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January 11, 2021

BY EMAIL (shareholderproposals@sec.gov)

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal Submitted by James McRitchie

Ladies and Gentlemen:

This letter is submitted on behalf of JPMorgan Chase & Co., a Delaware corporation (the "Company"), pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company requests that the staff of the Division of Corporation Finance (the "Staff") of the U.S. Securities and Exchange Commission (the "Commission") not recommend enforcement action if the Company omits from its proxy materials for the Company's 2021 Annual Meeting of Shareholders (the "2021 Annual Meeting") the shareholder proposal and supporting statement (the "Proposal") submitted by James McRitchie with John Chevedden authorized to act as Mr. McRitchie's agent (Mr. McRitchie and Mr. Chevedden are referred to collectively as the "Proponent").

This letter provides an explanation of why the Company believes it may exclude the Proposal and includes the attachments required by Rule 14a-8(j). In accordance with Section C of Staff Legal Bulletin 14D (Nov. 7, 2008) ("SLB 14D"), this letter is being submitted by email to shareholderproposals@sec.gov. A copy of this letter also is being sent to the Proponent as notice of the Company's intent to omit the Proposal from the Company's proxy materials for the 2021 Annual Meeting.

Rule 14a-8(k) and Section E of SLB 14D provide that shareholder proponents are required to send companies a copy of any correspondence that the shareholder

proponents elect to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to remind the Proponent that if the Proponent submits correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should be furnished concurrently to the Company.

Background

The Company received the Proposal on December 6, 2020, along with a cover letter from the Proponent and a letter from TD Ameritrade verifying Mr. McRitchie's stock ownership in the Company. Copies of the Proposal, cover letter and related correspondence are attached hereto as Exhibit A.

Summary of the Proposal

The text of the resolution contained in the Proposal follows:

> **RESOLVED, shareholders ask that the board commission and disclose a study on the external costs created by the Company underwriting multi-class equity offerings and the manner in which such costs affect the majority of its shareholders who rely on overall stock market return.**

Bases for Exclusion

We hereby respectfully request that the Staff concur in the Company's view that it may exclude the Proposal from the proxy materials for the 2021 Annual Meeting pursuant to:

- Rule 14a-8(i)(7) because the Proposal deals with matters relating to the Company's ordinary business operations; and
- Rule 14a-8(i)(3) because the Proposal is materially false and misleading in violation of Rule 14a-9.

Analysis

A. The Proposal May be Excluded Pursuant to Rule 14a-8(i)(7) Because the Proposal Deals with Matters Relating to the Company's Ordinary Business Operations.

Under Rule 14a-8(i)(7), a shareholder proposal may be excluded from a company's proxy materials if the proposal "deals with matters relating to the company's ordinary business operations." In Exchange Act Release No. 34-40018 (May 21, 1998) (the "1998 Release"), the Commission stated that the policy

underlying the ordinary business exclusion rests on two central considerations. The first recognizes that certain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight. The second consideration relates to the degree to which the proposal seeks to "micro-manage" the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment. As demonstrated below, the Proposal implicates both of these two central considerations.

1. The Proposal deals with the Company's ordinary business operations.

The Commission has stated that a proposal requesting the dissemination of a report is excludable under Rule 14a-8(i)(7) if the substance of the proposal is within the ordinary business of the company. *See* 1983 Release ("[T]he staff will consider whether the subject matter of the special report or the committee involves a matter of ordinary business; where it does, the proposal will be excludable under Rule 14a-8(c)(7)."); *see also Netflix, Inc.* (Mar. 14, 2016) (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested a report describing how company management identifies, analyzes and oversees reputational risks related to offensive and inaccurate portrayals of Native Americans, American Indians and other indigenous peoples, how it mitigates these risks and how the company incorporates these risk assessment results into company policies and decision-making, noting that the proposal related to the ordinary business matter of the "nature, presentation and content of programming and film production").

