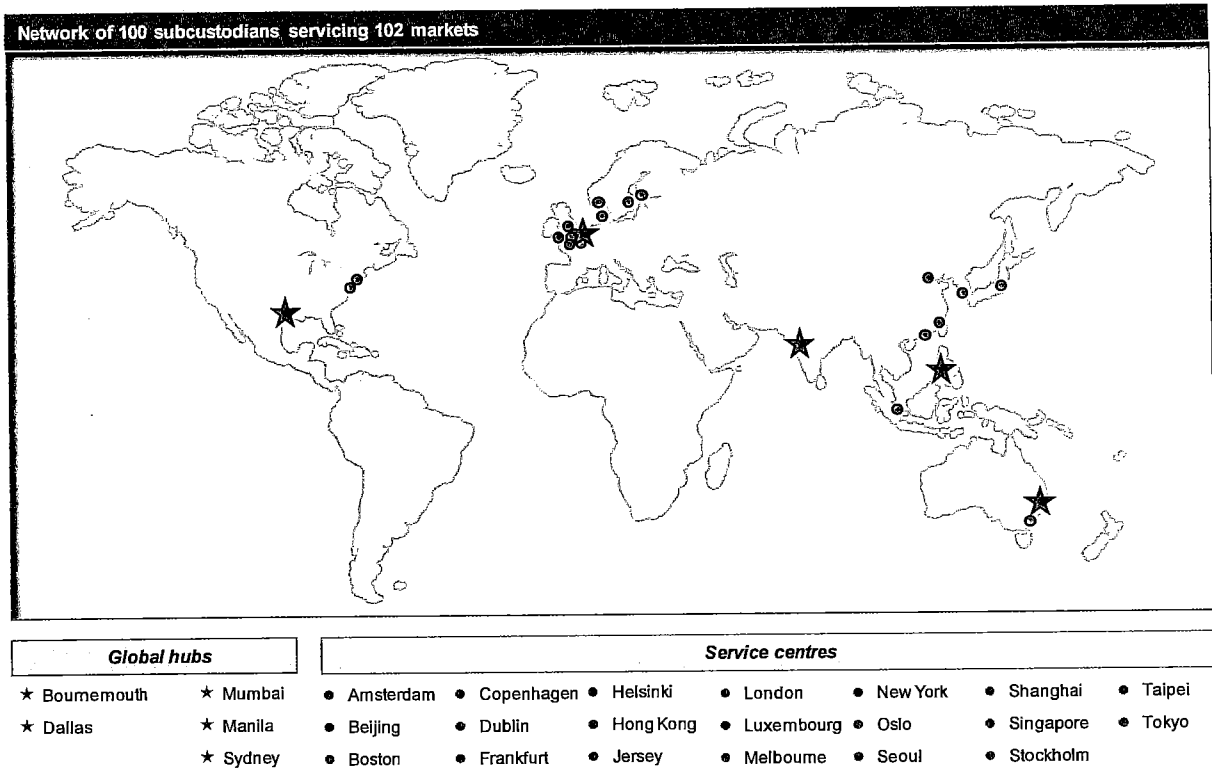
Global Custody Operating Model

J.P. Morgan has staff based in a number of locations covering the three major world time-zones. Our global processing hubs (Bournemouth, Dallas, Sydney, Manila and Mumbai) and on-the-ground client service teams in 22 countries are illustrated in the diagram below.

While our processing hubs are centralized to gain economies of scale, we have regionalized our service centers. This approach brings client service teams as close to our clients as possible in terms of location, language, time zone and culture. Our regional service centers enable J.P. Morgan to effectively meet the needs of clients and investment managers throughout the world. Where clients or client-appointed third parties operate in a combination of Asian, American or European time-zones, local service contacts who understand both the client and local market conditions can therefore be deployed to ensure efficient communication.

Internal meetings and conference calls, including client service reviews, are arranged on a regular basis, and are also held on an ad hoc basis where necessary.

24 hour operations — global hubs and regional service centres



3. Describe your strategy, commitment and competitive advantages in providing master custody services. Discuss briefly your overall business objectives with respect to future growth and product research and development related to master custody.

Our Strategy

J.P. Morgan's goal is to provide best-in-class products and integrated solutions that meet the complete financial needs of all our clients. There are three strategic requirements for this success: scale, leadership positions and integrated talent and product delivery:

- Scale in terms of capital, products and global reach, in order to be able to act as an Integrated, full service provider to corporations, governments and other institutions on a global basis
- Leadership across our wide range of products and services to enable us to provide creative and integrated solutions to globally-oriented clients
- Integrated talent and product delivery is the ability to bring our people and products together to act as "one firm, one team" in flawlessly delivering and executing the right combination of products and services in any market, in any economic conditions, anywhere in the world. A core feature of the new firm is the great emphasis on working together in order to differentiate the firm's services

These are the factors that will truly distinguish J.P. Morgan in a market where size and scale are benefits enjoyed by several major players.

Commitment to Custody

J.P. Morgan's goal is to achieve and maintain its leadership in specific key fields, including such businesses as custody, cash and treasury management and institutional trust. J.P. Morgan will

continue to grow and expand its business franchise to maintain its leadership position in the Treasury & Securities Services industry in addition to financial transaction processing, investment banking, private banking, asset management and other services.

These products are integral to J.P. Morgan's portfolio of services and span the complete institutional investor value chain.

J.P. Morgan does not have any plans concerning the downsizing, outsourcing or ceasing to provide any aspect of the custodial services. In fact, J.P. Morgan Worldwide Securities Services is recognized as a global leader in the provision of custody and securities services and represents a major component of our Treasury & Securities Services division. On a standalone basis, J.P. Morgan Treasury & Securities Services' revenues would rank well up within the Fortune 500, placing our business in line with the entire balance sheet of many of our competitors. This focus is a proof of our commitment to the business along with the required investment for continued growth.

J.P. Morgan's senior management places a premium on the annuity-like revenue stream that Treasury & Securities Services delivers, since those revenues offset volatility in the firm's other, more market-sensitive business lines, thus increasing shareholder value.

The Worldwide Securities Services division is consistently profitable and self-funds most product development and technology initiatives. Every year over the past 10 years, J.P. Morgan Worldwide Securities Services has increased its spending on new product development and technology, with the full support of the firm's senior management. J.P. Morgan spent \$650 million for Worldwide Securities Services technology in 2011 and we plan to spend another US \$650 million in 2012.

The continuing globalization of the industry compels clients to expect greater geographic support from their providers. In what has proven to be a challenging several years for markets, J.P. Morgan has displayed financial resilience. While revenue growth of late in this industry has been compromised, resulting from general declines in market values, our sales figures remain strong. Our ability to offer worldwide coverage facilitated by in-depth local knowledge and strong, disciplined relationship management practices continues to resonate with the marketplace.

Our key custody differentiators

The key features that distinguish J.P. Morgan consist not only of the superior product range available to clients, but also the confidence and support provided by a premier bank of J.P. Morgan's strength and global reach.

Financial Strength

Many financial institutions have abandoned the global custody business over the years, mainly due to their inability to maintain the significant levels of investment required. Others continue providing custody services, but remain challenged by revenue variability caused in part by business models that are too narrowly focused. J.P. Morgan, however, brings the strength of a global money-center bank, a diversified financial powerhouse. Because we offer an array of services beyond those related to custody (including asset management, investment banking, and retail), J.P. Morgan is in a far better position to weather changes in market conditions than those in our peer group.

We believe that maintaining leadership in the trust and custody business demands consistent management commitment at the most senior levels of our firm, made tangible with year-on-year investments in the business.

Commitment to Technology

J.P. Morgan Worldwide Securities Services has budgeted US \$650 million for technology in 2012. We continue to increase our spending in our areas of top priority, such as core infrastructure and client reporting, because we recognize that spending is necessary for growth, in areas of key importance to our custody clients.

The industry certainly recognizes our custodial strength, but we also recognize the importance of the custody business to our overall franchise. As *Euromoney* magazine noted, custodians have been the "surprise darling of financial services" and "one of the few safe havens of the financial markets." Very recently, we were recognized as the Securities Services Technology Provider of the Year by *ICFA Magazine*.

Industry Involvement

J.P. Morgan plays key roles in a large number trade and industry bodies, with active involvement in the activities of and specific interest in the policies of the various trade associations with which we and our clients are connected.

We hold regular forums for clients at which industry participants, regulators and policy makers discuss issues of the moment. These include forums specifically aimed, for example, at trustees, pension funds and other interest groups or segments.

Examples of representation directly related to our Worldwide Securities Services business include:

- Committee on Investment of Employee Benefit Assets (CIEBA)
- Depository Trust & Clearing Corporation (DTCC)
- Federal Reserve Bank of New York
- Euroclear
- ISLA and ISSA
- ISITC
- SWIFT
- Alternative Investment Management Association
- Association of Global Custodians
- Continuous Linked Settlement Board
- CUSIP Board of Trustees
- European Securities Forum
- Group of 30
- International Corporate Governance Network
- International Custody Tax Liaison Group
- International Securities Lending Association
- National Association of State Retirement Administrators (NASRA)

- National Association of State Treasurers (NAST)
- Pension Group East
- Reference Data User Group
- Securities Industry & Financial Markets Association (SIFMA)
- Asset Manager Forum (AMF)

Global Reach

J.P. Morgan operates a far-reaching global custody network, providing clients with extensive access to global investments. Our network comprises 102 markets, with a demonstrated commitment to adding new markets based on investor needs.

J.P. Morgan's strategy is to employ a combination of proprietary branches or subsidiaries and third-party agents as subcustodians. We leverage our expertise in managing a network of 100 banks to optimize the selection of all new agents, with stringent requirements for new agents. We consistently set new standards for local procedures that benefit our clients. We are active in market management on an ongoing basis and have a proven track record of success.

One of our greatest advantages is that J.P. Morgan has one of the most geographically diversified and experienced global network management teams in the industry. Network managers are located around the world to be close to markets in all regions of the world, working one-on-one with clients to handle difficult market entry issues or special transactions. We have 80 professionals within network management, 30 of which are actively engaged in managing J.P. Morgan's network of subcustodians. Through both on-site visits and ongoing communications, each network manager fosters local relationships not only with core market participants (such as stock exchanges, depositories and regulators), but also with leading brokers, registrars and the central bank. This ensures that J.P. Morgan has a clear view of the market infrastructure and close contacts for discussing market developments.

For J.P. Morgan's clients, this expertise translates into thorough market information and products that support clients in their risk assessment of markets and in identifying solutions for mitigating such risks. In addition, this regional presence enables the J.P. Morgan Network Managers to follow and clarify breaking market events with agents within the same time zone.

Key Competitive Differentiators

- Largest provider of liquidity funds globally
- Investment Manager reconciliation tool
- Key products and services including:
 - Private Equity & Real Estate Fund Reporting Services
 - Investment Analytics and Consulting
 - Derivclear, our dedicated platform for the processing of OTC derivatives
 - Derivative Collateral Management
- Strength of J.P. Morgan's balance sheet

- Beyond custody services, our universal banking model allows us to partner with our clients in an unparalleled way. We bring to you an organization with distinct capabilities and a full range of products and services including: Treasury and Securities Services, Investment Banking, Asset Management, Commercial Banking, Retail Banking and Cards Services.

4. What were the bank's long term and short term credit ratings at the previous three (3) calendar years' end? Please provide the rating from all bank services that review the bank's financial standing at each of the requested dates (Duff & Phelps, Moody's, S&P and others). What is the Proposer's exposure to derivative instruments both in notional and net exposure and as a percent of total capital?

Details of our Credit rating for the previous three financial years if given below.

Credit Ratings as of December 31, 2011

Rating Category	Moody's	S&P	Fitch IBCA
JPMorgan Chase & Co.			
Commercial Paper	P-1	A-1	F1+
Senior Unsecured	Aa3	A	AA-
Subordinated	A1	A-	A+
Trust Preferred	A2	BBB	A
Preferred Stock	Baa1	BBB	A
JPMorgan Chase Bank N.A.			
Short-term Deposits/Debt	P-1	A-1	F1+
Long-term Deposits	Aa1	A+	AA
Long-term Debt	Aa1	A+	AA-

Credit Ratings as of December 31, 2010

Rating Category	Moody's	S&P	Fitch IBCA
JPMorgan Chase & Co.			
Commercial Paper	P-1	A-1	F1+
Senior Unsecured	Aa3	A+	AA-
Subordinated	A1	A	A+
Trust Preferred	A2	BBB+	A
Preferred Stock	Baa1	BBB+	A
JPMorgan Chase Bank N.A.			
Short-term Deposits/Debt	P-1	A-1+	F1+
Long-term Deposits/Debt	Aa1	AA-	AA-

Credit Ratings as of December 31, 2009

Rating Category	Moody's	S&P	Fitch IBCA
JPMorgan Chase & Co.			
Commercial Paper	P-1	A-1	F1+
Senior Unsecured	Aa3	A+	AA-

Rating Category	Moody's	S&P	Fitch IBCA
Subordinated	A1	A	A+
Junior Subordinated	A1	A-	A+
Preferred Stock	A2	BBB+	A+
JPMorgan Chase Bank N.A.			
Short-term Deposits/Debt	P-1	A-1+	F1+
Long-term Deposits/Debt	Aa1	AA-	AA-

Kindly refer to **Note 5 and Note 6 of the SEC10K** report in the **enclosure CD** for details on exposure to derivative instruments

5. *During the past three years, has the Firm been subject to any governmental regulatory or law enforcement agency's investigation, examination, or other proceeding directly involving the Firm, its owners, or employees other than such examination or other proceedings as are routinely conducted in the ordinary course of the Firm's business? If so, please explain.*

It is J.P. Morgan's policy not to comment on regulatory or legal matters beyond the required disclosures provided in the firm's 10-Q filing (a copy of the most recent 10-Q is available upon request or at <http://investor.shareholder.com/jpmorganchase/sec.cfm>).

Because of the variety and size of its business operations, JPMorgan Chase Bank, N.A. and/or its directors, officers and employees are at any given time likely to be involved in litigation and/or other legal proceedings. J.P. Morgan has not been, and is not now, involved in any proceeding that we believe would affect our ability to provide the services contemplated in this proposal.

In the United States, J.P. Morgan is subject to ongoing reviews by the Office of the Comptroller of the Currency, the Securities and Exchange Commission and the Board of Governors of the Federal Reserve.

Outside the United States, J.P. Morgan is subject to oversight and reviews conducted by local regulatory agencies in the countries where the firm conducts business.

J.P. Morgan has not received any adverse rulings or sanctions related to our Worldwide Securities Services business, including the services included in this proposal.

IX. CUSTODY RELATIONSHIPS

1. *What is the total market value of all assets held in custody? Describe the number and types of master custody clients.*

The following is a breakdown of assets held in custody by client type as of December 31, 2011:

Client Type	December 31, 2011	
	Number of Clients	Assets under Custody (USD million)
Asset Managers	405	\$4,083,671
Banks	133	\$2,791,466
Broker / Dealers	75	\$1,385,457
Central Banks	25	\$1,611,446
Corporate Treasuries	399	\$928,389
Healthcare	64	\$48,751
Hedge Funds	63	\$40,648
Insurance	292	\$2,661,421
Internal Accounts	15	\$288,898
Not For Profit	110	\$12,424
Other Finance	19	\$56,746
Pension Funds (Corporate)	756	\$1,264,394
Pension Funds (Not For Profit-End/Found/Higher Ed)	65	\$30,044
Pension Funds (Not for Profit-Healthcare)	18	\$2,094
Pension Funds (Not for Profit-Other)	30	\$17,811
Pension Funds (Public)	103	\$924,157
Private Equity Funds	7	\$11,838
Public Entities	94	\$297,086
Sovereign Wealth Funds	5	\$311,549
Supranational*	4	\$86,726
Taft Hartley / Union	62	\$14,523
Total	2,744	\$16,869,539

2. *Please provide, in descending order by asset size, the name of the Bank's ten largest custody relationships as of December 31, 2010. Include the name, total assets and the tenure for each relationship. Please report in the following format:*

J.P. Morgan Worldwide Securities Services' 10 largest clients are listed below in order of size, as of **December 31, 2011**.

Sr. No.	Client Name	Custodied Assets (USD billions)	Client Since
1	Bank	\$1,291	1998
2	Central Bank	\$914	1997

3	Asset Manager	\$787	1996
4	Corporate Treasury	\$762	1979
5	Asset Manager	\$720	1979
6	Asset Manager	\$518	1979
7	Asset Manager	\$454	1990
8	Public Pension Fund	\$424	2006
9	Central Bank	\$352	1993
10	Asset Manager	\$352	1984

J.P. Morgan Worldwide Securities Services' 10 largest clients are listed below in order of size, as of **December 31, 2010**.

Sr. No.	Client Name	Custodied Assets (USD billions)	Client Since
1	Central Banks	\$1,207	1997
2	Banks	\$1,115	1998
3	Asset Managers	\$786	1979
4	Asset Managers	\$765	1996
5	Corporate Treasuries	\$744	1979
6	Asset Managers	\$592	1979
7	Pension Funds (Public)	\$466	2006
8	Central Banks	\$364	1993
9	Asset Managers	\$358	1990
10	Asset Managers	\$334	1984

To protect our clients' privacy, we do not release client names and/or specific account information unless we are given express permission.

3. *Provide the client name, contact and phone number of master custody accounts gained or lost in the last three years. Provide a brief explanation for each of the account(s) lost.*

The table below summarizes J.P. Morgan Worldwide Securities Services' new clients/assets won and clients/assets lost for each of the past five years.

Year	Gains		Losses	
	Clients	Assets (USD billion)	Clients	Assets (USD billion)
2011	205	\$235	51	\$225
2010	118	\$337	22	\$145*
2009	87	\$113	10	\$11

*The significant increase in asset losses in 2010 is a result of the loss of a public fund with AUC of \$75 billion

As a matter of policy, J.P. Morgan does not release detailed information on clients that no longer use our services. However, J.P. Morgan has not lost any clients over the last four years due to poor service or performance.

Client departures were typically attributed to one of the following reasons:

- Merger/acquisition of client and another company
- Consolidation of services with a single provider
- Fees

4. Provide a contact name and telephone number for three references that have an organizational structure similar to the Employees' Retirement System of Rhode Island ("ERSRI"), and whose organizations are currently using your custodian services. Include the same information as requested in question 2 above for each reference. Please also indicate whether these references use your bank's benefit payment, administrative and tax reporting services and/or additional services for which they contract with you.

Sr. No.	Client	Details
1	Dallas Police & Fire Pension System	<p>Name: Brian Blake, Chief Investment Strategist</p> <p>Address: 4100 Harry Hines Boulevard Suite 100, Dallas TX 75219</p> <p>Phone: 214-382-4417</p> <p>Email: b.blake@dpfp.org</p> <p>Assets under custody: \$3.2 billion</p> <p>Client since: 2002</p>
2	City Of Newport, RI	<p>Name: Laura L Sitrin, CPA. Finance Director</p> <p>Address: City of Newport, 43 Broadway, Newport, RI 02840</p> <p>Phone: 401-845-5394</p> <p>Email: lsitrin@cityofnewport.com</p> <p>Assets under custody: \$ 41 million</p> <p>Client since: 2009</p>
3	Entergy Services, Inc	<p>Name: Roger Cornelius, Lead Financial Analyst - Treasury</p> <p>Address: 639, Loyola Avenue, 6th Floor, New Orleans, LA 70113</p> <p>Phone: 504-576-4313</p> <p>Email: rcomel@entergy.com</p> <p>Assets under custody: \$3.6 billion</p> <p>Client since: 1981</p>

Kindly Note: as a courtesy to our clients, we appreciate the opportunity to reach out to these relationships in advance should you wish to contact any of these organizations.

5. Provide two former client references, with plans similar to ERSRI, who no longer use your custodian services and who left due to unfavorable circumstances. Include names, addresses, and telephone numbers.

Sr. No.	Client	Details
1	American Safety Razor Company Inc	<p>Name: John Drabik, Assistant Treasurer</p> <p>Address: 533 Mayville University Drive, St Louis</p> <p>Phone: 63141-314-985-2031</p> <p>Email: Johnj.drabil@energizer.com</p>
2	Contractors and Employees Retirement Plan Master Trust RS Group Inc	<p>Name: William J. Pieper, Sr. VP</p> <p>Address: RS Group., 3 Enterprise Drive, Suite 105, Shelton, CT 06484, Plan Benefit Services, Suzy Freeny, 11910 Volente Road, Austin, TX 787263</p> <p>Phone: 203 -926-3010</p> <p>Email: wpieper@pentegra.com</p>

Kindly Note: as a courtesy to our clients, we appreciate the opportunity to reach out to these relationships in advance should you wish to contact any of these organizations.

6. If necessary, Proposers may be asked to submit additional client, former client and/or prospective client references.

J.P. Morgan will be happy to provide additional references at that time.

7. What methods do you use to assess your client's evaluation of your services and how are comments provided by clients acted upon by senior management?

To monitor client satisfaction, J.P. Morgan employs a formal and proven governance model, and we use a variety of methods to measure the quality of our performance.

Service levels within J.P. Morgan are maintained by means of a continual monitoring program which operates both at a general level, to ensure the successful functioning of the individual operations units, and on a client-specific basis, to ensure that service levels pre-agreed with each individual client are maintained.

General Internal Monitoring

Operational risk management reviews the processes that are being employed within each function and monitors performance on a daily, weekly and monthly basis against a series of key risk indicators.

Each processing unit maintains its own risk indicators and any exceptions are highlighted and submitted in a report to senior management. Operational risk management is able to monitor any anomalies that have arisen in relation to each of the key functions and to investigate the underlying cause.

Any discrepancies that cannot be attributed, for example, to local market conditions or periodic fluctuations in processing volumes would be flagged and escalated for resolution. In this way, J.P. Morgan is able to monitor whether each of its operational divisions is performing to the requisite standard.

Client-specific Monitoring

J.P. Morgan uses its client service planning module in order to provide detailed, analytical information and monitoring in relation to individual client service levels. As part of the on-boarding process, key performance indicators for your fund will be agreed and established.

The client service manager compiles key performance indicator reports regularly for the fund, or aggregation of a number of funds. These reports are issued to the client for their review, and regular review meetings are scheduled by the service manager to examine the results of the reports.

Regular meeting forums are established to track and review operational or service issues that have arisen during the period, to review status of any new business or change control initiatives, and for any other business that may arise.

During each review period, the service team meets with the client to review our actual performance against plan, as shown in the key performance indicator report. The report provides a client set benchmark against which clients and J.P. Morgan can monitor the level and quality of the services provided and track individual aspects of its services such as reporting, cash management and inquiries.

The client and the team identify key activities, responsibilities and target dates for responding to any exceptions on the key performance indicator report, as well as other issues, such as product enhancements and the client's future requirements. The report should tie back to the service level document.

Senior business executives responsible for each relationship management and/or service delivery team meet with each client at least twice a year. In addition to reviewing service delivery, these visits provide an opportunity for clients to discuss broader issues with senior managers.

Some of the topics that typically concern clients include the firm's strategic direction with regard to market initiatives, planned product developments and changes in the industry that directly affect their business.

Clients will be provided with escalation personnel throughout the organization and will have access to senior management within the business line and functional groups, if a problem requires escalation beyond the relationship/service management team.

8. *Describe any ongoing educational seminars, publications or other services you provide for keeping clients abreast of new developments in your organization and the master trust/custody industry.*

J.P. Morgan actively interacts with our clients through client user groups. Throughout the year we actively coordinate educational programs, user conferences and events to provide our clients with industry information and to maintain ongoing training and communications with them. Programs include dial-in forums which focus on current topics such as contingency, business recovery and technology best practices. Examples include:

Client Conferences

Technology and Operations Summit

The J.P. Morgan Technology and Operations Summit is a full day program that focuses on technology innovation and how our clients can leverage technology to differentiate themselves in the market. The day includes a schedule of speakers from J.P. Morgan together with guest speakers from key firms in the industry. The 2010 summit included guest speaker Cris Conde, president and

CEO of SunGard, who spoke on the topic of *"Transparency, Efficiency, Networks: What's Your Position?"*.

The event provides a forum for clients to hear from J.P. Morgan's specialists and management, engage in discussion with their peers and share their feedback on product and service needs.

Investment Manager Forum

The annual Investment Manager Forum provides a valuable platform for our asset manager clients to hear from J.P. Morgan's team of specialists on their perspective of industry issues. The forums include panel discussion and lectures, and provide opportunities for clients to share their feedback and front line perspectives with us and their peers.

Annual Chief Compliance Officer & Fund Treasurer Summit

The Annual Chief Compliance Officer & Fund Treasurer Summit is a full day event with multiple panel discussions. This is a premier event for select clients, that brings together industry leaders and J.P. Morgan senior executives to discuss process, procedures and technology, as well as the latest trends and regulatory developments in the industry. At 2010's event, Steven Cutler, EVP and General Counsel for JPMorgan Chase & Co. delivered the keynote address to delegates.

Other Client Conference Events

Other client conferences include the following:

- The Economics Group holds an annual outlook forum and typically hosts the Fed chairman at this event
- J.P. Morgan Securities LLC holds quarterly client updates and shares insights on trading and new products
- J.P. Morgan Asset Management holds forums two to four times per year on relevant product developments, investment strategies and planned product launches
- J.P. Morgan Worldwide Securities Services hosts client events focused on alternative investments, such as a recent event geared to clients managing private equity strategies; the event included a panel discussion titled "A Practical Roadmap to Registration and New Investor Demands," focused on Dodd Frank and the practical aspects of registration, including rules, regulations and legal issues

User Groups

Throughout the year, we actively coordinate educational programs, user conferences and events to provide our clients with industry information, and maintain ongoing training and communications with them. Examples include dial-in forums, which focus on current topics such as contingency, business recovery and technology best practices.

Continuing Education

Our network management team provides clients with easy access to information and consultation related to global market practices and development. Examples of just some of the information available from our network management team are provided below.

- **NewsFlashes and Weekly Flash Summaries:** Urgent market developments are transmitted to clients by means of the *Network NewsFlashes*. Transmitted immediately online via e-mail, the

NewsFlashes provide information on breaking developments in markets around the world in relation to regulatory, operational and market practice changes.

- **Market Profiles:** Market Profiles enable clients to address the legal and operational requirements of global investing by providing a complete guide to specific markets, including detailed information on a country's securities market and settlement infrastructure, market practices related to taxation and investment regulations, and foreign exchange contracts and entitlements.
- **Global Network Management Reference Guides:** These guides are an at-a-glance comparison offering an up-to-date picture of the investment environment across multiple markets to assist clients in their ongoing risk review.

X. PROFESSIONAL STAFF AND CLIENT RELATIONS

1. *Identify the key individuals and specific responsibilities of those who would be assigned to the ERSRI account. Describe their responsibilities and provide biographies on each person.*

Service and relationship management teams are arranged primarily according to location, by client segment type and whether the client will require services from a number of our service centers.

All clients are served by highly skilled client service teams which deal with all daily queries and monitor the efficiency of the services provided on an ongoing basis.

Relationship Manager

Kevin Cohane

Experience: over 19 years of investor servicing and relationship management

Responsibilities: The relationship manager is the focal point of client contact, responsible for overseeing and managing all aspects of the relationship and acting as the client's advocate and representative within the organization. The role also incorporates the following:

- Developing an annual relationship plan with each client and implementation of the plan
- Understanding the client's strategic direction and introducing the appropriate J.P. Morgan services and expertise to help them meet their objectives
- Orchestrating the delivery of services to satisfy evolving client needs
- Acting as a focal point and resource for the client on J.P. Morgan's products and services

Where appropriate, the relationship manager also liaises with other areas of J.P. Morgan to ensure that each client's requirements are met.

Client Service Account Manager

Robert Williams

Experience: Robert has over 20 years of banking experience.

Responsibilities: The client service account manager's responsibilities include oversight and coordination of all areas supporting the client, service level document development, management of service reviews for day-to-day activities and change management.

The client service account manager ensures proactive client servicing disciplines exist across the operational areas and are a point of escalation for the client; they take ultimate ownership of all inquiries and issues.

The client service account manager is responsible for interfacing with the client:

- Establishing and maintaining service level documents with the client and all J.P. Morgan product lines
- Acting as an escalation point for all generic day-to-day service issues across product lines and locations

- Ensuring all operational issues and client strategic initiatives are logged, monitored and progressed, with a service plan put in place to clearly identify all issues, responsibilities and ownership across locations and services
 - Communicating key market and regulatory developments, acting in an advisory capacity to the client
 - Developing reporting of key performance indicators with the client by identifying relevant performance and service indicators and using these metrics to co-ordinate regular service reviews with the client
 - Acting as central point to co-ordinate all client projects, including, for example, technology enhancements and rollouts, including SWIFT, J.P. Morgan ACCESS and new business deals or transitions
 - Coordinating the change management process, including new product integration, market entries, client specific process changes, on-boarding, restructures and exits
2. *Identify the client names and account sizes that each of these staff members currently service. If you were to be chosen as custodian, would any of these relationships change? Explain.*

As a matter of policy, J.P. Morgan does not release client lists or detailed information about its clients without their consent.

Please find in our response to **Question 4** and **5** of the Custody Relationship section names of specific references who have given their permission for ERSRI to contact them. We have provided details of existing clients similar to ERSRI, who use J.P. Morgan as a provider for the services in scope within this proposal. If you require additional references, or would like to discuss our existing client base further, we will be happy to do so.

On average, relationship managers are assigned approximately five to seven clients, although this is determined based on the scale and complexity of the particular relationship.

A client service manager will be assigned to four clients on average, although this will be determined on scale and complexity of the particular client relationships.

J.P. Morgan commits to appoint the appropriate number of client service staff to ensure pre-agreed service levels. Numerous factors contribute to this determination, including transaction volumes, investment complexities and overall J.P. Morgan service usage. We continually evaluate our client service teams to ensure that they have sufficient resources to provide high quality service. On an average our relationship managers maintain six relationships.

3. *Record-below the level of full time personnel turnover experienced by your organization in the past three years as follows:*

With a large and diverse global employee population, J.P. Morgan has been successful in achieving consistently low rates of staff turnover during recent years. This level of annual turnover provides excellent stability for clients while bringing fresh talent and best practices from other firms and industries.

The following table details staff turnover rates and net headcount growth within the Worldwide Securities Services division:

Year	Total Employees at Start	Staff Turnover	Net Growth	Total Employees at End	Total Staff Added
2011	12,817	8.60%	2%	13,062	1,128
2010	11,470	10.38%	12%	12,817	1,394

2009	11,353	5.82%	1%	11,470	1,784
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4. Provide the names and titles of vice presidents or higher officers who have joined or left your master custody division during the past three years.

This information is confidential to J.P. Morgan and not for public disclosure.

5. Describe your strategies to retain personnel in key staff positions. Please discuss the following:
- a. Recruitment/Replacement
 - b. Training
 - c. Compensation
 - d. Incentive programs

To minimize the effects of staff turnover, J.P. Morgan:

- Maintains backup coverage for all accounts and clients
- Cross-trains client-facing personnel so that we do not lose knowledge with the departure of a team member
- Conducts succession planning activities throughout the year, holding managers accountable for ensuring experienced and knowledgeable replacements are identified for their client facing staff
- Anticipates potential turnover and staff accordingly

These activities shield clients from the potential service disruptions that can accompany unexpected staff changes. In the event that staff changes are necessary, we inform the client immediately, and the transition of responsibilities does not occur until the client has approved a replacement.

Recruitment/Replacement

For most client service personnel, J.P. Morgan seeks individuals with significant industry experience. Our mid-career hiring program recruits experienced, highly qualified senior and middle managers.

Our new hire training programs provide team members with the baseline knowledge, consistent practices and standards and core competencies enabling them to immediately contribute in their new roles. The programs facilitate learning through a combination of traditional classroom lectures supplemented by self-study materials that allow individuals to learn at their own pace, with the help of customer simulations and on-the-job activities.

As an organization, one of our primary goals is to identify, develop, deploy and retain highly-skilled employees. Many of our management processes, and the corresponding programs and policies to promote workforce stability, are best practices used by organizations to retain and develop key employees and limit staff turnover at all levels.

Training and Education

J.P. Morgan has an extensive internal training curriculum for staff that covers all disciplines ranging from technical excellence, to individual effectiveness and management effectiveness. This approach ensures that our staff has appropriate balance of training depending on their role. We deliver staff training through a combination of intranet, recorded and instructor-led training sessions.

The instructor-led sessions are delivered both in a traditional classroom environment and through global virtual classroom events using live meeting functionality.

Training courses include job and department orientation, skills and competency training, along with appropriate system, product, security and risk awareness, and procedural training. All training is housed on a global learning management system to maintain accurate staff training records.

Retention

We have initiated retention programs to promote a stable workforce. Some of these initiatives include extensive training and development, competitive salaries and ongoing career development.

Additionally, we have encouraged employees to remain within the organization by offering a corporate incentive plan. All J.P. Morgan professional staff is eligible to participate in this discretionary program, which is based on an employee's individual performance throughout the year.

Competitive Compensation Packages

We benchmark our salary scale against other financial services firms and regularly adjust salary ranges to maintain a top-quartile position. Officers of the firm are eligible for annual performance bonuses, which may include both cash and stock. Bonuses are discretionary, with compensation based on the firm, the business unit and the individual meeting established performance goals. In recent years, J.P. Morgan and its predecessor institutions have also granted stock options to all employees, which can be exercised when the firm meets specified financial targets.

Incentive Programs

As an organization, one of our goals is to identify, attract, develop, deploy and retain a highly skilled workforce. The management processes that help us achieve that goal, and the corresponding programs and policies to promote workforce stability, are summarized below.

Performance and talent management programs

Through our performance management process, employees are set clear, measurable objectives aligned to the role they perform. Progress against these objectives is reviewed regularly and performance levels are clearly aligned to J.P. Morgan's compensation philosophy and act as a key retention and incentive strategy. In addition, we have in place a robust Talent Management process, primarily aimed at senior employees and their successors.

The Talent Management process takes place at a global and regional line of business level and also looks across location specific talent pools. The process aims to assess the strength and depth of our talent pool, identify and plan internal mobility and career development, and provide a pipeline for succession planning.

Employee recognition programs

J.P. Morgan runs a number of employee recognition programs that seek to acknowledge and reward outstanding employee contribution with cash and non-cash awards. Recognition awards can be initiated by managers and peers.

Training and Development

J.P. Morgan makes a considerable investment in our employees training and personal development. We offer a firm-wide development curriculum that includes a variety of classes to improve both technical and personal development skills. Progress against plan is monitored as part of the J.P. Morgan staff appraisal process.

In addition the administration and operations department supporting the back and middle outsourcing business have formal new-hire academies, providing induction training that is specific to their operations. The training team educates and provides ongoing support to a network of 'training champions' who are subject matter experts.

Where appropriate, members of staff are also sponsored to study for professional qualifications that will support the business and facilitate individual career development. We therefore offer tuition assistance for job-related training courses outside the firm, including undergraduate and graduate courses. J.P. Morgan also sponsors an Executive MBA program.

Mobility

We aim to provide employees with career development and mobility opportunities within the firm. This includes an internal job posting policy, temporary transfers or training attachments to other areas, job rotations and involvement in projects. This mobility program is carefully managed to balance the career development and training needs of our employees with the need for continuity and experience required to provide excellent service to our clients.

XI. AUDIT CONTROL

1. *Provide copies of audit opinions issued by your independent auditors specifically related to your custody services for the last three years.*

There are no outstanding recommendations from internal or external auditors concerning the internal controls covered in the most recent internal controls report Clients can assess the level of control exercised within J.P. Morgan Worldwide Securities Services in the annual report produced by PricewaterhouseCoopers.

In the most recent annual SAS 70 review of internal control procedures J.P. Morgan's independent auditors, PricewaterhouseCoopers noted a small number of exceptions to control objectives. All exceptions were resolved during the period covered by the report.

Any adverse findings are reported to J.P. Morgan's regulators, the Office of the Comptroller of the Currency in the U.S. and the U.K. Financial Services Authority, who determine the course of action required.

2. *Do you utilize an internal audit staff to review master custody operations? Describe the internal audit organization. Include size of staff and the nature of internal audit staff reports.*

J.P. Morgan's internal audit department is independent of executive management, with a direct reporting line to the audit and examining committee (audit committee) of the Board of Directors of JPMorgan Chase & Co.

The General Auditor, Lauren Tyler, has a number of direct reports with responsibility for directing the global audit coverage of the various lines of business within JPMorgan Chase & Co., and regional direct reports in other global regions with responsibility for coordinating audit coverage at a regional and local level.

Staffing levels are maintained at a level sufficient to execute the risk based audit program, and are re-assessed on an ongoing basis. The global team can be leveraged for regional coverage according to need.

Staff include qualified accountants (ACA, ACCA, CPA), auditors (CIA, MIIA, CISA, Certified Trust Auditors), and experienced audit, business and technology practitioners. All staff receives training according to their specific responsibilities and development needs.

Internal audit risk rates all auditable activities (low, medium or high) and prepares a risk based rolling program of audit coverage comprising the following audit activities:

- **Audit:** Evaluation and testing of all key risks and controls (encompassing business, operational, technology, credit, market, fiduciary risks etc.) associated with a particular product or function
- **Change Activity:** Review of significant business and/or technology projects (system developments, conversions, business acquisitions, consolidations, migrations etc.)
- **Continuous Auditing:** Ongoing program of audit engagement comprising review of key performance and risk metrics, participation in governance forums (risk committees, legal entity boards, etc.), meetings with management, review of new business proposals, issue/event investigation etc.
- **Follow-up Audit:** Focused re-testing of completed action plans and controls remediation in reaction to previously reported significant audit issues

The frequency of coverage will factor in the risk rating, prior audit history, business trends and changes (e.g. management, technology, product, regulatory change). An annual audit plan is submitted to the audit committee for approval at the start of each year. This plan is subject to continual re-assessment based upon the changing risk profile of the business, with changes submitted to the audit committee.

A standard audit methodology is followed, comprising full evaluation and sample testing of key controls, designed to gain reasonable assurance that controls are adequate in design and are applied consistently in practice.

Individual examinations are controlled via a tollgate process, whereby audit management validates and authorizes the scope of work at designated times during the planning, fieldwork and reporting phases of the audit. Audit work is recorded on an automated workpaper system and is subject to two stage supervisory review.

In addition, there is an ongoing quality assurance program whereby a sample of audit workpaper files is subject to detailed review for quality and compliance with standards.

A formal audit report is produced at the conclusion of each audit examination and is graded either satisfactory, needs improvement or inadequate. Management's remedial action plans, accountability and deadline for implementation are included. All issues are entered to the Phoenix database, JPMorgan Chase & Co.'s centralized repository of control issues and associated actions (including those identified by internal audit, external audit, regulators, or self identified by management) and are tracked to resolution.

In addition to audit reports, internal audit produces:

- An executive management report summarizing the more significant issues from all of the executive business management reports, is distributed to the Audit Committee, senior executive management, and regulators. This includes details of any 'Needs Improvement' or 'Inadequate' audit reports, provides an overview of audit activity, and summarizes any regulatory reports issued;
- An audit committee update for each committee meeting, highlighting significant audit issues, the results of adversely rated audits, and audit plan status

The completion of management action plans in response to audit issues is tracked through the Phoenix database (online inquiry plus regular email reporting and consolidated status reporting). Status reports are discussed at monthly business risk committee meetings, comprising representatives of business, operations, technology and risk management as well as corporate disciplines (legal, compliance, finance, tax, credit).

Any adverse audit reports are followed up through a formal follow up audit examination to validate that issues have been addressed effectively. Formal graded audit reports are issued for follow up reviews.

All J.P. Morgan Worldwide Securities Services entities are subject to being audited. The content of internal audit reports and the annual audit plan is considered to be proprietary information. However representatives of internal audit would be happy to meet to discuss our audit process and to address any specific questions you may have.

In addition to testing performed by internal audit, the Operations Control Management group, within the lines of business, performs monitoring and quality assurance testing to ensure control execution is as designed for designated critical controls.

3. *How do you assure that master custody services are provided in accordance with proper standards of care, regulatory requirements and the executed agreement for service?*

J.P. Morgan has compliance officers who are aligned with each of the major operating processes in our business. Compliance officers work directly with attorneys in the legal department to identify laws and regulations that govern business functions. They are responsible for assisting the business to minimize compliance risk and to ensure adherence with statutory and regulatory obligations, as well as ongoing compliance education and training of J.P. Morgan staff.

Compliance officers address issues including management of conflicts, money laundering and the firm's code of conduct.

In addition, J.P. Morgan has a legal staff dedicated to our business needs. The staff attorneys are available at the request of relationship managers to participate in discussions with clients. To keep staff apprised of legislative and regulatory developments, J.P. Morgan sponsors workshops and ongoing training.

4. *Describe the process your organization uses to evaluate the effectiveness of internal controls and the on-going monitoring of the internal controls.*

J.P. Morgan management performs an annual control self-assessment of all key risk controls. All issues identified through this assessment along with completed or planned corrective actions are maintained in a database to be tracked to final disposition. The most significant of these issues, including issues identified by management, internal audit, external audit and regulators, are escalated to executive management through an executive management report.

Operations Control Management undertakes regular sample based testing of internal controls, with all results recorded in a dedicated control testing tool. Any exceptions are noted, with actions tracked for remediation as appropriate, and aggregated testing pass/fail rates published as part of regular business management information, and escalated to Risk and Control Committees for review.

Our internal audit organization performs tests of our controls and their effectiveness over our environment. J.P. Morgan's general auditing department provides an independent assessment to the firm's audit committee, executive and senior management, and regulators. This assessment covers our ability to manage and control risk, and advises business managers on enhancing the capacity to manage risk.

5. *What internal control procedures exist to ensure that the following reported data is valid: Asset detail and transactions, commission rate and payees, interest and dividend received, accrued income, and amortization?*

Accuracy of data within J.P. Morgan ACCESS is maintained by the following procedures and controls:

- **Fully automated links** between core systems enable automated reconciliation for accounting and NAV production.
- **Automated checks** on all incoming data, including:
 - Accuracy and authenticity checks on all trade instruction data.
 - Verification of all corporate action and income announcements. J.P. Morgan compares information received from its local subcustodian agents with that available from market vendors and will investigate any significant variation.
 - Automated communication with local subcustodian agents. J.P. Morgan communicates with all local agents via SWIFT. This ensures the accurate transmission of all trade data and timely confirmation of settlement confirmation.

- **Strict control of static data.** J.P. Morgan operates a centralized team responsible for the capture and validation of static data. Receipt of a trade instruction with a security identifier not currently held on our system will prompt an automated request for investigation. We will then search our database for the relevant security details or request information from external vendors. Any new data is then subject to validation checks and controls prior to being released to J.P. Morgan systems.
 - **Departmental reporting quality control:** The delivery of information to clients is controlled by the delivery manager within each business group. The delivery manager monitors the status of data compilation and verification against specific requirements.
6. *Describe your audit process associated with the client's monthly portfolio statements. Also describe your reconciliation with clients and the client's outside managers.*

J.P. Morgan has a series of proofs and controls in place to help ensure that accounting reports are accurate and complete before being released to clients.

Account Review

On a daily basis, a systematic reconciliation is performed between the custody and accounting systems at the account level. Each accountant is presented with exceptions and is responsible for researching and resolving all differences on a daily basis.

In addition, quality checks are performed on the accounting data. If an item is categorized as a "critical" exception, a second level of review by a team leader is required.

These critical exceptions are automatically passed on to the work queue of the appropriate reviewers once the accountant has researched and documented the items and determined that the exception is "reviewed and valid."

There are automatic flags for the following exception types for the accounting team to review. Please note that this list represents a sample of the checks performed by the workstation and accounting team:

Price Exceptions

- Missing prices
- Stale prices
- Large price changes

Asset Set-Up Checks

- New fixed income securities
- Bond key data
- Options missing underlying securities information
- Bonds with zero accrual/accretion

Our dedicated accounting group and our pricing analysts use an automated, Windows-based exception management system, allowing the team to access to accounting data, identify exceptions and audit financial information with point-and-click simplicity.

Income Checks

- Past due income receivables
- Duplicate dividends
- Negative earned income
- Income accrual inconsistent with par value
- Negative accruals
- Dividend inconsistent with market value
- Amortization/accretion changes
- Amortized cost versus par review
- Realized gain/loss review

Other Checks

- Differing settle and trade currencies
- Missing broker code on foreign exchange transactions
- Other asset and other liability review
- Zero interest purchased/sold on bond trades
- Large market/cost change
- Unit transactions with missing principal
- Spot FX rate inconsistency check

Pricing Review

The centralized tool helps the team resolve pricing issues such as missing prices, stale prices and large price changes on a daily basis. Pricing specialists resolve these exceptions via the tool, allowing the accountant to instantly see the updated account status. This streamlines the communication between the pricing and accounting teams to help ensure pricing exceptions are resolved and communicated in an efficient manner.

On a daily basis, market price exceptions are identified in the workstation by comparing daily fluctuations in market price. The pricing group reviews these exceptions and investigates changes beyond tolerance ranges, which are built into the accounting system at the security level.

For price integrity, the team compares variations between J.P. Morgan's primary pricing sources and verifies random samples of prices, even if they fall within tolerance limits. Market prices are set to a tolerance level for the appropriate security type and are adjusted according to changes in market conditions.

Financial Statement Report Generation

The accountant assigned to the client is responsible for ensuring that a full review is completed in compliance with departmental policies and procedures. Accountants can request the final audited statements from within the centralized application only if all audit exceptions have been cleared. This

prevents clients from receiving audited statements until all critical exceptions have been cleared. An additional review is performed by the manager before being released to the client.

Workflow and Exception Management System

Within the J.P. Morgan accounting management system, our accounting managers have the ability to monitor resource allocation to ensure all accounts have the appropriate accounting staff assigned. The system also has the capability to reassign accounts if the original assigned accountant is out of the office.

In addition, the system includes an exception management module to allow accounting managers to actively monitor status of clearing exceptions and provide for timely delivery of financial reports to clients.

Internal Control Environment

The internal control environment, which supports our ability to generate accurate and complete monthly financial statement report packages, is comprised of five key components:

- Strong management control environment
- Effective risk assessment capabilities
- Clearly defined control activities
- Identification, capture and dissemination of key information
- Implementation of monitoring controls to assess the quality of the control environment over time

In addition to the above, the following interrelated control components create an overall environment to support the generation of complete, accurate and timely financial statement report packages for clients:

- **Management Control Environment:** This represents the foundation for the control environment by providing discipline and structure. Management promotes a strong control environment through emphasis on integrity, ethical values and competence.
- **Key Risk Indicator Reporting:** Management monitors the effectiveness of the control environment through the use of Key Risk Indicator reports for all J.P. Morgan products/services. The reports cover general operations, system/application performance and client deliverables and utilize predefined red, amber or green thresholds to guide escalation. The reports are distributed to senior management, operations management, risk management and internal audit and are actively reviewed periodically through various control forums. Items reported in a non-green status require a detailed issue resolution action plan and are monitored by senior management.
- **Risk Assessments:** Management continually evaluates its objectives, corresponding risks and mitigating controls to ensure a sound understanding of the business and to identify and deal with the special risks associated with change. A biannual, control self-assessment is documented by management to ensure any changes to the environment have been identified and controls implemented are effective. Additionally, various internal and external audits are performed throughout the year to provide feedback as to the effectiveness of controls.
- **Core Operating Standards:** Core operating standards are embedded within the procedures staff members must perform to execute controls over specific functional areas. These standards also dictate escalation procedures.

- **Risk Management:** The control environment also includes an independent risk management team that has an independent reporting line. The risk management team monitors and reports to senior business managers on the status of remediation actions and key risk indicators (cash and asset exceptions, aged income, NAV/reporting accuracy, etc.). Risk management holds a monthly risk and control meeting with the management to review the status of risk monitoring, key risk indicators, and any exceptions that have exceeded predetermined thresholds. This is effectively done with the help of Operations Control Management group as described below.

