

Resolution Plan Public Filing 2016



JPMORGAN CHASE & Co.

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Defined terms are capitalized and may be found in the Glossary beginning on page 40.

1. Introduction

We are committed to serving our clients and communities, across businesses, and around the world in the right way, in everything we do. Part of this commitment is our responsibility to operate in a safe and sound manner, in a way that meets the standards that our regulators set for us.

One such standard is that the Firm produces a comprehensive and credible Resolution Plan that could serve as a road map for how the Firm would continue to operate, or be wound down in an orderly manner, without jeopardizing the economy, global financial markets or requiring any extraordinary government assistance or taxpayer support.

In April 2016, the Agencies jointly provided our Firm with feedback on the 2015 Resolution Plan and new requirements for our 2017 Resolution Plan. On October 1, 2016, the Firm filed with the Agencies the 2016 Submission, which we believe is credible, responds fully to all deficiencies, substantially addresses the shortcomings identified in the Agencies' feedback and also addresses new requirements.

The Firm's approach to this 2016 Submission went beyond the matters identified by the Agencies, by completely reevaluating the key components of our Resolution Plan, including our Preferred Strategy for resolution, structure, liquidity, funding and capital frameworks, and related governance. The Firm's most senior executives and an extensive team of subject matter experts and resources were dedicated to this task since we received our feedback. We made significant changes to many core elements of our Resolution Plan and how we run our business. Our objective was to significantly improve the certainty and timeliness of management and board actions and support, and to provide more flexibility and options in times of stress.

This document provides a public summary of the 2016 Submission, including an overview of how we have remediated the deficiencies and addressed the shortcomings identified by the Agencies in the 2016 Letter. See Appendix A for a summary of the 2016 Letter and what was required of us by October 1, 2016.

2. Overview of 2016 Submission

The key building blocks for our 2016 Submission were to:

- bolster the core elements of our Resolution Plan and **raise the bar on JPM Group's resolvability and optionality** while simultaneously remediating the deficiencies, addressing the shortcomings and accelerating the requirements of the 2017 Guidance, where possible;
- **provide meaningful flexibility and optionality for separability in resolution;** thorough and expert analyses reshaped our view of the parts of the Firm that are appropriate candidates for potential disposal in a resolution event, which we call Objects of Sale. For each Object of Sale, a comprehensive divestiture analysis was conducted and codified in what we call Divestiture Playbooks. Each playbook contains information and analysis relevant to sale, IPO or spinoff, including buyers, valuation, steps and timelines, as well as a road map for addressing obstacles to separability. In addition, electronic data rooms were populated and now stand ready with relevant, current data to support buyer due diligence and the sale process, significantly improving our divestiture readiness;
- **undertake a comprehensive analysis of and establish a framework for the orderly wind-down of our derivatives and trading businesses;** we conservatively included capital and liquidity impacts in our financial analyses and assessed residual risks to financial stability;
- **ensure that resolution-based assumptions and options are appropriately conservative and are meaningfully supported** through robust governance, review and challenge;
- **significantly increase the certainty and timeliness with which incremental liquidity, funding and capital would be provided to MLEs in a resolution scenario,** through development and formalization of detailed trigger points at which information would need to be escalated to, and actions would be expected from, executive management and the board of directors. Such triggers are progressive from periods of strength through periods of stress to the Point of Non-viability and are formalized both in Firm policy statements, and also in detailed Governance Playbooks;
- **comprehensively reassess the resolvability of our U.K. subsidiary, JPMS plc, and simplify its financial, operational and structural interconnectedness;** and
- **embed resolvability, including legal entity simplification, in business as usual governance and decision-making.**

We have remediated the deficiencies and addressed the shortcomings as follows:

Governance Mechanisms.

We prepared a robust legal analysis of potential creditor and fiduciary challenges to capital and liquidity support under the Preferred Strategy, supported by external legal advice. That analysis has informed many aspects of the Firm's Resolution Plan.

The legal analysis was so compelling that the Firm made the decision to immediately establish, and begin transferring assets into, an intermediate holding company which we refer to as an IHC. The Firm has also entered into a contractually binding Support Agreement between parent companies and MLEs to ensure resources will be promptly and directly provided to the right entities in resolution.

We established new capital and liquidity trigger frameworks, memorialized in amended Governance Playbooks. As such, we codified how senior management and boards of directors will receive the right information, at the right time, to make the necessary decisions, and take necessary actions, to deploy the Firm's resources at multiple points during periods of stress.

Taken together, we believe that these actions fully remediated the deficiency and shortcoming associated with governance mechanisms.

In support of this conclusion, we:

- conducted a legal analysis of potential creditor challenges and legal obstacles that could emerge in a bankruptcy, in each MLE jurisdiction;
- formed JPMC Holdings, a new third-party, debt-free IHC which will be prefunded so that it stands ready to make capital and liquidity contributions to MLEs in resolution;
- approved and initiated the transfer of assets from JPMC to the IHC, including a central buffer of excess resources appropriately sized to address unanticipated capital and funding needs at the MLE level in resolution; such transfers will take place imminently and therefore during a period in which the Firm is unequivocally solvent, providing a stronger defense against potential legal challenges, such as fraudulent conveyance and preferential transfer;
- entered into the Support Agreement effective October 1, 2016, a contractually binding mechanism that provides the vehicle to ensure resources will be deployed to the right places at the right time, should prepositioning at MLEs be insufficient;
- assessed the potential impact the establishment of the IHC and associated Support Agreement could have on our creditworthiness and did not believe they would have a negative impact;

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- developed granular and dynamic Firm-wide liquidity and capital trigger frameworks and market metrics linked to the escalation of information and specific actions and decisions to support the timely execution of senior management and board actions;
- established specific capital management policies and triggers for all MLEs and designed an MLE liquidity framework which will be implemented and operationalized before the 2017 Resolution Plan; and
- incorporated the Firm-wide trigger frameworks and market metrics and the functioning of the Support Agreement into expanded Governance Playbooks for our six most important MLEs.

Liquidity.

We developed and globally implemented a new, comprehensive liquidity framework to estimate available resources and liquidity needs for all MLEs in resolution. The framework also assessed, quantified and incorporated potential uncertainties into our analysis.

In response to the new framework, and in consideration of conservative assumptions such as jurisdictional liquidity trapping, or ring-fencing, we significantly increased our excess liquidity reserves sufficient to fully meet our revised needs by October 1, 2016. This includes having conservatively placed liquidity resources at each MLE which we believe are sufficient to fund its needs in resolution, and establishing sufficient excess resources to cover potential uncertainties at either the MLE or at a parent company.

We also meaningfully simplified our intercompany funding flows, especially related to our U.K. entities, including JPMS plc.

Taken together, we believe that these actions have remediated the deficiency and enhanced our ability to fund all MLEs during resolution, including in the event of ring-fencing of resources in MLEs in foreign jurisdictions.

In support of this conclusion, we:

- implemented an RLAP model and a separate RLEN model, leveraging the existing JPM Stress Liquidity Framework;
- enhanced our framework which assesses liquidity transfer restrictions due to regulatory, legal, tax and other impediments;
- enhanced liquidity modeling to detail intercompany flows by MLE, with product-level breakouts and daily funding flows through the Stabilization Period;

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- significantly strengthened the consolidated liquidity position of JPM Group since the 2015 Resolution Plan;
- conservatively placed liquidity resources at each MLE which we believe are sufficient to fund its needs in resolution, and established excess resources to cover potential uncertainties, which we call frictions, at either the MLE or at a parent company;
- implemented liquidity simplification actions, including amending the intercompany funding policy and significantly simplifying material intercompany funding relationships and interconnectedness. Specifically, we:
 - streamlined cross-border flows among U.S. and U.K. entities;
 - reduced the number of intermediate entities through which intercompany funding flows travel and thereby materially reduced total intercompany funding flows and the likelihood of frictions under stress; and
 - eliminated a significant amount of overnight intercompany funding and extended the maturity of a meaningful amount of intercompany funding.

Legal Entity Rationalization.

We completely re-wrote and instituted detailed and actionable LER Criteria that are appropriately focused on resolvability. Our new LER Criteria are now embedded in global business as usual policies, procedures and governance.

We initiated a full assessment of our existing legal entity structure against these LER Criteria. This assessment will be conducted for all entities, including the designated MLEs. For assessments done to date, we set in motion certain structural, process and governance changes that simplify our entities and enhance recapitalization.

Specifically, for JPMS plc, the LER Criteria drove the decision to eliminate several legal entities in its ownership chain, among other significant simplification actions.

Taken together, we believe these actions have remediated this deficiency, including by significantly improving the recapitalization mechanisms for JPMS plc.

In support of this conclusion, we:

- embedded and operationalized new LER Criteria into relevant business as usual policies, procedures and governance;
- developed an assessment framework with quantitative and defined qualitative metrics to apply the new LER Criteria to all legal entities; for example, the metrics

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include a comparison of the minimum number of legal entities required to conduct a business against the current total;

- applied the new LER Criteria to certain MLEs and assessed whether each MLE should remain a legal entity or be merged or eliminated; this resulted, for example, in the conclusion to merge our two CIB U.S. broker-dealers;
- applied the new LER Criteria to JPMS plc, resulting in the decision to eliminate several companies between JPMS plc and JPMCB; and
- significantly simplified our U.K. intercompany funding flows and interconnectivity, and specifically for JPMS plc, reduced by more than half our intercompany derivative transactions with JPMCB London Branch.

Separability.

We commissioned an expert analysis to objectively identify and analyze appropriate Objects of Sale. The expert analysis identified 16 Objects of Sale and included an extensive analysis of the available buyers for each.

We developed detailed Divestiture Playbooks for each Object of Sale. In addition, we created and prepopulated comprehensive electronic data rooms for each Object of Sale to allow buyers to immediately conduct due diligence.

Taken together, we believe that we have remediated the separability deficiency, addressed the 2017 Guidance for data rooms and significantly enhanced our divestiture readiness under a wide variety of market conditions, including resolution.

In support of this conclusion, we:

- engaged and mandated JPM Group's CIB Financial Institutions Group (FIG) to:
 - determine how best to break up JPMC in resolution into the most attractive sale, spin-off, IPO or unwind candidates, irrespective of the current structure of the Firm; and
 - conduct a comprehensive market analysis of potential buyers, including acquirer capacity;
- produced comprehensive and detailed Divestiture Playbooks that incorporate FIG's buyer analysis and provide a road map to divest each Object of Sale, including:
 - an overview and valuation of the business under different market conditions, including an estimate of the divestiture capital and liquidity impact;

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- a detailed discussion of marketability;
- an analysis of obstacles to divestiture, including the reliance on Critical Shared Services, and related mitigants; and
- realistic execution time frames and the required actions to execute the sale or IPO;
- created electronic data rooms populated with the information necessary to enable potential buyers to conduct due diligence, including information relating to:
 - financial, accounting and taxes: examples include tax summary reports, policies and audited financial statements;
 - business and marketing data: examples include management reports, portfolio data and key metrics;
 - legal and compliance: examples include contracts, agreements and intellectual property and trademarks;
 - risk management: examples include risk policy documents, risk self-assessments and key metrics;
 - human resources: examples include employee lists, employee benefit information and retention plans;
 - information technology and operations: examples include inventory of technology, descriptions of platforms and disaster recovery procedures;
 - real estate: examples include summary of real estate, leases and related documents; and
 - internal audit, which includes internal audit reports.

Derivatives and Trading Activities.

We conducted a detailed analysis of an orderly active unwind of JPM Group's derivatives and trading portfolios assuming that it would take place over an 18-month period.

By incorporating the orderly active wind-down into our Preferred Strategy, and its impact into our resolution capital and liquidity models, we demonstrated that we have the resources to fully absorb the costs of the active wind-down. Further, we analyzed the residual portfolio and concluded that it would not pose a systemic risk to financial stability.

Credit Rating Agency Playbooks were developed for our three most significant derivative entities that outline and detail the steps and procedures to return to or achieve investment grade rating.

Taken together, we believe these actions remediated this deficiency.

In support of this conclusion, we:

- analyzed the composition of the CIB derivatives portfolio, which represents 99% of the Firm's notional derivative positions, and determined that the significant majority are non-complex, plain-vanilla transactions;
- modeled that we can successfully unwind 95% of the CIB derivatives portfolio over an 18-month period, of which a significant amount naturally mature during the period;
- created a new framework and methodology, using detailed data to conduct top-down and bottom-up analyses to stratify the portfolios to determine which portfolios would be novated and which would be terminated;
- estimated costs of rehedging or replacing risk, under the assumption that all hedges must be executed through central counterparties;
- identified the residual amount of positions that would possibly remain after 18 months and determined that these positions were not systemically important;
- conducted a liquidation analysis of the CIB trading portfolio using distressed pricing consistent with conservative haircut assumptions;
- determined the respective liquidity and capital impacts on an MLE basis; and
- met with all three major credit rating agencies to better understand their assessment processes and requirements, and created Credit Rating Agency Playbooks for three MLEs.

Operational.

We are in the late stages of completing amendments to termination provisions in key contracts that support Critical Operations. We are also amending such contracts to ensure that we have the ability to assign them in resolution.

In addition, we now include these resolution-friendly termination and assignment provisions in all of our new standard vendor and agent bank contracts. We are also in the process of amending existing key vendor contracts that support all of the Firm's businesses, as well as all existing agent bank contracts.

We believe that we have made significant progress in addressing the identified shortcoming and have extended our efforts beyond the requirement.

In support of this conclusion, we:

- developed resolution-friendly contract terms that would prohibit automatic termination and permit assignment to facilitate continued provision of services during and after a resolution event;
- applied these new standard contract terms to all new and renewal contracts; and
- implemented a process to modify existing contracts for these new terms for key third-party contracts and have made substantial progress in executing these new terms.

JPMS plc.

Many of the important actions and decisions described above to address the deficiencies and shortcomings can be looked at specifically from the perspective of JPMS plc.

We took meaningful steps to simplify JPMS plc's ownership chain, intercompany funding flows and interconnectivity with affiliates. In addition, JPMS plc has more than sufficient liquidity and capital to survive in resolution.