In accordance with the policy considerations underlying the ordinary business exclusion, the Staff has consistently permitted exclusion under Rule 14a-8(i)(7) of shareholder proposals relating to the products and services offered for sale by a company. In *Wells Fargo & Co.* (Jan. 28, 2013, *recon. denied* Mar. 4, 2013), for example, the proposal requested that the company prepare a report discussing the adequacy of the company's policies in addressing the social and financial impacts of its direct deposit advance lending service. The company argued, among other things, that the proposal related to the company's "decision to offer a specific credit product to its customers, and thus constitutes part of the [c]ompany's core day-to-day banking business." In permitting exclusion under Rule 14a-8(i)(7), the Staff noted that the proposal related to the ordinary business matter of "products and services offered for sale by the company," stating in particular that "[p]roposals concerning the sale of particular products and services are generally excludable under rule 14a-8(i)(7)." *See also, e.g.*, *Pfizer Inc.* (Mar. 1, 2016) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting a report describing the steps the company has taken to prevent the sale of its medicines to prisons for the purpose of aiding executions, noting that the proposal "relates to the sale or distribution of [the company's] products"); *The Walt Disney Co.* (Nov. 23, 2015) (permitting exclusion

under Rule 14a-8(i)(7) of a proposal requesting that the company's board of directors approve the release of a specific film on Blu-ray, noting that the proposal "relates to the products and services offered for sale by the company"); *FMC Corp.* (Feb. 25, 2011, *recon. denied* Mar. 16, 2011) (permitting exclusion under Rule 14a-8(i)(7) of a proposal seeking, among other things, an immediate moratorium on sales and a withdrawal from the market of a specific pesticide, as well as other pesticides "where there is documented misuse of products harming wildlife or humans, until [the company] effectively corrects such misuse," and a "report . . . addressing all documented product misuses worldwide . . . and proposing changes to prevent further misuse," noting that the proposal "relates to the products offered for sale by the company"); *JPMorgan Chase & Co.* (Mar. 16, 2010) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board implement a policy mandating that the company cease its current practice of issuing refund anticipation loans, noting that the proposal related to the company's "decision to issue refund anticipation loans" and that "[p]roposals concerning the sale of particular services are generally excludable under rule 14a-8(i)(7)").

The Staff also has consistently permitted exclusion of shareholder proposals relating to a company's relationships with its customers. *See, e.g.*, *JPMorgan Chase & Co.* (Feb. 21, 2019) (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested the board complete a report on the impact to customers of the company's overdraft policies); *JPMorgan Chase & Co.* (Mar. 12, 2010) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board publish a report assessing, among other things, the adoption of a policy barring future financing by the company of companies engaged in mountain top removal coal mining, noting that the proposal related to the company's "decisions to extend credit or provide other financial services to particular types of customers" and that "[p]roposals concerning customer relations or the sale of particular services are generally excludable under rule 14a-8(i)(7)"); *Anchor BanCorp Wisconsin Inc.* (May 13, 2009) (permitting exclusion under Rule 14a-8(i)(7) of a proposal requesting that the board adopt a new policy for the lending of funds to borrowers and the investment of assets after taking preliminary actions specified in the proposal, noting that the proposal related to the company's "ordinary business operations (i.e., credit policies, loan underwriting and customer relations)"); *JPMorgan Chase & Co.* (Feb. 21, 2006) (permitting exclusion under Rule 14a-8(i)(7) of a proposal recommending that the company not issue first mortgage home loans, except as required by law, no greater than four times the borrower's gross income, noting that the proposal related to the company's "ordinary business operations (i.e., credit policies, loan underwriting and customer relations)").

In this instance, the Proposal focuses primarily on the products and services offered for sale by the Company and the Company's relationships with its customers, which are ordinary business matters. In particular, the Proposal's resolved clause

requests that the Company "disclose a study on the external costs created by the Company underwriting multi-class equity offerings." In this respect, the Proposal's supporting statement notes that "[o]ur Company underwrites initial public offerings" and that such a study would "help [] determine whether to seek a change in corporate direction." When read together, the Proposal's resolved clause and supporting statement emphasize the Proposal's focus on a particular service that the Company engages in on behalf of its clients—the underwriting of multi-class equity offerings.