Operations Control Management

Each line of business has an operations control management function to ensure comprehensive control review and adoption of operational best practice. The function works within the line of business to evaluate the risks of processing events within each functional area. Operations control management ensures that current policies, such as the use of documented standards and procedures, are consistently used throughout the business teams.

J.P. Morgan's internal control environment and robust auditing process minimized the need to re-render monthly accounting data. However, if a revision is required, statements may be re-rendered.

Investment Manager Reconciliation

Reconciliation with investment managers, or other third parties, is a key component in helping to ensure that final audited statements are complete and accurate. J.P. Morgan's accounting reconciliation tool is a powerful, flexible, proprietary web application that offers your investment managers a standardized way to share and reconcile accounting information to effectively meet accounting deliverables. We take full responsibility for ensuring that the reconciliation is completed in an accurate and timely manner.

J.P. Morgan's user-friendly accounting reconciliation tool offers investment organizations the ability to receive, integrate and reconcile data regarding positions, pricing and settlements.

The J.P. Morgan automated reconciliation tool offers the following:

- The ability to allow investment managers to download an accounting synopsis from the Internet
- The ability to allow investment managers to upload multiple files directly to J.P. Morgan servers
- Provides standardized output of results for each line item on the synopsis

We perform the research and interact with the managers to resolve all discrepancies. This process is currently in place for most of our clients.

In addition to the time saved by the clients by not having to perform this reconciliation internally, we have found that this process also reduces time spent on inquiries relating to differences between the manager and custodian.

Our process allows for the following:

- Reconciliation at the account level of cash, holdings, income, receivables/payables and market value
- Investment manager to provide a file with specified data
- Manager and custodian information is matched in a process which takes a few seconds to complete, and a list of matched and unmatched items is produced

- Unmatched items are researched and resolved prior to rendering the final valuation
- Prices may be challenged by the manager and validated by J.P. Morgan prior to rendering the final valuation
- Both J.P. Morgan and the manager agree and sign-off on the final market value before the valuations are rendered

The basis for most differences between J.P. Morgan and the investment manager is pricing differences on fixed income securities. Any out-of-tolerance discrepancies found between J.P. Morgan's prices and any other source is challenged through the price challenge database (tolerance levels are set by the client and based on specific asset classes).

As part of our manager reconciliation process, we provide investment manager with the opportunity to challenge any price. When a price is challenged, we usually require that the manager provide us with their assumptions for deriving its price.

Once a price challenge is processed, the pricing unit investigates using all available resources and places an investigation with the price source from which the price was received. The answer from the price source takes approximately 24 to 48 hours and once returned, the pricing unit determines whether to change the price or let it remain.

Usually if the original price source changes, the price is corrected. If the original source does not agree to change its price, but all other available indicators point to a change, the reference information management manager makes a decision whether or not to change.

Please note that J.P. Morgan provides independent pricing and lacking any evidence to the contrary maintains the price provided by our vendors. J.P. Morgan has the final authority in resolving price discrepancies.

7. *Describe the various types of insurance coverage and indemnification provided to protect clients of services proposed. Attach a copy of a valid certificate of insurance indicating liability insurance.*

Please find below a list and summary of existing insurance policies, including amount of coverage. J.P. Morgan considers information regarding deductibles on insurance policies to be proprietary. However, deductibles are not material in view of the size and financial strength of J.P. Morgan.

Risks covered under each policy are included below. Please note that policies contain standard industry policy exclusions.

Please note that Park Assurance is a subsidiary of JPMorgan Chase & Co. None of its shares are held by any of the J.P. Morgan entities that would be providing the in-scope services.

Coverage	Details
Financial Institution Bond & Computer Crime (Bankers Blanket Bond Form 24 [Amended])	
Risks Covered:	Loss of money/securities plus other properties resulting from employee dishonesty, robbery, burglary, or mysterious disappearance; loss of accepting forged or counterfeit checks and securities; a third-party interloper who accesses a computer or telex communication line and modifies or creates a message that results in a loss where JPMorgan Chase & Co. is held liable.
Carriers:	Park Assurance Company
Levels/Limits:	\$300,000,000
Policy Period:	July 1, 2011 – July 1, 2012

Coverage	Details
Excess Transit & Premises	
Risks Covered:	Physical loss of securities worldwide on premises and while in transit by authorized employees, designated messenger, or recognized armored carrier
Carriers:	Axis Specialty Limited and other carriers
Levels/Limits:	\$750,000,000 (excess of Financial Institution Bond)
Policy Period:	July 31, 2010 - July 31, 2013
Mail and Transit	
Risks Covered:	All risk mail and transit insurance for all types of securities and other valuable property
Carriers:	Federal Insurance Company
Levels/Limits:	Limits per shipment, per addressee per day per courier \$50,000,000 Registered Non-negotiable \$25,000,000 Registered Negotiable \$1,000,000 First Class Non-negotiable per package \$250,000 First Class Negotiable per package Under First Class – not to exceed any one addressee on any one day \$2,500,000 \$50,000,000 Air Courier Non-negotiable \$25,000,000 Air Courier Negotiable \$25,000,000 Foreign Non-negotiable Registered/Air courier \$25,000,000 Foreign Negotiable Registered \$1,000,000 Foreign Negotiable Air Courier \$250,000 Domestic/Foreign/Registered/ for Bullion, Currency and Jewelry
Policy Period:	Continuous until canceled
Global Property	
Risks Covered:	All risks of direct physical loss or damage (including flood and earthquake) to all real and personal property located anywhere in the world except where the U.S. government imposes sanctions which prohibit JPMorgan Chase & Co. and the insurance company from transacting business.
Carriers:	Park Assurance Company
Levels/Limits:	\$1,750,000,000 Worldwide for Property Damage \$200,000,000 Boiler & Machinery \$500,000,000 Business Interruption/Extra Expense \$50,000,000 Transit
Policy Period:	May 1, 2010 – June 1, 2012
International Terrorism (excluding U.S., U.K. and France)	
Risks Covered:	Insures against direct physical loss or damage caused by an act of Terrorism occurring during the policy term to JPMorgan Chase & Co. real and personal property located anywhere in the world (as per specific locations declared to and on file with the Underwriter), including debris removal, business interruption and extra expense.
Carriers:	Underwriters at Lloyd's
Levels/Limits:	\$100,000,000 aggregate (with various sub-limits)
Policy Period:	May 1, 2010 - May 1, 2012
U.S. Terrorism (TRIA)	
Risks Covered:	Insures against all risk of direct physical loss or damage caused by an act of

Coverage	Details
	Terrorism as defined in the Terrorism Risk Insurance Act of 2002 (TRIA), and as amended by the Terrorism Risk Insurance Extension Act of 2005 (TRIEA) and the Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA), collectively "TRIA", to JPMorgan Chase & Co. real and personal property located in the United States, including ORE property, mortgage impairment, EDP equipment, boiler and machinery, etc. Business interruption and Extra Expense are also covered.
Carriers:	Park Assurance Company
Levels/Limits:	\$1,500,000,000 Property
Policy Period:	May 1, 2010 – June 1, 2012
Workers Compensation & Employer's Liability	
Risks Covered:	All compensation and other benefits required by state law and all sums the insured is legally obligated to pay because of bodily injury by accident or disease.
Carriers:	Liberty Mutual
Levels/Limits:	Statutory Workers Compensation \$1,000,000 Employers Liability
Policy Period:	April 1, 2012 – April 1, 2013
Commercial General Liability	
Risks Covered:	Sums which the insured is obligated to pay due to third-party bodily injury and property damage claims arising out of the conduct of the insured's business.
Carriers:	Liberty Mutual
Levels/Limits:	\$5,000,000 combined single limit
Policy Period:	April 1, 2012 – April 1, 2013
Business Automobile Liability	
Risks Covered:	Sums which the insured is obligated to pay due to third-party bodily injury and property damage claims arising out of the use of owned, non-owned and hired vehicles.
Carriers:	Liberty Mutual
Levels/Limits:	\$5,000,000 combined single limit
Policy Period:	April 1, 2012 – April 1, 2013
International Casualty	
Risks Covered:	Provides primary and excess liability coverage for international operations in situations where local coverage (i.e., general, automobile, and workers' compensation) is limited in application (primary coverage) or insufficient (excess coverage).
Carriers:	Insurance Company of the State of PA
Levels/Limits:	\$5,000,000
Policy Period:	January 1, 2012 - January 1, 2013
Directors and Officers Liability (Side A – Non Indemnifiable)	
Risks Covered:	Indemnification for loss arising from any claims made against any Director or Officer of JPMorgan Chase & Co. and majority owned subsidiaries by reason of any alleged wrongful acts (breach of duty, neglect, error, misstatement, misleading statements, omission) for which JPMorgan Chase & Co. cannot or will not provide indemnification.
Carriers:	XL Insurance (Bermuda) Ltd. and other companies
Levels/Limits:	\$300,000,000

Coverage	Details
Policy Period:	November 30, 2011 - November 30, 2012
Bankers Professional Liability	
Risks Covered:	Bankers Professional Liability coverage indemnifies against loss arising from claims of alleged wrongful acts committed in the performance of professional services.
Carriers:	Park Assurance Company
Levels/Limits:	\$100,000,000
Policy Period:	January 15, 2012 – January 15, 2013

The insurance maintained by JPMorgan Chase & Co. for itself and its subsidiaries is dynamic in nature and subject to change based upon market conditions and the risk exposures of the firm and its evaluation of whether it is prudent to insure or retain risk.

Generally, the insurance maintained by JPMorgan Chase & Co. for the last three years remained reasonable and customary for a firm of the size and nature of JPMorgan Chase & Co., and in compliance with regulatory or client guidelines.

Please see to **Exhibit 1** for a copy of the Liability Insurance Certificate

8. *Do you prepare a Statement of Auditing Standards 70 report (SAS70)? Briefly list and describe the nature of all errors and/or weaknesses that were discovered as a result of an outside review of the SAS70. What steps have been taken to correct the errors or otherwise improve the controls? Please provide a copy of the SAS70.*

Yes. In the most recent SAS 70 (SSAE 16/ISAE 3402) review of internal control procedures for the global custody, fund accounting and securities lending operations, J.P. Morgan's independent auditors, PricewaterhouseCoopers, issued an unqualified opinion, indicating controls were operating with sufficient effectiveness to provide reasonable assurance control objectives were achieved during the period. The report may note technical exceptions to control activities.

The most recent SSAE16 report will be sent via email to Vincent T. Izzo (vizzo@treasury.ri.gov)

XII. CUSTODY OF ASSETS

1. *Explain how the custody and safekeeping units are structured. Are the domestic and global custody operations integrated or separate units? If integrated, describe in detail.*

J.P. Morgan Worldwide Securities Services, a division of Treasury & Securities Services, provides custody, trust, fund services and clearing to asset managers, pension funds, endowments, foundations, insurance companies, banks, broker-dealers, government entities, hedge funds and sovereign wealth funds on a global basis.

We organize this business in the following fashion:

- **Investor Services:** Global custody, foreign exchange, direct custody and clearing, global clearance, fund accounting, outsourcing, global derivatives services, transfer agency, performance analytics, trust and fiduciary, hedge fund services, private equity and real estate services, and securities lending
- **Trading Services:** Securities lending, collateral management, depositary receipts and execution services, including transition management
- **Global Platform:** Consolidates the delivery of all new product development, regulatory and approved client-driven change across Worldwide Securities Services

Global and domestic custody operations

J.P. Morgan's global and domestic custody operations are integrated. Our processing hubs are located in Dallas (U.S.), Bournemouth (U.K.), Sydney (Australia), with a supplementary center in Mumbai, India.

The Dallas processing hub handles the processing, settlement and safekeeping of all U.S. securities, with a New York City vault location covering any physical U.S. issues. The Bournemouth facility is responsible for processing, settlement and safekeeping of all non-U.S. securities, communicating with J.P. Morgan's subcustodial agents around the world. The markets where we offer direct custody are Australia, India, Taiwan, Russia, Ireland, the U.K. and the U.S.

2. *Describe your global custody capabilities in detail.*

J.P. Morgan offers a full range of custody services, including:

Settlement: J.P. Morgan provides a transaction and custody service for all major security types in 102 markets, with a contractual cash settlement facility on all purchases and sales available in 66 markets.

Upon receipt of a complete instruction from our clients, J.P. Morgan's transaction capture and settlement system will automatically forward the settlement instruction to the appropriate agent bank or depository. Through the use of electronic messaging in all markets, the settlement team is given the maximum amount of time possible to investigate any problem transactions.

Upon receipt of the complete instruction, our agent will transmit the instruction to the market for settlement. J.P. Morgan requires its agent banks to pre-match trades (and to advise in relation to those trades that fail to match) in all markets where this is the standard practice and encourages the process in all other markets.

Where pre-matching is available in a given market, J.P. Morgan will have set our trade instructions to ensure that client instructions are received by our subcustodian bank with sufficient time to effect the pre-match process.

When J.P. Morgan is advised by a subcustodian or depository that a trade has failed to pre-match, this information is relayed to clients, either via SWIFT or J.P. Morgan ACCESS to allow all parties to coordinate to rectify the situation. Our client service administrators will also provide assistance by working with the necessary parties to facilitate the settlement process.

Safekeeping: J.P. Morgan provides transaction and custody services for all major security-types and offers the following services:

- **Registration:** The registration status of trades is recorded on J.P. Morgan's trade input system. The trades initially have a status of *awaiting receipt* or *awaiting delivery*. When J.P. Morgan has been advised that the trade has settled, the status will move to *trade complete*.

For markets where securities are held in physical form, a purchase will then move to a status of *at registration* when we have been advised that the registration process has begun. All of these updates are reported electronically via J.P. Morgan ACCESS. Holdings can be viewed at any time to determine whether they are available or at registration.

- **Account Structure:** At the primary level on J.P. Morgan's own system, each client's assets are clearly segregated by the assignment of an individual account number to each portfolio held on behalf of a specific client. At the subcustodian or depository level, the manner in which securities are held by J.P. Morgan on behalf of its clients is determined in the first instance by the local market regulations.

However, in those markets where omnibus accounts are permitted, securities are generally held in the nominee name of either J.P. Morgan or its local subcustodian. This has resulted from our experience with local market practice and conditions and is intended to ensure the swiftest possible settlement practice and the most secure means of safekeeping.

Corporate Actions: J.P. Morgan operates a comprehensive corporate action processing system that is integrated with core processing applications. The timeliness and quality standards for notification and processing are specified in service level documents and performance is regularly measured against these standards to ensure conformity.

The primary sources used for corporate actions across all markets include the network of subcustodian banks, depositories and Interactive Data Company from which the firm receives an automated feed of information.

Information is recorded on the corporate actions system and notified to clients holding the stock within 24 hours of J.P. Morgan's receipt. Notification is usually made via SWIFT or J.P. Morgan ACCESS.

Clients can submit instructions via the same methods (SWIFT or J.P. Morgan ACCESS) and have access to a dedicated 24-hour customer inquiry team in Bournemouth. Reminders in relation to outstanding actions are issued daily via J.P. Morgan ACCESS from five days prior until two days after the J.P. Morgan instruction deadline.

Reporting is provided on an intraday basis via both SWIFT and J.P. Morgan ACCESS.

Income Collection: J.P. Morgan has a comprehensive income processing system that is fully integrated with its core custody processing system. The specialist income collection teams are based in Bournemouth (U.K.) and Dallas (U.S.) and are responsible for monitoring and processing the income payable on securities in each of the global custody markets.

Contractual payment of income on payable date is available in 42 markets.

Proxy Voting: J.P. Morgan has contracted to use the products and services of Broadridge to offer a full, online voting service in 89 markets of our global network. The service comprises the provision of shareholder meeting notifications and the submission of voting instructions to the issuing company. Clients are able to receive detailed agenda information and supplementary issuer material, submit votes, and review detailed and highly customizable vote activity reporting.

Tax Reclamation: J.P. Morgan provides a tax relief at source service in over 29 markets and reclaims in over 13 markets, including mutual funds, insurance companies, endowments, and public and corporate pension plans. Using extensive market knowledge, J.P. Morgan is able to provide a custom suite of tax products to help clients maximize tax relief on their portfolios. The core product includes:

- Management of tax documentation
- Provision of tax information
- Tax reporting

Value-Added Services

J.P. Morgan offers a full range of value-added services by leveraging the leading capabilities of J.P. Morgan's Investment Bank, Asset Management and Treasury Services businesses. The ability to offer continual product innovation, while maintaining a consistently high level of service has been fundamental in the custody industry's recognition of J.P. Morgan's prominence in the marketplace.

- **Fund Accounting and Administration Services:** J.P. Morgan provides global multicurrency, trade-date based, fully accrued accounting and reporting through its SunGard accounting system. The accounting system is fully integrated with custody, compliance and performance measurement systems to ensure the highest quality output through consistent data sources and elimination of human error.
- **Securities Lending:** J.P. Morgan provides customized and transparent securities lending solutions that draw on the firm's risk and credit expertise and global equity and fixed income trading capabilities
- **Performance Analytics:** J.P. Morgan offers a sophisticated performance measurement service using our proprietary performance measurement tools. The system is built on a security-level, multi-currency platform, with true integration of multi-currency portfolios. Performance measurement reporting is available to clients on a daily, monthly and quarterly basis.
- **Liquidity management:** Through a consultative approach, J.P. Morgan helps clients to define their liquidity needs and develop a framework for managing and investing cash balances, executing against key objectives designed to optimize accessibility, enhance investment performance, preserve capital, reduce risks and ensure overall operating efficiency.
- **Foreign Exchange:** External surveys suggest J.P. Morgan is a leading global provider of foreign exchange (FX) services with an estimated 8-10 percent of the US \$4 trillion per day FX market. J.P. Morgan offers a unique combination of broad currency coverage, product depth, time zone support, superior liquidity and extensive research. Over the last 20 years, J.P. Morgan has invested in building linkages between its custody platforms and its foreign exchange execution centers. This allows for a flexible, seamless, secure and efficient range of execution options for clients to choose from.
- **Passive Currency Overlay:** Working in conjunction with J.P. Morgan Foreign Exchange, Worldwide Securities Services provides clients with a Passive Currency Overlay (PCO) service

that allows them to neutralize – in whole or in part – currency exposure arising from holding international assets denominated in currencies other than their base currency.

- **Depository Receipts:** J.P. Morgan provides robust and specialized depository receipt services to corporate issuers and their investors worldwide. We help issuers grow their DR programs through our deep industry expertise, keen local market knowledge and market-leading advisory services.
- **Commission Recapture:** Offered through Capital Institutional Services, Inc. (CAPIS), the program is designed to benefit pension plans or mutual fund participants by either reducing the plan/fund expenses or increasing cash flow for reinvestment. For investment managers/sub-advisors, the program is implemented seamlessly and provides access to numerous execution venues including the CAPIS 24-hour global trading desk and the global correspondent broker relationships.
- **Transition Management:** Our global service assists clients in the restructuring or implementation of investment portfolios, while minimizing costs and controlling risks relative to a set of pre-determined benchmarks. Fully automated settlement over custody accounts.
- **Integrated Futures and Options Clearing:** J.P. Morgan offers our clients the ability to link exchange-traded futures and options on futures execution, clearing, and reporting into their custody service. We are unrivalled in providing such a comprehensive product in terms of size, scale, and market position.

As one of the largest and most dynamic futures and options brokerages in the world, J.P. Morgan is a listed derivatives market leader in providing research, sales, execution, and clearing services to clients on over 80 exchanges globally. We offer fixed income, equity, foreign exchange, and commodity-related products and have been providing futures and options execution and clearing services uninterrupted for more than 30 years.

Additional benefits of the integrated product include internal money movements for margin to eliminate wire costs, straight-through information flow between futures and custody and consolidated reporting for custody/accounting and futures and options activity.

- **Compliance Reporting:** J.P. Morgan provides post-trade compliance reporting services to more than 218 clients globally for 8,008 portfolios with total assets exceeding US \$3 trillion.

Fully integrated with the J.P. Morgan accounting system and employing multiple data sources, including Bloomberg, the contractual compliance reporting service provides clients with valuable exception-based information that highlights potential warnings and violations to pre-agreed investment guidelines, external regulations and internal risk exposure limits.

In addition, it can accept data feeds from the client's accounting platform where accounting is undertaken in-house or through a third-party administrator.

More than 10,000 rules have been developed and customized to meet the needs of our clients. J.P. Morgan works closely with clients to define and tailor rules and reports to best meet individual needs. The rules library incorporates client-specific requirements for various regulatory regimes including the following:

- European UCITS including UCITS IV
- U.K. FSA (unit trusts and ICVCs)
- Luxembourg

- Ireland
- German InvG
- European and U.S. pension schemes
- U.S. SEC rules (including 2a-7)
- Hong Kong unit trusts
- China SIF

Hedge Fund Services: J.P. Morgan has serviced alternative investments for clients since 1979. With over 20 years of experience, J.P. Morgan has developed the best technology coupled with a strong knowledge base of our accounting and administrative servicing staff.

Global Derivatives Services: J.P. Morgan has set up this business to provide OTC derivatives pricing and processing. This business is fully integrated with our fund accounting, custody and collateral management services.

Private Equity and Real Estate Services: J.P. Morgan supports institutional limited partners and fund of funds in the management and reporting of their alternative investment portfolios. The team handles on-shore and off-shore partnership investments in traditional private equity, venture capital, real estate and special situations funds. The team provides portfolio management, investment accounting, cash flow tracking and forecasting, reporting and analytics for clients who invest in limited partnerships.

Prime Custody Solutions: With the combination of a world-class custody platform as well as a market leading prime brokerage platform, J.P. Morgan is in an unrivalled position to offer integrated prime brokerage/custody services for your alternative and long/short funds. As evidence of our commitment to this segment, we have established the Prime Custody Solutions Group to service the needs of managers who for some of their funds might require the services of both a custodian and a prime broker. Our Integrated Capability Highlights include:

- Unrivalled financial strength, unique structure and separate legal entities for unencumbered long positions and short positions
 - Automated collateral movements between collateral accounts and unencumbered long accounts
 - Automated feed of short positions into fund accounting systems
 - Reducing financing costs by leveraging securities lending of unencumbered longs
 - Single point of contact including client service, documentation and onboarding
 - Consolidated report for long and short positions, margin summary and margin detail reports available from the same portal
3. *Briefly discuss your policy and procedures for assuring that each client's assets are properly held in safekeeping and positions are accurately maintained in your accounting records. Include information on segregation of assets and distinctions between physical and book entry positions.*

Safekeeping of client's assets

The primary controls in place to ensure the protection of client assets are as follows:

- Requirement for subcustodians to maintain the securities belonging to our clients in an account containing only client securities
- The use of local and international central securities depositories wherever possible in the settlement of all transactions. J.P. Morgan and its subcustodian agents are linked electronically to the depositories and our policy of trade-matching provides for swift and accurate settlement
- Clearly-defined reconciliation procedures. Reconciliation is carried out on a daily basis with our subcustodian agents (including Euroclear). Consolidated statements in relation to transactions and holdings, are received electronically via SWIFT or file transfer from each of our subcustodian agents. An electronic reconciliation is then performed to determine if any discrepancies exist between our records and the statements received, and any discrepancies are investigated and resolved by the reconciliations team
- Requirement for subcustodians to conduct reconciliation of their records with the central securities depositories. Thorough due diligence, both prior to market entry and on a continual basis thereafter, is conducted to ensure that assets are held in the most appropriate manner to ensure their safety in the event of subcustodian default
- The right of clients to recover assets in the event of subcustodian or depository insolvency will ultimately be a matter to be decided on by courts in the relevant jurisdiction. We conduct an assessment of the position in each jurisdiction, and a summary of each market is in the reports produced by the network group

On an annual basis, J.P. Morgan receives a legal opinion for each market to confirm that the manner in which securities are held is the appropriate to help ensure those securities would not be available to creditors of the subcustodian upon its insolvency or local equivalent. These legal opinions are sent to clients on an annual basis in the Annual Review of Global Custody package which includes key information relating to the subcustodians in the J.P. Morgan custodial network, the local counsel legal opinions and the Global Custody Network Management and Monitoring Process procedures.

J.P. Morgan obtains legal survey opinions every year through Baker & McKenzie who coordinates the request and review of the legal opinions with local counsel for all the markets in the J.P. Morgan subcustodial network. Baker & McKenzie uses a network of branches and affiliates as well as third-party counsel in the different jurisdictions. J.P. Morgan's internal Legal department works closely with Baker & McKenzie to continuously enhance and fine-tune the information in the legal opinions in respect of the ring-fencing of clients' assets in particular.

Accounting and asset segregation

At a primary level on our custody system, each client's assets are clearly segregated by the assignment of an individual account number to each portfolio held on behalf of a specific client.

At subcustodian level, the manner in which securities are held by us on behalf of our clients is determined in the first instance by the local market regulations. However, in those markets where omnibus accounts are permitted, securities are generally held in the nominee name of either J.P. Morgan or its local subcustodian in a dedicated client account, a result of J.P. Morgan's experience with local market practice and conditions. This is intended to ensure the swiftest possible settlement practice and the most secure means of safekeeping.

In those markets where omnibus accounts are permitted, accounts are segregated only to the extent required to determine the tax status of the beneficial owner of the stock. In certain markets, however, it is either required (by local market regulations) or advisable for assets to be held in segregated accounts in order to assure the highest level of protection.

We are flexible with regard to the account structure for each client, based upon individual preference, and we can perform an analysis on the preferred account structure. This would entail further investigation on subjects such as securities lending, corporate events, proxy voting, tax issues and visibility in the local market.

Essentially, assets are registered in three ways. In each market, this is determined by local regulations or client preference:

- For those markets in which local practice or regulations require beneficial owner segregation of assets, the client name is used
- In markets where it is standard practice for J.P. Morgan to hold assets in an omnibus account under a nominee name, but in which a client requires to have segregated accounts, a designation is utilized on a sub-account basis
- In markets where assets can be held in a nominee name and the client does not require segregation, assets are registered under the J.P. Morgan nominee name in an omnibus account.

Physical securities are held on our system upon receipt. The system automatically recognizes securities eligible for depository placement, which are deposited and held in book-entry form unless a client instructs us to withhold the security. Ineligible securities are typically registered in the name of one of our nominees and held in our vault.

4. *How do you provide for the timely delivery of domestic and international proxies and proxy statements? Describe the process and reporting capabilities as it relates to securities on loan.*

J.P. Morgan currently offers proxy voting services in 89 markets. Details of our non-U.S. and U.S proxy services are as follows.

Delivering information on Non-U.S. Securities

J.P. Morgan has contracted with Broadridge to provide full online voting service, including shareholder meeting notifications and related resolution agendas, as local market conditions allow. Through an automated process, J.P. Morgan delivers information covering annual and extraordinary shareholder meetings to clients and their investment managers.

Notifications for meetings included in the full proxy voting service are provided in English and include the following information:

- Meeting date
- Type of meeting (annual or extraordinary)
- Agenda of resolutions
- Voting entitlement
- Notice of blocking requirement, if any
- Date by which voting instructions must be returned

In addition to enhanced summarized meeting agendas, original meeting agendas are accessible via Broadridge's web-based ProxyEdge platform, as well as links to available company websites for access to financial statements.

Immediately upon receipt of meeting notifications, our proxy service forwards the information to all enrolled clients with relevant holdings in one of three ways: online and real-time through the

ProxyEdge platform, SWIFT or fax. Designed to reduce administrative work and the margin for error associated with proxy voting, the ProxyEdge browser represents a new standard in secure, accurate electronic proxy voting. ProxyEdge provides meeting notifications and agendas in an informed context and allows full customization of work views and broad flexibility in voting options.

For a full audit trail and to maximize voting timeliness and accuracy, we employ straight-through processing techniques to receive vote instructions via ProxyEdge and instruct local market subcustodians via the SWIFT network and ISO 15022 messaging standards. Votes may be submitted online through ProxyEdge or authenticated fax.

Delivering information on U.S. Securities

For U.S. meetings, Broadridge provides advice of meeting arrangements. At the client's option, the Broadridge ProxyEdge system can be leveraged for electronic notification and voting, as well as paper-based notifications.

We are happy to discuss any other requirements that relate to corporate governance support. Examples of value-added support include:

- Providing a view-only access to the ProxyEdge browser that allows you to monitor your managers voting activity
- Arranging client directed corporate representation at general meetings
- Providing reporting that is compliant with NPX filing requirements
- Monitoring power of attorney status that supports the voting process and alerting clients as to when a power of attorney requires renewal
- Assisting clients with adding shareholder proposals
- Obtaining meeting results

Please note some of these value added services may incur additional charges.

Reporting capabilities

J.P. Morgan provides standard reporting of daily and monthly activity in real time through the Broadridge ProxyEdge browser, which also allows for ad hoc or scheduled creation of historical voting activity reports.

ProxyEdge provides comprehensive and flexible reporting, easily tailored to meet local regulatory requirements. Clients can customize report content and certain preferences, including options to suppress or include vote justification notes. An array of hard-copy custom reporting options is also available.

Clients are able to define the level of information required using the following criteria:

- Group or individual fund level
- By country
- By date
- Status of votes

Securities Out on Loan

J.P. Morgan can recall a security on loan to enable the client to vote shares, but this may have a substantial negative impact on lending revenue, particularly for non-U.S., equity yield enhancement trades, and reduce the portfolio's overall attractiveness from a borrower's perspective (as the portfolio is viewed as unstable).

At the client's request, we can restrict securities in our system as *do not lend*, which effectively encumbers positions from participating in any loans. If a client wants to vote specific share positions, we ask that they or their investment managers provide notification well in advance, so that we can ensure the securities do not go out on loan on record date.

To protect lending revenues for clients, J.P. Morgan does not, as a matter of course, automatically recall lent stock ahead of meetings. However, clients can view both custody and loan positions on the meeting notice via the online ProxyEdge platform and determine whether to instruct us to recall the lent position.

Loan recalls must settle one day prior to the J.P. Morgan vote instruction deadline quoted by Broadridge for successful vote instruction. In record date markets where the record date is prior to the announcement date of the meeting, it should be noted that stock cannot be recalled in time.

5. *How do you record and report (within your system and to clients) corporate actions?*

J.P. Morgan offers extensive, automated corporate actions services providing information on all of the markets where we operate. Our corporate action system receives automated feeds from a large variety of vendors, and we use more than 20 sources for corporate actions, several of which are automatically cross-checked for utmost accuracy.

Receiving, capturing and validating corporate action information

J.P. Morgan uses an in-house system to manage announcement capture, entitlement creation and processing. Whilst the majority of the current process is largely automated, some processes require manual intervention. This includes specialist "check and validate" exception queues.

The global announcement capture process, which is now handled using Information Mosaic's CAMA application, represents a first step toward implementation of hub technology to handle announcement capture requirements worldwide. CAMA will completely replace our in-house technology for this function over the next few years.

The new technology automatically compares data from multiple sources and provides data to downstream custody, fund accounting, compliance, performance and other applications simultaneously. As a single source of data for event announcements across all business functions, the system will:

- Improve process efficiency, as each event will be collected and validated once
- Ensure consistency of information for clients holding assets in multiple regions
- Provide for simple integration of information sourced from multiple additional data providers, particularly third-party custodians
- Introduce high levels of automation with limited manual intervention

J.P. Morgan receives information from subcustodian agents via SWIFT MT564/568 into our announcement capture tool.

Within this announcement capture hub, information is automatically validated against other announcements from custodians in the same market. This information is then fed to our mainframe where further automated comparisons against vendor feeds, such as Interactive Data Company and Bloomberg, are made.

Reporting corporate action information

For reporting corporate action information, we employ J.P. Morgan ACCESS, our online client platform, a secure portal that provides an ever-expanding range of tools and services, allowing clients and consultants to obtain real-time information and reports, initiate transactions and instructions, create and track inquiries and use analytical tools to support critical decision making.

J.P. Morgan ACCESS enables clients to monitor the corporate action activity across their securities and accounts. Standard corporate action reports provide information on the number of corporate actions during a given time period, corporate action responses and details of deadlines versus response receipt times and dates.

In addition, the J.P. Morgan ACCESS *Corporate Action Instructions* tool provides clients with a prioritized list of outstanding corporate action events and accepts authorized instructions from clients for all voluntary actions. Clients can also choose to receive and send corporate action notifications and responses via SWIFT

6. *List all depositories, agents, and sub-custodian banks used in each country on behalf of the clients. Identify those that are affiliated with your company. For each country, please indicate whether you use a central depository or physical delivery.*

Depositories

J.P. Morgan uses the services of depositories around the world in providing custodial services, leveraging a broad mix of depository capabilities including settlement, safekeeping through the immobilization of assets, loan tracking and income distribution. J.P. Morgan is linked directly to the depositories through interactive mainframe interfaces or SWIFT connections that enable it to service client portfolios accurately and efficiently.

- **Depository Trust Company:** J.P. Morgan interfaces directly with DTC through automated real-time transmissions and terminal interfaces. These links manage the flow of data between J.P. Morgan and the depository's systems, including the loading of trade confirmation data onto J.P. Morgan's front-end systems, affirmation of trades back through the depository and release of transactions to J.P. Morgan's securities movement and control system.
- **Federal Reserve Bank Book-Entry System:** The Federal Reserve Bank is responsible for cash clearing in the U.S. market, as well as the clearing of U.S. Treasury and Federal agency securities transactions. J.P. Morgan interacts with FBE via the Federal Reserve Bank book-entry network and reconciles cash and securities transactions electronically with the Fed daily. J.P. Morgan also has real-time links established to facilitate and support intraday settlement.
- **Euroclear / Clearstream:** J.P. Morgan is a direct participant in both Euroclear and Clearstream. These depositories provide clearance and settlement of the majority of Euromarket-issued fixed income instruments. J.P. Morgan's global operations staff has a direct mainframe-to-mainframe interface with both Euroclear and Clearstream for automated real-time communication of settlements, income, corporate actions processing and reconciliations.
- **Local Depositories.** J.P. Morgan uses local depositories within our subcustodial network for settlement of assets. We currently use a J.P. Morgan entity or subsidiary as our local subcustodian in 9 markets (U.S., U.K., Russia, Taiwan, Australia, India, Brazil, New Zealand and

Ireland). All subcustodians within our network - whether J.P. Morgan or third party - are direct participants of respective depositories in their market.

We use SWIFT and mainframe-to-mainframe links to communicate with our subcustodians around the world. In those markets where a J.P. Morgan branch or affiliate acts as subcustodian, J.P. Morgan maintains direct, automated communications with the central depository.

- **Fixed Income Clearing Corp:** Through a value-added additional service, J.P. Morgan has bi-directional links established with Fixed Income Clearing Corp, which allow for the straight through processing of TBA mortgage transactions and communication/ notification of pools for delivery.

Agent and subcustodian network

We provide clients unparalleled access to global investment through one of the largest and most experienced custody and trade settlement services in the industry. We deliver uniform high-quality servicing of assets in 102 markets around the world through a network of J.P. Morgan branches, affiliates, and subcustodians. The table below provides a complete list of J.P. Morgan's global custody network.

Country	Market Added	Agent	Agent Hired
Argentina	1986	HSBC Bank Argentina, S.A., Buenos Aires	2003
Australia	1974	JPMorgan Chase Bank, N.A., Sydney**	1989
Austria	1986	UniCredit Bank Austria AG, Vienna	1986
Bahrain	1996	HSBC Bank Middle East Limited, Al Seef	1996
Bangladesh	1993	Standard Chartered Bank, Dhaka	1993
Belgium	1974	BNP Paribas Securities Services S.C.A., Brussels	2011
Bermuda	1997	HSBC Bank Bermuda Limited, Hamilton	1997
Botswana	1993	Standard Chartered Bank Botswana Limited, Gaborone	2010
Brazil	1988	J.P. Morgan S.A. DTVM, Sao Paulo**	2011
Bulgaria	1997	ING Bank N.V., Sofia	1997
Canada	1974	Canadian Imperial Bank of Commerce, Toronto	1994
		Royal Bank of Canada, Toronto	1979
Chile	1988	Banco Santander Chile, Santiago	2009
China A-Share	1993	HSBC Bank (China) Company Limited, Shanghai	2002
China B-Share	1993	HSBC Bank (China) Company Limited, Shanghai	1993
Colombia	1992	Santander Investment Trust Colombia S.A., Bogota	2005
Costa Rica	2011	Banco BCT, S.A., San Jose	2011
Croatia	1997	Privredna banka Zagreb d.d., Zagreb	1997
Cyprus	1996	HSBC Bank plc, Athens	2011
Czech Republic	1994	UniCredit Bank Czech Republic a.s., Prague	2003
Denmark	1980	Nordea Bank Danmark A/S. Taastrup	2009
Egypt	1994	Citibank, N.A., Cairo	1995
Estonia	1996	Swedbank AS, Tallinn	1996

Country	Market Added	Agent	Agent Hired
Finland	1984	Nordea Bank Finland Plc, Helsinki	2008
France	1977	BNP Paribas Securities Services S.C.A., Pantin	1986
		Societe Generale, Paris	1997
Germany	1974	Deutsche Bank AG, Eschborn	2004
		J.P. Morgan AG, Frankfurt**	1974
Ghana	1994	Standard Chartered Bank Ghana Limited, Accra	2010
Greece	1988	HSBC Bank plc, Athens	1994
Hong Kong	1974	The Hong Kong and Shanghai Banking Corporation Limited, Hong Kong	1988
Hungary	1992	Deutsche Bank AG, Budapest	2006
Iceland	2001	Islandsbanki hf., Reykjavik	2001
India	1991	JPMorgan Chase Bank, N.A. Mumbai**	2009
Indonesia	1989	Deutsche Bank AG, Jakarta	2008
Ireland	1983	JPMorgan Chase Bank, N.A., London**	2010
Israel	1993	Bank Leumi le-Israel B.M., Tel Aviv	1993
Italy	1979	BNP Paribas Securities Services S.C.A., Milan	2010
Japan	1974	Mizuho Corporate Bank, Limited, Tokyo	1996
		The Bank of Tokyo-Mitsubishi UFJ, Limited, Tokyo	1988
Jordan	1988	HSBC Bank Middle East Limited, Amman	2007
Kazakhstan	1998	SB HSBC Bank Kazakhstan JSC, Almaty	2003
Kenya	1994	Standard Chartered Bank Kenya Limited, Nairobi	2010
Kuwait	2006	HSBC Bank Middle East Limited, Safat	2006
Latvia	1997	Swedbank AS, Riga	1997
Lebanon	1996	HSBC Bank Middle East Limited, Beirut	1996
Lithuania	1997	AB SEB Bankas, Vilnius	1997
Luxembourg	1984	BNP Paribas Securities Services S.C.A., Luxembourg	1984
Malawi	2011	Standard Bank Limited, Malawi, Blantyre	2011
Malaysia	1986	HSBC Bank Malaysia Berhad, Kuala Lumpur	1997
Malta	2002	HSBC Bank Malta p.l.c., Qormi	2002
Mauritius	1994	The Hong Kong and Shanghai Banking Corporation Limited, Ebene	1994
Mexico	1981	Banco Nacional de Mexico, S.A., Mexico, D.F.	1989
Morocco	1993	Societe Generale Marocaine de Banques, Casablanca	2008
Namibia	1996	Standard Bank Namibia Limited, Windhoek	1996
Netherlands	1974	BNP Paribas Securities Services S.C.A., Amsterdam	2009
New Zealand	1986	JPMorgan Chase Bank, N.A., Wellington**	2011
Nigeria	1998	Stanbic IBTC Bank Plc, Lagos	1998

Country	Market Added	Agent	Agent Hired
Norway	1982	Nordea Bank Norge ASA, Oslo	2008
Oman	1996	HSBC Bank Middle East Limited, Ruwi	1996
Pakistan	1991	Standard Chartered Bank (Pakistan) Limited, Karachi	1992
Palestinian Territories	2010	HSBC Bank Middle East Limited, Ramallah	2010
Peru	1992	Citibank del Peru S.A., Lima	1992
Philippines	1978	The Hong Kong and Shanghai Banking Corporation Limited, Taguig City	1986
Poland	1993	Bank Handlowy w. Warszawie S.A., Warsaw	1993
Portugal	1985	BNP Paribas Securities Services S.C.A., Lisbon	2010
Qatar	2004	HSBC Bank Middle East Limited, Doha	2004
Romania	1997	ING Bank N.V., Bucharest	1997
Russia	1995	J.P. Morgan Bank International (Limited Liability Company), Moscow **	1995
		ING Bank (Eurasia) ZAO (Closed Joint Stock Company), Moscow	2002
Saudi Arabia	2006	HSBC Saudi Arabia Limited	2006
Serbia	2005	UniCredit Bank Srbija a.d., Belgrade	2005
Singapore	1974	DBS Bank Ltd., Singapore	2006
Slovak Republic	1995	UniCredit Bank Slovakia a.s., Bratislava	2003
Slovenia	1997	UniCredit Banka Slovenija d.d. Ljubljana, Ljubljana	1997
South Africa	1993	FirstRand Bank Limited, Johannesburg	2006
South Korea	1992	Standard Chartered Bank Korea Limited, Seoul	1992
Spain	1974	Santander Investment, S.A., Madrid	2002
Sri Lanka	1991	The Hong Kong and Shanghai Banking Corporation Limited, Colombo	1991
Sweden	1978	Nordea Bank AB (publ), Stockholm	2010
Switzerland	1974	UBS AG, Zurich	1978
Taiwan	1991	JPMorgan Chase Bank, N.A., Taipei**	1991
Thailand	1984	Standard Chartered Bank (Thai) Public Company Limited, Bangkok	1990
Trinidad and Tobago	2010	Republic Bank Limited, Port of Spain	2010
Tunisia	1993	Banque Internationale Arabe de Tunisie, S.A., Tunis	1993
Turkey	1989	Citibank A.S., Istanbul	2003
Uganda	2010	Standard Chartered Bank Uganda Limited, Kampala	2010
Ukraine	1999	ING Bank Ukraine, Kiev	1999
United Arab Emirates - DFM	2001	HSBC Bank Middle East Limited, Dubai	2001
United Arab Emirates - NASDAQ Dubai	2006	HSBC Bank Middle East Limited, Dubai	2006

Country	Market Added	Agent	Agent Hired
United Arab Emirates - ADX	2007	HSBC Bank Middle East Limited, Dubai	2007
United Kingdom	1974	JPMorgan Chase Bank, N.A., London**	1974
		Deutsche Bank AG, London (The Depository and Clearing Centre)	2006
United States	N/A	JPMorgan Chase Bank, N.A., New York**	N/A
Uruguay	1992	Banco Itaú Uruguay S.A., Montevideo	1993
Venezuela	1991	Citibank, N.A., Caracas	1991
Vietnam	2001	HSBC Bank (Vietnam) Ltd., Ho Chi Minh City	2001
WAEMU – Benin, Burkina Faso, Guinea-Bissau, Mali, Niger, Senegal, Togo	2010	Société Générale de Banques en Côte d'Ivoire, Abidjan	2010
WAEMU – Ivory Coast	1996	Société Générale de Banques en Côte d'Ivoire, Abidjan	1996
Zambia	1994	Standard Chartered Bank Zambia Plc, Lusaka	2010
Zimbabwe	1994	Barclays Bank of Zimbabwe Limited, Harare	1994

** J.P. Morgan Affiliate

Country	Market Added	Transnational Depository	Year of Membership
International Securities Market	1985	Euroclear S.A./N.V.	1996
		Clearstream Banking S.A.	1985

The following table gives information regarding central depositories or physical deliveries being used for all our markets

Country	Instrument Type	Asset Type
ARGENTINA	Equity, Corporate + Government Debt	Depository
AUSTRALIA	Equity	Depository
AUSTRALIA	Corporate Debt, Money Market + Government Debt	Depository
AUSTRIA	Equity, Corporate + Government Debt - OTC Settlement	Depository
BAHRAIN	Equity + Corporate Debt	Depository
BANGLADESH	Public Market	Depository
BANGLADESH	Public Market - Physical	Physical
BELGIUM	Equity + Corporate Bonds	Depository
BELGIUM	Government Debt	Depository
BERMUDA	Equity & Corporate Debt	Depository
BOTSWANA	Corporate Debt - Physical	Physical
BOTSWANA	Equity	Depository

Country	Instrument Type	Asset Type
BRAZIL	Equity - CBLC	Depository
BRAZIL	Corporate Debt - CETIP	Depository
BRAZIL	Government Debt - SELIC	Depository
BULGARIA	Equity	Depository
BULGARIA	Government Debt	Depository
CANADA	Equity, Corporate + Government Debt	Depository
CANADA	Equity	Physical
CHILE	Equity, Corporate + Government Debt	Depository
CHINA (SHANGHAI)	USD Denominated B-Share Equity	Depository
CHINA (SHANGHAI)	Denominated Equity, National Debt, Convertible and Enterprise Bonds (A-Share)	Depository
CHINA (SHENZHEN)	HKD Denominated B-Share Equity	Depository
CHINA (SHENZHEN)	Denominated Equity, National Debt, Convertible and Enterprise Bonds (A-Share)	Depository
COLOMBIA	Equity + Corporate Debt	Depository
COLOMBIA	Government Debt	Depository
COSTA RICA	Equity, Corporate + Government Debt	Depository
CROATIA	Equity + Government Debt (Long-Term) Contractual	Depository
CROATIA	Equity, Government + Corporate Debt - Trade by Trade	Depository
CYPRUS	All Dematerialized Instruments	Depository
CYPRUS	Equity - OTC (Dematerialized)	Depository
CZECH REPUBLIC	Equity, Long Term Corporate + Government Debt - OTC	Depository
CZECH REPUBLIC	Equity, Long Term Corporate + Government Debt - On Exchange	Depository
CZECH REPUBLIC	Short-Term Government Debt	Depository
DENMARK	Equity, Corporate + Government Debt	Depository
EGYPT	Equity + Corporate Debt	Depository
EGYPT	Treasury Bonds	Depository
EGYPT	Treasury Bills	Depository
ESTONIA	Equity + Debt - OTC	Depository
ESTONIA	Equity + Debt - NASDAQ OMX Tallin	Depository
FINLAND	Equity	Depository
FINLAND	Corporate + Government Debt	Depository
FRANCE	Equity, Corporate + Government Debt	Depository
GERMANY	Equity, Corporate + Government Debt	Depository
GHANA	Equity + Corporate Debt	Depository
GHANA	Government Bonds	Depository

Country	Instrument Type	Asset Type
GREECE	Government Debt - OTC - Dematerialized	Depository
GREECE	Equity - OTC - Dematerialized	Depository
GREECE	Equity + Corporate Debt - On-Exchange - Dematerialized	Depository
HONG KONG	Equity - RDVP	Depository
HONG KONG	Equity - Non-RDVP	Depository
HONG KONG	Corporate + Government Debt (RTGS) & Net End of Day Settlement	Depository
HUNGARY	Equity, Corporate + Government Debt - RTGS	Depository
ICELAND	Equity, Corporate + Government Debt - "On Exchange"	Depository
ICELAND	Equity, Corporate + Government Debt - "Off Exchange"	Depository
INDIA	Equity - Institutional Investors Pre-Pay & Pre-Delivery Options	Depository
INDIA	Equity - Institutional Investor Margin Pay-in Option	Depository
INDIA	Government Debt	Depository
INDONESIA	Government Debt Securities + SBIs	Depository
INDONESIA	Listed Equity + Corporate Debt - KSEI	Depository
INDONESIA	Unlisted Corporate Debt + Equity	Physical
INTL SECURITIES MARKET	Euroclear Bank - Internal Transaction	Depository
IRELAND	Equity + Corporate Debt	Depository
IRELAND	Government Debt	Depository
ISRAEL	Equity, Corporate + Government Debt 'Custodian Transaction'	Depository
ITALY	Equity, Corporate + Government Debt - Express II - Net Settlement	Depository
ITALY	Equity, Corporate + Government Debt - Express II - RTGS Settlement	Depository
JAMAICA	Equity, Corporate + Government Debt	Physical
JAMAICA	Equity	Depository
JAPAN	Equity, Convertible Bonds & Foreign Stocks - JASDEC DVP	Depository
JAPAN	Equity, Convertible Bonds & Foreign Stocks - JASDEC Non-DVP	Depository
JAPAN	Book-Entry Japanese Government Bonds - RTGS	Depository
JAPAN	Book-Entry Japanese Government Bonds - Non-RTGS	Depository
JORDAN	Equity + Corporate Debt	Depository
KAZAKHSTAN	Equity - Over-the-Counter - CSD	Depository
KENYA	Equity + Corporate Debt	Depository
KENYA	Fixed Income: Government Debt (T-Bills & T-Bonds)	Depository
KUWAIT	Equity - Dematerialized	Depository
LATVIA	Equity + Corporate Debt - OTC	Depository
LATVIA	Equity, Government + Corporate Debt - Stock Exchange	Depository
LEBANON	Equity + Corporate Debt	Depository
LEBANON	Treasury Bills (GTBs) - OTC	Depository