These actions have significantly reduced the risk of ring-fencing and enhanced the recapitalization of JPMS plc, thereby improving the resolvability of JPM Group.

In support of this conclusion, we:

- ensured that more than 100% of projected resolution liquidity and capital needs are prepositioned at JPMS plc;

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- ensured, through the establishment of the IHC together with the execution of the Support Agreement, that JPMS plc now has two direct routes—JPMCB New York Branch and the IHC—to recapitalize and provide liquidity and funding support in resolution, thereby increasing optionality;
- simplified intercompany liquidity and funding relationships; and
- applied the new LER Criteria to JPMS plc, resulting in the decision to eliminate several companies between JPMS plc and JPMCB, among other simplifying actions.

In addition to the identified deficiencies and shortcomings, we addressed certain new requirements in the 2017 Guidance.

Capital.

We developed and implemented for all MLEs a new, comprehensive capital framework. We have estimated capital resources available to MLEs and their capital needs in resolution. As a result of implementing this new capital framework, all MLEs have sufficient resources to meet their projected resolution capital needs.

We developed capital management policies and triggers for all MLEs. We included capital triggers in the Support Agreement and in the amended Governance Playbooks.

We will be operationalizing the new capital framework into our business as usual processes, procedures and reporting before the submission of the 2017 Resolution Plan.

We believe we have made significant progress in addressing the capital-related requirements in the 2017 Guidance.

In support of this conclusion, we:

- implemented an RCAP model and a separate RCEN model;
- conservatively placed projected resolution capital resources at all MLEs;
- prepared daily capital modeling through the Stabilization Period;
- updated the JPM Group Capital Management Policy to incorporate resolution capital triggers and an overall RCAP and RCEN framework and requirements; and
- incorporated the Basel III Advanced RWA framework into the resolution financial modeling, in addition to using Standardized RWA.

Other.

We have addressed other requirements from the 2017 Guidance, which are summarized at the end of this Public Filing.

The remainder of this Public Filing provides more detail on how we remediated the deficiencies and addressed the shortcomings.

3. Governance Mechanisms

We believe that an orderly resolution of our Firm will require appropriate decision makers to convene at key junctures in order to make timely decisions about how the Firm will respond to the challenges associated with increasing levels of financial distress. These decision makers will need to receive the appropriate information and analyses to allow them to make these decisions. Our 2016 Submission incorporates governance mechanisms to identify these decision points as well as the types of information that will be needed to facilitate timely action and the procedures for escalating this information.

As discussed above, the Agencies found the governance mechanisms provided in the 2015 Resolution Plan to be deficient because our board of directors' playbooks failed to link the actions that directors and senior management would need to take in a resolution scenario to specific triggers. This deficiency created uncertainty around whether key actions to successfully execute our preferred resolution strategy would be taken in a timely fashion. The Agencies also identified a shortcoming in the 2015 Resolution Plan's governance mechanisms because the plan included only a limited analysis of the range of potential legal challenges that could adversely affect JPMC's ability to support its subsidiaries in a resolution scenario. While we were not required to remediate this shortcoming until the submission of our 2017 Resolution Plan, we determined that doing so would substantially enhance our ability to identify the key actions to be taken by our directors and senior management in a resolution scenario and the triggers with which these actions should be associated. As a result, we determined to address this shortcoming in this 2016 Submission.

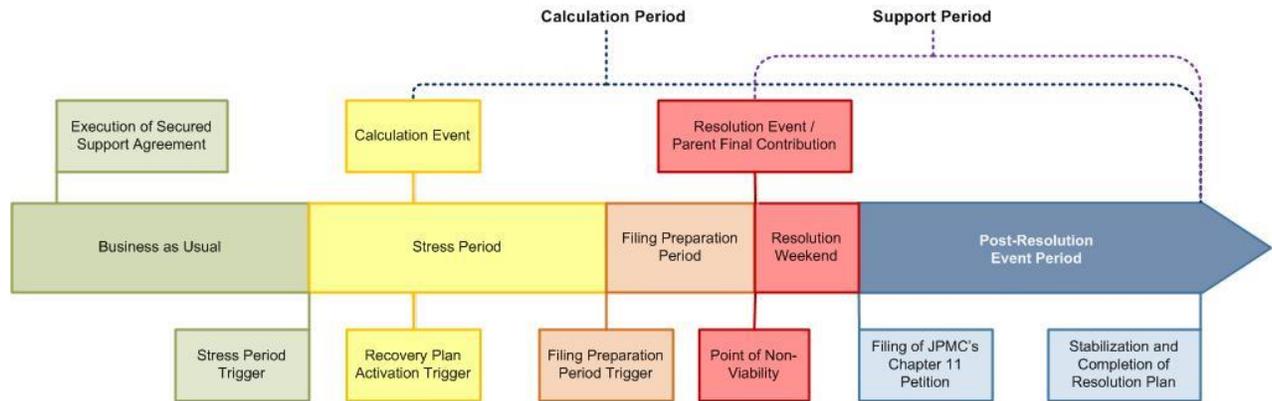
The following discussion summarizes how the Firm has addressed our governance mechanisms deficiencies and shortcomings.

3.1. Governance Playbooks

To address the governance-related deficiency identified by the Agencies, we have incorporated into our Governance Playbooks (previously called "board of director playbooks") a comprehensive Firm-wide trigger framework that defines a set of critical points along the spectrum from business as usual through increasing levels of distress and, ultimately, the decision for JPMC to file for bankruptcy. At each of these points, the framework identifies the actions that would need to be taken or decisions that would need to be made, the relevant actors or decision makers and any information that must be provided to facilitate these actions or decisions.

These critical points are triggered by certain defined liquidity and capital metrics falling below stated thresholds. In addition, the framework requires escalation to senior risk officers if significant market metrics (such as JPMC's stock price or credit default spreads) breach certain thresholds. Lastly, the triggers necessitating JPMC's final preparations for resolution, including calling a board meeting to vote on JPMC's bankruptcy filing, leverage our methodologies to measure JPMC's liquidity and capital resources against execution needs to ensure that our MLEs have sufficient resources in resolution to meet their needs. In each case, only one threshold needs to be breached at any critical point in order to trigger the actions or decisions associated with that point. See Figure 1.

Figure 1. Stages of Resolution and Triggers



As described below, the Firm has developed a robust framework designed to ensure that our MLEs have sufficient assets and resources to meet their needs for capital and liquidity throughout the resolution process. In the highly unlikely event that the Firm is unable to provide capital or liquidity support to an MLE, a set of entity-specific triggers are also being developed to facilitate the MLEs’ recovery and resolution on a standalone basis. As part of this 2016 Submission, the Firm has enhanced the Governance Playbooks for our lead bank, JPMCB, and several of our other MLEs to incorporate entity-specific capital triggers (to be supplemented with liquidity escalation points) and has developed a project plan to enhance the Governance Playbooks of all MLEs for inclusion in our 2017 Resolution Plan.

Through the development of a comprehensive Firm-wide trigger framework, the incorporation of certain entity-specific triggers into the Governance Playbooks for key MLEs and the establishment of a project plan to incorporate appropriate triggers into all Governance Playbooks, we believe that we have fully remediated the governance deficiency identified by the Agencies.

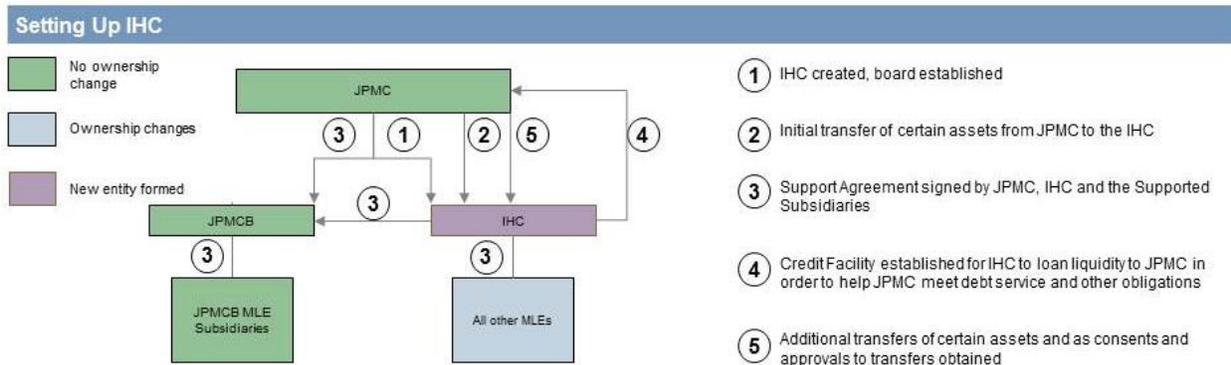
3.2. Improvements to Enhance Implementation of the Resolution Strategy

To address the governance-related shortcoming identified by the Agencies, JPMC has developed a detailed legal analysis of potential bankruptcy and state law challenges to the means by which support would be provided to MLEs under our Preferred Strategy. We have also developed mechanisms to address those challenges to preserve value for the Firm and its stakeholders.

We begin with a description of the manner in which resources have been prepositioned at our MLEs. The Firm has estimated both the liquidity and capital resources needed to sustain our MLEs through the duration of a JPMC resolution and transferred sufficient resources to each MLE to address these needs. From a liquidity perspective, we have ensured that the MLEs have liquid assets and term funding to adequately address their modeled requirements. From a capital perspective, we have bolstered the entities’ balance sheets, transferring additional resources as appropriate. We believe that this prepositioning, in combination with the mechanisms discussed below, will allow the MLEs to remain solvent throughout the resolution process.

The Firm has developed two principal governance mechanisms that enhance our ability to implement the Preferred Strategy. First, the Firm has created an IHC, JPMC Holdings, which will not have third-party creditors. Pursuant to a Support Agreement, which is discussed below, JPMC will transfer to the IHC its investment in nearly all of its subsidiaries (with the exception of the lead bank), as well as intercompany indebtedness owing to JPMC and most of JPMC’s other assets. We expect this transfer of assets to be substantially complete by year-end 2016. JPMC will also generally transfer the net proceeds of future securities issuances to the IHC. The liquid assets held by the IHC will form a central buffer that can be used to provide additional support to the MLEs if their prepositioned resources are insufficient to meet their needs in a resolution of JPMC. See Figure 2.

Figure 2. Establishment of the IHC



The second mechanism developed by the Firm is the execution of a secured Support Agreement. This agreement has two primary components, the transfer of assets from JPMC to the IHC as discussed above, and the IHC’s assumption, together with JPMCB, of responsibility for providing funding and capital support to the Firm’s MLEs.

Under ordinary circumstances, this support will be provided in accordance with the Firm’s business as usual capital and liquidity policies, with the IHC assuming the responsibility previously held by JPMC. In the unlikely event that JPMC reaches a point of severe distress at which an imminent bankruptcy filing is expected, JPMCB and the IHC will be contractually obligated to provide the necessary support to any MLE whose prepositioned resources are insufficient to meet its modeled near-term need for capital and liquidity in resolution (support can be provided to an MLE on multiple occasions as its near-term needs evolve over time).

JPMCB is obligated to support its direct and indirect subsidiaries in the first instance, but only to the extent that it is able to do so without itself requiring additional support. The IHC is obligated to support all MLEs (including JPMCB and its subsidiaries, to the extent of their unmet needs). Both JPMC’s obligation to transfer assets to the IHC and the IHC’s obligation to provide support to the MLEs will be secured by liens on the assets available to be used for these purposes.

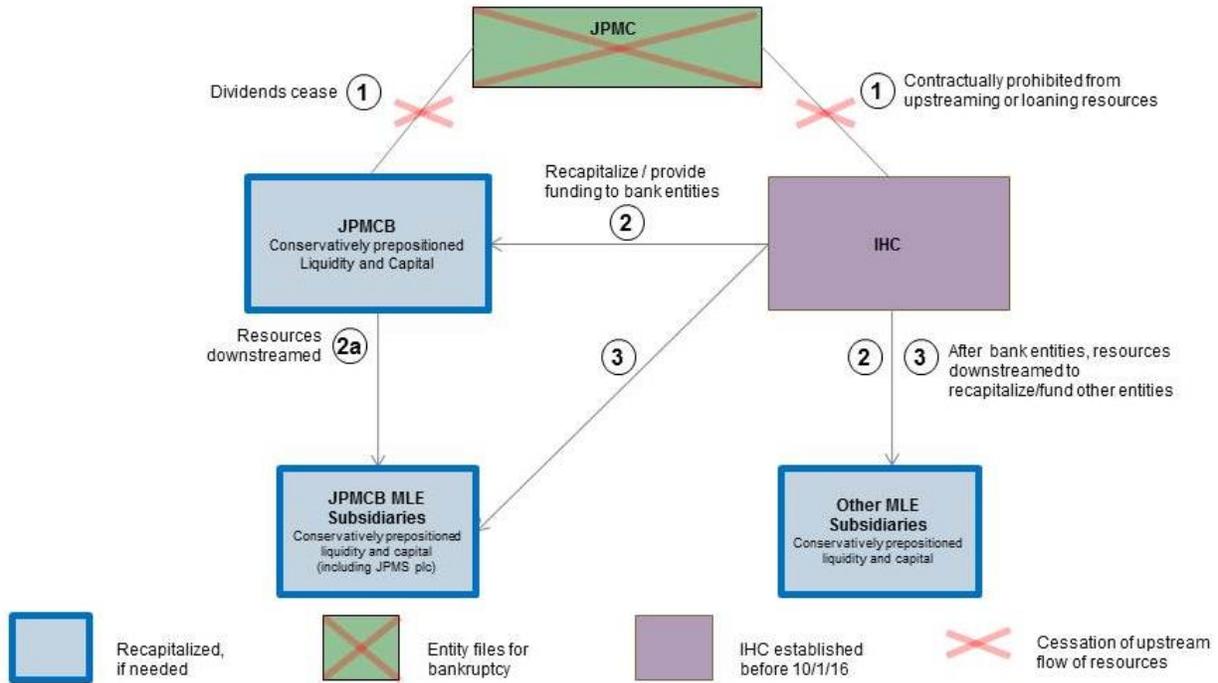
The IHC will also provide JPMC with a revolving line of credit at all times prior to the point at which JPMC’s bankruptcy filing is imminent. Among other things, this will ensure that JPMC will have adequate resources to service the obligations on its outstanding securities if the

timing of dividends from JPMCB and the IHC should for some reason not match the timing of these obligations.