In this regard, the Proposal's concern with the costs related to the underwriting of particular types of equity offerings (e.g., single class versus multi-class) on behalf of the Company's clients clearly demonstrates that the Proposal is focused on the Company's ordinary business matters. Indeed, the Proposal's supporting statement notes that the very purpose of the requested study is to inform shareholders "whether to seek a change in corporate direction," thereby explicitly focusing on the Company's business decisions regarding particular products and services. Similarly, the Company's decision to engage (or not engage) in the underwriting of multi-class equity offerings implicates ordinary business matters regarding the Company's relationships with its customers, who may desire particular products and services. Decisions with respect to the terms of individual securities in equity offerings that the Company underwrites and the requirements of the Company's clients are at the heart of the Company's business as a global financial services company and are so fundamental to the Company's day-to-day operations that they cannot, as a practical matter, be subject to shareholder oversight. Therefore, the Proposal may be excluded under Rule 14a-8(i)(7) as relating to the products and services offered for sale by the Company and the Company's relationships with its customers.

In addition, we note that a proposal may not be excluded under Rule 14a-8(i)(7) if it is determined to focus on a significant policy issue. The fact that a proposal may touch upon a significant policy issue, however, does not preclude exclusion under Rule 14a-8(i)(7). Instead, the question is whether the proposal focuses primarily on a matter relating to the company's ordinary business operations or raises a policy issue that transcends the company's ordinary business, and whether or not the policy issue has a sufficient nexus to the company. *See* 1998 Release; Staff Legal Bulletin No. 14K (Oct. 16, 2019); Staff Legal Bulletin No. 14E (Oct. 27, 2009). The Staff has consistently permitted exclusion of shareholder proposals where the proposal focused on ordinary business matters, even though it also related to a potential significant policy issue. For example, in *PetSmart, Inc.* (Mar. 24, 2011), the proposal requested that the company's board require suppliers to certify that they had not violated certain laws regulating the treatment of animals. Those laws affected a wide array of matters dealing with the company's ordinary business operations beyond the humane treatment of animals, which the Staff has recognized as a significant policy issue. In granting relief to exclude the proposal, the Staff

noted the company's view that "the scope of the laws covered by the proposal is 'fairly broad in nature from serious violations such as animal abuse to violations of administrative matters such as record keeping.'" *See also, e.g.*, *Dollar General Corp.* (Mar. 6, 2020) (permitting exclusion under Rule 14a-8(i)(7) of a proposal that requested a report on the use of mandatory arbitration provisions in employment contracts, noting that "notwithstanding some references in the supporting statement to potentially important social issues, the [p]roposal as a whole deals with a matter relating to the [c]ompany's ordinary business operations . . . and does not focus on any particular policy implication of that use at this particular company"); *CIGNA Corp.* (Feb. 23, 2011) (permitting exclusion under Rule 14a-8(i)(7) when, although the proposal addressed the potential significant policy issue of access to affordable health care, it also asked CIGNA to report on expense management, an ordinary business matter); *Capital One Financial Corp.* (Feb. 3, 2005) (permitting exclusion under Rule 14a-8(i)(7) when, although the proposal addressed the significant policy issue of outsourcing, it also asked the company to disclose information about how it manages its workforce, an ordinary business matter).

In this instance, the Proposal does not appear to touch on any significant policy issues. However, even if the Proposal did touch on a significant policy issue, similar to the precedent above, the Proposal's overwhelming concern with the Company's underwriting of multi-class equity offerings demonstrates that the Proposal's focus is on an ordinary business matter. Moreover, to the extent any significant policy issue is raised, the Proposal does not focus on any particular implication of that issue at the Company. The Proposal is unclear on its aims except that its concern with multi-class equity offerings appears to be aimed at society at-large, or "shareholders who rely on overall stock market return" and "the economy as a whole." These concerns have been presented to Congress, regulators, and even the Commission, by advocates who want reform of the capital markets' approach to multi-class equity offerings. However, to the extent this is a call for reformation of the capital markets, a shareholder proposal is not the appropriate vehicle. The Company merely provides underwriting of multi-class equity offerings among its other diverse product offerings and services, and any significant policy issue raised by the Proposal lacks a clear nexus with the Company.

Accordingly, consistent with the precedent described above, the Proposal may be excluded under Rule 14a-8(i)(7) as relating to the Company's ordinary business operations.