Country	Instrument Type	Asset Type
LITHUANIA	Listed Equity + Government Debt - On-Exchange	Depository
LITHUANIA	Equity + Debt - OTC	Depository
LUXEMBOURG	Equity & Debt - ClearStream Banking S.A. (Internal Transactions)	Depository
MALAWI	Equity	Physical
MALAYSIA	Listed Equity + Corporate Debt - Transfer Mode - FDSS	Depository
MALAYSIA	Listed Equity + Corporate Debt - Institutional Settlement Service - On Market Transfer	Depository
MALAYSIA	Corporate + Government Debt - RENTAS/SSTS - S MODE	Depository
MALAYSIA	Corporate + Government Debt - RENTAS/SSTS - T MODE	Depository
MALTA	Equity, Corporate + Government Debt (T-Bills & T-Bonds)	Depository
MAURITIUS	Official Market and Development + Enterprise Market	Depository
MAURITIUS	Government Debt	Depository
MEXICO	Equity	Depository
MEXICO	Corporate + Government Debt	Depository
MOROCCO	Listed Equity + Corporate Debt (Off-market)	Depository
MOROCCO	Listed Equity + Corporate Debt (On-market)	Depository
MOROCCO	T-Bills (OTC) - Maroclear	Depository
NAMIBIA	Equity, Corporate + Government Debt	Physical
NETHERLANDS	Equity, Corporate + Government Debt - OTC	Depository
NEW ZEALAND	Equity, Corporate + Government Debt	Depository
NIGERIA	Equity & Corporate Debt	Depository
NORWAY	Equity, Corporate + Government Debt	Depository
OMAN	Equity	Depository
PAKISTAN	Equity + Corporate Bond - CDC	Depository
PAKISTAN	Equity + Corporate Debt - Physical	Physical
PALESTINIAN TERRITORIES	Equity	Depository
PERU	Equity, Corporate + Government Debt	Depository
PHILIPPINES	Equity	Depository
PHILIPPINES	Government Debt	Depository
POLAND	Equity + Government Debt (WSE) - T-Bonds	Depository
POLAND	Government Debt - OTC - T-Bonds	Depository
POLAND	Government Debt - Short-Term - T-Bills	Depository
PORTUGAL	Over-the-Counter	Depository
QATAR	Equity	Depository
ROMANIA	Equity + Corporate Debt	Depository
ROMANIA	Government Debt - T-Bills/T-Bonds	Depository

Country	Instrument Type	Asset Type
RUSSIA	Registrar - Equity - FOP	N/A
RUSSIA	VTB - Government Debt (Min Fin Bond)	Depository
RUSSIA	Government Debt (GKOs / OFZs) + Corporate Bonds	Depository
RUSSIA	Equity, Corporate + Municipal Debt - FOP - DCC	Depository
RUSSIA	Equity + Corporate Bonds - FOP - NDC	Depository
SAUDI ARABIA	Equities & Corporate Debt	Depository
SAUDI ARABIA	Government Debt	Depository
SAUDI ARABIA	Mutual Funds	Depository
SERBIA	Government Debt - OTC	Depository
SERBIA	Equity, Corporate + Government Debt - On-Exchange	Depository
SINGAPORE	Equity + Corporate Debt - ETS (Non-EDVP) - USD	Depository
SINGAPORE	Equity + Corporate Debt - EST (Non-EDVP) - SGD	Depository
SINGAPORE	Listed Equity & Corporate Debt EDVP (IDAS) - SGD	Depository
SINGAPORE	Listed Equity & Corporate Debt EDVP (IDAS) - USD	Depository
SINGAPORE	Corporate Debt - CDP DCSS	Depository
SINGAPORE	Singapore Government Securities - MEPS -SGS	Depository
SLOVAK REPUBLIC	Equity, Corporate + All Government Debt - BSSE	Depository
SLOVAK REPUBLIC	Equity, Corporate + All Government Debt - OTC	Depository
SLOVENIA	KDD - OTC	Depository
SLOVENIA	KDD - On Market	Depository
SOUTH AFRICA	Equity	Depository
SOUTH AFRICA	Government + Corporate Debt - OTC	Depository
SOUTH KOREA	Equity, Corporate + Government Debt - Non-INAS	Depository
SOUTH KOREA	Equity Institutional Affirmation and Settlement (INAS)	Depository
SPAIN	Equity - IBERCLEAR (SCLV)	Depository
SPAIN	Fixed Income - IBERCLEAR - CADE - OTC	Depository
SRI LANKA	Equity	Depository
SRI LANKA	Government Debt	Depository
SWEDEN	Equity, Corporate + Government Debt - NewClear	Depository
SWITZERLAND	Equity, Corporate + Government Debt	Depository
TAIWAN	Listed Equity + Corporate Debt	Depository
TAIWAN	Government Debt (Scripless)	Depository
THAILAND	Listed Equity & Corporate Debt - TSD Net Clearing & Settlement System	Depository
THAILAND	Unlisted Equity & Corporate Debt	Physical
THAILAND	Listed Equity & Corporate Debt - Outside of Net Settlement	Depository
THAILAND	Government Debt - Scripless - TSD Post-Trade Integration (PTI)	Depository

Country	Instrument Type	Asset Type
TRINIDAD AND TOBAGO	Equity	Depository
TRINIDAD AND TOBAGO	Government Debt (Listed and immobilized)	Depository
TUNISIA	Equity, Corporate + Government Debt - STICODEVAM	Depository
TURKEY	Equity, Corporate + Government Debt (Takasbank DVP System)	Depository
TURKEY	Government Debt - OTC	Depository
UGANDA	Equity & Corporate Debt	Depository
UGANDA	Government Debt (T-Bills & T-Bonds)	Depository
UKRAINE	Equity, Corporate + Municipal Debt (Non-Documentary Form) OTC, FOP	Depository
UNITED ARAB EMIRATES	Equity + Corporate Debt - DFM	Depository
UNITED ARAB EMIRATES	Equity + Corporate Debt - ADX	Depository
UNITED ARAB EMIRATES	Debt - NASDAQ Dubai Limited	Depository
UNITED KINGDOM	Equity, Corporate & Government Debt, MoneyMarket Instruments & (CDIs) - Euroclear UK & Ireland Limited (EUI)	Depository
UNITED KINGDOM	Certificates of Deposit's + Commercial Paper	Physical
UNITED STATES	Equity + Corporate Debt - DTC	Depository
UNITED STATES	Government Debt + Mortgage-Backed Securities FED - Book-Entry	N/A
URUGUAY	Equity, Corporate + Government Debt	Physical
URUGUAY	Corporate + Government Debt	Depository
VENEZUELA	Equity + Corporate Debt - CVV	Depository
VENEZUELA	Government Debt - BCV	Depository
VIETNAM	Listed Equity - Ho Chi Minh City Stock Exchange (HOSE)	Depository
VIETNAM	Government + Corporate Debt - Hanoi Securities Trading Center (HASTC)	Depository
WAEMU*	Equity, Government Bonds + Corporate Debt	Depository
ZAMBIA	Equity + Government Debt	Depository
ZIMBABWE	Equity, Corporate + Government Debt	Physical

7. Describe your process for monitoring the financial stability and performance of custodial agent banks in foreign markets.

Monitoring financial stability

A major component of J.P. Morgan's due diligence process is an assessment of the financial strength of the subcustodian bank. This assessment is performed by the Treasury & Securities Services Credit Risk Management Group, who has training and experience in financial statement analysis. Where J.P. Morgan's subcustodian banks have pre-existing banking relationships with J.P. Morgan, Treasury & Securities Services Credit Risk Management will also use the global analytical resources of JPMorgan Chase & Co., to assess the financial soundness of subcustodian banks.

J.P. Morgan's proprietary financial statement analysis and internal risk rating methodology for banks and other institutions is based on financial and accounting analysis and risk management practices that are widely accepted internationally. In all respects, J.P. Morgan is able to make a determination that our subcustodian banks have the financial strength to provide reasonable care for fund assets by reviewing the following:

- Profitability, including return on assets (ROA) and return on equity (ROE)
- Capitalization, including Tier 1 capital ratio
- Asset quality
- Liquidity and funding
- Management (structure and experience)
- Public debt rating (if available)
- Local accounting standards and regulatory environment
- Credit/economic research
- External credit ratings assigned by Standard & Poors, Moody's and Fitch/IBCA
- Country/subcustodian risk issues
- Legal Counsel review of subcustodian agreement
- Parental guarantees (if applicable)
- Local government support
- Subcustodian annual report filings

Although rule 17f-5 (US SEC regulation on subcustodians) no longer contains a minimum shareholder equity requirement of \$200 million (foreign bank) \$100 million (U.S. bank subsidiary) for subcustodian banks, both the amended rule and J.P. Morgan consider capital as an important measure of financial soundness. Market size and anticipated investment will also be major factors used to weigh the financial strength component of reasonable care. Where necessary, J.P. Morgan may also rely upon parent company assurances or other implicit or explicit guarantees as factors for determining whether to select a subcustodian bank. Our preference is to use branches or subsidiaries of major global banks in as many markets as possible.

Monitoring performance

The day to day operational subcustodian relationships are managed by a dedicated team within network service management. The network service management team is accountable for defining, communicating and implementing service level documents with all subcustodians.

The performance of subcustodians is measured by the team against set performance criteria, including timeliness of cash and asset

Frequency of On-site Visits

- Typically, we conduct on-site reviews within a 12 to 18 month period
- Visits may be less frequent to markets where there is no client investment, no significant market developments, and/or where there are security concerns
- Visits may be more frequent to emerging markets, markets under significant change or where there are operational issues

statements, failed trade rates and management and STP rates for both outbound and inbound messages. In addition, the capacity of the subcustodians in the J.P. Morgan custodial network is also monitored. In the event that there are negative indicators for either of the above, this team is responsible for investigating and implementing the appropriate course of action to ensure that subcustodian performance is not at risk.

Subcustodian Monitoring by Treasury & Securities Services Risk Management

In addition to the ongoing service level performance reviews of subcustodian banks, performed by our network management group, J.P. Morgan risk management conducts a variety of activities to monitor the financial condition and performance of the J.P. Morgan agent banks. Specific activities related to the monitoring of subcustodian financial strength are detailed below.

On a regular basis, J.P. Morgan risk management provides a scorecard to senior management which outlines the risk profile of our subcustodian banks, taking into consideration the proprietary internal risk ratings assigned by J.P. Morgan's global credit risk management unit, as well as external risk ratings.

All credit ratings for the J.P. Morgan subcustodian banks are housed in a ratings matrix, which outlines the long and short-term public credit agency ratings as assigned by Standard & Poor's, Moody's, and Fitch/IBCA.

From this research and a variety of other monitoring activities not mentioned in detail here, J.P. Morgan risk management produces various analytical reports that support the review of the financial condition of our subcustodian banks. This research process also serves to enhance the quality of strategic management, strengthen contingency planning and prudent crisis management.

Subcustodian Service Level Documents

J.P. Morgan has a signed service level document in place with each subcustodian. The service level document is highly detailed and covers the core requirements, market specific requirements, SWIFT message formats and timing requirements for each of the operational processes.

The service level document requests that the subcustodians provide performance statistics to J.P. Morgan to include: transaction volume, asset valuations, straight-through processing rates, trade settlement rates, reasons for non-straight through processing, reasons for non-settlement, query tracking and response turnaround, interest credited and debited, plus other market specific data that differs depending upon the market nuances.

In addition to this, J.P. Morgan network management produce scorecards for each of the subcustodians on a quarterly basis which capture more than 40 data elements across all of the operational groups, including straight through processing rates, and timing and quality measurements. Benchmarks are used to monitor these indicators and investigation is undertaken for any areas that require further review.

8. *Describe special procedures you employ for processing, valuing, and reporting derivative products, including futures, forwards, options, short sells, etc. and to what degree are you prepared for any pending regulatory changes?*

Processing, valuing and reporting derivative products

J.P. Morgan's multicurrency accounting system has the ability to properly account for all derivatives. We have the ability to report cash collateral separate from the other cash balance in the account. We identify leveraged positions as liabilities. All derivatives are included in the daily and monthly NAV calculations.

Futures: Contracts are reported according to the underlying asset class to which they relate. For example, a FTSE 100 future index is shown as an equity index holding. All data elements necessary to account for futures and track exposure are captured. Each future is marked to market, and unrealized gains and losses are reconciled to actual variation margin payments.

Changes in values from the time the contract is entered into until value date are reported as unrealized, in accordance with U.S. Generally Accepted Accounting Principles. At contract closure, these are reclassified to *realized*. For clients domiciled in countries where U.S. GAAP permits these variation margin receipts (payments) to be classified as realized (such as U.K. pensions), J.P. Morgan's system has an account level parameter that enables this.

J.P. Morgan can also monitor initial deposits and the adequacy of collateral for futures positions. J.P. Morgan's futures coverage is comprehensive. Commissions can be booked according to local market practice (for instance, as a component of cost or as an expense). J.P. Morgan can accommodate index, financial, currency, stock and over-the-counter futures. All accounting entries are posted to the general ledger on a real-time basis.

Options: J.P. Morgan's system can support index, financial, currency, stock, over-the-counter and commodity options, as well as options on futures. Purchased options are recorded and accounted for as assets and written options are recorded as liabilities.

The system has automated transaction types for purchase, sale, margin and collateral monitoring capabilities that are present and can be seen in the reports. Commissions can be booked according to local market practice.

Currency Forwards: Spot and forward foreign exchange contracts are classified as discrete investments and are valued using either the daily spot rate or automated interpolation of forward rates. All contracts are reflected on J.P. Morgan's accounting statements on a trade date basis. The value of both the currency being purchased and sold is recorded.

Spot contracts are recorded based on the agreed upon value and then are marked to market based on the daily closing spot rate for the specific currency.

To value an open forward contract, the contracted term or cost of the deal is compared to the current value of the contract. The current market value of the contract is based upon the forward rate for that contract's value date (or delivery date).

In the U.S., where standard rate quotations are for 30, 60, 90, 180 and 360 days, the forward rate is automatically interpolated from the quotations that are closest to the value date. Once the contract is within two working business days of value date, the prevailing spot rate is used to determine the contract's market value.

All gains/losses on forward contracts are classified as unrealized until value date when it becomes realized.

Swaps: Swaps are valued using agreed upon methodologies and are accounted for appropriately. These values are typically supplied by an outside investment manager.

Hedges: J.P. Morgan's accounting system is able to link a particular class of futures or options to the underlying types of securities held in the fund. The accounting system's reporting functionality is designed to comply with the London International Financial Futures and Options Exchange guidelines for performance measurement.

J.P. Morgan can associate equity options positions with underlying equities held in a fund. J.P. Morgan is also able to monitor the exposure of a future or option position based on historical and current prices of the contracts.

Currency Overlays: We have been supporting this process for over 25 years. Based on the specific client requirements, i.e., the specific instrument(s) being used for the overlay, for example, currency forwards, futures etc. – the accounts are established and securities are valued on a daily basis. The procedure for producing an accurate daily market value is the same as our standard accounting process. The overlay manager has access to this information via our on-line reporting system, J.P. Morgan ACCESS, or reports can be sent to the manager. The manager is also provided with cash or other required information based on the underlying accounts related to the overlay program.

Interest Only and Principal Only: J.P. Morgan's global accounting system can account for mortgage-backed derivatives, such as interest-only, principal-only and IO-ette securities (an interest-only derivative with a small portion of principal attached).

Interest income is recognized from the contractual settlement date, using the yields in effect, which is applied to the cost balances over the earning period.

For an interest-only or IO-ette, the total income receivable (or accrued income receivable, calculated for the underlying mortgage-backed security based on the par amount held) minus the income for the period (based upon the cost and yields in effect for the period) gives that period's reduction of the investment's cost basis. Income then becomes an adjustment to the original cost basis of the security.

For a principal-only, the difference between the security's income (based on cost and yields in effect for the period) and the amount of payoff for the period is that period's reduction of the investment's cost basis.

OTC Derivatives Services: For over-the-counter derivatives, J.P. Morgan has an established derivative services team that acts as a center of excellence for the processing of over-the-counter derivative instruments for our clients. Our derivatives service is supported by a specialized technology infrastructure. This function is integrated into J.P. Morgan's fund accounting and derivatives collateral management services.

As part of our derivatives trade capture, trades that have been electronically communicated pass through stringent system checks and validation before being automatically uploaded into our system. Manual trades are processed by the trade capture team from the client trade ticket and are verified by a senior team member to check the accuracy of the booking in the system.

J.P. Morgan has the capability and infrastructure to support multiple delivery and receipt protocols including, but not limited to, secure ftp, MQ and SWIFT.

With the messaging infrastructure we have in place a variety of formats that can be accepted and delivered according to the preferred client protocol e.g. FpML, csv and XML. These preferred formats have optimum straight-through processing (STP) rates.

For each electronic OTC transaction message successfully received by J.P. Morgan, an acknowledgement status message is returned to the client or their investment managers to show successful receipt and data validation. In the event of any message corruption or data content issues, an automated "not acknowledged" message is returned to the originator, whereupon a correct event message must be sent.

As an additional control at the end of the day, J.P. Morgan seeks to agree with the client the population of over-the-counter transaction events received through the day. The notional of each trade is reconciled to the client to confirm alignment. Any discrepancies are escalated to the client as high priority, to ensure that any position breaks are either resolved or explained prior to subsequent downstream reporting (client, fund accounting and collateral management).

J.P. Morgan usually operates a trade cut-off time with agreement from the client. Trades received prior to the trade cut-off would be included within the current reporting cycle. Trades received after cut-off would be included in the current reporting cycle when possible and otherwise are held over for the next valuation period.

J.P. Morgan performs full position reconciliation between our platform and records of both the client and counterparty. In addition, position reconciliations between the J.P. Morgan platforms are performed, which safeguard the integrity of the over-the-counter data across the J.P. Morgan infrastructure and the client.

J.P. Morgan has a suite of standard reports available to clients in XML, csv or pdf format. Preferred delivery is via secure ftp. Delivery is at a agreed upon time with clients but can also be run on an ad-hoc basis. We also provide clients access to trade information and report generation via J.P. Morgan ACCESS.

Pending regulatory changes: Related to pending regulatory change for OTC Derivatives, we have established an end-to-end program plan whose objective is to ensure readiness of key Worldwide Securities Services product/platform areas for OTC cleared trades as a new derivatives asset class, by delivering operating model solutions and changes. In addition, the program looks to facilitate readiness with external parties such as clients and investment managers. We have a core team that consists of the product, operations and technology leads who have the most significant required changes and meet on a weekly basis to review plans, status and requisite changes to drive the program. We have a broad governance structure that includes a steering committee, industry stakeholders and other cross-impacted teams across J.P. Morgan.

9. *Describe special procedures you employ for processing, valuing and reporting alternative investment limited partnerships.*

J.P. Morgan's Private Equity and Real Estate Services group is dedicated to addressing the unique needs of private equity investors. J.P. Morgan has a dedicated team of professionals responsible for administration and portfolio reporting of clients' private equity portfolios. This team focuses on the capture and provision of quantitative data for large portfolios of alternative investments. For our institutional investor clients, the team processes and aggregates investment information received directly from the general partners/fund of the portfolio, or works with the existing custodian banks to reconcile and validate the data they have processed as part of the traditional custody relationship.

J.P. Morgan has a staff of over 390 professionals fully dedicated to servicing our clients' alternative investment portfolios. In summary, the unit provides services to some of the top investors in the space with more than US \$212 billion of aggregate portfolio commitments under administration for 60 clients and a total of 8,115 investment vehicles.

The J.P. Morgan alternative investment portfolio administration team includes the sub-units described below:

Core Processing Unit

When providing investment accounting services, this unit is responsible for the execution of cash activities within a client's portfolio. J.P. Morgan executes capital movements to the corresponding advisor on a directed or standing instruction basis. Key functions include:

- Execution of capital contributions with corresponding general partner
- Execution of capital distributions with corresponding general partner
- Execution of the receipt of stock in all forms, including physical, DTC or book entry

When Private Equity and Real Estate Services works in collaboration with an existing custodian bank or non-discretionary advisor, the processing unit tracks and enters the cash flow information as reported by the general partner, and reconciles each quarter with the records of the custodian.

Valuation Unit

The primary responsibilities of this unit include portfolio valuation, portfolio tolerance review (estimate vs. actual), independent statement retrieval and cash reporting. Key functions include:

- Identify clients' capital account balance for valuation implementation into the trust accounting system
- Analyze portfolio tolerance (estimate vs. actual) to ensure all agreed upon tolerances are reviewed prior to implementation
- Validate quarterly activity with general partner's financial records to ensure all activity within the subsequent quarter has correct posting of data records
- Establish relationships with all of the clients general partner's to ensure information is provided on direct basis
- Communicate investment valuations to clients if required

The majority of alternative investments are priced monthly or quarterly with the assistance of the general partner, deal sponsor or external fund manager as described below:

Indirect Private Market Investments

These types of investments include limited partnerships in venture capital, buy-outs, private equity external managers, special situations, etc. Indirect private market investments valuations are based on the general partner's valuation at the end of the prior quarter adjusted for any capital cash flows (i.e., buys/sells) that took place during the subsequent quarter. On occasion, limited partnerships distribute public exchange traded securities as part of the trade proceeds. This particular security is valued using the closing price from the primary exchange.

Direct Private Market Investments

Direct private market investments are stock/debt investments owned by the individual investor that are not available to the public. The stock/debt securities arise as a result of investing money in venture capital, leveraged buy-outs and other special situation deals.

Valuations for private deals are based on the deal sponsor's valuation at the end of prior quarter adjusted for any capital cash flows (i.e., buys/sells) that took place during the subsequent quarter. The last traded price of the public stock may be discounted (typically 30 percent) if the stock is in lockup and selling restrictions apply. This discount is based on the investment manager or client's instruction.

Real Estate Investments

These investments include external separate accounts (wholly owned properties), commingled funds, partnerships and co-investments.

- External Separate Accounts: On a quarterly/monthly basis, the investment manager provides us with updated valuations, which include cash flows and retained income. Independent appraisals are traditionally performed on a three-year basis.
- Commingled Funds: On a monthly/quarterly basis, external managers submit updated valuations and pricing for the Investor portfolio.
- Co-investments: These are valued by external managers on a monthly/quarterly basis:
 - An external manager values timberland investments annually. On a quarterly basis, the manager supplies updated values that include undistributed net income.
 - An external manager values oil and gas investments annually. On a quarterly basis, the manager supplies updated values that include undistributed net income and royalties.

Real estate partnership valuations are based on the real estate partner's valuation at the end of the prior quarter adjusted for any capital cash flows (i.e., buys/sells) that took place during the subsequent quarter.

Performance Reporting

This unit is responsible for performance measurement reporting for institutional investors who have invested in the following categories: private equity, venture capital, corporate finance, real estate, timberland, oil and gas, and fund of funds (private equity and hedge funds). The various types of portfolio analysis include:

- Investment Performance Progression – Methodologies include long term Internal Rate of Return or time-weighted metric
- Compliance Reporting Services – Commitment status in partnership vehicles
- Portfolio analysis by vintage year, fund family, investment strategy
- Analyze client returns with the effects of portfolio hedging (i.e., forward contract, foreign exchange, etc.)
- Analyze client investment information in both local and base currency
- Analyze LP cash flow data
- Maintain portfolio schedule of investments (portfolio companies)/realized and unrealized/overlapping investments
- Maintain key contact management details for each general partner in centralized database

Portfolio Company Reporting

J.P. Morgan offers a comprehensive portfolio tracking and analytical reporting system to assist clients in the management of their alternative investment portfolios. Tracking and reporting can be performed at the limited partnership level or down to the details of particular investments that constitute the holdings of a fund or a partnership. With this approach, determining total exposure to investments or companies is easily accomplished.

Reporting for underlying portfolio tracking includes:

- Private companies/properties reported by cost and value
- Public companies/properties reported by cost and value
- Portfolio diversification (cost and value) by industry and region

This drilldown reporting accommodates alternative investments including distressed, private equity, venture capital, and real estate. Reporting at this detail is not available for hedge funds.

10. Describe your procedures for processing and settling FX contracts, options, futures, etc.

Foreign Exchange

J.P. Morgan's custody FX platform, AutoFX, provides clients with a comprehensive foreign exchange solution that automates trade initiation to settlement and confirmation. The AutoFX process operates on a straight-through basis, thereby reducing potential costs associated with human error.

Foreign exchange trades through the AutoFX custody platform are generally executed on a principal basis with the J.P. Morgan Investment Bank Foreign Exchange desk located currently at our London branch (the "FX Desk", the location of which is subject to change).

For most freely convertible market currencies, J.P. Morgan can price FX trades by applying a pre-agreed spread to a third party WM/Reuters benchmark. Clients may pre-set execution to be hourly or on a specific schedule. When pricing is based on the WM/Reuters benchmark, clients can receive monthly reporting which includes the WM/Reuters time(s) used to price the transaction as well as the spread applied.

J.P. Morgan offers a netting program in most of freely convertible market currencies. J.P. Morgan's netting program is applying one rate, adjusted by a spread and any forward point, to each trade within the designated batch. That rate is based on the notional net direction of the designated batch, looking at the trades' volume and base currency. It is subject to various conditions and limitations (e.g., same foreign currency pair, execution time and value date, specified account(s), and trades with the FX Desk). The individual FX trade's actual volume or position is not netted against other trades. It is not generally available in restricted market currencies.

Clients can also choose to execute freely convertible currency foreign exchange trades directly with J.P. Morgan's FX trading desk or with third party banks, using various methods such as eCommerce platforms (Morgan Direct Professional, FXaLL or FX Connect), Bloomberg, or phone dealing to negotiate and then agree to a rate. Trading in this manner will allow clients to see FX rates prior to execution. Any pre-agreed fixed spread applied to AutoFX trades would not apply to these direct trades.

For many restricted market currencies, the FX Desk engages in onshore cover trades with J.P. Morgan's local subcustodian (or other dealer), monitoring the subcustodian's (or the other dealer's, as the case may be) rates on a real-time basis. (The subcustodian or other dealer may be a branch or

affiliate of J.P. Morgan). J.P. Morgan may also perform on a spot basis secondary checks confirming levels with other banks or checking rates published by onshore dealers through different vendors (if available). The FX Desk then executes FX trades with the client on a principal basis, applying a spread (which can be a fixed, pre-agreed spread) to the rate at which the onshore trade is executed. Certain types of foreign exchange transactions in some restricted market currencies may be routed directly to, and managed entirely by, J.P. Morgan's local subcustodian or other dealer, in which case the FX Desk does not act as principal and does not apply a spread.

With respect to onshore cover trades, depending on market conditions, size of trade, volatility and liquidity, the FX Desk may either trade its entire onshore cover position (covering the trades of various clients) in the market in one amount or in several tranches throughout the day. This method mitigates the risk of extreme onshore rates due to adverse market movements caused by possible aggressive Central Bank intervention or poor liquidity. Therefore, the onshore rate may be a blended rate rather than a transaction by transaction rate at each precise point in the day.

With respect to FX trades through the custody FX platform executed on a principal basis with the FX Desk, J.P. Morgan provides daily and monthly reporting options which are available to clients through our online portal, J.P. Morgan ACCESS. These reports provide access to foreign exchange post execution reporting and will deliver reporting commensurate with the agreed pricing methodology. Depending on the pricing methodology implemented, categories may include the following (which are subject to change):

Freely Traded Currencies – benchmark reporting details may include: Benchmark Reference Time, Account Group code, Customer Number, Customer name, Base Currency, Transaction Reference Number, Trade Date, Value Date, GTI Account, Contract Number, Buy/Sell Currency, buy/Sell volume, Benchmark Bid, Benchmark Ask, Benchmark Fix, Client FX Rate, Actual Spread, and USD Equivalent Volume

Restricted Currencies – reporting details may include: Account Group Code, pre-Agreed Spread, Base currency, Transaction reference Number, Customer Name, Trade Date, Value Date, GTI Account, Contract Number, Buy/Sell Currency, Buy/Sell Volume, Client FX Rate, J.P. Morgan Covering Rate, Actual Spread, and USD Equivalent Volume

Processing and settling futures, options etc

For processing procedure of futures and options, kindly refer to Answer 8 of this section. During the implementation process and the creation of a futures and options clearing account, J.P. Morgan discusses in detail the most appropriate setup for the client's requirements. This includes sub-account structure, cash movement preference and initial margin cover.

J.P. Morgan has a dedicated team of client service professionals who manage client accounts on a daily basis, and a specific team responsible for integrating client internal systems with those of J.P. Morgan to create electronic efficiencies.

J.P. Morgan and exchange systems capture each contract traded automatically from the exchange and feed this information into J.P. Morgan's core processing system. Once in the system, each contract will be automatically allocated to the client's specific account using the relevant account references allocated at the time the account was first opened.

There are three elements associated with each trade: a daily profit and loss calculation, J.P. Morgan and third-party commission and fees, and the initial margin requirement, which is calculated on the client's overall position. These three items are displayed on a statement that is provided each morning, through the electronic client interface system, MORCOM eXtraClear.

A representative from service group reviews the information provided through the statement each morning and contacts the client to discuss any cash (variation margin) requirements created by the effects of the previous day's market movements on its position. Variation margin represents a mark-to-market figure, calculated every day.

This is a brief description of a set of complex processes. J.P. Morgan's operational strategy is to deliver straight-through electronic processing from the point of execution to the delivery of the client statement.

As both the custodian and clearing broker, we are able to automate the transfer of cash margins between client's custody and clearing accounts. These are treated as internal transfers and are free of charge, enabling clients to simplify this process further.

XIII. CASH MANAGEMENT

1. *What investment vehicles are available for overnight investment? What alternatives are available in countries where short-term investment funds are not available? Which can be assessed automatically by a "sweep"?*

Provide a description of each Short Term Investment Funds (STIF) product, including:

- a. *Investment Philosophy*
- b. *Objectives and Guidelines*
- c. *Investment Performance and Average Maturities – Current and Historic*
- d. *Investment Management Fees*
- e. *Sweep Fees (if separate from investment management fees)*
- f. *Minimum Quality Ratings*

J.P. Morgan offers a complete and leading array of overnight and short-term cash investment alternatives to support the client's overall investment and trading activity.

As a first step, we work with clients to develop a comprehensive and sound liquidity management strategy. J.P. Morgan consults with clients to understand their particular objectives and to fashion the optimal overnight and short-term investment approach — one that maintains the right balance of risk, liquidity, operating efficiency and total return.

In doing so, we leverage the expertise of J.P. Morgan's market-leading investment entities, including J.P. Morgan Treasury, J.P. Morgan Asset Management and J.P. Morgan Securities LLC.

Options for institutional investors

While we work with clients to create the optimal liquidity management strategy utilizing our wide range of investment and deposit products, our experience has been that institutional investors have the most interest in the following options:

J.P. Morgan Money Market Funds

J.P. Morgan Money Market Mutual Funds are offered through J.P. Morgan Asset Management, the world's largest provider of institutional money market funds. J.P. Morgan offers the convenience of an automatic sweep and the liquidity and stability provided by J.P. Morgan Asset Management's large portfolio size.

- **Investment Philosophy:** Clients can choose from eight J.P. Morgan funds, each managed by J.P. Morgan Asset Management. Each fund comprises short-term debt instruments with a weighted average maturity of the portfolio of 60 days or less.

Short Term Investment Options

- **J.P. Morgan Money Market Funds:** automatic sweep to a choice of J.P. Morgan Asset Management funds
- **Multicurrency Options:** earn interest on balances in major (non-U.S.) currencies through interest-bearing accounts and/or time deposits
- **J.P. Morgan Offshore Time Deposit Sweep:** earn interest on U.S. dollar balances through offshore time deposit sweep
- **JPMorgan Chase & Co. Commercial Paper Sweep:** earn interest on U.S. dollar balances through investment in JPMorgan Chase & Co. commercial paper

- **Objectives and Guidelines:** All of the funds seek to provide current income while maintaining daily liquidity. Suitable for accounts with stable balances (e.g. maximum 10 to 20 percent volatility).
- **Performance:** Please refer to *Exhibit 2* for investment performance.
- **Management Fees:** Investments are subject to certain expenses as set forth in the fund's prospectus. No minimum investment is required; however, clients will be placed in an appropriate share class based on invested balances. Expenses vary by share class. Yields are net of expenses.

J.P. Morgan Money Market Mutual Funds (Management fees varies by share class)	
Prime Money Market Fund	18 – 51 bps
U.S. Government Money Market Fund	18 – 59 bps
Federal Money Market Fund	21 – 59 bps
Treasury Plus Money Market Fund	21 – 59 bps
100% U.S. Treasury Securities Money Market Fund	18 – 59 bps
Tax Free Money Market Fund	21 – 59 bps
Liquid Assets Money Market Fund	18 – 59 bps
Municipal Money Market Fund	21 – 59 bps

- **Minimum Quality Ratings:** All of the funds adhere to 2a-7 guidelines for quality and average maturity.
- **Sweep Process:** All of the funds are available through an intraday or end-of-day sweep. For both intraday and end-of-day sweeps, there is no automatic return of cash. Redemptions are triggered by activity in the cash account. The end-of-day sweep cut-off is the last transaction of the business day. Standard intraday Standard intraday cut-offs are listed below.

Earnings Credit

Clients can earn a credit – a soft dollar value calculation – on cash balances in a non-interest bearing account to be used to offset fees for banking services such as Custody, Fund Accounting or Investment Analytics. Though it works differently than an explicit interest payment, earnings credit can have the same net effect enabling clients to earn value for short term cash balances.

Earnings Credits accrue daily on 100% of USD cash balances held in the US, net of deposit insurance fees.

Earnings Credit offers additional benefits to our clients:

- **Counterparty risk is reduced:** As a provision of the Dodd-Frank Act, the Federal Deposit Insurance Corporation (FDIC) introduced a new program on December 31, 2010 that provides unlimited insurance coverage on all non-interest bearing transaction accounts, which include balances used to pay for service fees, effective until December 31, 2012. After the expiration of this unlimited insurance, balances left in the cash accounts are backed by the full faith and credit of JPMorgan Chase Bank, N.A. which has current ratings of Moody's: P-1 / S&P: A-1 / Fitch: F1+.
- **Lowered Expenses:** Using the earnings credit facility to pay for bank services is an easy and convenient way to lower overall administrative expenses, which ultimately optimizes operating income.

- **Efficiency:** Operationally the earnings credit product is more efficient for optimizing cash than managing a sweep structure or direct investing because the funds remain in the cash account and are available for use as needed.
- **Attractive Value:** The earnings credit rate is a managed rate set periodically by J.P. Morgan after considering a range of factors such as market rate environment, deposit insurance fees, and relevant competitor pricing. The managed rate maintains pricing flexibility while protecting clients from short-term rate volatility by not linking to any one index.

Additional Options

While we have found that our institutional investment clients focus on the above-listed products, we would be happy to consult or provide detailed information on other investment products including:

Multicurrency Options

In countries where short-term investment funds are not available, J.P. Morgan can hold cash balances in 77 currencies and pay interest on major currencies. We also offer time deposits in all major currencies.

JPMorgan Chase & Co. Offshore Time Deposit Sweep

J.P. Morgan can pay interest on U.S. dollar balances through our offshore time deposit sweep. The J.P. Morgan offshore time deposit provides a simple, convenient and safe way to invest and earn a competitive rate of return. Rated A1/P1 by Moody's and Standard & Poor's, this option moves funds to an account at the JPMorgan Chase Bank N.A., branch in Nassau (Bahamas) or London (U.K.) and provides a good option for clients who cannot predict daily balances with certainty.

Interest is accrued daily and credited on the first business day of the month.

- **Investment Philosophy:** This option is a deposit obligation of JPMorgan Chase, N.A., and balances sit on our balance sheet as a liability.
- **Objectives and Guidelines:** This option seeks to provide current income while maintaining daily liquidity. This is a direct investment, and thus no prospectus is available.
- **Performance:** The effective yield is based on Fed Funds effective rate, less a spread. Daily yields are calculated on a 360-day basis.
- **Management Fees:** Clients earn Fed Funds effective rate, less a spread. Funds are invested via our sweep platform and no wire costs are incurred for placing funds.
- **Minimum Quality Ratings:** The funds are deposit obligations of JPMorgan Chase Bank N.A., which currently enjoys the short term rating of A1/P1.
- **Sweep Process:** Available through the end-of-day sweep process. Clients have full daily liquidity.

JPMorgan Chase & Co. Commercial Paper Sweep

J.P. Morgan can pay interest on U.S. dollar balances through our JPMorgan Chase & Co. commercial paper sweep. Rated A1/P1 by Moody's and Standard & Poor's, this option represents an investment into a Master Note, representing a commercial paper obligation of JPMorgan Chase & Co. Interest is accrued daily and credited on the first business day of the month.

- **Investment Philosophy:** The sweep represents an investment into a master note, representing a commercial paper obligation of JPMorgan Chase & Co., the bank's holding company.
 - **Objectives and Guidelines:** This option seeks to provide current income while maintaining daily liquidity. This is a direct investment, and thus no prospectus is available.
 - **Performance:** The effective yield is based on Fed Funds effective rate, less a spread. Daily yields are calculated on a 360-day basis. For clients requiring tiered investments, the J.P. Morgan managed rate will be earned on the second tier.
 - **Management Fees:** Clients earn Fed Funds effective rate, less a spread. Funds are invested via our sweep platform and no wire costs are incurred for placing funds.
 - **Minimum Quality Ratings:** Commercial paper has a short term rating of A1/P1.
 - **Sweep Process:** Available through the end-of-day sweep process. Clients have access to sweep balances on a daily basis.
2. *Describe your process of maintaining full investment ("daily sweep") of US cash and foreign currency balances for plans invested globally, including:*
- a. *Investment vehicles available to the sweep (discussed in the section as STIFs)*
 - b. *How sweep ties into trust accounting and cash forecast*
 - c. *Process and timing of notification of investment managers of available cash*
 - d. *Timing requirements for notification of cash needs*
 - e. *Treatment of unexpected receipts after investment cut-off*
 - f. *Identification of automated procedures and manual procedures*
 - g. *Client and investment manager electronic access to information:*
 - h. *Cash sweep (investment) transactions*
 - i. *Details of the day's cash remittances and disbursements*
 - j. *Detail supporting calculation of day's deposit to or withdrawal from STIF*

Investment vehicles and sweep process

J.P. Morgan offers a fully automated daily sweep of cash balances on an intraday or end-of-day basis.

Intraday Sweep

Through our intraday sweep process, we automatically sweep projected balances at the deadline for each investment option, which varies by product from 11 a.m. to as late as 4 p.m. To account for same-day activity, your J.P. Morgan service team can make adjustments to the projected balance up to the deadline.

End-of-Day Sweep

Through the end-of-day sweep process, J.P. Morgan automatically sweeps actual balances as the last transaction of the business day, virtually assuring no un-invested cash. Clients have access to their funds throughout the day.

For our most popular overnight and short-term options, the sweep process is as follows:

- **Money Market Funds:** All of the funds are available through an intraday or end-of-day sweep. Standard intraday cut-offs are 4 p.m. for funds with a 5 p.m. close, or one hour prior to fund close or the earlier of the purchase or redemption close. The end-of-day sweep cut-off is the last transaction of the business day. For both intraday and end-of-day sweeps, there is no automatic return of cash. Redemptions are triggered by activity in the cash account.
- **J.P. Morgan Offshore Time Deposit Sweep:** The offshore time deposit sweep is through the end-of-day sweep process. Clients have access to sweep balances on a daily basis.
- **JPMorgan Chase & Co. Commercial Paper Sweep:** The commercial paper sweep is available in USD for accounts held on our books in the United States through the end-of-day sweep process. Clients have access to sweep balances on a daily basis.

Inclusion in trust accounting and cash forecast

Monthly reporting provides detailed, timely information that enables clients to determine optimal cash balances and flows.

Time requirement and notification of available cash

J.P. Morgan provides daily cash and cash projection reports via our online system, J.P. Morgan ACCESS.

Foreign Currency Projection

Our system provides online, real-time access to cash projections. Clients can extract data from daily reports and export it to an excel spreadsheet or a .csv text format. J.P. Morgan can also deliver the data as part of a customized cash blotter transmission through mainframe data exchange.

Cash Projections Report

A customizable report, this displays transactions projected to settle in the next five days, from the run date of the report. The report is optionally provided in three sections as follows: the statement provides the opening balance, settled transaction amounts by transaction group, projected transaction amounts by transaction group and the projected ending balance for all linked cash accounts. The summary displays all the cash transactions that are projected to settle during the selected date range. The detail furnishes more extensive information about the cash transactions that are projected to settle during the selected date range. The data in these reports is sorted by cash account currency and cash account. Within cash account the data is sorted by transaction group, transaction status, projection date, and security name and transaction number.

Posted Cash

This report details all cash-related activity including sales, purchases, P&I payments, redemptions and options and can be customized for specific transaction types. The report can be run and viewed in up to three sections: a statement report providing the opening and closing balances for all linked currency cash accounts, with an amount total for each transaction group that had activity; a summary listing the opening and ending balance for each linked cash account and all cash transactions that were posted during the selected date range, and the detail with more extensive information about the cash transactions. The data contained in the reports is sorted by cash account and within cash account by posted date, transaction group, custody account number, security name and transaction number.

Open Currency Contracts

This report provides details of the unrealized gains and losses of the currency receivable and payable related to spot and forward exchange contracts, and is divided into sections for forward and spot contracts, with totals provided for each.

Currency Contract Transactions

This report shows all transactions related to spot and forward currency contracts during a reporting period. The report is initially segregated into transactions that open a currency contract and those that close an open position. Within each of the above sections, transactions are then presented by currency. Transactions are reported twice to reflect each currency being bought and sold and therefore appear in the relevant currency sections for both legs of the transaction. Within each currency, transactions are presented by contract type being either spot or forward foreign exchange contracts and within each contract type by trade date, and totals are provided by transaction type, currency and contract type.

Automated delivery of reports via the J.P. Morgan ACCESS Scheduler

The *Scheduler* helps clients automate the delivery of reports and data files to meet their specific requirements.

The *Scheduler Wizard* walks the user through the selections of reports and accounts and offers the user the ability to specify the frequency at which the scheduled reports should run (for example, daily, weekly, monthly and annually, as well as at specific days or dates). The scheduler can also run intraday reports, such as trade settlement and cash reports (at multiple times throughout the day).

Using the *Scheduler*, clients can also create data-dependent schedules to receive finalized accounting data as soon as it is available.

Treatment of unexpected receipts after investment cut-off

Cash received after any fund has closed will be invested the next business day. Customers will receive an earnings credit for the balances kept in account overnight.

Automated and manual procedures

Clients and their managers are able to deliver cash instructions (both in relation to payments and advice to receive) at any time using either SWIFT or our online system (J.P. Morgan ACCESS Funds Transfer Initiation).

Processing Transactions Automatically

We maintain an average straight-through processing rate of 94 percent and have invested heavily in the automation of electronic payments. Our commitment to straight-through processing reflects our strong belief that automated processing provides the most prompt, efficient, and accurate execution of payments.

Cash Payments

SWIFT

J.P. Morgan fully supports SWIFT ISO 15022 formats and uses prescribed standards.

A full list of messages to support cash transactions is provided below.

Message Type	Title	Content	Frequency/ Overnight vs. realtime
Incoming Messages to J.P. Morgan:			
103 and 103+	Single Customer Credit Transfer	Cash Instructions (Replaced MT100)	Real time
202	General Transfer	Cash Instructions	Real time
210	Notice to Receive Funds	Cash Receipt Instructions	Real time
292	Cancel Cash Instruction	Cash Instructions	Real time
Outgoing Messages from J.P. Morgan:			
Statements			
940	Customer Statement Messages	Cash Statement Message	Overnight
950	Statement Message	Cash Statement Message	Overnight
Other			
199	Free Format	Cash	Real time
299	Free Format	Cash	Real time

Transaction Initiation

Our online system (J.P. Morgan ACCESS Transaction Initiation) can be used to supply both trade and cash instructions. It provides a secure means to rapidly input, import and transmit cash instructions and significantly enhances straight through processing of instructions.

Instruction templates facilitate repetitive instructions via pre-populated fields, allowing users to enter instructions quickly and efficiently. Transaction Initiation supports trade file imports, eliminating manual entry and applying the same security validations and controls.

A unique transaction control number confirms receipt of each transaction instruction successfully sent.

Transaction Initiation uses RSA SecurID technology to digitally sign the transmission of instructions and authenticate the originating user. Transaction Initiation offers flexible entitlements that are customizable by instruction type for input, approval (up to five levels) and transmission, enabling client-designated security administrators to configure them to meet internal security requirements.

Client and investment manager electronic access to information

Please refer to the 'Time requirement and notification of available cash' section of this answer.

Cash sweep (investment) transactions

Please refer to the 'Investment vehicles and sweep process' section of this answer.

Details of the day's cash remittances and disbursements

As described earlier clients and their investment managers can access cash balances and projected cash reporting via J.P. Morgan ACCESS. J.P. Morgan updates cash positions globally on a real time, interactive basis, so there is no operational, or process based dependency for any client to receive a daily cash statement i.e. no cut-off times associated with cash reporting. Reporting is available to

clients throughout the day on an on-demand basis. Further to this, details on the prior day's trade fails, accruals, and other outstanding transactions affecting a manager's cash position can also be reported, adding additional value and clarity to the portfolio and cash management functions.

Detail supporting calculation of day's deposit to or withdrawal from STIF

For the J.P. Morgan intraday sweep process, we automatically sweep projected balances at the deadline for each investment option, which varies by product from 11 a.m. to as late as 4 p.m. The projected balance takes into account the day's opening balance, sweep balance, and projected receipts and disbursements. To account for same-day activity that may not be on our system at the time the intraday sweep processes, your J.P. Morgan service team can make adjustments to the projected balance up to the deadline.

For the end-of-day sweep process, J.P. Morgan automatically sweeps actual balances as the last transaction of the business day, virtually assuring no un-invested cash. The actual balance that is swept takes into account the day's opening balance, sweep balance, actual receipts and disbursements. Clients have access to their funds throughout the day.

3. *Describe your program for providing fail float interest on sales proceeds from settlement date and on purchase cost during fail period.*

To mitigate financial loss from failed trades, J.P. Morgan offers a contractual settlement date service in 66 markets, which automatically credits or debits transaction proceeds on the contractual settlement date of the trade, whether or not the trade has actually settled. This service permits the use of cash proceeds on settlement date and shields clients from losses because of failed trades.

If a failed trade is caused by J.P. Morgan's negligence, we ensure that the client is compensated for any damage. However, J.P. Morgan is not liable for any indirect, incidental, consequential or special damages (including, without limitation, lost profits) of any form.