See Figure 3 for a depiction of how the Support Agreement will function at the beginning of the Point of Non-viability.

Figure 3. Performance of Support Agreement

- IHC and/or JPMCB are required to provide support under the Support Agreement, as necessary, at the Point of Non-Viability



The mechanisms described above enhance the Firm’s resolvability in at least two ways.

First, the use of an IHC increases the likelihood that the Firm’s centrally available resources can be successfully deployed in resolution to MLEs. The Firm’s Preferred Strategy contemplates that following JPMC’s bankruptcy filing, the IHC (as well as JPMCB) would be transferred to a newly created company outside of the bankruptcy estate which would be owned by a trust for the benefit of JPMC’s creditors. This would allow the IHC to continue providing support as needed throughout JPMC’s resolution process, preserving value for the benefit of JPMC’s creditors.

Second, the architecture of the Support Agreement, which is designed to address the near-term resolution needs of MLEs, further decreases the risk of regulatory ring-fencing. The provision by the IHC of as-needed support to MLEs pursuant to the Support Agreement increases the likelihood of matching resources with needs and decreases the likelihood that a recipient of excess support will be prevented by non-U.S. regulators from using that support to benefit the Firm as a whole.

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The creation of the IHC, the entry into the Support Agreement and the other enhancements to our Resolution Plan described above have been taken at the present time, when JPMC is clearly solvent. Moreover, they have been implemented to preserve the going-concern value of the Firm's MLEs even in the case of material distress, which benefits all relevant constituencies, including creditors. For these reasons, the types of potential creditor challenges described by the agencies in their 2017 Guidance, such as fraudulent transfer, preference and breach of fiduciary duty, should be without merit and should not hinder the implementation of our Preferred Strategy.

4. Liquidity and Funding

We have continuously enhanced our liquidity and funding position and framework since the 2015 Resolution Plan. We have implemented a comprehensive framework for estimating MLE liquidity needs during resolution, including the development of strengthened and enhanced RLAP and RLEN models. The enhanced liquidity models also detail intercompany flows by each MLE, with product-level breakouts and daily cash flows through the Stabilization Period. Among its other liquidity and funding enhancements, we have placed liquidity at MLEs to meet their resolution liquidity needs, and executed actions to simplify material intercompany funding relationships and interconnectedness. We believe that these and other enhancements and the overall strengthened liquidity framework have remediated the liquidity deficiency. This is supported by the significant increase in JPMC's excess liquidity resources. The excess liquidity resources reflect both the excess or trapped liquidity at each MLE, as well as a central buffer.

4.1. Enhancement of RLAP Model

We have enhanced our RLAP model by measuring the stand-alone net liquidity position of each MLE and identifying and quantifying potential frictions at MLEs, placing resources at MLEs and calibrating the central buffer. In doing so, we have considered daily contractual mismatches between inflows and outflows, daily movement of cash and collateral for intercompany transactions, daily stressed liquidity flows and trapped liquidity. The enhanced model is also supported by a detailed analysis of the interconnectedness of JPMCB London Branch, JPMS plc and JPMCB New York Branch. We also provided an analysis comparing the output of our existing stress model to the output of our enhanced RLAP model.

A description of our enhanced RLAP model is provided in Section 4.1.1 and a discussion of other related actions that we have taken to remediate this deficiency is outlined in Section 4.1.2. We will use our enhanced RLAP model on an ongoing basis.

4.1.1. RLAP Model Assumptions and Analysis

The baseline for the enhanced RLAP model is the JPM Stress Liquidity Framework, which is designed to measure liquidity risk to ensure that JPM Group has sufficient liquidity resources to meet peak cash outflows. The JPM Stress Liquidity Framework assumes that a severe stress event results in JPM Group issuer credit ratings being downgraded by all three major rating agencies to one notch below investment grade on the first day of stress. This leads to a severe liquidity crisis owing to a loss of wholesale and retail funding, additional collateral margin postings, customer and counterparty outflows, a rapid decline in the trading value of JPMC's debt and other market factors. The framework also assumes that JPM Group would suffer severe deposit attrition, draws on unfunded lending commitments, experiences significant derivative outflows, and would be unable to refinance maturing wholesale funding obligations, except for secured funding or lending transactions backed by high-quality assets.

The JPM Stress Liquidity Framework includes a Restricted Liquidity Framework for funding frictions, which assesses jurisdictional, operational, counterparty and tax frictions. The Restricted Liquidity Framework is used to identify liquidity that could potentially be trapped within JPM Group legal entities. JPMC has created an enhanced Restricted Liquidity

Framework to assess liquidity transfer restrictions at the MLE level (including between branches).

The enhanced RLAP model measures peak net funding outflows for each MLE on a stand-alone basis and includes an enhanced level of granularity, reflecting daily cash flows throughout the stress period, as well as a product-level breakout of third-party and intercompany flows. Intercompany transactions are treated similarly to third-party transactions, with no fungibility of surplus liquidity across MLEs (including branch-to-branch). The enhanced RLAP model provides an estimate of the amount of liquid resources that would need to be prepositioned at each MLE to effectively meet the anticipated cumulative net peak funding outflows (inclusive of restricted liquidity), as well as the central buffer required to be maintained to support any liquidity deficits at MLEs. The RLAP model estimate reflects a conservative view of available sources of liquidity.

MLEs will rely on both prepositioning of financial resources at the MLE level and the central liquidity buffer.

4.1.2. Reduction of Intercompany Funding Frictions

In connection with improving our RLAP model to better take into account potential frictions, we also simplified material intercompany funding relationships and financial interconnectedness, thereby mitigating the potential risk of frictions. We completed actions to minimize potential intercompany funding frictions, including:

- eliminated certain intercompany commitments and replaced them with term unsecured funding;
- discontinued certain intercompany sweep arrangements;
- increased the tenor for certain unsecured and secured intercompany transactions;
- reduced interconnectedness by reducing or eliminating pass-through entities between the ultimate lender and ultimate borrower for certain intercompany transactions;
- transferred certain JPMC deposits and other JPMCB subsidiary demand deposit accounts from JPMCB London Branch to JPMCB New York Branch;
- continued legal entity simplification efforts, which have had the effect of significantly reducing intercompany funding flows; and
- returned certain dividends from non-MLE subsidiaries to JPMCB.

4.2. Enhancement of RLEN Model

We further enhanced our RLEN model to estimate liquidity needs to execute the Preferred Strategy by:

- providing greater detail on the estimate of (1) the minimum operating liquidity required by each MLE and (2) the peak daily funding needs of each MLE throughout the entire Stabilization Period following Resolution Weekend;
- reflecting the interconnectedness and potential funding frictions between various MLEs; and
- providing triggers for the provision of support under the Support Agreement and triggers for voting by the JPMC board whether to commence Chapter 11 Proceedings under the amended JPMC Governance Playbook.

A description of our enhanced RLEN model, along with a discussion of other related actions that we have taken to remediate this deficiency, is set forth in Section 4.2.1 below. We believe that our enhanced RLEN model, together with these related actions, remediates the deficiency. We will use our enhanced RLEN model on an ongoing basis.

4.2.1. RLEN Model Assumptions and Analysis

The enhanced RLEN model utilizes as a baseline the JPM Stress Liquidity Framework, subject to certain additional, resolution-specific modifications.

The estimates used in the RLEN model reflect the minimum liquidity required at each MLE to execute the Preferred Strategy throughout the Resolution Period and, thus, inform the timing of when JPMC should file for bankruptcy. The minimum liquidity required at each MLE is calculated as the sum of:

- the minimum operating liquidity required to ensure that the MLE can operate without disruption throughout the Resolution Period; and
- the MLE's projected peak cumulative net funding outflows during the Resolution Period.

RLEN identifies the peak cumulative net funding needed to stabilize each MLE after JPMC commences Chapter 11 Proceedings. To be conservative, we do not assume access to third-party secured and unsecured funding markets in our enhanced RLEN model.

As part of our resolution liquidity modeling, we are able to provide daily cash flow forecasts in RLEN (consistent with the enhanced framework) through the end of the Stabilization Period.

The enhanced Restricted Liquidity Framework used in the RLAP model is also used in the RLEN model. The framework primarily applies to intercompany unsecured and secured transactions, commitments and derivatives, including transactions between MLEs and non-

MLEs, and all significant transactions. We implemented an additional third-party friction analysis to capture other funding frictions in the estimation of the minimum operating liquidity required by each MLE.

4.3. Liquidity and Funding Enhancements for the 2017 Resolution Plan

We will continue to enhance and refine our resolution liquidity and funding models and to refine our analysis to improve the robustness of the Preferred Strategy. For the 2017 Resolution Plan, we will build on the work completed for the 2016 Submission. These actions will include:

- enhancing the liquidity trigger framework to be implemented for key MLEs;
- enhancing the contingency funding plan and related policies; and
- developing and implementing a technology plan and timeline for complete automation of the RLAP and RLEN models.

5. Legal Entity Rationalization—LER Criteria

We made significant improvements to our LER Criteria so that they are clear and actionable and promote the alignment of legal entities and businesses to improve our resolvability. In particular, the enhanced LER Criteria include the facilitation of the recapitalization of MLEs prior to the Resolution Period. To ensure that the amended LER Criteria are put into action, we established governance procedures so that revised LER Criteria are applied on an ongoing basis. We believe that these and other enhancements have remediated the LER deficiency.

5.1. Enhancement of LER Criteria to Make Them Clear and Actionable

The enhanced LER Criteria became effective throughout JPM Group on September 30, 2016. We have started assessing existing legal entities against these enhanced LER Criteria in a phased approach and will complete the assessment of all entities by July 1, 2017. All new legal entities created and all proposed eliminations of legal entities after September 30, 2016 must be assessed against the enhanced LER Criteria based on new procedures and escalation guidance.

5.1.1. Principles to Enhance LER Criteria

We focused on the following three key principles in designing our enhanced LER Criteria:

- **Transparency.** We developed new and updated LER Criteria grouped into categories, which have been approved and widely communicated throughout the Firm to appropriate stakeholders and control functions. Each criterion has been documented to include a statement of rationale based on resolvability.
- **Actionability.** The enhanced LER Criteria are intended to provide a clear framework for decision making, including an objective basis for determining whether an existing or proposed legal entity structure is consistent with the enhanced LER Criteria.
- **Measurability.** Decisions based on the enhanced LER Criteria are grounded in internal quantitative and qualitative metrics that bring measurability and objectivity into the process. These metrics support business and functional stakeholders and allow us to assess and track adherence against the LER Criteria.

5.1.2. LER Criteria Enhancements

We revised and substantially enhanced our existing LER Criteria and developed new resolution-focused LER Criteria focusing on four specific areas: (1) organization and business model, (2) financial resources, (3) interconnectedness and (4) operational continuity. For each of these areas, we developed categories and created a corresponding set of LER Criteria for each. Figure 4 summarizes the respective LER Criteria categories we developed.

Figure 4. Overview of Legal Entity Rationalization Assessment Criteria

Areas	Organization and Business Model			Financial Resources			Interconnectedness		Operational Continuity
Category	Reduction of Legal Entities	Clean Lines of Ownership	Separability	Clean Parent	Prepositioning	Funding Structure	Derivatives	Financial Interconnectedness	Shared Services

5.1.3. Enhanced LER Criteria to Facilitate MLE Recapitalization

We enhanced our LER Criteria to facilitate the recapitalization of MLEs. The clean lines of ownership category of LER Criteria require JPM Group to maintain for MLEs predefined funding and recapitalization plans that are not impeded by the ownership structure. More broadly, several of the LER Criteria addressing financial resources are intended to facilitate the recapitalization of MLEs because they are designed to provide for a clean parent and funding structure.

5.1.4. MLE Assessment Based on Enhanced LER Criteria

We have already significantly progressed on our assessment of, and applied our enhanced LER Criteria across, some of our MLEs. While the assessments are still ongoing, interim results of this analysis are highlighted below:

- to date, we have applied the new LER Criteria to certain MLEs and assessed for each of these MLEs whether it should remain a legal entity or be merged or eliminated; certain MLE rationalization decisions were reaffirmed by applying the LER Criteria, including the merger of JPMCC into JPMS LLC, while others were changed owing to the new criteria; and
- we applied the new LER Criteria to JPMS plc, resulting in the decision to eliminate several companies between JPMS plc and JPMCB.