2. The Proposal seeks to micromanage the Company.

The Staff has consistently agreed that shareholder proposals attempting to micromanage a company by probing too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed

judgment are excludable under Rule 14a-8(i)(7). *See* 1998 Release; *see also, e.g.*, *Walgreens Boots Alliance, Inc.* (Nov. 20, 2018) (permitting exclusion on the basis of micromanagement of a proposal that requested open market share repurchase programs or stock buybacks subsequently adopted by the board not become effective until approved by shareholders); *SeaWorld Entertainment, Inc.* (Apr. 23, 2018) (permitting exclusion on the basis of micromanagement of a proposal that requested the board ban all captive breeding in the company's parks); *JPMorgan Chase & Co.* (Mar. 30, 2018) (permitting exclusion on the basis of micromanagement of a proposal that requested a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing of tar sands projects); *EOG Resources, Inc.* (Feb. 26, 2018, *recon. denied* Mar. 12, 2018) (permitting exclusion on the basis of micromanagement of a proposal that requested the company adopt company-wide, quantitative, time-bound targets for reducing greenhouse gas emissions and issue a report discussing its plans and progress towards achieving those targets).

As the Commission has explained, a proposal may probe too deeply into matters of a complex nature if it "involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies." *See* 1998 Release; *see also, e.g.*, *Johnson & Johnson* (Feb. 12, 2020) (permitting exclusion on the basis of micromanagement of a proposal that requested the board adopt a policy that it provide increased disclosure when financial performance metrics are adjusted to exclude "legal or compliance costs" for purposes of determining senior executive compensation awards, noting that "[a]lthough the [p]roposal would not prohibit the adjustment of financial performance metrics to exclude legal or compliance costs, we agree that the [p]roposal nonetheless micromanages the [c]ompany by seeking intricate detail of those costs identified in the [p]roposal"). The Staff also has explained that a proposal that seeks an intricately detailed study or report may be excluded on micromanagement grounds. *See* Staff Legal Bulletin No. 14J (Oct. 23, 2018).

In this instance, the Proposal seeks to micromanage the Company by engaging shareholders in matters that involve intricate detail. In particular, the Proposal's resolved clause states that the requested study include "the external costs created by the Company underwriting multi-class equity offerings and the manner in which such costs affect the majority of its shareholders." The resolved clause makes clear that the study would focus on a highly complex matter—the Company's underwriting of multi-class equity offerings. The manner in which equity is underwritten is a complex process that involves specialized industry and market knowledge, as well as the balancing of various financial, legal, business and other factors.

Moreover, the requested study would require intricate detail by focusing on the external costs of such underwriting. In order to produce the requested study, the Company would need to analyze numerous equity offerings it has underwritten over an indeterminate period of time, including the "external costs" of such underwriting, which could include a potentially infinite number of factors and their related impact on shareholders. The quantification of such "external costs" alone would involve a highly detailed and complex decision-making process, including the threshold matter of what might constitute such "external costs." Indeed, the requested study would be massive in scope, covering numerous transactions and calculations. In essence, the Proposal would require the Company to analyze the complex issue of underwriting multi-class equity offerings and produce an intricately detailed study on the subject, while, at the same time, attempting to prescribe that the Company abandon offering the product and service to its customers. The Proposal would, therefore, attempt to micromanage the Company by probing too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed judgment.

Accordingly, consistent with the precedent described above, the Proposal may be excluded pursuant to Rule 14a-8(i)(7) as relating to the Company's ordinary business operations.

B. The Proposal May be Excluded Pursuant to Rule 14a-8(i)(3) Because it is Impermissibly Vague and Indefinite so as to be Materially False and Misleading in Violation of Rule 14a-9.

Under Rule 14a-8(i)(3), a shareholder proposal may be excluded from a company's proxy materials if the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in a company's proxy materials. *See* Staff Legal Bulletin No. 14B (Sept. 15, 2004) ("SLB 14B"). The Staff has recognized that exclusion is permitted pursuant to Rule 14a-8(i)(3) if "the resolution contained in the proposal is so inherently vague or indefinite that neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires." *See* SLB 14B; *see also Dyer v. SEC*, 287 F.2d 773, 781 (8th Cir. 1961) ("[I]t appears to us that the proposal, as drafted and submitted to the company, is so vague and indefinite as to make it impossible for either the board of directors or the stockholders at large to comprehend precisely what the proposal would entail."); *Fuqua Industries, Inc.* (Mar. 12, 1991) (permitting exclusion under Rule 14a-8(i)(3) of a proposal where the company and its shareholders might interpret the proposal differently, such that "any action ultimately taken by the [c]ompany upon implementation [of the proposal] could be significantly different from the actions envisioned by shareholders voting on the proposal").

