December 19, 2017

Mr. James Dimon
Chairman and Chief Executive Officer
JPMorgan Chase & Co.
270 Park Avenue, 48th Floor
New York, New York 10017-2014

Dear Mr. Dimon:

On July 1, 2017, the Board of Governors of the Federal Reserve System (Board) and the Federal Deposit Insurance Corporation (FDIC) (together, the Agencies) received the annual resolution plan submission (2017 Plan) of JPMorgan Chase & Co. (JPMC) required by section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), 12 U.S.C. § 5365(d), and the jointly issued implementing regulation, 12 CFR Part 243 and 12 CFR Part 381 (the Resolution Plan Rule). The Agencies have reviewed the 2017 Plan taking into consideration section 165(d) of the Dodd-Frank Act, the Resolution Plan Rule, the letter that the Agencies provided to JPMC on April 12, 2016 (the 2016 Letter) regarding JPMC's 2015 resolution plan submission (2015 Plan), the joint "*Guidance for 2017 Resolution Plan Submissions By Domestic Covered Companies that Submitted Resolution Plans in July 2015*" (the 2017 Plan Guidance), other guidance provided by the Agencies and supervisory information available to the Agencies.

In reviewing the 2017 Plan, the Agencies noted meaningful improvements over prior resolution plan submissions of JPMC. Among other things, the Agencies reviewed the 2017 Plan with respect to the shortcomings in JPMC's 2015 Plan. Based upon their review of the 2017 Plan, the Agencies have jointly decided that the 2017 Plan satisfactorily addressed these shortcomings, as discussed in section I, below.

I. Background and Progress

Section 165(d) of the Dodd-Frank Act requires that each bank holding company with $50 billion or more in total consolidated assets and each designated nonbank financial company report to the Agencies the plan of such company for its rapid and orderly resolution in the event of material financial distress or failure. Under the statute, the Agencies may jointly determine, based on their review, that the plan is "not credible or would not facilitate an orderly resolution of the company under Title 11, United States Code."[1] The statute and the Resolution Plan Rule provide a process by which the deficiencies jointly identified by the Agencies in such a plan may be remedied.

In addition to the Resolution Plan Rule, the Agencies have provided supplemental written guidance to assist JPMC's development of a resolution plan that satisfies the requirements of section 165(d) of the Dodd-Frank Act.[2] The Agencies have also provided ongoing engagement

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[1] 12 U.S.C. § 5365(d)(4).

[2] Most recently, this guidance has included:

- The 2016 Letter, which detailed four jointly identified deficiencies in the 2015 Plan and the actions required to address them. The 2016 Letter also identified shortcomings in the 2015 Plan and stated that if the Agencies jointly decide that these matters are not satisfactorily addressed in the 2017 Plan, the Agencies may determine jointly that the 2017 Plan is not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code. The deficiencies identified in the 2016 Letter were addressed in October 2016.
- The 2017 Plan Guidance, which described the Agencies' expectations regarding the 2017 Plan and highlighted specific areas where additional detail should be provided and where

with JPMC to facilitate the development of its 2017 Plan. The Agencies' staffs have met with JPMC frequently since April 2016 to answer questions related to the 2017 Plan.

In July 2017, the Agencies received the 2017 Plan and began their review to determine whether the 2017 Plan satisfies the requirements of section 165(d) of the Dodd-Frank Act and the Resolution Plan Rule. As part of their review, the Agencies assessed whether the 2017 Plan satisfactorily addressed each of the shortcomings identified in the 2016 Letter. The Agencies also assessed whether the 2017 Plan satisfactorily addressed each of the key vulnerabilities in resolution identified in the 2017 Plan Guidance. As noted in previous communications, actions to enhance resolvability generally were expected to be fully implemented no later than the date of the 2017 Plan.[3]

Progress Made by JPMC

Following receipt of the 2016 Letter, JPMC has taken important steps to enhance the firm's resolvability and facilitate its orderly resolution in bankruptcy. These steps include those taken to address the requirements of the Board's resolution-related rules regarding total loss-absorbing capacity, clean holding companies,[4] and stays of qualified financial contracts.[5]

JPMC has taken other significant steps. These include (i) improving its capital and liquidity capabilities by developing approaches to estimate stand-alone financial resource needs

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certain capabilities or optionality should be developed to demonstrate that the firm has considered fully, and is able to mitigate, obstacles to implementation of the preferred strategy.

- Answers to common and firm-specific questions regarding the 2017 Plan Guidance.

[3] See the 2016 Letter.

[4] See 12 CFR 252.60-.65. This rule generally requires JPMC to maintain capital and long-term debt outstanding to absorb potential losses following entry into bankruptcy and to not enter into certain financial arrangements that would create obstacles to an orderly resolution.

[5] See 12 CFR 252.81-.88. This rule generally requires JPMC and certain of its subsidiaries to amend their qualified financial contracts to stay the exercise of default rights that could undermine the firm's resolution strategy.

for each material entity; (ii) linking measures of estimated financial resource needs to available resources to inform the timely filing of the parent company's bankruptcy; (iii) developing a framework for the pre-positioning of capital and liquidity at material entities; (iv) funding a subsidiary that would allocate resources to material entities during resolution as needed; (v) entering into a contractually binding mechanism designed to provide capital and liquidity support to material entities; (vi) creating a framework to govern escalation of information in support of timely decision-making; (vii) modifying its service contracts with key vendors to include provisions intended to ensure the continuation of services; (viii) identifying options for the sale of discrete businesses and assets under different market conditions and taking actions to make those options actionable; (ix) pre-positioning working capital in service-providing entities; (x) developing playbooks to support continued access to payment, clearing, and settlement activities; (xi) developing specific financial market utility (FMU) playbooks as well as alternative strategies for all agent banks and FMUs and enhancing automated reporting for payment, clearing, and settlement activities; and (xii) simplifying the ownership and funding structure for JPMS plc, a U.K. investment banking subsidiary of JPMC's lead bank.

Finally, JPMC has adequately addressed the shortcomings identified in the 2016 letter. In response to the firm's governance mechanisms shortcoming, the firm provided relevant legal analysis of the potential challenges and mitigants to its planned support of material entities before bankruptcy, developed mitigants (e.g., contractually binding mechanism, intermediate holding company) to those challenges, and incorporated these developments into its governance playbooks. In response to the operational shortcoming, JPMC updated vendor contracts and developed contingency plans to help ensure outsourced services would continue in the event of the firm's entry into resolution.

II. Conclusion

In their review of the July 2017 resolution plans, the Agencies also identified four common areas where more work may need to be done to improve the resolvability of the firms: intra-group liquidity; internal loss absorbing capacity; derivatives; and payment, clearing, and settlement activities. Next year the Agencies intend to clarify improvements that should be reflected in the firms' next resolution plans, which are due on July 1, 2019. The Agencies are also considering ways to streamline the resolution plan submission process to allow more time for firms to make progress on resolvability before submitting plans to the Agencies.

The resolvability of firms will change as markets change and as firms' activities, structures, and risk profiles change. The Agencies expect firms to continue to address the resolution consequences of their day-to-day management decisions.

If you have any questions about the information communicated in this letter, please contact the Agencies.

Sincerely,

Ann E. Misback (Signed)

Ann E. Misback
Secretary of the Board
Board of Governors of the Federal
Reserve System

Sincerely,

Robert E. Feldman (Signed)

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation