

JPMORGAN CHASE & CO.

2021

Targeted Resolution Plan Public Filing

JPMORGAN CHASE & Co.

<b>Introduction</b>	<b>1</b>
<b>Resolution Planning and Why JPMorgan Chase Is Resolvable</b>	<b>3</b>
– <b>Our Resolution Plan Shows We Can Be Orderly Resolved</b>	<b>5</b>
– <b>Our Single Point of Entry Resolution Strategy Enables Orderly Failure Without Government or Taxpayer Support or Harm to the U.S. Economy</b>	<b>14</b>
– <b>Our Resolution Plan Is Designed to Meet Real World Challenges</b>	<b>24</b>
<b>FAQs</b>	<b>51</b>
<b>Overview of JPMorgan Chase</b>	<b>64</b>
<b>Other Required Financial Information Disclosures in the Public Filing</b>	<b>107</b>
<b>Glossary</b>	<b>118</b>

*Defined terms are capitalized and may be found in the Glossary beginning on page 118.*

Our Public Filing presents a summary of our detailed, confidential resolution plan that we maintain in support of our financial and operational resilience. We have filed a targeted resolution plan for 2021, the 2021 Targeted Submission, consistent with the requirements set forth by the Federal Reserve and the FDIC, together referred to as the Agencies. Both the Public Filing and our confidential section of the 2021 Targeted Submission provide a roadmap of how our core businesses and operations would continue to operate, or be wound down in an orderly manner, in a resolution event without jeopardizing the economy or global financial markets, or requiring any extraordinary government assistance or taxpayer support.

We last submitted a resolution plan in July 2019. In December 2019, the Agencies provided our firm with joint feedback confirming that the resolution planning efforts outlined in our July 2019 resolution plan submission, the 2019 Submission, evidenced meaningful improvements over our prior resolution plan submissions. Furthermore, the Agencies did not identify any shortcomings or deficiencies in our 2019 Submission. The Agencies did identify areas in which we should continue to improve our resolution capabilities and requested updates during 2020 regarding certain in-progress initiatives including our inter-affiliate market risk framework, RLEN capabilities, and flexibility in identifying and mapping critical shared services.

Our 2021 Targeted Submission is the first submission we are making under the Final Resolution Plan Rule, which was approved by the Agencies in October 2019 to amend and restate the original 165(d) resolution planning rule. One of the changes contained in the Final Resolution Plan Rule is that our resolution plan submissions now alternate between full and targeted plans on a two-year cycle, beginning with this targeted resolution plan submission in 2021. The Final Resolution Plan Rule also states that it does not modify the 2019 Final Guidance, which describes the Agencies' expectations regarding key vulnerabilities in resolution plans. The 2019 Final Guidance is organized around six key vulnerabilities in resolution plans: capital, liquidity, governance mechanisms, operational (including payment, clearing and settlement activities), legal entity rationalization and separability, and derivatives and trading activities.

The requirements of a targeted resolution plan submission are a subset of those of a full plan supplemented, however, with required analyses for additional targeted topics as directed by the Agencies in a Targeted Information Request. The Agencies directed that the targeted elements of the 2021 targeted resolution plan cover the firm's response to the coronavirus, specifically as it relates to resolution-related capabilities and infrastructure. Regardless of the scope of a resolution plan submission, we continue to maintain all of our resolution capabilities and make enhancements in how we address the key vulnerabilities, to further our ability to support an orderly resolution of the firm in the unlikely event it were required.

We continue to have constructive dialogues with the Agencies about our resolution planning framework, including our efforts to continue making meaningful improvements across our firm to ensure that we remain resolvable in an orderly fashion and that we otherwise continue to satisfy requirements for the targeted resolution plan submission set out by the Agencies. We have undertaken specific enhancements in addition to those requirements that are tailored to our particular business model. In developing and delivering this 2021 Targeted Submission, we believe that:

- it responds fully to all feedback received to date from the Agencies, including covering the firm's response to the coronavirus or COVID-19, and addressing the 2019 Final Guidance and the Final Resolution Plan Rule;
- it meets the high standards established by our firm for supporting our resolvability;
- we are well positioned financially with loss-absorbing resources and high-quality liquid assets to withstand a variety of extreme loss scenarios;
- we have appropriate triggers, governance and reporting capabilities in place, coupled with the operational capabilities necessary to execute our Single Point of Entry or SPOE strategy; and
- our resolution-based assumptions and options are appropriately conservative and are meaningfully supported through robust governance, review and challenge.

**Taken together, we believe that our resolution plan, as reflected in our 2021 Targeted Submission, is credible.**

This Public Filing provides an expanded overview of:

- our resolution planning;
- how JPMorgan Chase is resolvable;
- frequently asked questions about resolution planning;
- key facts and information about JPMorgan Chase; and
- other financial information disclosures required for resolution public filings.

---

# **Resolution Planning and Why JPMorgan Chase Is Resolvable**

---

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## TABLE OF CONTENTS

<b>Our Resolution Plan Shows We Can Be Orderly Resolved</b> .....	<b>5</b>
Our firm can be resolved in an orderly manner.....	5
Financial strength supports our resolvability.....	5
An orderly resolution requires proper planning.....	8
An effective resolution plan must provide a roadmap to key stakeholders for successful implementation in a crisis.....	8
Our 2021 Targeted Submission addresses the Targeted Information Request and assesses the linkages between our response to the COVID-19 pandemic and our resolution-related capabilities and how we are applying lessons learned to our resolution planning.....	9
<b>Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government or Taxpayer Support or Harm to the U.S. Economy</b> .....	<b>14</b>
Single Point of Entry is optimal for resolving large financial institutions in an orderly manner in bankruptcy.....	14
Our Single Point of Entry strategy would limit the destabilizing effects of a possible failure by avoiding bankruptcy for the firm’s subsidiaries.....	15
Our extensive financial forecasting helps us confirm that our firm has sufficient financial resources to execute Single Point of Entry successfully.....	20
Single Point of Entry would result in a simpler and smaller firm.....	21
<b>Our Resolution Plan Is Designed to Meet Real-World Challenges</b> .....	<b>24</b>
We have sufficient capital to successfully implement the strategy.....	26
Our liquidity is sufficient to implement our strategy successfully.....	29
Key decision makers throughout the firm understand the steps to implement our Single Point of Entry strategy in a timely manner.....	31
Our strategy can withstand legal challenge.....	34
Our operations are supported to avoid interruption in a crisis.....	38
We continue to simplify our structure to support our strategy.....	42
We have optionality in how our firm could consider and execute divestitures in resolution.....	45
We maintain capabilities to manage and wind down our derivatives portfolio and prime brokerage activities in resolution.....	48
We cooperate and coordinate with key stakeholders around the world so that they understand and support our Resolution Plan.....	49

# Our Resolution Plan Shows We Can Be Orderly Resolved

*Defined terms are capitalized and may be found in the Glossary beginning on page 118.*

Our firm serves a vital role supporting the U.S. and global financial system. The events of 2020 emphasized the continuing need to strengthen and safeguard our firm, to support both our resilience and our ability to serve our customers, stakeholders and communities. We embed this objective in the way we do business, shaping our approach to day-to-day operations, as well as our strategic planning for the future. We have continued to make investments in our resolution planning framework since our 2019 Submission that serve to enhance our capabilities and strategies to ensure our resiliency and resolvability. The public filing for the 2019 Submission is linked [here](#).

In this section of this Public Filing, we:

- outline our resolution plan and why we believe it is credible;
- describe our resolution strategy that will shield the U.S. financial system and economy from harm and U.S. taxpayers from losses in the highly unlikely event of our failure;
- discuss how we continue to refine our resolution planning framework to address updated requirements, such as the Final Resolution Plan Rule, and through self-identified enhancements; and
- provide an overview, responsive to the Agencies targeted requirements, of how the firm leveraged its resolution frameworks and contingency planning during COVID-19.

We believe that our resolution plan should be found credible by the Agencies, and that it continues to mitigate resolvability risk for JPMorgan Chase.

### **Our firm can be resolved in an orderly manner.**

We believe that it is essential for systemically important financial institutions to be resolvable in an orderly and transparent fashion. To achieve this objective, systemically important financial institutions must maintain a credible plan for their operating subsidiaries to be stabilized allowing them to continue as going concerns or to be wound down as necessary in an orderly manner:

- without interrupting the Critical Services and Operations, including deposit-taking and payment services that are essential to the continued stability and health of the U.S. financial system and economy; and
- without extraordinary government assistance or any taxpayer support.

Our resolution plan demonstrates how these goals can be achieved for JPMorgan Chase.

### **Financial strength supports our resolvability.**

Minimizing the risk of failure underlies the strategies necessary to support resolvability. We continue to strengthen our financial resilience to further reduce the possibility of failure in a financial crisis through many initiatives. Key to these efforts has been the growth and prudent management of our loss-absorbing resources since the global financial crisis.

Successfully executing our resolution plan requires maintaining and appropriately pre-positioning sufficient capital and liquidity to respond to a crisis. We measure our funding and liquidity by High-Quality Liquid Assets, or HQLA, which includes U.S. Treasuries, sovereign debt, central bank reserves and other resources that can readily be converted to cash. HQLA may fluctuate from period to period primarily due to normal flows from client activity. As shown in Figure 1, at the end of 2020 we had approximately \$700 billion of HQLA. This amount, which excludes excess HQLA held at our main bank JPMorgan Chase Bank, N.A. that is not transferrable to non-bank affiliates, would more than cover peak short-term cash outflows in financial stress. We also have other stable sources of liquidity in order to reduce liquidity risk over a one-year horizon.

In addition to the approximately \$700 billion of HQLA, we continue to maintain more than sufficient holdings of equity securities, fixed income debt securities and other unencumbered marketable securities that could quickly be sold, adding to our ability to raise additional liquidity if and when needed. As of December 31, 2020, we had approximately \$740 billion of these unencumbered marketable securities, inclusive of the excess HQLA held at JPMorgan Chase Bank, N.A., referred to as JPMCB.

## Resolution Planning and Why JPMorgan Chase Is Resolvable

### Our Resolution Plan Shows We Can Be Orderly Resolved

Figure 1 illustrates the growth of our capital, including a 610 basis point increase in our CET1 ratio providing greater loss-absorbing capacity to our firm and the more than doubling of our liquidity resources since 2008.

By maintaining liquidity and capital resources in excess of what we estimate is needed to support a resolution event and by reducing our reliance on short-term liabilities, we have significantly improved our ability to withstand potential financial stress. Our deep capital and liquidity resources make it less likely that we would face a resolution event and more likely that we would be able to successfully execute our plan if we ever did.

Our resolution planning benefits from the efforts taken to develop and maintain recovery plans for our firm and several key subsidiaries. These efforts include inventorying and continually evaluating the actions we could take to stabilize our operations, capital and liquidity positions and avoid failure if we were to encounter, or find ourselves likely to encounter, serious financial distress short of insolvency. We regularly update and test our separate recovery plans so that we are prepared to quickly evaluate and execute actions in response to severe financial distress. Through the recovery planning process, we have provided the Federal Reserve and other regulators with comprehensive information and analyses about the firm and its capabilities and available alternatives to raise liquidity and capital in severe market conditions. In addition, we have developed a comprehensive list of actions the firm could take in order to augment or preserve capital and liquidity in times of financial stress, making a resolution event even less likely.

