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**ANNUAL AUDITED REPORT  
FORM X-17A-5 ~~★~~  
PART III**

SEC FILE NUMBER
8-52182

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/18 AND ENDING 12/31/18  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **J.P. Morgan Institutional Investments Inc.**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**270 Park Avenue**

(No. and Street)

**New York**

**New York**

**10017**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Mary Jane Block

(614) 213-6231

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**PricewaterhouseCoopers LLP**

(Name - if individual, state last, first, middle name)

**300 Madison Ave**

**New York**

**NY**

**10017**

(Address)

(City)

(State)

(Zip Code)

**SEC Mail Processing**

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

MAR 01 2019

**Washington, DC**

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, Mary Jane Block, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of J.P. Morgan Institutional Investments Inc. as of December 31, 2018, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Mary Jane Block
Signature

Principal Financial and Operations Officer

Linda Johnson
Notary Public



This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income...
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**J.P. Morgan Institutional Investments Inc.**  
(An indirect, wholly owned subsidiary of JPMorgan Chase & Co.)  
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**December 31, 2018**

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholder of J.P. Morgan Institutional Investments Inc.

***Opinion on the Financial Statement – Statement of Financial Condition***

We have audited the accompanying statement of financial condition of J.P. Morgan Institutional Investments Inc. (the “Company”) as of December 31, 2018, including the related notes (collectively referred to as the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

The financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of this financial statement in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

*PricewaterhouseCoopers LLP*

February 28, 2019

We have served as the Company’s auditor since 2001.

**J.P. Morgan Institutional Investments Inc.**  
 (An indirect, wholly owned subsidiary of JPMorgan Chase & Co.)  
**Statement of Financial Condition**  
**December 31, 2018**

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<b>Assets</b>	
Cash and cash equivalents	\$ 28,078,530
Receivable from affiliates	452,770
Other receivables	8,498,884
Deferred tax assets	12,254
Prepaid expenses and other assets	1,259,431
Income taxes receivable, net	<u>168,121</u>
Total assets	<u>\$ 38,469,990</u>
<b>Liabilities and Stockholder's Equity</b>	
Accrued employee compensation and benefits	\$ 83,746
Payable to affiliates	7,834,192
Accounts payable and accrued expenses	<u>-</u>
Total liabilities	<u>\$ 7,917,938</u>
Stockholder's equity	
Common stock (\$1 par value, 100 shares authorized, issued and outstanding)	\$ 100
Additional paid-in capital	92,716,365
Accumulated deficit	<u>(62,164,413)</u>
Total stockholder's equity	<u>30,552,052</u>
Total liabilities and stockholder's equity	<u>\$ 38,469,990</u>

The accompanying notes are an integral part of the financial statements.

**J.P. Morgan Institutional Investments Inc.**  
**(An indirect, wholly owned subsidiary of JPMorgan Chase & Co.)**  
**Notes to Statement of Financial Condition**  
**December 31, 2018**

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**1. Organization**

J.P. Morgan Institutional Investments Inc. (the "Company") was incorporated on May 26, 1999 under the laws of Delaware as an indirect, wholly owned subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase"). The Company is registered as a broker-dealer with the Securities and Exchange Commission ("SEC"), and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Company sells mutual funds and other investment products and it holds licenses with regulatory agencies for representatives of affiliated entities (Note 3).

The Company does not carry customer accounts and does not otherwise hold funds or securities for, or owe money or securities to, customers.

**2. Summary of Significant Accounting Policies**

**Use of Estimates**

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Commitments and Contingencies**

In the ordinary course of its business, the Company is named as a defendant in various legal actions and administrative proceedings arising in connection with its respective businesses. The Company does not believe there are any pending legal proceedings that will have a material impact on the Company's financial position or results of operations.

**Cash Equivalents**

Highly liquid investments with original maturities, at the time of purchase, of three months or less are considered cash equivalents.

The Company's cash equivalents are invested in securities for which quoted prices for identical securities are available in an active market. As such, they are classified in Level 1 of the three-level valuation hierarchy established under U.S. GAAP for disclosure of fair value measurements. The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. Level 1 involves inputs publicly available for assets identical to those being valued. Level 2 involves inputs of quoted or observable prices or inputs for similar assets. Level 3 involves one or more inputs to the valuation methodology which are unobservable and significant to the fair value measurement.