4. *Describe your capabilities in providing foreign exchange support to clients of master custody with global investment.*

As discussed earlier, J.P. Morgan's custody FX platform, AutoFX, provides clients with a comprehensive foreign exchange solution that automates trade initiation to settlement and confirmation. The AutoFX process operates on a straight-through basis, thereby reducing potential costs associated with human error.

Foreign exchange trades through the AutoFX custody platform are generally executed on a principal basis with the J.P. Morgan Investment Bank Foreign Exchange desk located currently at our London branch (the "FX Desk", the location of which is subject to change).

For most freely convertible market currencies, J.P. Morgan can price FX trades by applying a pre-agreed spread to a third party WM/Reuters benchmark. Clients may pre-set execution to be hourly or on a specific schedule. When pricing is based on the WM/Reuters benchmark, clients can receive monthly reporting which includes the WM/Reuters time(s) used to price the transaction as well as the spread applied.

J.P. Morgan offers a netting program in most of freely convertible market currencies. J.P. Morgan's netting program is applying one rate, adjusted by a spread and any forward point, to each trade within the designated batch. That rate is based on the notional net direction of the designated batch, looking at the trades' volume and base currency. It is subject to various conditions and limitations (e.g., same foreign currency pair, execution time and value date, specified account(s), and trades with the FX Desk). The individual FX trade's actual volume or position is not netted against other trades. It is not generally available in restricted market currencies.

Clients can also choose to execute freely convertible currency foreign exchange trades directly with J.P. Morgan's FX trading desk or with third party banks, using various methods such as eCommerce platforms (Morgan Direct Professional, FXaLL or FX Connect), Bloomberg, or phone dealing to negotiate and then agree to a rate. Trading in this manner will allow clients to see FX rates prior to execution. Any pre-agreed fixed spread applied to AutoFX trades would not apply to these direct trades.

For many restricted market currencies, the FX Desk engages in onshore cover trades with J.P. Morgan's local subcustodian (or other dealer), monitoring the subcustodian's (or the other dealer's, as the case may be) rates on a real-time basis. (The subcustodian or other dealer may be a branch or affiliate of J.P. Morgan). J.P. Morgan may also perform on a spot basis secondary checks confirming levels with other banks or checking rates published by onshore dealers through different vendors (if available). The FX Desk then executes FX trades with the client on a principal basis, applying a spread (which can be a fixed, pre-agreed spread) to the rate at which the onshore trade is executed. Certain types of foreign exchange transactions in some restricted market currencies may be routed directly to, and managed entirely by, J.P. Morgan's local subcustodian or other dealer, in which case the FX Desk does not act as principal and does not apply a spread.

With respect to onshore cover trades, depending on market conditions, size of trade, volatility and liquidity, the FX Desk may either trade its entire onshore cover position (covering the trades of various clients) in the market in one amount or in several tranches throughout the day. This method mitigates the risk of extreme onshore rates due to adverse market movements caused by possible aggressive Central Bank intervention or poor liquidity. Therefore, the onshore rate may be a blended rate rather than a transaction by transaction rate at each precise point in the day.

With respect to FX trades through the custody FX platform executed on a principal basis with the FX Desk, J.P. Morgan provides daily and monthly reporting options which are available to clients through our online portal, J.P. Morgan ACCESS. These reports provide access to foreign exchange post execution reporting and will deliver reporting commensurate with the agreed pricing methodology. Depending on the pricing methodology implemented, categories may include the following (which are subject to change):

Freely Traded Currencies – benchmark reporting details may include: Benchmark Reference Time, Account Group code, Customer Number, Customer name, Base Currency, Transaction Reference Number, Trade Date, Value Date, GTI Account, Contract Number, Buy/Sell Currency, buy/Sell volume, Benchmark Bid, Benchmark Ask, Benchmark Fix, Client FX Rate, Actual Spread, and USD Equivalent Volume

Restricted Currencies – reporting details may include: Account Group Code, pre-Agreed Spread, Base currency, Transaction reference Number, Customer Name, Trade Date, Value Date, GTI Account, Contract Number, Buy/Sell Currency, Buy/Sell Volume, Client FX Rate, J.P. Morgan Covering Rate, Actual Spread, and USD Equivalent Volume

XIV. TRANSACTION SERVICES

1. *Discuss procedures for posting trades and foreign exchange transactions to client accounts upon receipt of initial advice, including for each security class:*

- a. *Posting date*

- b. *Effective date*

- c. *Effect on positions*

Posting trades and FX transactions

Pending trades are posted to the custody system in real time upon receipt of instructions from the client or investment manager. J.P. Morgan's contractual settlement date facility automatically credits/debits transaction proceeds on the contractual settlement date of the trade in eligible markets, whether or not the trade has actually settled. For contractual settlement to apply, instructions must be received by the specified trade deadlines for each market. In non-contractual markets, sale trades settle on an actual settlement basis with funds credited to client accounts on the actual settlement date.

With regard to foreign exchange transactions, the process will differ based on who the trade is executed with. If the foreign exchange trade is executed with J.P. Morgan, the funds will move on contractual settlement date. If executed with a third party, the currency will be credited to the client's account upon receipt.

Viewing trades and FX transactions

All trades executed can be viewed via our on-line system on a real time basis. The accounting system is updated on an intraday basis. Daily transaction processing and daily account review enable our clients to view accounting data on-line on a daily basis as of the prior business day. This best practice approach includes:

- Intraday trade capture and review
- Intraday transaction generation and review
- Intraday corporate action processing and review
- Pricing review at both the centralized pricing group and individual account basis

J.P. Morgan's accounting system is a transaction-based system. All transactions have been mapped in accordance with specific trial balance accounts associated with income recognition, realized gain/loss, expenses, capital and detailed balance sheet accounts.

2. *Discuss your operational procedures for settling purchases and sales – both physical and book entry, non-US and US. Include both:*
 - a. *Actual settlement date (ASD) processing*
 - b. *Contractual settlement date (CSD) processing*

Settlement procedure

For securities settlement, J.P. Morgan is a direct participant in DTC, the U.S. Federal Reserve Bank, Euroclear and Euroclear U.K. & Ireland, linked directly to the depositories through real-time, interactive mainframe interfaces, enabling us to service client portfolios accurately and efficiently.

J.P. Morgan uses all the services provided by these depositories, including settlement, safekeeping through the immobilization of assets, income distribution and corporate action support.

Trade instructions for assets designated for settlement in non-U.S. local markets are routed to J.P. Morgan's data center in Boumemouth, England, where the instructions are processed and forwarded in a real-time, electronic environment to the appropriate J.P. Morgan agent in the local market via SWIFT for settlement.

Once trades have passed through automated edit checks and have been released to our subcustodian bank or depository, they are reflected as pending on the custody system, and a unique identification number is assigned to each trade. Our subcustodians attempt to pre-match all trade instructions (where possible) with the respective clearing brokers in order to minimize the risk of settlement issues and/ or fails.

Our subcustodians also track all settling items, monitor their status on settlement date and send information concerning settlement of trades on an intraday basis through SWIFT. Depository transactions are updated via interactive links between the depository and our core custody platforms.

In the United States, receipt and delivery of physical assets occur at our vault in New York City's financial district. In addition to physical protection, the vault offers state-of-the-art security features to help ensure the safety of physical assets. As an additional safety measure, we maintain insurance coverage for losses related to cash, securities and other properties under custody.

Physical securities are held in J.P. Morgan's nominee name or bearer form. Receipts and deliveries are monitored point-to-point through each step of the settlement process.

Our system not only tracks the area in which a security resides but also monitors the timeliness of movement toward its ultimate destination. Added control is provided by scanning securities each time they are settled.

Normally, at least one day's notice is required for transfers of U.S. securities. When we receive a sale instruction for a physical security from a client, edit checks are completed, and the trade is passed automatically to the securities movement and control processing system.

Actual and contractual settlement

For U.S. market settlements, we offer either actual or contractual settlement for purchases and sales and do not have a preference as to which option the client selects. For non-U.S. transactions, we also offer both actual and contractual settlement but recommend contractual settlement, as it improves efficiency in providing cash management assistance to clients by increasing liquidity, reducing funding costs and decreasing foreign exchange exposure.

Contractual settlement is applicable for both physical and book entry settlement.

J.P. Morgan provides a contractual settlement date accounting facility (CSDA) which automatically credits or debits the cash element of the transaction on the contractual settlement date of the trade, whether or not the trade has actually settled. The policy ensures the value date of cash movements, reduces funding costs and locks in foreign exchange contracts prior to settlement, helping to minimize foreign exchange exposure.

The contractual settlement policy covers purchases in all markets where J.P. Morgan offers custody services, and sales in the 66 markets listed below, provided we have received complete instruction prior to our stated market cutoff and there is available position for sale trades. In all remaining markets, sale trades settle on an actual settlement basis with funds credited to client accounts on the actual settlement date. Contractual settlement date accounting is applied to all core market traded debt and equity instruments in eligible markets. Exclusions include non exchange traded mutual funds, other complex fund holdings and privately held instruments. J.P. Morgan credits cash in either base or local currency, where possible.

Due to repatriation restrictions, some funds can only be credited in local currency, with any conversion to a base, or concentration currency, being booked on settlement of the transaction.

Contractual Settlement Markets			
Argentina	Euroclear	Mauritius*	Spain
Australia	Finland	Mexico	Sri Lanka*†
Austria	France	Morocco	Sweden
Bahrain	Germany	Netherlands	Switzerland
Bangladesh*†	Ghana*†	New Zealand	Taiwan*
Belgium	Hong Kong	Norway	Thailand*†
Bermuda	Hungary	Oman*	Tunisia
Botswana*	Indonesia*†	Peru	Turkey
Brazil*†	Ireland	Philippines*†	Uganda
Canada	Israel	Poland	United Arab Emirates (DFM)
China (Shanghai)	Italy	Portugal	United Arab Emirates (Nasdaq Dubai)
China (Shenzhen)	Japan	Romania	United Kingdom
Clearstream	Jordan*†	Singapore	United States
Colombia*†	Kenya*	Slovak Republic	Uruguay*†
Cyprus	Lebanon	Slovenia	Zimbabwe*†
Czech Republic	Luxembourg	South Africa	
Denmark	Malta	South Korea*	

* Cash credited in local currency only, due to repatriation restrictions and converted to another currency on or after the trade actually settles – all other cash can be converted in base/concentration currency.

† Due to restrictions inherent in the market, local funds should be used for cash projection purposes only; funds should not be used until a sale trade actually settles.

3. *Describe your procedures for establishing entitlements and accruals for dividends and interest and for posting dividends and interest to client accounts. Indicate whether the process is automated or manual and indicate the primary source of the data. Also, describe your procedures for calculating and posting amortization and accretion.*

Income Entitlements

J.P. Morgan accrues income entitlements based on the specific attributes of the security, for example, par value, coupon rate and day count. Based on these attributes the system generates a daily accrual that is reviewed by the accountant for accuracy. Accruals are set up reflecting the full entitlement, with payments being contractually made on settled positions.

Dividend Entitlements

J.P. Morgan accrues dividend entitlements from ex-date based on the number of shares owned and the dividend rate. J.P. Morgan credits income to clients on pay date in markets where contractual income is available and within 24 hours of receipt in markets where actual income applies.

System Interfaces for Income Information

Income information systematically interfaces with the custody system, automatically calculating the entitlement based on traded positions up to entitlement date. The creation of this file automatically generates an initial notification to the client, whether the information is provisional or confirmed.

Income Information Sources

The primary sources include J.P. Morgan's subcustodians and Interactive Data Company, with additional information sourced from central depositories and vendors such as Bloomberg and Reuters.

When information is received initially from a vendor feed, the information is confirmed with J.P. Morgan's subcustodian. Unconfirmed notifications are updated regularly and details are provided to clients until the income payment is confirmed or denied.

Where the client purchases or sells positions on an open income event following the initial generation of the income notification and prior to entitlement date, J.P. Morgan's income system automatically re-calculates entitlements and generates an updated income notification outlining the new details.

Any income receivable amount not received on payable date is researched to ensure validity and that it is being pursued for collection, and any item that is paid late or adjusted is systematically captured. Root cause analysis is performed monthly to determine what action is required to prevent the issue from recurring.

Calculating and posting amortization and accretion

J.P. Morgan has the ability to maintain domestic and international fixed income portfolios based on amortized cost.

Using account and security data, the global accounting system automatically calculates amortization/accretion on a daily basis to properly reflect income versus unrealized gains/losses. Our reports show amortization and accretion as discrete components of income.

The accounting system uses three methods of calculating amortization/accretion:

- **Straight Line:** The premium/discount associated with a purchase is allocated evenly over the period from purchase date to maturity date

- **Constant Yield/Scientific:** A cost yield-to-maturity remains constant over the period from purchase to maturity date
- **Level Yield:** This method retains a constant yield-to-maturity, yet achieves a smoother line of amortization than would a scientific method in cases where the rate of return on purchased income is excessive

A more comprehensive list of the amortization methods supported by J.P. Morgan's global accounting system follows:

- No amortization or accretion
- Straight-line amortization only
- Straight-line accretion only
- Straight-line amortization and accretion
- Constant Yield/Scientific
- Level yield
- Amortization and accretion to maturity date and amount (ignoring call and put dates)
- Amortization and accretion to next call or put date and value
- Amortization of premium to next call date and value providing best yield (ignoring puts, acknowledging calls and maturity amounts). Accretion of discounts to maturity (ignoring calls and puts for purchases at par).
- Amortization of premiums to next call date and value providing worst yield (ignoring puts, acknowledging calls and maturity). Accretion of discounts to maturity (ignoring calls and puts for purchases at par).
- Amortization to next call or put date and value. Accretion to call or put date and value providing worst yield.
- Amortization to maturity. Accretion to call or put date and value providing the worst yield or accretion to put date and value providing the best yield if only puts.

The above-mentioned methods can additionally separate original issue discount from market discount as appropriate.

4. *For each country in which you have a custodial relationship, what is your policy toward crediting of interest and dividends on payable dates? Are income payments credited in same day funds? Are there any exceptions? Please list all payable dates for all income types.*

Contractual Income Crediting

Dividend and interest payments are available for reinvestment on payable date, credited in same day funds in base or local currency, whether or not J.P. Morgan has received the payment. This policy applies for most asset types in markets covered by our contractual income crediting facility, as noted below.

In remaining markets, we credit payments within 24 hours of receipt.

J.P. Morgan provides contractual income crediting globally for most security types in 42 markets as listed below, covering 98 percent of the total value of dividend and interest income.

Exceptions to this include euro CDs, floating rate notes, Australian property trusts, CMOs, U.K. unit and property trusts and depository receipts. In all other markets, we process income entries on the date we actually receive the funds.

In the United States, J.P. Morgan contractually advances income payments in immediately available (same day) funds for all securities registered in a serviceable nominee (not client name), for which a rate has been provided prior to payable date, with the exception of ADRs and corporate CMOs held at the DTC.

This policy includes all interest, dividend, and principal and income payments on mortgage-backed and asset-backed securities. Dividends on ADRs are paid upon receipt, although more than 99 percent of our ADR dividends are paid on payable date.

Global contractual income crediting markets		
Australia	Germany	Peru
Austria	Hong Kong	Poland
Bahrain	Hungary	Portugal
Belgium	Ireland	Singapore
Bermuda	Israel	Slovak Republic
Canada	Italy	Slovenia
China (Class A)	Japan	South Africa
China (Class B)	Luxembourg	Spain
Clearstream	Mexico	Sweden
Czech Republic	Morocco	Switzerland
Denmark	Netherlands	Tunisia
Euroclear	New Zealand	United Arab Emirates (NASDAQ Dubai)
Finland	Norway	United Kingdom
France	Oman	United States

5. *Are funds available for reinvesting on contractual or actual settlement date? Please discuss.*

Kindly refer to Answer 4 for details on income payment availability for reinvestment.

6. *Describe the processing of tax reclaims on foreign income (by country).*

J.P. Morgan employs an integrated team of Tax Professionals in various functions throughout the world to bring a first class experience to our clients. The various tax functions are overseen by Global Tax Service ("GTS"), a team of 30 tax attorneys/specialists in the UK, US, Luxembourg, Hong Kong, Singapore, Ireland, and Argentina. GTS is the bridge between our clients, external advisors, and specialized internal tax functions with a focus on:

- Client advocacy / client tax consultation / query resolution
- Tax Market Intelligence / research / interpretation / govt. liaison / client communication
- Tax product development & innovation / technology builds / project management

Key Differentiators of Our Tax Reclaim Service

- Provision of a seamless service
- Minimization of documentation requirements on our clients
- A focus on technology
- A leader in industry initiatives

- Risk management of tax issues

For 2012, Global Tax Services is anticipating rolling out a number of new tax services to our clients. One of these services is to provide clients pre-populated tax forms through our J.P. Morgan ACCESS website. The tax system will monitor the client's documentation and prior to expiration of any forms, the system will pre-populate and issue the form to the client through our secure website. In most instances, clients will only have to verify the information, sign the form and return it electronically. Under the new functionality, clients will also be provided reports on J.P. Morgan ACCESS that will indicate both received and outstanding documentation as well as other tax related information.

Key Differentiators of Our Tax Reclaim Service

- **Account Setup Team:** J.P. Morgan utilizes a central documentation team, known as Account Setup & Documentation (ASD), for account set-up, electronic archiving, and internal distribution of account setup information which is used to facilitate the proper processing and automation in J.P. Morgan income and tax systems.

At account opening, a proprietary Tax Questionnaire and a Power of Attorney are requested. The Tax Questionnaire enables J.P. Morgan to obtain relevant tax status information which is used to set up the client's tax attributes on J.P. Morgan's tax system. These attributes are used by the system to identify tax relief and insure that accurate and timely tax reclaims are filed. Our format for both obtaining and recording this information facilitates the automation of the tax service in J.P. Morgan's income and tax systems.

Once the accounts are set up by the ASD associate, the documentation is archived and distributed to the tax operations areas including the Tax Documentation group. They then verify that the accounts are properly established based on the documentation provided and that the documentation meets J.P. Morgan standards: complete, accurate and consistent. Once the client's accounts are properly setup, J.P. Morgan provides an extended fully-transparent tax service.

- **Turn-key Form Completion:** J.P. Morgan provides a forms completion tax service to our clients. As noted above, clients are requested to provide a Power of Attorney. The Power of Attorney enables J.P. Morgan to sign tax forms in most reclaim markets and to execute other documentation on the client's behalf as required. For most US resident clients, J.P. Morgan is able to provide pre-populated US Resident Certification Form 8802s so that the client needs to only review, sign the Form and return it and J.P. Morgan will then obtain the residency certifications. For most other residencies, J.P. Morgan is able to secure the residency certifications based on a one time client letter. J.P. Morgan's team will also notify clients if any tax documentation is set to expire and request new documentation in a timely manner.
- **Seasoned Operating Staff:** A staff of over 70 individuals, located in J.P. Morgan's international processing hubs support tax reclaim processing for our global custody clients worldwide. The operating staff is broken down functionally and includes a documentation, reclaim production, ADR, pursuit and market intelligence team.
- **Proprietary Tax Reclaim System for Local Shares and ADRs:** In many of the major markets, J.P. Morgan provides tax relief at source for qualifying investors. This allows applicable tax benefits to be posted on the income payable date, eliminating the need for reclaims to be filed. For those markets where tax relief at source is not available, the Reclaim Production team ensures reclaims are filed promptly and accurately. Tax reclaim forms are automatically generated by the Tax System and either filed electronically when possible or mailed to the proper tax authority or agent. The tax reclaim system determines where tax reclaims are possible,

calculates the reclaim amounts, produces the relevant reclaim forms and tracks the progress of the reclaim. Tax reclaims received from local tax authorities are recorded on the tax reclaim system, reconciled against the outstanding reclaim items and paid to the appropriate beneficiaries.

- The following is a general explanation of how a reclaim flows through J.P. Morgan's proprietary global tax reclaim system, although there may be exceptions to the standard process based on variances in processing as demanded by certain countries. First, income items are automatically downloaded to the tax system once income paid to a client's account is confirmed. The tax system will check to ensure that the trading account to which the income is paid has a "beneficial owner" record linked to it. The beneficial owner record contains all of the information regarding the client, including the tax type, country of residence, and documentation details. In general, only beneficial owners of the assets can receive tax service.
- Once beneficial owner information is confirmed, the system will automatically check the reclaim filters and rates. These tables include details of the reclaim format that must be used, the statute of limitations for the market, and the contact and address for the tax authority in question. Depending on the market, the reclaim will either be filed electronically or, a reclaim form will be automatically printed by the system. The reclaims are then processed and paid.
- The following processes and controls manage the reclaim process:
 - Reclaims are filed within 30 days of accrual generation, unless market restrictions allow filing only at prescribed times
 - Receivable amounts accrue on J.P. Morgan's system and are monitored by a pursuit group.
 - The entire audit trail for each reclaim is retained on the tax system.
 - Reclaims submitted to the tax authorities are tracked on J.P. Morgan's system until the full refund is received.
 - All tax documentation is entered into our tax system, which monitors documentation requirements, including identifying non-enduring documentation prior to expiry so that renewals can be applied for.
- Every reclaim location within the J.P. Morgan system has set timeframes based on market experience for the location (i.e., reclamation timeframes vary by market). As soon as a reclaim item is sent to a given location the system starts to "age" the item. (The aging is shown on the *Outstanding Reclaims* report, updated daily and made available to clients via J.P. Morgan ACCESS so clients can also track each reclaim.) As items pass the expected timeframe for the location, the system automatically generates reports detailing the items that require pursuit. This report is first sorted by market then by each stage of the claim lifecycle. This flexibility allows the tax reclaim staff to pursue an entire market, or just those claims that have reached a specific stage within that market. The actual method of pursuit varies from market to market depending on the arrangements that we have agreed with the local agent or tax authority.

Tax reclaims are credited upon receipt from the local tax authority, in base or local currency, according to standing instructions provided by the client or investment manager.

- **Custody Tax Reports** J.P. Morgan provides clients tax reports on a daily basis via J.P. Morgan ACCESS. These reports give clients information on the status of their tax reclaims and the opportunity to view information on the tax processing of their assets. The two main reports and corresponding details are:

- *The Outstanding Tax Reclaims Report.* This report displays a client's global and domestic outstanding tax reclaims, which includes a summary report which provides country level information and detail reports which drill down to a particular income payment. Outstanding reclaims are aged on the report and the report provides useful information such as age of the reclaim, the status of the reclaim, the statute of limitations period and the amount of days to the statute date. Security level data is also provided.
- *The Tax Reclaims Received Report.* This report displays the global and domestic tax reclaims that have been received in both a summary format and in detail reports. This report covers an 18-month time period although the client can query a shorter period if preferred. The summary provides details of reclaims received over a period of time for a particular country whereas the detailed report provides information at the security level.

Tax Service and Anticipated Recovery Time

- In many of the major markets, J.P. Morgan provides tax relief at source for qualifying investors. This allows applicable tax benefits to be posted on the income payable date, eliminating the need for reclaims to be filed. Under J.P. Morgan's tax service, a United States resident is eligible for relief at source tax processing in the following countries:

Relief At Source Markets		
Australia	Indonesia	Portugal
Belgium	Ireland	Romania
Canada	Israel	Russia
Czech Republic	Italy	Slovakia
Egypt	Jamaica	Slovenia
Finland	Japan	South Korea
France	Mexico	Spain
Iceland	New Zealand	Sweden
India	Philippines	Ukraine
	Poland	Venezuela

For those markets where tax relief at source is not available, tax reclaim forms are generated and filed. A United States resident is eligible for tax reclaims in the following countries. (Please note that a country may be relief at source for income payments such as dividends yet may be a reclaim market for interest. For that reason, certain markets appear in both tables.)

Tax Reclaim Markets for U.S. Investors		
Austria	Lithuania	Spain
Denmark	Netherlands	Sweden
Germany	Philippines	Switzerland
Ireland	Portugal	Turkey
Kazakhstan		

A United States resident is subject to statutory rates in the remaining markets.

7. *How do you prove accuracy and timeliness of receipts of US and non-US income and capital changes reported by your depositories, agents, and sub-custodians?*

Income

The subcustodians (be they local banks or J.P. Morgan subsidiaries) are our primary source of income information. They are contractually responsible for collecting and delivering information to

J.P. Morgan for collation and onward distribution to our clients. Similarly, income payments are made locally to our subcustodian following which a central reconciliation is carried out by J.P. Morgan to ensure that income is distributed to individual clients in accordance with their asset holdings.

The requirements of the local subcustodians, in relation to information distribution and payment, are documented in a standard agreement that J.P. Morgan has with each of its agents. Performance is assessed and monitored by J.P. Morgan's network management group. A range of key performance indicators are used to monitor the timeliness and accuracy of the information supplied. For example, specific performance indicators would include:

- Income overdue (including length of time overdue)
- Number of market claims outstanding
- Any income received and not reconciled

Root cause analysis is performed monthly to determine any remedial action that may be required.

In addition to the information received from subcustodians, J.P. Morgan also receives dividend and interest income announcements via Interactive Data Company, Bloomberg, Reuters and other sources. J.P. Morgan captures announcement details from vendors generally within 24 hours of receipt of notification.

The income announcement capture system automatically compares announcement details from a vendor against announcement details from the subcustodian. If a discrepancy occurs, the income group will refer to the subcustodian to verify the information.

The income monitoring and collection process is coordinated centrally by our specialist income team. J.P. Morgan has a staff of approximately 60 securities professionals dedicated to the income process. The functions supported by this group include: announcement capture, income receipt and payments and market claim processing.

Capital Changes/ Corporate Actions

J.P. Morgan actively tracks the timeliness and quality of both our corporate action notifications to clients and the performance of notifications from our network of subcustodians, although no global market standard exists which governs the timescale between announcement date, ex-date, pay date or any other type of deadline with regard to global corporate actions.

We have a systematic and controlled process to ensure that corporate actions data is captured accurately and applied consistently.

Announcement Capture

Corporate action information feeds are received from a range of approved sources. The primary source is the network of subcustodians, supplemented by an automated feed from Interactive Data Company and a series of manual sources, including Bloomberg, Telekurs and company material.

Data Validation

When information is received initially from a secondary source, we seek confirmation from our subcustodian agent in the local market to verify the details. The completeness and accuracy of the information is assessed further by conducting a comparison between information received from the subcustodian network against that received from Interactive Data Company and any of the manual sources that are available.

Client Event Notification

J.P. Morgan communicates corporate event details to all clients with current eligible holdings recorded on the books of J.P. Morgan in the issuing or target company. Information is transmitted using a choice of the following options:

- SWIFT MT564 and MT568 (intraday)
- J.P. Morgan ACCESS (intraday)

All notifications are summarized and input to the J.P. Morgan systems within 24 hours of receipt. Clients therefore receive notifications within a maximum period of 48 hours of the market announcement.

The pre-advice sent via SWIFT and J.P. Morgan ACCESS contains all key information.

Entitlement Communication

In addition to notification of corporate events, we also validate the client's position and prepare an entitlement advice that is sent to the client for reconciliation and reference. All corporate actions are controlled in terms of capture, timeliness and accuracy with voluntary events being afforded additional controls commensurate to the associated risks. These controls include:

- Daily system driven reports identify uninstructed balances and monitor that the correct escalation has occurred
 - Systemic diaries provide alerts for all key dates (including the need for reconciliation and for the chaser of entitlements)
 - Subcustodians are contacted to escalate missing instructions to designated managers
 - Corporate action processing requires dual entry input and verification
 - Processing is subject to strict service and risk standards and controls and closely monitored by internal and external risk management departments
 - *Key Risk Indicator* reports are submitted on a daily, weekly and monthly basis for review by management
8. *Describe the process for communicating with the investment managers serving your master custody clients.*

J.P. Morgan communicates with in-house and third-party investment managers in the following ways:

- **SWIFT:** J.P. Morgan supports electronic trade instructions in ISO 15022 format via SWIFT, Omgeo, Bloomberg and direct mainframe-to-mainframe connections. J.P. Morgan can also accept flat files of trade instructions from managers as well as files in a manager's proprietary format.
- **J.P. Morgan Transaction Instruction:** Via J.P. Morgan ACCESS, Transaction Initiation provides real-time instruction for trades, cash movements (including foreign exchange and third-party foreign exchange) and affirmation of DTC trade confirms.
- **Mainframe Data Exchange:** For managers with more extensive automation requirements, mainframe data exchange offers two-way mainframe-to-mainframe or PC-to-mainframe communication of all data, including trade instructions, settlements, pending and failed trades and cash positions on a daily basis. Mainframe data exchange can process trade instructions, send

and receive information using SWIFT and ISITC messages, as well as J.P. Morgan's proprietary formats.

- **DTC-ID System:** J.P. Morgan maximizes the utility of the DTC-ID system through an online, real-time system, which provides clients with DTC trade confirmations on trade date. Clients affirm trades through the DTC system up to 12 noon on the second business day after trade date. A day's trades can be affirmed individually or in aggregate by the manager. Once a trade is affirmed, J.P. Morgan's system automatically sets up a pending trade, which appears as a projected settlement on the following day's reports.
- **DTC Trade Affirmation:** Through Transaction Initiation, J.P. Morgan's system allows clients utilizing ID processing to affirm their trades interactively. This provides the ability to verify the time that confirms are received from DTC. Interactive ID enables J.P. Morgan to deliver trade confirmations to clients intraday on trade date for affirmation. Clients have the choice of affirming their confirms either individually or in aggregate.
- Alternatively, the J.P. Morgan ACCESS data link can be used to automate the affirmation process. The data link matches DTC-eligible transactions against confirms from DTC and returns a trade affirmation file. The trade affirmation file includes confirm match/no match reports, which includes a record of affirmed trades. Users can utilize the no match list to research those trades that were not affirmed.

Reporting

In addition to SWIFT reporting, J.P. Morgan ACCESS is available to clients and investment managers 24 hours a day, six and a half days per week. J.P. Morgan ACCESS provides a full range of reports that can be customized, offering clients and investment managers the opportunity to view their entire portfolio by using any sort within the applicable database as well as design customized report formats.

9. *Describe the reconciliation and audit procedures as they relate to the investment manager reconciliation process.*

Reconciliation with investment managers, or other third parties, is a key component in helping to ensure that final audited statements are complete and accurate. J.P. Morgan's accounting reconciliation tool is a powerful, flexible, proprietary web application that offers your investment managers a standardized way to share and reconcile accounting information to effectively meet accounting deliverables. We take full responsibility for ensuring that the reconciliation is completed in an accurate and timely manner.

J.P. Morgan's user-friendly accounting reconciliation tool offers investment organizations the ability to receive, integrate and reconcile data regarding positions, pricing and settlements.

The J.P. Morgan automated reconciliation tool offers the following:

- The ability to allow investment managers to download an accounting synopsis from the Internet
- The ability to allow investment managers to upload multiple files directly to J.P. Morgan servers
- Provides standardized output of results for each line item on the synopsis

We perform the research and interact with the managers to resolve all discrepancies. This process is currently in place for most of our clients.

In addition to the time saved by the clients by not having to perform this reconciliation internally, we have found that this process also reduces time spent on inquiries relating to differences between the manager and custodian.

Our process allows for the following:

- Reconciliation at the account level of cash, holdings, income, receivables/payables and market value
- Investment manager to provide a file with specified data
- Manager and custodian information is matched in a process which takes a few seconds to complete, and a list of matched and unmatched items is produced
- Unmatched items are researched and resolved prior to rendering the final valuation
- Prices may be challenged by the manager and validated by J.P. Morgan prior to rendering the final valuation
- Both J.P. Morgan and the manager agree and sign-off on the final market value before the valuations are rendered

The basis for most differences between J.P. Morgan and the investment manager is pricing differences on fixed income securities. Any out-of-tolerance discrepancies found between J.P. Morgan's prices and any other source is challenged through the price challenge database (tolerance levels are set by the client and based on specific asset classes).

As part of our manager reconciliation process, we provide investment manager with the opportunity to challenge any price. When a price is challenged, we usually require that the manager provide us with their assumptions for deriving its price.

Once a price challenge is processed, the pricing unit investigates using all available resources and places an investigation with the price source from which the price was received. The answer from the price source takes approximately 24 to 48 hours and once returned, the pricing unit determines whether to change the price or let it remain.

Usually if the original price source changes, the price is corrected. If the original source does not agree to change its price, but all other available indicators point to a change, the reference information management manager makes a decision whether or not to change.

Please note that J.P. Morgan provides independent pricing and lacking any evidence to the contrary maintains the price provided by our vendors. J.P. Morgan has the final authority in resolving price discrepancies.

10. *Discuss your procedures for tracking failed trades and reporting failed trades to the client. How quickly are failed trades reported? Do you guarantee proceeds? If so, in which markets?*

J.P. Morgan uses an automated tracking system, which allows for quick resolution of unmatched or failed trades in all markets. A system-assigned unique transaction number is used to track and report information on failed trades and portfolio-related securities. The system monitors trades from the moment of input through actual settlement. If an urgent issue exists, the service team will also call the client.

Clients and their investment managers are notified of failed trades daily, in near-real-time. As soon as J.P. Morgan becomes aware of a failed trade, the service team notifies the client by telephone or electronic message to expedite the settlement process.

In addition, all unmatched and failed trade information is available via SWIFT notification or in an online, real-time environment using the J.P. Morgan ACCESS portal. Clients and their investment managers can use J.P. Morgan ACCESS to monitor the settlement status of transactions interactively throughout the processing day.

Where a trade is failing, J.P. Morgan will continue to report reasons for such failure to clients via our J.P. Morgan ACCESS until actual settlement of the trade, when we will report the trade's successful settlement. Steps will be taken to contact the client for a reinstructed value date where trades in a market expire after a given period of time.

Unmatched Trades

To minimize the occurrence of fails, J.P. Morgan requires all subcustodians to pre-match trade instructions with clearing brokers, where applicable. All unmatched trades are reported to the client prior to settlement date in an effort to resolve the discrepancy prior to settlement date.

Subcustodians track all settling items and monitor their status on settlement date. Any items that have not settled are immediately investigated with the broker. J.P. Morgan monitors failed and unmatched trades intraday and advises clients of any issues either by phone or by electronic message.

Partial Settlement

With regard to purchases and sales, J.P. Morgan accepts or refuses partial settlements upon client instruction and in accordance with local market practice. We confirm the pro-rata details for both cash and stock with the client prior to settlement. The trade is then updated on J.P. Morgan's system to reflect the partial settlement, leaving the remaining balance outstanding. In certain markets, such as the U.K. and Brazil, partial settlement happens automatically.

Failed Trade Settlements

In the markets covered by J.P. Morgan's contractual settlement policy (as described in Answer 4 of this section), we automatically credit or debit transaction proceeds on the contractual settlement date of the trade, whether or not the trade has actually settled in the local market. In all remaining markets, we debit funds for purchases on contractual settlement date and credit funds for sales on actual settlement date.

Under our contractual settlement policy, J.P. Morgan has the right to reverse any credit or debit made once it is ascertained that a purchase or a sale transaction is not likely to settle in the normal course of business. Any reversal is performed at the original value date and we strive to give at least 48 hours advance notice of such reversals.

11. *How do you handle corrections/reversals? Do you reissue statements?*

It is J.P. Morgan's policy to provide contractual settlement only in markets where local settlement systems are reliable enough to keep the number of reversals to a minimum. When it is ascertained that a purchase or a sale transaction is not likely to settle in a reasonable timeframe, J.P. Morgan may reverse any credit or debit made. J.P. Morgan seeks to return the account to the position which would have existed had the original trade not been input. Therefore, any reversal is performed at the original value date (with prior notice). A trade must be complete and be received prior to the stated J.P. Morgan trade deadlines to be eligible for AutoSettle in the markets where it is offered.

Custody reporting would reflect the correction or reversal on the date it occurs, but historical reporting would not be updated.

Accounting Statements

All reports are audited by accountants prior to delivery to clients. The accountant's comprehensive exception based audit process, using a series of balancing reports, securities proof formulas, and matrices as a basis for checking accuracy, minimizes the need for error correction subsequent to the issuance of reports to clients. Errors or discrepancies revealed through the audit process are corrected prior to the delivery of reports to the client.

If an error is detected after the report has been rendered, we immediately notify the client. Accounting performs an analysis of the error to determine the impact to the market value and the cause of the error. J.P. Morgan and the client then determine whether or not a correction is made prospectively or retroactively based upon various factors (materiality, type of account, etc.). Prospective corrections reflect the adjustment in the next reporting period and include all original trade information in order to arrive at the appropriate accounting effects. For retroactive corrections, J.P. Morgan backdates both the reversal and correction to the original posting date. The corrected report and all related reports (e.g., composites) are re-issued and identified as revised.

J.P. Morgan's internal control environment and robust auditing process minimizes the need to re-render monthly accounting data. However, if a revision is required, statements may be re-rendered. We make every effort to complete this process within 24 to 48 hours.

XV. PORTFOLIO ACCOUNTING

1. *Provide a complete description of your accounting system including, but not limited to:*

a) *Processing cycles (cut-off, etc.)*

The monthly accounting cycle includes a daily posting and review of all activity to ensure the quality of the information that is available via our online system. On a daily basis this information is categorized as preliminary until the final audit is performed at month-end and then it is classified as final.

Depending on the business day delivery of the final statements, the reports can be left open a few days into the current month in order to capture any late transactions.

b) *Reconciliation reports, processes and time frames*

J.P. Morgan's user-friendly accounting reconciliation tool offers investment organizations the ability to receive, integrate and reconcile data regarding positions, pricing and settlements.

The J.P. Morgan automated reconciliation tool offers the following:

- The ability to allow investment managers to download an accounting synopsis from the Internet
- The ability to allow investment managers to upload multiple files directly to J.P. Morgan servers
- Provides standardized output of results for each line item on the synopsis

We perform the research and interact with the managers to resolve all discrepancies. This process is currently in place for most of our clients.

In addition to the time saved by the clients by not having to perform this reconciliation internally, we have found that this process also reduces time spent on inquiries relating to differences between the manager and custodian.

Our process allows for the following:

- Reconciliation at the account level of cash, holdings, income, receivables/payables and market value
- Investment manager to provide a file with specified data
- Manager and custodian information is matched in a process which takes a few seconds to complete, and a list of matched and unmatched items is produced
- Unmatched items are researched and resolved prior to rendering the final valuation
- Prices may be challenged by the manager and validated by J.P. Morgan prior to rendering the final valuation
- Both J.P. Morgan and the manager agree and sign-off on the final market value before the valuations are rendered

The basis for most differences between J.P. Morgan and the investment manager is pricing differences on fixed income securities. Any out-of-tolerance discrepancies found between J.P. Morgan's prices and any other source is challenged through the price challenge database (tolerance levels are set by the client and based on specific asset classes).

As part of our manager reconciliation process, we provide investment manager with the opportunity to challenge any price. When a price is challenged, we usually require that the manager provide us with their assumptions for deriving its price.

Once a price challenge is processed, the pricing unit investigates using all available resources and places an investigation with the price source from which the price was received. The answer from the price source takes approximately 24 to 48 hours and once returned, the pricing unit determines whether to change the price or let it remain.

Usually if the original price source changes, the price is corrected. If the original source does not agree to change its price, but all other available indicators point to a change, the reference information management manager makes a decision whether or not to change.

Please note that J.P. Morgan provides independent pricing and lacking any evidence to the contrary maintains the price provided by our vendors. J.P. Morgan has the final authority in resolving price discrepancies.

Please note that J.P. Morgan provides independent pricing and, lacking any evidence to the contrary, maintains the price provided by our vendors. J.P. Morgan has the final authority in resolving price discrepancies.

Timeframes

To meet the deliverable dates for accounting statements, we complete our validation process and notify the managers by the fourth business day. We normally allow two business days to review and resolve any differences including resolving any pricing issues.

This process accommodates having the final valuation available online by the seventh business and the delivery of the hard copy by the eighth business day. This deadline will be extended if statements from third-party providers, commingled funds, mutual funds are not received in a timely manner. However, in our experience, an eight business day deadline is normal.

c) Interfaces with securities movement and performance measurement systems.

The custody system (including securities movement and control, and corporate actions) is fully integrated with the accounting, performance, compliance reporting and securities lending systems, providing clients with real-time access to account information via J.P. Morgan ACCESS. All core processing systems feed our data warehouse, which provides the source data for downstream client reporting via J.P. Morgan ACCESS Views Portfolio Reporting or SWIFT.

d) The system input/output sources, all data fields captured with accompanying record layout a record description, and security provisions.

Data fields captured and record layouts are provided in the Accounting Report Guide located in the **Enclosure CD**. We have also included sample reports for your reference.

e) Authorization and verification of transaction entries.

Upon receipt, an instruction is checked for account authentication and encryption before acceptance. Our Transaction Initiation system within J.P. Morgan ACCESS is controlled using a combination of user identification names and linked passwords. A trade instruction relating to a specific client's securities account will only pass through the firm's security system if it has come from the user account of a member of staff within that firm, authorized to submit trade instructions. Instructions sent to J.P. Morgan via the SWIFT network will only be accepted from BIC codes recognized as being codes with which J.P. Morgan has arranged a bilateral key exchange.

Once these identification tests are passed, the instruction is reviewed for integrity through automated multi-layered core system verifications. Securities instructions are verified for security identifier (CUSIP, ISIN or SEDOL), position, description and settlement instructions, such as book-entry, Euroclear or physical settlement.

Once all edit checks are completed, transactions pass through J.P. Morgan's network without manual intervention. Custodial accounts are linked to client BICs as an automated authorization control for SWIFT messages.

In the event that an incomplete coding on our core system of a security identifier or broker code prevents straight-through processing, the identifier or broker code is automatically routed to our coding team for completion. Once the item has been added to the system, the original transaction will then straight-through process.

If there is a problem with a trade instruction, such as incomplete settlement details or insufficient position, the trade is automatically routed to an online repair queue, which is continually monitored by the service team. A member of the service team contacts the client or its investment manager to advise of the issue preventing input of the trade. J.P. Morgan awaits instructions to amend or cancel the pending trade.

All amendments received within the proper timeframes are processed on a same-day basis.

f) Integration of systems for non-US and US securities.

J.P. Morgan provides multicurrency, trade-date based, fully accrued accounting and reporting through its global accounting system, which is linked to the global custody, client delivery and performance measurement and compliance systems through automated interfaces and reconciliations. Full integration helps ensure high quality output through consistent data sources and elimination of human error.

g) Accrual accounting capabilities including transactions not accrued.

The J.P. Morgan accounting system is a trade date, full accrual accounting system with the capability to accrue expenses on a daily basis. The expense accruals can be setup as a dollar amount or as a percentage of the daily net assets of the fund. On a monthly basis or when so directed, the expense payable will be relieved and the cash can be transferred from the account to a segregated expense disbursement account or a general cash clearing account. Alternatively, the cash can be directly wired to pay the invoice directly from the portfolio incurring the expense. Actual expense payments versus the amount accrued is monitored and can be adjusted based on a directive from the client.

J.P. Morgan accounting systems have an integrated general ledger which records each debit and credit for each transaction processed. We provide reports on a fully accrued, trade-date basis.

The automated accounting system records all transactions and summarizes all accounts on an accrual basis, as follows:

- Portfolios are updated on a trade-date basis
- Dividend income is reflected on ex-date
- Interest income is accrued daily and discounts are accreted and premiums amortized to correctly reflect interest income versus unrealized gains/losses
- Tax withholding and reclamation is recorded at the point of income realization
- Expenses are recorded on a cash basis unless we receive specific instruction to accrue

- For mortgage-backed securities, principal paydowns are reflected as soon as new factors are available
- Futures are explicitly marked to market: J.P. Morgan does not rely on cash movements (variation margin) to be a surrogate for value changes

For securities in default, J.P. Morgan does not accrue income, according to U.S. GAAP requirements. There are no specific transactions for which the system cannot accrue. Our accounting system provides full accruals for all types of transactions.

h) Capability to record and report in both local and US currency.

All transactions and holdings are recorded in the local currency and are converted to the base currency utilizing the foreign exchange rate between the local and base currency for that day. We use the London 4 p.m. rate supplied to us by our vendor.

2. *Describe the history of the accounting system(s) and any major system enhancements that have occurred in the last three years. What changes are planned for the future?*

The core engine of our global accounting system is driven by SunGard's Asset Arena Investment Accounting software, purchased in 1992. Since then, J.P. Morgan has modified the software extensively to meet client requirements. We remain responsible for maintenance and upgrades of this integrated, global multicurrency accounting platform and continue to enhance and upgrade our system to meet the changing needs of our clients and the on-going changes in the regulatory environment. We also install the regularly scheduled enhancements from SunGard.

J.P. Morgan leverages one accounting system globally for all locations except Australia. As one of the largest users of SunGard's system, we influence SunGard's systems upgrades and leverage its development efforts through regular software updates and control over direct data feeds from the platform.

System Enhancements

As the largest user of SunGard's system, we influence SunGard's systems upgrades and leveraging their development efforts through regular software updates and control over direct data feeds from the platform. Recent enhancements include:

- **Accrual Methods Not To Amortize.** Expands the amount of accrual methods not to amortize
- **Corporate Actions.** Allows for user specified cross-currency rates on cross-currency reorganization corporate actions
- **Rates Added to Transaction and Holdings Records.** Dividend, withholding and reclaim rates can be changed or added to re-book transactions, manual transactions or transactions with a zero value
- **Recalculate Base Values on Rebooks.** Global transactions that have the local principal, income or settlement currency changed will have the trade base and settle base values recalculated
- **Multiple Dividend Entitlements.** Allows bonus dividends with user specified tax withholding and reclaim rates to be processed.

Enhancements to be delivered during 2012 will include:

- **Multiview Accounting** – This functionality provides the ability to add an additional view to the accounting records automatically. This view is able to account for the following:
 - Different reporting currency

- Different amortization treatment
- Recalculation of gains and losses
- Different hierarchical roll up from the sub fund level
- Multiple pricing sources
- Cut off based on either the investment accounting or the fund accounting view
- Further enhancements will allow multiple additional views of the data.
- **Strategic General Ledger** – J.P. Morgan is currently working on an initiative to develop and implement middleware to facilitate complex client general ledgers and enable greater flexibility of data reporting back to clients.

3. *What is the lag time between trade execution, availability of on-line transaction data to the ERSRI, and the posting of the transaction to your accounting system?*

All trades executed can be viewed via our on-line system on a real time basis. The accounting system is updated on an intraday basis. Daily transaction processing and daily account review enable our clients to view accounting data on-line on a daily basis as of the prior business day. This best practice approach includes:

- Intraday trade capture and review
- Intraday transaction generation and review
- Intraday corporate action processing and review
- Pricing review at both the centralized pricing group and individual account basis

J.P. Morgan's accounting system is a transaction-based system. All transactions have been mapped in accordance with specific trial balance accounts associated with income recognition, realized gain/loss, expenses, capital and detailed balance sheet accounts.

4. *Describe your procedures for computing and reporting realized gains and losses on securities sold:*

a) *For US-denominated securities*

b) *For non US-denominated securities*

- *Total*
- *From currency changes*
- *From market price changes*

In compliance with U.S. GAAP, and specifically FASB 52, J.P. Morgan records gains/losses in total and in foreign exchange and market components. For domestic securities, realized gains and losses are computed by subtracting the cost basis from the sale proceeds. Unrealized gain/loss amounts are computed by comparing the current market value at valuation date to the cost basis.

For global portfolios, J.P. Morgan discloses changes in market value and realized gains and losses resulting from foreign exchange rate movements separately from those resulting from security price movements, per FASB 52.

Foreign exchange rates are automatically loaded into the accounting system at valuation date and compared with the cost basis in the base accounting currency.

Totals are computed as follows:

- **Total Unrealized:** The difference between the current market value computed at a current spot exchange rate at valuation date, and acquisition cost, in base accounting currency.
- **Total Realized:** Similar to the above process, computed by using the exchange rate as of trade date of the sale or the actual foreign exchange contract rate hedged against the sale proceeds minus the acquisition base accounting currency.