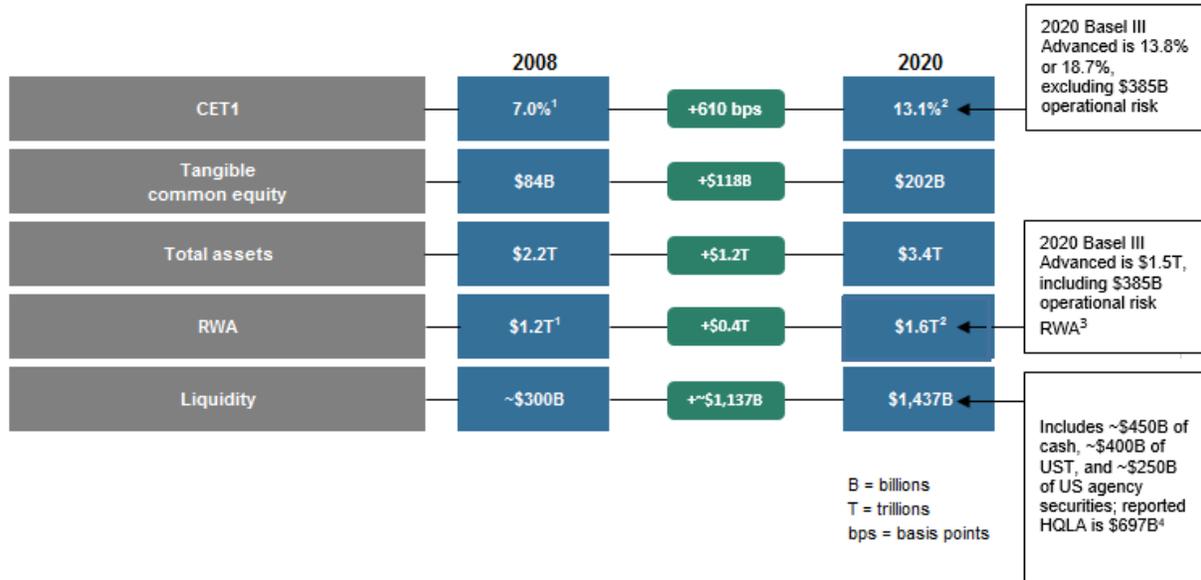
In addition, we regularly conduct extensive capital and liquidity planning and stress testing, which includes internal stress tests, as well as required stress tests, such as the Federal Reserve's Comprehensive Capital Analysis and Review, commonly referred to as CCAR, and the Dodd-Frank Act Stress Test, commonly referred to as DFAST. On April 6, 2020, we submitted our 2020 capital plan to the Federal Reserve under the 2020 CCAR stress test process during the COVID-19 pandemic. In June 2020, the Federal Reserve determined that changes in financial markets and the macroeconomic outlook due to the COVID-19 pandemic could have a material effect on a firm's risk profile and financial condition and therefore required all large banks, including us, to update and resubmit their capital plans

by November 2, 2020 as part of the 2020 CCAR Resubmission process. These capital planning and stress testing and planning initiatives, and others described in this filing, help reduce the probability that the JPM Group could fail in a crisis scenario.

# Resolution Planning and Why JPMorgan Chase Is Resolvable

Our Resolution Plan Shows We Can Be Orderly Resolved

Figure 1. Our Fortress Balance Sheet (as of December 31)



- (1) CET1 and RWA reflect the Tier 1 common ratio and risk weighted assets under the Basel I measure.
- (2) Reflects the Basel III Standardized measure, which is the firm's current binding constraint.
- (3) Operational risk RWA is a component of RWA under the Basel III Advanced measure.
- (4) Represents quarterly average HQLA included in the liquidity coverage ratio. Total reported eligible HQLA excludes average excess eligible HQLA at JPMorgan Chase Bank, N.A. that are not transferable to nonbank affiliates. Refer to Liquidity coverage ratio on page 103 for additional information in the 2020 Annual Report on Form 10-K.

**CET1** = Common equity Tier 1 ratio. Refer to Regulatory capital on pages 92-98 for additional information in 2020 Annual Report on Form 10-K

**RWA** = Risk weighted assets

**Liquidity** = HQLA plus unencumbered marketable securities, which includes excess liquidity at JPMorgan Chase Bank, N.A.

**HQLA** = High quality liquid assets include cash on deposit at central banks and high-quality liquid securities as defined in the LCR rule (predominantly U.S. Treasuries, U.S. government-sponsored enterprises and government agency mortgage-backed securities, and sovereign bonds)

**LCR** = Liquidity coverage ratio

**UST** = United States Treasuries

### **An orderly resolution requires proper planning.**

Advanced preparation and planning are critical elements supporting the ability to successfully stabilize and unwind a large, systemically important financial institution. In the aftermath of the global financial crisis, this planning, generally referred to as resolution planning, has taken on an important role in the strategic management of such firms. At its core, resolution planning requires that systemically important financial institutions have credible and actionable operational, legal and financial strategies to support the ability to manage through a failure event in an orderly manner—in other words, to be effectively resolved.

Resolution planning centers on the creation of a resolution plan, also referred to as a “living will.” In accordance with section 165(d) of the Dodd-Frank Act, JPMorgan Chase & Co. is required periodically to submit to the Agencies a plan for its rapid and orderly resolution under the U.S. Bankruptcy Code in the event of material financial distress or failure.

The key elements that a resolution plan is required to include are:

- a resolution strategy—our Single Point of Entry Strategy—that uses the normal bankruptcy process and does not rely upon government support or pose risk to the U.S. financial system;
- robust financial analysis of capital and liquidity resources and needs during implementation of the resolution strategy;
- information about critical aspects of the firm, such as the interconnections among its Key Operating Entities, businesses and systemic functions;
- assessments of the resolvability of the firm and identification of possible barriers to the firm’s resolvability; and
- advance preparation of workable solutions and alternative mitigants to identified barriers to the successful execution of the resolution strategy.

We have sought to ensure that we have successfully addressed and continue to enhance these key elements

so that we have the capabilities to execute our resolution plan in a crisis.

In addition, for this year’s targeted resolution submission, the Agencies directed the firm to provide an analysis (1) sharing the linkages between the firm’s COVID-19 response and our resolution-related capabilities and (2) identifying the lessons learned from COVID-19 and how they have been incorporated into our resolution planning infrastructure.

### **An effective resolution plan must provide a roadmap to key stakeholders for successful implementation in a crisis.**

A credible plan is one the Agencies believe would facilitate an orderly resolution of a firm under the U.S. Bankruptcy Code. On December 16, 2019, the Agencies determined that our 2019 Submission had meaningful improvements over our prior resolution plan and they identified no shortcomings or deficiencies.

In October 2019, the Agencies approved the Final Resolution Plan Rule which amends and restates the original resolution planning rule implementing section 165(d) of the Dodd-Frank Act. The Final Resolution Plan Rule established four categories of firms with different resolution planning requirements for each category. We meet the criteria for Category I firms. As a Category I firm, we are required to submit a resolution plan every two years, alternating between targeted and full plans. Our first plan under the Final Resolution Plan Rule is this 2021 Targeted Submission. The Agencies’ public feedback to JPMC (and other filers), the Final Resolution Plan Rule, the template Targeted Information Request and other related publications are available on the Agencies’ websites.

We believe that an effective resolution plan must not only respond to the feedback, guidance and rules of the Agencies, but also meet our own resolvability expectations. Therefore, we have looked beyond the explicit resolution planning requirements to understand and address our unique resolvability considerations.

For this 2021 Targeted Submission, we have addressed the core resolution planning elements, as identified in the Final Resolution Plan Rule, the Targeted Information Request and specific Agency feedback. In addition, we have self-identified opportunities to further improve the firm’s resiliency and resolvability and we have executed

improvements to achieve this goal. Specifically, since 2019 we have:

- Addressed the 2019 feedback from the Agencies with respect to:
  - RLEN enhancements,
  - Interaffiliate risk reporting, and
  - Mapping of critical shared services;
- Further refined and augmented our RLEN and RCEN forecasting capabilities;
- Developed and implemented a formal identification framework for the firm's Critical Operations; and
- Enhanced playbooks and contingency plans to reflect lessons learned from tabletop simulations and the experience from the COVID-19 pandemic.

While resolution planning has been an iterative process, the core of our resolution strategy and our approach to resolution planning remains consistent with the framework that we have been refining for almost a decade.

### **Our 2021 Targeted Submission addresses the Targeted Information Request and assesses the linkages between our response to the COVID-19 pandemic and our resolution-related capabilities and how we are applying lessons learned to our resolution planning.**

In response to the COVID-19 pandemic we invoked resiliency plans to allow our businesses to remain operational, utilizing disaster recovery sites and implementing alternative work arrangements globally.

Additionally, we implemented strategies and procedures designed to help us respond to increased market volatility, client demand for credit and liquidity, distress in certain industries and the ongoing impacts to consumers and businesses.

The COVID-19 pandemic presented the most significant real-world stress impacting our liquidity and capital stress frameworks since the global financial crisis. Years of planning and continued refinement of these frameworks, coupled with our deliberate integration of resolution and recovery planning into the business as usual management of the firm supported our rapid and flexible response to the events that unfolded.

We have made a number of important enhancements to our contingency plans and playbooks as a result of the actual experiences during the COVID-19 pandemic. These include increased alignment of required actions and escalations across the various contingency plans and further refining our MIS for resolution metrics used by senior management.

### **Our comprehensive Crisis Management Framework supports our resolution strategy.**

We maintain a comprehensive Crisis Management Framework to support our resolution plan. As shown in Figure 2, this framework is designed around what we view as the three pillars of our resolution plan:

- **our capital and liquidity resources**—the financial resources necessary to support successful execution of our resolution plan;
- **our resolution strategy**—the steps that we would take to resolve the firm in an orderly manner under Chapter 11 of the U.S. Bankruptcy Code; and
- **our operational resilience**—our ability to continue operations without disruption during resolution and the capability to execute the resolution strategy successfully.

Our Crisis Management Framework provides meaningful optionality within each of these three pillars, which we believe is critical to resolution planning.

Our Crisis Management Framework also includes:

- **governance**—robust mechanisms that govern the firm's transition through each stage of the resolution timeline, starting with Business as Usual to recovery and ultimately to resolution,

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Shows We Can Be Orderly Resolved

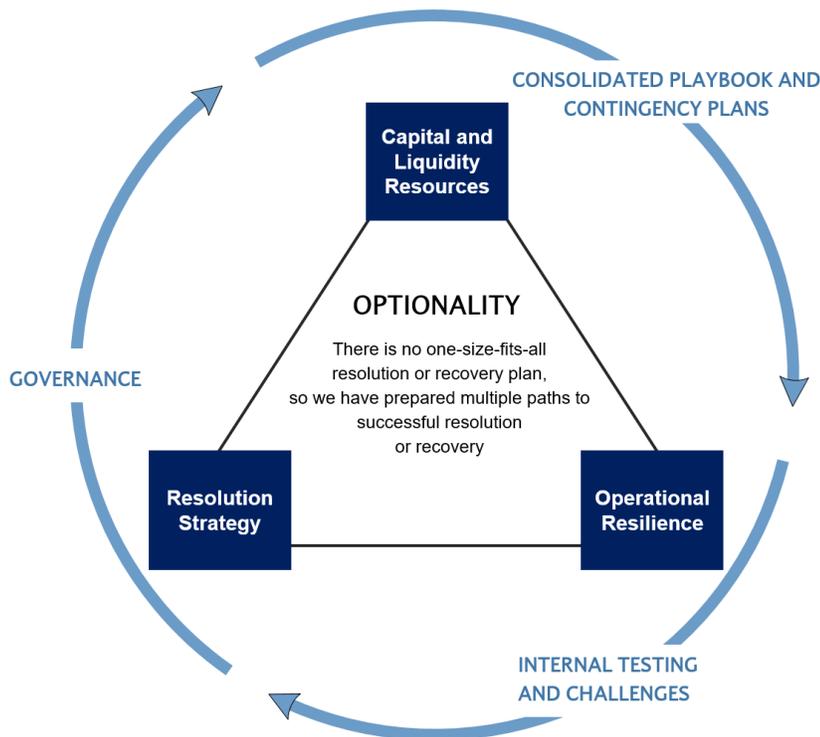
and support execution of our plan in a timely manner under a wide variety of scenarios;

- **playbooks and contingency plans**—a broad array of playbooks that provide a comprehensive and practical roadmap to implementing our resolution plan, and contingency plans for maintenance of funding,

services and other resources during a resolution event; and

- **internal testing and challenges**—extensive internal testing and challenges to confirm the sufficiency of our resources and our operational preparedness to execute the resolution plan as designed.