**Receivables**

Receivables include accruals for distribution fees and other receivables. The carrying value represents fair value at December 31, 2018.

**Prepaid Expenses and Other Assets**

Prepaid expenses and other assets include prepaid regulatory fees as well as furniture and equipment which are depreciated over the estimated useful lives of the assets.

**J.P. Morgan Institutional Investments Inc.**  
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**Notes to Statement of Financial Condition**  
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**Income Taxes**

The results of operations of the Company are included in the consolidated federal, New York State, New York City and other state income tax returns filed by JPMorgan Chase. Pursuant to a tax sharing agreement, JPMorgan Chase allocates to the Company its share of the consolidated income tax expense or benefit based upon statutory rates applied to the Company's earnings as if it were filing a separate income tax return. Furthermore, JPMorgan Chase will reimburse the Company currently for losses irrespective of whether the Company would utilize losses on a separate return basis. The Company uses the separate return adjusted for benefits-for-loss allocation methodology to provide for income taxes on all transactions recorded in the financial statements. Valuation allowances are established when necessary to reduce deferred tax assets to an amount that, in the opinion of management, is more likely than not to be realized. State and local income taxes are provided on the Company's taxable income at the effective income tax rate applicable to the JPMorgan Chase entity.

The guidance on accounting for uncertainty in income taxes describes how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. This guidance requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's financial statements to determine whether the tax positions are more likely than not to be realized as a tax benefit or expense in the current year. After-tax interest and penalties, as well as the related unrecognized tax benefits, are recognized in income tax expense.

The tax sharing agreement between JPMorgan Chase and the Company allows for intercompany payments to or from JPMorgan Chase for outstanding current tax assets or liabilities.

See Note 5 for a further discussion of income taxes.

**3. Related Parties**

At December 31, 2018, all cash was held at one financial institution which is a related party of the Company. Cash on deposit of \$6,904,301 was held at JPMorgan Chase Bank, N.A. and cash equivalents of \$21,174,229 are invested in the 100% U.S. Treasury Securities Money Market Fund.

The Company has service agreements with affiliates whereby the Company receives reimbursement for expenses incurred in providing certain administrative services related to the registration of representatives.

The Company is a party to written service agreements with certain affiliates, whereby the Company acts as placement agent for certain private investment funds. In conjunction with providing this service, the Company receives a percentage of the various fund management fees, as agreed upon in the individual, written service agreements. Because another affiliate bears the primary costs associated with fee income from placement agent services performed by registered representatives, ninety percent of the placement fees earned by the Company are then paid to that affiliate.

The Company is party to a mutual fund selling agreement with an affiliate, whereby the Company earns Rule 12b-1 fees for selling mutual funds. Payments received under the selling

**J.P. Morgan Institutional Investments Inc.**  
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arrangement are subject to Rule 12b-1 guidelines and are computed based on the average daily net assets multiplied by the Rule 12b-1 fee disclosed in the respective funds' prospectuses.

**4. Employee Compensation and Benefits**

The Company's employees participate, to the extent they meet minimum eligibility requirements, in various benefit plans sponsored by JPMorgan Chase and its affiliates. The following is a discussion of JPMorgan Chase's significant benefit plans.

**Employee Share-Based Awards**

Certain employees of the Company participate in JPMorgan Chase's long-term share-based incentive plans, which provide for grants of common share-based awards in the form of restricted stock units ("RSUs"). Employees receive annual incentive compensation based on their performance, the performance of their business and JPMorgan Chase's consolidated operating results.

U.S. GAAP requires all share-based payments to employees that qualify as equity awards be measured at their grant-date fair values. Generally, grant date fair value for RSUs is measured based on the number of units granted multiplied by the stock price at the grant date. The Company separately recognizes compensation expense for each tranche of each award, net of estimated forfeitures, as if it were a separate award with its own vesting date. Generally, for each tranche granted, compensation expense is recognized on a straight-line basis from the grant date until the vesting date of the respective tranche, provided that the employees will not become full-career eligible during the vesting period. For awards with full-career eligibility provisions and awards granted with no future substantive service requirement, the Company accrues the estimated value of awards expected to be awarded to employees as of the grant date, without giving consideration to the impact of post-employment restrictions. For each tranche granted to employees who will become full-career eligible during the vesting period, compensation expense is recognized on a straight-line basis from the grant date until the earlier of the employee's full-career eligibility date or the vesting date of the respective tranche.