In accordance with SLB 14B, the Staff has consistently permitted exclusion of shareholder proposals under Rule 14a-8(i)(3) as impermissibly vague and indefinite where the proposal contained an essential term or phrase that, in applying the particular proposal to the company, was unclear, such that neither the company nor shareholders would be able to determine with any reasonable certainty what actions or measures the proposal requires. *See, e.g.*, *Philip Morris Int'l, Inc.* (Jan. 8, 2021)* (permitting exclusion under Rule 14a-8(i)(3) of a proposal requesting that the company's "balance sheet be strengthened significantly," where it was unclear how the essential terms "strengthened" and "significantly" would apply to the company's balance sheet); *Cisco Systems, Inc.* (Oct. 7, 2016) (permitting exclusion under Rule 14a-8(i)(3) of a proposal requesting that the board "not take any action whose primary purpose is to prevent the effectiveness of shareholder vote without a compelling justification for such action," where it was unclear what board actions would "prevent the effectiveness of [a] shareholder vote" and how the essential terms "primary purpose" and "compelling justification" would apply to board actions); *Pfizer Inc.* (Dec. 22, 2014, *recon. denied* Mar. 10, 2015) (permitting exclusion under Rule 14a-8(i)(3) of a proposal requesting that the board adopt a policy that "the Chair of the Board of Directors shall be an independent director who is not a current or former employee of the company, and whose only nontrivial professional, familial or financial connection to the company or its CEO is the directorship," where it was unclear whether the proposal intended to restrict or not restrict stock ownership of directors and any action taken by the company to implement the proposal, such as prohibiting directors from owning nontrivial amounts of company stock, could be significantly different from the actions envisioned by shareholders); *AT&T Inc.* (Feb. 21, 2014) (permitting exclusion under Rule 14a-8(i)(3) of a proposal requesting that the board review the company's policies and procedures relating to "directors' moral, ethical and legal fiduciary duties and opportunities" to ensure the protection of privacy rights, where it was unclear how the essential term "moral, ethical and legal fiduciary" applied to the directors' duties and opportunities); *General Dynamics Corp.* (Jan. 10, 2013) (permitting exclusion under Rule 14a-8(i)(3) of a proposal requesting a policy that, in the event of a change of control, there would be no acceleration in the vesting of future equity pay to senior executives, "provided that any unvested award may vest on a pro rata basis," where it was unclear how the essential term "pro rata" applied to the company's unvested awards); *The Boeing Co.* (Jan. 28, 2011, *recon. granted* Mar. 2, 2011) (permitting exclusion under Rule 14a-8(i)(3) of a proposal requesting that senior executives relinquish preexisting "executive pay rights," where it was unclear how to apply the essential term "executive pay rights").

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* Citations marked with an asterisk indicate Staff decisions issued without a letter.

In this instance, the Proposal is impermissibly vague and indefinite. The Proposal asks that the Company "commission and disclose a study on the external costs created by the Company underwriting multi-class equity offerings and the manner in which such costs affect the majority of its shareholders who rely on overall stock market turn." The essential term in this request—"external costs"—is vague and indefinite, such that neither the Company nor shareholders would be able to determine with any reasonable certainty what actions or measures the Proposal requires. In this regard, there are no qualifying words or phrases that precede or follow the words "external costs" that could help determine the scope of the requested study. For instance, although the resolution of the Proposal requests that the Company's Board of Directors commission and disclose the study, it is unclear exactly what "external costs" the Company would analyze in relation to its underwriting of multi-class equity offerings or the impact of such costs on shareholders. In addition, it is unclear how the Company would even determine and calculate the "external costs," as the Proposal provides no guidance on the calculation method for such costs or to whom the costs relate (i.e., shareholders, stakeholders, society at-large, etc.). Moreover, the complexity, depth and breadth of the requested study would vary drastically depending on how the study defines "external costs," which the Proposal, again, provides no guidance to the Company on how to define.