Figure 2. Our Crisis Management Framework



### We maintain significant flexibility for our financial resources, resolution strategy and operational capabilities in our resolution plan.

With respect to our capital and liquidity resources, we maintain flexibility by:

- **Allocating the firm’s financial resources based on the projected needs of our Key Operating Entities.** We have developed and continue to refine the capabilities necessary to

estimate the capital and liquidity that each of our Key Operating Entities would need in a resolution scenario. We maintain an appropriate balance between the certainty of prepositioning projected resolution liquidity and capital resources at all Key Operating Entities and the flexibility of maintaining a buffer of unallocated financial resources at our intermediate holding company JPMorgan Chase Holdings LLC, referred to as IHC, which

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Shows We Can Be Orderly Resolved

are available for distribution to Key Operating Entities to accommodate a range of stress scenarios, including during resolution. Maintaining a buffer of unallocated financial resources helps ensure that we would be able to provide the Key Operating Entities with additional financial resources, if needed.

Within our resolution strategy, we maintain flexibility by:

- **Improving the divestiture-readiness of all of our businesses.** We continually assess and seek to enhance the divestiture-readiness of our key businesses. We have identified 21 components of our business, referred to as Objects of Sale, as attractive sale, spin-off or IPO candidates that could be considered during periods of stress, including resolution, to reduce the size and systemic reach of our firm while also generating capital and liquidity if needed. Businesses not identified as Objects of Sale are considered Objects of Unwind, signaling the likelihood that they would be wound down or liquidated during a resolution event. We have conducted an extensive analysis of the potential buyers for each Object of Sale, and maintain tangible, comprehensive roadmaps to divest each component. We maintain the ability to rapidly populate and make readily available comprehensive electronic data rooms for each Object of Sale to allow buyers to conduct due diligence, and ultimately facilitate a timely execution of a sale transaction. Moreover, we have identified the personnel, technology and other resources that would need to directly or indirectly be included in each Object of Sale so that a third-party buyer would be able to continue the relevant business without disruption. We have contemplated where transition services agreements might be established for entities that would be divested to ensure the continued provision of services. By conducting the analysis of our personnel, technology and resources during business as usual conditions, we have significantly strengthened our operational readiness to execute a sale of any of our Objects of Sale expeditiously.

- **Maintaining three actionable exit strategies for the firm from resolution.** We have identified, and maintain detailed analysis of, three exit options for our firm from resolution:

1. one or more public offerings of the shares of a NewCo, which would be the holding company for IHC and JPMCB post-bankruptcy, and the distribution of proceeds from the stock offerings to the parent company's bankruptcy estate;
2. the distribution of NewCo shares to the parent company's creditors; and
3. further divestitures of Objects of Sale and the distribution of proceeds to the parent company's creditors.

Moreover, we are operationally prepared to execute each of these exit options. These exit strategies provide flexibility so that our resolution strategy can accommodate a range of conditions that may exist at the point when the firm is preparing to exit from operating under resolution proceedings.

With respect to our operational capabilities, we maintain flexibility by:

- **Maintaining detailed continuity plans for our Critical Services and the Critical Operations they support.** We have built and maintain operational capabilities that are designed to support the uninterrupted provision of Critical Services, including the Critical Operations they support, throughout a resolution scenario and to facilitate the execution of the actions contemplated in our resolution plan. We have enhanced our analysis of Critical Services by identifying the assets and resources supporting those services at a more granular level. We have invested in data and information systems, governance, legal, communications and other capabilities.
- **Maintaining alternative strategies, contingency actions or exit plans for key service providers.** We have established an exit plan or alternative strategy for each of our key vendors, including transitioning to an affiliated service provider or to an alternative third-party service provider. We have also

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Shows We Can Be Orderly Resolved

developed alternative strategies for all of the financial market utilities, also referred to as FMUs, and agent banks that we use worldwide to process payments and to clear and settle transactions. FMUs are multilateral systems that provide the infrastructure for transferring, clearing or settling payments, securities or other financial transactions among financial institutions or between financial institutions and the system. We have conducted an analysis of our key payment, clearing and settlement clients, and developed strategies designed to assure their continued access to payment, clearing and settlement services.

### **We have embedded resolution planning into our day-to-day operations and strategic decision-making at all levels of the firm.**

We continue to refine how we embed resolution planning into our day-to-day operations and strategic planning in business as usual conditions. These refinements are discussed throughout the sections that follow. Some key examples of how we have embedded resolution planning considerations and principles into our business as usual operations are as follows:

- resolution planning is integrated with the Capital and Liquidity Management function within the Office of the CFO and considered part of our business as usual management of capital and liquidity resources as well as stress testing activities;
- our resolution liquidity and capital frameworks are embedded in our business as usual processes, procedures and reporting so that we have the capability to produce these analyses and estimates on a periodic and, if necessary, daily basis in a crisis. We produced such reports for several dates in the first quarter of 2020 to provide senior management with a

more granular and real-time view of certain key recovery- and resolution-related metrics;

- our Legal Entity Rationalization, or LER Criteria are embedded in policies, procedures and governance so that legal entity structure, complexity and resolvability are considered in business as usual decision-making, including when considering new products, acquisitions or internal restructuring of existing operations;
- our master vendor contract template includes resolution-friendly termination and assignment provisions; our existing key vendor contracts and material agent bank contracts include these provisions and we have instituted formal controls so that new contracts must include these resolution-friendly provisions; and
- our management of financial resources held at the IHC, which is set up to make capital and liquidity contributions to Key Operating Entities in resolution under the secured Support Agreement, also provides ongoing support to Key Operating Entities during business as usual and it continued to do so as we responded to the COVID-19 pandemic.

We have a robust framework for the review of decisions to either enter new businesses, offer new products or to make acquisitions which analyzes, among other considerations, the initiative's impact on our Preferred Strategy.

We continue to believe that JPMorgan Chase is resolvable and can be satisfactorily resolved under a number of different resolution scenarios and conditions. At the same time, we remain focused on finding ways to further ingrain the measures we have taken to support our resolvability and improve our capabilities.

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Shows We Can Be Orderly Resolved

We believe that our ability to execute our resolution plan successfully depends upon being prepared and having sufficient capabilities on the following fronts:

- legal issues and governance;
- financial resources;
- operational capabilities; and
- management information systems.

Figure 3 highlights the core elements that we have completed in these four categories and highlights more recent enhancement since the 2019 Submission.

**Figure 3. Key Elements of JPMorgan Chase's Resolution Plan**

**Single Point of Entry** resolution strategy

Secured **Support Agreement** defining **operationalized IHC's** obligations to support Key Operating Entities

Analysis of **Non-U.S. Laws** and **Regulatory Obligations** to execute SPOE strategy

Board **Governance Playbooks** memorializing fiduciary obligations and actions to facilitate SPOE strategy

**Bankruptcy Playbook**, including **related filings** needed to operationalize SPOE strategy

**Tabletop exercises** and **scenario analyses** to assess resilience and flexibility of resolution framework and capabilities

**Legal entity simplification** initiatives to streamline execution of SPOE strategy

Robust **capital and liquidity resources** to support our ability to withstand financial stress

**Prepositioned resources** at Key Operating Entities for resolution capital and liquidity needs

**IHC Central Buffer** to provide additional liquidity and capital support to Key Operating Entities

Frameworks and **automated capabilities** to support resolution forecasting

Capital and liquidity **contingency plans** to guide actions by management and the board

In-depth analysis for the **orderly unwind of derivatives and trading positions**

**Frequent testing** of capabilities and frameworks to support execution of the SPOE strategy

**FMU Playbooks** with strategies to maintain continued access and enact alternative arrangements if services are terminated

**Payment, Clearing, and Settlement framework** supported by playbooks and a process to identify key clients

**Critical Services** identified with detailed taxonomy of the resources, lines of business and legal entities supporting provision

**Third Party and intra-group service contracts** with resolution friendly terms prohibiting termination in the event of a JPMC bankruptcy

**Crisis management and communications playbooks** support response to potential crises, including resolution, and related communication strategies for key stakeholders

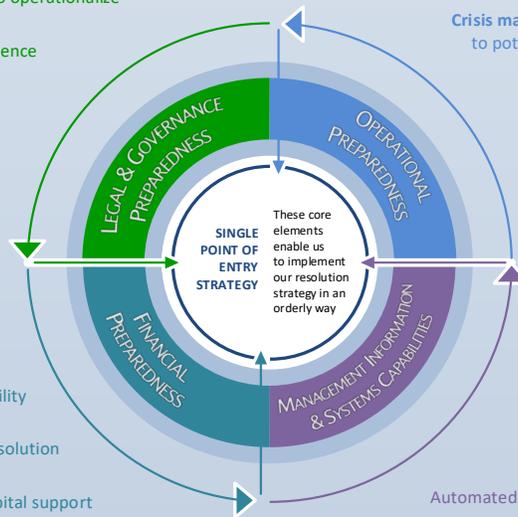
Playbooks to support **divestiture** of identified Objects of Sale with related capabilities to rapidly populate data rooms in support of divestiture actions

**Critical Operations** identification framework

Automated capabilities to provide **key information on demand** for items such as finance, risk, payments, clearing and settlements

Daily **reporting capabilities** for liquidity, funding, capital, collateral and intra-day liquidity with related monitoring and governance

**Electronic repositories** to capture and catalog information essential in resolution including contracts, data centers and technology applications, employees and real estate



# Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government or Taxpayer Support or Harm to the U.S. Economy

We believe in the strength of a Single Point of Entry strategy to resolve our firm in an orderly manner under the U.S. Bankruptcy Code—this is our Preferred Strategy. Our Single Point of Entry strategy is designed to ensure that:

- only our parent company (JPMorgan Chase & Co. or JPMC) enters bankruptcy proceedings in any jurisdiction;
- each Key Operating Entity has sufficient capital and liquidity resources to continue operating as a healthy, but smaller, going concern outside of bankruptcy proceedings;
- our Critical Operations continue without disruption;
- our derivatives and trading activities can be wound down in an orderly manner to achieve a small portfolio that is not systemically important to financial markets;
- we have a range of options for divesting portions of the firm so that the firm can shrink in an orderly manner under a wide variety of market conditions;
- only the shareholders and creditors of our parent company absorb the losses of the firm;
- no government assistance or taxpayer support is needed; and
- the portion of our firm that remains after successfully executing our Single Point of Entry strategy is substantially smaller and less complex.

Our Single Point of Entry strategy is driven by the core belief that it is better to recapitalize, reorganize or wind down in an orderly manner our Key Operating Entities by using JPMorgan Chase's resources than it would be to retain resources at the parent company and allow Key Operating Entities separately to fail. Moreover, we have a responsibility to make sure that our Key Operating Entities can continue to provide the Critical Operations on which the economy and general public rely, in good times and bad.

In the subsections that follow, we first provide an overview of Single Point of Entry as a standard type of resolution strategy for large, systemically important financial institutions, and then focus on the JPMorgan Chase Single Point of Entry strategy. We then:

- discuss how we conduct extensive financial forecasting to demonstrate that we have sufficient capital and liquidity resources to implement the strategy successfully; and
- describe the simpler and smaller firm that would emerge after executing the strategy.

### **Single Point of Entry is optimal for resolving large financial institutions in an orderly manner in bankruptcy.**

Single Point of Entry has been widely adopted as the preferred resolution strategy by many of the world's largest financial institutions. In fact, our primary U.S. and U.K. regulators have publicly embraced this strategy as the preferred resolution strategy for a large, systemically important financial institution. As suggested by its name, this resolution strategy is designed so that only a single entity within the financial institution—the parent company—enters into bankruptcy proceedings, rather than multiple operating entities entering into separate, and potentially competing, resolution proceedings.

