April 12, 2016

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

Dear Mr. Dimon:

On July 1, 2015, the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (FDIC) (together, the Agencies) received the annual resolution plan submission (2015 Plan) of JPMorgan Chase & Co. (JPMC) required by section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), 12 U.S.C. § 5365(d), and the jointly issued implementing regulation, 12 CFR Part 243 and 12 CFR Part 381 (the Resolution Plan Rule). The Agencies have reviewed the 2015 Plan taking into consideration section 165(d) of the Dodd-Frank Act, the Resolution Plan Rule, the letter that the Agencies provided to JPMC in August 2014 (the 2014 Letter) regarding JPMC's 2013 resolution plan submission, the communication the Agencies made to JPMC in February 2015 clarifying the 2014 Letter (the 2015 Communication), other guidance provided by the Agencies, and other supervisory information available to the Agencies.

In reviewing the 2015 Plan, the Agencies noted improvements over prior resolution plan submissions of JPMC. Nonetheless, the Agencies have jointly determined pursuant to section 165(d) of the Dodd-Frank Act and section .5(b) of the Resolution Plan Rule that the

2015 Plan is not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code. Section II of this letter identifies the aspects of the 2015 Plan that the Agencies jointly determined to be deficient.

JPMC must provide a submission that addresses the deficiencies jointly identified by the Agencies and otherwise satisfies the requirements of section .5(c) of the Resolution Plan Rule by October 1, 2016 (2016 Submission). The 2016 Submission must include a separate public section that explains the actions the firm has taken to address the jointly identified deficiencies. The 2016 Submission will satisfy the informational requirements of JPMC's annual resolution plan submission for 2016 (i.e., the 2016 Submission is not required to contain informational content other than as specified in this letter). In the event that the 2016 Submission does not adequately remedy the deficiencies identified by the Agencies in this letter, the Agencies may jointly determine pursuant to section .6 of the Resolution Plan Rule that JPMC or any of its subsidiaries shall be subject to more stringent capital, leverage, or liquidity requirements, or restrictions on their growth, activities, or operations.

In addition, the Agencies have identified shortcomings in the 2015 Plan. The Agencies will review the plan due on July 1, 2017 (2017 Plan), to determine if JPMC has satisfactorily addressed the shortcomings identified in Section III below. If the Agencies jointly decide that these matters are not satisfactorily addressed in the 2017 Plan, the Agencies may determine jointly that the 2017 Plan is not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code. The 2016 Submission should include a status report on JPMC's actions to address the shortcomings. The public section of the 2016 Submission also should explain, at a high level, the actions the firm plans to take to address the shortcomings.

I. Background

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

In addition to the Resolution Plan Rule, the Agencies have provided supplemental written information and guidance to assist JPMC's development of a resolution plan that satisfies the requirements of section 165(d) of the Dodd-Frank Act. This information and guidance included:

- The April 2013 joint guidance to 2012 plan filers, which addressed a number of resolution plan issues and detailed five significant obstacles to orderly resolution in bankruptcy (multiple competing insolvencies, global cooperation, operations and interconnections, counterparty actions, and liquidity and funding).[2]
- The 2014 Letter, which outlined a number of shortcomings in the 2013 resolution plan submission and specific issues to be addressed in the 2015 Plan. The 2014 Letter explicitly reminded JPMC that failure to make demonstrable progress in addressing these shortcomings and in taking the additional actions set forth in the 2014 Letter could result in a joint determination that JPMC's 2015 Plan is not credible or would not facilitate orderly resolution in bankruptcy.

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[1] 12 U.S.C. § 5365(d)(4).

[2] *See* "Guidance for 2013 §165(d) Annual Resolution Plan Submissions by Domestic Covered Companies that Submitted Initial Resolution Plans in 2012" (2013 Guidance), issued jointly by the Agencies on April 15, 2013. The 2013 Guidance further noted that "this list of Obstacles is not exhaustive and does not preclude other Obstacles from being identified by the Agencies in the future, nor does it preclude Covered Companies from identifying and addressing other weaknesses or potential impediments to resolution."

- The 2015 Communication, which provided additional staff guidance in response to JPMC's December 2014 submission describing certain proposed elements of the 2015 Plan. Among other things, the 2015 Communication reminded firms to make conservative assumptions and provide substantial supporting analysis concerning certain of the proposed 2015 Plan elements.

Furthermore, since the release of the 2014 Letter, the Agencies have made staff available to answer questions related to the 2015 Plan.