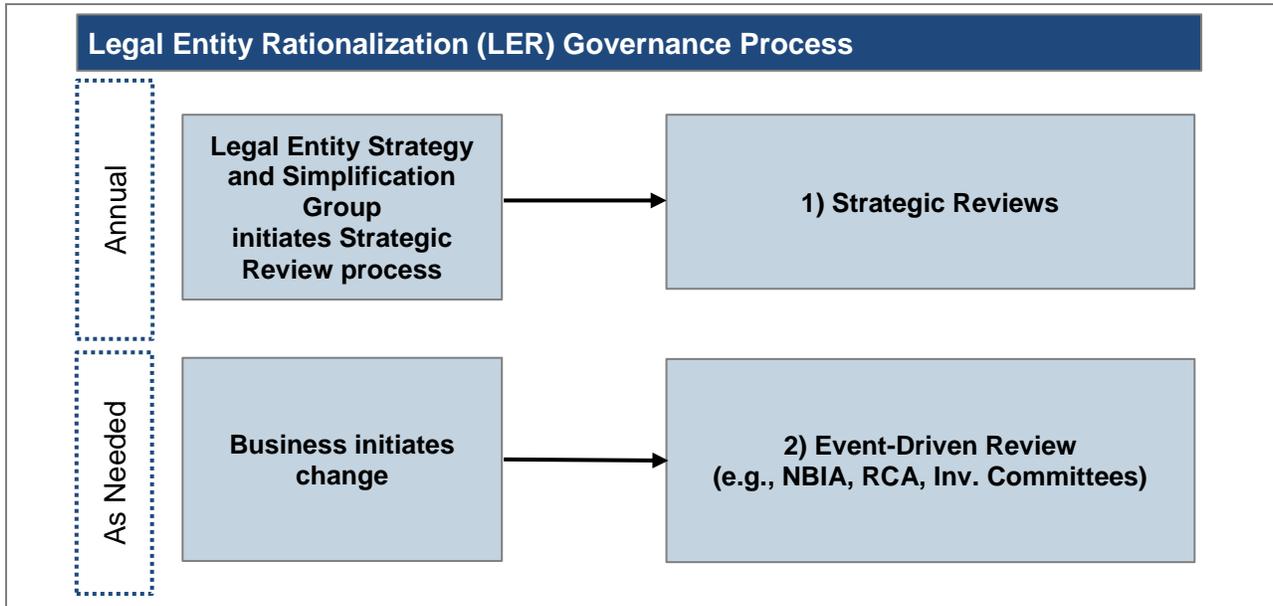
5.2. Establishment of LER Governance Procedures

We embedded and operationalized the enhanced LER Criteria in our business as usual decision-making process and created a governance process and framework to establish and monitor ongoing adherence to the LER Criteria. The governance framework provides for two types of reviews:

- **Annual Review.** The Legal Entity Strategy and Simplification Group performs an annual review of the current legal entity structure and the planned target state in consideration of the enhanced LER Criteria and in coordination with Legal Entity Controllers and Corporate Functions.
- **Change-Driven Review.** This kind of review is conducted on an as-needed basis in order to address a change in the business or the business activity conducted by an entity.

Figure 5 below shows these various governance review processes.

Figure 5. LER Governance Process



The enhanced LER Criteria and the LER governance framework have been implemented through changes to the relevant policies and procedures and the related processes.

As part of the review governance process, JPMC has developed an escalation procedure that is used in instances where the LER Criteria may not be applicable in a certain assessment or an assessable entity does not meet certain LER Criteria and the issue needs to be escalated to determine what further actions are needed. We have determined the factors that should be considered when determining the validity of exceptions, if any, as well as analysis that needs to be done and the process for escalation, if necessary.

5.3. LER Criteria Enhancements for the 2017 Resolution Plan

We will continue to enhance our LER Criteria efforts and complete the following actions by the 2017 Resolution Plan:

- **Implementation of LER Governance Framework.** The LER governance framework is being implemented through changes to the policies and procedures that were impacted by the enhanced LER Criteria. We will also conduct additional training related to the policy and procedure changes.
- **Strategic Review of Legal Entities.** We commenced a review of our MLEs against the enhanced LER Criteria. Analysis of whether JPM Group’s current structure promotes resolvability and separability under the Preferred Strategy against the enhanced LER Criteria is ongoing and will be finalized prior to the submission of the 2017 Resolution Plan.

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- **Implementation of Corporate Restructurings.** We have already decided to implement the following corporate restructurings to further enhance JPMC's resolvability:
 - the merger of JPMCC into JPMS LLC effective as of October 1, 2016;
 - the future elimination of certain other MLEs through mergers and the orderly wind-down of another MLE; and
 - the elimination of certain intermediate layers of ownership between JPMS plc and JPMCB.

6. Legal Entity Rationalization—Separability

We undertook significant efforts to improve our divestiture strategy so that we can timely and orderly divest one or more components of our business, which we call Objects of Sale, in a business as usual or stress environment. As discussed in Sections 6.1 and 6.2, the enhancements to our divestiture strategy focused on achieving three key goals: (1) ensuring meaningful optionality; (2) promoting actionability; and (3) supporting separability and minimizing obstacles. We believe that improvements to our divestiture strategy remediate the LER deficiency for separability. We also believe that our enhanced divestiture strategy not only achieves these three goals, but also supports the successful execution of the Preferred Strategy and enhances JPM Group's overall resolvability for the following reasons:

- any proceeds from divestitures would provide excess resources;
- each divestiture option ensures the continuity of Critical Operations; and
- although the Preferred Strategy contemplates only the divestiture of certain Objects of Sale, JPM Group could divest up to all 16 of its Objects of Sale if necessary in a potential resolution scenario. Divestiture of all Objects of Sale would significantly reduce JPM Group to a fraction of its current asset size.

6.1. Meaningful Optionality with Respect to Divestiture Options

We have ensured meaningful optionality by preparing for a wide variety of divestitures and approaches to disposition of its businesses. We previously evaluated our businesses at three different levels of granularity:

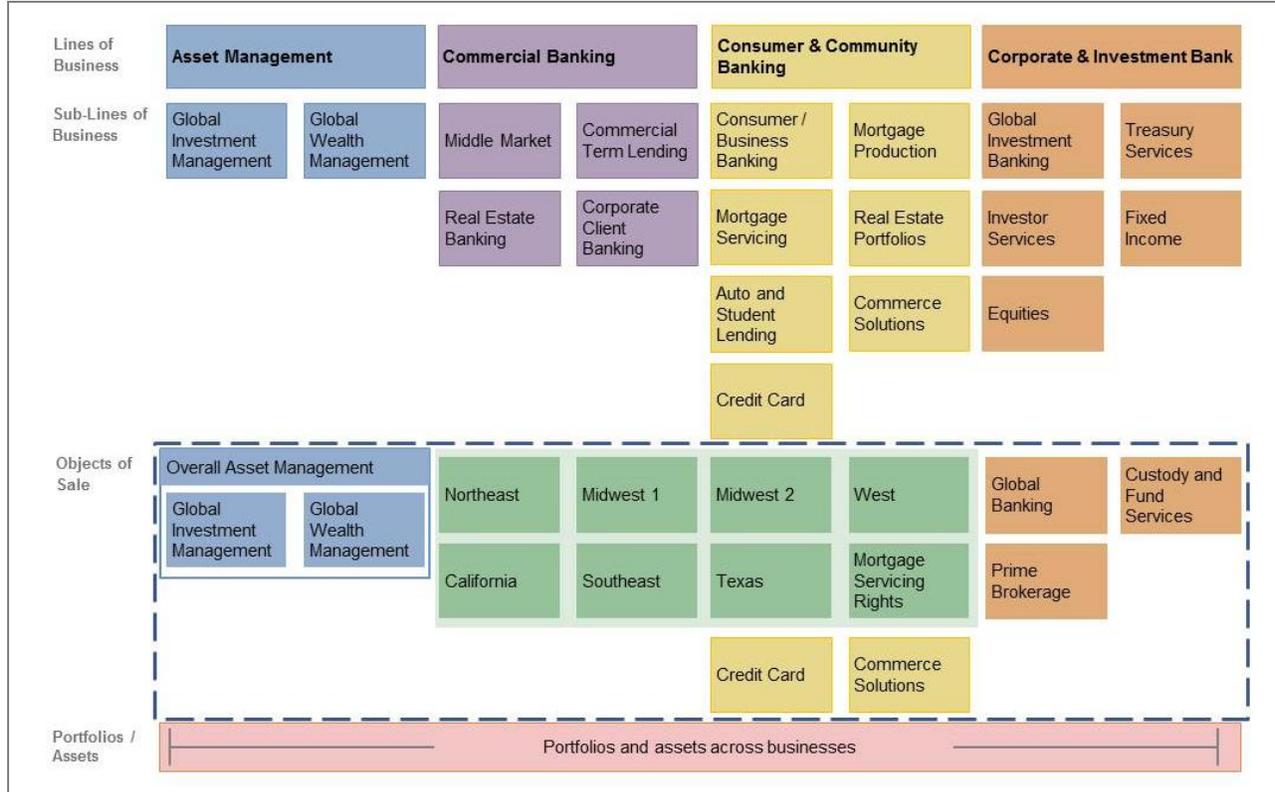
- the four operating LOBs;
- the 18 operating sub-LOBs; and
- portfolio and asset sales.

Recently, we commissioned an expert analysis by FIG, which served to identify 16 components that are designated as our Objects of Sale. We believe that all of the existing businesses, portfolios and assets could be divested at any level, which provides for optionality and flexibility to act based on the circumstances. However, based on FIG's analysis and expert opinion, we believe that the Objects of Sale would be the units most practically absorbed by the market. These Objects of Sale consist of a combination of LOBs, sub-LOBs and asset sales, as well as a new segmentation that includes a regional view of JPM Group's CCB and CB LOBs, which provides JPM Group with additional optionality in a crisis, including during a recovery or resolution event. The Objects of Sale present a wide range of businesses and geographies and, as a result, are expected to be impacted differently depending on the market conditions.

The Objects of Sale relative to existing LOBs and sub-LOBs are shown in Figure 6. The green boxes are a combination of Commercial Banking and Consumer & Community Banking businesses in the respective regions. Certain businesses, including the Fixed Income and

Equities businesses, which include JPM Group’s derivatives book and certain Critical Operations, are proposed to be wound down. These wind-downs would occur over time and the businesses would continue to operate during that period.

Figure 6. Levels for Possible Divestitures



* Resolution LOBs and sub-LOBs represent the core business lines identified solely for resolution planning purposes. In some circumstances, resolution sub-LOBs listed above might differ from JPMC’s sub-segments discussed in the 2015 Form 10-K.

We further enhanced optionality by identifying a large number of potential acquirers and considering multiple approaches to divesting businesses, such as an IPO or sale, as described below.

- Identifying Potential Acquirers.** FIG screened an expansive universe of potential acquirers for the Objects of Sale and evaluated the suitability of potential acquirers based in the United States and internationally, including large international banks, foreign banks, regional banks, asset managers and card processors. FIG evaluated the suitability of potential acquirers across multiple dimensions, including scale, strategic fit, business fit and regulatory considerations. FIG also constructed detailed case examples for a range of potential acquirers.
- Identifying Multiple Divestiture Approaches.** Many Objects of Sale are candidates for being acquired and some are candidates for IPO or spin-off. Where both a sale and an IPO or spin-off are feasible, a dual-track process would be employed, in which both a sale and IPO or spin-off are pursued until a critical decision point. Options and considerations for pursuing a sale and/or an IPO or spin-off are

discussed in detail in each of the Divestiture Playbooks. The potential for spin-off provides additional optionality when market conditions or other external factors are challenging.

In addition to improving optionality through the identification of Objects of Sale and multiple divestiture strategies for each, we completed a number of efforts to enhance actionability, which means that the divestiture strategies can be executed in a timely manner under a variety of scenarios. Key examples of actions that we have taken to enhance actionability include the development of Divestiture Playbooks, the creation of 16 data rooms and the development of clear criteria to be used to determine the best approach to divestiture, among many options.

- **Divestiture Playbooks.** We leveraged the knowledge of our business stakeholders and subject-matter experts, such as Corporate M&A and FIG, to develop detailed Divestiture Playbooks that collectively provide a tangible, comprehensive road map to divest the 16 Objects of Sale. The Divestiture Playbooks include detailed overviews of each of the Objects of Sale and, for each Object of Sale: a review of divestiture approaches and potential acquirers; a valuation of the relevant Object of Sale and the financial impact of its divestiture to JPM Group; a detailed mapping of the divestiture process for a sale or an IPO or spin-off (if applicable); and a description of potential obstacles to separation and mitigants that would be pursued in divestiture.
- **Data Rooms.** We created electronic data rooms for each of the 16 Objects of Sale containing detailed financial and business information, together with documentation templates that would expedite the divestiture process. This information could be used in due diligence, marketing and underwriting in connection with a sale or IPO. We plan to update the data rooms on an annual basis. These data rooms can also be updated in anticipation of an IPO or sale, which could significantly accelerate typical divestiture timelines.
- **Criteria for Determining Divestiture Approach.** We developed a set of criteria that could be used to choose an approach to divestiture in a crisis, including during a recovery or resolution event. These criteria take into account the nature of the crisis and market conditions, so that an Object of Sale is divested in a way that both ensures its timely and orderly divestiture and preserves value. Specifically, we would consider various criteria, including (1) prioritizing divestitures with time-sensitive valuation, (2) generating liquidity upfront, (3) preserving multiple divestiture options for each Object of Sale to ensure execution and (4) accelerating divestiture of Objects of Sale with comparatively lower obstacles to separation.

6.2. Separability and Mitigation of Obstacles to Separation

In developing the Divestiture Playbooks, we conducted a detailed separability analysis and implemented steps to mitigate potential obstacles to separation. These steps include the creation of electronic data rooms so that we can quickly begin marketing a divestiture in business as usual or resolution market conditions. We leveraged readily available information

from its existing resolution planning activities—including granular mappings of assets, contracts, staff and operations that would need to be separated in a divestiture. As a result of our separability analysis, we identified certain categories of potential obstacles to separation, including personnel, shared and intercompany services, FMUs and client contracts. We determined how to address these obstacles and developed mitigants for each of these obstacles that are detailed in each Divestiture Playbook.

6.3. Separability Enhancements for the 2017 Resolution Plan

We intend to make the following separability enhancements in our 2017 Resolution Plan:

- **Carve-out Financial Statements.** JPM Group will prepare carve-out financial statement for Objects of Sale that are IPO candidates. In addition, triggers will be established to initiate the preparation of carve-out financial statements for certain other Objects of Sale. Separate triggers will be established to begin audits of these carve-out financial statements.
- **Legal Entity Structure.** Consistent with the LER Criteria, JPM Group will assess required changes to certain legal entity structures to support the potential IPOs of the businesses.
- **Enhanced Regional Information.** JPM Group will continue to improve divestiture-readiness data. Specifically, improvements will be identified and implemented to better align financial information to regional segments of interest to potential buyers.
- **Continued Divestiture Playbook Creation.** To date, we have created detailed divestiture playbooks for the 16 Objects of Sale. In addition, we will create additional Divestiture Playbooks as part of the 2017 Resolution Plan, further enhancing the optionality of potential divestitures.