At a high level, Single Point of Entry consists of three elements:

- the parent company of the financial institution enters bankruptcy proceedings under Chapter 11 of the U.S. Bankruptcy Code;
- both before and after the parent company enters into bankruptcy proceedings, Key Operating Entities of the financial institution have access to sufficient capital and liquidity support to continue running, albeit as smaller entities, and providing services to customers; and
- all of the Key Operating Entities continue operating outside of the parent company's bankruptcy long enough for each to be wound down in an orderly fashion, sold to another firm,

## Resolution Planning and Why JPMorgan Chase Is Resolvable

Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government Assistance or Harm to the Broader U.S. Economy

spun off as a stand-alone firm or taken public through an IPO.

By recapitalizing and reorganizing or orderly winding down the Key Operating Entities, critical financial functions and services the firm provides are able to continue functioning each and every day, as necessary. This approach preserves as much as possible the going-concern value of the firm and imposes any losses on its shareholders and private creditors rather than on U.S. taxpayers. For these reasons, we, like many of our peers, maintain a Single Point of Entry strategy that, in our case, is designed to recapitalize and reorganize the most important parts of JPMorgan Chase. Some of these parts can then be unwound in an orderly manner or divested via a sale to a third party, IPO or spin-off for the benefit of the firm's creditors.

The Single Point of Entry strategy involves a bankruptcy filing by our parent company at a time when we have sufficient financial resources on hand so that we are able to keep all of our Key Operating Entities adequately funded and capitalized throughout the Resolution Period. Under the Single Point of Entry strategy, our parent company would file for bankruptcy because virtually all available resources firmwide would be provided to IHC in order to support the Key Operating Entities to ensure they remain open. The committed use of that liquidity to support the firm's Critical Operations leaves our parent company without ready access to sufficient liquidity over the immediate term, thereby requiring a restructuring of its debts.

We would expect that the firm in a resolution scenario would rapidly deploy its liquid assets to meet outflows. As the amount of liquid assets at the firm decreases due to these outflows and the demands from customers, creditors and other stakeholders increase, Key Operating Entities could eventually be at risk of lacking sufficient liquid assets to meet their obligations as they come due.

Rather than wait for that point when resources are exhausted and Key Operating Entities are failing, our Single Point of Entry strategy is designed so that our parent company will prioritize the continued viability of these entities and file for bankruptcy early enough that firmwide liquidity would still be sufficient to support the Key Operating Entities through their stabilization following the parent company's bankruptcy.

As discussed in greater detail below, we have established various mechanisms to: (1) measure our available resolution resources against projected resolution needs; and (2) ensure that our parent company downstreams nearly all of its financial resources (except for certain excluded assets) to IHC before resolution resources fall below projected resolution needs. We have detailed firmwide frameworks for projecting capital and liquidity needs in resolution and triggers indicating when the firm is approaching various stages of stress, recovery or resolution. Most importantly, our secured Support Agreement contractually obligates our parent company to downstream resources to IHC at the Point of Non-Viability, which is the point at which there are only sufficient financial resources remaining to carry out the Single Point of Entry strategy. The secured Support Agreement also obligates IHC to use those resources to support the Key Operating Entities through their stabilization and the parent company's bankruptcy. These and other measures are designed to ensure that our parent company's bankruptcy filing is timed appropriately to preserve the continued viability of our Key Operating Entities.

### **Our Single Point of Entry strategy would limit the destabilizing effects of a possible failure by avoiding bankruptcy for the firm's subsidiaries.**

This section describes our Single Point of Entry strategy, including: the businesses, operations and entities covered by the strategy; the six stages of stress/recovery and resolution; and the key assumptions and main implementation steps of the strategy.

#### **Businesses, Operations and Entities in Our Resolution Plan**

As required by the Agencies' Final Resolution Plan Rule, our resolution plan focuses on a particular subset of businesses, operations and entities and branches of our firm, owing to their importance to the healthy functioning of the firm or the financial stability of the United States. For resolution planning purposes, we have designated 21 key business lines—including associated operations, services, functions and support—that upon failure would result in a material loss of the firm's revenue, profit or franchise value. These 21 business lines include: (1) our four principal operating business segments and Corporate, each of

## Resolution Planning and Why JPMorgan Chase Is Resolvable

Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government Assistance or Harm to the Broader U.S. Economy

which is referred to as a line of business; and (2) the 16 sub-segments of these five lines of business, each of which is referred to as a sub-line of business, that report into the principal business segments. The 21 lines of business and sub-lines of business discussed in this Public Filing are core business lines identified solely for resolution planning purposes. In some circumstances, resolution sub-lines of business listed in this Public Filing might differ from JPMC's sub-segments discussed in the 2020 Annual Report on Form 10-K.

See Overview of JPMorgan Chase for a description of our designated lines of business and sub-lines of business.

The Agencies have previously identified certain of our operations, 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. We have independently developed and applied our own methodology to identify such operations, which are referred to as Critical Operations under the Final Resolution Plan Rule.

As of June 30, 2021, we have designated 20 entities and non-U.S. branches as Material Legal Entities, or MLEs, because they are significant to the activities of our lines of business, sub-lines of business or Critical Operations. Our MLEs include our Key Operating Entities, together with our parent company and IHC.

We divide our Material Legal Entities into two ownership chains: (1) the JPMCB Bank Chain; and (2) the IHC Chain.

The JPMCB Bank Chain includes:

- our main bank (JPMorgan Chase Bank, N.A. or JPMCB), a U.S. national banking association with branches in 38 states and Washington, D.C.;
- six material non-U.S. branches of JPMCB located in Hong Kong, London, the Philippines, Singapore, Sydney and Tokyo;
- one merchant processing entity, which accepts, processes and settles payment transactions for merchants; and
- four other MLE subsidiaries, which are: J.P. Morgan Securities plc, or JPMS plc (a U.K. bank); J.P. Morgan AG, or JPMAG (a German bank); J.P. Morgan Bank Luxembourg S.A., or JPMBL; and JPMorgan Securities Japan Co., Ltd. or JPMSJ (a Japanese broker dealer).

The IHC Chain includes:

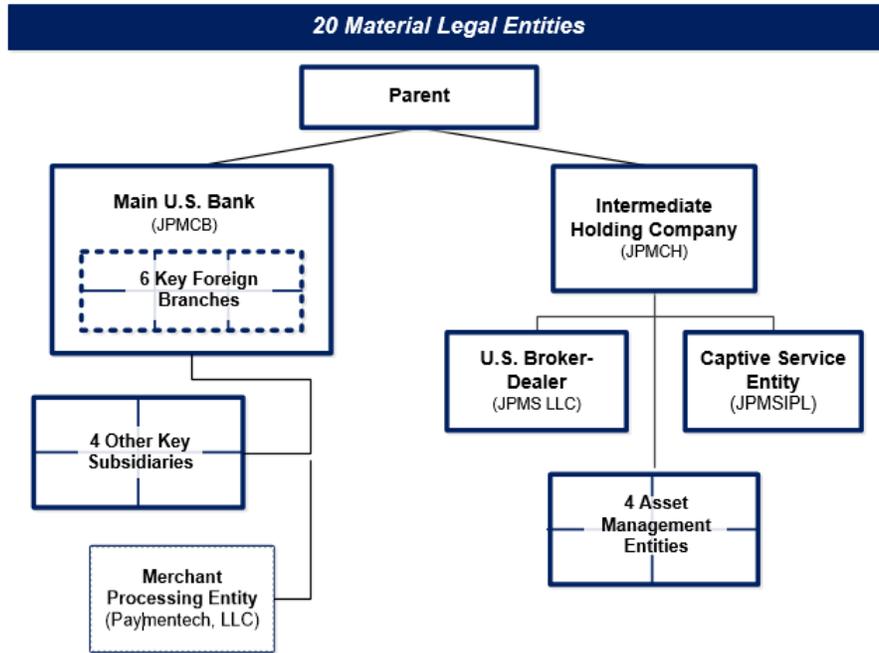
- our IHC (JPMorgan Chase Holdings, LLC), which is a Delaware limited liability company;
- our primary U.S. registered broker-dealer (J.P. Morgan Securities LLC or JPMS LLC), which is the firm's U.S. investment banking entity;
- our four asset management entities out of which our Asset Management sub-line of business is operated in significant part; and
- a captive service provider (J.P. Morgan Services India Private Limited or JPMSIPL), which is located in India, and provides data and transaction processing, IT support, call center and research support services to the firm, and not to third parties.

# Resolution Planning and Why JPMorgan Chase Is Resolvable

Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government Assistance or Harm to the Broader U.S. Economy

Figure 4 below sets out the organizational structure of our Material Legal Entities

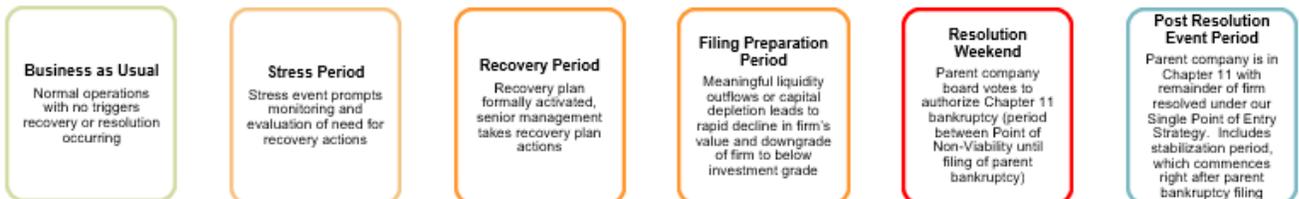
Figure 4. Material Legal Entities in Our Resolution Plan (as of June 30, 2021)



## Stages of Stress, Recovery and Resolution

Our Single Point of Entry strategy is organized across six stages: Business as Usual; Stress Period; Recovery Period; Filing Preparation Period; Resolution Weekend; and Post-Resolution Event Period. We maintain qualitative and quantitative Stage Triggers that link the financial condition of the firm to the transition from Business as Usual all the way to Resolution Weekend, so that our parent company timely files for bankruptcy and executes related pre-bankruptcy filing actions. A high-level summary of these six stages is in Figure 5 below.

Figure 5. Stages of Stress



## Resolution Planning and Why JPMorgan Chase Is Resolvable

Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government Assistance or Harm to the Broader U.S. Economy

### Key Assumptions for Single Point of Entry Strategy

Our assumptions for our resolution plan are consistent with or more severe than those that the Agencies have prescribed by the Final Resolution Plan Rule and the 2019 Final Guidance. Some of the most significant assumptions underlying our Single Point of Entry strategy are summarized in the chart that follows.

#### Key Assumptions Include:

- Prohibition on recovery actions or steps are taken during the Filing Preparation Period to reduce the size or interconnectedness of JPMorgan Chase's operations or to mitigate the risk of its failure
- No changes to the legal frameworks governing the bankruptcy since the date of our plan filing
- The ISDA Protocols are assumed to be in place and effective for counterparties
- Designated Key Operating Entities maintain access to FMUs by ensuring heightened operational and intraday liquidity and collateral requirements are met at the onset of stress
- Orderly active wind-down strategy for derivatives and trading portfolio executed during the Post-Resolution Event Period
- No reliance on or benefit from liquidity and capital implications of any divestiture of an Object of Sale

### Main Implementation Steps

Under our Single Point of Entry strategy, in the highly unlikely event that our firm experiences losses severe enough to reach the Point of Non-Viability, we would take the necessary steps for our parent company to file for and commence bankruptcy proceedings while also ensuring that all of our Key Operating Entities remain

open, funded, capitalized and operating outside of bankruptcy proceedings.

We maintain a secured Support Agreement pursuant to which our main bank, JPMCB, may and our IHC is contractually bound to provide capital and/or liquidity support to Key Operating Entities in resolution. IHC is free of third-party debt and stands ready to make these capital and liquidity contributions from its IHC central buffer of assets, the IHC Central Buffer, which will be distributed to the Key Operating Entities in priority and under the terms of the Support Agreement.

During the Filing Preparation Period, we will:

- form a new debt-free holding company, NewCo, and a private trust, the Trust, which will be maintained for the sole benefit of our parent company's bankruptcy estate;
- appoint the initial directors and officers of NewCo and an independent trustee to control the Trust; and
- contribute NewCo to the Trust.