In July 2015, the Agencies received the 2015 Plan and began their review. The Agencies reviewed JPMC's 2015 Plan to determine whether it satisfies the requirements of section 165(d) of the Dodd-Frank Act and the Resolution Plan Rule. As part of their review, the Agencies assessed whether the 2015 Plan addresses each of the items identified in the 2014 Letter and the 2015 Communication, including whether the firm has made demonstrable progress to improve resolvability under the U.S. Bankruptcy Code based on the actions that the firm had completed by the 2015 Plan date against the firm's full-implementation schedule. Firms were expected to provide a timetable for completion of the remaining actions after the 2015 Plan date that included well-identified interim achievement benchmarks against which the Agencies can measure progress. Planned future actions are generally expected to be fully implemented by the date of the firm's 2017 Plan or earlier.[3]

Progress Made by JPMC

Over the past several years, JPMC has taken important steps to enhance the firm's resolvability and facilitate resolution of the firm in bankruptcy, including:

- JPMC has reduced multiple cross-border sweep arrangements [redacted]

[3] The 2015 Communication explicitly advised that remaining actions required by the Agencies in the 2014 Letter and the 2015 Communication to improve resolvability generally are expected to be completed no later than July 1, 2017.

[redacted]; and JPMC has reduced its reliance on short-term wholesale funding, [redacted]

- Since the 2015 Plan submission, JPMC has complied with the clean holding company guidance from the 2014 Letter and 2015 Communication. In addition, the firm has improved its overall capital position.

- JPMC has enhanced collateral management information systems, enabling it to track the sources and uses of its securities collateral [redacted]; has mapped internal and external shared service dependencies (including staff, technical infrastructure, systems, intellectual property, and real estate); has documented critical interaffiliate services in legal agreements that contain terms intended to ensure that these services would continue in resolution; and has invested in resolution-specific management information systems.

- JPMC has reduced [redacted], and has adhered to the International Swaps and Derivatives Association 2015 Universal Resolution Stay Protocol.

II. Deficiencies and Remediation

Notwithstanding the noted progress JPMC has made to date, the Agencies jointly identified four aspects of the 2015 Plan that are deficient.

LIQUIDITY

The Agencies identified a deficiency regarding liquidity in the 2015 Plan. As described below, JPMC does not have appropriate models and processes for estimating and maintaining sufficient liquidity at, or readily available to, material entities,[4] or for estimating its liquidity needs to fund its material entities during the resolution period.

[4] "Material entities," and "critical operations" refer to the material entities, and critical operations identified in the 2015 Plan.

Resolution Liquidity Adequacy and Positioning (RLAP): JPMC does not have an appropriate model and process for estimating and maintaining sufficient liquidity at, or readily available to, material entities in resolution (RLAP model).[5] This is notable given JPMC's liquidity profile in its 2015 Plan, which relies on the firm's ability to shift substantial amounts of liquidity around the organization during stress, as needed. As explained below, JPMC's liquidity profile is vulnerable to adverse actions by third parties.

As an illustration of this deficiency in the firm's RLAP model, JPMC's 2015 Plan relied on roughly $[redacted] of parent liquidity support being injected into various material entities, including its U.S. broker-dealers, during the period immediately preceding JPMC's bankruptcy filing. This includes reliance on funds in foreign entities that may be subject to defensive ring-fencing during a time of financial stress. For example, under the 2015 Plan, JPMC (parent) plans to withdraw cash from its [redacted], including $[redacted] deposited [redacted] at [redacted] branch as of the date of the 2015 Plan. If all or a portion of the funds deposited at the [redacted] branch are not returned to the parent in a timely manner—e.g., due to defensive ring-fencing [redacted]—the parent may not have access to sufficient funds to support the recapitalization or funding needs of key material entities. The risk of [redacted] ring-fencing is heightened by the stand-alone liquidity risk profile of the [redacted] branch, which in stress could be exposed to substantial outflows: (A) to third parties that interact with the branch directly, (B) to [redacted], which lends substantial amounts of overnight funds directly to the [redacted] branch, and (C) to

[5] "Model" refers to the set of calculations estimating the net liquidity surplus/deficit at each legal entity and for the firm in aggregate based on assumptions regarding available liquidity, e.g., high-quality liquid assets (HQLA), and third party and interaffiliate net outflows.

[redacted], which relies on the [redacted] branch for material amounts of [redacted] funding.