7. Derivatives and Trading Activities

We improved our analysis with respect to derivatives and trading activities by:

- estimating the financial resources required to support an orderly active wind-down of the derivatives portfolio;
- incorporating losses and liquidity required to support the active wind-down analysis into resolution capital and liquidity execution needs and incorporating the estimated liquidity and capital impact into JPM Group's new resolution liquidity and capital framework;
- providing detailed active wind-down estimates describing at least one pathway for segmenting, packaging and winding down the derivatives portfolio; and
- providing an analysis and Credit Rating Agency Playbook for maintaining, reestablishing or establishing investment-grade ratings for certain of our derivatives trading subsidiaries.

We believe that we remediated the derivatives and trading activities deficiency by the actions described in the subsections below.

7.1. Financial Resources Required to Support an Orderly Active Wind-Down of the Derivatives Portfolio

In order to estimate the financial resources required to support an orderly active wind-down of JPM Group's derivatives portfolio, we developed and analyzed a scenario in which subsidiaries engaged in derivatives and trading activities pursue an active wind-down of these activities and exposures. These subsidiaries comprise the CIB business, which represents 99% of the total notional derivatives exposure of JPM Group.

For purposes of our estimates, we assumed under the active wind-down scenario that JPM Group would actively wind down all significant derivatives activities and positions of CIB over a period of 18 months after JPMC enters Chapter 11 Proceedings. A small residual of harder-to-sell positions would remain at the end of 18 months, which we concluded are not systemically important and are largely composed of longer-dated interest rate swaps and options. For purposes of the estimates, the active wind-down of the derivative positions would, at a high level, be accomplished in the following three ways.

- **Terminated Trades.** All positions that include termination clauses and generate negative liquidity for JPM Group are assumed to close out.
- **Maturing Trades.** All positions with maturity of less than 18 months are assumed to mature.

- **Novated Trades.** A subset of positions with maturities greater than 18 months that are not subject to termination clauses is assumed to be packaged and sold (novated) to other dealers active in the market.

We further segmented our derivatives portfolio into three primary dimensions: (1) MLE; (2) product segment; and (3) counterparty type. The MLE is the operating subsidiary from which the package would be sold. The product segment represents the specific type of position or narrow class of positions that would be sold within the package. The counterparty type (CCP, broker-dealer, non-bank financials, corporates) adds an important indicator of the characteristics and complexity of the position to be sold.

For each of these segments, we estimated the stressed market price by using a cost-of-capital approach based on a range of factors, including but not limited to the target return on capital demanded by the counterparty; a stressed regulatory-capital definition based on Standardized RWA, Advanced Approaches RWA or Supplementary Leverage Ratio constraints; and an adjustment factor for counterparty type. Representatives from each business unit were engaged to select and refine the input factors driving the price estimates for each segment and to review and challenge the final estimates.

We decided to include the above unwind analysis in our Preferred Strategy and incorporated the estimated liquidity and capital impact into JPMC's new resolution liquidity and capital framework and JPMC's MLE resolution resource needs.

Through a granular analysis of the active wind-down of JPM Group's derivatives and trading portfolio that estimates costs and determines the financial impact on JPMC's MLEs, we believe that we have established an appropriate framework for an active wind-down strategy for our derivatives and trading portfolio, and thus remediated this component of the derivatives and trading activities deficiency.

7.2. Credit Rating Agency Playbook

We have developed a series of Credit Rating Agency Playbooks that define the procedures necessary to manage engagement with ratings agencies and to maintain, reestablish or establish investment-grade ratings for the significant derivatives trading subsidiaries following a severe stress event, including a resolution event.

The Credit Rating Agency Playbooks were developed principally by JPMC's Rating Agency Group, which manages the business as usual relationship with the rating agencies for each of JPM Group's rated legal entities. In the process of constructing the playbooks, the Firm had discussions with the ratings agencies regarding their ratings methodologies and potential ratings actions in a resolution context. In creating the Credit Rating Agency Playbooks, JPMC defined the steps for managing the interaction with the ratings agencies from the point of the JPMC bankruptcy filing through and beyond the Stabilization Period contemplated in the 2016 Submission.

We believe that we have provided sufficient detail and made sufficient enhancements to remediate this component of the derivatives and trading deficiency.

7.3. Derivatives and Trading Activities Enhancements for the 2017 Resolution Plan

We will continue to enhance our derivatives and trading activities and refine our approach to improve the robustness of the Preferred Strategy. For the 2017 Resolution Plan, we will build on this work and focus on the portions of the 2017 Guidance on derivatives and trading activities that have not yet been addressed. These actions will include:

- enhancing tools to facilitate more detailed analyses, including enhanced intercompany analyses; and
- improving the passive wind-down analysis included in the 2015 Resolution Plan.

8. Operational Enhancements to Contracts

In order to enhance its critical vendor contracts, we identified all material outsourced services that support Critical Operations and could not be promptly substituted and evaluated the agreements governing these services to determine whether there are any that could be terminated despite continued performance upon JPMC's bankruptcy filing. We believe that we have already made significant progress in remediation of the operational shortcoming through the changes we have made to critical vendor contracts and agent bank contracts, as described in the subsections below.

8.1. Vendor Contract Enhancements

We analyzed material outsourced services that support Critical Operations and determined that there were certain third-party agreements that were critical to JPM Group or to a specific LOB. We then reviewed the designated critical third-party agreements. For all material outsourced services that support Critical Operations, regardless of whether they could be substituted or not, we pursued modifying these specific contracts and analyzed any termination clauses or change-of-control clauses that may be triggered in a resolution event for JPMC and therefore constitute an impediment to resolvability. Based on a review of JPM Group's master vendor contract template, we decided to remove the suppliers' right to terminate, and to amend the termination clause for each of its critical vendor contracts. We also determined that some contracts had existing change-of-control clauses that already permitted assignability in a resolution event and, for those that did not, we are amending the provisions to permit assignability. In June 2016, we began negotiating amendments to the relevant critical vendor contracts and intend to complete this process by July 1, 2017.

In addition to the ongoing amendment process, we updated the JPM Group master vendor contract template for third-party service provider agreements to include an amended resolution-friendly termination clause and resolution-friendly change-of-control clause. We have instituted formal controls so that new contracts may not be executed unless the required resolution- and divestiture-friendly language has been included before executing the contract.

8.2. Agent Bank Contract Enhancements

We undertook similar identification, review and amendment efforts to our contractual arrangements with agent banks and subcustodians that provide services to Critical Operations.

We identified all agent banks that provide services supporting Critical Operations without regard to their materiality and identified the top 50 agent banks as priorities for purposes of amending agreements. These agreements cover almost all of JPM Group's PCS activities.

We also updated our standard subcustodian contract language to include resolution-friendly termination and assignability provisions, and established formal procedures to ensure such language is included in agent bank agreements going forward.

8.3. Operational Enhancements for the 2017 Resolution Plan

By the filing of the 2017 Resolution Plan, we intend to have completed our operational enhancements by:

- amending the remainder of our critical vendor and agent bank contracts to remove termination rights or change-of-control clauses that could impede resolvability; and
- amending the remainder of our critical vendor and agent bank contracts to include assignability rights that would support the transfer or assignment of the contract in a resolution event.

9. Capital

We completed various capital-related enhancements, including development of a full complement of specific capital triggers at the JPM Group-wide and MLE-specific levels and updating of the JPM Group Capital Management Framework to incorporate new RCAP and RCEN methodologies. In remediating the governance mechanisms deficiency, we believe that we also made significant progress in meeting the capital-related requirements identified in the 2017 Guidance. Accordingly, the capital enhancements undertaken for this 2016 Submission not only help remediate the governance mechanisms deficiency, but also make significant progress on addressing the requirements for the 2017 Resolution Plan.

The subsections below describe the capital enhancements that we undertook as part of remediating our governance mechanisms deficiency and discuss how we have in turn made significant progress towards addressing the capital requirements of the 2017 Guidance.

9.1. Capital Enhancements

Closely intertwined with our governance enhancements, we amended (or included a project plan to amend) our MLE Governance Playbooks to provide for clearly identified triggers linked to specific resolution-related actions. The triggers are based, at a minimum, on relevant capital, liquidity and market metrics. We incorporated these triggers into our methodologies for forecasting the liquidity and capital needed by surviving MLEs following commencement of JPMC's Chapter 11 Proceedings. In order to develop the triggers, we accomplished the following capital-related enhancements:

- updated the capital trigger framework to address regulatory feedback and more closely align it with the liquidity framework;
- updated the JPM Group Capital Management Policy to incorporate resolution capital triggers and an overall RCAP and RCEN framework and requirements, and improved alignment of capital management and liquidity management;
- established a Capital Management Policy for each MLE; each policy has been approved by the MLE's board of directors;
- established capital triggers that link the financial condition of JPMC to the transition from business as usual all the way to resolution—Stage Triggers—thus helping to ensure the timely commencement of Chapter 11 Proceedings and execution of related pre-filing actions; and
- defined relative triggers across various capital measures.

Each trigger specifies JPMC management notification and actions, board notification and actions, and regulatory interactions. JPMC accelerated its formal Recovery Plan Activation Trigger to increase the likelihood that recovery actions are successful in preventing a resolution event.

9.2. Advanced Implementation of 2017 Guidance Capital Requirements

We believe that, in connection with remediating the governance mechanisms deficiency, we have made significant progress towards compliance with the 2017 Guidance capital requirements. This progress includes:

- development of a comprehensive methodology for calculating RCAP and RCEN;
- development of capital triggers for JPMC and all other MLEs that incorporate RCAP and RCEN projections for JPM Group and each MLE and thus link the capital position of JPM Group and specific MLEs to specific escalation and actions in business as usual, as well as throughout a resolution scenario; and
- completed calculations of RCAP and RCEN for JPMC and all other MLEs.

We developed capital triggers at the JPM Group-wide and MLE-specific levels and a comprehensive methodology for the calculation of RCAP and RCEN; updated the JPM Group Capital Management Framework to incorporate JPM Group's new RCAP and RCEN methodologies; established MLE-level capital management policies; and plans to embed the calculation of capital ratios, RCAP, RCEN and prepositioning of capital resources into business as usual monitoring and reporting processes. We believe that these capital enhancements were integral to remediating the governance mechanisms deficiency and achieved significant progress on addressing the capital requirements for the 2017 Resolution Plan.

10. Preferred Strategy and Resulting State of the Firm

JPMC's Resolution Plan is required under Section 165(d) to provide for the rapid and orderly resolution of JPMC under the U.S. Bankruptcy Code in a way that would not pose systemic risk to the U.S. or global financial system. The Resolution Plan provides for the resolution of the Firm without resorting to the extraordinary resolution powers available to the FDIC under Title II of the Dodd-Frank Act, and would involve neither extraordinary government support nor taxpayer loss.

Hypothetical Capital Losses and Liquidity Outflows. The Agencies have, by rule and through their supervisory process, prescribed the assumptions, approach and scope for resolution plans. Such requirements include the design of a hypothetical scenario identifying idiosyncratic loss events that would result in capital and liquidity impairments of a magnitude that would necessitate the commencement of Chapter 11 Proceedings under the U.S. Bankruptcy Code for JPMC. Consistent with these required assumptions, approach and scope, the Firm has assumed, in a scenario that we call the Hypothetical Loss Scenario, that the JPM Group, in the aggregate, suffers extraordinary and severe capital losses and liquidity outflows. The liquidity outflows would result from modeled customer and counterparty behaviors and actions reflecting the Hypothetical Loss Scenario in a severely adverse economic environment. The Firm has also assumed under this Hypothetical Loss Scenario that material losses occur at each of JPMC, JPMCB, JPMCB London Branch, JPMS plc and JPMS LLC and that these losses do not materially impair other MLEs. The hypothetical resolution scenario could have been designed in multiple ways with different losses and outflows or at different MLEs. Different assumptions could result in alternative strategic choices and actions. The Firm's Resolution Plan describes one possible strategy to address the Hypothetical Loss Scenario in resolution. The Firm has carefully evaluated and analyzed its assets and all of its businesses as potential divestiture opportunities in a resolution event and believes that there would be many alternatives in an actual resolution event.

Establishment of Intermediate Holding Company and Entry into Support Agreement. As described above, we established the IHC and entered into the Support Agreement.

Action following Hypothetical Loss Scenario. The Hypothetical Loss Scenario would lead to a Point of Non-viability and trigger support under the Support Agreement which would, among other things, support such entities' continued operation or orderly resolution as provided for under the Firm's Resolution Plan. JPMC would commence proceedings under the U.S. Bankruptcy Code and creditors and shareholders of JPMC would realize value from the assets of JPMC in accordance with the order of priority under the U.S. Bankruptcy Code.

The resulting state of the Firm upon execution of the Firm's Preferred Strategy in this Hypothetical Loss Scenario would encompass:

- All of the entities in the JPMCB Bank Chain would remain open, funded, capitalized and operating. However, as a result of the required assumptions in the Hypothetical Loss Scenario, including relating to losses, the assets of JPMCB and its MLE

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branches are estimated to be reduced in a substantially weakened economic environment by approximately 40% post-resolution.

- In addition, under the Preferred Strategy, in order to achieve the significant benefits of SPOE, JPMS LLC would be recapitalized and remain open, funded and operating. It is expected to be significantly reduced in size and customers would have substantially transferred to third-party providers. None of JPMS LLC, J.P. Morgan Securities Japan Co., Ltd. or JPMS plc would be systemically important post-resolution. As a result of the assumptions in the Hypothetical Loss Scenario, including relating to losses, the assets of each of the broker-dealer subsidiaries are, on average, estimated to be reduced in a substantially weakened economic environment by approximately 75% post resolution.
- JPMC has assumed that the hypothetical initial losses would not impair the other MLEs. These other MLEs are sufficiently self-sustaining, would be able to continue in the ordinary course of business and would not need to be placed into resolution proceedings in the Hypothetical Loss Scenario. Creditors and shareholders of JPMC would realize value from its assets in accordance with the order of priority under the U.S. Bankruptcy Code.

The Firm today maintains sufficient external and internal loss-absorbing capacity to successfully execute the Preferred Strategy, including in a severely adverse economic environment. However, in the unlikely event that the amount of intercompany deposit and non-deposit third-party liabilities at JPMCB are insufficient to recapitalize it, the Resolution Plan contemplates that the Firm would decrease the size of its consolidated balance sheet until it is adequately capitalized by divesting certain of its Objects of Sale or any other divestiture opportunity that presented itself to the Firm in resolution. We believe that our Objects of Sale are highly attractive businesses. Many of them are global leaders and top competitors in the products and markets in which they have chosen to compete. As a result, each Object of Sale would have multiple, diverse and not necessarily overlapping potential buyers.

In the unlikely event that it was not possible to resolve JPMC under the Preferred Strategy, the Resolution Plan provides alternative resolution strategies evidencing optionality to resolve its business lines, MLEs and other assets without systemic disruption and without losses to taxpayers.

The actions taken to remediate the deficiencies and shortcomings have caused JPMC to make important enhancements to its Preferred Strategy. These changes and other improvements include the incorporation of:

- the enhanced RLAP and RLEN frameworks and assumptions and associated prepositioning of liquidity;
- the enhanced RCAP and RCEN frameworks and associated prepositioning of capital;
- an orderly active wind-down strategy for JPM Group's CIB derivatives and trading portfolio;

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- the development of liquidity and capital trigger frameworks;
- the establishment of the IHC, and execution and operationalization of the Support Agreement;
- the development of additional Objects of Sale to provide more divestiture options throughout the Resolution Period;
- MLE reductions, including the merger of JPMCC and JPMS LLC;
- the extension of subsidiary recapitalization to all MLEs other than JPMC; and
- the financial impact of an enhanced future state-of-the-Firm analysis.

11. Our Mission to Enhance Resiliency and Resolvability

We have made enhancing our resiliency and resolvability one of our core missions. This mission is ingrained throughout JPM Group and underpins business as usual operations, as well as strategic planning. Accordingly, in addition to the numerous actions discussed in this Public Filing, since the 2015 Resolution Plan we have also continued our efforts to self-identify and execute initiatives that further strengthen and enhance JPM Group's resilience and resolvability. These initiatives include:

- adhering to contractual protocols to amend ISDA Master Agreements and certain standardized master agreements for repo and securities lending transactions to eliminate early termination rights due to cross defaults under those agreements;
- assuring continuity of shared services between JPM Group entities that support Critical Operations and LOBs;
- increasing JPM Group's operational capabilities and enhancing its governance frameworks around recovery and resolution by, among other things:
 - improving and expanding the types of information that it produces in support of resolution;
 - formally integrating resolution readiness and preparedness into JPMC's firmwide strategic priorities; and
 - leading an industry effort to analyze the discretion that key FMUs have under their rules to increase, modify or supplement their business as usual requirements in response to a member's financial distress;
- reducing intraday liquidity needs in business as usual conditions and in resolution, as well as improving reporting of such needs; and
- creating alternative strategies for all FMUs and agent banks used by JPM Group in case direct access is not maintained in resolution.

We believe that these ongoing efforts underscore our commitment to enhancing resolvability. We understand the importance of sufficiently addressing the feedback from the Agencies and have devoted significant resources to remediating and addressing each of the Agencies' concerns.

JPMorgan Chase & Co. Resolution Plan Public Filing

Public Filing Glossary

Term	Definition
2015 Resolution Plan	Resolution Plan submitted by JPMC to the Agencies on July 1, 2015 pursuant to Section 165(d)
2016 Letter	The Agencies April 12, 2016 feedback letter on the 2015 Resolution Plan
2016 Submission	JPMC's 2016 submission to the Agencies
2017 Guidance	The Agencies' Guidance for 2017 § 165(d) Annual Resolution Plan Submissions by Domestic Covered Companies that Submitted Resolution Plans in July 2015
2017 Resolution Plan	The Resolution Plan required to be submitted by July 1, 2017 to the Agencies pursuant to Section 165(d)
Advanced RWA	Risk-weighted assets calculated under the advanced approach under Basel III
Agencies	The Federal Reserve Board and the FDIC
Basel III	Third Basel Accord by the Basel Committee on Banking Supervision
Capital Management Policy	JPM Group's Capital Management Policy as further described in JPMC's Resolution Plan
CB	Commercial Banking LOB
CCB	Consumer & Community Banking LOB
CCP	Central counterparty
Chapter 11 Proceedings	JPMC's bankruptcy proceedings under the U.S. Bankruptcy Code
CIB	Corporate & Investment Bank LOB
Corporate M&A	JPM Group's Corporate Mergers and Acquisitions Group
Credit Rating Agency Playbook	Playbook for maintaining, reestablishing or establishing investment-grade ratings for derivatives trading entities
Critical Operations	Operations of JPM Group identified by the Agencies, including associated services, functions and support, the failure or discontinuance of which could pose a significant threat to the financial stability of the United States
Critical Shared Services	Intercompany JPM Group services that support JPM Group's Critical Operations
CUSA	Chase Bank USA, N.A.
CUSA Bank Chain	CUSA and its subsidiaries, collectively
Divestiture Playbooks	Playbooks that collectively provide a clear road map to divest the Objects of Sale
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act

JPMorgan Chase & Co. Resolution Plan Public Filing

Term	Definition
EMEA	Europe, the Middle East and Africa
Equities	JPMC's Equities Sub-LOB
FDIC	Federal Deposit Insurance Corporation
Federal Reserve Board	Board of Governors of the Federal Reserve System
FIG	JPM Group's CIB Financial Institutions Group
Filing Preparation Period	Period that commences with the occurrence of a Filing Preparation Period Trigger and ends upon the onset of Resolution Weekend
Filing Preparation Period Trigger	The trigger indicating the onset of the Filing Preparation Period
Firm	JPM Group
Fixed Income	JPMC's Fixed Income Sub-LOB
FMU	Financial market utility
Governance Playbooks	An MLE's governance playbook describing the major decisions the relevant board and senior management will need to make and actions they will need to take to facilitate JPM Group's Preferred Strategy applicable to such entity
Hypothetical Loss Scenario	Hypothetical Scenario in which JPM Group is modeled for purposes of resolution planning to suffer extraordinary and severe capital losses and liquidity outflows
IHC	JPMC Holdings
IPO	Initial public offering
ISDA Master Agreements	Master agreement published by the International Swaps and Derivatives Association
JPM Group	JPMC and its subsidiaries
JPMC	JPMorgan Chase & Co.
JPMC Holdings	JPMorgan Chase Holdings LLC
JPMCB	JPMorgan Chase Bank, N.A.
JPMCB Bank Chain	JPMCB and its branches and subsidiaries
JPMCB London Branch	JPMorgan Chase Bank, N.A. – London Branch
JPMCB MLE Subsidiaries	JPMCB's subsidiaries that are MLEs
JPMCB New York Branch	JPMorgan Chase Bank, N.A. – New York Branch
JPMCC	JPMorgan Clearing Corporation
JPMS LLC	J.P. Morgan Securities LLC
JPMS plc	J.P. Morgan Securities plc
LER	Legal entity rationalization

JPMorgan Chase & Co. Resolution Plan Public Filing

Term	Definition
LER Criteria	The factors used by JPMC to evaluate its legal entities
LOB	Line of business
MLE	A subsidiary or branch of JPM Group that meets the definition of “material legal entity” under the relevant regulations
NBIA	New business initiative approval
Near-Term Capital Shortfall	The amount of near-term additional capital, if any, projected to be required by an MLE on a given date to allow it to maintain its required capital and to operate without interruption or to implement an orderly wind-down consistent with the Preferred Strategy
Near-Term Liquidity Shortfall	The amount of near-term additional liquidity, if any, needed by an MLE on a given date to allow it to operate or implement an orderly wind-down consistent with the Preferred Strategy
Non-Bank Chain MLEs	Collectively, JPMC and JPMC’s MLE subsidiaries not within the JPMCB Bank Chain or CUSA Bank Chain
Objects of Sale	Components of JPM Group’s businesses that JPMC believes are the most promising to be absorbed by the market in a timely and orderly manner in the case of its resolution
PCS	Payment, clearing and settlement
Point of Non-viability	The point at which the JPMC board would vote whether to commence Chapter 11 Proceedings
Post-Resolution Event Period	The period beginning upon the end of Resolution Weekend and lasting until the end of the Stabilization Period
Preferred Strategy	The SPOE strategy underlying the Resolution Plan
Public Filing	The public portion of JPM Group’s 2016 Submission
Rating Agency Group	JPM Group’s Rating Agency Group
RCA	The Legal Entity Reorganization and Capital Actions Policy which establishes the framework governing internal review of investments and other significant changes
RCAP	Resolution capital adequacy and positioning, which means the total loss absorbing capacity of the JPM Group, as determined by JPMC in accordance with its current good faith interpretation of the Federal Reserve Board’s Notice of Proposed Rulemaking regarding Total Loss Absorbing Capacity dated November 30, 2015.

JPMorgan Chase & Co. Resolution Plan Public Filing

Term	Definition
RCEN	Resolution capital execution need, which means the amount of capital that JPMC (or an MLE) requires in order to maintain market confidence as required under the Preferred Strategy. Specifically, capital levels should meet or exceed all applicable regulatory capital requirements for “well capitalized” status and meet all estimated additional capital needs throughout a resolution scenario. MLEs that are not subject to capital requirements may be considered sufficiently recapitalized when they have achieved capital levels typically required to obtain an investment grade credit rating or, if the entity is not rated, an equivalent level of financial soundness.
Recovery Plan	JPM Group’s Recovery Plan
Recovery Plan Activation Trigger	The trigger formally activating the Recovery Plan
Resolution Period	The period following the onset of the Filing Preparation Period and lasting through the completion of the Preferred Strategy
Resolution Plan	JPM Group’s resolution plan pursuant to Section 165(d)
Resolution Weekend	The period following the Filing Preparation Period and lasting until JPMC commences Chapter 11 Proceedings
Restricted Liquidity Framework	Framework within the JPM Group legal entity stress framework for funding frictions which assesses jurisdictional, operational, counterparty and tax frictions
RLAP	Resolution liquidity adequacy and positioning, which means an appropriate model and process for estimating and maintaining sufficient liquidity at, or readily available to, MLEs in resolution
RLEN	Projection of resolution liquidity execution need, which means the total liquidity needed, as calculated, to satisfy a Supported Subsidiary’s peak funding needs and minimum operating liquidity throughout a full implementation of the Preferred Strategy, taking into account intercompany funding frictions, and to continue uninterrupted operation throughout such period, or, if applicable, to implement an orderly wind-down consistent with the Resolution Plan
RWA	Risk-weighted assets
SEC	U.S. Securities and Exchange Commission
Section 165(d)	Section 165(d) of the Dodd-Frank Act requiring the submission of resolution plans for certain bank holding companies and nonbank financial institutions, including the implementing regulations promulgated by the FDIC and the Federal Reserve Board thereunder
SPOE	Single point of entry resolution strategy where the holding company files for bankruptcy and subsidiaries receive capital and liquidity support to continue operations
Stabilization Period	The period following the onset of Resolution Weekend until the Supported Subsidiaries stabilize

JPMorgan Chase & Co. Resolution Plan Public Filing

Term	Definition
Stress Liquidity Framework	A framework which assesses whether JPMC has sufficient sources of liquidity to meet potential cash outflows in a combined idiosyncratic and market stress scenario
Sub-LOB	Sub-line of business
Supplementary Leverage Ratio	The ratio of Tier 1 capital to total leverage exposure
Support Agreement	Secured support agreement pursuant to which JPMC Holdings and JPMCB, as applicable, will provide capital and/or liquidity support to the Supported Subsidiaries
Supported Subsidiary	Direct and indirect subsidiaries of JPMC that may receive support pursuant to the Support Agreement
Title II	Title II of the Dodd-Frank Act
U.S. Bankruptcy Code	Title 11 of the United States Code

Appendices

Appendix A. Summary of the 2016 Letter and Requirements

Figure 7 below describes the deficiencies and shortcomings in the 2016 Letter and the actions that we were required to complete by October 1, 2016.