The exact timing of these actions during the Filing Preparation Period will be determined based on the relevant circumstances.

Upon the occurrence of a Point of Non-Viability, Resolution Weekend begins and:

- the Board of our parent company would convene a special meeting to vote on whether the parent company should file for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code;
- pursuant to the Support Agreement, our parent company would contribute to IHC nearly all of its remaining assets, other than the stock of JPMCB, the interests of IHC and certain other excluded assets (which include assets needed for bankruptcy expenses);
- capital and liquidity needs for each Key Operating Entity will be calculated, monitored and reported, pursuant to the Support Agreement, to determine whether resources besides those capital and liquidity resources already prepositioned at the entity are projected to be required to successfully execute the resolution strategy; based on this information,

## Resolution Planning and Why JPMorgan Chase Is Resolvable

Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government Assistance or Harm to the Broader U.S. Economy

IHC would determine whether additional capital and/or liquidity support should be provided; and

- IHC and, in certain instances, JPMCB, would provide capital and liquidity support to Key Operating Entities as and when needed to support their continued operation or orderly resolution.

Contemporaneously with the filing of its bankruptcy petition, our parent company would file an emergency motion—the Emergency Transfer Motion—seeking authorization and approval from the U.S. bankruptcy court with jurisdiction over the parent company’s bankruptcy proceedings (referred to as the bankruptcy court):

- to transfer the ownership interests of IHC to NewCo (which would be owned by the Trust) and then transfer the stock of JPMCB to IHC;
- to obtain the benefit of the stay on cross-defaults and early termination rights under the ISDA Protocols (multilateral contractual agreements that provide for recognition of statutory stays under special resolution regimes and limitations on early termination rights due to cross-defaults under ISDA Master Agreements);
- for NewCo to assume certain liabilities of the parent company, including its Guarantee Obligations relating to certain of its subsidiaries’ Qualified Financial Contracts;
- as alternative relief, to elevate the priority of the parent company’s Guarantee Obligations relating to its subsidiaries’ Qualified Financial Contracts to the status of administrative expense claims in the bankruptcy case, senior in priority to pre-petition general unsecured claims; and
- for the bankruptcy court to approve one of these two forms of relief by the later of 48 hours or 5:00 p.m. on the first business day after our parent company files for bankruptcy.

Our approach to compliance with the ISDA Protocols is to satisfy the conditions for the parent company to transfer its Key Operating Entities to NewCo (via the transfer of IHC to NewCo and JPMCB to IHC), and for

NewCo to assume certain liabilities of the parent company, including its Guarantee Obligations relating to certain of its subsidiaries’ Qualified Financial Contracts.

Promptly after our parent company files for bankruptcy and upon the bankruptcy court’s approval of the Emergency Transfer Motion, all of our Key Operating Entities would be transferred to NewCo as its indirect subsidiaries via the transfer of IHC to NewCo and then JPMCB to IHC, and would continue as going concerns, thereby minimizing the negative impact of the parent company’s bankruptcy on our customers, counterparties, other financial institutions and the global economy, and maximizing the value of the bankruptcy estate for the benefit of the parent company’s creditors. All of our 5,000 branches and almost 17,000 ATMs would be open for business as usual.

Our Preferred Strategy also assumes certain components of businesses, referred to as Objects of Sale, would be prepared for divestiture. In addition, the firm’s portfolio of trading assets and derivatives are assumed to significantly wind down. These sales and wind downs serve to reduce the firm’s size and systemic importance. Finally, JPMSIPL, our service entity, has operating expenses that are fully funded by fees from its affiliated clients—primarily JPMCB—which will continue to pay for services during Resolution. JPMSIPL also has reserve cash and liquid assets to cover approximately six months of expenses. As a result, it is expected that JPMSIPL would not need to enter resolution proceedings of its own and would continue to provide services to affiliates during and through a resolution event. Given the expected smaller size of our firm’s operations following resolution, JPMSIPL would be expected to shrink as demand for services decreases during the Post-Resolution Event Period.

During the Post-Resolution Event Period, IHC and JPMCB would continue to provide capital and/or liquidity support to the other Key Operating Entities transferred to NewCo and the Trust pursuant to the terms of the Support Agreement until our Single Point of Entry strategy has been completed.

Creditors and shareholders of our parent company would realize value from NewCo’s assets in accordance with the order of priority under the U.S. Bankruptcy Code.

## Resolution Planning and Why JPMorgan Chase Is Resolvable

Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government Assistance or Harm to the Broader U.S. Economy

Our Single Point of Entry strategy minimizes the systemic consequences of JPMorgan Chase's failure, minimizes the legal and operational challenges associated with resolution (including those related to global regulatory cooperation) and preserves maximum franchise and enterprise value for our stakeholders. The strategy further enhances our ability to reduce our firm's size and systemic importance. Additionally, prepositioned liquidity and capital resources, coupled with the IHC Central Buffer, support the orderly unwind of certain key wholesale businesses and operating entities, avoiding the need for additional insolvencies at the operating subsidiary level or regulatory intervention.

### **Our extensive financial forecasting helps us confirm that our firm has sufficient financial resources to execute Single Point of Entry successfully.**

We assess our resolution capabilities through extensive financial forecasting in order to confirm that our resolution plan can be successfully implemented under varying conditions.

This financial forecasting assumes an overall environment that is consistent with the CCAR / DFAST Severely Adverse economic scenario, which we used in our Federal Reserve stress tests, and incorporates a set of assumptions, including a Hypothetical Loss Scenario, which applies additional losses to the firm. We refer to the financial forecasting of the execution of the Preferred Strategy under these conditions as the Hypothetical Resolution Scenario.

Our Hypothetical Resolution Scenario demonstrates that our firm will:

- have sufficient financial resources prepositioned at each Key Operating Entity or held as part of IHC's central buffer to meet all of those entities' capital and liquidity needs during resolution;
- recapitalize and sustain target capital levels at the Key Operating Entities throughout the Resolution Period; and
- be significantly reduced in size and scope at the conclusion of our strategy.

As part of our financial forecasting of the Hypothetical Resolution Scenario, we produce cash flow and pro forma financial statements on a daily basis through each Key Operating Entity's Stabilization Period, resulting in daily analyses for up to 90 days. We produce quarterly financial statements for each Key Operating Entity for the remainder of the Resolution Period after the Stabilization Period. Our pro forma financial statements show the ability of our Key Operating Entities to maintain target capital levels throughout the Resolution Period.

### **Hypothetical Loss Scenario**

We are required by the Agencies to design a Hypothetical Loss Scenario identifying assumed idiosyncratic loss events—meaning loss events that affect only JPMorgan Chase—that would result in capital and liquidity impairments so severe that our parent company would have to file for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code. Our Single Point of Entry strategy describes our Preferred Strategy to address the Hypothetical Loss Scenario.

Under our Hypothetical Loss Scenario for 2021, we assume that JPMorgan Chase, in the aggregate, suffers extraordinary and severe capital losses and liquidity outflows during the Filing Preparation Period. We also assume that material losses occur at each of JPMC, JPMCB (including its London branch), JPMS plc, JPMS LLC and JPMAG and that these losses do not materially impair other Key Operating Entities. The Hypothetical Loss Scenario would eventually lead to the occurrence of a Point of Non-Viability, which would end in the decision by the board of the parent company to initiate bankruptcy proceedings.

The Hypothetical Loss Scenario can be designed in multiple ways with different losses and outflows or at different legal entities. Different assumptions could result in alternative choices and actions. We have carefully designed our Single Point of Entry strategy to include significant optionality and flexibility to account for variations in an actual loss scenario, including by maintaining the IHC Central Buffer. We have also developed forecasting capabilities allowing for flexibility in the sizing and allocation of the losses during an actual stress event. Moreover, in the unlikely event that the Preferred Strategy is not implemented, the resolution plan provides actionable alternative resolution strategies evidencing optionality to resolve the firm's business lines,

# Resolution Planning and Why JPMorgan Chase Is Resolvable

Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government Assistance or Harm to the Broader U.S. Economy

Key Operating Entities and other assets without systemic disruption and without losses to taxpayers.

## Key Assumptions for Hypothetical Resolution Scenario and Financial Forecasting

In addition to the significant assumptions underlying our Single Point of Entry strategy, all of our assumptions underlying the Hypothetical Resolution Scenario and our financial forecasting are consistent with or more severe than those required by the Agencies.

### Key Assumptions Include:

- No more than a 30-calendar day Filing Preparation Period
- Secured central bank borrowings available subject to local requirements and Agency guidance
- Downgrade of the firm by all three major ratings agencies to one notch below investment grade at the end of the Filing Preparation Period
- No access to private sector capital or unsecured liquidity
- No extraordinary government support
- Market-driven limitations on the sale or financing of HQLA and non-HQLA securities
- Liquidity-preserving actions by host regulators
- No debtor-in-possession financing available to our parent company

## Results of Our Financial Forecasting

We maintain sufficient external and internal loss-absorbing resources to successfully execute the Single Point of Entry strategy, including in a CCAR / DFAST Severely Adverse economic environment. Our forecasting results illustrate that:

- all of our Key Operating Entities would be able to, throughout the Resolution Period:
  - meet all of their funding obligations when due;

- achieve and sustain target capital levels;
- continue to conduct all of the firm's key businesses and Critical Operations on an uninterrupted basis;
- avoid the need for any extraordinary government support; and
- the size of the consolidated NewCo balance sheet would be substantially reduced, along with related RWA, after executing the Single Point of Entry strategy.

## Single Point of Entry would result in a simpler and smaller firm.

As a result of the Single Point of Entry strategy and the expected divestiture of the Credit Card, Asset & Wealth Management and Commercial Term Lending Objects of Sale, the post-resolution firm as a whole will be significantly smaller and engaged in a narrower scope of business. Specifically, the resulting post-resolution firm would resemble a large, regional bank group engaged almost exclusively in traditional retail and commercial banking activities, and would encompass:

- **Materially reduced activity in JPMCB Bank Chain.** The assets of JPMCB and its material foreign branches are estimated to be reduced by approximately 40% post-resolution.
- **Significantly reduced broker-dealer activities.** JPMS LLC would be recapitalized and remain open, funded and operating, however, it is expected to be significantly reduced in size as customers would have substantially transferred to third-party providers. None of the Key Operating Entities engaged in broker-dealer activities (i.e., JPMS LLC, JPMSJ or JPMS plc) would be systemically important post-resolution. The assets of each of these Key Operating Entities are, on average, estimated to be reduced by over 80% post-resolution.
- **The remaining Key Operating Entity.** JPMSIPL is an internal service provider and is expected to be self-sustaining on the basis of fees paid for services by the ongoing

# Resolution Planning and Why JPMorgan Chase Is Resolvable

Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government Assistance or Harm to the Broader U.S. Economy

operations of NewCo. Although it would have smaller operations, due to the reduced demand for services from a smaller NewCo, JPMSIPL would be able to continue in the ordinary course of business and would not need to be placed into resolution proceedings.