Specifically, with respect to (C) above, the financial interconnectedness between the [redacted] branch and [redacted] presents notable challenges. The [redacted] branch has committed to [redacted] $[redacted], which could be drawn up to the full [redacted] amount or up to $[redacted]. In addition, there are substantial funding flows between the [redacted] branch and [redacted] in the 2015 Plan. For example, the [redacted] branch receives $[redacted] of support from [redacted], while providing $[redacted] of financial support to [redacted]. The magnitude and nature of this interconnectedness highlight the need for the RLAP model to have detailed analysis of the interaffiliate liquidity risk profiles and associated mitigants for the [redacted] branch and [redacted].

Subsequent to the submission of the 2015 Plan, JPMC's legal entity liquidity profile appeared to have changed. [redacted] raises new uncertainty about the RLAP model the firm follows in positioning liquidity and the sufficiency of the liquidity available to the parent to fund its material entities in times of financial stress and to execute its resolution plan. This highlights the need for a clearly stated RLAP model that the firm consistently follows to determine and position the amount of liquidity needed at material entities and for ensuring sufficient liquidity is readily available to its material entities.

To address this deficiency, JPMC must demonstrate in the 2016 Submission that the firm has developed and implemented an appropriate RLAP model that is enhanced to address the weaknesses above. Specifically, JPMC should be able to measure the stand-alone liquidity position of each material entity (including material entities that are non-U.S. branches)—i.e., the HQLA at the material entity less net outflows to third parties and affiliates—and ensure that liquidity is readily available to meet any deficits. The RLAP model should cover a period of at least 30 days and reflect the idiosyncratic liquidity profile and risk of the firm. The model should balance the reduction in frictions associated with holding liquidity directly at material entities with the flexibility provided by holding HQLA at the parent available to meet unanticipated outflows at material entities. Thus, the firm should not rely exclusively on either full pre-positioning or the parent. The RLAP model should ensure that JPMC holds sufficient HQLA (inclusive of deposits at the U.S. branch of the lead bank subsidiary) to cover the sum of all standalone material legal entity net liquidity deficits. The stand-alone net liquidity position of each material entity (HQLA less net outflows) should be measured using the firm's internal liquidity stress test assumptions and should treat interaffiliate exposures as third-party exposures. For example, an overnight unsecured exposure to an affiliate should be assumed to mature. Finally, the firm should not assume that a net liquidity surplus at one material entity can be moved to meet net liquidity deficits at other material entities or to augment parent resources.

Additionally, the RLAP methodology should take into account (A) the daily contractual mismatches between inflows and outflows; (B) the daily flows from movement of cash and collateral for all interaffiliate transactions, especially those between the [redacted] branch, [redacted], and the [redacted] branch; and (C) the daily stressed liquidity flows and trapped liquidity as a result of actions taken by clients, counterparties, key financial market utilities, and foreign supervisors, among others.

As noted, the magnitude and nature of the interconnectedness between the [redacted] branch, [redacted], and the [redacted] branch warrants attention as JPMC enhances its RLAP model to address the weaknesses described above. In the 2016 Submission, the firm's enhanced RLAP model must be supported by detailed analysis of the interconnectedness of the [redacted] branch, [redacted], and the [redacted] branch under business-as-usual conditions and in severe stress. In addition, the firm must provide an analysis comparing the output of the existing RLAP model versus the enhanced RLAP model, along with an explanation of the changes JPMC has made in its approach to funding and in its funding profile in order to fully implement the enhanced model.

Resolution Liquidity Execution Need (RLEN): As noted above, JPMC does not have an appropriate model and process for estimating its liquidity needs to fund its material entities during the resolution period. In particular, JPMC's 2015 Plan did not sufficiently disclose or provide comprehensive support for estimating liquidity needs in resolution beyond the assumptions used for intraday reserves, buffer for postfailure severe stress outflows, and operating expenses. Specifically, the 2015 Plan did not sufficiently provide daily cash flow forecasts for the period following the parent bankruptcy filing required to stabilize the material entities and did not provide a breakout of all interaffiliate transactions and arrangements that could impact JPMC's liquidity forecast estimates. For example, the 2015 Plan only provided daily cash flows for the first seven days and last four days of the runway period, and for the first three days after JPMC's bankruptcy filing. Regarding affiliate transactions, the liquidity methodology provided cash flow forecasts associated with secured and unsecured financing arrangements among affiliates but did not provide a comprehensive breakout of liquidity flows from other interaffiliate financial arrangements, such as the movement of collateral from interaffiliate derivative trades based on their margining requirements.

