JPMorgan response to the International Development Committee
Sarah Champion MP, Chair

JPMorgan works with debtor countries in distress and plays an important role in helping to find solutions to assist in overcoming their debt distress.

It is our view that where low- and/or middle-income countries are in distress, sovereign debt policies should be designed with the aim of limiting further economic damage as well as considering any potential impact on future incentives to provide finance.

It is important to note that a key function we have in the sovereign bond market is to provide liquidity and aid price discovery, rather than taking a view on the future value of these instruments. Our role as a liquidity provider is even more vital during periods of sovereign distress.

International Development Committee

House of Commons, London, SW1A 0AA

Tel: 020 7219 1223 Email: indcom@parliament.uk Website: www.parliament.uk/indcom Twitter:@CommonsIDC

From Sarah Champion MP, Chair

Richard Kaye
Managing Director
Head of International Public Affairs
J.P. Morgan

5 September 2022

Debt relief in low-income countries

Dear Mr Kaye,

I am writing to you as part of the International Development Committee's inquiry into debt relief in low-income countries. The inquiry is examining the impact of high levels of debt on development and the tools and strategies the UK Government should use to reduce the debt burden. As a private creditor owning the sovereign debt of low- and/or middle-income countries, the Committee would be grateful for your insight. In this correspondence, when referring to your company, the Committee are also referring to all your subsidiaries and associated companies.

J.P. Morgan's ownership of sovereign debt

1) Of countries eligible for the G20 Common Framework, how much debt do you own per country in terms of its face value?
2) Please provide details on when these debts were purchased, and at what prices.
3) What was your assessment of the risk of defaults when you bought these debts?
4) Have you bought any of Chad, Ethiopia, or Zambia's debt since they requested a suspension of debt payments to private lenders under the G20 Debt Service Suspension Initiative (DSSI) or Common Framework?
5) If paid in full, how much profit will you make from your holdings of Chad, Ethiopia, or Zambia's debt per country?

J.P. Morgan's participation in debt relief schemes

6) How did you respond to requests for a suspension of debt payments to private lenders through the DSSI and/or the Common Framework?

J.P. Morgan's view on debt relief schemes

7) What is your company's approach to your fiduciary responsibility to your clients and shareholders in relation to countries with a high risk of debt distress whose debt you own?
8) What is your company's view on legal rules for guiding sovereign debt restructurings and ensuring that all creditors participate equally on a level playing field?

Please respond to this letter by 26 September. While we intend to place your response and responses from other sovereign debt holders in the public domain, you may indicate if you wish that certain answers remain in the Committee's confidence and not be put into the public domain.

Yours sincerely,

Sarah Champion MP

Chair of the Committee