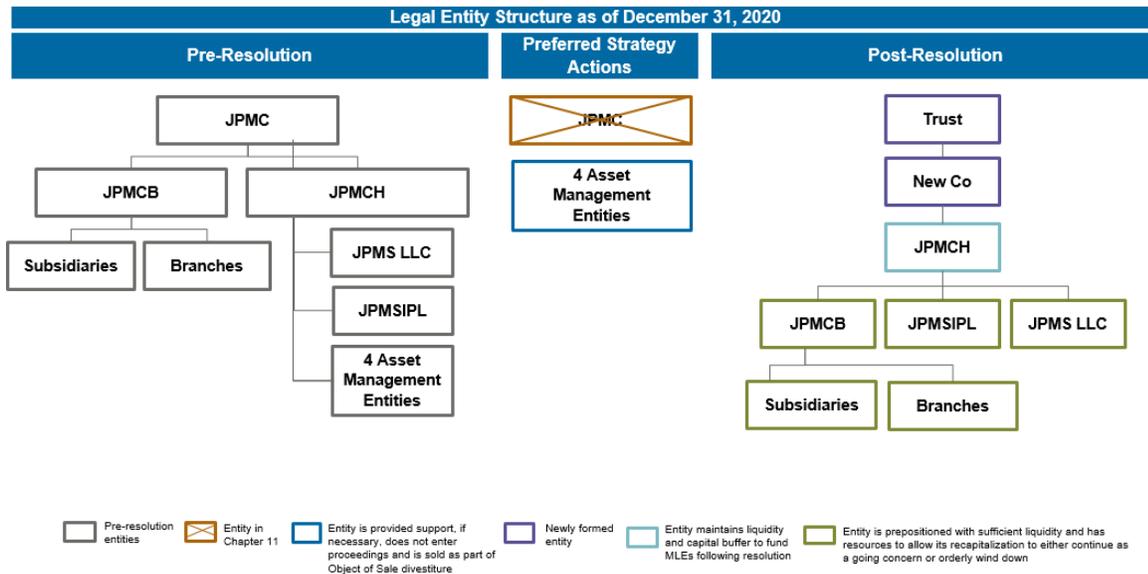
Although only three Objects of Sale are assumed to be sold for purposes of illustrating the impact of the Single Point of Entry strategy for this 2021 Targeted Submission, we would be fully prepared to divest as many additional Objects of Sale as necessary and wind down any businesses not identified as Objects of Sale, known as Objects of Unwind, particularly if there is a decision to further reduce the size and systemic footprint of the firm before it exits from bankruptcy.

The Trust could pursue any of the following options with respect to NewCo:

- **IPO.** The Trust could undertake one or more underwritten public offerings of its shares of NewCo. Proceeds of the stock offering would be distributed to the parent company's bankruptcy estate and ultimately to the parent company's creditors.
- **Distribution of shares in kind.** The Trust could distribute stock of NewCo to the parent company's creditors and, after these distributions, dissolve.
- **Further divestitures of the Objects of Sale.** The Trust could arrange for further divestitures of identified Objects of Sale.

Figure 6 and Figure 7 compare JPMorgan Chase before the execution of our Single Point of Entry strategy with the post-resolution firm, and demonstrate that the strategy results in a materially smaller and simpler firm.

Figure 6. Illustration of Preferred Strategy (as of December 31, 2020)



As a result of the Preferred Strategy and as evidenced through the pro forma financial statements produced under the Hypothetical Resolution Scenario for the 2021 Targeted Submission, post-resolution, the JPM Group would essentially be a large, regional bank group engaged almost exclusively in traditional retail and commercial banking activities. Moreover, in the event that circumstances of the Hypothetical Resolution Scenario or market conditions are not amenable to the

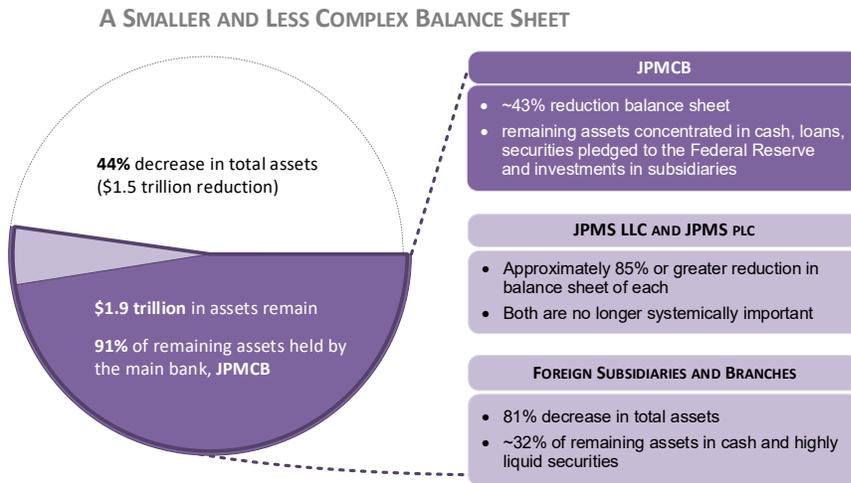
planned divestitures of the Credit Card, Asset & Wealth Management and/or Commercial Term Lending, Objects of Sale, or if JPM Group's management, regulators or other stakeholders wish to shrink JPM Group beyond what we have contemplated and modeled in the resolution plan, we are prepared to decrease the size of the consolidated balance sheet further by divesting additional Objects of Sale or any other divestiture opportunity that presents in resolution.

# Resolution Planning and Why JPMorgan Chase Is Resolvable

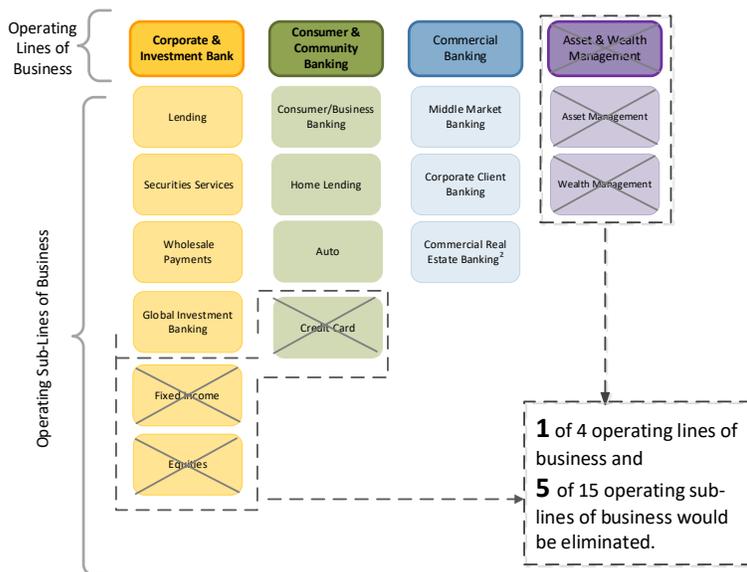
Our Single Point of Entry Resolution Strategy Enables Orderly Failure without Government Assistance or Harm to the Broader U.S. Economy

Figure 7. Business Before and After Resolution

## THE POST-RESOLUTION FIRM AS MODELED<sup>1</sup> WOULD RESEMBLE A REGIONAL BANK GROUP WITH . . .



### A FOCUS ON TRADITIONAL RETAIL AND COMMERCIAL BANKING



- Other businesses would be sold, reduced or wound-down, as would the derivative and trading portfolio
- The firm's derivative and trading positions would undergo an orderly wind down, effectively to a rump portfolio of only 3% of pre-resolution amount

(1) Based on the divestiture of only three Objects of Sale and the wind-down of broker-dealer activities

(2) We assume the divestiture of the Commercial Term Lending Object of Sale which is part of the Commercial Real Estate Banking business

# Our Resolution Plan Is Designed to Meet Real-World Challenges

An effective resolution plan must be tailored to the legal structure and business activities of a firm and take into account and proactively seek to mitigate the real-world challenges that the firm would likely face when seeking to orderly resolve itself in the face of material financial distress. We use a multiyear process to challenge and update an analysis of our firm and the challenges that we could face in a potential resolution. Based on self-assessments and feedback from our regulators, we have developed and refined our resolution plan to fully address each of those challenges.

We believe that an effective resolution plan has six key elements that can be categorized according to our three pillars of resolution planning:

### 1. Capital and Liquidity Resources

- **Capital**—Capital is the ability of a firm to absorb losses, and so our Key Operating Entities must maintain or receive sufficient capital resources to support the uninterrupted operations of the firm as it is resolved.
- **Liquidity and Funding**—Liquidity is designed to provide the funding that enables the firm to meet its contractual obligations, and so our Key Operating Entities must maintain or receive sufficient liquidity resources—typically cash or assets that can be quickly sold or financed—to support the uninterrupted operations of the firm as it is resolved and businesses are divested.

### 2. Resolution Strategy

- **Governance Mechanisms**—Governance mechanisms include internal triggers that require escalation of information to directors and senior management to support timely and informed decisions; contractually binding agreements for the provision of liquidity and

capital support to Key Operating Entities in bankruptcy; and the analysis of potential creditor challenges and available defenses to the execution of the resolution plan.

- **Legal Entity Structure**—Our Key Operating Entities must be organized in a rational way that supports an orderly resolution, which includes having practical options for breaking up and shrinking the firm in a resolution scenario.

### 3. Operational Resilience

- **Operational Capabilities**—Operational capabilities—including retention of experienced personnel, sufficient technology, MIS and other capabilities—must be supported to deal with the surge in activity that would come in a time of crisis, so that Critical Operations, including the payment, clearing and settlement of financial transactions, can continue uninterrupted as the firm is resolved.
- **Derivatives and Trading Activities**—A resolution plan must address the risks raised by the firm's portfolio of derivatives and trading activities.

A resolution plan must also address the risk that foreign regulators or third parties could take action that may negatively affect the firm's ability to successfully execute its resolution strategy, including the measures taken to support enhanced cross-border cooperation and coordination during bankruptcy.

The subsections that follow discuss the many initiatives, both regulator- and self-identified, that we have completed in each of these six areas to ensure that our resolution plan would work in a real-world crisis situation.

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Is Designed to Meet Real-World Challenges

Figure 8 summarizes a selection of our most important resolvability initiatives, which have prepared us to execute our resolution plan.

**Figure 8. Key Reasons Demonstrating Our Preparation to Execute Our Resolution Plan**

<b>Resilient Balance Sheet</b> – capital and liquidity reserves can withstand severe financial losses and outflows	Capital & Liquidity Resources
<b>Prepositioned Resolution Resources</b> – resources at Key Operating Entities and IHC to meet resolution liquidity and capital needs	
<b>Governance and Crisis Management</b> – robust crisis management and corporate governance frameworks, with step-by-step guidance, that are regularly challenged and tested	Governance Mechanisms
<b>Flexible Resolution Strategy</b> – optionality in (1) the allocation of financial resources to Key Operating Entities, (2) the divestiture of our businesses and (3) the emergence from resolution	
<b>Actionable Divestiture Options</b> – divestiture playbooks and ability to populate and make readily available in a timely manner electronic data rooms for each of our Objects of Sale	Legal Entity Structure
<b>Streamlined Structure &amp; Funding</b> – simplified legal structure and relationships between our entities, including funding policies/programs to reduce financial interdependencies	
<b>Orderly Active Wind-Down Capabilities</b> – established approach to assess and conduct wind-down and systems to support; booking model practices well-established and systems to support our controlled booking model-practices	Derivatives & Trading Activities
<b>Crisis-resilient Operations</b> – agreements require affiliates and third parties to provide critical services in resolution; operational readiness to maintain key services and operations	Operational Capabilities
<b>Comprehensive Reporting Systems</b> – ready access to (1) data we produce to monitor the firm and (2) automated production of that data, so we can readily access.	
<b>FMU &amp; Agent Bank Continuity</b> - strategies to maintain access for each of the approximately 560 financial market utilities and agent banks we use worldwide.	

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Is Designed to Meet Real-World Challenges

### We have sufficient capital to successfully implement the strategy.

Maintaining and actively managing capital resources to support our businesses and minimize the risk of financial distress is a critical strategic goal for JPMorgan Chase. Capital represents, in its simplest form, the difference between a firm's assets and its liabilities and provides the basis for the firm's ability to absorb losses. Capital would need to be depleted before creditors and depositors would face any risk. A firm's capital can be reduced or written down to absorb a decline in value of the firm's assets or an increase in liabilities. Ratios reflecting capital strength are also impacted by the amount of risk-weighted assets maintained by the firm and leverage deployed. Regulators require that financial institutions maintain or exceed certain levels of capital and clients and counterparties are generally unwilling to transact with financial institutions that have insufficient capital.