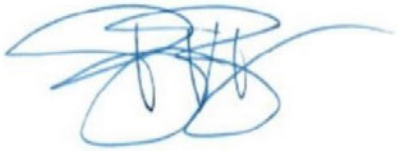
Moreover, the Proposal's supporting statement does not provide any guidance on these matters either, noting only that "[w]hile the Company may profit by ignoring externalized costs, its diversified shareholders ultimately pay them." Similarly, the Proposal provides no guidance on the time frame that the study of "external costs" would cover. The Proposal thus could conceivably cover a wide range and time frame of external costs related to the Company's underwriting of multi-class equity offerings and other aspects of the Company's ordinary business operations. Given these ambiguities, the resolution contained in the Proposal is so inherently vague and indefinite that neither shareholders voting on the Proposal, nor the Company implementing the Proposal (if adopted), would be able to determine with any reasonable certainty what actions or measures the Proposal requires.

Accordingly, consistent with the precedent described above, the Proposal may be excluded pursuant to Rule 14a-8(i)(3) on the basis that the Proposal is impermissibly vague and indefinite, in violation of Rule 14a-9.

Conclusion

On the basis of the foregoing, the Company respectfully requests the concurrence of the Staff that the Proposal may be excluded from the Company's proxy materials for the 2021 Annual Meeting. If you have any questions or would like any additional information regarding the foregoing, please do not hesitate to contact me at (202) 371-7180. Thank you for your prompt attention to this matter.

Very truly yours,



Brian V. Breheny

Enclosures

cc: Molly Carpenter
Corporate Secretary
JPMorgan Chase & Co.

John Chevedden

Sara E. Murphy
Chief Strategy Officer
The Shareholder Commons

EXHIBIT A

(see attached)

Corporate Governance

CorpGov.net: improving accountability through democratic corporate governance since 1995

***

JPMorgan Chase & Co.
Office of the Secretary
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New York, NY 10004-2413
corporate.secretary@jpmchase.com
212-270-6000
FX: 212-270-4240
FX: 646-534-2396
FX: 212-270-164

Dear Corporate Secretary,

My attached proposal, *External Corporate Governance Cost Disclosure*, is for the next annual shareholder meeting. I will meet Rule 14a-8 requirements including the continuous ownership of the required stock value until after the date of the respective shareholder meeting. My submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication.

This is my delegation to John Chevedden and/or his designee to forward this Rule 14a-8 proposal to the company and to act as my agent regarding this Rule 14a-8 proposal, negotiations and/or modification, and presentation of it for the forthcoming shareholder meeting.

Please direct all future communications regarding my rule 14a-8 proposal to John Chevedden

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to facilitate prompt and verifiable communications. Please identify me exclusively as the lead filer of the proposal.

This letter does not cover proposals that are not rule 14a-8 proposals. This letter does not grant the power to vote. Your consideration and the consideration of the Board of Directors is appreciated in support of the long-term performance of our company. We expect to forward a broker letter soon, so if you simply acknowledge our proposal in an email message to

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it may not be necessary for you to request such evidence of ownership.

Sincerely,

James McRitchie — December 6, 2020

Date

cc: Stella Lee <stella.lee@jpmorgan.com>
Linda E. Scott <linda.e.scott@chase.com>
David Gillis <david.kf.gillis@jpmchase.com>

CorpGov.net

[JPM: Rule 14a-8 Proposal, December 6, 2020]
[This line and any line above it – *Not* for publication.]

ITEM 4* – External Corporate Governance Cost Disclosure

RESOLVED, shareholders ask that the board commission and disclose a study on the external costs created by the Company underwriting multi-class equity offerings and the manner in which such costs affect the majority of its shareholders who rely on overall stock market return.

Our Company underwrites initial public offerings providing perpetual control to insiders with high-vote stock,[1] contributing to poor governance that harms investors as a class, including companies with three classes of stock having 20, 1 and 0 votes, respectively.[2] As one rival advised investors, the Company's most critical stakeholder group, "[u]sing multi-class voting to insulate management from its own shareholders comes at a significant long-term cost."[3]

In addition to risk of poor returns for their own shareholders, these structures give unchecked power to insiders, whose concentrated interests are misaligned with the interests of typical diversified shareholders. As a working paper co-authored by a Nobel Laureate notes, "initial entrepreneurs are not well-diversified and so they want to maximize the value of their own company, not the joint value of all companies."[4]