Transaction gains/losses are calculated as follows:

Asset (or Market) Gain/Loss

- Realized: (local proceeds minus local cost) x foreign exchange rate when asset sold
- Unrealized: (local market value minus local cost) x foreign exchange rate on valuation date

Currency (or Foreign Exchange) Gain/Loss

- Realized: (foreign exchange rate when asset sold minus foreign exchange rate when asset purchased) x local cost
- Unrealized: (foreign exchange rate on valuation date, minus foreign exchange rate when asset purchased) x local cost.

For tax lot accounting clients, J.P. Morgan sets up each purchase or receipt of a security as a distinct holding, which becomes unique within that security. We apply sale conventions against each lot based on trade date, settlement date and transaction ID to generate the gains and losses.

5. *For all assets, provide information on your primary and supplementary pricing sources, frequency, and the mode of receipt and input of security prices. Describe your process for validating prices and using information from the supplemental sources.*

Please see **Exhibit 3** for J.P. Morgan's pricing sources.

J.P. Morgan monitors accuracy in the valuation process through a series of comprehensive proofs and controls which helps make accounting reports more accurate and complete before release to clients.

Our accounting group and our pricing teams use a unique, automated, exception-based workstation that enables the teams to access accounting data, identify exceptions and audit financial information with point-and-click simplicity.

The workstation provides a centralized tool for resolving pricing issues on a daily basis, such as missing and stale prices and large price changes. Pricing specialists resolve these exceptions via the workstation, allowing the accountant to instantly see the updated account status. The workstation streamlines the communication between the pricing and accounting teams to ensure pricing exceptions are resolved and communicated in the most efficient manner.

Significant Pricing Changes

J.P. Morgan proactively investigates significant pricing changes. It is the responsibility of the pricing unit and the accounting unit to ensure that every portfolio has a valid, current price associated with each security.

Based on the tolerances established within our pricing unit, the pricing analyst reviews all prices that fall outside these tolerances and verifies prices received with the vendor. Market prices on securities are verified in two stages.

First, within J.P. Morgan's dedicated pricing team, market price exceptions are identified by comparing daily fluctuations in market price. This group reviews daily variance reports and investigates changes beyond tolerance ranges, which are built into the accounting system at the security level.

The team compares variations between J.P. Morgan's primary pricing sources and verifies random samples of prices, even if they fall within tolerance limits, to help ensure price integrity. Market prices are set to a tolerance level for the appropriate security type and are adjusted according to changes in market conditions.

Secondly, with each valuation, the accountants run pricing exception reports and investigate any significant market price fluctuations since the last valuation date. The pricing team reviews the pricing data for any security that exceeds predetermined tolerance levels and, if necessary, consults additional pricing sources for verification.

Any discrepancies found between J.P. Morgan's prices and any other source can be challenged.

Once a price challenge is processed, the pricing unit investigates the price using all available resources and places an investigation with the source of the price. The answer from the pricing source usually takes about 48 hours, and upon receipt, our pricing unit determines whether or not to change the price.

If the original price changes, J.P. Morgan usually corrects the price. If the original source does not agree to change its price but all other available indicators point to a change, J.P. Morgan will decide whether or not to change. J.P. Morgan has the final authority in resolving price discrepancies.

The service officer immediately notifies the client in the event of an unresolved discrepancy.

6. *What is the process of incorporating new investment vehicles into your system? Who is responsible for maintaining your securities database and what are their specific responsibilities?*

J.P. Morgan's security master file is part of a single data repository called Global Market Reference Data, which incorporates new securities. This data repository stores information on assets, common tables and rates and factors for approximately almost three million securities.

The Global Market Reference Data application provides for automated population of the central repository for a global universe of securities sourced from industry and market data vendors and J.P. Morgan's internal systems. The application is designed to capture, cleanse and deliver data to J.P. Morgan's internal processing applications with timeliness, quality and integrity.

J.P. Morgan's accounting, custody, performance and administration systems receive security descriptions and other asset reference data from the Global Market Reference Data repository.

J.P. Morgan limits access to the Global Market Reference Data application to specialized operations teams in the Dallas and Mumbai facilities. We do not permit internal users to make changes to the data, although they may challenge data via a web-based tool.

7. *Discuss your capabilities to report brokerage commissions by account and transactions.*

J.P. Morgan captures and reports brokerage commissions generated in a portfolio and can account for broker commissions by manager and broker, by composite (account), by portfolio (sub-account) and by transaction. Online broker commission reports are available through J.P. Morgan ACCESS.

Reports include the following data elements:

- **Quantity:** The number of units of a particular issue that are held by the reported account

- **Local Price:** The transaction price in the trading currency of the security
- **Exchange Rate:** The rate used to calculate the report date position and transaction values
- **Principal Local:** The gross amount (shares/par x price) of the transaction
- **Commission Local:** The commission for the transaction in the trading currency of the security
- **Commission Base:** The commission for the transaction in the base currency of the account
- **Fees Local:** The fees attributable to the transaction in the trading currency of the security
- **Fees Base:** The amount of fees attributable to the transaction in the base currency of the account
- **Trades:** The number of qualifying transactions for the specified broker
- **Commission/Share:** The amount of commission levied per share
- **% of Total:** The percentage of the total commission levied on the reporting period attributable to a particular broker.

An example of the J.P. Morgan brokerage commission reports is provided below:



Broker Commissions

Page 1 of 12

From: 01-Aug-2007 To: 31-Aug-2007

Institutional Accounting Broker Commissions
 Account :DP 50489 ABC Corp-Small Cap Equity [PRELIMINARY]
 Base Currency: USD

Trade Date Settle Date	Description	Transaction Type Trade Currency	Quantity Local Price Exchange Rate	Principal Local Principal Base	Commission Local Commission Base	Fees Local Fees Base
<i>BANC OF AMERICA SECURITIES LLC, Broker #: 0007732</i>						
08-Aug-2007	MORNINGSTAR INC COM STK NPV	SELL USD	100.00 63,8920 1.000000	6,389.20 6,389.20	2.00 2.00	0.10 0.10
<i>BANC OF AMERICA SECURITIES LLC, COLLINS STEWART INC, 1 Trades, Broker #: 0589606</i>						
10-Aug-2007	MORNINGSTAR INC COM STK NPV	SELL USD	1,600.00 60,7440 1.000000	97,190.40 97,190.40	48.00 48.00	1.49 1.49
<i>13-Aug-2007 MORNINGSTAR INC COM STK NPV</i>						
		SELL USD	700.00 59,6938 1.000000	41,785.66 41,785.66	21.00 21.00	0.64 0.64
<i>COLLINS STEWART INC, COWEN AND COMPANY, LLC, 2 Trades, Broker #: 0773184</i>						
10-Aug-2007	SMITH & WESSON HLDG CORP COM	SELL USD	1,900.00 19,8937 1.000000	37,798.03 37,798.03	57.00 57.00	0.58 0.58
<i>13-Aug-2007 SMITH & WESSON HLDG CORP COM</i>						
		SELL USD	1,900.00 20,0031 1.000000	38,005.89 36,005.89	57.00 57.00	0.58 0.58
<i>14-Aug-2007 SMITH & WESSON HLDG CORP COM</i>						
		SELL USD	600.00 15,846.64 1.000000	15,846.64 15,846.64	24.00 24.00	0.24 0.24
<i>14-Aug-2007 TECHTARGET COM STK USD0.001</i>						
		BUY USD	200.00 12,4000 1.000000	2,480.00 2,480.00	6.00 6.00	0.00 0.00
<i>15-Aug-2007 SMITH & WESSON HLDG CORP COM</i>						
		SELL USD	2,150.00 18,0827 1.000000	38,677.81 36,677.81	64.50 64.50	0.59 0.59
<i>15-Aug-2007 TECHTARGET COM STK USD0.001</i>						
		BUY USD	1,000.00 12,3205 1.000000	12,320.50 12,320.50	30.00 30.00	0.00 0.00
<i>16-Aug-2007 PACIFIC SUNWEAR OF CALIFORNIA INC COM STK USD0.01</i>						
		BUY USD	700.00 13,8465 1.000000	9,552.55 9,552.55	21.00 21.00	0.00 0.00
<i>16-Aug-2007 TECHTARGET COM STK USD0.001</i>						
		BUY USD	1,100.00 12,3313 1.000000	13,564.43 13,564.43	33.00 33.00	0.00 0.00
<i>17-Aug-2007 RED ROBIN GOURMET BURGERS INC</i>						
		BUY USD	4,000.00	155,312.40	120.00	0.00

D-002-830-749

20-Nov-2007 11:35:43

8. How do you account for client assets held at a location other than the custodian?

J.P. Morgan is fully able to service not-in-bank assets through one of two channels. Our standard accounting process incorporates third-party pricing sources which may also be used as sources for pricing information for assets held outside of J.P. Morgan.

While the third party is ultimately responsible for accuracy of the pricing, J.P. Morgan has established procedures and controls to validate and reconcile incoming information before it is used in the fund-level NAV calculation.

The second method for pricing assets held outside of J.P. Morgan is via our in-house Private Equity and Real Estate Services group. The group can also provide other services for the assets, including specialized performance measurement and accounting.

9. *How are errors corrected and reported to the client?*

All reports are audited by accountants prior to delivery to clients. The accountant's comprehensive exception based audit process, using a series of balancing reports, securities proof formulas, and matrices as a basis for checking accuracy, minimizes the need for error correction subsequent to the issuance of reports to clients. Errors or discrepancies revealed through the audit process are corrected prior to the delivery of reports to the client.

If an error is detected after the report has been rendered, we immediately notify the client. Accounting performs an analysis of the error to determine the impact to the market value and the cause of the error. J.P. Morgan and the client then determine whether or not a correction is made prospectively or retroactively based upon various factors (materiality, type of account, etc.). Prospective corrections reflect the adjustment in the next reporting period and include all original trade information in order to arrive at the appropriate accounting effects. For retroactive corrections, J.P. Morgan backdates both the reversal and correction to the original posting date. The corrected report and all related reports (e.g., composites) are re-issued and identified as revised.

J.P. Morgan's internal control environment and robust auditing process minimizes the need to re-render monthly accounting data. However, if a revision is required, statements may be re-rendered. We make every effort to complete this process within 24 to 48 hours.

XVI. REPORTING

1. *Provide a complete description of your proposed reporting package, including any unique features of your standard and custom reporting packages. Describe your reporting treatment for non-standard securities (CMBS, derivatives, alternative investments, etc.) Provide sample copies of the reports available to clients.*

Our online client platform, J.P. Morgan ACCESS, is a secure portal that provides an ever-expanding range of tools and services, allowing clients and consultants to obtain real-time information and reports, initiate transactions and instructions, create and track inquiries and use analytical tools to support critical decision making.

All clients are provided tailored access to J.P. Morgan ACCESS at the onset of the relationship, and we work very closely with the client to determine which tools and security entitlements are most advantageous.

And while each ACCESS application provides full user customization of reporting and data extracts, J.P. Morgan's Centers of Excellence are always available to assist with more complex customization or reporting needs.

J.P. Morgan ACCESS provides clients with a single point of entry, via a single password, as well as self-service utilities such as security administration, express password reset and online training. J.P. Morgan offers state-of-the-art security protection via IP filtering and J.P. Morgan's patent-pending implementation of RSA SecurID technology for digital signing and authentication.

The following are the key components of J.P. Morgan ACCESS that enable clients to view and download reports:

J.P. Morgan ACCESS Dashboard

The J.P. Morgan ACCESS Dashboard provides clients with an integrated, user-customizable home page that provides both an overview of their portfolio-related activity and real-time access to critical business information.

Users can select individual elements for their dashboard and can create multiple versions in addition to the default view. Each element described below allows drill-through to the underlying J.P. Morgan ACCESS tool for greater detail.

- **Snapshots** are on-the-fly, printable views of custody positions and transactions, corporate cash, compliance reporting, accounting, securities lending and the status of transactions and corporate action instructions.
- **The Reports and Queries** element displays user-selected reports and Quick Queries from Views Portfolio Reporting, including custody, accounting, performance and securities lending.
- **Alerts and Messages** show current alerts of system and application maintenance and messages about J.P. Morgan ACCESS and its tools, such as upcoming enhancements and new training offerings.
- **The Major Indices** element displays up to five user-selected indices, including a graph chart, the index name, the current value and the amount and percentage of change. Index data is delayed based on exchange requirements.

- **Watch lists** display user-selected securities, included the name, symbol and last value. Market data is delayed based on exchange requirements. Multiple watch lists can be defined in addition to the default.
- **Market News** shows links to news flashes, news headlines, E-Tax news and J.P. Morgan Research.

The J.P. Morgan ACCESS Dashboard

J.P.Morgan
J.P. Morgan ACCESS Dashboard | Contacts | Help | Secure Email | [LOG OFF](#)

My J.P. Morgan ACCESS
Client Support
Products & Services

Dashboard
Reports & Queries
Alerts & Messages
Research
Preferences
Change Password

My Applications

- Reporting
 - Compliance
 - GTA Correct
 - FFIM
 - Tax Services
 - VEBS Portfolio Reporting
- Transaction Services
 - Benefit Payments - InfoWeb
 - Corporate Action Instructions
 - Transaction Initiation
- Analytics
 - Market Intelligence
- Training and Support
 - Submit a New Inquiry
 - View Inquiries
- Tools
 - Reconciliation
- Related Applications
 - Data Consolidator
 - MORCOB
 - MORCOB Prime
 - Market Makers
 - Proxy Voting Services
 - IVAUPT

Product Guides

[Click here to view guides](#)

My J.P. Morgan ACCESS: Dashboard

Friday, 19 Mar 2010 12:03pm EDT

Pat Smith, JPMorgan Chase Metro Tech

Last Login: Thursday, 18 Mar 2010 11:20am EDT

Dashboard View: Default [GO](#)

NEW REFRESH

Snapshots

Institutional Accounting | Compliance Reporting | Corporate Cash | Securities Lending

Account Group: Total Plan [GO](#) as of 18 Mar 2010 EST [Print Snapshot](#) [Edit](#)

Summary Valuation (Preliminary)

Account Number	Account Name	Currency	Market Value Base as of 03/18/2010	Market Value Base as of 03/18/2010	Change	Change (%)
DP 59300	ABC Corp-Smal Cap Value	USD	7,250.00	32,603,602.46	32,602...	44360...
DP 59305	ABC Corp-Fixed Income	USD	1,157,413.58	319,453,530...	318,29...	27500...

Asset Summary (Preliminary) View By: Top 10 Trades by Asset

Account Number	Security ID	Security Name	Trans. Type	Asset Type	Currency	Number of Shares	Settle Value Base
DP 59300	46699ASAE	JPMORGAN US VAR 12M3	SELL	CASH EQUIV...USD	USD	-393.860	393.66
DP 59301	46699ASAE	JPMORGAN US VAR 12M3	BUY	CASH EQUIV...USD	USD	509,872.000	509,872.00
DP 59301	481983756	ARC LIGHT ENERGY PARTNERS MANSION REAFROPR	SELL	MISC...	USD	0.000	212,153.37

Asset Allocation (Preliminary)

Asset Class	%
CASH EQUIVALENTS	3.11
EQUITIES	5.62
FIXED INCOME	45.13
INVESTMENT COMPANIES	33.81
MISCELLANEOUS	11.93

Major Indices

Index	Last	Change	Chg. %
DJI	10725.89	53.28	0.49
FTSE	5640.88	1.78	0.03
HDX	1931.43	12.51	0.64

Watch List

Company	Sym.	Last
APPLE INC	AAPL.O	222.02
GENERAL ELEC CO	GE	18.04
JPMORGAN CHASE	JFM	43.28
MICROSOFT CP	MSFT.O	29.47
RAYTHEON CO	RTN	56.80

Market News

View All Market News

As of 19 Mar 2010 12:03 PM EDT

[e-Tax News Flashes](#)

Headlines

JPMorgan News Flashes

JPMorgan Research

Microsoft
15 Mar 2010 08:36 PM

General Electric Co.: Locked and Loaded: The Case for GE as a Momentum Play
18 Mar 2010 01:18 AM

General Electric Co.:
16 Mar 2010 01:19 AM

General Electric Co.: Read Thru

Alerts & Messages

View All Alerts & Messages

As of 19 Mar 2010 12:03 PM EDT

Alerts

- Fraudulent Email Information Update 15 Sep 2009 05:43 PM

Messages

- J.P. Morgan Security Center Launch 15 Mar 2010 10:21 AM
- PHIAL REMINDER: Java 6 Upgrade for March 26, 2010

Reports & Queries

View By: My Daily Reports [GO](#) [View All Reports & Queries](#) [Edit](#)

As of 19 Mar 2010 12:03 PM EDT

File	Name	Category	Run Time	Status	Date/Rate	Size
	All Transactions Template	Institutional Accounting	03/17/2010 10:58	Completed	Prior Month End:02/28/2010 Prior Business Day:03/16/2010	1,764KB
	Assets and Liabilities	Institutional Accounting	03/17/2010 10:58	Completed	Prior Business Day:03/16/2010	68KB
	Cash Balances	Institutional Accounting	03/17/2010 10:58	Completed	Prior Business Day:03/16/2010	14KB
	Statement of Operations	Institutional Accounting	03/17/2010 10:58	Completed	Prior Business Day:03/16/2010	41KB
	Trial Balance	Institutional Accounting	03/17/2010 10:58	Completed	Prior Business Day:03/16/2010	168KB

J.P. Morgan ACCESS Views Portfolio Reporting

Views Portfolio Reporting is our flagship tool for accounting, custody, securities lending, class action and performance reporting, offering automated delivery options for reports and data and allowing users to easily create their own customized reports and data extracts.

Views Portfolio Reporting offers a number of advantages:

- Real-time, intraday, close-of-business and historical reporting, available simultaneously as HTML, Adobe Acrobat, Microsoft Excel and delimited and fixed-width text formats
- A scheduler for automated processing of reports on an intraday, overnight or user-defined frequency
- Multiple report delivery capabilities, including the ability to deliver reports simultaneously via password protected e-mail or secure e-mail links to one or more addressees, secure FTP, automatically directed to a printer or automatically saved to a local or network drive using the Messenger service
- A report wizard that enables users to add filters to standard reports or create new ones with just the data fields required
- Custom account groups to selectively focus reporting by manager
- Boardroom quality report packages from standard or customized reporting
- Ability to share reports selectively with other users in the same organization
- Unlimited enhanced cash forecasting/cash projection capability
- A client-customizable interface to a local general ledger

Custom Reporting

The Report Wizard in Views Portfolio Reporting gives users access to over 10,000 data elements updated on a real-time basis from the J.P. Morgan security master and our core custody, securities lending, accounting, tax and performance engines, with up to 10 years of historical data available.

Using the Report Wizard, users can apply one or more filters to the predefined reports to focus the data returned, or build new reports using just the data elements, filters, multi-level sorting and output formats required. Reporting at a composite level can be created by user-defined account groupings as well as at the default individual manager level.

Reports can be run simultaneously as HTML (for online viewing), Adobe Acrobat, Microsoft Excel and delimited and fixed-width formats with the same automated delivery options as the standard reports.

Quick Queries

Quick Queries return focused answers to inquiries, versus running a full report. Each type of query has a number of search and filter parameters (account, security ID, trade status, transaction type, etc., as appropriate), and queries can be saved to your dashboard as user-defined favorites for future use.

Predefined queries include:

- Cash Balances with Equivalent Currency

- Positions by Security ID
- Security Reference Lookup by Account/Security ID
- Collateral and Market Value by Security
- Earnings by Security
- Security Reference Lookup by Account/Security ID
- Top Holdings
- Transactions by Asset ID
- Security Exposure

J.P. Morgan ACCESS Compliance Reporting

Compliance reporting is customizable and is available for viewing through both the J.P. Morgan ACCESS Compliance tool and the J.P. Morgan ACCESS Dashboard, allowing clients to view up-to-date violations and warnings for their respective portfolios as soon as they log in to J.P. Morgan ACCESS.

Coupled with the immediate notification of violations and warnings, clients can capture these records in the industry-leading breach record function of Compliance Reporting.

J.P. Morgan ACCESS Compliance offers complete and customizable reporting and analytics related to all compliance violation and warning information. Other unique features include rule flexibility, report customization and cash collateral compliance testing for securities lending programs.

J.P. Morgan ACCESS compliance incorporates an integrated breach resolution process accessible by clients and their administrators/trustees/auditors through the internet.

In addition, J.P. Morgan compliance reporting can accept data feeds from our clients' accounting platform where accounting is undertaken in-house or through a third party administrator, with test results and reporting available via J.P. Morgan ACCESS.

J.P. Morgan ACCESS Transaction Initiation

Transaction Initiation provides a secure means to rapidly input, import and transmit U.S. and global instructions across securities trades, cash, foreign exchange, directed lending, DTC affirmations and inter-account transfers and significantly enhances straight through processing of instructions.

Transaction Initiation uses RSA SecurID technology to digitally sign the transmission of instructions and authenticate the originating user. Transaction Initiation offers flexible entitlements that are customizable by instruction type for input, approval (up to five levels) and transmission, enabling client-designated security administrators to configure them to meet internal security requirements.

Instruction templates facilitate repetitive instructions via pre-populated fields, allowing users to enter instructions quickly and efficiently. Transaction Initiation supports trade file imports, eliminating manual entry and applying the same security validations and controls.

Users can query our databases of current securities, broker, country and currency reference data when entering instructions, and all industry standard identifiers are supported (SEDOL, ISIN, CUSIP, DTC, BIC and J.P. Morgan). Default values are provided to minimize manual entry, and all

information is validated to reduce errors. A unique transaction control number confirms receipt of each transaction instruction successfully sent.

A full security matrix provide for complete control over each user's entitlements and functionality, and provides a full audit log for review, accessible for up to two years online.

J.P. Morgan ACCESS Corporate Action Instructions

Corporate Action Instructions provides a secure means to review and instruct global and U.S. corporate actions events, presenting your staff and investment managers with time-sensitive, event notification to help quickly identify the events that must be reviewed and responded to immediately.

User-customizable red/amber/green flags provide visual representation of event deadlines and event changes within the previous 24 or 48 hours are provided as a separate category.

Response instructions are pre-populated to reduce input time with the ability to overwrite, amend and respond in bulk across multiple account holdings. Additionally, automated e-mail notifications can be selected to notify clients of events that need to be reviewed and instructed. Corporate Action Instructions uses RSA SecurID technology to digitally sign the transmission of instructions and authenticate the originating user.

Corporate Action Instruction provides timely and accurate information, aggressive response deadlines and extensive tracking of responses, allowing clients to make informed investment decisions according to late-breaking market developments.

J.P. Morgan receives information on corporate events from automated vendor feeds, major market sources and from its own extensive subcustodian network. We also provide a 24-hour customer service center to address client inquiries in active corporate events.

J.P. Morgan ACCESS Class Actions

As a standard service offering and included in your custody fees, J.P. Morgan will provide a "notification only" service, via our J.P. Morgan Corporate Actions tool, of global settled securities class actions that are communicated to J.P. Morgan by claims administrators, court notices or through vendor sources such as Xcitek.

Notifications are delivered via the corporate action service and forwarded to clients where J.P. Morgan has identified the pension fund as traded during the relevant class periods. The standard service offering is a notification-only service and does not include transaction data or filing services. As part of the notification service clients will receive U.S. settled class action information via the mail.

As a value added service, J.P. Morgan offers three subscription-based services to support self-filing or clients who want J.P. Morgan to file proof of claim forms or "opt outs" on their behalf. The subscription-based class action service offers a significant amount of flexibility and J.P. Morgan would be more than happy to discuss your specific requirements.

J.P. Morgan ACCESS Inquiry Manager

J.P. Morgan ACCESS Inquiry Manager is the market-leading solution for comprehensive inquiry management and reporting capabilities, enabling users to monitor and track trends throughout an inquiry's lifecycle, from issue creation to final resolution, all in real time.

Inquiry Manager is fully integrated with our inquiry processing platform deployed across our global business for routing and resolution management. While critical issues can still be handled by phone, day-to-day inquiries can now be submitted, tracked and resolved online. Inquiry Manager provides users with greater visibility and control of their inquiries and empowers users by providing a centralized point of access to all inquiries.

Inquiry Manager was designed to help clients increase productivity and efficiency by reducing cancellations and errors, resolving issues more quickly and eliminating redundant inquiries. Inquiry Manager can also provide an audit trail with the ability to track inquiry trends and history.

J.P. Morgan ACCESS Market Intelligence

In consultation with our clients, J.P. Morgan developed Market Intelligence with the most extensive suite of information products in the industry on local market practices, requirements and risks around the world. Clients can customize access to markets and topics of interest, search J.P. Morgan's extensive database for product, market and historical research and information, and receive news flashes relevant to their portfolio on breaking news.

J.P. Morgan's network strategy is to provide clients with comprehensive market coverage, supplemented with extensive market information, allowing clients to gain insight to current events, local market practices and settlement risk exposures. J.P. Morgan provides timely, in-depth market analysis, by individual markets or by consolidating key aspects, providing comparisons across markets.

J.P. Morgan ACCESS Benefit Payments

Focused on delivering accurate and timely benefit payments, J.P. Morgan benefit payments services offers J.P. Morgan ACCESS InfoWeb, a benefit payments tool that helps pension plan sponsors manage retirement plan disbursements.

InfoWeb helps streamline payment processing by providing the flexibility, accuracy and operational efficiencies that plan sponsors seek from their service provider. InfoWeb provides them with real-time access to a wide variety of disbursement data and reporting tools and accepts direct input to pensioner files. J.P. Morgan's benefit payments specialists train clients on the use of this tool and provide telephone support to supplement the tool's help features.

J.P. Morgan ACCESS E-Tax

As part of our global tax services, E-Tax is one of the first of several new technology advancements on J.P. Morgan ACCESS. E-Tax is the only comprehensive tax product on the market, with collections of global tax news, intelligence and information available to institutional investors, all customizable for the specific client needs.

E-Tax is the only industry leading tool to offer comprehensive tax information and monitoring tool completely customizable to a client's individual tax needs. E-Tax allows clients access to the firm's global tax knowledge base and provides a number of features including enhanced search capabilities and expanded tax forms functionality.

A premium tax service, E-Tax provides in-depth Market Profiles not offered elsewhere. These include NewsFlashes that contain breaking news on developments in the tax industry and changes in regulations globally. E-Tax also includes the Tax Monitor, a monthly publication with updates of industry developments and trends, policies, treaties, and Market Profiles that describe tax rates in different countries, including exemptions, capital gains taxation and new tax information on real estate investment trusts.

E-Tax provides a full spectrum of tax forms and investor tax kits, international tax profiles updated daily for all investor types and a database of transaction taxes. E-Tax is a valuable tool loaded with critical tax information that can help clients significantly increase total investment return.

J.P. Morgan ACCESS Reconciliation

Reconciliation is a flexible and efficient tool allowing clients to identify discrepancies quickly and accurately. Reconciliation has ability to reconcile different file and data formats and deliver comprehensive exception reporting.

Source data for matching is accepted in many formats from any external system, and integrated data management validates and enriches source data. Unlimited user-configurable matching and reconciliation rules allow a wide range of tolerances and parameters, and match and non-match report formats are under the control of clients through a flexible reporting engine.

Please see the **enclosure CD** for sample accounting and custody reports.

Unique features

J.P. Morgan ACCESS has been developed in consultation with our clients to provide a comprehensive, flexible and powerful set of reporting, research and analytical tools.

J.P. Morgan ACCESS provides:

- A single sign-on to a comprehensive set of tools with patent-pending multilayered security, which protects the privacy and authenticity of users, data and transactions
- Multi-level entitlements and accessibility
- A high level dashboard, which provides clients with a customizable overview of their securities related business activity, with drill-down functionality to view key data elements from lower-level business applications
- Market profiles and research, news flashes, watch lists and major indices: the most extensive suite of information products in the industry
- Comprehensive flexible reporting and initiation tools with multiple reporting languages, formats and automated delivery options
- Over 10 years of client data available online
- An integrated inquiry initiation and tracking tool
- Secure e-mail communication

All J.P. Morgan client service teams are certified users of J.P. Morgan ACCESS.

J.P. Morgan provides custody and reporting services for all asset classes that can be held in custody and may provide recordkeeping services for those that cannot, such as bank loans and over-the-counter derivatives. Many notional or non-securitized instruments can be recorded and tracked by using memo positions recordkeeping.

2. Describe your capabilities for consolidated reporting. Include consolidating individual portfolios, accounts, foreign and domestic, etc.

J.P. Morgan ACCESS has the flexibility to enable clients to create composites by individual manager or for any grouping of accounts. Reporting can be done at the account level as well as for multiple accounts.

3. Discuss the timeliness of delivery of statements and reports by hard copy and by electronic delivery. Indicate the availability of electronic feeds for transactions, cash balances, and any other relevant information.

The majority of information we receive and process is updated and available to clients on a real-time basis. Trades, settlements, cash and asset positions are updated and available through J.P. Morgan ACCESS Views Portfolio Reporting in real time, while income and corporate action notifications are updated either on an intraday (all time sensitive information) or overnight (future dated only) basis. Foreign tax reclaims are updated daily.

The accounting system is updated on an intraday basis. Daily transaction processing and daily account review enable our clients to view accounting data online as of the prior business day.

4. Discuss the types and timing of data available by electronic delivery, for:

- a) On-line accounting
- b) On-line analytics
- c) On-line download of formatted reports
- d) On-line download of raw data
- e) Report writer access

For answers to a),b),c) and d) kindly refer to answer 3.

The system also contains a comprehensive and intuitive report writer the details for which are provided in Answer 10 of the System Capabilities section.

5. How long is historical data available on-line and in hard copy?

The reporting module of J.P. Morgan ACCESS provides online access to data for custody and accounting as follows:

Transactions:	10 years
Daily Positions:	18 months
Month End Positions:	10 years
Portfolio Compliance:	7 years
Securities Lending:	10 years
All Other Information:	18 months

Users may access this historical data at any time via the reporting module by specifying the historical date ranges required and generating reports.

Older client data is archived off the mainframe and can be transmitted to the client electronically within 24 to 48 hours of request. Data is archived in real time by means of a dual copy disk facility. Data is written to disks in the main data center and is simultaneously written to copy disks in our remote contingency data center.

Certain applications require end-of-year back-ups to be held for a number of years; general ledger records are archived to microfiche. Historical return information is available directly through the online system for a 10-year period.

J.P. Morgan ACCESS Views Portfolio Reporting allows reports to be manually downloaded and printed. In addition, reports can be automatically delivered to a local or network drive (auto-save) or to a local printer (auto-print).

6. *What steps are taken to assure the accuracy of your reports?*

Accuracy of data within J.P. Morgan ACCESS is maintained by the following procedures and controls:

- **Fully automated links** between core systems enable automated reconciliation for accounting and NAV production.
- **Automated checks** on all incoming data, including:
 - Accuracy and authenticity checks on all trade instruction data.
 - Verification of all corporate action and income announcements. J.P. Morgan compares information received from its local subcustodian agents with that available from market vendors and will investigate any significant variation.
 - Automated communication with local subcustodian agents. J.P. Morgan communicates with all local agents via SWIFT. This ensures the accurate transmission of all trade data and timely confirmation of settlement confirmation.
- **Strict control of static data:** J.P. Morgan operates a centralized team responsible for the capture and validation of static data. Receipt of a trade instruction with a security identifier not currently held on our system will prompt an automated request for investigation. We will then search our database for the relevant security details or request information from external vendors. Any new data is then subject to validation checks and controls prior to being released to J.P. Morgan systems.
- **Departmental reporting quality control:** The delivery of information to clients is controlled by the delivery manager within each business group. The delivery manager monitors the status of data compilation and verification against specific requirements.

7. *Do asset valuations and transaction statements reflect pending transactions? Are they reported separately?*

J.P. Morgan provides accounting on a fully accrued trade date basis. Valuation statements reflect the impact of the pending transaction – purchase or sale – with the offset to a payable or receivable. Transaction statements reflect all activity with a trade date in the current period and a settlement date in the future as either a Trade Payable or Trade Receivable.

XVII. BENEFIT PAYMENTS

1. *For providing periodic and non-periodic pension payments, what system is utilized? Please describe if in-house or outside vendors are utilized. When were the system and the various enhancements introduced? What is the current capacity of the system and how many payments are processed monthly?*

J.P. Morgan is a distinguished in-house benefit payment service provider, offering a broad array of benefit payment services to defined benefit, defined contribution and non-qualified plans and their participants.

InfoWeb

J.P. Morgan offers a choice of inquiry-only access or inquiry-and-update access to InfoWeb, our in-house, on-line, real-time benefit payment system. With update access, users can easily amend participant data and set up new participant records. InfoWeb helps streamline payment processing by providing the flexibility, accuracy, and operational efficiencies plan sponsors seek from their service provider.

InfoWeb provides you with real-time access to a wide variety of disbursement data and reporting tools and accepts direct input to pensioner files. J.P. Morgan's Benefit Payments specialists train clients on the use of this system and provide telephone support to supplement the system's help features.

My Benefit Payment

My Benefit Payment is an internet-based tool for plan participants, available twenty four hours a day, seven days a week. My Benefit Payment is available to our benefit payment clients who wish their participants to have online inquiry and update capability relative to their benefit payments.

The site offers participants easy access to their plan account via the Internet and allows real-time update capabilities. In addition, participants have the added support of the My Benefit Payment Service Center to help with any questions related to either web access or plan information.

The system was introduced in 1997 and we have recently added the following enhancements:

- Added the ability to stop outstanding payments and reissue via our plan sponsor technology, InfoWeb
- Created our retiree web, My Benefit Payment.com, which allows retirees to view and update their address, direct deposit and email information
- Developed a back-feed file for plan sponsors and their third party administrators to capture all changes made via My Benefit Payments.com, enabling daily syncing of HR systems and end to end reconciliation
- Increased death reporting from semi-annual to quarterly delivery
- Added tax form images to InfoWeb and My Benefit Payments.com

The system has unlimited capacity and we currently service 445 clients with over 1,200 plans, providing benefit payments to approximately 775,000 individuals. J.P. Morgan processes an average of 654,676 payments per month, and 75% are processed as EFT payments while 25% are processed as paper checks.

J.P. Morgan's Expertise in the Benefit Payments Market

- Over 75 years of experience in the industry
- Process 7.85 million annually
- Approximately 654,676 payments per month

2. *Do you offer an on-line benefit disbursement system? What is the name of the system? Can you update retiree information, reconcile, make stop payments and print documents or reports through the same system? Please describe if done in-house or through a vendor.*

Yes, J.P. Morgan offers a choice of inquiry-only access or inquiry-and-update access to InfoWeb, our in-house, online, real-time benefit payment system. With update access, users can easily amend participant data and set up new participant records.

InfoWeb helps streamline payment processing by providing the flexibility, accuracy and operational efficiencies plan sponsors seek from their service provider.

InfoWeb provides real-time access to a wide variety of disbursement data and reporting tools and accepts direct input to pensioner files. J.P. Morgan's benefit payments specialists train clients on the use of this system and provide telephone support to supplement the system's help features.

The online application, available via J.P. Morgan ACCESS, offers the following features:

Flexible Disbursements

- Our benefit payment system supports unlimited fund sources and deduction fields, can track payments in accordance with multiple plans, divisions or organizations and provides automated deduction payments
- InfoWeb provides the flexibility plan sponsors depend upon, facilitating both routine and non-routine service requirements. Sophisticated print and mail capabilities enable checks to be customized with company logos and formats.
- Plan disbursements are simplified as InfoWeb offers Automated Clearing House (ACH) capabilities for all payment types, including lump sum disbursements. Additionally, payments can be split among ACH and check components.
- Online stop payments and payment reissue.
- Ability to withhold federal, state and non-resident alien taxes, perform complete year-end tax reporting, timely filings and withholding according to federal and state guidelines. We provide comprehensive tax form generation: 1099R, 1099DIV, 1099MISC, 1099INT, W2, W2PR, 1042S and 480.7C. A special toll-free tax hotline is available for participant inquiries

Enhanced Client Access

- InfoWeb features cutting-edge technology that helps enhance client access for plan sponsors. Disbursement administration is simplified as InfoWeb provides transaction initiation, standard reporting and online payment tracking via J.P. Morgan ACCESS.
- Presented in a web-based environment, InfoWeb allows plan sponsors easy access to update participant records online. Drop-down menus and plan-specific defaults facilitate quick, efficient updates and help minimize data processing errors.
- Designed to meet diversified retirement plan needs, InfoWeb helps streamline inquiries on participant status, installments, payments, checks and taxes.
- Enhanced to address plan sponsor needs of partially masking social security numbers on all online screens and ad hoc generated reports. The plan sponsor determines the level of privacy for their users.

Comprehensive Reporting

- InfoWeb offers regular and ad-hoc reporting options designed to deliver information when it is needed. Standard client reports include monthly check registers, un-cashed check reports and monthly change reports. InfoWeb also provides complete year-end tax reporting and timely filings and withholdings in accordance with federal and state guidelines.
- Our monthly check register can be provided in Microsoft Word or Excel formats or accessed online direct from InfoWeb. The check register report contains payee and check information with total by pay group. The payee information includes name, address, pay group, taxation data (ordinary income, employee contributions, for example) and location.
- We receive new releases for upgrades to our software three times a year from our system vendor. Historically, these releases have been sent in January, July and October. In addition, we have other enhancements that we implement to meet our customer, regulatory and operating needs.

Participant Web: My Benefit Payment

In addition to our plan sponsor site, Infoweb, J.P. Morgan has an Internet-based tool for plan participants, available twenty four hours a day, seven days a week. My Benefit Payment is available to our benefit payment clients who wish their participants to have online inquiry and update capability relative to their benefit payments.

The site offers these participants easy access to their plan account via the Internet and allows real-time update capabilities. In addition, participants have the added support of the My Benefit Payment Service Center to help with any questions related to either web access or plan information.

Requirements and Functionality

- Access to plan participant account information
- Real-time inquiry
- One PIN for multiple accounts with the same social security number
- Tax form images
- Online inquiry functionality:
 - Disbursements
 - Deposits
 - Checks
 - Direct deposit bank information
 - Tax information: federal and state withholdings and calculations
 - Address
 - E-mail
- Real-time update functionality:
 - Address

- E-mail
- Direct deposit: setup and update
- PIN management by participant
- Confirmation functionality:
 - Address changes
 - Direct deposit changes
- Generation of letters for new, changed and reset PIN

3. *How do you propose to prove your on-line benefit system to ERSRI?*

My Benefit Payment provides plan participants with an integrated, comprehensive approach to participant services. A demonstration of the site is provided at:

<http://www.jpmorgan.com/treasury/demo/mybenefitpayment/launchpage.htm>

4. *What participant/plan information is retained on your system?*

All detailed plan information is retained on our system, including:

- Social security number, (with the ability to mask the first five digits)
- Payee name
- Payee home address (to be used for check address if the payee did not elect direct deposit, or there are no separate check mailing address)
- Tax form type – 1099R, W2, 480.7C, W2PR, etc.
- If 1099R – category distribution code
- Gross payment amount
- If multiply funds:
 - Fund name
 - Fund amount
 - Fund start and/or stop dates
- Federal, state tax withholding – yes or no
 - If yes, fixed amount, tax table, tax table + fixed, percentage
 - Martial status and number of exemptions
- Date of retirement
- Date of birth
- Direct deposit/EFT information
 - ABA routing number
 - Account number

- Account type (checking/saving)
- Bank name (optional)
- Bank address (optional)
- Check mailed to bank information
 - Bank name
 - Bank address
 - Account number
 - Account type (checking/saving)
- Other deductions
 - Deduction name
 - Deduction amount
 - Deduction start and/or stop dates
 - Name and address of where deduction checks should be sent
- Optional data elements
- Tickler notes/dates
- Beneficiary name and social security number
- Employee number, location number, etc.
- User defined data fields

5. *What type of benefit plan reports are available to the client and the various plan? Are customized reports available upon request? Describe briefly the contents of each report. Please provide samples of you standard periodic and non-periodic participant payment reports.*

J.P. Morgan has an extensive array of benefit payments reports that we provide to plan sponsors and third-party administrators on a daily, weekly, monthly or annual basis. Additionally, J.P. Morgan has the ability to report on all fields stored within the benefit payments system and can create custom programs to support the additional unique reporting requirements of plan sponsors.

InfoWeb, J.P. Morgan's web-based benefit payments system, offers regular and ad-hoc reporting options designed to deliver information when it is needed. Reports can be printed and/or downloaded in Microsoft Word or Excel formats and are available online and via other electronic formats.

Standard reports include:

- Check registers and deduction reports
- Transaction history reports
- Financial activity recap reports
- Outstanding check reports
- Death audit comparison quarterly

Check Register

This report contains payee and check information with total by pay group. The payee information includes name, address, social security number, pay group, taxation data (ordinary income, employee contributions, for example) and location.

Check information includes check date, check number, gross and net amount (both current and YTD), tax reporting code and check status. Detailed information can be provided for each deduction, including payee and deduction totals.

Additionally, totals are listed by fund and allocated to payee/payment within each fund. This report can be requested as of a defined date, capturing the status of the payments as of that timeframe. Clients can also request that this report reflect the current status of the payment.

Transaction History Report

This report displays a before-and-after view of updated payee information and lump sum data for payees. Every updated and/or new transaction is listed within the specified data range. The data changes are tagged by operator ID, process date and type of change made.

Financial Activity Recap Report

This report identifies all new additions, changes and terminations for recurring monthly installment payments. The report sorts by the following:

- **New installments:** The new installment section of the Financial Recap Report details all new additions to pay groups. It lists the payee name and other indicative payee data, along with the fund amounts and deduction amounts entered. The totals of these financial fields can be added to the prior month's closing balance.
- **Installment changes:** The installment change section of the Financial Recap Report provides details of any financial field that has changed, including changes to fund and deduction amounts. The report identifies at the payee level what financial field was changed, along with the net change, either positive or negative, from the prior month. The totals on this report provide the net change by each fund and by each deduction. These values can be added to (or deducted from) the prior month's closing balance.
- **Terminated installment records:** The termination section of the Financial Recap Report details all payee records that were inactivated during the current period. It lists the payee name and other indicative payee data, along with the fund amounts and deduction amounts inactivated by payee. The totals of these financial fields can be deducted from the prior month's closing balance.
- **Summary:** The summary section of the Financial Activity Recap Report prints the prior month's closing balance, details all of the information from the three reports above and the current month's closing balance.

All of the reports detailed above are available sorted by payment group, social security number or payee name or by location number.

Customized Reporting

If customized reporting is required, we review the client's objectives and work with the client to meet specific reporting requirements. We offer a range of reporting output options, including creation and sending of a file, disk or hard-copy version of the report.

Upon our understanding of the specific requirements and associated resources needed to meet those requirements, we propose an applicable turnaround time and cost for custom reporting.

Please refer to **enclosure CD** for sample benefits payments reports.

6. *How do you differentiate your benefit plan services from other institutions? What are the key elements that the client will gain from your benefit plan services?*

J.P. Morgan is an established leader in the benefit payment community, participating in a variety of pension and payment industry groups, providing thought leadership and putting greater emphasis on the participant experience.

As baby boomers enter the retirement space at an increased rate of 3% per year (up from 1%), these younger retirees will drive the need for state of the art technology solutions, online offerings and around-the-clock access

Benefit Payments anticipated this market shift and has invested over \$3 million dollars year over year since 2008 to enhance the J.P. Morgan retiree experience; for 2012, we have allocated \$3.8 million dollars to demonstrate this commitment to our clients and their most important employees -- the retired.

J.P. Morgan Benefit Payments continually evaluates plan sponsor and participant needs. Some of our current initiatives are listed below:

- Prepaid Card: payment option to provide flexibility to plan sponsors and provide retirees an alternative to traditional check and ACH delivery of pension payments
- Additional reporting to InfoWeb to offer our most frequently requested client reporting setup for delivery via a schedule that our clients define
- Building upon our robust risk management discipline to provide system and output wide masking of participant social security number displayed within client-facing technology and reporting
- Multinational pension scheme disbursement offering
- Check and advice images added to InfoWeb and My Benefit Payment.com

7. *Do you give the plan sponsor credit for the float on funds in the plan's disbursement account? When are payments charged to the client account?*

Pursuant to Advisory Opinion 93-24A, DOL Letter to the American Bankers Association dated August 11, 1994 and Field Assistance Bulletin 2002-03, J.P. Morgan discloses its receipt of float as additional compensation in the relevant legal agreements. With respect to benefit payments, float income is earned by J.P. Morgan and credited to the J.P. Morgan Benefit Payments Omnibus DDA. There is no specific rate that J.P. Morgan earns on float. Rather, J.P. Morgan takes amounts held in all of its clients' deposit accounts and may invest all or a portion of such amounts in a variety of financial instruments including, but not limited to loans to customers and investment securities. Any remaining funds are held at the Federal Reserve overnight and earn the Federal Funds Effective Rate less FDIC insurance and any other associated costs, if any.

On payment date, the funds required to cover the total disbursements made are transferred via automated interface from the client's trust accounts to the benefit payments services omnibus demand deposit account.

All payments clear through an omnibus demand deposit account.

8. *Would we be assigned one primary contact in your benefit payments area?*

Yes, the client's benefit payment business will be supported by a dedicated benefit payment customer service representative, along with a backup customer service representative, both reporting to a client service manager.

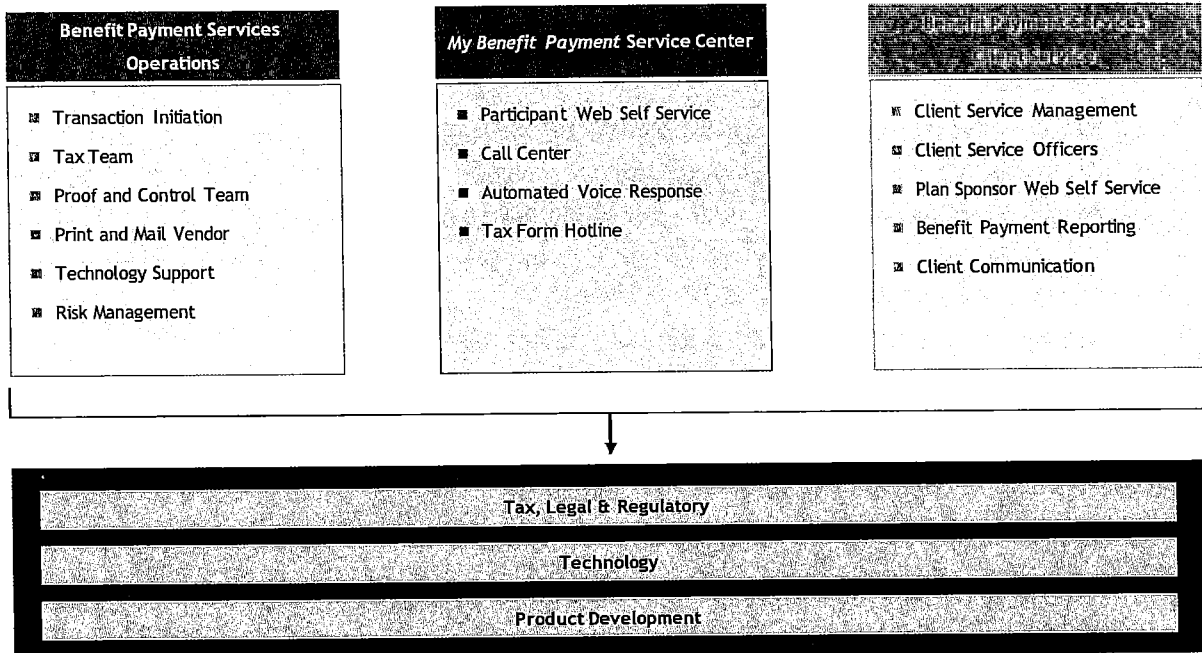
9. *How is this function staffed? What is the interaction of responsibilities and accountability between the benefits area and other aspects of master custody services?*

J.P. Morgan's relationship managers have overall responsibility for delivery of high quality J.P. Morgan services, including benefit payment services. As discussed above, your benefit payment business will be supported by a dedicated benefit payment customer service representative, along with a backup customer service representative, both reporting to a client service manager.