**JPMorgan Chase RSUs**

RSUs are awarded at no cost to the recipient upon their grant. Generally, RSUs are granted annually and vest at a rate of 50% after two years and 50% after three years and are converted into shares of JPMorgan Chase common stock as of the vesting date. In addition, RSUs typically include full-career eligibility provisions, which allow employees to continue to vest upon voluntary termination based on age or service-related requirements, subject to post-employment and other restrictions. All RSUs awards are subject to forfeiture until vested and contain clawback provisions that may result in cancellation under certain specified circumstances. Generally, RSUs entitle the recipient to receive cash payments equivalent to any dividends paid on the underlying common stock during the period the RSUs are outstanding.

The following table presents grant and forfeiture activity of JPMorgan Chase share-based awards to the Company's employees for the year ended December 31, 2018.

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(Actuals)

<b>RSUs</b>	
Granted	62
Forfeited	0

At December 31, 2018, the Company's employees held 208 unvested RSUs. In the normal course of business, the employment relationship of certain employees may transfer between the Company and JPMorgan Chase or its subsidiaries which may impact the Company's outstanding awards.

**Pension and Other Postretirement Benefit Plans**

JPMorgan Chase and its affiliates have various defined benefit pension plans and other postretirement employee benefit ("OPEB") plans that provide benefits to its employees. The Company's employees are eligible to participate in a qualified, noncontributory U.S. defined benefit pension plan sponsored by a JPMorgan Chase affiliate and they may also participate in JPMorgan Chase's defined contribution plan. In connection with changes to the U.S. Retirement Savings Program during the fourth quarter of 2018, JPMorgan Chase announced that it will freeze the U.S. defined benefit pension plan. Commencing on January 1, 2020 (and January 1, 2019 for new hires), pay credits will be directed to the U.S. Defined contribution plan. Interest credits will continue to accrue. In addition, postretirement medical and life insurance benefits are offered to certain retirees, and postretirement medical benefits are offered to qualifying U.S. employees, through JPMorgan Chase's U.S. OPEB plans. There are no separate plans solely for employees of the Company and, therefore, pension expense, defined contribution and OPEB expense for the Company is determined based upon employee participation in these plans and is recorded through an intercompany charge, which is cash settled in cash monthly.

**5. Income Taxes**

Deferred income tax expense/(benefit) results from differences between assets and liabilities as measured for financial reporting and income tax return purposes. At December 31, 2018, the Company had a \$12,254 net deferred tax asset. The significant components of the deferred tax asset, as of the balance sheet date, relate primarily to state taxes and compensation-related items. As of December 31, 2018, management has determined it is more likely than not that the Company will realize its deferred tax assets.

At December 31, 2018, the Company had a net current income tax receivable from JPMorgan Chase of \$168,121 included in the Statement of Financial Condition.

The Company is a member of the JPMorgan Chase consolidated group which is continually under examination by the Internal Revenue Service, by taxing authorities throughout the world, and by many state and local jurisdictions throughout the U.S. The following table summarizes the status of significant income tax examinations of JPMorgan Chase and its consolidated subsidiaries as of December 31, 2018.

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<b>December 31, 2018</b>	<b>Periods under examination</b>	<b>Status</b>
JPMorgan Chase - U.S.	2006 - 2010	Field examination of amended returns
JPMorgan Chase - U.S.	2011 - 2013	Field examination
JPMorgan Chase - U.S.	2014 - 2016	Field examination
JPMorgan Chase - New York State	2012 - 2014	Field examination
JPMorgan Chase - New York City	2012 - 2014	Field examination
JPMorgan Chase - California	2011 - 2012	Field examination

**6. Regulatory Requirements**

The Company is subject to the SEC's Uniform Net Capital Rule, which requires the maintenance of minimum net capital. The Company has elected to compute its net capital requirement in accordance with the alternative method under Rule 15c3-1(a)(ii), which requires a broker or dealer to maintain at all times net capital, as defined, at the greater of \$250,000 or 2% of aggregate debit items arising from customer transactions.

At December 31, 2018, the Company had net capital, as defined under Rule 15c3-1, of \$14,482,445 which was \$14,232,445 in excess of net capital requirements.

The Company claims exemption from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(ii) of that rule.

**7. Subsequent Events**

Management has evaluated the impact of subsequent events through February 28, 2019, which is the date the financial statements were issued, and has determined that no additional items require disclosure.