By lending reputation and expertise to marketing governance structures that risk both underperformance and misalignment of corporate control with shareholder interests, the Company jeopardizes the viability of the one share, one vote governance model that creates significant economic wealth for shareholders and society. As a 2020 study noted, "if many similarly-situated companies [accept a higher cost of capital for multi-class shares], then the prevalence of dual class shares might have negative consequences for the economy as a whole."[5]

Understanding this information is essential to the Company's shareholders, who are almost all broadly diversified. Indeed, as of September 2020, the top three holders of our shares are Vanguard, BlackRock, and State Street—investment managers with indexed or otherwise broadly diversified investors. Their beneficial owners are materially harmed by facilitation of governance that may lower GDP, thus reducing equity market values.[6] While the Company may profit by ignoring externalized costs, its diversified shareholders ultimately pay them.

The Company's facilitation of poor corporate governance across the economy is a social issue of great importance. A study would help shareholders determine whether to seek a change in corporate direction, structure, or form in order to better serve their interests.

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[1] See, e.g., https://www.sec.gov/Archives/edgar/data/1792789/000119312520292381/d752207ds1 htm (Door Dash).
[2] See Adams and Ferreira, *One Share-One Vote: The Empirical Evidence*, 12 Rev. of Fin. 51 (2008); Bebchuk and Kastiel, The Untenable Case for Perpetual Dual-Class Stock, 103 Virginia L. Rev. 585, 594 (2017), https://www.jstor.org/stable/26400252?seq=1
[3] https://www.forbes.com/sites/simonconstable/2019/09/30/goldman-sachs-warning-one-share-one-vote-or-else-the-stocks-shares-will-suffer/?sh=6cb9916e71da
[4] Broccardo, Eleonora and Hart, Oliver D. and Zingales, Luigi, *Exit vs. Voice* (August 24, 2020), https://ssrn.com/abstract=3680815 or http://dx.doi.org/10.2139/ssrn.3680815
[5] https://www.capmktsreg.org/wp-content/uploads/2020/04/The-Rise-of-Dual-Class-Shares-04.08.20-1.pdf
[6] See, e.g., https://www.advisorperspectives.com/dshort/updates/2020/11/05/market-cap-to-gdp-an-updated-look-at-the-buffett-valuation-indicator (total market capitalization to GDP "is probably the best single measure of where valuations stand at any given moment") (quoting Warren Buffet).

Please vote for: External Corporate Governance Cost Disclosure – Proposal [4*]

[This line and any below are *not* for publication]
Number 4* to be assigned by the Company

The graphic above is intended to be published with the rule 14a-8 proposal.
The graphic would be the same size as the largest management graphic (and accompanying bold or highlighted management text with a graphic) or any highlighted management executive summary used in conjunction with a management proposal or a rule 14a-8 shareholder proposal in the 2021 proxy.

The proponent is willing to discuss the in unison elimination of both shareholder graphic and management graphic in the proxy in regard to specific proposals.

Reference SEC Staff Legal Bulletin No. 14I (CF)
[16] Companies should not minimize or otherwise diminish the appearance of a shareholder's graphic. For example, if the company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder's graphics. If a company's proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

Notes: This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including (emphasis added):

> Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:
>
> - the company objects to factual assertions because they are not supported;
> - the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
> - the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
> - the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.
>
> **We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.**

See also Sun Microsystems, Inc. (July 21, 2005)

The stock supporting this proposal will be held until after the annual meeting and the proposal will be presented at the annual meeting. Please acknowledge this proposal promptly by email ***
***
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TD Ameritrade

12/10/2020

James McRitchie
***

Re: Your TD Ameritrade Account Ending in ***

Dear James McRitchie,

Thank you for allowing me to assist you today. Pursuant to your request, this letter is to confirm that as of the date of this letter, James McRitchie held and had held continuously for at least 13 months, 50 common shares of JP Morgan Chase & Co (JPM) in an account ending in *** at TD Ameritrade. The DTC clearinghouse number for TD Ameritrade is 0188.

If we can be of any further assistance, please let us know. Just log in to your account and go to the Message Center to write us. You can also call Private Client Services at 800-400-4078. We're available 24 hours a day, seven days a week.

Sincerely,

Jennifer Hickman

Jennifer Hickman
Resource Specialist
TD Ameritrade