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### WRITTEN NOTICE

### IMM PERMISSION

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To: J.P. Morgan Securities plc (JPMS plc) (FRN: 155240)  
(the "firm")

Reference Number: 00006215

Date: 31 March 2023

#### DECISIONS:

1. In accordance with the discretions afforded to the PRA by Section 6, Chapter 6, Title II, Part 3 of Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "CRR"), the PRA has decided to grant the firm permission to use on an individual basis and, in respect of JPMorgan Capital Holdings Limited (JPMCHL), on a consolidated basis the Internal Model Method in its calculation of own funds requirements for counterparty credit risk on the terms and conditions set out in Annex 1 (the "IMM Permission").

2. Further to Articles 101 and 104 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "CRD"), the firm has sought and the PRA imposes the matters specified in Annex 2 as requirements under section 55M(5) of the Financial Services and Markets Act 2000 (the "Act").

3. If the firm ceases to comply with the conditions for the granting of this IMM Permission set out in the Section 6, Chapter 6, Title II, Part 3 of the CRR, the terms and conditions of the IMM Permission set out in Annex 1 or any of the requirements set out in Annex 2, the PRA will re-consider the terms and conditions of the IMM Permission and the requirements relevant to it, including a revocation of the IMM Permission in whole or in part.

4. The IMM Permission and the requirement in Annex 2 take effect on 31 March 2023.



5. Terms defined in the CRR have the same meaning in all parts of this Written Notice.

Vicky White

Head of US Banks Supervision

## **PROCEDURAL MATTERS**

6. Details of the IMM Permission and the attendant requirements sought under section 55M will be published on the PRA Register. The full text of this Decision Notice will not be published.

## **ANNEX 1**

### **THE INTERNAL MODEL METHOD PERMISSION**

#### **Definition**

1. The IMM Permission means that JPMS plc may use:
  - a. on an individual basis; and
  - b. on a consolidated basis in respect also of JPMCHL;

the internal model method in its calculation of own funds requirements for counterparty credit risk in relation to the exposures described in paragraph 2 of this Annex in accordance with Section 6, Chapter 6, Title II, Part 3 of Regulation 575/2013.

## **ANNEX 2**

### **REQUIREMENTS RELEVANT TO THE IMM PERMISSION THAT THE FIRM HAS APPLIED FOR AND THE PRA HAS IMPOSED UNDER SECTION 55M (5) OF THE ACT**

The firm must comply with certain requirements relating to the use of its internal models under this IMM permission. This includes the submission of certain information to the PRA, in respect of each quarter, about developments and changes with respect to the internal models, as well as the systems and controls relating to them.

#### **Note on disclosure**

The PRA has decided not to publish the full text and annexes of IMM permission notices as it has been deemed inappropriate and unnecessary. In particular, to do so might prejudice, to an unreasonable degree, the commercial interests of the firms concerned.

However, in the interests of transparency, the PRA's policy is to publish an abridged version of the permission notice, as a record that the IMM permission has been granted.

**ANNEX 3**  
**VERSION CONTROL**

| <b>Version</b> | <b>Comment</b>                                                                       | <b>Authorisation</b>                                                                        | <b>Date</b>       |
|----------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------|
| 1.0            | IMM Permission issued.                                                               | Sarah Breedon<br>Executive, Director<br>International Banks Supervision                     | 4 January<br>2018 |
| 2.0            | IMM Permission amended to<br>recognise IM in IMM                                     | Jonathan Rand<br>Head of Division, Authorisations<br>RegTech & International<br>Supervision | 15 July 2021      |
| 3.0            | IMM Permission for cleared<br>OTC derivatives and<br>exchange traded<br>derivatives. | Vicky White<br>Head of US Banks Supervision                                                 | 31 March<br>2023  |