The successful execution of our Single Point of Entry strategy depends upon our ability to maintain adequate capital levels at all of our Key Operating Entities throughout resolution. Several of our entities are subject to prudential capital requirements, and so our strategy is designed so that they meet or exceed all regulatory capital requirements for "well-capitalized" status under U.S. or other equivalent regulations throughout resolution. Key Operating Entities that are not subject to regulatory capital requirements, such as certain of our investment management entities, must maintain capital levels typically required to obtain an investment-grade credit rating or, if the entity is not rated, an equivalent level of financial soundness. During financial stress, our Key Operating Entities may incur certain types of losses or have the level of risk-weighted assets increase which could impair their capital and thus erode their credit worthiness. We have designed our strategy so that, in those instances, we are able to restore the entities' capital base to a level such that they can continue to operate throughout the Resolution Period.

This section describes how our firm would manage its resources to have sufficient capital to successfully execute our Single Point of Entry strategy and, more specifically, to recapitalize any Key Operating Entities that experience capital shortfalls. This section also

discusses how we regularly monitor capital needs and resources at our Key Operating Entities in business as usual conditions and in times of financial stress, identify any projected capital shortfalls and promptly deploy capital resources to address those shortfalls.

#### Key Elements of Our Capital Preparedness

- Comprehensive Resolution Capital Adequacy and Positioning (RCAP) and Resolution Capital Execution Need (RCEN) frameworks for all Key Operating Entities
- Prepositioning capital resources for all Key Operating Entities
- Firmwide and entity-level capital monitoring triggers and policies for all Key Operating Entities

### We estimate and monitor the resolution capital needs of each of our Key Operating Entities, and conservatively maintain capital resources with an objective of meeting these estimated needs at all of our Key Operating Entities

We maintain measurement capabilities and financial frameworks to enable us to calculate the total loss-absorbing resources of our firm on a regular basis. Total loss-absorbing resources refer to qualifying equity and long-term debt of our firm that can absorb losses in a resolution scenario. The Agencies refer to this kind of framework as Resolution Capital Adequacy and Positioning, or RCAP.

We also maintain agile measurement capabilities to project the capital resources that would be needed at each of our Key Operating Entities to implement our Single Point of Entry strategy, based on facts unfolding in the actual stress scenario being experienced. The Agencies refer to this kind of framework as Resolution Capital Execution Need, or RCEN.

Capital resources and capital needs are regularly projected for each Material Legal Entity. During business as usual, we regularly monitor and confirm that:

## Resolution Planning and Why JPMorgan Chase Is Resolvable

### Our Resolution Plan Is Designed to Meet Real-World Challenges

- our firm has total loss-absorbing resources in excess of its consolidated resolution capital needs requirement; and
- each of our Key Operating Entities has prepositioned capital resources in excess of the greater of their individual resolution capital needs or local regulatory requirement.

Because a resolution scenario could arise under a variety of conditions, we designed our RCEN methodology to protect against potential uncertainty by:

- defining and prepositioning levels and estimates of capital resource needs for those of our Key Operating Entities that are either rated by credit rating agencies or subject to regulatory capital requirements as the higher of the well-capitalized regulatory level or the estimated minimum to maintain an investment-grade rating;
- defining market confidence and financial soundness standards for Key Operating Entities;
- conservatively estimating recapitalization levels for Key Operating Entities; and
- maintaining an IHC Central Buffer that can be downstreamed following the bankruptcy of our parent company.

Using these capital management processes, we regularly estimate the capital needed for each of our Key Operating Entities in a resolution scenario and take actions, if needed, to ensure that our objective of maintaining prepositioned resources sufficient to cover those needs is met. Resolution resources—capital or liquidity—directly held at one of our entities is referred to as prepositioned resources. To balance the certainty of fully prepositioning resources at our Key Operating Entities to meet such needs with the flexibility to address shortfalls that could arise in a stress scenario, we maintain an IHC Central Buffer that can be distributed to Key Operating Entities in resolution in the event prepositioned capital resources are not sufficient and a legal entity suffers a capital shortfall. We periodically reevaluate the level of prepositioning at Key Operating Entities against the level of resources held centrally at IHC and adjust as appropriate.

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Is Designed to Meet Real-World Challenges

### **We have capital triggers that enable us to take resolution actions at the appropriate times.**

The recapitalization of our Key Operating Entities and our parent company's bankruptcy filing must occur while our available capital and liquidity resources are sufficient to support our Key Operating Entities' needs in resolution. Other key actions must also be taken at the appropriate times and in the appropriate order to mitigate financial, operational, legal and regulatory vulnerabilities.

We have a full set of capital triggers that incorporate capital resources and capital needs projections for the firm on a consolidated basis, as well as for each Key Operating Entity. This capital monitoring framework is regularly reviewed to capture additional targets and triggers based on various regulatory requirements by U.S. and host jurisdiction banking regulators and is incorporated into our Support Agreement and Governance Playbooks. These triggers link the capital positions of JPMorgan Chase on a consolidated basis and individual Key Operating Entities to specific escalation and recovery- and resolution-related actions. These capital triggers are challenged and monitored on a regular basis by our Independent Risk Management, or IRM function. This trigger framework was actively monitored during the COVID-19 pandemic to identify trends and potential threats to our capital positioning, allowing for the escalation of information and analyses of key drivers and potential actions to senior management and our board.

### **We maintain our firmwide Contingency Capital Plan and contingency capital plans at Key Operating Entities.**

Our Contingency Capital Plan specifies the principles underlying the firm's approach towards capital management and defines the framework used to calibrate internal minimum capital targets and post-stress internal minimums in accordance with specific goals. It is also used to monitor the firm's capital position through specific capital escalation points and to identify capital contingency actions available at each stage of stress. Contingency capital plans for each of our Key Operating Entities are developed in alignment with the firmwide Contingency Capital Plan and establish the internal requirements for Key Operating Entities to maintain prepositioned capital resources in excess of their anticipated resolution capital needs.

### **Our capital management framework is integrated into our business as usual monitoring and reporting processes.**

Our capital monitoring triggers cover a spectrum of metrics reflective of increasing stress through recovery and resolution. The calculation of capital requirements, resolution capital positioning and the needs and repositioning of capital resources is therefore fully aligned with our monitoring and reporting processes through:

- ongoing and regular calculation of firm- and entity-level capital ratios and the monitoring of those ratios against the capital monitoring triggers in the Contingency Capital Plan for the firm and our Key Operating Entities;
- ongoing and regular calculations and independent review of resolution capital positioning and needs at the firm- and legal entity-level, including the amount of prepositioned capital resources at each Key Operating Entity and the monitoring of the prepositioned amounts against the capital need; and
- annual approvals of the firmwide Contingency Capital Plan and contingency capital plans for individual Key Operating Entities.

### **We continue to enhance and test our forecasting capabilities.**

We have continued to invest in improving our capabilities to project resolution capital through enhancements to our processes and tools. We have an annual program comprised of multiple stress simulations to test these capabilities and the operating processes used by the teams responsible for their execution. In the midst of the COVID-19 pandemic, one such simulation was undertaken to validate the readiness and capabilities of our forecasting processes.

We believe that our resolution capital positioning and needs frameworks, capital triggers, Contingency Capital Plan, and their integration into our business as usual monitoring and reporting processes, collectively help to ensure that we would have enough capital to execute our Single Point of Entry strategy successfully in a wide spectrum of potential loss scenarios.

### Our liquidity is sufficient to implement our strategy successfully.

As with capital, maintaining sufficient liquidity resources is a critical strategic objective for the firm. Liquidity at its core is a measure of how quickly and efficiently assets can be converted into cash. Liquid assets are those that can be monetized either same day or within days with minimal price impact—such as sovereign debt, government securities, central bank reserves and reverse repurchase agreements. Illiquid assets are those that cannot be easily sold or exchanged for cash—such as certain corporate debt securities, loans, equity stakes in private companies or certain types of financial contracts. Insolvency can occur when an entity's liquidity is insufficient to meet obligations when they come due.

Each Key Operating Entity must maintain or have access to enough liquidity to meet its funding needs and remain solvent throughout resolution in order for us to successfully execute our Single Point of Entry strategy. During financial stress, our Key Operating Entities are likely to suffer severe liquidity outflows due to client and customer actions, including increased deposit withdrawals, potential derivative collateral requirements, draws on loan commitments, heightened membership requirements from FMUs and counterparty and other stakeholder demands. Our Key Operating Entities must always have sufficient liquidity or liquidity must be readily available at the IHC so that they can continue to meet their obligations when due, successfully satisfy any heightened financial requirements placed on them by counterparties and operate in the ordinary course.

This section describes how we manage our liquidity so that our firm would have sufficient resources to successfully support the execution of our Single Point of Entry strategy and, more specifically, to adequately fund any Key Operating Entities that experience any unexpected liquidity shortfalls. This section also discusses how we are able to monitor liquidity needs and resources regularly at our Key Operating Entities in business as usual conditions and in times of financial stress, identify any projected liquidity shortfalls and promptly deploy liquidity resources to address those shortfalls.

### Key Elements of Our Liquidity Preparedness

- Comprehensive Resolution Liquidity Adequacy and Positioning (RLAP) and Resolution Liquidity Execution Need (RLEN) frameworks for all Key Operating Entities
- Prepositioning of liquidity resources for all Key Operating Entities
- Maintenance of an IHC Central Buffer to support unexpected resolution needs
- Firmwide and entity-level liquidity triggers and policies for all Key Operating Entities
- Simplified intercompany funding flows

### We can readily estimate the resolution liquidity needs of each Key Operating Entity and conservatively maintain liquidity resources at all of our Key Operating Entities to meet these estimated needs.

We have developed capabilities and two financial frameworks for calculating liquidity resources and needs. The Agencies refer to these frameworks as Resolution Liquidity Adequacy and Positioning, or RLAP, and Resolution Liquidity Execution Need, or RLEN. RLAP is a framework for estimating and maintaining sufficient liquidity at, or readily available to, designated Key Operating Entities in resolution. Importantly, RLAP is used to support decisions on how we position liquidity resources within our firm at specific entities during business as usual in anticipation of liquidity needs during stress events including a resolution scenario.

In contrast, RLEN is designed to provide projections of the potential needs of our Key Operating Entities after our parent company has filed for bankruptcy. More specifically, the calculation of resolution liquidity needs estimates the total liquidity needed, as calculated, to satisfy a Key Operating Entity's peak funding requirements, including its minimum operating liquidity requirements throughout a full implementation of our Single Point of Entry strategy. These estimates are structured to take into account uncertainties, including

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Is Designed to Meet Real-World Challenges

intercompany funding frictions, that could reduce or otherwise affect the amount or ability of funds to move among entities within the firm. This means that RLEN provides an estimate of the liquidity each of our Key Operating Entities would need to continue uninterrupted operation throughout the execution of our Single Point of Entry strategy, including, if applicable, to implement an orderly wind-down consistent with the resolution plan. Each of these two frameworks is discussed in greater detail below.

As a result of implementing these two liquidity frameworks, and in consideration of resolution-related assumptions such as ring-fencing, which is used to refer to the possibility that a foreign regulator requires one of our overseas operating entities to not make any of its excess funds available to affiliates, we have:

- maintained a strong consolidated liquidity position of the firm; and
- prepositioned liquidity resources at each Key Operating Entity and IHC, which we believe are sufficient to fund each Key Operating Entity's needs in resolution with excess resources to cover potential uncertainties at either the Key Operating Entity or at a parent company.

In addition, we periodically reevaluate our objectives for the level of prepositioning at Key Operating Entities against the level of resources held centrally at IHC, and adjust appropriately.

### Resolution Liquidity Adequacy Positioning—RLAP

The baseline for our RLAP framework is our JPM Liquidity Stress Framework, which is designed to measure liquidity risk and determine if liquidity resources are sufficient to meet minimum operating liquidity and peak cash outflows. The JPM Liquidity Stress Framework assumes that a severe stress event leads to a liquidity crisis as the firm is impacted by withdrawals of wholesale and retail deposits, additional collateral margin postings, customer and counterparty outflows, a rapid decline in the trading value of our debt and other market factors. The framework also assumes that the firm would suffer draws on unfunded lending commitments, experience 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.