To address this deficiency, JPMC must provide in the 2016 Submission an enhanced model and process for estimating the minimum liquidity needed to fund material entities in resolution to ensure that material entities could continue operating consistent with regulatory requirements, market expectations, and JPMC's postfailure strategy. The 2016 Submission should describe the model and process enhancements and their impacts on the estimation of the liquidity needed to execute the firm's strategy in resolution. Such enhancements should include greater detail on the estimation of the minimum operating liquidity required by each material entity and the estimate of the peak daily funding needs of each material entity throughout the entire stabilization period. The estimate of the operating liquidity need should not only capture intraday liquidity requirements but also include funding frictions from interaffiliate transactions, other funding frictions, working capital needs, and any other conservative buffers needed to ensure that material entities could operate without disruption throughout the resolution period. Moreover, given the related weakness associated with JPMC's RLAP model, JPMC should enhance its RLEN model to conservatively reflect the interconnectedness and potential funding frictions between the [redacted] branch, [redacted], and the [redacted] branch.

The estimate of the minimum liquidity needed to fund material entities in resolution relative to the firm's available liquidity should be used to inform the board of directors of when the parent company may need to file for bankruptcy.

LEGAL ENTITY RATIONALIZATION

The Agencies also identified a deficiency in the 2015 Plan regarding the criteria for a rational and less-complex legal entity structure. In order to substantially mitigate the risk that JPMC's material financial distress and failure would have systemic effects, JPMC should ensure that its legal entity structure promotes resolvability under the preferred resolution strategy across a range of failure scenarios. Flexibility—or "optionality"—within the resolution strategy helps mitigate risks that, if not overcome, could otherwise undermine successful execution of the preferred strategy and, more broadly, pose serious adverse effects to the financial stability of the United States.

The 2014 Letter directed JPMC to develop a set of criteria for a rational legal entity structure that would consider the best alignment of legal entities and business lines to improve the firm's resolvability. While JPMC has provided over [redacted] "Target-State Principles" or criteria for rational legal entity structure (LER Criteria), the LER Criteria are not appropriately focused on resolution considerations, as many of the criteria do not mandate or clearly lead to actions or arrangements that promote the best alignment of legal entities and business lines to improve the firm's resolvability. Specifically, a number of criteria in the 2015 Plan provide a significant amount of discretion to determine that increased complexity may be permitted without regard to the effects of that complexity on resolvability. This discretion could be used, for example, to prioritize business-as-usual needs over resolution needs in determining which project plans are undertaken. Other criteria do not focus on complexity at all, such as "[redacted]" While conducting business as usual in an efficient way is an important factor in designing the structure of the firm, the resolution plan must include an adequate framework for determining when the benefits of planning for resolution outweigh increased complexity, and, importantly, how the firm would address the impediments to resolution that are created by increased complexity that might serve business as usual needs.

Further, the LER Criteria do not include facilitating the recapitalization of material entities. Different legal entity structures impact the timeliness and certainty with which recapitalizations can occur. For example, the lead bank subsidiary, JPMCB, owns the UK broker-dealer, JPMS plc, through multiple Edge Act corporations and intermediate holding companies. Funding arrangements between these entities vary in amounts, tenors, and seniority. The complexity of the ownership structure and funding chain could complicate and/or delay any recapitalization of JPMS plc. While a direct recapitalization by the parent company, JPMC, of JPMS plc could be executed more simply and quickly, this direct approach to recapitalization could trigger the quantitative and qualitative limits of section 23A of the Federal Reserve Act with respect to JPMS plc. This approach could complicate the current funding arrangement for JPMS plc, which relies on funding from JPMCB.

The LER Criteria also must support the alignment of legal entities and business lines to improve the firm's resolvability—e.g., to promote identification of actionable options to sell, transfer, or wind down discrete operations. The LER Criteria do not result in divestiture options that would provide meaningful optionality in resolution to support critical operations. Specifically, the 2015 Plan presented a limited set of divestiture options: [redacted] These divestiture options do not appear to provide sufficient optionality under different market conditions.

The divestiture options in the 2015 Plan also were not sufficiently actionable, as the 2015 Plan sections for [redacted] did not contain detailed, tailored, and complete separability analyses. For example, only one obstacle to divestiture to the [redacted]—key vendor contracts—was adequately analyzed; the analysis of the other key obstacles cited—regulatory approvals, client communications, [redacted]—were labeled in the 2015 Plan as obstacles "that would need to be addressed at the time of the transaction." In addition, the discussions of potential buyers and structuring for [redacted] the 2015 Plan's divestiture options are generic and could be applied to any business line.

To address this deficiency, JPMC's 2016 Submission must establish criteria that (A) are clear and actionable and promote the best alignment of legal entities and business lines to improve the firm's resolvability, and (B) include the facilitation of the recapitalization of material entities prior to the resolution period. With regard to the latter, JPMC should provide specific analysis regarding the recapitalization of JPMS plc under a range of failure scenarios. The 2016 Submission also should reflect that JPMC has established governance procedures to ensure its revised LER Criteria are applied on an ongoing basis. The 2016 Submission must include divestiture options that enable meaningful optionality and that support successful execution of the preferred strategy under different market conditions. Each divestiture option should include detailed, business-line-specific analysis of the full range of obstacles to divestiture and associated mitigants, as well as an identification of potential buyers. This analysis should have specific, detailed project plans for making each option actionable.

DERIVATIVES AND TRADING ACTIVITIES

The Agencies also identified a deficiency in the 2015 Plan regarding JPMC's trading activities. Specifically, the 2015 Plan did not contain analysis of how trading portfolios could be managed down in an orderly manner should counterparties choose to cease transacting with JPMorgan Securities, LLC (JPMS LLC), JPMorgan Clearing Corporation (JPMCC), and JPMS plc—e.g., following rating agency downgrades or withdrawal of ratings for those entities. Rather, the executability of the 2015 Plan relied too heavily on the assumption that the liquidity support and recapitalization [redacted], would facilitate an orderly "shrink" strategy with regards to the firm's trading activities. As previously described, the 2015 Plan had not established an adequate framework for maintaining sufficient financial resources at the material entities or addressing the notable challenges associated with the material financial interconnectedness with JPMCB's [redacted] branch and [redacted]. JPMC's structure and resulting operational dependencies raise questions regarding JPMC's strategy in the event the financial connections cannot be maintained or financial support cannot be provided.

Accordingly, the 2016 Submission must address the deficiency by: (A) including an analysis and rating agency playbook for maintaining, re-establishing or establishing investment grade ratings for JPMCB, JPMS LLC, JPMCC and JPMS plc, and (B) estimating the financial resources required to support an orderly active wind down of the derivatives portfolio in the event that investment-grade ratings for the trading entities fail to be maintained, or re-established post-bankruptcy filing and a passive wind-down strategy is suboptimal. JPMC also should provide detailed active wind-down estimates, as per the tables in the Appendix, along with an accompanying narrative describing at least one pathway for segmenting, packaging, and winding down the derivatives portfolio. The pathway and data should take into account:

(A) The nature, concentration, maturity, and liquidity of derivatives positions;

(B) The proportion of centrally cleared versus uncleared derivatives;

(C) The anticipated size, composition, and complexity of the portfolio at the end of the wind-down period (i.e., the residual or stub);

(D) Challenges with novating less-liquid, longer-dated derivatives; and

(E) The costs and challenges of obtaining timely consents from counterparties and potential acquirers (step-in banks).

The losses and liquidity required to support the active wind-down analysis should be incorporated into estimates of the firm's resolution capital and liquidity execution needs.

GOVERNANCE MECHANISMS

Playbooks and Triggers: In the 2015 Communication, the Agencies directed JPMC to identify the governance mechanisms in place or in development that would ensure execution of the required board actions at the appropriate time (as anticipated under JPMC's preferred strategy), to include pre-action triggers and existing agreements for such actions. Such governance mechanisms are critical to JPMC's resolution strategy because of its direct relationship to the deficiency noted above concerning the firm's process for maintaining sufficiently positioned liquidity and because the 2015 Plan relies upon, among other things, the timely downstreaming of significant financial resources from the parent to JPMCB and the U.S. broker-dealers (Support). In other words, appropriately calibrated mechanisms are vital to the timely, successful recapitalization of the key operating subsidiaries prior to bankruptcy to ensure they are sufficiently supported to enable them to operate or wind down outside the bankruptcy of the parent company. The Agencies identified a deficiency regarding the governance framework necessary to facilitate timely execution of the planned subsidiary funding and recapitalizations.

JPMC has not demonstrated adequate governance mechanisms for the timely execution of the firm's resolution strategy. The Board of Directors playbooks contained in the 2015 Plan lack detail regarding specific triggers, procedures for escalating information to senior management and the board, and actions required upon reaching a trigger event. Although the Board of Directors playbooks list many actions that would be taken during the runway period, these actions are not linked to any specific trigger, raising uncertainty regarding whether key actions would be taken when required for successfully executing the firm's preferred strategy. For example, the 2015 Plan stated "[redacted]" which raises questions as to how and whether the directors would obtain information about the firm's condition in a timely manner. In addition, the firm's governance playbook did not contain triggers linking the estimates of the capital and liquidity needed to support material entities in resolution with the timely execution of a bankruptcy filing, which raises uncertainty as to whether JPMC's bank and U.S. broker-dealer subsidiaries would have sufficient resources to facilitate an orderly "shrink" of their trading activities at the time JPMC files for bankruptcy. These weaknesses could undermine the executability of the firm's "recap and shrink" strategy outlined in JPMC's 2015 Plan.

To address this deficiency, the 2016 Submission must amend, or include a project plan to amend, the board's playbooks submitted in the 2015 Plan. The amended playbooks must include clearly identified triggers linked to specific actions for:

(A) the escalation of information to senior management and the board(s) to potentially take the corresponding actions at each stage of distress post-recovery leading eventually to the decision to file for bankruptcy; and

(B) the timely execution of a bankruptcy filing and related pre-filing actions.[6]

These triggers should be based, at a minimum, on capital, liquidity, and market metrics, and should incorporate JPMC's methodologies for forecasting the liquidity and capital needed to operate following a bankruptcy filing. Moreover, the triggers and related actions under the mechanism must be specific.

III. Shortcomings

JPMC must address the shortcomings identified in this letter in its 2017 Plan. If the Agencies jointly decide that these matters are not satisfactorily addressed in the 2017 Plan, the Agencies may determine jointly that the 2017 Plan is not credible or would not facilitate an orderly resolution under the U.S. Bankruptcy Code.

GOVERNANCE MECHANISMS

Pre-Bankruptcy Parent Support: As noted, JPMC is developing its Capital Contribution Agreement (CCA) as a means of recapitalizing certain subsidiaries prior to JPMC's bankruptcy filing. The Agencies identified a shortcoming in the 2015 Plan regarding JPMC's limited analysis of the range of potential legal challenges that could adversely affect the Support.

To address this shortcoming, the 2017 Plan should further develop a detailed legal analysis of the potential state law and bankruptcy law challenges and mitigants to the planned

[6] Key pre-filing actions include the preparation of any emergency motion required to be decided on the first day of the firm's bankruptcy.

provision of Support. Specifically, the analysis should identify any potential legal obstacles and explain how JPMC would seek to ensure that Support would be provided as planned.

The 2017 Plan also should include the mitigant(s) to potential challenges to the planned Support that JPMC considers most effective. In identifying appropriate mitigants, JPMC should consider the effectiveness of mitigants other than, or in addition to, the CCA, such as pre-positioning of financial resources in material entities and the creation of an intermediate holding company.

JPMC's governance playbooks included in the 2017 Plan should incorporate any developments from JPMC's further analysis of potential legal challenges regarding the Support, including any Support approach(es) JPMC has implemented.

OPERATIONAL

[redacted] The firm should identify all material outsourced services that support critical operations and could not be promptly substituted. It should also evaluate the agreements governing these services to determine whether there are any that could be terminated despite continued performance upon JPMC's bankruptcy filing. In the 2017 Plan, JPMC should describe a process to amend any such agreements governing these services to ensure that they would continue in the event of the firm's entry into resolution.

IV. Conclusion

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

Very truly yours,

(Signed)

Robert deV. Frierson
Secretary of the Board
Board of Governors of the
Federal Reserve System

Very truly yours,

(Signed)

Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation

Appendix

Instructions for Preparation of

Appendix Derivative Data Tables

General Instructions

Purpose

To provide estimates related to the active wind down of reporting firms' derivatives portfolios for Title 1 resolution planning purposes.

Who Must Report

This Appendix is required to be included in the 2016 Submission of any firm for which the Agencies have jointly identified a deficiency with respect to Derivatives and Trading Activities.

This Appendix also should be included in the 2017 Plans as per the joint Agencies' guidance.

Organization of Schedules

Schedule A – To summarize the data captured in Schedule B.

Schedule B – To capture starting and ending notional and fair value derivatives data by material entity, as well as drivers of changes, capital and liquidity impacts from wind-down, and select inter-affiliate exposures, e.g., between the lead bank subsidiary and UK broker-dealer.

Schedule C – To comprehensively capture inter-affiliate exposures between material entities across several dimensions as of the start of plan date.

Key definitions

Bilateral – Refers to over-the-counter derivatives (OTC) that are not listed or cleared through a central counterparty.

Cleared – Refers to derivatives that are listed on an exchange or cleared through a central counterparty (CCP). Firms may include derivatives that are eligible for clearing but are not currently centrally cleared in this category but should footnote the amount included.

Gross Notional – Firms should utilize the definition from Schedule HC-L Derivatives and Off-Balance-Sheet Items of Reporting Form FR Y-9C Consolidated Financial Statements for Holding Companies. Figures should be reported in $ billions.

Gross Positive/Negative Fair Value – Estimates of fair value should be consistent with those used in Form FR Y-9C Consolidated Financial Statements for Holding Companies. Gross positive/negative fair values should be reported without taking into account netting and collateral received/posted. Figures should be reported in $ billions.

Liquidity Impacts – Estimates of net liquidity impacts over the relevant period should be reported in $ billions with net liquidity inflows shown as positive and net liquidity outflows shown as negative.

Material Entity – The definition of a material entity for this data appendix is the same as it is for firms' Title 1 resolution plans. Firms should report data for all material entities that are contractual counterparties to derivatives contracts and have active derivative positions as of the start of plan date. Material entities should be listed in descending order by total gross notional outstanding as of the start of plan date. This ordering should be maintained for all schedules in this data appendix.

P&L Impacts – Estimates of gains or losses over the relevant period should be reported in $ billions with gains shown as positive and losses as negative.

Runway Period – For this data appendix, the runway period should commence with the start of plan date and end with the parent company filing for bankruptcy.

Start of Plan Date – The start of plan date should correspond with the "trigger loss" and the commencement of the runway period in firms' resolution plans. For JPMC's 2016 Submission, the firm should use March 31, 2016 as the start of plan date. For firms' 2017 Plan submissions, firms should utilize December 31, 2016 as their start of plan date.

Wind-Down Period – For this data appendix, the wind-down period should commence upon the parent company filing for bankruptcy and end when the firm estimates that it would no longer need to perform on its derivatives obligations. As such, the wind-down period here should include any "stabilization" and post-stabilization period, to the extent such a phase may feature in a firm's plan. The wind-down period should be no shorter than 12 months and no longer than 18 months. Firms may select the duration of their wind-down period within those constraints.

Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation

Title 1 Plan—Appendix Derivative Data Tables

Start of Plan Date: ______________________
Month / Day / Year

Company Information

____
Legal Name of Entity

____
Street

______________ ______ __________
City State Zip Code

Person to whom questions about this report should be directed:

____
Name

____
Title

____
Area Code/Phone Number

____
Area Code/FAX Number

____
E-mail Address of Contact

Schedule A—Summary Tables

Table 1 – Gross Notionals

	As of Start of Plan Date			Changes over Runway and Wind-Down Periods				End of Wind-Down		
By Material Entity	Total Derivatives Gross Notional Outstanding	Of which Third Party	Of which Inter-affiliate	Due to Terminations	Due to Maturities	Due to Novations	Due to Other Actions (Specify)	Total Derivatives Gross Notional Outstanding	Of which Third Party	Of which Inter-affiliate
ME-1										
ME-2										
ME-3										
ME-4										
ME-5										
ME-6										
ME-7										
ME-8										
ME-9										
ME-10										
etc....										

Schedule A—Continued

Table 2 – Capital and Liquidity Impacts

	P&L Impact (Wind-Down Period Only)				Liquidity Impact (Wind-Down Period Only)				
By Material Entity	P&L from Terminations	P&L from Novations	P&L from Other Actions (Specify)	**Total P&L Impact from Wind-Down**	Liquidity Impact from Terminations	Liquidity Impact from Maturities	Liquidity Impact from Novations	Liquidity Impact from Other Actions (Specify)	**Total Liquidity Impact from Wind-Down**
ME-1									
ME-2									
ME-3									
ME-4									
ME-5									
ME-6									
ME-7									
ME-8									
ME-9									
ME-10									
etc....									

Schedule B—General OTC Derivatives Volume

Table 1.A—All OTC Derivatives (Sum of Table 1.B and Table 1.C)

			Start Balance as of [Date per Title 1 Plan]						Terminations in Runway			Maturing Derivatives in Runway	
Unique Row Identifier	By Material Entities	By Trading Unit or Product	Total Gross Notional		Gross Positive Market Value		Gross Negative Market Value		Terminations Gross Notionals	Total P&L (Losses) from Terminations	Liquidity Impact from Terminations	Maturing Gross Notionals	Liquidity Impact from Maturing Contracts
			Cleared	Bilateral	Cleared	Bilateral	Cleared	Bilateral					

Table 1.A—Continued

			Maturing Derivatives in Wind Down		Novations in Wind Down			Other Actions (Specify) in Wind-Down			End of Wind Down	
Unique Row Identifier	By Material Entities	By Trading Unit or Product	Maturing Gross Notionals	Liquidity Impact from Maturing Contracts	Novations Gross Notional	P&L Impact from Novations	Liquidity Impact from Novations	Other Actions (Specify) Notional	P&L Impact from Other Actions (Specify)	Liquidity Impact from Other Actions (Specify)	Ending Gross Notional	
											Cleared	Bilateral

Table 1.B[1]— Of which Third Party OTC Derivatives (same format as Table 1.A)

Table 1.C[2]— Of which Inter-affiliate OTC Derivatives (same format as Table 1.A)

[1] Table 1B = The material entity's gross derivative transactions with all third parties (in aggregate).
[2] Table 1B = The material entity's gross derivative transactions with all third parties (in aggregate).

Schedule B—Continued

Tables 1.C1 through 1.Cx must be completed by specific entities only, specifically: 1) the inter-affiliate derivative transactions between the lead bank subsidiary and the UK broker-dealer and 2) the lead bank subsidiary and other material entities, such as unregulated capital services subsidiaries or firm sponsored SPV.[3]

Table 1.C1—Inter-affiliate OTC Derivatives Between Bank and UK Broker-Dealer

From Bank Perspective			Start Balance as of [Date per Title 1 Plan]						Terminations in Runway			Maturing Derivatives in Runway	
Unique Row Identifier	UK-Broker Dealer	By Trading Unit or Product	Total Gross Notional		Gross Positive Market Value		Gross Negative Market Value		Terminations Gross Notionals	Total P&L (Losses) from Terminations	Liquidity Impact from Terminations	Maturing Gross Notionals	Liquidity Impact from Maturing Contracts
			Cleared	Bilateral	Cleared	Bilateral	Cleared	Bilateral					

Table 1.C1—Continued

From Bank Perspective			Maturing Derivatives in Wind Down		Novations in Wind Down			Other Actions (Specify) in Wind-Down			End of Wind Down	
Unique Row Identifier	UK-Broker Dealer	By Trading Unit or Product	Maturing Gross Notionals	Liquidity Impact from Maturing Contracts	Novations Gross Notional	P&L Impact from Novations	Liquidity Impact from Novations	Other Actions (Specify) Notional	P&L Impact from Other Actions (Specify)	Liquidity Impact from Other Actions (Specify)	Ending Gross Notional	
											Cleared	Bilateral

Table 1.C2—Inter-affiliate OTC Derivatives Between Bank and Other Material Entity (ME-2) (same format as Table 1.C1)

Table 1.C3—Inter-affiliate OTC Derivatives Between Bank and Other Material Entity (ME-3) (same format as Table 1.C1)

[3] Note: If there are "other" categories not captured in the novation, compression, terminations, and maturating derivatives categories in the example table, please add and specify.

Table 1.Cx—Inter-affiliate OTC Derivatives Between Bank and Other Material Entity (ME-x) (same format as Table 1.C1)

Schedule C—Inter-affiliate Exposures

The lower triangle should be from the perspective of the MEs listed on column to the MEs listed in the rows.

Matrix 1.a—Gross Notional of Inter-affiliate OTC Derivatives Trade (Start of Title 1 Plan Date)

	ME-1	ME-2	ME-3	ME-4	ME-5	ME-6	ME-7	ME-8	ME-9	ME-10	etc....
ME-1											
ME-2											
ME-3											
ME-4											
ME-5											
ME-6											
ME-7											
ME-8											
ME-9											
ME-10											
etc....											

Matrix 1.b—Gross Notional of Inter-affiliate OTC Derivatives Trade (End of Wind-Down)

	ME-1	ME-2	ME-3	ME-4	ME-5	ME-6	ME-7	ME-8	ME-9	ME-10	etc....
ME-1											
ME-2											
ME-3											
ME-4											
ME-5											
ME-6											
ME-7											
ME-8											
ME-9											
ME-10											
etc....											

Matrix 2.a – Uncollateralized Current Exposure from Inter-affiliate OTC Derivatives (Start of Plan Date) (same format as Matrix 1.a)

Matrix 2.b – Uncollateralized Current Exposure from Inter-affiliate OTC Derivatives, Gross of Collateral (End of Wind-Down) (same format as Matrix 1.b)

Matrix 3.a – Net Collateralized Current Exposure from Inter-affiliate OTC Derivatives (Start of Plan Date) (same format as Matrix 1.a)

Matrix 3.b – Net Collateralized Current Exposure from Inter-affiliate OTC Derivatives (Start of Plan Date) (same format as Matrix 1.a)