Figure 7. Summary of JPMC’s 2016 Letter

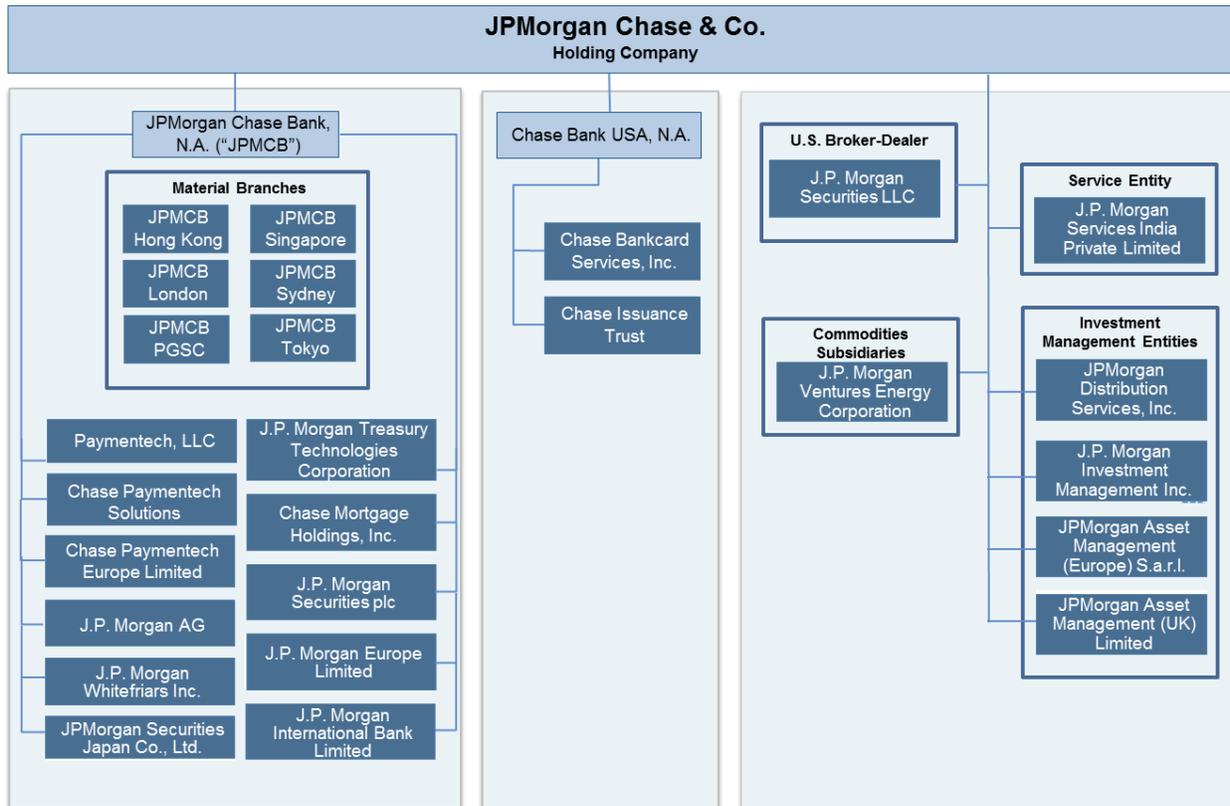
Category	Description of Deficiency/Shortcoming	Required of JPMC by October 1, 2016	
Deficiencies	Liquidity	<ul style="list-style-type: none"> • RLAP - JPMC did not produce appropriate models or processes for estimating and maintaining sufficient liquidity at MLEs prior to resolution • JPMC did not provide sufficient detail daily cash flows and interaffiliate transactions • RLEN - JPMC’s analysis did not sufficiently provide daily cash flow forecasts for the Stabilization Period following JPMC bankruptcy 	<ul style="list-style-type: none"> • RLAP - Enhance models to measure the standalone liquidity position needed at each MLE to cover stressed outflows • Models must assume that potential funding shortfalls at MLEs can only be met with resources from JPMC or IHC • Compare existing RLAP framework to a new model that addresses the concerns noted • Liquidity models must reflect interconnectedness and potential funding frictions • RLEN – JPMC must provide a detailed description of its RLEN model and process enhancements for the estimation of liquidity needed to execute Firm’s strategy
	Legal Entity Rationalization	<ul style="list-style-type: none"> • JPMC’s LER Criteria rationalization did not appropriately focus on resolution considerations nor evidence appropriate governance requirements • The Resolution Plan should provide greater detail around divestiture readiness and optionality • Divestiture options in Resolution Plan need to be clearly actionable—JPMC’s plan requires a more detailed, tailored separability analyses required as well as a more specific discussion of potential buyers • The Resolution Plan needs to provide a specific analysis regarding recapitalization of MLEs under a range of failure scenarios 	<ul style="list-style-type: none"> • Establish LER Criteria that are: <ul style="list-style-type: none"> • clear and actionable to promote best alignment of legal entities and business lines to improve the Firm’s resolvability; and • include facilitation of recapitalization of MLEs prior to the resolution period • Evidence governance procedures to ensure LER Criteria are applied on an ongoing basis • Provide detailed divestiture options, including an in depth analysis of potential financial and operational obstacles to execution and an analysis of potential buyers
	Derivatives & Trading	<ul style="list-style-type: none"> • The Resolution Plan did not evidence a detailed solvent wind down analysis for its derivatives and trading portfolios • The Resolution Plan did not appropriately address the level of financial resources necessary to effect such a wind-down nor how to address the challenges of interconnectedness 	<ul style="list-style-type: none"> • Develop detailed rating agency playbooks for the re-establishment of investment grade ratings for JPMCB, JPMS LLC, JPMCC and JPMS plc • Produce detailed estimates of the financial resources required to support an orderly active wind-down of derivatives portfolio • Document an analysis of the active orderly wind-down of the derivatives and trading portfolios using templates developed by the Agencies • Incorporate into the RLAP and RLEN models the losses and liquidity required to wind down its derivative positions
	Governance Mechanisms	<ul style="list-style-type: none"> • JPMC’s board of directors playbooks lack sufficient specific triggers for escalation to senior management and the board, nor specific detail regarding actions required upon reaching a trigger event • JPMC’s board of directors playbooks did not contain triggers linking the estimate of the capital and liquidity needed to support material entities in resolution 	<ul style="list-style-type: none"> • Amend its playbooks to identify triggers linked to specific actions at each stage of distress post-recovery including the execution of its bankruptcy filing and related pre-filing actions • Triggers should be based, at a minimum, on capital, liquidity and market metrics and should incorporate JPMC’s methodologies for forecasting liquidity and capital needs
Category	Description of Deficiency/Shortcoming	Status Report on Progress or a Project Plan Required on October 1, 2016 (Completion Required by July 1, 2017)	
Shortcomings	Governance Mechanisms	<ul style="list-style-type: none"> • JPMC’s proposed Capital Contribution Agreement (CCA) has limited analysis of range of potential legal challenges 	<ul style="list-style-type: none"> • Document an expanded legal analysis of potential state and bankruptcy law challenges and mitigants • Develop mitigants to effectively ensure adequate capitalization of material entities in addition to, the CCA
	Operational	<ul style="list-style-type: none"> • Resolution-specific terms not included in all contract terms for critical outsourced services 	<ul style="list-style-type: none"> • Identify all material outsourced services which support Critical Operations which could not be promptly substituted and ensure they contain resolution friendly terms

Appendix B. Material Legal Entities

For resolution planning purposes, we have identified 29 MLEs under Rule 165. An MLE means “a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line.”

As discussed in Section 3.2 of the Public Filing, we have definitive plans to substantially complete by year-end 2016 the transfer to the IHC of JPMC’s investment in nearly all of its direct subsidiaries with the exception of JPMCB. The organizational structure of JPM Group’s MLEs before and after the completion of this transfer is depicted in Figure 8 and Figure 9 below.

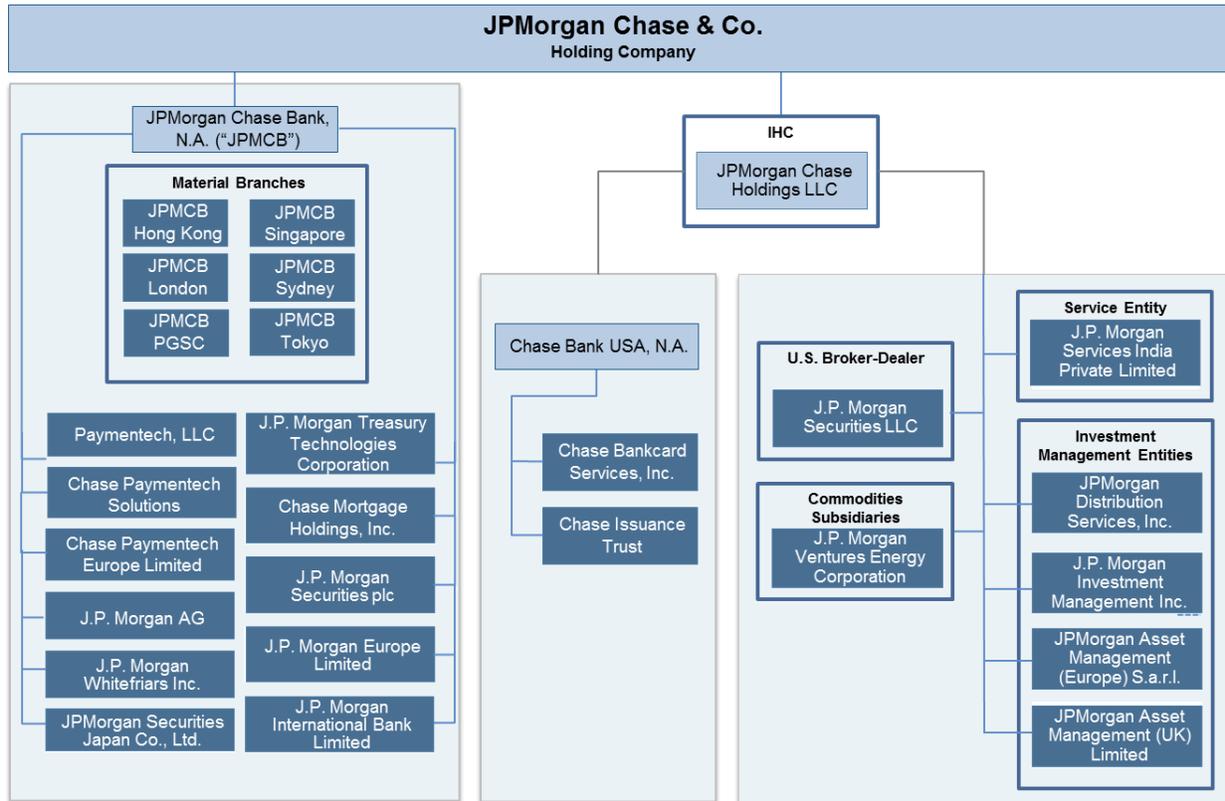
Figure 8. MLEs Before Transfers to IHC



* Presented on this slide is a list of JPM Group’s 29 MLEs for resolution planning purposes under the Dodd-Frank Act. An MLE is a subsidiary or foreign office that is significant to the activities of a Critical Operation or Core Business Line. MLEs reported under the Dodd-Frank Act may differ from the significant legal entity subsidiaries that are reported in JPM Group’s SEC filings.

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Figure 9. MLEs After Transfers to IHC



* An MLE is a subsidiary or foreign office that is significant to the activities of a Critical Operation or Core Business Line. MLEs reported under the Dodd-Frank Act may differ from the significant legal entity subsidiaries that are reported in JPM Group's SEC filings.

** Once JPMC has transferred a substantial amount of assets to the IHC by year-end 2016, the Firm will have 30 MLEs.

The 29 MLEs, including JPMC, as well as the IHC are listed below in Figure 10. Once JPMC has transferred a substantial amount of assets to the IHC by year-end 2016, the Firm will have 30 MLEs.

Figure 10. Material Legal Entities

Entity Name	Jurisdiction	Chain of Ownership	Type of Entity	Description
JPMC	USA Delaware	Bank Holding Company	Parent Company	The Company is the top-tier financial holding company and is subject to supervision by the Federal Reserve Board.
JPMC Holdings	USA Delaware	Bank Holding Company	Intermediate Holding Company	Wholly owned subsidiary of JPMC. This entity is the holding company for non-JPMCB subsidiaries.
JPMCB	USA Ohio	Bank Chain	Main operating bank	Wholly owned national bank subsidiary of JPMC. This entity offers a wide range of banking services to its customers, both domestically and internationally.
JPMCB London Branch	United Kingdom, England and Wales	Bank Chain	Material branch	London is a material foreign branch of JPMCB.
JPMCB Hong Kong Branch	China	Bank Chain	Material branch	Hong Kong is a material foreign branch of JPMCB.

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Entity Name	Jurisdiction	Chain of Ownership	Type of Entity	Description
JPMCB Philippines Branch Global Services Center	Philippines	Bank Chain	Material branch	Philippines is a material foreign branch of JPMCB.
JPMCB Singapore Branch	Singapore	Bank Chain	Material branch	Singapore is a material foreign branch of JPMCB.
JPMCB Sydney Branch	Australia	Bank Chain	Material branch	Sydney is a material foreign branch of JPMCB.
JPMCB Tokyo Branch	Japan	Bank Chain	Material branch	Tokyo is a material foreign branch of JPMCB.
J.P. Morgan Services India Private Limited	India	Non-Bank Chain	Service entity	Indian corporation providing operating services to JPMC entities and affiliates through phone center, transaction processing, IT infrastructure and applications development support, accounting and finance, and analytics support.
JPMorgan Distribution Services, Inc.	USA Delaware	Non-Bank Chain	Service entity	The U.S. distributor and shareholder servicing agent for JPMorgan's mutual funds.
J.P. Morgan Treasury Technologies Corporation	USA Delaware	Bank Chain	Service entity	Provides Cash Management and Trade and Treasury Management services to JPMCB and its affiliates.
J.P. Morgan AG	Germany	Bank Chain	Corporate & Investment Bank entity	A fully licensed bank that manages Euro clearing for the Firm worldwide, among other activities.
J.P. Morgan Europe Limited	United Kingdom, England and Wales	Bank Chain	Corporate & Investment Bank entity	A fully licensed bank that provides marketing, custody and payment services both to its clients and on behalf of its affiliated entities.
JPMorgan Securities Japan Co., Ltd.	Japan	Bank Chain	Corporate & Investment Bank entity	A registered broker-dealer and investment advisor.
J.P. Morgan Securities LLC	USA Delaware	U.S. Broker-Dealer	Corporate & Investment Bank entity	A registered U.S. broker-dealer, investment advisor and futures commission merchant. It is the Firm's primary broker-dealer in the United States.
J.P. Morgan Securities plc	United Kingdom, England & Wales	Bank Chain	Corporate & Investment Bank entity	The principal investment banking entity in EMEA. Its activities include underwriting, trading, brokerage, advisory and prime services.
J.P. Morgan Ventures Energy Corporation	USA Delaware	Non-Bank Chain	Corporate & Investment Bank entity	Provides commodities risk management solutions to clients globally, and those solutions include financial derivatives transactions as well as physical commodities transactions.
J.P. Morgan Whitefriars Inc.	USA Delaware	Bank Chain	Corporate & Investment Bank entity	Acts as the Firm's primary legal entity where risk positions are booked for certain businesses of the Corporate & Investment Bank through its London Branch.
Chase BankCard Services, Inc.	USA Delaware	CUSA	Consumer-related entity	Provides the Credit Card sub-line of business with operational support (customer service, payment processing, debt collection, etc.) at various locations throughout the country.
CUSA	USA Delaware	CUSA	Consumer-related entity	A chartered national bank in the United States, conducts activities predominantly related to credit card lending and other forms of consumer lending.
Chase Issuance Trust	USA Delaware	CUSA	Consumer-related entity	A special purpose statutory trust which securitizes credit card loan receivables for CUSA
Chase Mortgage Holdings, Inc.	USA Delaware	Bank Chain	Consumer-related entity	A holding company for mortgages originated outside of the state of New York for tax purposes.

