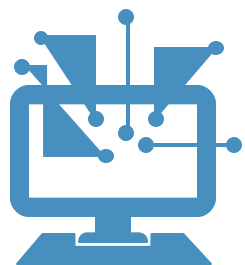

Stablecoins

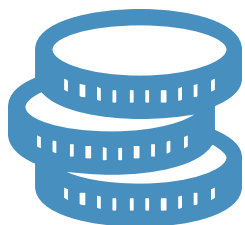
February 2020

Eddie Wen
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Global Head Digital Markets



■ What is JPM Coin and who will be able to use it?

- JPM Coin is a digital coin designed to facilitate instantaneous payments using blockchain technology.
- JPM Coin will be issued on Quorum protocol-based blockchain networks to start, but support for networks based on other blockchain protocols may be subsequently developed based on client demand. JPM Coin will be operable on all standard blockchain networks.
- Only institutional customers passing J.P. Morgan compliance requirements (KYC) can transact with these.



■ Is JPM Coin a currency or legal tender?

- The JPM Coin isn't money per se. It is a digital coin which clients can redeem for U.S. dollar (USD) credited to their accounts at JPMorgan Chase N.A.
- In short, a JPM Coin always has a value equivalent to one USD.
- Over time, JPM Coin will be extended to other major currencies, subject to client demand. The product and technology capabilities are currency agnostic.



■ What are the potential use cases in the future for JPM Coin?

- Blockchain & DLT payments platform
- Corporate internal liquidity management
- Securities Delivery Vs Payment

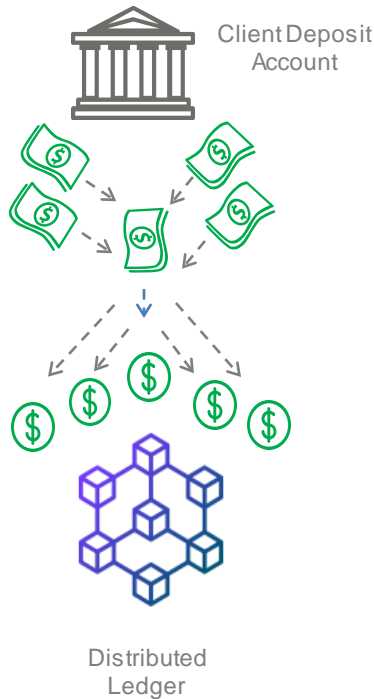
* JPM Coin is a prototype. JPMorgan Chase will complete all internal procedures and satisfy all regulatory and compliance obligations, prior to any live products or services being launched utilizing JPM Coin

How JPM Coin* works

Simplified Illustrative Example

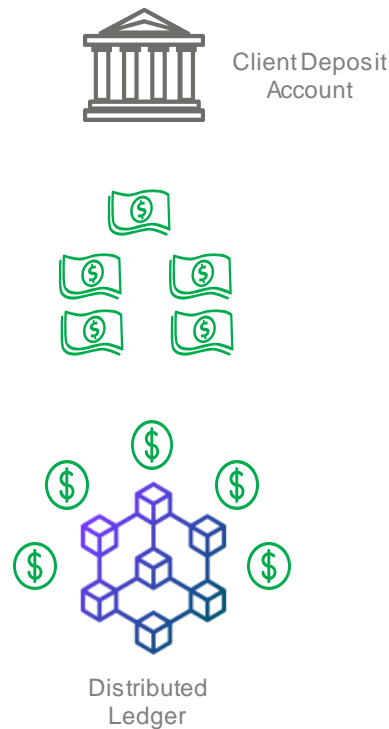
Step 1: Coin Issuance

A J.P. Morgan Chase Bank client instructs a debit of its deposit account. Client's account is debited for the instructed amount and client receives an equivalent number of JPM Coins



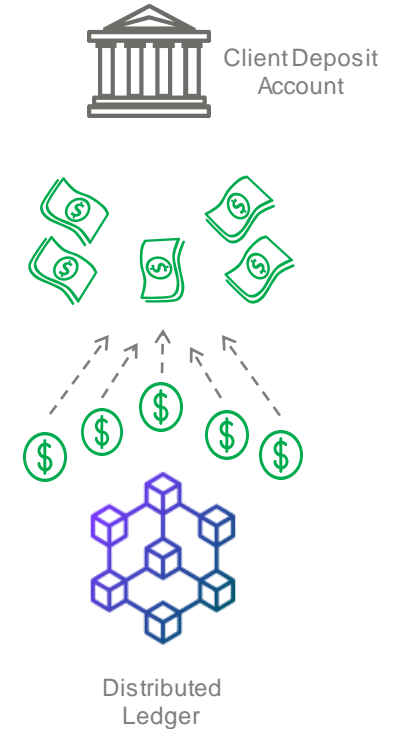
Step 2: Coin Transfer

JPM Coins are transferred at client's initiation over a blockchain network with other J.P. Morgan clients



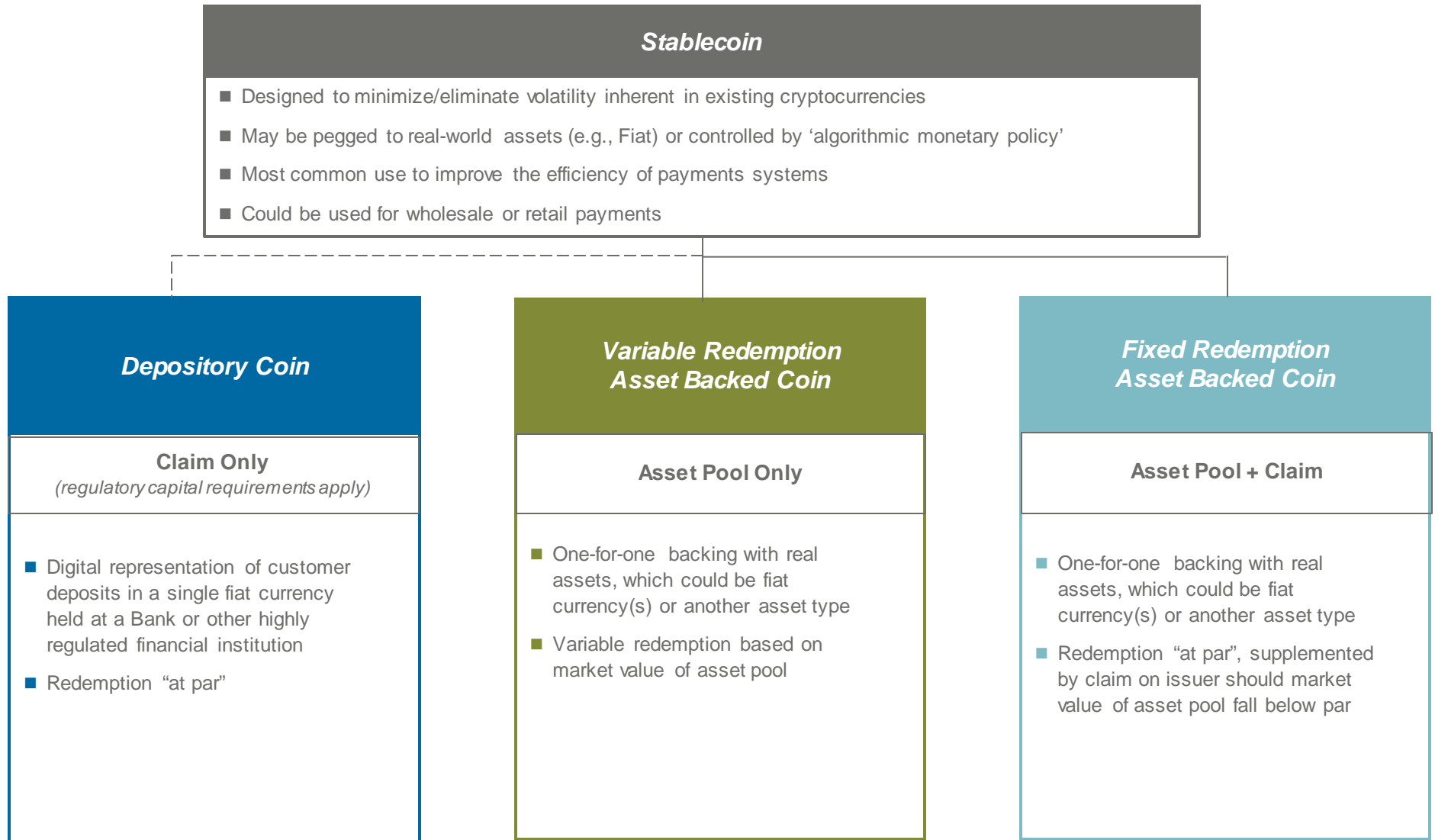
Step 3: Coin Redemption

Holders of JPM Coins redeem them for USD at J.P. Morgan Chase Bank, receiving credit to a deposit account



* JPM Coin is a prototype. J.P. Morgan will complete all internal procedures and satisfy all regulatory and compliance obligations, prior to any live products or services being launched utilizing JPM Coin.

A globally consistent taxonomy for privately issued stablecoins is critical



*Algorithmic Coin, Central Bank Digital Currencies not covered in this presentation

Core principles should guide regulation and oversight of digital assets, including stablecoins



Activities-Based Regulation

- Digital assets or other products in financial markets that result from the use of new technologies, should be subject to activities-based regulation, and oversight to ensure consumer/investor protection and the reduction of systemic risk.

Minimum Standards for DLT networks

- Blockchain networks, or other DLT's, engaging in financial services activities should meet certain minimum standards to promote fair, effective, and efficient systems and reduce systemic risk.
- Network, ledger, and participant security are key elements to these standards.

Globally Consistent Oversight

- A coherent, globally consistent approach to the oversight and supervision of blockchain or DLT-based activity will minimize regulatory arbitrage opportunities and encourage innovation.

Ongoing Regulatory Engagement

- Given the rapid pace of technological change, regulators and market participants should continually engage to ensure that consistent understanding of latest developments leads to appropriately-calibrated oversight of innovative technologies in financial services.