The benefit payments customer service representative serves as the primary contact for all disbursement inquiries from your company. The customer service manager is responsible for managing the team and the day-to-day delivery of client services and payment processing.

All benefit payment services staff members are required to attend various training sessions offered throughout the year, including anti-money laundering, ERISA training, as well as various system training sessions.

Benefit Payments Service Model



How are you organized to give direct personal service to a client in terms of handling benefit payment exceptions, reconciling problems or errors and printing year-end tax information?

J.P. Morgan is very focused on accurate, complete, and timely benefit payment participant distributions. Client directives are reconciled to end-of-day totals, which are also reconciled to various output files, including direct deposit, DDA/ARP, print and mail services, and tax remittance/reconciliation.

We have extensive controls in place to prevent payment errors and misappropriation of trust funds. These controls include second party review of each payment instruction, verification of directive

signature against a list of authorized signers that J.P. Morgan maintains, and authentication via callback for all payments over \$50,000.

Procedural Controls

There are various reconciliation procedures for benefit payments depending upon the data entry method and client requirements. Changes received via electronic transmission are accompanied by a header record detailing the transactions to follow. This ensures that the entire transmission was received as expected.

Our clients and customer service representatives work together to reconcile the monthly payment values. Many clients send financial control totals that our customer service representatives use to ensure that all financial values are correct. Other clients receive our financial change reports and compare these to their input changes to ensure everything can be accounted for, and that total dollars are in balance.

This is agreed upon between the client and J.P. Morgan.

The procedure for verifying the accuracy of the check run consists of the following steps:

- J.P. Morgan produces annuity checks based on the plan sponsor's scheduled pay dates
- All files received are reviewed to ensure that they contain control totals and dollar amounts
- Automated payment files received from clients or recordkeepers are required to have control totals, item counts and header and trailer records on the file (files are not processed without this information)
- All updates received through InfoWeb are balanced by the client
- All manual input is reviewed by a second staff member
- Initial edit validates file totals and if not in proof, the client is contacted
- Complete balancing of every pay group prior to payment generation (including client sign-off if agreed upon between client and J.P. Morgan)
- Verification of output control totals following payment generation
- Verification of payment counts *in* prior to printing and mailing
- Verification of payment counts *out* following printing
- Verification of payment counts *out* following mailing

Fraud Prevention

J.P. Morgan has additional controls in place to reduce the risk of check fraud, including positive pay, and teller positive pay. Payee name verification can match the payee line on a presented check to the payee name on your authorized transaction file. By digitally comparing the payee field on check images to the corresponding payee name in the check issue file, the risk of payee line alterations is reduced.

Quality and Audit Review

J.P. Morgan has organizational quality standards and control mechanisms to ensure a high quality service offering. Benefit payments is audited on a regular basis by its risk management unit, by J.P. Morgan's general audit department and by PricewaterhouseCoopers, the independent public accounting firm, to ensure that procedures and controls meet standards. We have a structured monitoring and reporting process performed by Operations Control Management and Operations Risk

Management. We have general technology controls, specific InfoWeb controls, and enhanced privacy controls all to support the accurate, complete, and timely process of the participant distributions.

Technology Controls

- Data integrity is provided through file design and limitation by specific pay-group ranges
- Verification of data syntax is provided by the InfoWeb application in the edits on the screens and within the jobs that run
- To ensure that payment files are not lost or duplicated, backups are executed to ensure recovery of data and the transmission of check information is through a secure line, and the data is encrypted

InfoWeb Controls

J.P. Morgan's online system offers numerous levels of password protection to ensure proper control. J.P. Morgan's InfoWeb system includes transaction-level security that allows J.P. Morgan to assign different security profiles to users. This allows J.P. Morgan to restrict access to the following:

- Inquiry of participant details only
- Inquiry of participant details and the ability to perform maintenance
- Different payment types
- Passwords are changed monthly in accordance with J.P. Morgan's system security package, and the system alerts clients when a password change is required

Access to the InfoWeb system is controlled by a user ID and two passwords. The security features of the application allow for transaction-level security, thus allowing J.P. Morgan to establish different security profiles for the segregation of responsibilities and other purposes.

Privacy Controls

At J.P. Morgan, risk management and the safeguarding of customer information are very important. We are committed to meeting our obligations under data privacy laws and regulations in each of the jurisdictions in which we do business. Data security is a core business concern and our internal controls, information technology risk management and data privacy programs are designed to address the regulatory requirements. Because of this, J.P. Morgan's online system partially masks personally identifiable information (PII). We accomplish this by:

- Masking all but the last four digits of SSN on ALL reporting
- Enhancing our on-line benefit payment system, InfoWeb, to mask all but the last four digits on account and SSN from all viewing screens
- Masking account number and SSN detail from internal benefit payment systems
- Eliminating paper and fax delivery of benefit payment participant data

In addition to partially masking PII data on InfoWeb, we also have an internal system that requires a maker / checker process for any emails containing PII data. This process validates the target recipient as authorized and confirms the data being sent is encrypted prior to submission.

11. In the case of benefit checks that reflect funding from both qualified and non-qualified (SERP) plan assets, describe the periodic reporting to the plan sponsor and the recipient.

J.P. Morgan issues benefit payments for qualified, non-qualified, VEBA, SERP, sub trusts and rabbi trusts. Due to the differences in tax reporting and withholding between qualified and non-qualified payments, J.P. Morgan processes these payments separately.

J.P. Morgan would provide information on a per payment basis for all non-qualified plan distributions. The plan sponsor then accumulates these distributions from all sources and determines which participants have exceeded the one million dollar IRS threshold. The plan sponsor would notify J.P. Morgan of the impacted participants as new distributions are requested, advising when the required 35 percent withholding needs to be applied.

12. Do you provide ACH/Direct Deposit services?

Yes, J.P. Morgan is the number one originator of Automated Clearing House (ACH) transactions with the largest ACH volume in the world. J.P. Morgan originates over US \$4 billion dollars in ACH transactions annually and has been named the top originator for the 31st year running in the Ernst & Young cash management survey.

Participants may also designate multiple direct deposit destinations for their benefit payments. J.P. Morgan's InfoWeb system has the ability to process ACH payments to up to six different checking or savings accounts per plan participant, as well as the ability to split payments into both ACH and check components, provided the distribution is reported on the same tax form.

13. How many annuitant checks do you send each month?

We currently service 445 clients with over 1,200 plans, providing benefit payments to 775,000 individuals. J.P. Morgan processes an average of 659,917 payments per month, and 75% are processed as EFT payments and 25% are processed as paper checks.

In a typical month, the plan participant service center assists with over 10,000 calls.

The following table summarizes the key measures of J.P. Morgan's benefit payments services as of December 31, 2011.

Number of Clients	
Total number of clients	445
Total number of plan participants who receive benefit payments through J.P. Morgan programs	875,000
Non-qualified plan clients	38
Number of Checks per Month	
Annuities	111,311
Lump sums	26,566
Number of Direct Deposits per Month	
Annuities	506,853
Lump sums	9,947

14. How many electronic fund transfers are sent each month?

Please refer to **Question 13** above.

15. How many lump sum payments are made each month?

Please refer to **Question 13** above.

16. How many pensioners are in your largest and three smallest benefit payments clients?

Our largest benefit payment client has over 100,000 pensioners, followed by 55,000 and 45,000. Our smallest benefit payment clients have fewer than 10 pensioners.

17. Do you offer coordination of cash movement between accounts for disbursements? Be specific.

On payment date, the funds required to cover the total disbursements made are transferred via automated interface from the client's trust accounts to the benefit payments services omnibus demand deposit account.

All payments clear through an omnibus demand deposit account.

18. Can you accommodate retiree-requested deductions for health, supplemental life insurance and Quadro payments? How many deduction fields can your system accommodate per retiree?

J.P. Morgan supports an unlimited number of deduction types which may range from tax withholding, union dues, medical, life insurance, dental, tax levies, social security and garnishments.

This includes federal, state and non-resident alien taxes. We provide complete year-end tax reporting and on-time filings and withholdings in accordance with federal and state guidelines for forms 1099R, 1099DIV, 1099MISC, 1099INT, W2, W2 PR, 1042S and 480.7C. We file 945 and 941 forms of federal tax withheld and supply appropriate reporting to all state agencies.

State withholding is handled for all applicable states and is calculated automatically in InfoWeb, based upon participant information.

The service provides for the direct payment of these tax deductions to the appropriate institutions, along with a reconciliation of amounts withheld to amounts paid. Forms are mailed to the plan participants by the appropriate mail dates, for example all 1099 and W2 tax forms are mailed by January 31 of each year.

Our systems are updated with new federal and state tax tables annually. Prior to each update, we notify plan sponsors with the details of the updates and provide a comparison report of participants who are affected by an increase or decrease, using a \$5 threshold. Additionally, we place a global message on all participant checks and advice of deposits, informing them of the tax table update.

J.P. Morgan can accommodate withholding categories in addition to taxes, such as health insurance, wage garnishments IRS levies, child support payments and dues and can support an unlimited number of deductions. We have one client for which we currently process 38 different deduction types. A deduction can be a fixed amount, a percentage of gross payment, or it can be derived according to a calculation table processed.

Reports are provided for each check issue, listing payee details for each deduction, total payee count and deduction totals. Deductions can be processed as checks or electronic funds transfers. We also have the ability to send electronic feeds or reports to appropriate service providers for health and welfare deductions.

In addition, InfoWeb can support future dated deduction changes through start and stop dates.

The system has capability to globally update funds and/or deductions from one amount to a new amount. For example, if a health coverage premium was changing from US \$100 to US \$105, the

plan sponsor would only have to provide one instruction to change all US \$100 premiums to US \$105 as of a specific date.

19. Describe your tax services responsibilities in regard to government, state and participating reporting.

As mentioned previously, J.P. Morgan's benefit payments system has the ability to withhold federal, state and non-resident alien taxes and provides complete year-end tax reporting and on-time filings and withholdings in accordance with federal and state guidelines for forms 1099R, 1099DIV, 1099MISC, 1099INT, W2, W2 PR, 1042S and 480.7C. We file 945 and 941 forms of federal tax withheld and supply appropriate reporting to all state agencies.

Using InfoWeb and MyBenefitPayment.com, Plan sponsors and participants can quickly obtain and print a copy of their tax form on their own computer.

Additionally, we provide plan sponsors with a toll-free tax hotline number for participant tax inquiries. This tax hotline number is printed on all tax forms and is serviced by benefit payment customer service representatives Monday through Friday from 8 a.m. to 5 p.m. ET. The Benefit Payment Services team can quickly mail out duplicate tax forms to plan participants upon request.

Comprehensive Tax Form Generation

- 1099R, 1099DIV, 1099MISC, 1099INT
- W2, W2PR
- 1042S
- 480.7C

State withholding is handled for all applicable states and is calculated automatically in InfoWeb, based upon participant information.

The service provides for the direct payment of these tax deductions to the appropriate institutions, along with a reconciliation of amounts withheld to amounts paid. Forms are mailed to the plan participants by the appropriate mail dates, for example all 1099 and W2 tax forms are mailed by January 31 of each year.

20. What are your procedures for canceling and reissuing checks?

Stop payment requests and deletions can be entered online via InfoWeb or sent by email or fax to J.P. Morgan by an authorized individual. Upon receipt of an authorized stop payment request, the customer service representative confirms the status as *outstanding* and then places a stop request.

If directed, the customer service representative reissues a new check within 24 hours. If the stop payment is executed through InfoWeb, a payment reissue can be easily processed along with the stop payment request.

The reissued payment can be sent as a check or as an EFT payment. Our online functionality offers the ability to send the reissued payment to a new address for the reissued payment only, as well as the ability to update the address for the all future payments as well. Reissued payments are mailed the following business day.

InfoWeb payment history displays the stop date and payment information for a reissued check.

XVIII. SYSTEM CAPABILITIES

1. *What percentage of the Firm's current annual master custody budget is allocated for MIS/CIS, systems development, and/or other computer related expenses? What is the projected budget of the next three years? Breakout by category, if applicable, and provide dollar amounts.*

Technology development occupies a key position in the overall strategy of J.P. Morgan. Within Worldwide Securities Services, we invested over US \$650 million in technology during 2011 to ensure a strong business model and technology architecture. In 2012, we plan to invest US \$650 million, with this investment allowing us to develop and improve our services in custody and clearance, fund services, securities lending and collateral services:

- 56 percent of this budget to be utilized for product development and strategic initiatives with 44 percent focused on infrastructure enhancements and support.
- 1,882 dedicated technology resources within Worldwide Securities Services, across the various disciplines including application development, system analysis, production support and project management.

Our capital strength is significantly greater than that of many of our competitors and reinforces our ability to support ongoing investments in technology.

J.P. Morgan has made significant investments in technology in recent years and we plan to increase our investment in the years to come.

J.P. Morgan Investment in Technology over the next three years	
2012	US \$650 million
2013	US \$670 million
2014	US \$690 million

2. *Describe briefly your computer system's capability, describing in detail the primary and secondary hardware and data processing software configurations that serve your operations.*

J.P. Morgan's information technology strategy is centered upon a global information delivery architecture providing a comprehensive and durable framework. Data flows between the service lines use a combination of both batch and interactive programs enabling processing and data transmissions with other servers and applications.

J.P. Morgan's infrastructure incorporates a gateway instruction management application that captures, validates, formats and then routes instructions from clients. Instruction management is a suite of messaging components within J.P. Morgan, which provides the single gateway to all product applications and enables our clients to take advantage of core products independently or in combination with each other.

The strategic focus of instruction management has enabled the build-out of connectivity to key product hub applications. With the ability to accept data in various formats, over a variety of delivery protocols, it provides clients with the flexibility to interface with J.P. Morgan. Through the use of strategic tools such as J.P. Morgan ACCESS Trade Initiation, J.P. Morgan has improved productivity and increased straight-through processing through to our core applications.

J.P. Morgan's systems are fully automated. All of the modules of the accounting and custody systems are fully integrated to transmit information electronically. Our global accounting system is

linked to the global custody, client delivery and performance measurement and compliance systems through automated interfaces and reconciliations. Full integration ensures the highest quality output through consistent data sources and elimination of human error.

All core processing systems feed our data warehouse, which provides the source data for downstream client reporting via J.P. Morgan ACCESS Views Portfolio Reporting or SWIFT.

Wherever possible, data shared across J.P. Morgan applications is held in one place. For market data and pricing, we have single, enterprise-wide functions and processes that manage and distribute data to subscribing applications.

Client data that can be centralized is held in a reference database. Where this is not achievable (for example, across linked products), we have control processes that ensure that data items are synchronized.

Middleware

Communication between systems is undertaken using IBM MQ Series messaging, which provides secure delivery and fully monitored queues.

Hardware and Software

J.P. Morgan has an engineering board whose role is to set the standards for hardware/software across the organization, continually research new technologies, and ensures that all technology standards are fully tested before they are rolled out to the organization.

The hardware and software that is utilized by J.P. Morgan Worldwide Securities Services varies and is dependent upon the applications in scope.

- Mainframe/unix applications are primarily delivered using Natural/Adabas
- Microsoft .Net/SQL Server and Java, Oracle and DB2 are widely used to deliver distributed and web-based applications.

3. *What was the percentage of downtime during the last two years? What was the number of occurrences? What were the primary causes and how were the problems corrected?*

Information related to system downtime is confidential and proprietary to J.P. Morgan, and not for public disclosure.

4. *What has been the investment in systems development for the master custody systems for each of the past three years? Differentiate between the applications for US assets and those for processing of non-US assets.*

Despite the turmoil in the financial markets, J.P. Morgan continued to invest in technology and strengthened its position as one of the world's top providers of custody and fund services. The following table details the investment made in technology during the past three years:

Prior Years	Actual Technology Spend
2009	US \$550 million
2010	US \$650 million
2011	US \$650 million

J.P. Morgan does not report what percentage of our budget is dedicated to our trust and custody business.

5. *What is budgeted for systems development for the next three years? Differentiate between the domestic custody applications and those for processing non-US assets. What enhancements are currently being developed and what enhancements are planned for the future?*

As described in our response to **Question 4**, J.P. Morgan does not report what percentage of our budget is dedicated to our trust and custody business.

Current and future enhancements

The business-wide initiatives will continue over the next few years and support our goals to provide:

- Progression of the cross-business initiatives allows our product areas to focus on the developments required for their specific markets and geographies, reducing resources spent on generic functions. Each product area has initiatives leveraging the cross-business facilities, along with other projects that support an enhanced client experience and new and enhanced product capabilities.
- Systems consolidation, reducing development and operations overhead.
- Improved straight-through processing, document management and workflow that are integrated across operational time zones and with J.P. Morgan Treasury Services, outside service providers and our clients.
- Continual infrastructure improvement, which includes software version upgrades, migration to new server environments and migration to new data centers.
- Global availability, with in-region response times for our three major markets: the Western Hemisphere, Europe and Asia Pacific.

The key technology developments planned are outlined below:

Client Facing Technology - J.P. Morgan ACCESS Enhancements

Strategic Initiatives for 2012 and 2013 include the following:

Dynamic Reporting and Data Delivery

- Offer standard reporting which is integrated (e.g., across all customer asset classes and services), delivered (e.g., online or via a scheduler), and interrogated (e.g., "slice and dice" and drill-down) in a flexible and timely manner
- Reporting suite redesign
- Provide the capability to deliver data directly into clients internal infrastructures, offering flexibility as required
- Provide the data via standard feeds (with an acceptable level of customization)
- Mobile technology launch for iPad

Dashboard

- Provide value-added and aggregated information on a Dashboard that allows clients to not only access information quickly, but to efficiently research, query and action that information
 - In particular, trade, cash, recalls and inquiry status, as well as SLA performance, are of high value to clients
- Provide clients with proactive alert notifications of time-sensitive information or the need to take action, delivered based on channel preference (e.g. email, and /or dashboard)

- The information will be flexible, timely and with the ability to be integrated as required

Cross Product Enhancement during 2012 will include the following:

- Infrastructure and database upgrades
- Navigation & usability enhancements
- File delivery integration
- Issuer and counterparty risk reporting
- Integrated reporting on derivatives exposure, counterparty & collateral across derivative types
- Improved customizations tools for complex report builds
- Extend timeout for reporting users
- Invoices available via ACCESS
- Improved session management

Core Technology Platform enhancements

Accounting

Enhancements to be delivered during 2012 will include: multi-view accounting – this functionality provides the ability to add an additional view to the accounting records automatically. This view is able to account for the following:

- Different reporting currency
- Different amortization treatment
- Recalculation of gains and losses
- Different hierarchical roll up from the sub funds level
- Multiple pricing sources
- Cut off based on either the investment accounting or the fund accounting view
- Further enhancements will allow multiple additional views of the data.

Securities Lending

Driven by consistent growth in J.P. Morgan's securities lending program, significant investment in the functionality and infrastructure is planned over the next three years. These investments will cover, but will not be limited to, enhanced non-custody capabilities, enhanced auto-borrow functionality and U.K. long-short development.

Performance Measurement

J.P. Morgan's Investment Analytics and Consulting Group continues to invest in expanding the functionality and capabilities of our leading proprietary performance measurement application, PRISM. Current initiatives include:

- Completion of the implementation of PRISM across Investment Analytics and Consulting's global sites
- Further enhancements to custom asset class schema capabilities
- Further enhancements to range of custom benchmark calculations
- Continued development of client reporting within J.P. Morgan Views Portfolio Reporting

- Integration of J.P. Morgan's Global Consolidated Reporting tool for multinational pension plans into PRISM
- System efficiencies

Global Custody

- Increasing the range and depth of fund instrument data capabilities on our core custody platforms, resulting in higher STP rates and reducing the risk of manually processed transactions.
- Continuing enhancements to the capabilities of J.P. Morgan ACCESS (our internet browser instruction and reporting solution), improving client access to data in real time with tailored views.
- Developing U.S. and global tax processing enhancements, resulting in better tax and risk reporting across sub-advisors in support of the client's regulatory and oversight requirements.
- Expansion of our Fund Order Routing and Settlement Services solution which supports the end to end placement, settlement and custody of mutual funds, hedge funds and other complex fund investments.
- Execution Plus Integrated Custody: J.P. Morgan investment bank's broker capability will be linked with our custody and clearance services. This will allow clients who both trade and custody with J.P. Morgan to send a single trade message to cover both the execution and settlement legs.
- Class action development: Our class action service will be expanded beyond the current U.S., Netherlands and Canada settled class action solution to cover key Asian and European markets.

J.P. Morgan is currently undertaking The Custody Foundation Project (CFP); a custody project designed to improve the consistency of our global custody platform. The CFP involves a series of product enhancements that are scheduled for delivery between 2011 and 2014. The goal of the CFP is to improve standard market messaging, enhance custody functionality and ultimately provide a more robust processing environment to service our diverse client base. One of the specific aims of the CFP is to continue to improve our flexibility whilst also improving the control environment within which the custody product is delivered. The most notable deliverables of the CFP to-date have been the introduction of our 24 hour operational processing capabilities and the 2,100 instruction deadline improvements announced in July 2011.

This program is being delivered as a series of phased enhancement implementations and is scheduled to complete by 2014.

Hardware Upgrades

All hardware is upgraded every three to four years to ensure the most up-to-date technology. Contracts exist with all vendors, and J.P. Morgan has a dedicated team responsible for the review of these contracts.

6. When was the software developed and was it developed internally or externally?

J.P. Morgan uses a combination of externally and internally developed systems to provide clients with the best software available. The securities movement and control, general ledger, reporting inquiry, compliance reporting, performance measurement and securities lending platforms were developed internally.

The multicurrency accounting/valuation software and transfer agency software were purchased from outside vendors.

When J.P. Morgan elects to purchase externally developed software, the systems staff continuously modifies the software to meet client requirements, and it performs all required maintenance.

Please refer to the table below for details on the development of each module of J.P. Morgan's core integrated systems. These systems are fully integrated and updated on an ongoing basis.

Software	Developed	Description
Custody Trade Instruction	1989-2005 (Internal)	Offers clients and investment managers the opportunity to input trade instructions via three methods: direct trade input via pre-formatted screens, mainframe-to-mainframe transmission and SWIFT/ISITC industry standard messaging for trade instruction. Direct trade instruction is also taken from depository interfaces such as DTC.
Data Warehouse (Supports Tax, Performance, Accounting, Custody, and third-party data providers, e.g., prices, security reference, analytics, etc).	1995 (Internal)	Centralized global data repository of securities, cash and accounting information for delivery of client data.
Security Movement and Control (TITAN and COSMIC)	1985-1991 (Internal)	Controls the processing and movement of all securities, including: <ul style="list-style-type: none"> ▪ Tracking client transactions from trade date to settlement ▪ Monitoring cash availability and adjustments ▪ Sub-agent processing and control ▪ Determining income entitlement ▪ Crediting income to accounts ▪ Maintaining master security file ▪ Tracking corporate actions
General Ledger	1987-1988 (Internal)	Formal ledger containing all the financial statement accounts of J.P. Morgan's trust/custody business. It contains offsetting debit and credit accounts.
Multicurrency Accounting/Valuation SunGard Asset Arena Investment Accounting (InvestOne)	1993-94 (External)	Multicurrency accounting system provides: <ul style="list-style-type: none"> ▪ Fully integrated general ledger capabilities ▪ Unitized, daily NAV capabilities ▪ Full amortization and accretion capabilities ▪ Original issue discount amortization ▪ Tax lot accounting ▪ Regulatory reporting to meet ERISA, Department of Labor and other regulatory requirements ▪ More than 200 standard reports

Software	Developed	Description
Unity Platform (Fund Administration – Performance and Financial Statements)	2004-2006 External	J.P. Morgan utilizes the Confluence Technologies software package, Unity Performance, to calculate and store historical data to support total return and yield calculations. The Unity Performance software has the ability to generate a number of different calculations, including synthetic (linked performance for multi-class funds), front-end, back-end and contingent deferred sales charge load structures, gross of fees, multicurrency and pre-liquidation and post-liquidation after-tax return calculations. The returns can be generated as frequently as daily and can calculate returns both on a cumulative and annualized basis for any time period requested. The Unity Platform includes a Financial Reporting module which utilizes data already resident in the Unity data hub (i.e., general ledger and holdings data, and performance calculations) to automate the preparation of all financial reports, including the schedule of investments and footnotes to financial statements. This application is used by J.P. Morgan Fund Administration to support the annual and semi-annual financial statements, Form N-SAR, and Form N-Q processes.
Gainskeeper	2007 (External)	Supports the wash sale adjustments necessary for U.S. tax purposes.
GlobeTrac	1998	We perform automated prospectus and Investment Company Act of 1940 limitation testing on a daily basis using our proprietary, rules-based compliance system (GlobalTRAC). These tests are customized for each fund based on the fund's prospectus and statement of additional information on file with the SEC. Clients can access TRAC via J.P. Morgan ACCESS, our Internet-based portal.
STEPS - Straight-Through Expense Processing (Fund Administration)	2004-2006 (Internal)	We use our proprietary STEPs application for budgeting fund expenses and ensuring that expense accruals and any required adjustments are communicated to the fund accounting department, to be reflected in the Fund's books and records. STEPS also provides an automated step through our custody and accounting platforms after an initial upload for bill payment negating the need for manual intervention. In addition, STEPs automates the authentication process for expense disbursements.
TEaMS - Treasury Expense Management System (Fund Administration)	2004 (Internal)	J.P. Morgan's proprietary TEaMS application is utilized to support the treasury function for fund administration including expense budgeting, fee payments, expense cap calculations, and due diligence reporting.
SunGard Asset Arena Transfer Agency	1999 (External)	Real-time recordkeeping platform available 24/7. Extensive intra-day activity reporting to financial intermediaries and NSCC functionality. J.P. Morgan uses PowerImage with full integration the Asset Arena Transfer Agency system, to provide data management, document imaging capabilities, and distributive processing in a windows environment.

Software	Developed	Description
Corporate Action Instruction	2001 (Internal)	Web-based tool to respond to corporate actions, helps reduce risk and improve operational efficiency
COACS	1987 (Internal)	Sub-system of our global SMAC system for processing corporate actions.
GCSDIVS	1986 (Internal)	Sub-system of our global SMAC system for processing global income, dividend and cash payments.
MCA	1986 (Internal)	The MCA system provides accurate and timely information on Corporate Actions to clients. This information is used to make informed decisions on voluntary actions, while providing J.P. Morgan with an accurate reporting and recording of client instructions. It receives feeds from the DTC, external sources and/or manual input from the operations team regarding corporate actions information. MCA validates and matches the information to client holdings. It creates corporate actions on mandatory actions and notifies the client via letter of corporate action detail. MCS tracks the responses and instructions on voluntary actions and generates reports on critical dates to reconcile with Depository and TITAN.
Custody Reporting/Inquiry (Views Portfolio Reporting)	1988-2005 (Internal)	Provides clients with online access and data/report files concerning assets, income and cash information related to their security and cash portfolios. A partial list of reports which can be accessed includes: <ul style="list-style-type: none"> ▪ Daily cash movements ▪ Daily settlement and fail information ▪ Cash history and projection ▪ Fixed deposits ▪ Income status and notifications ▪ Asset positions, including income received ▪ Trade journal statement and details ▪ Outstanding trades ▪ Consolidated U.S. and international security holdings
Securities Lending	1991 – DML (Internal) 1997- SLMU II (Internal) 1995 – SLAM (Internal) 2004 – SLX (Internal)	J.P. Morgan's securities lending program is supported by dedicated systems that have automated interfaces with the U.S. and international processing systems to facilitate securities movement tracking and control.

Software	Developed	Description
Performance Measurement	2005 – 2009 (Internal)	J.P. Morgan's in-house, proprietary performance measurement system is built on a security-level, multi-currency platform, with true integration of dollar and non-dollar portfolios. Our performance system is an accrual-based, trade date-based system that reflects the inclusion of dividends in the market values of the performance calculations. Maintaining an accrual-based trade date performance system is in compliance with the CFA Institute and GIPS voluntary requirements.
Compliance Reporting	1998-2009 (Internal)	J.P. Morgan's proprietary rules- based compliance reporting system is fully automated to produce exception based reporting on tests which are attached to each account or composite. This internally developed system supports our clients globally through dedicated regional teams. We have a dedicated team of developers to ensure we continue to enhance and innovate the product to meet client, market and regulatory requirements. Incoming batch cycles are received from the multi-currency accounting system and imported into the compliance platform. Data received from the accounting system is supplemented with vendor feeds of asset descriptive data elements. Key technology features for the compliance reporting application include: Web-based, three-tier reporting application (presentation, mid-tier, and database), which is available via J.P. Morgan ACCESS Proprietary middleware technology to assist in formatting and mapping client data feeds, where third-party accounting or client-supplied security reference data is needed Full disaster recovery facility Client-maintained user access rights and permissions Comprehensive audit trail for breach life-cycle events, user updates and administrative changes.
GFAS	1997 – 2011 (external)	As well as the core TA support it contains modules to support customer relationship management, foreign exchange processing, image capture and workflow management.
RCP	2009 – 2011 (external)	Commission calculation engine developed by AMS. RCP supports the full range of commission types (initial, renewal and trail / retrocession) and agreements. It is TA register independent and able to combine register holdings from multiple sources within a single commission calculation. It is fully integrated with RUFUS.
Funds Online	(external)	Web portal developed by Metrosoft. Funds Online provides a near real time view of activity on the TA register via a choice of web portals as well as flexible reporting. Deployed over the internet, it can be made available to both clients and investors.

Software	Developed	Description
MShare	On-Going	MShare is our core Hedge Fund Transfer Agency platform developed externally by Linedata. All investor accounts are setup within this system and it is responsible for the systematic maintenance of rules and relationships pertaining to the investor and the legal documents of the fund. Investor details and all investor deals, for example, subscriptions and redemptions are recorded in MShare. J.P. Morgan continually invests in its platform as part of its strategy to stay ahead of the evolving marketplace. This is illustrated again by J.P. Morgan's upgrade of its MShare software to version 10.2. MShare maintains an annual upgrade program with the next release scheduled for the second quarter of 2011. J.P. Morgan HFS plays an active role in defining the MShare roadmap and the functionality that will be included in each upgrade.
DerivClear	2008-2011 Combination of In-house and vendor	DerivClear is an internally developed OTC Derivatives processing application based on Calypso. The Calypso application framework is extensible and the J.P. Morgan license includes access to the underlying source code.

7. *Specify which master custody data processing applications are batch oriented and which are online / real time.*

Our application architecture comprises both real-time instruction and transaction-based messaging, along with batch processing when required. Typically, most interfaces to clients and vendors are real-time via our messaging hub (for the most part either SWIFT or MQ based), which provides a host of services including reformatting, repair queue function, enrichment and routing.

The key point is to continually demonstrate high straight-through processing rates. Additionally, most intra-application transaction processing within the architecture is also achieved with real-time processing via MQ or LU6.2, depending upon the nature of the application

8. *What additional equipment and software is necessary for ERSRI to obtain on-line services? Is this provided as part of your proposal?*

J.P. Morgan ACCESS and its tools are entirely Internet-based and require only a PC with high-speed internet access, Internet Explorer 6.0 and above, Adobe Flash Player 9.0 and above and Sun Java 1.6 and above. Macintosh users can run the Windows XP emulator.

Users with entitlements for value-bearing instructions (trade initiation, corporate action instruction and proxy voting) also require an RSA SecurID security token, which is supplied by J.P. Morgan.

9. *What are the hours of operation / availability for your on-line systems?*

J.P. Morgan ACCESS Availability

J.P. Morgan ACCESS and its products are available to clients 24 hours per day, six and a half days per week with the scheduled maintenance period being from Saturday at 12 p.m. ET, to Sunday at 12 p.m. ET. Should an application, or applications, require maintenance, it will occur during this period.

10. Describe report-writer systems that you have provided to clients for installation on PC's. How would you provide such a system to ERSRI with a download of transactions and position history for development of accounting and performance measurement reports and graphs?

J.P. Morgan has an extensive set of reporting systems available, including accounting and performance, via an internet browser, J.P. Morgan ACCESS. As well as having over 200 standard reports, the system also contains a comprehensive and intuitive report writer, that allows a client to create and customize their own reports and queries, across a range of functional areas. In addition to the report writer, is a scheduler that a client can use to schedule their reports to run regularly on specific days and even specific times, with the ability to choose how the report is output (i.e. .xls, .csv, .pdf, .html) and to where (i.e. sent to a designated printer, saved to a network directory, emailed directly to the user or sent via Secure FTP).

The reporting wizard

The Report Wizard in J.P. Morgan ACCESS Views Portfolio Reporting gives users access to over 10,000 data elements updated on a real-time basis from the J.P. Morgan security master database and our core custody, securities lending, accounting, compliance, tax and performance engines, with up to 10 years of historical data available.

Using the Report Wizard, users can apply one or more filters to standard reports to focus the data returned or create new reports with selected fields, with the data grouped, sorted and subtotaled as required. Additionally, client-specific Extract Transfer Load (ETL) files can be created by J.P. Morgan and delivered via J.P. Morgan ACCESS Views Portfolio Reporting to populate internal and third-party systems.

The Report Wizard guides the user through the five main steps required to create a report: Select Format, Select Fields, Sort and Subtotal, Set Filter and Set Output.

- **Select Format** allows the user to name the report, select the page layout (portrait or landscape) and choose whether data should be displayed in summary or grid format.
- **Select Fields** displays the data fields in the current report and allows the user to remove, reorder or hide them as required. It also displays available fields not in the report and allows them to be added. Any user-defined calculated fields may be added, as well.
- **Sort and Subtotal** displays the fields in the report and their sort order and direction and allows the user to choose to add subtotals and line or page breaks for particular fields (such as an account number or asset type) when that value changes.
- **Set Filter** allows the user to optionally add or remove filters to focus the data in a particular way. The extensive list of predefined filters includes every data element appropriate for the report category (for instance, positions), but the user may create custom filters as required using standard Boolean operators (equal to, not equal to, greater than, less than, etc.) and values.
- **Set Output** offers various choices for output formats (HTML, Adobe Acrobat, Microsoft Excel and delimited and fixed-width text), as well as the automated delivery options for each (password protected e-mail or secure e-mail link to one or more addressees, auto-print, auto-save or secure FTP). Multiple formats can be chosen, with multiple delivery methods for each as required.

J.P. Morgan's Centers of Excellence in New York, Dallas and Bournemouth and your service team are available to assist with more complex customization or reporting needs as requested, and these can be developed and delivered directly to a user's report menu without lengthy development timeframes.

Prior to transition, your relationship manager and service team will meet to discuss any reporting gaps or specific reporting requirements that may require customization prior to conversion.

Please note that reporting requirements beyond the standard reports available in J.P. Morgan ACCESS Views Portfolio Reporting, or that cannot be satisfied using its customization capabilities, will be billed separately, all costs will be agreed to in advance of development. Once the client signs off on requirements, any further changes to the requirements will be priced separately.

11. Describe your process of secured physical access.

Physical access to information system hardware and software is limited. Employees who access secured areas have proper identification and authorization to enter the areas. All visitors must sign in and wear proper IDs so that they can be identified easily. Detection devices, such as closed-circuit televisions, are utilized to prevent theft and safeguard equipment, where applicable. Secure data centers are equipped with smoke alarms, fire suppression devices, raised flooring, heat sensors, etc. to address environmental threats.

12. Describe your system for prevention of damage by fire, water, and environmental hazards.

J.P. Morgan Global Corporate Security, in cooperation with facilities, conducts fire drills on a semi-annual basis with one full building evacuation to the designated assembly sites. Our buildings have smoke and heat detection systems as well as water sprinkler systems. We have various prevention maintenance programs for mechanical, fire and electric systems both in-house through our engineering staff and with contracted vendors. Additionally, we have corporate insurance contracts with an external insurance firm to perform audits of all of our systems within all of our branches and corporate buildings.

13. Describe your disaster recovery plan and results of tests performed in the past year. Provide an estimate of the maximum elapsed time before the restoration processing of ERSRI's transactions in the event of disaster to the custodian's primary processing facility. Describe any ERSRI involvement in implementing disaster recovery.

Disaster recovery plan

J.P. Morgan's global footprint provides built-in redundancy for many core processing, operations and service delivery functions. J.P. Morgan has strategically located data centers and operation centers throughout the world. This geographic distribution helps to reduce the impact of a local disruption on our business. Each location has at least one defined and tested recovery site with connectivity to applications and a tested plan for relocating to the alternate site and resuming business.

Further minimizing the likelihood of a full-scale business disruption, J.P. Morgan's data centers and data storage procedures have been designed to minimize the likelihood of a disruption in the event of a disaster:

- Data centers have on-site backup processing resources to address local equipment issues.
- Data centers and major operations facilities are designed to receive electrical power from two separate substations and are also equipped with backup power generation and surge suppression systems.
- Buildings feature stringent physical security, using highly sophisticated systems to prevent against and detect fire, smoke, water and intrusion. These measures help to reduce the risk and minimize the consequences of these events. Each building is secured, requiring electronic ID cards for access. In addition, a trained and equipped security staff provides 24 hour coverage.

- In major facilities, telephone service is delivered from two separate switching stations and delivered to the building so that an interruption to one of the switching stations would not affect the entire building's workspace.

J.P. Morgan maintains a proprietary telecommunications network across our global operating facilities and data centers, which is designed to maintain communications in the event of a disaster. We have redundant components for each connection (e.g., routers, switches, etc.) which allow us to immediately correct device failures. We have configured our network with multiple diversely routed paths that allow us to re-direct traffic in the event of a disruption. This enables us to revert to additional options in the event of a provider outage.

Recovery time objective

Applications designs are driven by a rigid process of business impact assessment that yield the appropriate Recovery Time Objective (RTO). The exact designs or specific detail will vary by platform and are J.P. Morgan proprietary and confidential. The high availability options are carefully and consistently engineered into the application and infrastructure designs; include appropriate multi data center deployment and are tested annually to ensure the ongoing integrity of solutions.

Latest test results

J.P. Morgan does not release disaster recovery plans or test results to any of our clients. If information is required regarding these plans and/or results, then meetings are arranged between the business, our business resiliency directors and our clients.

Client involvement

Due to the levels of backup and contingency capabilities in our systems and remote processing centers, any failures in J.P. Morgan's systems would not impact the instruction procedures of our clients.

Alternate process instructions can be used if this process is established prior to a contingency situation. As such, it is important to establish these contingency procedures around the time of initial client onboarding. Verbal instructions must be followed up by a written confirmation. All instructions received in this format will be subject to call back verification with the client. For the client's convenience, a dedicated number will be provided. Email instructions are not accepted by J.P. Morgan in any event.

Clients and their investment managers may submit trade instructions by any of the following means. SWIFT and J.P. Morgan ACCESS are therefore used as the default contingency facility for each other.

- J.P. Morgan ACCESS *Transaction Initiation* module
- SWIFT
- DataXchange - J.P. Morgan's proprietary data-mapping tool
- Host-to-host transmission (e.g. Secure FTP, MQ)

J.P. Morgan's preferred method of communication for trade instructions is via SWIFT or J.P. Morgan ACCESS. To maximize straight-through-processing rates J.P. Morgan seeks to receive SWIFT instructions in approved Securities Market Practice Group formats (SWIFT ISO 15022 standard).

Alternative Contingency Facilities

Subject to the necessary fax mandates and indemnities having been established, where the above facilities are unavailable, clients are able to submit instructions by facsimile, in accordance with agreed call-back and confirmation procedures

We also accommodate direct connectivity, using: DataXchange (which can be used to interface with a range of trade management systems); file import/secure FTP or dedicated host-to-host link.

Customization

J.P. Morgan is incredibly flexible in terms of the format and content of information received from clients for trade instruction purposes, and provided to clients for reporting purposes. J.P. Morgan can accept trade instructions via a variety of channels, and is likewise able to provide information out to clients via those same means. J.P. Morgan ACCESS Views Portfolio Reporting provides clients with the ability to customize reporting to meet their needs, either by creating reports themselves or working with their client service or technology representative to create it for them.

14. *Describe any difficulties your organization experienced in connection with the Year 2000, or any more recent cyber-related intrusions.*

Plans are partially and wholly implemented as necessary. They are implemented on a regular basis for storm pre-event planning, fires, floods, terror threats, civil unrest and electrical outages.

In recent years, J.P. Morgan has experienced several major events that required activation of our business resiliency plans: terrorist attacks on New York City in September 2001; a power failure affecting the Eastern United States in August 2003; flooding in Mumbai, India in August 2005; hurricanes affecting the southern United States in September 2005 and September 2008; Mumbai terror attacks in November 2008; Snowstorms impacting Northeastern United States in 2010; Thailand civil unrest May 2010 and Japan Earthquake/Tsunami March 2011; Hurricane Irene Aug 2011. During or following these events, J.P. Morgan activated portions of our disaster recovery and business continuity plans. With established and documented plans in place, J.P. Morgan — and, more importantly, our clients — experienced little or no disruption in our services as a result of these events.

In the event of a disaster, we strive to maintain service at the levels established during normal operations. We will work hard to keep our clients informed throughout the entire event.

15. *Describe your process for file back-up and off-site storage, including frequency and location:*

a) *Data*

b) *Software*

Back-up

J.P. Morgan operates stringent procedures in relation to record retention requirements at both a corporate and jurisdictional level.

Generally, data is replicated to an application's disaster recovery database servers in a real-time or near real-time fashion so the firm is prepared for potential outages. Both electronic data and hard copy documentation is retained according to local regulatory requirements; typically for business transactions this is seven years. Systems information is regularly backed up and both onsite and offsite copies of the media are retained and archived records are stored in a readily accessible manner. Information risk managers (IRMs) work closely with the business owners for each application to identify the data backup requirements specific to each application to meet the policy.

Record retention policies and practices are reviewed by the firm's internal audit team.

In general, archived documentation can be retrieved within 48 hours but express retrieval options are available for emergency requests as needed.

Off-site storage

Due to the sensitive nature of this information, J.P. Morgan does not release specific details on the location of primary and backup data centers and processing sites. All backup sites and hot site locations are in a separate zone or region depending on the product and regulatory requirements of the country in which we are operating. J.P. Morgan's corporate policies use the zone designation to measure and depict local diversification of infrastructure and access.

To address wide scale disruption the term region, as a designation, is used to measure and depict the susceptibility of multiple locations to the same wide-scale disruption. An analysis to determine zone and region designation is performed by our Corporate Real Estate/Corporate Security/Global Life Safety business units with input from Corporate Technology and Corporate Resiliency Risk Management.

16. Describe your process of incorporating new systems into your operations.

J.P. Morgan's global processing platforms are fully scalable in either direction and are regularly assessed to ensure there is always capacity to meet new market and client strategy requirements

We continue to invest in and extend the capabilities of our systems and technology platforms based on client needs of additional volumes and product developments.

Transition from development to production

For all developments J.P. Morgan uses segregated environments to enforce control over source code versions, testing data and user access entitlements:

- **Development environment:** For program coding and unit testing
- **System environment:** For integrated systems testing
- **User test environment:** For integrated user acceptance testing (functional and model office)
- **Production:** Production running environment.

Each test phase must be defect free and signed off before progression to the next phase.

J.P. Morgan has segregated development, user acceptance testing and production environments, with formal sign-offs being required prior to movement into production. A stringent change management control process must be adhered to prior to code promotion to the production environment.

Kindly note that ERSRI will be made aware of all new software releases and have the ability to receive test files and reports upon request. However, ERSRI will not have direct access to the J.P. Morgan user acceptance testing environments.

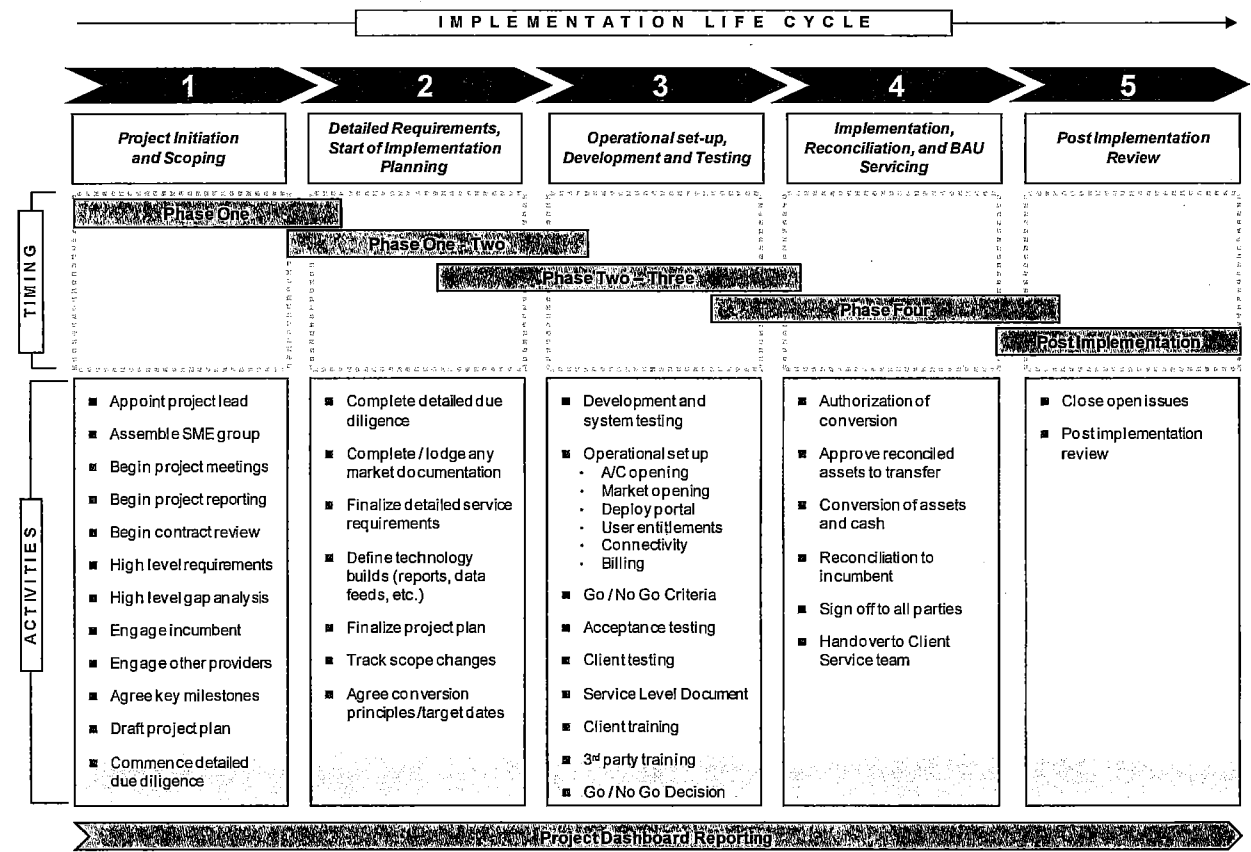
XIX. TRANSITION / CONVERSION PROCESS

1. Provide a detailed task listing and schedule on how you will approach the conversion process, including actions required on the part of ERSRI and the time frame to complete each task. Clearly describe the conversion process (i.e. who is responsible for coordinating activities, who must participate, what activities must occur, etc.) Detail the type and amount of resources required from ERSRI.

Process Overview

Our implementation projects generally follow a standard project delivery lifecycle approach which is summarized in the diagram below. While this diagram represents our standard approach, we recognize that each client is unique, and the process is tailored to ensure it is best suited to each particular client and project.

The Implementation Process



Initiation and Scoping

Upon appointment of J.P. Morgan as provider, we mobilize the implementation team, many of whom have contributed to this proposal, to formally begin implementation planning with the client.

In this stage of the project, we look to achieve the following:

- Assemble our team, comprising representation from all business and technology lines as well as other supporting areas, such as risk, compliance and legal.