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Entity Name	Jurisdiction	Chain of Ownership	Type of Entity	Description
Chase Paymentech Europe Limited	Ireland	Bank Chain	Consumer-related entity	The Firm's primary merchant processing entity in Europe.
Chase Paymentech Solutions	Canada Ontario	Bank Chain	Consumer-related entity	The primary merchant processing entity in Canada.
Paymentech, LLC	USA Delaware	Bank Chain	Consumer-related entity	The Firm's primary merchant processing entity in the United States
JPMorgan Asset Management (Europe) S.a.r.l.	Luxembourg	Non-Bank Chain	Asset Management entity	The primary fund management and distribution entity for the Luxembourg mutual fund range.
JPMorgan Asset Management (UK) Limited	United Kingdom, England & Wales	Non-Bank Chain	Asset Management entity	The primary U.K. investment advisory entity within J.P. Morgan Asset Management.
J.P. Morgan International Bank Limited	United Kingdom, England & Wales	Bank Chain	Asset Management entity	Offers discretionary investment management, brokerage, advisory, custody and banking services, fund marketing and hedge fund advisory to clients in Europe, Latin America and Asia.
J.P. Morgan Investment Management Inc.	USA Delaware	Non-Bank Chain	Asset Management entity	The primary U.S. investment advisory entity within J.P. Morgan Asset Management.

Appendix C. Description of Core Business Lines

Under Section 165(d) regarding resolution plans for specified bank holding companies, Core Business Lines means “those business lines of the covered company, including associated operations, services, function and support, that, in the view of the covered company, upon failure would result in a material loss of revenue, profit, or franchise value”. For resolution planning purposes, we have identified 24 Core Business Lines representing the Firm’s four principal business segments, as well as Corporate, and the 20 sub-segments that report into the segments that we believe meet the core business line definition. See Figure 11. Descriptions of these core business lines are as follows.

Figure 11. JPMC Resolution LOBs and sub-LOBs

Consumer & Community Banking	Corporate & Investment Bank	Commercial Banking	Asset Management	Corporate
<ul style="list-style-type: none"> • Consumer / Business Banking • Mortgage Production • Mortgage Servicing • Real Estate Portfolios • Auto Finance & Student Lending • Commerce Solutions • Credit Card 	<ul style="list-style-type: none"> • Fixed Income • Equities • Global Investment Banking • Investor Services • Treasury Services 	<ul style="list-style-type: none"> • Middle Market • Commercial Term Lending • Corporate Client Banking • Real Estate Banking 	<ul style="list-style-type: none"> • Global Investment Management • Global Wealth Management 	<ul style="list-style-type: none"> • Treasury & CIO

* Resolution LOBs and sub-LOBs represent the core business lines identified solely for resolution planning purposes. In some circumstances, resolution sub-LOBs listed above might differ from JPMC’s sub-segments discussed in the 2015 Form 10-K.

Consumer & Community Banking. CCB serves consumers and businesses through personal service at bank branches and through ATMs, online, mobile and telephone banking. CCB is organized into Consumer & Business Banking (“CBB” including Consumer Banking and Business Banking), Mortgage Banking (including Mortgage Production, Mortgage Servicing and Real Estate Portfolios) and Card, Commerce Solutions & Auto. CBB offers deposit and investment products and services to consumers, and lending, deposit, and cash management and payment solutions to small businesses. Mortgage Banking includes mortgage origination and servicing activities, as well as portfolios consisting of residential mortgages and home equity loans. Card, Commerce Solutions & Auto issues credit cards to consumers and small businesses, offers payment processing services to merchants, originates and services auto loans and leases, and services student loans.

The following sub-segments within the CCB have been designated as Core Business Lines for resolution planning purposes:

- **Consumer Banking/Business Banking** – CBB offers deposit and investment products to consumers – Consumer Banking – and lending, deposit, and cash management and payment solutions to small businesses – Business Banking.

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Consumer Banking and Business Banking offer a wide variety of bank products including checking and savings accounts, credit and debit cards and related financial services. These products generally are available through multiple distribution channels including approximately 5,400 bank branches and almost 18,000 ATMs, as well as through telephone banking, online banking and mobile banking. Consumer Banking and Business Banking serve consumers through its branch and ATM network in the U.S.

- **Mortgage Production** – Mortgage Production represents the mortgage origination business, including four origination channels, secondary marketing, and production operations support.
- **Mortgage Servicing** – Mortgage Servicing includes Servicing and Shared Services & Other Support. Servicing assists customers for the life of their loan by delivering customer service through functions including sending monthly statements, collecting payments, supporting customers who need assistance in paying their mortgage or in resolving delinquency, and generally managing loan servicing. Shared Services & Other Support is a single utility of support functions that partner with each Mortgage Banking business on project management, regulatory and business change management, employee communications, valuations, customer issue resolution and reporting.
- **Real Estate Portfolios** – Real Estate Portfolios consists of residential mortgage and home equity loans that JPMC retains for investment purposes.
- **Auto Finance & Student Lending** – Auto Finance provides auto loans and leases to consumers primarily through the purchase of retail installment sales contracts, through a national network of automotive dealers. In addition, JPMCB accepts applications for direct auto loans to consumers through its branches, phone and online. JPMCB also provides commercial and real estate loans to auto dealers. Student Lending provided student loans for attendance at eligible schools and universities. Effective October 13, 2013, JPMCB ceased accepting new student loan applications.
- **Commerce Solutions** – Commerce Solutions is a global payment processing and merchant acquiring business with offices in the United States, Canada and Europe.
- **Credit Card** – Credit Card offers a wide variety of bankcard products to cater to the needs of multiple consumer and small business customer segments.

Corporate & Investment Bank. The CIB, which consists of Banking and Markets & Investor Services, offers a broad suite of investment banking, market-making, prime brokerage, and treasury and securities products and services to a global client base of corporations, investors, financial institutions, government and municipal entities.

Banking offers a full range of investment banking products and services in all major capital markets, including advising on corporate strategy and structure, capital-raising in equity and debt markets, as well as loan origination and syndication. Banking also includes Treasury

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Services, which provides transaction services, consisting of cash management and liquidity solutions.

Markets & Investor Services is a global market-maker in cash securities and derivative instruments, and also offers sophisticated risk management solutions, prime brokerage, and research. Markets & Investor Services also includes Securities Services, a leading global custodian which provides custody, fund accounting and administration, and securities lending products principally for asset managers, insurance companies and public and private investment funds.

The following sub-segments within CIB are designated as Core Business Lines for resolution planning purposes:

- **Fixed Income** – Fixed Income is a sub-LOB within the CIB LOB of JPMC. Fixed Income is active across commodity markets, credit markets, rate markets, currency markets, securitized product markets and commodities.
- **Equities** – Equities is a sub-LOB within the CIB LOB of the Firm. Equities provides equity solutions to corporate, institutional and hedge fund clients, and distributors, private investors and broker-dealers worldwide. Solutions provided by Equities include trade execution, program and special equity trading services, equity-linked services and structuring for new equity-linked issuances, marketing, structuring and trading services on equity-based or fund-based derivatives products.
- **Global Investment Banking** – Global Investment Banking is a sub-LOB within the CIB LOB of JPMC. Investment Banking works with a broad range of clients, from large and middle market corporations to financial institutions and governments. Investment Banking provides advisory, full-service capital raising, credit solutions and risk management solutions to help clients achieve their financial objectives.
- **Investor Services** – Investor Services is a sub-LOB within the CIB LOB within JPMC. Investor Services includes the following business units: Custody and Fund Services, Agency Clearing, Collateral Management and Execution, Financing (Including Global Securities Prime Brokerage and Trading Services). Investor Services is a multi-asset class platform that extends across execution, financing, clearing, fund administration and asset servicing products.
- **Treasury Services** – Treasury Services is a sub-LOB in the CIB LOB. The Treasury Services business is a full service provider of innovative cash management, trade, liquidity, escrow services and electronic financial services, specifically for treasury professionals, financial institutions and government agencies

Commercial Banking. Commercial Banking delivers extensive industry knowledge, local expertise and dedicated service to U.S. and U.S. multinational clients, including corporations, municipalities, financial institutions and nonprofit entities with annual revenue generally ranging from \$20 million to \$2 billion. In addition, Commercial Banking provides financing to real estate investors and owners. Partnering with the Firm's other businesses, Commercial Banking provides comprehensive financial solutions, including lending, treasury services, investment banking and asset management to meet its clients' domestic and international financial needs.

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The following sub-segments within Commercial Banking have also been designated as core business lines for resolution planning purposes:

- **Middle Market** – Middle Market Banking covers corporate, municipal and nonprofit clients, with annual revenue generally ranging between \$20 million and \$500 million.
- **Commercial Term Lending** – Commercial Term Lending provides term financing to owners and investors of apartment buildings with five or more units as well as commercial properties including office buildings, shopping centers and industrial buildings - offering streamlined, low-cost financing solutions for purchase and refinance.
- **Corporate Client Banking** – Corporate Client Banking focuses on U.S. and Canadian companies, typically with revenues of over \$500 million and up to \$2 billion, and focuses on clients that have broader investment banking needs.
- **Real Estate Banking** – Real Estate Banking provides full service banking to professional real estate developers, investors, real estate investment trusts, real estate operating companies and investment funds active in major markets across the U.S.

Asset Management. Asset Management, with client assets of \$2.3 trillion, is a global leader in investment and wealth management. Asset Management clients include institutions, high-net-worth individuals and retail investors in many major markets throughout the world. Asset Management offers investment management across most major asset classes including equities, fixed income, alternatives and money market funds. Asset Management also offers multi-asset investment management, providing solutions to a broad range of clients' investment needs. For Global Wealth Management clients, Asset Management also provides retirement products and services, brokerage and banking services including trusts and estates, loans, mortgages and deposits. The majority of Asset Management's client assets are in actively managed portfolios.

The following sub-segments within Asset Management have also been designated as core business lines for resolution planning purposes:

- **Global Investment Management** – Global Investment Management provides comprehensive investment management services and products globally across multiple asset classes to institutional clients, pooled fund vehicles and retail investors, including public, corporate and union employee benefit funds, mutual funds, high net worth individuals, corporations, foundations, endowments, insurance companies, other financial institutions and governments and their agencies. Such services also include the provision of sub-advisory services to other investment managers, whether affiliated or unaffiliated, and their clients, from the U.S. and internationally.
- **Global Wealth Management** – Global Wealth Management (“GWM”) offers investment advice and wealth management services including investment management, brokerage, capital markets and risk management, tax and estate planning, banking, capital raising, alternative investments and specialty-wealth

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advisory services to high and ultra high net worth individuals, families, money managers, business owners, trusts, personal holding companies and small corporations worldwide. GWM also provides such services to smaller charities, foundations and endowments. GWM is organized into the following divisions: Ultra High Net Worth, High Net Worth, International Private Bank and J.P. Morgan Securities.

Corporate. The Corporate segment consists of Treasury and CIO and Other Corporate, which includes corporate staff units and expense that is centrally managed. Treasury and CIO are predominantly responsible for measuring, monitoring, reporting and managing the Firm's liquidity, funding and structural interest rate and foreign exchange risks, as well as executing the Firm's capital plan. The major Other Corporate units include Real Estate, Enterprise Technology, Legal, Compliance, Finance, Human Resources, Internal Audit, Risk Management, Oversight & Control, Corporate Responsibility and various Other Corporate groups. Other centrally managed expense includes the Firm's occupancy and pension-related expenses that are subject to allocation to the businesses.

The following division within Corporate has been designated as a core business line for resolution planning purposes:

- **Treasury and CIO** – The Treasury and CIO sub-LOB of the Corporate LOB partners closely with various LOBs to manage JPMC's balance sheet, liquidity and funding and rating agency relationships, and to execute JPMC's capital plan. In addition, it is responsible for measuring, monitoring, reporting and managing JPMC's structural interest rate and foreign exchange risks and investing JPMC's liquidity. The risks managed by Treasury and CIO arise from the activities undertaken by JPMC's four major reportable business segments to serve their respective client bases, which generate both on and off balance sheet assets and liabilities.

Appendix D. Resolution Planning Corporate Governance Structure and Processes

Resolution planning at JPMC is coordinated in a Resolution Planning Office led by a senior officer of the Firm in the Chief Financial Officer organization. As Head of Resolution Planning, this senior officer has Firm-wide responsibility to ensure that the Firm is adopting business organizational strategies, policies, and procedures that appropriately address the challenges faced in establishing a robust and credible resolution regime.

The Head of Resolution Planning works closely with the management teams of each of the core business lines as well as with the management teams of functional support groups (e.g., Risk, Finance, Treasury, Legal, HR, Technology & Operations, Mergers & Acquisitions) to assess resolution strategies. The Office of the Head of Resolution Planning is responsible for compiling, reviewing, and maintaining all resolution-related information.

To support and maintain the sustainability of resolution planning at the Firm, we embed required resolution related information into the ongoing, business as usual control processes, reporting, and governance of the Firm.

The senior officer responsible for Resolution Planning reports to the Chief Financial Officer who is ultimately accountable for the Firm's resolution plan. A governance body consisting of Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, and General Counsel among others is in place to provide oversight and guidance to the Resolution Planning process. Each of the Operating Committee members reviews and approves their respective LOB or functional resolution analyses and information. The process is reviewed with the Directors Risk Policy Committee of the Board of Directors and updates on progress are made regularly to this committee. The final plan has been reviewed and approved by the Board of Directors.

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JPMorgan Chase files annual, quarterly and current reports, and proxy statements and other information with the SEC. These periodic reports and other information filed or furnished with the SEC, as they become available, can be viewed on the SEC's website at www.sec.gov and on JPMorgan Chase's investor relations website at <http://investor.shareholder.com/jpmorganchase/>.

This document and certain of the SEC reports referred to above contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause JPMorgan Chase's actual results to differ materially from those described in the forward-looking statements can be found in the 2015 Form 10-K and JPMorgan Chase's Quarterly Reports on Form 10-Q filed with the SEC. JPMorgan Chase does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.