- Formalize the project structure, identify roles and responsibilities and agree to a governance model. The governance team comprises senior representation from both organizations that provide guidance to keep the project on track and clear hurdles that may adversely affect the successful and timely delivery of the project.
- Begin the due diligence process, where our teams work with clients to understand their business model and operating flows in greater detail.
- Based on due diligence, the implementation project manager constructs a detailed project plan, outlining key milestones for sign-off by the client and J.P. Morgan.
- Identify all necessary legal and commercial documentation for review and execution by the client and J.P. Morgan.

Definition and Planning

This stage builds on the information gathered in the initiation and scoping work, and forms a more detailed set of requirements for the remainder of the project. In addition, during this stage, we:

- Document our understanding of the client's current operating model and the client's detailed business and technology requirements
- Document a future state model, outlining all of the inputs from the client to J.P. Morgan, as well as all information to provide the client once in a production environment
- Baseline the project plan and agree to protocols for managing change control

Development and Testing

During this stage (which would only be required if non-standard interfaces or custom reporting are involved), J.P. Morgan begins the design, development and testing of reports, interfaces and information delivery mechanisms. In addition to systems and user acceptance testing, we work with the client to agree to the scope and criteria for any client acceptance testing. While all testing remains within the scope of the overall project lead, a test manager is appointed to work across all test activities, spanning both business and technology testing.

The client service team, who will assume responsibility for the relationship once in a business-as-usual environment, begins to construct a comprehensive service level document, which forms the basis of all deliverables to and from J.P. Morgan. The client service team will use this document as the framework for the monitoring of service standards once in a production environment.

Implementation and Execution

As we continue to complete internal and client acceptance testing, we work in parallel with various areas to plan for:

- Detailed analysis of the assets held by the client, enabling our asset transition team to set up its systems to promote straight-through processing of the asset transfer.
- Working with the current providers to agree on detailed asset transition guidelines to document the treatment of all assets over the transfer period. This facilitates procedures for open or pending activity, the transfer of any residual holdings and prompt transfer to J.P. Morgan of income remitted to the prior custodian.

- Completion of training needs analysis and delivery of training for client staff. The scope of training will be influenced by the final operating model but will include comprehensive training on use of J.P. Morgan ACCESS, our online client platform.
- While training is done in advance of the go-live date, it is important for users to have support available during and immediately after this date. We conduct training for client staff in advance of the transition and will provide the necessary support once client staff begins using the system.
- Establishing transparent go/no-go criteria so that all parties are clear on all of the work necessary for readiness for a smooth transition.

Post Implementation

With the transfer of assets and records, we begin the transition of the relationship to the client service team. The implementation team retains oversight for all issues throughout the transition period and works with the client service team for a smooth handover.

Our teams continue to ensure tracking of residual assets and receivables continues until all assets and entitlements have been fully transferred to accounts at J.P. Morgan.

Finally, at the end of each implementation, we conduct a thorough post-implementation review to solicit feedback to understand the effectiveness of our approach and identify areas/opportunities to improve the process.

J.P. Morgan has a dedicated Deal Implementation Team with units in key locations around the world. The transition from the client's current provider will be led by J.P. Morgan and overseen by an implementation project manager from our New York team.

Timeframes

Implementation timeframes are driven by the scope of services provided the complexity of the requirements and whether any client testing is required.

Timing is also influenced by:

- Timely execution of all required documentation
- Necessity to build and test any bespoke reports or data files
- Entry requirements for some global markets
- Need for acceptance and/or parallel running
- Engagement of the incumbent and other 3rd parties throughout the process

Deal Implementation Team - Global Footprint

- New York
- London
- Bournemouth
- Luxembourg
- Dublin
- Frankfurt
- Hong Kong
- Sydney

Resourcing

It is important that the client's day-to-day business activities suffer minimal disruption during the process of moving to a different provider. As such, the key role of our implementation team is to actively manage all aspects of the transition planning and execution on behalf of the client.

The implementation project manager is joined by subject matter experts from across all the functions applicable to the business. The team seeks to:

- Establish a transition timeline and detailed implementation plan which incorporates key activities. The plan includes external providers as appropriate
- Actively manage the project against the agreed plan, providing regular progress reporting to all parties, identifying issues and risks and taking active steps to mitigate and resolve them
- Ensure service level agreements are put in place and the handover to the business-as-usual environment is seamless

In addition to the implementation project manager, the following individuals form the core implementation team:

- The relationship manager
- An asset transition manager responsible for managing the migration of assets and cash
- Product specialists responsible for understanding your requirements
- Operations specialists responsible for establishing the necessary infrastructure to support client requirements (for example accounting managers, transaction processing specialist, specialists in income, corporate actions, tax, etc.)
- Individuals from risk management, compliance and audit groups, providing oversight throughout the duration of the project
- The client service account manager, who will be responsible for the day-to-day management of all daily client activity after the implementation is complete. Since these individuals are involved in the project from the planning stage through the conversion and continue to service the client after the transition, they become thoroughly familiar with all unique aspects of the relationship

Client involvement

To a large degree, the level of involvement is determined directly by the client. At a minimum, we need one project management resource to assist in the transition and require confirmation of services required from operational areas. Clients may also consider allocating a technology resource to participate in user acceptance testing of any system interfaces prior to transition date.

2. *What dedicated resources (personnel, equipment, training, consultants, etc.), procedures, and controls will you provide or recommend in the transition/conversion period to ensure that the conversion process is completed successfully in a timely and accurate manner?*

J.P. Morgan has teams in client service and operations dedicated to the onboarding and transition activities for new and existing clients. Upon appointment a dedicated implementation project manager will be assigned to plan and lead all aspects of the onboarding including activities to be coordinated with the incumbent custodian and as relevant, the client's fund managers and other service providers. The implementation manager will work with the custody and accounting operations teams dedicated to onboarding to plan the asset transition. Analysts who specialize in workflow modeling for new clients will also be engaged to document in detail the client's deliverable requirements. This enables us to prepare a detailed plan to ensure we are operationally ready to support these requirements.

For some onboardings, we have found it effective for the analysts or other members of the implementation team to spend time in the client's offices to assist in documenting detailed requirements or completing documentation to ensure required information is captured as quickly and effectively as possible.

One of our guiding principles of every conversion is to achieve balance between minimizing the impact on our client's personnel and ensuring that the appropriate level of detailed requirements are articulated. In order to achieve a successful outcome, we will provide a planning framework that enables client to see where the impact to staff will occur.

While regular weekly progress meetings would be held to provide the staff of the funds with progress updates, and provide an opportunity for interactive discussion, there are a number of specific areas that we wish to highlight.

- **Due Diligence** – a key to the success of any conversion is the clear and agreed definition of the client's requirements. To enable this to happen, we would request joint workshops between your staff and ours, after which we would fully document our understanding of your requirements.
- **Going Live** – to enable the staffs are fully supported throughout the conversion process, training would be provided for all staff prior to, during, and after the conversion as necessary.

Between these two points, our implementation manager meets with members of the client on a weekly basis to provide the progress updates mentioned previously. In addition to this, we welcome senior members of the client's office to participate in regular executive level steering meetings, where the joint management teams are provided updates on the progress of the conversion process.

It is customary and encouraged that ad hoc communication take place between all parties as necessary to ensure full transparency between our organizations.

Each transition is coordinated by an implementation project manager who is responsible for:

- Planning, coordinating and managing the implementation. At the outset, we seek to confirm the client's strategy and objectives and adjust the plan accordingly.
- Establishing a milestone transition timeline and detailed implementation plan which incorporates key activities across the range of J.P. Morgan products. The plan may include custody, securities lending, fund accounting, fund administration, transfer agency, trustee, performance measurement, compliance and the role of external providers.
- Working on a transition guidelines document which reflects a core set of agreed criteria for the approach to be taken and roles and responsibilities during the transition. This document is prepared per product and includes sections on key areas, such as authentication and accrual management.
- Ensuring service level documents are put in place and that the hand-over to the business-as-usual environment is seamless.

The implementation project manager is also responsible for putting together a virtual project team comprising transition experts from each of the product areas. This team works together in partnership with the client throughout the length of the project.

3. *Give a detailed description of your last comparable conversion, including the details of specific problems that occurred and the solutions instituted.*

J.P. Morgan recently transitioned a comparable product line in terms of size and complexity, the high-level details of which were:

- 15,584 lines of assets
- Approximately \$94.2 billion asset value

- Fund accounting, custody and lending, completed in two phases
- 98.5% settlement on settlement date, 99% on settlement date plus three (physicals and emerging market trades)

Lessons Learned

This successful implementation included the following issues, highlighted in our post implementation review.

Prior to implementation, we recommended a complete reconciliation between current providers for custody and fund accounting. For this implementation, there were multiple accounting platforms, and the accuracy of the final asset listing was affected by the previous custodian not being completely reconciled with fund accounting.

It is critical that the final asset listing provided by the current custodian clearly distinguish between settled and pending positions. This is listed as a requirement as part of the implementation guidelines, agreed upon by all parties. Confusion over the pending items reduced the settlement percentage on settlement day for the above referenced transition.

4. *Provide a summary of the problems that you might reasonably expect to occur during this conversion and your approaches to those anticipated problems.*

J.P. Morgan has identified the main potential risks inherent in the process of moving to a new service provider and we have developed a mitigation plan to insure a flawless conversion process as identified below.

- **Engagement of incumbent:** The incumbent provider plays a critical role in a successful conversion. While we work directly with the incumbent on behalf of the client on this process, it's important for clients to ensure that notification of intent to exit is provided in time to enable the incumbent to dedicate the resources necessary to plan for the conversion.
- **Changes to requirements:** It's imperative to ensure a robust and detailed due diligence process is completed at the start of a conversion to ensure a clear understanding of the scope of client requirements. Even so, changes or additions to those requirements may arise. As such, a transparent change management process – agreed in advance by both parties – is important to ensure that changes are assessed, and joint impact decisions made.

In our experience, an effective governance structure is also essential to ensure that senior leadership of both organizations are engaged and informed, so that they can be called upon to provide guidance on issues that may adversely impact the scope, timeline, of other risks to the conversion.

Risks	Root Cause	Mitigation
Pre-Transition		
Protracted contractual negotiation impacting on pre-agreed implementation date	Client and J.P. Morgan alignment of adequate legal counsel to support timely contract negotiation and execution	Dedicated, specialist in-house legal and commercial teams supporting J.P. Morgan business, with experience in undertaking similar transactions so as to minimize external legal costs and ensure speedy negotiations
Identify all service requirements	Lack of clarity over services provided and the roles and responsibilities of	Due diligence included as part of pre-win process

	each party	Gap analysis conducted during deal scoping The project timeline includes any required technology build-outs or operational changes A formal structure for the approval of any changes to services is clearly identified Changes to services are clearly identified and the service level document is completed.
Conversion delay due to service gaps	Services offered not meeting client requirement and/or new product development having incorrect sign-off and controls	Gap analysis conducted during deal scoping
Resource constraints	Insufficient project versus business-as-usual resources are aligned to the project	Clear identification during the planning stage of the resources required throughout each phase of the project. Focus on hot spots identified during previous projects of similar scope
Reconciliation breaks	Issues from previous audit, risk, compliance and external reviews are not fully resolved	Exiting providers must provide clean sheet to enable J.P. Morgan to take on positions and report accurately
Transition		
Missed deliverables	Change in responsibilities and handling pending and outstanding issues, including trades and corporate actions, accruals, not well documented	Establish transition guidelines document for each work stream Establish parallel documentation for accounting. Establish run books
Risks		
Reduced or inconsistent level of service post-transfer	Lack of clear understanding of client requirements and expectations	Service level documents will be agreed and put in place prior to implementation ensuring continuity of current service levels with commitment to future enhancements escalation and remedy procedures through joint oversight team in the event of performance issues.

5. *How do you process transactions that are pending during the transition/conversion period?*

Pending items typically include pending trades, income accruals, corporate actions and open contracts. Several factors need to be considered when negotiating the treatment of these items, and it is our practice to agree on these with the client and the outgoing custodian in advance and document the treatment in the conversion guidelines.

To correctly set up and identify transition trades, we require the following from the outgoing custodian:

- A fully reconciled list of assets clearly differentiating settled positions from pending positions
- A detailed list of open accruals, including pending corporate actions, proxies and class actions

Trade and settlement dates are agreed on for the custody migration of assets (stock and cash) between the outgoing and incoming custodian, client and third-party fund managers. We recommend

following market conventions for trade and settlement of transition movements but are able to accommodate alternatives, assuming those do not conflict with market conventions:

- A typical scenario for a U.S. custody conversion is trade date plus one business day
- For a non-U.S. asset movement, it is trade date plus three business days

Open accruals are set up on our books to correctly reflect a portfolio's holdings and entitlements. It is the responsibility of the outgoing custodian to receive and transfer cash associated with open accruals. However J.P. Morgan conducts reconciliations on all open accruals.

Unless contract for, it is customary that the incumbent provider, who holds all of the historical records, provide support for class action services after the transition is complete.

6. *Describe training you would provide to ERSRI's staff during conversion.*

J.P. Morgan offers a variety of training options for clients at the time of service implementation and on an ongoing basis.

J.P. Morgan ACCESS Training and Support

Prior to the client's transition to J.P. Morgan, we provide full training on our online platform, J.P. Morgan ACCESS for the appropriate members of the client's staff. We also provide information and support to the client's staff with respect to pertinent day-to-day operational procedures.

Training can be arranged at the client's offices for minimum disruption of daily routine, allowing users to become familiar with the system in their own environment.

Supplementary to training, clients also have access to:

- The 24-hour J.P. Morgan ACCESS help desk
- Online user guides and help tools to help users resolve common problems easily

Market Information and Training

Our network management team provides clients with access to information and consultation related to global market practices and development. Examples of just some of the information available from our network management team are provided below.

- **NewsFlashes and Weekly Flash Summaries:** Urgent market developments are transmitted to clients by means of the *Network NewsFlashes*. Transmitted immediately online via e-mail, the *NewsFlashes* provide information on breaking developments in markets around the world in relation to regulatory, operational and market practice changes.
- **Market Profiles:** Market Profiles enable clients to address the legal and operational requirements of global investing by providing a complete guide to specific markets, including detailed information on a country's securities market and settlement infrastructure, market practices related to taxation and investment regulations, and foreign exchange contracts and entitlements.
- **Global Network Management Reference Guides:** These guides are an at-a-glance comparison offering an up-to-date picture of the investment environment across multiple markets to assist clients in their ongoing risk review.

Beyond the provision of information, the team provides clients with opportunities to increase their knowledge through training sessions. Last year alone, J.P. Morgan trained over 2,000 of our clients' staff members around the world through both client forums and classroom training.

In 2010, the network management team launched an Emerging Markets Learning Forum consisting of a monthly coverage of key topics around investing in emerging and developing markets.

Scope of training

The scope of training will be influenced by the final operating model but will include comprehensive training on use of J.P. Morgan ACCESS, our online client platform.

While training is done in advance of the go-live date, it is important for users to have support available during and immediately after this date. We conduct training for client staff in advance of the transition and will provide the necessary support once client staff begins using the system.

Training can be provided via WebEx or at the client's offices. There is no cost associated with this training.

7. Describe the process for transfer of physical securities and appropriate client files.

J.P. Morgan has established procedures for the transfer of physical securities. As early as possible, the asset transition team requests from the outgoing custodian a detailed accounting of the physical securities and other assets held. Where appropriate, and with the client's consent, we seek to dematerialize as many of these as possible.

Particular markets such as Japan have significant re-registration timeframes for physical stock which can affect the liquidity of client holdings.

At the time of transition, for securities that must be held in physical form, holdings certificates are provided to the J.P. Morgan vault team, where reconciliation of receipt and registration of the physical securities is carried out. Any issues arising from the reconciliation are addressed with the outgoing custodian.

XX. FEE SUMMARY

Proposal 1

***All Fees Basis: US Dollar**

J.P. Morgan is pleased to provide information on our organization and our capabilities to meet your requirements for custody and investment administration services.

JPMorgan Chase Bank, N.A.'s ("J.P. Morgan") response to this RFP is intended to reflect the estimated cost of providing the services described herein. If the RFP response format produces ambiguity in how services can actually be billed, J.P. Morgan and State of Rhode Island and Providence Plantations agree to clarify the description of services and billing details during the onboarding process in order to facilitate client billing in accordance with the original intent of the parties.

The fee proposal prepared by J.P. Morgan for State of Rhode Island and Providence Plantations is detailed on the following pages.

The fee and revenue projections summarized below are based on the information provided by State of Rhode Island and Providence Plantations and/or assumptions by J.P. Morgan about your service requirements and investments.

We estimate that total annual fees for the services described in our proposal (excluding out-of-pocket expenses and/or optional services, where applicable) will be:

	Estimated Annual Cost* (in USD)
Domestic Custody	Flat Fee of 225,000
Portfolio Accounting	Flat Fee of 100,000
Private Equity and Real Estate Services	Flat Fee of 100,000
▪ Base Fee	
▪ Additional Service Fees (Annuity Payments, Lump Sum Payments, etc.)	
TOTAL Flat Fee	425,000

* *Estimated annual cost does not include Global Custody services or out-of-pocket costs*

Fixed Fee

**All Fees Basis: US Dollar*

J.P. Morgan proposes a fixed annual fee for each year of the contract, with the break out below of custody and accounting. The annual fee will be prorated and charged on a monthly basis. The annual fee excludes out-of-pocket charges and services beyond those listed in the Scope of Service in the relevant section(s) of this fee proposal.

Domestic Custody Fixed Annual Fee	225,000.00
Portfolio Accounting Fixed Annual Fee	100,000.00
Private Equity Fund Services Fixed Annual Fee	100,000.00

Custody

Safekeeping and administration charges are applied to the market value of assets held at the end of the billing period. Transaction charges are applied to all securities transactions (including receives/delivers versus payment and free receives/delivers), effected during the billing period.

Country Band	Safekeeping & Administration	Transactions (Buys/Sells, Receive/Deliver Free)
	Basis Point Fee	Fee per STP Transaction
United States	Included in Flat Fee	Included in Flat Fee
A	1.00	10.00
B	8.00	45.00
C	30.00	75.00

Band A Markets of Settlement

Australia, Austria, Belgium, Canada, Denmark, Euroclear/Clearstream, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom

Band B Markets of Settlement

Argentina, Brazil, Bulgaria, Chile, China, Croatia, Czech Republic, Estonia, Ghana, Greece, Hungary, Iceland, India, Indonesia, Israel, Korea, Lithuania, Luxembourg, Malaysia, Mexico, Nigeria, Pakistan, Philippines, Poland, Russia, Singapore, South Africa, Sri Lanka, Taiwan, Thailand, Turkey, Vietnam

Band C Markets of Settlement

Bahrain, Bangladesh, Benin, Bermuda, Botswana, Burkina Faso, Colombia, Costa Rica, Cyprus, Ecuador, Egypt, Guinea Bissau, Ivory Coast, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Latvia, Lebanon, Malawi, Mali, Malta, Mauritius, Morocco, Namibia, Niger, Oman, Peru, Qatar, Romania, Saudi Arabia, Senegal, Serbia, Slovakia, Slovenia, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukraine, United Arab Emirates, Uruguay, Venezuela, Zambia, Zimbabwe

U.S. Transaction Fees	Fee per Transaction
Transactions (Includes Book Entry DTC, FBE, Redemptions & Called Bonds)	Included in Flat Fee
Transactions – Physical/Private Placement	Included in Flat Fee
Futures/ Options	Included in Flat Fee
Other Transaction Fees	Fee per Transaction
Checks	Included in Flat Fee
Wires	Included in Flat Fee
CLS Transactions	Included in Flat Fee

Interaccount Transfer (Cash and Securities, per side)	Included in Flat Fee
Memo Posting*	Included in Flat Fee
Cancelled Trade (in addition to transaction fee)	Included in Flat Fee
Amendments (in addition to transaction fee)	Included in Flat Fee
Manual Instruction Surcharge (in addition to transaction fee)**	Included in Flat Fee
Electronic Non-STP Surcharge (in addition to transaction fee)***	Included in Flat Fee
Manual Corporate Action Instruction**	Included in Flat Fee
Class Actions (per filing per account)	500.00

* **Memos:** This fee is generated when assets that are not custodied or controlled by J.P. Morgan are posted to the client's custody account. The fee includes memos that are posted for repo transactions. Other examples may include non-secitized assets that are requested by the client to be posted as an asset to the custody record, such as fund of fund positions, derivatives, or bank loans.

** **Manual Instruction Surcharge:** This fee will be generated in addition to standard transaction charges for all faxed instructions sent to J.P. Morgan.

*** **Electronic Non-STP Surcharge:** This fee will be generated in addition to standard transaction charges for all instructions sent to J.P. Morgan that failed STP due to client instruction error.

Proxy Voting Fees	Fee per Transaction
Tier A Markets (refer to following list)	Waived
Tier B Markets (refer to following list)	Waived
Tier C Markets (refer to following list)	Waived
Service	Annual Fee
Tri-party Collateral Account (per account)	3,000.00

Proxy Voting Market Tiers

Tier A Markets			Tier B Markets		Tier C Markets	
Australia	Jamaica	South Africa	Austria	Argentina	Switzerland	
Bahrain	Japan	South Korea	Belgium	Brazil	Turkey	
Bangladesh	Jordan	Spain	Croatia	Bulgaria	All Other	
Bermuda	Kenya	Sri Lanka	Czech Republic	Cyprus		
Botswana	Malaysia	Taiwan	Euroclear	Denmark		
Canada	Malta	Thailand	France	Egypt		
Chile	Mauritius	Tunisia	Germany	Finland		
China	Mexico	UAE - DFM	Greece	Iceland		
Colombia	New Zealand	UAE - ADX	Hungary	Latvia		
Estonia	Oman	Ukraine	Italy	Norway		
Ghana	New Zealand	United Kingdom	Lebanon	Peru		
Hong Kong	Pakistan	United States	Netherlands	Poland		
India	Philippines	Venezuela	Portugal	Romania		
Indonesia	Russia	Vietnam	Saudi Arabia	Slovenia		
Ireland	Singapore		Serbia	Sweden		
Israel	Slovak Republic					

Portfolio Accounting

**All Fees Basis: US Dollar*

Valuation Frequency/Account Type	Estimated Annual Fee		Number of Accounts
	Fixed Fee – See Above	Per Account	
Commingled/Line/Composites	Fixed Fee – See Above	Per Account	23
Plan Accounts	Fixed Fee – See Above	Per Plan	4
Separate Accounts	Fixed Fee – See Above	Per Account	9

Private Equity Fund Services

**All Fees Basis: US Dollar*

Services	Annual Fee		Volume
	Fixed Fee – See Above	Per investment line	
Capital Call/Distribution Services	Fixed Fee – See Above	Per investment line	103

* *The proposed flat fee covers up to 115 alternative investments lines. Each additional alternative investment line exceeding 115 in alternative investment volume will incur a \$1,650 per investment charge per annum.*

Scope of Service

Custody

Scope of Service

- Relationship management and client service team support
- Account set-up and market entry
- Trade settlement (including Auto Settle in applicable markets) and trade fail resolution
- Asset registration and safekeeping
- Income notification, collection and disbursement (including Auto Credit in applicable markets)
- Corporate action notification and processing
- Tax relief and reclaim processing for ordinary securities and DTC-eligible ADRs
- Proxy notification and voting
- Daily sweep of cash to selected J.P. Morgan short-term investment vehicle(s)
- Daily online reporting (holdings, transactions, cash)
- Inquiry research and resolution
- Global network information, including online market reports and NewsFlashes
- Staff training

Notes

- Overdrafts will be assessed at a rate of Fed Funds +200
- This fee schedule does not incorporate and derivative, private equity, or OTC trading. Prices are available on request.

Portfolio Accounting

Scope of Service

- Market value calculations utilizing automated price vendors (excludes derivative and alternatives pricing sources)NAV calculation (single class)
- Portfolio income recognition
- Generally Accepted Accounting Principles and materiality thresholds to support a daily and/or monthly valuation environment
- Standard automated reporting and online report delivery (frequency and deadlines based on valuation cycles)
- ERISA and FASB 35 reporting (annual)

Private Equity and Real Estate Services

Scope of Service

Processing Services

- Capital Calls and Distributions (all clients)
 - Book journal entry as presented on the notice by the fund
 - Produce client forecast schedules to assist with liquidity requirements
- Capital Calls and Distributions (custody clients)
 - Receive and verify wire instructions as per bank policy
 - Validate capital contribution transactions via call back policy
 - Execute on capital contributions and distributions with corresponding fund
 - Execute on receipt of stock in all forms including physical, DTC, or book entry
- Valuation Processing
 - On a periodic basis, incorporate updated capital account values as provided by the fund
 - On a monthly basis, provide cash flow adjusted valuation "roll forward" for each fund
 - Provide to or reconcile with client designated custodian/trustee a roll forward/actual valuation for each investment

J.P. Morgan Fee Proposal: Assumptions and Notes

Assumptions

- This fee proposal and is based on information provided by State of Rhode Island and Providence Plantations and/or assumptions by J.P. Morgan about your service requirements.
- Fees quoted in this proposal are based upon information provided by State of Rhode Island and Providence Plantations and, where necessary, assumptions that we believe to be reasonable. This proposal is valid only within these parameters and any material divergence would require a revision to the fee proposal. J.P. Morgan has not undertaken due diligence or the necessary credit reviews which would be required as part of the transition process.
- State of Rhode Island and Providence Plantations and its investment managers (if applicable) will instruct J.P. Morgan of trades and other account activity in a mutually agreed electronic format that enables straight-through processing (STP), using J.P. Morgan proprietary systems, SWIFT messages, direct electronic transmissions or other means deemed acceptable by J.P. Morgan.
- At inception of a new relationship, J.P. Morgan will waive custody transaction fees for inbound asset transitions.

Notes

- The Bank may make reasonable amendments to the fee schedule at any time should either (i) the client's actual investment portfolio and/or trading activity differ significantly from the assumptions used to develop the Bank's fee proposal, (ii) the client's service requirements change, or (iii) the client's use of any other J.P. Morgan products that were included in the Bank's pricing proposal to the client is discontinued or modified in any respect material to the Bank's pricing proposal.
- Fees for additional service(s) and/or market(s) added at the request of State of Rhode Island and Providence Plantations while this fee schedule is in effect will be assessed at J.P. Morgan's standard price(s), unless an alternative pricing arrangement is agreed upon in advance by State of Rhode Island and Providence Plantations and J.P. Morgan.
- Ad valorem (basis point) fee(s), if applicable, will be calculated at the end of the billing period using asset values derived by J.P. Morgan from data provided by its selected pricing sources. In the event that J.P. Morgan must rely on State of Rhode Island and Providence Plantations or a portfolio manager or other party(ies) selected by State of Rhode Island and Providence Plantations to provide valuation(s) for the purpose of calculating ad valorem fee(s), J.P. Morgan must receive such valuations no later than 30 days after the end of the billing period in a format deemed acceptable by J.P. Morgan. In the event that J.P. Morgan does not receive valuations by the required date, J.P. Morgan will render an invoice using the most recent valuation(s) received for the respective investment(s)/account(s).
- Where minimum fees are specified for one or more service categories, if during any billing period total fee(s) for in-scope services in a category are less than the prorated minimum fee for the category, the prorated minimum fee will apply.
- J.P. Morgan will present invoices monthly in arrears, with payment debited directly from the account(s) 30 days after the date of the invoice, unless an alternative billing arrangement is negotiated between State of Rhode Island and Providence Plantations and J.P. Morgan. All annual fees, including ad valorem (basis point) fees, will be prorated based on the number of months included in the billing period.
- J.P. Morgan will recover applicable out-of-pocket and/or pass-through expenses incurred in the course of delivering contracted services for State of Rhode Island and Providence Plantations by direct debit from the relevant accounts and/or presenting an invoice each billing period. Such expenses may include but are not limited to: stamp duty, scrip and re-registration fees, courier fees, and SAS 70 / FRAG 21 reporting.
- Any customized technology projects required to meet State of Rhode Island and Providence Plantations' specific requirements, such as non-standard reporting requirements, system interfaces or enhancements, will be billed to State of Rhode Island and Providence Plantations based on the time and materials required to design, develop, test and deliver the project, unless an alternative arrangement is negotiated between State of Rhode Island and Providence Plantations and J.P. Morgan.

Fee Proposal Acknowledgement

The foregoing fee proposal covers custody, settlement and certain associated services to be performed by J.P. Morgan and/or certain subsidiaries and/or affiliates for State of Rhode Island and Providence Plantations.

The signature below indicates that I, as a duly authorized representative of State of Rhode Island and Providence Plantations, have reviewed and accept this fee proposal, which will take effect upon the start of provision of the services described herein by J.P. Morgan for State of Rhode Island and Providence Plantations. This fee proposal will be attached as a schedule to, and will be incorporated into, the custody or trust agreement(s) in effect between State of Rhode Island and Providence Plantations and J.P. Morgan.

This fee schedule shall be in effect from 05/01/2012.

Accepted by:

State of Rhode Island and Providence Plantations

JPMorgan Chase Bank, N.A.

Signature

Signature

Name

Name

Title

Title

Date

Date

Proposal 2

***All Fees Basis: US Dollar**

J.P. Morgan is pleased to provide information on our organization and our capabilities to meet your requirements for custody and investment administration services.

JPMorgan Chase Bank, N.A.'s ("J.P. Morgan") response to this RFP is intended to reflect the estimated cost of providing the services described herein. If the RFP response format produces ambiguity in how services can actually be billed, J.P. Morgan and State of Rhode Island and Providence Plantations agree to clarify the description of services and billing details during the on-boarding process in order to facilitate client billing in accordance with the original intent of the parties.

The fee proposal prepared by J.P. Morgan for State of Rhode Island and Providence Plantations is detailed on the following pages.

The fee and revenue projections summarized below are based on the information provided by State of Rhode Island and Providence Plantations and/or assumptions by J.P. Morgan about your service requirements and investments.

We estimate that total annual fees for the services described in our proposal (excluding out-of-pocket expenses and/or optional services, where applicable) will be:

	Estimated Annual Cost* (in USD)
Domestic Custody	Flat Fee of 225,000
Portfolio Accounting	Flat Fee of 100,000
Investment Analytics & Consulting	Flat Fee of 25,000
Compliance Reporting Services	Flat Fee of 25,000
<ul style="list-style-type: none"> ▫ Compliance Reporting Fee ▫ Additional Services Fee (Breach Review, Commingled Look through, Shareholder Reporting) ▫ Additional Data Fees (Benchmarks) ▫ Additional Fees (J.P. Morgan ACCESS user names) 	
Private Equity and Real Estate Services	Flat Fee of 100,000
<ul style="list-style-type: none"> ▫ Base Fee ▫ Additional Service Fees (Annuity Payments, Lump Sum Payments, etc.) 	
TOTAL Flat Fee	475,000

* Estimated annual cost does not include Global Custody services or out-of-pocket costs

Fixed Fee

**All Fees Basis: US Dollar*

J.P. Morgan proposes a fixed annual fee for each year of the contract, with the break out below of custody and accounting. The annual fee will be prorated and charged on a monthly basis. The annual fee excludes out-of-pocket charges and services beyond those listed in the Scope of Service in the relevant section(s) of this fee proposal.

Domestic Custody Fixed Annual Fee	225,000.00
Portfolio Accounting Fixed Annual Fee	100,000.00
Investment Analytics & Consulting Fixed Annual Fee	25,000.00
Compliance Reporting Services Fixed Annual Fee	25,000.00
Private Equity Fund Services Fixed Annual Fee	100,000.00

Custody

Safekeeping and administration charges are applied to the market value of assets held at the end of the billing period. Transaction charges are applied to all securities transactions (including receives/delivers versus payment and free receives/delivers), effected during the billing period.

Country Band	Safekeeping & Administration	Transactions (Buys/Sells, Receive/Deliver Free)
	Basis Point Fee	Fee per STP Transaction
United States	Included in Flat Fee	Included in Flat Fee
A	1.00	10.00
B	8.00	45.00
C	30.00	75.00

Band A Markets of Settlement
Australia, Austria, Belgium, Canada, Denmark, Euroclear/Clearstream, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom
Band B Markets of Settlement
Argentina, Brazil, Bulgaria, Chile, China, Croatia, Czech Republic, Estonia, Ghana, Greece, Hungary, Iceland, India, Indonesia, Israel, Korea, Lithuania, Luxembourg, Malaysia, Mexico, Nigeria, Pakistan, Philippines, Poland, Russia, Singapore, South Africa, Sri Lanka, Taiwan, Thailand, Turkey, Vietnam
Band C Markets of Settlement
Bahrain, Bangladesh, Benin, Bermuda, Botswana, Burkina Faso, Colombia, Costa Rica, Cyprus, Ecuador, Egypt, Guinea Bissau, Ivory Coast, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Latvia, Lebanon, Malawi, Mali, Malta, Mauritius, Morocco, Namibia, Niger, Oman, Peru, Qatar, Romania, Saudi Arabia, Senegal, Serbia, Slovakia, Slovenia, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukraine, United Arab Emirates, Uruguay, Venezuela, Zambia, Zimbabwe

U.S. Transaction Fees	Fee per Transaction
Transactions (Includes Book Entry DTC, FBE, Redemptions & Called Bonds)	Included in Flat Fee
Transactions – Physical/Private Placement	Included in Flat Fee
Futures/ Options	Included in Flat Fee
Other Transaction Fees	Fee per Transaction
Checks	Included in Flat Fee

Wires	Included in Flat Fee
CLS Transactions	Included in Flat Fee
Interaccount Transfer (Cash and Securities, per side)	Included in Flat Fee
Memo Posting*	Included in Flat Fee
Cancelled Trade (in addition to transaction fee)	Included in Flat Fee
Amendments (in addition to transaction fee)	Included in Flat Fee
Manual Instruction Surcharge (in addition to transaction fee)**	Included in Flat Fee
Electronic Non-STP Surcharge (in addition to transaction fee)***	Included in Flat Fee
Manual Corporate Action Instruction**	Included in Flat Fee
Class Actions (per filing per account)	500.00

* **Memos:** This fee is generated when assets that are not custodied or controlled by J.P. Morgan are posted to the client's custody account. The fee includes memos that are posted for repo transactions. Other examples may include non-securitized assets that are requested by the client to be posted as an asset to the custody record, such as fund of fund positions, derivatives, or bank loans.

** **Manual Instruction Surcharge:** This fee will be generated in addition to standard transaction charges for all faxed instructions sent to J.P. Morgan.

*** **Electronic Non-STP Surcharge:** This fee will be generated in addition to standard transaction charges for all instructions sent to J.P. Morgan that failed STP due to client instruction error.

Proxy Voting Fees	Fee per Transaction
Tier A Markets (refer to following list)	Waived
Tier B Markets (refer to following list)	Waived
Tier C Markets (refer to following list)	Waived

Service	Annual Fee
Tri-party Collateral Account (per account)	3,000.00

Proxy Voting Market Tiers

Tier A Markets			Tier B Markets		Tier C Markets	
Australia	Jamaica	South Africa	Austria	Argentina	Switzerland	
Bahrain	Japan	South Korea	Belgium	Brazil	Turkey	
Bangladesh	Jordan	Spain	Croatia	Bulgaria	All Other	
Bermuda	Kenya	Sri Lanka	Czech Republic	Cyprus		
Botswana	Malaysia	Taiwan	Euroclear	Denmark		
Canada	Malta	Thailand	France	Egypt		
Chile	Mauritius	Tunisia	Germany	Finland		
China	Mexico	UAE - DFM	Greece	Iceland		
Colombia	New Zealand	UAE - ADX	Hungary	Latvia		
Estonia	Oman	Ukraine	Italy	Norway		
Ghana	New Zealand	United Kingdom	Lebanon	Peru		
Hong Kong	Pakistan	United States	Netherlands	Poland		
India	Philippines	Venezuela	Portugal	Romania		
Indonesia	Russia	Vietnam	Saudi Arabia	Slovenia		
Ireland	Singapore		Serbia	Sweden		
Israel	Slovak Republic					

Portfolio Accounting

*All Fees Basis: US Dollar

Valuation Frequency/Account Type	Estimated Annual Fee		Number of Accounts
	Fixed Fee – See Above	Per Account	
Commingled/Line/Composites	Fixed Fee – See Above	Per Account	23
Plan Accounts	Fixed Fee – See Above	Per Plan	4
Separate Accounts	Fixed Fee – See Above	Per Account	9

Investment Analytics & Consulting

*All Fees Basis: US Dollar

Service	Annual Fee		Number of Accounts
	Fixed Fee – See Above	Per Account	
Performance - Monthly - Separate Account	Fixed Fee – See Above	Per Account	7
Performance - Monthly - Commingled / Line Item	Fixed Fee – See Above	Per Account	8

Compliance Reporting Services

*All Fees Basis: US Dollar

Compliance Reporting Service	Annual Fee		Number of Accounts
	Fixed Fee – See Above	Per account	
Standard Service	Fixed Fee – See Above	Per account	7

Private Equity Fund Services

*All Fees Basis: US Dollar

Services	Annual Fee		Volume
	Fixed Fee – See Above	Per investment line	
Capital Call/Distribution Services	Fixed Fee – See Above	Per investment line	103

* The proposed flat fee covers up to 115 alternative investments lines. Each additional alternative investment line exceeding 115 in alternative investment volume will incur a \$1,650 per investment charge per annum.

Scope of Service

Custody

Scope of Service

- Relationship management and client service team support
- Account set-up and market entry
- Trade settlement (including Auto Settle in applicable markets) and trade fail resolution
- Asset registration and safekeeping
- Income notification, collection and disbursement (including Auto Credit in applicable markets)
- Corporate action notification and processing
- Tax relief and reclaim processing for ordinary securities and DTC-eligible ADRs
- Proxy notification and voting
- Daily sweep of cash to selected J.P. Morgan short-term investment vehicle(s)
- Daily online reporting (holdings, transactions, cash)
- Inquiry research and resolution
- Global network information, including online market reports and NewsFlashes
- Staff training

Notes

- Overdrafts will be assessed at a rate of Fed Funds +200
- This fee schedule does not incorporate and derivative, private equity, or OTC trading. Prices are available on request.

Portfolio Accounting

Scope of Service

- Market value calculations utilizing automated price vendors (excludes derivative and alternatives pricing sources)NAV calculation (single class)
- Portfolio income recognition
- Generally Accepted Accounting Principles and materiality thresholds to support a daily and/or monthly valuation environment
- Standard automated reporting and online report delivery (frequency and deadlines based on valuation cycles)
- ERISA and FASB 35 reporting (annual)

Investment Analytics & Consulting

Scope of Service

- Access to our existing standard package of reports. Customized reporting for any service is available for an additional fee, which will depend on the complexity.
- Benchmark comparisons are on an account, composite, or plan level, and including customized benchmarks, utilizing our existing database of market indices. Additional fees will apply for indices or vendors not supported in our database, or complex customized benchmark calculations not included in our online calculator.
- All services require a subscription to J.P. Morgan's accounting service.

Performance Measurement

- Performance measurement reporting includes monthly rates of return against a benchmark at the account and plan level – further drill down or daily reporting is available for an additional fee. If sector level reporting is required, J.P. Morgan will utilize GICS or ICB for equity, or our proprietary scheme for other asset classes.
- Includes ex-post risk statistics such as standard deviation, excess returns, and tracking error.
- Start of service loading of historical data, at the total portfolio, composite, or associated benchmark level – at no additional cost if supplied in our specific format.
- Monthly account returns reconciliation with returns provided by each investment manager, subject to client requirement. Please note that this is initiated as part of the onboarding process and requires State of Rhode Island and Providence Plantations to advise your fund managers to comply and work with J.P. Morgan's specified deadlines and formats.
- Includes calculation of account returns with derivatives positions. In line with market practice, J.P. Morgan does not provide performance calculations on portfolios where a majority of the positions are short.
- Reporting is available two to five business days after accounting has been finalized, subject to State of Rhode Island and Providence Plantations' requirements.

Notes

- A Composite account is an individual grouping of accounts/funds. A separate account is a segregated account/fund where J.P. Morgan will have access to the underlying securities via J.P. Morgan's accounting service and where there are more than five securities. A commingled account is a single line account/fund where J.P. Morgan will not have access to the underlying securities via J.P. Morgan's accounting service or where there are five or fewer securities. A custom account is an account setup to calculate the performance of individual pooled or commingled funds which are held within a segregated account on J.P. Morgan's accounting system.
- Fees for additional service(s) added at the request of State of Rhode Island and Providence Plantations will be assessed at J.P. Morgan's standard market price(s), unless an alternative pricing arrangement is agreed upon in advance by State of Rhode Island and Providence Plantations and J.P. Morgan.
- Any customized reporting or technology projects required to meet State of Rhode Island and Providence Plantations' specific requirements, such as non-standard reporting requirements, system interfaces, or enhancements, will be billed to State of Rhode Island and Providence Plantations based on the time and materials required to design, develop, test, and deliver the project.
- Ad hoc consulting fees will be billed at an agreed-upon hourly rate plus travelling expenses.
- Fees (plus relevant sales taxes) for services are payable monthly and in arrears. Sourcing and implementation fees for new benchmarks not currently supported by J.P. Morgan will be billed in advance.
- If there are material changes to the services, reports, or volumes, J.P. Morgan reserves the right to revise our fees.

Compliance Reporting Services

Scope of Service

- J.P. Morgan will provide compliance reports that highlight potential warnings and violations against pre-agreed, customer-defined investment guidelines for the accounting pools/funds. The reports generated by J.P. Morgan will be available via J.P. Morgan ACCESS
- Client set-up:
 - Document client rule requirements (compliance criteria)
 - Provide training on reporting application (Breach Register on J.P. Morgan ACCESS) and ongoing support
- Process agreed rule/fund additions

Compliance Reporting Service Definitions

- Standard Reporting Service
 - Compliance reporting based on client specified investment rules
 - Rules coded and reviewed according to client criteria
 - Reporting delivered daily to Breach Register application via J.P. Morgan ACCESS
- Breach Review Service
 - Review all reported potential violations and warnings and research in accordance with agreed procedures
 - Recommend breach/clear when appropriate
 - Assign all events to client for final approval of status
 - Recommend rule changes to enhance rule reporting
- Fund Manager Follow-up (Breach Follow-up Service)
 - In addition to the Breach Review Service, the follow-up with portfolio managers to record their feedback on potential violations and warnings on the Breach Register application

Notes

- Fees (plus relevant sales taxes) are payable monthly, in arrears. The number of accounts State of Rhode Island and Providence Plantations will be billed for will equal the number of accounts recorded on J.P. Morgan's compliance platform over each month-end.
- This pricing schedule is based on the provision of compliance reports via J.P. Morgan ACCESS, with State of Rhode Island and Providence Plantations retaining full responsibility for the investigation and resolution process.
- J.P. Morgan reserves the right to charge the State of Rhode Island and Providence Plantations for procuring data related to benchmarks or any other security data that is not currently subscribed to by J.P. Morgan or for which J.P. Morgan is charged a per customer fee.
- The fees contained herein may be renegotiated at any time, in the event that a change in the applicable law or in service requirements materially increases the cost to J.P. Morgan of performing the services for State of Rhode Island and Providence Plantations or increases J.P. Morgan's liabilities associated with the provision of the services to State of Rhode Island and Providence Plantations.

- J.P. Morgan's Compliance Reporting service is offered in accordance with the frequency of your accounting reporting.

Private Equity and Real Estate Services

Scope of Service

Processing Services

- Capital Calls and Distributions (all clients)
 - Book journal entry as presented on the notice by the fund
 - Produce client forecast schedules to assist with liquidity requirements
- Capital Calls and Distributions (custody clients)
 - Receive and verify wire instructions as per bank policy
 - Validate capital contribution transactions via call back policy
 - Execute on capital contributions and distributions with corresponding fund
 - Execute on receipt of stock in all forms including physical, DTC, or book entry
- Valuation Processing
 - On a periodic basis, incorporate updated capital account values as provided by the fund
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- At inception of a new relationship, J.P. Morgan will waive custody transaction fees for inbound asset transitions.

Notes

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Fee Proposal Acknowledgement

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The signature below indicates that I, as a duly authorized representative of State of Rhode Island and Providence Plantations, have reviewed and accept this fee proposal, which will take effect upon the start of provision of the services described herein by J.P. Morgan for State of Rhode Island and Providence Plantations. This fee proposal will be attached as a schedule to, and will be incorporated into, the custody or trust agreement(s) in effect between State of Rhode Island and Providence Plantations and J.P. Morgan.

This fee schedule shall be in effect from 05/01/2012.

Accepted by:

State of Rhode Island and Providence Plantations

JPMorgan Chase Bank, N.A.

Signature

Signature

Name

Name

Title

Title

Date

Date

Notice

J.P. Morgan is a marketing name for the wholesale banking businesses of JPMorgan Chase & Co. and its subsidiaries worldwide. Commercial banking activities, including trust, custody, lending, derivatives and other activities, are performed by JPMorgan Chase Bank, N.A. and its banking affiliates; securities, syndicated loan arranging, financial advisory and other investment banking activities are performed by J.P. Morgan Securities LLC. and its securities affiliates. The broker/dealer services required for Transition Management are provided by J.P. Morgan Securities, Inc. J.P. Morgan deal team members may be employees of any of the foregoing entities.

This document provides an indication of current procedures and policies of J.P. Morgan. This information is provided for information purposes only and shall not create a legally binding commitment. Portions of this document indicate that in certain circumstances J.P. Morgan accepts liability for negligence or willful misconduct; you should be aware that those responses are by way of information only and are subject to limitations and conditions detailed in the relevant agreement(s) executed between J.P. Morgan and a client.

This proposal contains information which is confidential and proprietary to J.P. Morgan. This information may only be used in order to evaluate the proposal and may not be disclosed to any other person. It may not be copied, published or used, in whole or in part, for any purpose other than as expressly authorized by J.P. Morgan.

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The following is required pursuant to regulations adopted under Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001:

To help the United States government fight the funding of terrorism and money laundering activities, U.S. law requires banks and certain other financial institutions to obtain, verify, and record information that identifies each client that opens an account. What this means for our clients: Before opening a new account, we will require you to provide name, address, taxpayer identification number, and other information and/or documentation that will allow us to identify the account owner(s), as required by law.



J.P. Morgan supports sustainable business practices and adheres to the principles of environmental sustainability wherever possible.



Exhibit 1
Liability Insurance Certificate



JPMORGAN CHASE & CO.

Re: Liability Insurance maintained by JPMorgan Chase & Co.

To whom it may concern:

Under service, lease or customer agreements, JPMorgan Chase may be required to maintain liability insurance coverage which is extended to the interest of these third parties as required by a signed agreement. To fully represent the existence and currency of JPMC's insurance, we have arranged for our insurance broker to provide you with an Evidence of Coverage (EOC), which can be viewed and printed from the following website:

<https://aonline.aon.com>

using log in User Name EOCJPMC-Liab and Password Jpmc2279 (please note the password is case sensitive).

As you will note, the EOC confirms that the following provisions are part of JPMC's Commercial General Liability insurance policy and that our service, lease or customer agreement obligations extend coverage to protect other interests have been satisfied:

- A. Blanket Additional Insured where required
- B. Coverages are primary and non-contributory where required
- C. Blanket Contractual Liability
- D. Host Liquor Liability is included in the General Liability policy
- E. Waiver of Subrogation is included where required
- F. The Clients, Landlord, Landlords Agent(s), Landlords Lender(s), Ground Lessor(s), and any other party as required by the signed service, lease, or customer agreement are listed as additional insured as their interests may appear and when applicable.

The existence of more than one Insured or other interests shall not serve to increase the limits of liability of the policy.

Thank you.

JPMorgan Chase & Co.

FAQs Regarding Evidence of Coverage for JPMorgan Chase & Co.

1. **What is an Evidence of Coverage (EOC)?**
An EOC is an ACORD certificate of insurance that is available on the internet. The certificate is issued to the Named Insured rather than to a Certificate Holder.
2. **What are the key benefits of an EOC document?**
 - It is available 24 hours a day, 7 days a week (subject to web site maintenance and updates).
 - No waiting for verification of coverage.
 - The online process simplifies the generally paper-intensive Certificate process, although a recipient can print a hard copy EOC if desired.
 - Neither our client nor Aon need to track or respond to requests.
3. **How long will the EOC be available for access?**
For the duration of the policy, unless otherwise requested by JPMorgan Chase & Co. or Aon.
4. **What happens at renewal time when coverage expires?**
Based on instructions to the Aon service team by JPMorgan Chase & Co., Aon will post a new EOC when coverage renews. The policies stated in the EOC are in force as of the date printed on the EOC. The username and password will remain unchanged unless our client has requested this and you are thus provided with a new one.
5. **What if the EOC does not meet my needs and I require a certificate to be issued with my firm as the certificate holder?**
Contact information is provided on the EOC page for each client. Please contact those listed to discuss your needs.
6. **Can the EOC document be printed?**
Yes. Click on the Printer icon from the Adobe menu bar and the page is formatted to print on 8 1/2" x 11" paper.
7. **When was the standard ACORD form introduced for EOC?**
Beginning in January 2012, EOCs are produced in the format of a standard ACORD certificate form.
8. **How do I know if I have Additional Insured status if my company's name does not appear on the EOC?**
If Additional Insured status is granted, it is granted by a blanket Additional Insured Endorsement to the policy. Insurance maintained by JPMorgan Chase & Co. provides Additional Insured status where required, per the terms of signed contracts, leases and/or agreements. The EOC indicates that the insurance policies have been extended to provide Additional Insured status to those entities with whom JPMorgan Chase & Co. has a written contract in place. Please review the Description of Operations section of the EOC carefully as it lists a number of specific policy provisions provided to those parties that have a written contract in place with JPMorgan Chase & Co., including:
 - A. **Blanket Additional Insured where required**
 - B. **Coverages are primary and non-contributory where required**
 - C. **Blanket Contractual Liability**
 - D. **Host Liquor Liability is included in the General Liability policy**
 - E. **Waiver of Subrogation is included where required**
 - F. **The Landlord, Landlords Agent(s), Landlords Lender(s), Ground Lessor(s), Vendors, Clients, and any other party as required by the signed contract, lease and/or agreement are listed as additional insured as their interests may appear and when applicable.**
9. **What are the financial ratings of the carriers listed on the EOC?**
Ratings are available through A.M. Best Company at www.ambest.com. The financial ratings of the carriers are not guaranteed.



CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)
4/1/12-4/1/13

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services Northeast, Inc. New York NY Office 199 Water Street New York NY 10038-3551 USA	CONTACT NAME: PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (847) 953-5390		
	E-MAIL ADDRESS:		
INSURED JPMorgan Chase & Co. and subsidiary, affiliated, and associated companies thereof 270 Park Avenue New York NY 10017-2070 USA	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: Liberty Mutual Fire Ins Co		23035
	INSURER B: Liberty Mutual Insurance Co.		23043
	INSURER C: Liberty Insurance Corporation		42404
	INSURER D: ACE Property & Casualty Insurance Co.		20699
	INSURER E:		
INSURER F:			

COVERAGES **CERTIFICATE NUMBER: 570045781640** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. **Limits shown are as requested**

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY			TB2621004667162 United States	04/01/2012	04/01/2013	EACH OCCURRENCE \$5,000,000
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Blanket Contractual Liability <input checked="" type="checkbox"/> Host Liquor Liability Included GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC			KE1621004667122 Canada	04/01/2012	04/01/2013	DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) Excluded PERSONAL & ADV INJURY \$5,000,000 GENERAL AGGREGATE \$5,000,000 PRODUCTS - COMP/OP AGG \$5,000,000
A	AUTOMOBILE LIABILITY			AS2-621-004667-182	04/01/2012	04/01/2013	COMBINED SINGLE LIMIT (Ea accident) \$5,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
D	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$25,000			XOOG25915732 SIR applies per policy terms & conditions	04/01/2012	04/01/2013	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N N	WA762D004667202 (AOS) WA762D004667262 (MN) WC7621004667132 (OR WI)	04/01/2012	04/01/2013	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE-EA EMPLOYEE \$1,000,000 E.L. DISEASE-POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
The Insurance maintained by JPMorgan Chase & Co. provides for the following coverage enhancements in keeping with the terms of the signed contracts, leases and/or agreements in place: Blanket Additional Insured where required, Coverages are primary and Non-contributory where required, Blanket Contractual Liability, Host Liquor Liability is included in the General Liability policy, waiver of subrogation is included where required, The Landlord, Landlords Agent(s), Landlords Lender(s), Ground Lessor(s), vendors, clients and any other party as required by the signed contract, lease and/or agreement are listed as additional insured as their interests may appear and when applicable.

CERTIFICATE HOLDER

CANCELLATION

Evidence of Insurance for JPMorgan Chase & Co. and subsidiary, affiliated and associated companies thereof	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Aon Risk Services Northeast, Inc.</i>

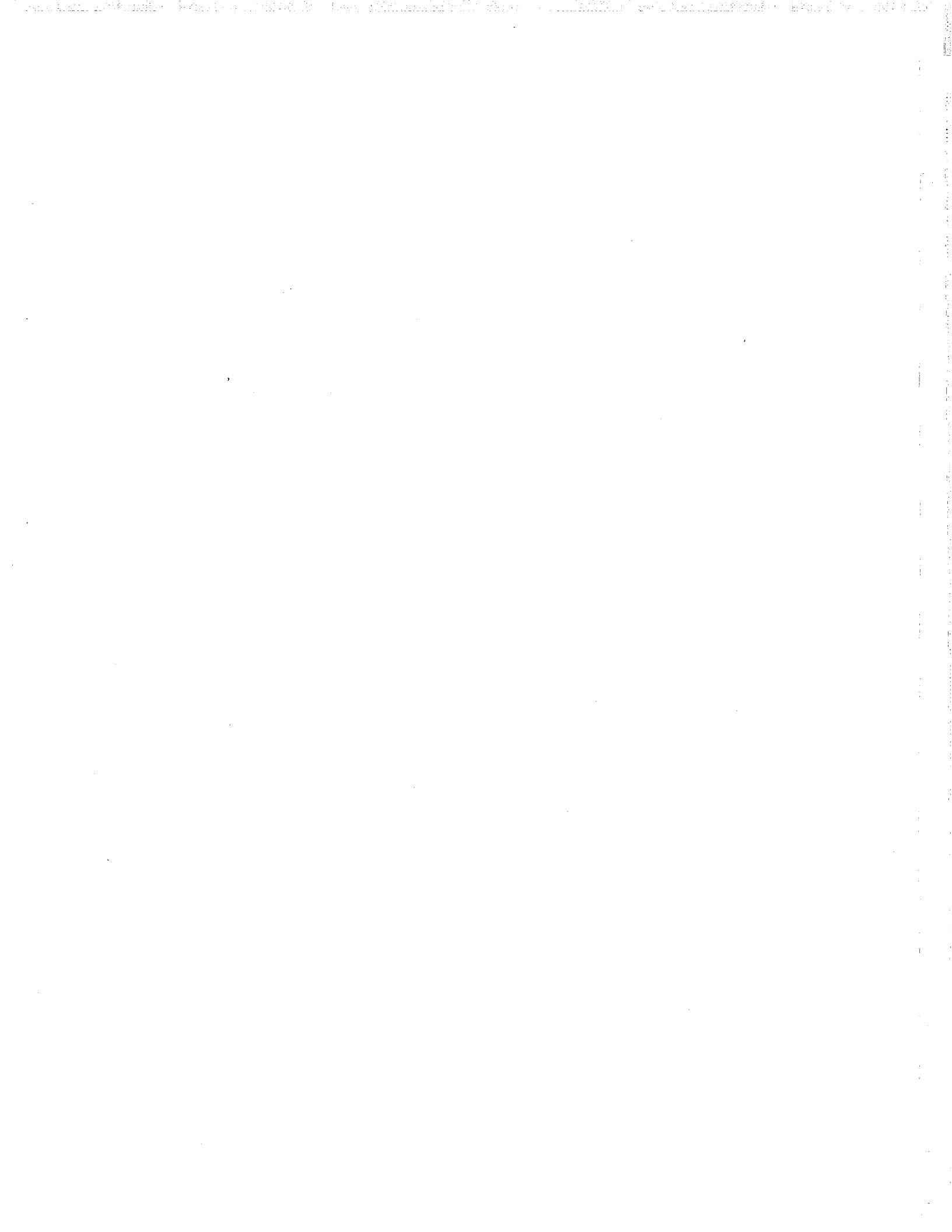
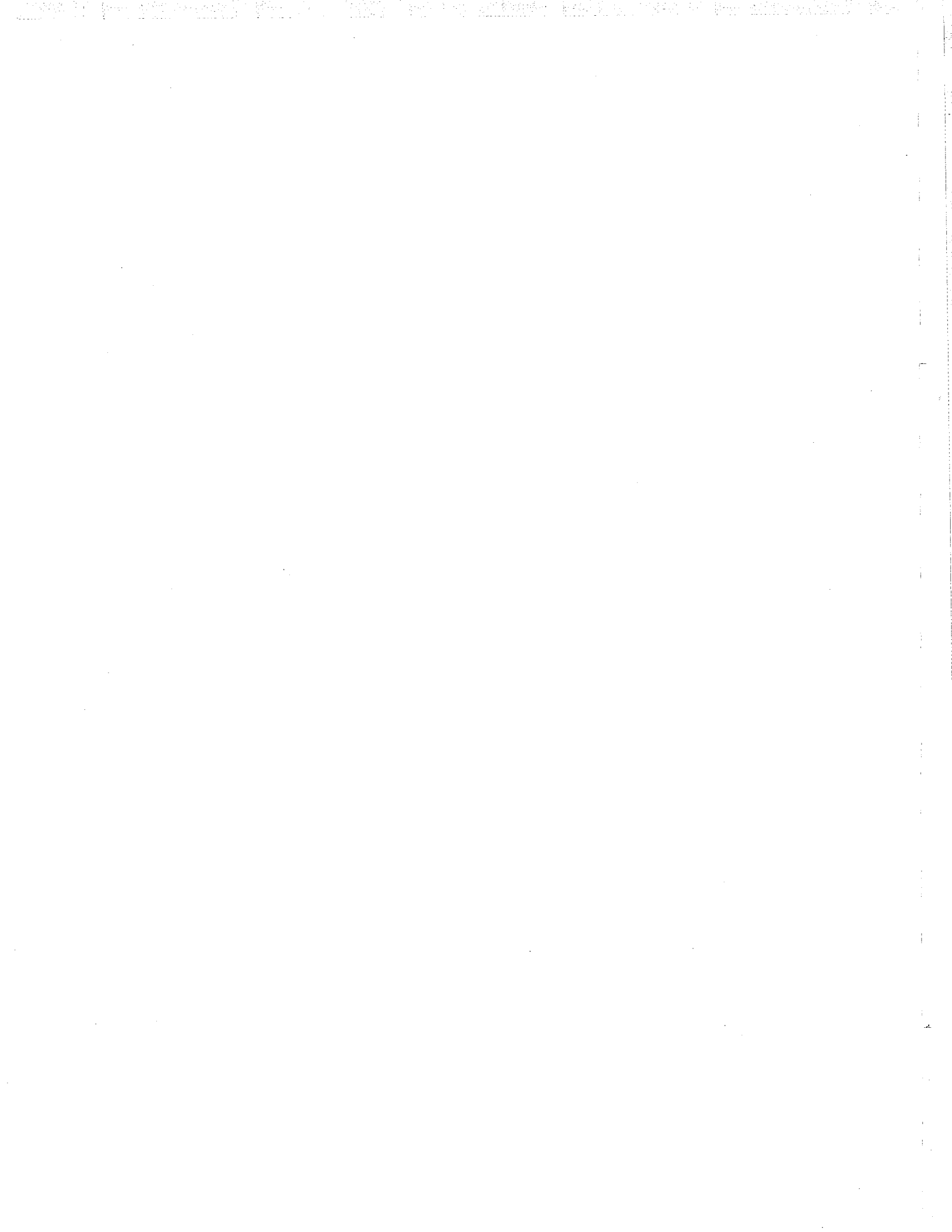


Exhibit 2
Money Market Funds Investment Performance



JPMorgan U.S. Government Money Market Fund

Agency

Data as of February 29, 2012

S&P Rating**	AAAm
Moody's Rating**	Aaa-mf

Investment objective

The Fund seeks high current income with liquidity and stability of principal.

Permissible investments

- The Fund invests exclusively in high-quality, short-term securities that are issued or guaranteed by the U.S. government or by U.S. government agencies and instrumentalities.
- Some of the securities purchased by the Fund may be subject to repurchase agreements.
- The Fund will comply with SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.

Fund highlights

- The Fund is designed for temporary or medium-term cash investments, seasonal operating cash, automated cash sweeps and the liquidity components of investment portfolios.
- The Fund aims to preserve capital, maintain liquidity and produce a competitive yield.

Fund facts

Fund number	1603
Assets (in billions)	\$65.15
Inception date	11-1-2001
Minimum initial investment	\$5M
Expenses	0.26
Dealing deadline	5:00 PM EST
CUSIP	4812C0662
Ticker	OGAXX

Performance (%) – 30 day average yield

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

7-day SEC yield as of February 29, 2012 was 0.01%

The performance quoted is past performance and is not a guarantee of future results. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end please call 1-800-766-7722.

Weighted average maturity in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
52	48	47	43	28	51	50	51	53	45	50	52

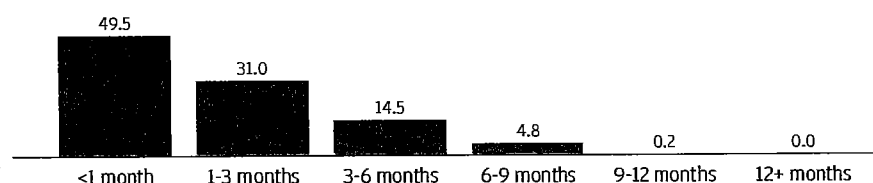
Weighted Average Maturity: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made and may utilize the interest rate reset date for variable or floating rate securities.

Weighted average life in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
86	82	79	71	56	82	82	81	79	69	74	75

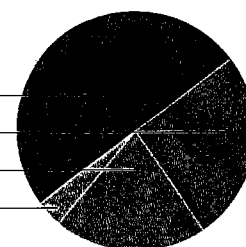
Weighted Average Life: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made.

Portfolio analysis breakdown (%) – maturity*



Portfolio analysis breakdown (%) – sector*

Government Agency Debt	50.1
Government Agency Repo Agreement	25.9
Treasury Debt	20.3
Treasury Repo Agreement	3.7



* Due to rounding, values may not total 100%.

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds strive to preserve the value of the investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. Performance may reflect the waiver of a portion of the fund's fees. If fees had not been waived, the 7-day SEC yield would have been -0.18%.

Please see back page for additional disclosure.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

JPMorgan U.S. Government Money Market Fund

Agency

Must be preceded or accompanied by a prospectus.

** Moody's defines Money Market Funds with an 'Aaa-mf' rating as having a very strong ability to meet the dual objectives of providing liquidity and preserving capital. S&P defines Money Market Funds that have an 'AAA-m' rating as demonstrating extremely strong capacity to maintain principal stability and to limit exposure to credit risk. The ratings do not eliminate the risks associated with investing in the Fund. For information on rating methodologies, please visit the agency websites at <http://www.moody.com/> and <http://www.standardandpoors.com/ratings/en/us/>.

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FS-USGMM-A-0212

JPMorgan Tax Free Money Market Fund

Data as of February 29, 2012

S&P Rating**	AAAm
Moody's Rating**	Aaa-mf

Investment objective

The Fund aims to provide the highest possible level of current income which is excluded from gross income, while still preserving capital and maintaining liquidity.

Permissible investments

- The Fund invests primarily in high quality short-term municipal obligations.
- The Fund will comply with SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.

Fund highlights

- The Fund is designed for temporary or medium-term cash investments, seasonal operating cash, automated cash sweeps and the liquidity components of investment portfolios.
- The Fund aims to preserve capital, maintain liquidity and produce a competitive yield.

Fund facts

Fund number	244
Assets (in billions)	\$18.71
Inception date	11-4-1993
Minimum initial investment	\$5M
Expenses	0.26
Dealing deadline	12:00 PM EST
CUSIP	4812A2751
Ticker	VTIXX
Weighted Average Maturity in days	29
Weighted Average Life in days	29

Weighted Average Maturity: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made and may utilize the interest rate reset date for variable or floating rate securities.

Weighted Average Life: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made.

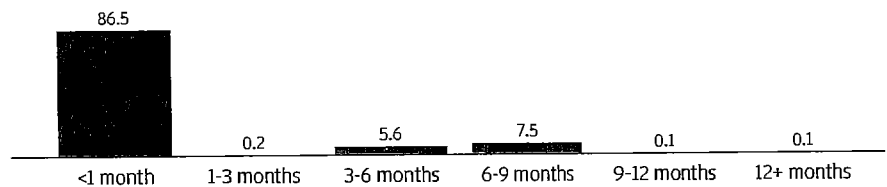
Performance (%) – 30 day average yield

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
0.03	0.03	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

7-day SEC yield as of February 29, 2012 was 0.01%

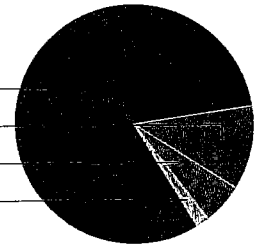
The performance quoted is past performance and is not a guarantee of future results. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end please call 1-800-766-7722.

Portfolio analysis breakdown (%) – maturity*



Portfolio analysis breakdown (%) – sector*

Variable Rate Demand Note	81.3
Other Municipal Debt	11.4
Variable Rate Demand Preferred Shares	5.6
Other Commercial Paper	1.7



* Due to rounding, values may not total 100%.

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds strive to preserve the value of the investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. Performance may reflect the waiver of a portion of the fund's fees. If fees had not been waived, the 7-day SEC yield would have been -0.07%.

Please see back page for additional disclosure.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

JPMorgan Tax Free Money Market Fund

Agency

Must be preceded or accompanied by a prospectus.

** Moody's defines Money Market Funds with an 'Aaa-mf' rating as having a very strong ability to meet the dual objectives of providing liquidity and preserving capital. S&P defines Money Market Funds that have an 'AAAm' rating as demonstrating extremely strong capacity to maintain principal stability and to limit exposure to credit risk. The ratings do not eliminate the risks associated with investing in the Fund. For information on rating methodologies, please visit the agency websites at <http://www.moodys.com/> and <http://www.standardandpoors.com/ratings/en/us/>.

Some investors may be subject to the Federal Alternative Minimum Tax and to certain state and local taxes.

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FS-TFMM-A-0212

JPMorgan Prime Money Market Fund

Data as of February 29, 2012

S&P Rating**	AAAm
Moody's Rating**	Aaa-mf
Fitch Rating**	AAAmf

Investment objective

The Fund aims to provide the highest possible level of current income while still maintaining liquidity and preserving capital.

Permissible investments

- The Fund will comply with SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.
- The Fund invests in high-quality, short-term obligations that present minimal credit risk including: 1) Securities issued by the U.S. government and its agencies 2) Floating rate and variable rate demand notes of U.S. and foreign corporations 3) Commercial paper - in the highest category by Moody's Investor Services (P1) and Standard & Poor's (A1) 4) Certificates of Deposit and time deposits 5) Asset-backed securities 6) Repurchase agreements

Fund highlights

- The Fund is designed for temporary or medium-term cash investments, seasonal operating cash, automated cash sweeps and the liquidity components of investment portfolios.
- The Fund aims to preserve capital, maintain liquidity and produce a competitive yield.

Fund facts

Fund number	349
Assets (in billions)	\$122.68
Inception date	4-26-1994
Minimum initial investment	\$5M
Expenses	0.26
Dealing deadline	5:00 PM EST
CUSIP	4812A2504
Ticker	VMIXX

Performance (%) – 30 day average yield

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
0.05	0.04	0.02	0.02	0.01	0.02	0.02	0.01	0.03	0.05	0.09	0.12

7-day SEC yield as of February 29, 2012 was 0.11%

The performance quoted is past performance and is not a guarantee of future results. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end please call 1-800-766-7722.

Weighted average maturity in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
47	47	52	43	32	50	48	49	47	38	44	50

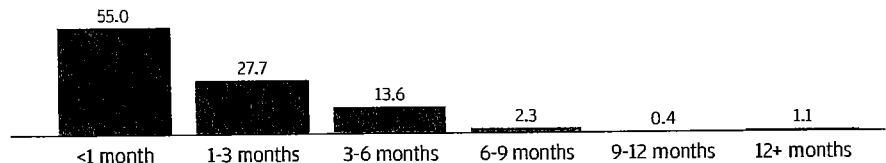
Weighted Average Maturity: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made and may utilize the interest rate reset date for variable or floating rate securities.

Weighted average life in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
84	80	85	74	61	88	88	89	83	69	71	74

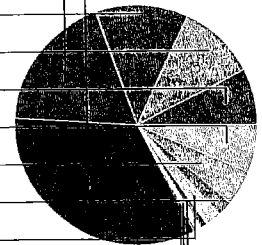
Weighted Average Life: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made.

Portfolio analysis breakdown (%) – maturity*



Portfolio analysis breakdown (%) – sector*

Certificate of Deposit	33.5
Other Instrument (Time Deposit)	18.7
Financial Company Commercial Paper	12.3
Government Agency Debt	10.4
Asset Backed Commercial Paper	7.6
Other Repo Agreement	6.5
Other Commercial Paper	4.8
Other Note	2.1
Government Agency Repo Agreement	2.1
Treasury Debt	0.9
Treasury Repo Agreement	0.7
Variable Rate Demand Note	0.3



* Due to rounding, values may not total 100%.

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds strive to preserve the value of the investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. Performance may reflect the waiver of a portion of the fund's fees. If fees had not been waived, the 7-day SEC yield would have been 0.07%.

Please see back page for additional disclosure.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

JPMorgan Prime Money Market Fund

Agency

Must be preceded or accompanied by a prospectus.

** Moody's defines Money Market Funds with an 'Aaa-mf' rating as having a very strong ability to meet the dual objectives of providing liquidity and preserving capital. S&P defines Money Market Funds that have an 'AAAm' rating as demonstrating extremely strong capacity to maintain principal stability and to limit exposure to credit risk. The ratings do not eliminate the risks associated with investing in the Fund. For information on rating methodologies, please visit the agency websites at <http://www.moody.com/> and <http://www.standardandpoors.com/ratings/en/us/>.

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FS-PMM-A-0212

JPMorgan Municipal Money Market Fund

Agency

Data as of February 29, 2012

Investment objective

The Fund seeks as high a level of current interest income exempt from federal income tax as is consistent with liquidity and stability of principal.

Permissible investments

- The Fund invests in high-quality, short-term money market instruments.
- These instruments include short-term municipal securities, which provide tax-exempt income.
- The Fund will comply with SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.

Fund highlights

- The Fund is designed for temporary or medium-term cash investments, seasonal operating cash, automated cash sweeps and the liquidity components of investment portfolios.
- The Fund aims to preserve capital, maintain liquidity and produce a competitive yield.

Fund facts

Fund number	3953
Assets (in billions)	\$3.15
Inception date	2-19-2005
Minimum initial investment	\$5M
Expenses	0.26
Dealing deadline	12:00 PM EST
CUSIP	4812C0258
Ticker	JMAXX
Weighted Average Maturity in days	25
Weighted Average Life in days	25

Weighted Average Maturity: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made and may utilize the interest rate reset date for variable or floating rate securities.

Weighted Average Life: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made.

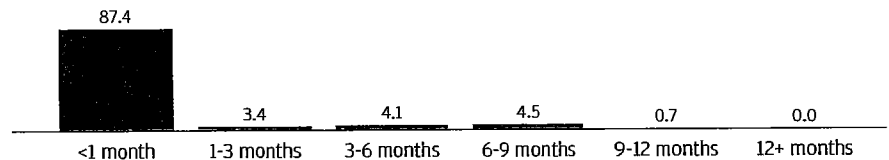
Performance (%) – 30 day average yield¹

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
0.11	0.11	0.10	0.00	0.00	0.08	0.10	0.05	0.06	0.08	0.04	0.06

7-day SEC yield as of February 29, 2012 was 0.06%

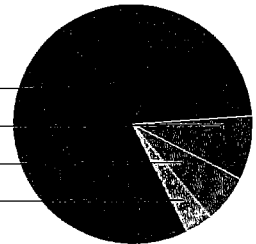
The performance quoted is past performance and is not a guarantee of future results. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end please call 1-800-766-7722.

Portfolio analysis breakdown (%) – maturity*



Portfolio analysis breakdown (%) – sector*

Variable Rate Demand Note	81.2
Variable Rate Demand Preferred Shares	8.7
Other Municipal Debt	6.5
Other Commercial Paper	3.6



* Due to rounding, values may not total 100%.

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds strive to preserve the value of the investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. Performance may reflect the waiver of a portion of the fund's fees. If fees had not been waived, the 7-day SEC yield would have been 0.00%.

Please see back page for additional disclosure.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

JPMorgan Municipal Money Market Fund

Agency

Must be preceded or accompanied by a prospectus.

³The quoted performance of the Fund includes performance of a predecessor share class prior to the Fund's commencement of operations. Please refer to the current prospectus for further information.

Some investors may be subject to the Federal Alternative Minimum Tax and to certain state and local taxes.

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FS-MMM-A-0212

JPMorgan Liquid Assets Money Market Fund

Data as of February 29, 2012

Investment objective

The Fund seeks current income with liquidity and stability of principal.

Permissible investments

- The Fund invests exclusively in high-quality, short-term money market instruments.
- These instruments include corporate notes, commercial paper, funding agreements, certificates of deposit and bank obligations.
- The Fund will concentrate in the financial services industry, including asset-backed commercial paper programs.
- The Fund will comply with SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.

Fund highlights

- The Fund is designed for temporary or medium-term cash investments, seasonal operating cash, automated cash sweeps and the liquidity components of investment portfolios.
- The Fund aims to preserve capital, maintain liquidity and produce a competitive yield.

Fund facts

Fund number	3909
Assets (in billions)	\$12.08
Inception date	2-19-2005
Minimum initial investment	\$5M
Expenses	0.26
Dealing deadline	5:00 PM EST
CUSIP	4812C0308
Ticker	AJLXX

Performance (%) – 30 day average yield¹

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
0.07	0.05	0.03	0.02	0.01	0.03	0.03	0.03	0.05	0.07	0.10	0.14

7-day SEC yield as of February 29, 2012 was 0.12%

The performance quoted is past performance and is not a guarantee of future results. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end please call 1-800-766-7722.

Weighted average maturity in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
49	51	54	39	29	48	49	51	49	40	42	49

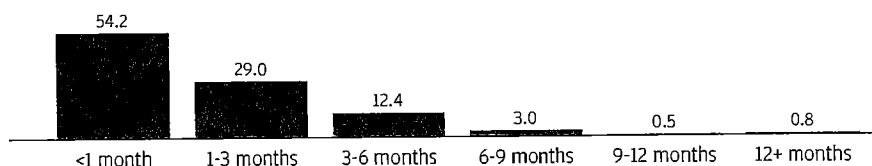
Weighted Average Maturity: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made and may utilize the interest rate reset date for variable or floating rate securities.

Weighted average life in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
79	75	78	60	49	78	82	82	76	64	62	67

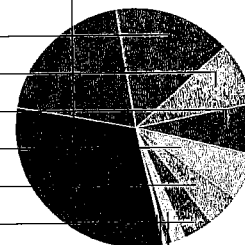
Weighted Average Life: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made.

Portfolio analysis breakdown (%) – maturity*



Portfolio analysis breakdown (%) – sector*

Certificate of Deposit	31.2
Other Instrument (Time Deposit)	19.7
Financial Company Commercial Paper	15.9
Asset Backed Commercial Paper	8.4
Government Agency Debt	7.0
Other Repo Agreement	6.3
Government Agency Repo Agreement	4.4
Other Commercial Paper	4.2
Other Note	1.8
Treasury Debt	0.9
Variable Rate Demand Note	0.3



* Due to rounding, values may not total 100%.

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Please see back page for additional disclosure.

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JPMorgan Liquid Assets Money Market Fund

Agency

Must be preceded or accompanied by a prospectus.

¹The quoted performance of the Fund includes performance of a predecessor share class prior to the Fund's commencement of operations. Please refer to the current prospectus for further information.

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FS-LAMM-A-0212

JPMorgan Federal Money Market Fund

Agency

Data as of February 29, 2012

S&P Rating**	AAAm
Moody's Rating**	Aaa-mf

Investment objective

The Fund aims to provide current income while still preserving capital and maintaining liquidity.

Permissible investments

- The Fund invests in U.S. Treasury bills, notes and bonds and other U.S. government obligations that are exempt from state and local income tax.
- The Fund will comply with SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.

Fund highlights

- The Fund is designed for temporary or medium-term cash investments, seasonal operating cash, automated cash sweeps and the liquidity components of investment portfolios.
- The Fund aims to preserve capital, maintain liquidity and produce a competitive yield.

Fund facts

Fund number	355
Assets (in billions)	\$5.70
Inception date	4-20-1994
Minimum initial investment	\$5M
Expenses	0.26
Dealing deadline	2:00 PM EST
CUSIP	4812A2793
Ticker	VFIXX

Performance (%) – 30 day average yield

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00

7-day SEC yield as of February 29, 2012 was 0.00%

The performance quoted is past performance and is not a guarantee of future results. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end please call 1-800-766-7722.

Weighted average maturity in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
51	49	44	41	28	49	48	51	52	44	52	50

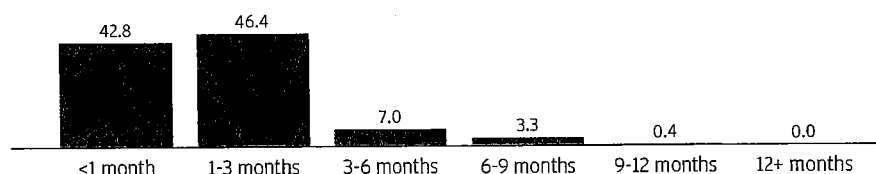
Weighted Average Maturity: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made and may utilize the interest rate reset date for variable or floating rate securities.

Weighted average life in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
86	78	68	63	46	71	67	74	76	65	74	70

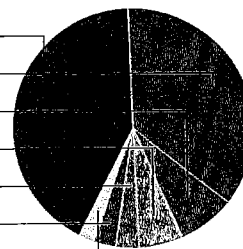
Weighted Average Life: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made.

Portfolio analysis breakdown (%) – maturity*



Portfolio analysis breakdown (%) – sector*

U.S. Treasury Bills	42.1
Federal Home Loan Bank Discount Notes	36.2
Federal Farm Credit Bank	7.7
Federal Farm Credit Bank Discount Notes	6.0
Federal Home Loan Banks	3.1
U.S. Treasury Notes	2.9
Federal Farm Credit Discount Notes	2.1



* Due to rounding, values may not total 100%.

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JPMorgan Federal Money Market Fund

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** Moody's defines Money Market Funds with an 'Aaa-mf' rating as having a very strong ability to meet the dual objectives of providing liquidity and preserving capital. S&P defines Money Market Funds that have an 'AAAm' rating as demonstrating extremely strong capacity to maintain principal stability and to limit exposure to credit risk. The ratings do not eliminate the risks associated with investing in the Fund. For information on rating methodologies, please visit the agency websites at <http://www.moody.com/> and <http://www.standardandpoors.com/ratings/en/us/>.

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FS-FMM-A-0212

JPMorgan 100% U.S. Treasury Securities Money Market Fund

Agency

Data as of February 29, 2012

S&P Rating**	AAAm
Moody's Rating**	Aaa-mf

Investment objective

The Fund aims to provide the highest possible level of current income while still maintaining liquidity and providing maximum safety of principal.

Permissible investments

- Invests solely in debt securities of the U.S. Treasury, including Treasury bills, bonds and notes. These investments carry different interest rates, maturities and issue dates.
- The interest on these securities is generally exempt from state and local income taxes.
- The Fund is a money market fund managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940.

Fund highlights

- The Fund is designed for temporary or medium-term cash investments, seasonal operating cash, automated cash sweeps and the liquidity components of investment portfolios.
- The Fund aims to preserve capital, maintain liquidity and produce a competitive yield.

Fund facts

Fund number	676
Assets (in billions)	\$20.48
Inception date	6-3-1996
Minimum initial investment	\$5M
Expenses	0.26
Dealing deadline	2:00 PM EST
CUSIP	4812A2843
Ticker	VPIXX

Performance (%) – 30 day average yield

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00

7-day SEC yield as of February 29, 2012 was 0.00%

The performance quoted is past performance and is not a guarantee of future results. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end please call 1-800-766-7722.

Weighted average maturity in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
52	50	46	27	19	31	52	49	50	47	48	45

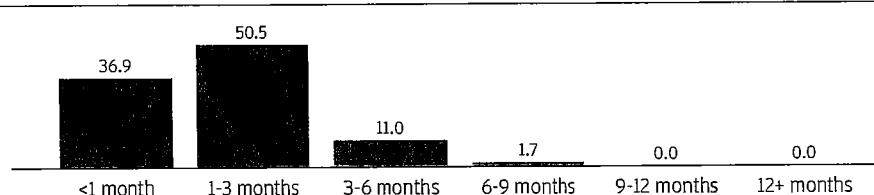
Weighted Average Maturity: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made and may utilize the interest rate reset date for variable or floating rate securities.

Weighted average life in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
52	50	46	27	19	31	52	49	50	47	48	45

Weighted Average Life: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made.

Portfolio analysis breakdown (%) – maturity*



Portfolio analysis breakdown (%) – sector*

Treasury Debt

100.0

* Due to rounding, values may not total 100%.

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JPMorgan 100% U.S. Treasury Securities Money Market Fund

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Must be preceded or accompanied by a prospectus.

** Moody's defines Money Market Funds with an 'Aaa-mf' rating as having a very strong ability to meet the dual objectives of providing liquidity and preserving capital. S&P defines Money Market Funds that have an 'AAAm' rating as demonstrating extremely strong capacity to maintain principal stability and to limit exposure to credit risk. The ratings do not eliminate the risks associated with investing in the Fund. For information on rating methodologies, please visit the agency websites at <http://www.moodys.com/> and <http://www.standardandpoors.com/ratings/en/us/>.

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FS-100USTS-A-0212

JPMorgan U.S. Treasury Plus Money Market Fund

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Data as of February 29, 2012

S&P Rating**	AAAm
Moody's Rating**	Aaa-mf

Investment objective

The Fund seeks current income with liquidity and stability of principal.

Permissible investments

- The Fund invests exclusively in U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations.
- The Fund will comply with SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.

Fund highlights

- The Fund is designed for temporary or medium-term cash investments, seasonal operating cash, automated cash sweeps and the liquidity components of investment portfolios.
- The Fund aims to preserve capital, maintain liquidity and produce a competitive yield.

Fund facts

Fund number	3917
Assets (in billions)	\$12.76
Inception date	2-19-2005
Minimum initial investment	\$5M
Expenses	0.26
Dealing deadline	5:00 PM EST
CUSIP	4812C2742
Ticker	AJTX

Performance (%) – 30 day average yield¹

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00

7-day SEC yield as of February 29, 2012 was 0.00%

The performance quoted is past performance and is not a guarantee of future results. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end please call 1-800-766-7722.

Weighted average maturity in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
53	46	34	28	20	25	43	43	47	49	46	49

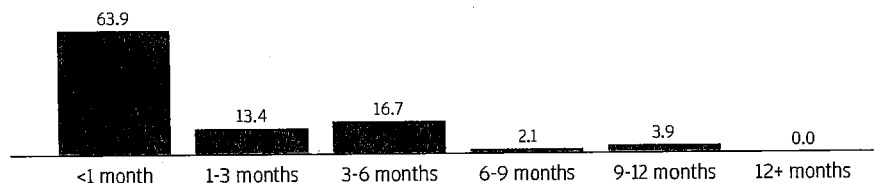
Weighted Average Maturity: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made and may utilize the interest rate reset date for variable or floating rate securities.

Weighted average life in days

Mar '11	Apr '11	May '11	Jun '11	Jul '11	Aug '11	Sept '11	Oct '11	Nov '11	Dec '11	Jan '12	Feb '12
53	46	34	28	20	25	43	43	47	49	46	49

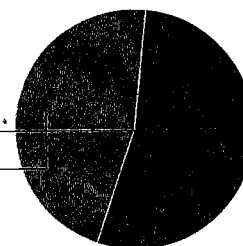
Weighted Average Life: The calculation takes into account the period remaining until the date on which, in accordance with the terms of the security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made.

Portfolio analysis breakdown (%) – maturity*



Portfolio analysis breakdown (%) – sector*

Treasury Debt	53.6
Treasury Repo Agreement	46.4



* Due to rounding, values may not total 100%.

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Please see back page for additional disclosure.

JPMorgan U.S. Treasury Plus Money Market Fund

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Must be preceded or accompanied by a prospectus.

¹The quoted performance of the Fund includes performance of a predecessor share class prior to the Fund's commencement of operations. Please refer to the current prospectus for further information.

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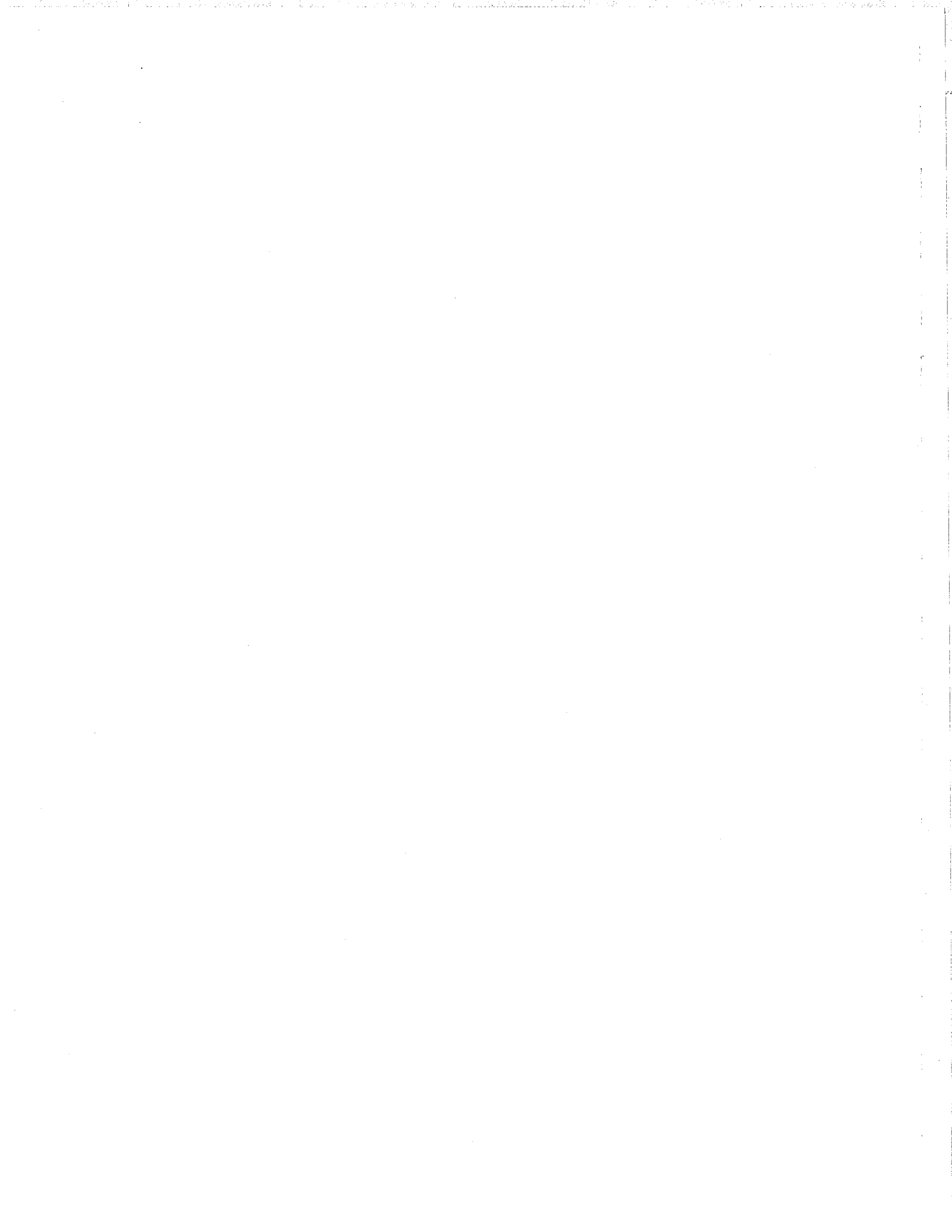
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Exhibit 3
Standard Pricing Sources



JPMorgan Pricing Sources

Security Type	Frequency	Primary		Secondary		Tertiary		Other		
		Source	Methodology	Source	Methodology	Source	Methodology	Source	Methodology	
Bonds										
Corporate (regular)	Daily	IDC	Listed bonds; Trade/Bid Close; in absence, Evaluated Bid	BB Generic	Mid Price	BB Contributor	Bid Price	PAS (PP), Inv Mgr	Bid Price	Cost or last available price from any source
Corporate (convertible)	Daily	IDC	Listed bonds; Trade/Bid Close; in absence, Evaluated Bid	BB Generic	Mid Price	BB Contributor	Bid Price	PAS (PP), Inv Mgr	Bid Price	Cost or last available price from any source
Emerging Market Debt & Loans	Daily	IDC	Trader/Bid Close	Reuters	Mid/Bid Price	BB Generic	Mid/Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
Eurobonds	Daily	IDC	Listed bonds; Trade/Mid Close; in absence, ICMA	BB Generic	Mid Price	BB Contributor	Mid Price	Inv Mgr	Bid Price	Cost or last available price from any source
Foreign	Daily	IDC	Listed bonds; Trade/Mid Close; in absence, ICMA	BB Generic	Mid Price	BB Contributor	Mid Price	Inv Mgr	Bid Price	Cost or last available price from any source
Japanese Government	Daily	Bloomberg	JSDA Trade Close	BB Generic	Mid Price	PAS (PP)	Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
Medium Term Notes	Daily	IDC	Evaluated Bid	BB Generic	Mid Price	PAS	Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
US Government	Daily	IDC	Evaluated Bid	BB Generic	Mid Price	PAS	Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
Other Agencies	Daily	IDC	Evaluated Bid	BB Generic	Mid Price	PAS	Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
US Treasury	Daily	IDC	Evaluated Bid	BB Generic	Mid Price	BB Contributor	Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
Funds										
Mutual Funds	Daily	IDC	NASD Nav	Bloomberg	NASD Nav	Reuters	NAV	Inv Mgr	Bid Price	Cost or last available price from any source
Offshore Funds	Daily	IDC	NAV	Bloomberg	NAV	Reuters	NAV	Inv Mgr	Bid Price	Cost or last available price from any source
Mortgage/Asset Backed Bonds										
Asset Backed, Pass-Thru	Daily	IDC	Evaluated Bid	SPS	Bid Price	BB Contributor	Bid Price	PAS (PP), Inv Mgr	Bid Price	Cost or last available price from any source
CMOs	Daily	IDC	Evaluated Bid	SPS	Bid Price	BB Contributor	Bid Price	PAS (PP), Inv Mgr	Bid Price	Cost or last available price from any source
FLM/C (except CMO)	Daily	IDC	Evaluated Bid	SPS	Bid Price	BB Generic	Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
FNMA (except CMO)	Daily	IDC	Evaluated Bid	SPS	Bid Price	BB Generic	Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
GNMA (except CMO)	Daily	IDC	Evaluated Bid	SPS	Bid Price	BB Generic	Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
TBA Mortgage	Daily	IDC	Evaluated Bid	SPS	Bid Price	BB Generic	Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
Municipal Bonds										
Municipal Bonds	Daily	IDC	Evaluated Bid	BB Generic	Bid Price	BB Contributor	Bid Price	Inv Mgr	Bid Price	Cost or last available price from any source
Options/Futures/Rights/Warrants/Index										
Futures Contracts (on Bonds)	Daily	BB	Exchange Settled Prices	Reuters	Exchange Settled Prices	Reuters	Exchange Settled Prices	Inv Mgr	Bid Price	Cost or last available price from any source
Index Futures	Daily	BB	Exchange Settled Prices	Reuters	Exchange Settled Prices	Reuters	Exchange Settled Prices	Inv Mgr	Bid Price	Cost or last available price from any source
Index	Daily	BB	Exchange Settled Prices	Reuters	Exchange Settled Prices	Reuters	Exchange Settled Prices	Inv Mgr	Bid Price	Cost or last available price from any source
Options	Daily	BB	OCC Methodology	IDC	Exchange Close/Bid	BB Exchange	Exchange Close/Bid	Inv Mgr	Bid Price	Cost or last available price from any source
Rights	Daily	IDC	Exchange Close/Bid	BB Exchange	Exchange Close/Bid	BB Exchange	Exchange Close/Bid	Inv Mgr	Bid Price	Cost or last available price from any source
Warrants	Daily	IDC	Exchange Close/Bid	BB Exchange	Exchange Close/Bid	BB Exchange	Exchange Close/Bid	Inv Mgr	Bid Price	Cost or last available price from any source
Stocks										
Domestic	Daily	IDC	Primary Exchange Close	Bloomberg	Exchange/Composite Close	Bloomberg	Exchange/Composite Close	Inv Mgr	Bid Price	Cost or last available price from any source
Foreign	Daily	IDC	Exchange Close or Mid	Bloomberg	Exchange/Composite Close	Bloomberg	Exchange/Composite Close	Inv Mgr	Bid Price	Cost or last available price from any source
ADRs & GDRs	Daily	IDC	Exchange Close or Evaluated	Bloomberg	Exchange/Composite Close	Bloomberg	Exchange/Composite Close	Inv Mgr	Bid Price	Cost or last available price from any source
Stock w/ restrictions to foreigner investors (Indonesia & Thailand)	Daily	IDC	Exchange Close	Bloomberg	Composite/Exchange Close	Bloomberg	Composite/Exchange Close	Inv Mgr	Bid Price	Cost or last available price from any source
Convertible	Daily	IDC	Exchange Close	Bloomberg	Composite/Exchange Close	Bloomberg	Composite/Exchange Close	Inv Mgr	Bid Price	Cost or last available price from any source
Preferred	Daily	IDC	Exchange Close	Bloomberg	Composite/Exchange Close	Bloomberg	Composite/Exchange Close	Inv Mgr	Bid Price	Cost or last available price from any source

Security Type	Frequency	Primary		Secondary		Tertiary		Other		If No Source
		Source	Methodology	Source	Methodology	Source	Methodology	Source	Methodology	
FX Rates Spots Forwards	Daily	IDC Reuters Contributors	4 p.m. London MID Close Contributor Prices							
Limited Partnerships Limited Partnerships, Other Alternative Investments	Daily or Monthly	Internal (JPM Private Equity team)	Refer to group for details							
Commingled Funds Commingled Funds	Daily or Monthly	Internal (JPM Client Service)	Refer to group for details							

Key:

- IDC - Financial Times Interactive Data Corporation
- SPS - Street Pricing Service
- ICMA - International Capital Market Association
- Bloomberg Contributors - any contributor with current prices, including First Boston, Bear Stearns, Dean Witter, Morgan Stanley & JPMorgan Securities.
- JSDA - Japan Securities Dealers Association
- OCC - Option Clearing Corporation best option price methodology
- PAS - PASidental American Securities (PP - Private Placement)