Our RLAP framework measures peak net funding outflows for each Key Operating Entity on a stand-alone basis, and details 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 Key Operating Entities (including branch-to-branch). It provides an estimate of the amount of liquid resources that would need to be prepositioned at each Key Operating Entity and IHC to effectively meet the anticipated cumulative net peak funding outflows (inclusive of restricted liquidity). Collectively, they provide an appropriately conservative view of available sources of liquidity.

### Resolution Liquidity Execution Needs—RLEN

Our RLEN framework leverages the JPM Liquidity Stress Framework with certain additional, resolution-specific modifications.

The estimates used in this framework reflect the minimum liquidity required at each Key Operating Entity to execute our Single Point of Entry strategy throughout the Resolution Period. The framework informs the timing of when our parent company would consider filing for bankruptcy. The minimum liquidity required at each Key Operating Entity is calculated as the sum of:

- the minimum operating liquidity required for the Key Operating Entity to operate without disruption throughout the Resolution Period; and
- the Key Operating Entity's projected peak cumulative net funding outflows.

RLEN identifies the peak cumulative net funding needed to stabilize each Key Operating Entity after our parent company files for bankruptcy. Consistent with regulatory guidance, we do not assume access to unsecured funding markets in our RLEN framework.

The Restricted Liquidity Framework, which assesses jurisdictional, operational, counterparty and tax frictions, is incorporated into the JPM Liquidity Stress Framework to take into account the possible impact of frictions. The Restricted Liquidity Framework is used to identify and estimate liquidity that could potentially be trapped within several of our legal entities. The Restricted Liquidity Framework further assesses liquidity transfer restrictions

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Is Designed to Meet Real-World Challenges

at the entity level (including between branches) to estimate intercompany frictions.

The Restricted Liquidity Framework used in our RLAP and RLEN frameworks primarily applies to intercompany unsecured and secured transactions, commitments and derivatives, including transactions between Key Operating Entities and other entities, and all significant transactions. In addition to incorporating the Restricted Liquidity Framework in our forecasts, the firm also performs an additional third-party friction analysis to capture other funding frictions and measure those against the IHC Central Buffer to cover these amounts for each Key Operating Entity.

Using our Resolution Liquidity Framework, we have the capabilities to produce daily cash flow forecasts for up to 365 days.

In order to ensure that we have daily reporting and analysis capabilities in resolution, our Resolution Liquidity Frameworks are automated, leveraging the same system used to provide our liquidity stress reporting.

### **Our liquidity triggers enable key actions to be taken at appropriate points in time.**

Successful execution of the Single Point of Entry strategy requires that we file for bankruptcy while there are sufficient capital and liquidity resources to execute our resolution strategy. As such, we have established a full complement of corresponding liquidity triggers that incorporate projections of resolution liquidity positioning and needs for the firm on a consolidated basis, as well as for each Key Operating Entity. These liquidity triggers link the liquidity position of JPMorgan Chase and specific operating entities to escalation and recovery- and resolution-related actions to be taken by management and the board. As with our capital triggers, we have incorporated these liquidity triggers into our Support Agreement and Governance Playbooks to help ensure that the actions contemplated by our Single Point of Entry strategy are executed in a timely manner. These liquidity triggers are challenged and monitored on a regular basis by our IRM function.

Because having up-to-date information and projections are essential to acting effectively in a crisis, we have

enhanced our reporting capabilities so that we can generate resolution-related information on a frequent basis. These reports contain data regarding resolution liquidity positioning, needs for the firm and for each Key Operating Entity, and can be produced daily, monthly and quarterly.

### **Key decision makers throughout the firm understand the steps to implement our Single Point of Entry strategy in a timely manner.**

Successful execution of any resolution plan hinges on the ability of senior management and the board to make key decisions on a timely basis in response to a deteriorating financial condition. Without appropriate monitoring and reporting systems and governance mechanisms to recognize, escalate and appropriately address warning signs, a firm not only loses its opportunity to diagnose and remedy its financial distress, but also its ability to prepare for an orderly resolution. Firms need to be able to respond quickly and decisively to mitigate the risk and potential knock-on effects of their failure.

### Key Elements of Our Resolution Governance

- Governance Playbooks, which include our comprehensive firmwide trigger framework
- Liquidity and Capital and Contingency Playbooks
- Crisis Management Playbooks
- Consolidated Playbook, which coordinates the interplay of all our different playbooks
- Firmwide crisis management strategy

### **Our Governance Playbooks and Stage Trigger Framework provide our boards and management with a governance framework and tools for decision-making in a possible resolution event.**

Key to our resolution planning are our Governance Playbooks, which serve as actionable guides for our senior management and directors during periods of stress. Our managers and directors worldwide must be prepared to recognize and respond to any financial distress that our firm may encounter.

Our Governance Playbooks describe the major decisions that the directors of our Key Operating Entities would need to take to execute our resolution strategy. The Governance Playbooks incorporate clearly defined firmwide capital and liquidity triggers—referred to as Stage Triggers—that identify the critical points from Business as Usual through increasing levels of financial distress, including the point where a decision must be made by the Board of JPMC whether to file for bankruptcy. Figure 9 shows the different stages of stress/recovery and resolution and the designated Stage Triggers, along with certain key actions based on the functioning of the Support Agreement. For each of these critical points, the Governance Playbooks describe the specific actions that would need to be taken or decisions that would need to be made, the relevant decision

makers and any information that must be provided in connection with these actions or decisions.

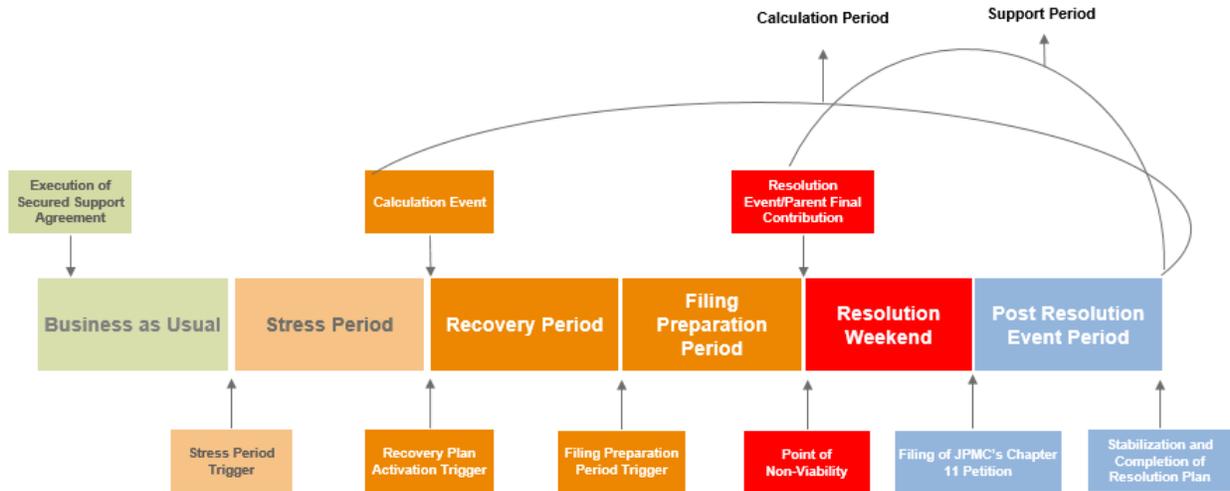
Our Stage Triggers define the points at which our firm would transition from one stage of stress/recovery and resolution to the next and the point at which our parent company would formally activate our recovery plan, along with the specific decision points and actions required at and within each of those junctures. The Stage Triggers also tie the financial condition of the firm to the provision of capital and liquidity support to our Key Operating Entities before our parent company files for bankruptcy and during our parent company's bankruptcy proceedings.

We also have a separate set of capital and liquidity triggers, referred to as Support Triggers, which are designed to ensure the timely recapitalization of and provision of liquidity support to Key Operating Entities starting at the Point of Non-Viability in order to support the success of our Single Point of Entry strategy. The connection between the Stage Triggers, the Support Triggers and the related support are formalized through the Support Agreement.

# Resolution Planning and Why JPMorgan Chase Is Resolvable

Our Resolution Plan Is Designed to Meet Real-World Challenges

Figure 9. Stress/Recovery and Resolution Stage Triggers – When We Move from Stage to Stage



Stage Triggers take into account the liquidity and capital needs of our firm on an aggregate basis. These firmwide triggers are critical to the determination of whether sufficient capital and liquidity is available to support the execution of the Single Point of Entry strategy. Additional stand-alone capital and liquidity triggers are maintained and monitored for certain Key Operating Entities. These entity-level triggers are calibrated to synchronize the escalation of information and execution of entity-specific recovery and resolution actions to the financial condition of that operating entity on a stand-alone basis (and not our firm as a whole).

The Stage Triggers are embedded in the customized Governance Playbooks that we maintain for each of our Material Legal Entities. For each Stage Trigger, we have set forth the decisions that would have to be made and the necessary actions, as well as the associated responsible parties for each. As reflected throughout the Governance Playbooks, board actions and decisions associated with each trigger will be based on recommendations from senior management and supported by an appropriate analysis of and information about the circumstances.

## We have an integrated approach to resolution and recovery planning through our governance and Crisis Management Framework.

In addition to the Governance Playbooks, our Crisis Management Framework integrates resolution and recovery planning through:

- regular programs to test our capital and liquidity risk through the various stages of stress;
- Crisis Management Playbooks for each of our lines of business and Critical Operations;
- regular testing of our recovery and resolution preparedness and testing into our crisis management strategy; and
- consideration of resolution readiness and preparedness into our firmwide strategic principles.

Resolution planning is integrated into our day-to-day operations and decision-making, providing us with a meaningful defense against future financial crises.

We believe that, as a result of our Governance Playbooks, Liquidity and Capital Contingency Playbooks, Crisis Management Playbooks and strategy and updated firmwide strategic principles, our management and directors firmwide understand our resolution plan and are

prepared to implement our Single Point of Entry strategy in the event of the firm's financial distress.

#### **Our strategy can withstand legal challenge.**

A potential failure of JPMorgan Chase may give rise to a number of competing interests, some of which would not be aligned with certain elements of our Single Point of Entry strategy. For example, creditors may seek to bring legal challenge to the provision of liquidity and/or capital support to Key Operating Entities contemplated in our strategy. Legal challenges risk delaying or even impeding implementation of key elements of our strategy.

Moreover, certain of our counterparties may find it in their self-interest to exercise early termination rights triggered by the failure of our parent company to close out their financial contracts with other entities in the firm, also referred to as cross-default rights. The exercise of cross-default rights with respect to financial contracts would reduce the liquidity resources available to execute our resolution strategy.

The risks posed by these competing interests have been mitigated through actions completed so that: (1) creditor challenges to capital and liquidity support contemplated under our resolution plan should be without merit; and (2) we would be able to qualify for a stay on cross-default rights and avoid counterparties closing out their financial contracts with our operating subsidiaries based on our parent company's bankruptcy.

#### **Defenses Against Potential Legal Challenges to Our Strategy Include:**

- Comprehensive analysis of potential legal challenges to pre-bankruptcy financial support to Key Operating Entities, and their mitigants
- Prefunded resources at the IHC to address unanticipated capital and funding needs in resolution
- A secured Support Agreement to ensure resources will be promptly and directly provided to the appropriate entities in resolution
- A Bankruptcy Playbook that identifies necessary preparations for our parent company's bankruptcy filing under our resolution strategy, including how to satisfy conditions of the ISDA Protocols' stay on cross-default rights
- Drafts of legal documents that would be necessary in the event our parent company files for bankruptcy

#### **We maintain a detailed legal analysis of potential challenges to the capital and liquidity support contemplated under our strategy and their mitigants.**

Our resolution plan contemplates the provision of capital and/or liquidity support to various Key Operating Entities both before and after our parent company's failure. The provision of liquidity or capital by a parent company to its subsidiaries before the parent company's bankruptcy filing might, however, be challenged in court. To ensure that this capital and liquidity support is provided as contemplated, we have prepared a legal analysis of potential state and bankruptcy law challenges to the planned provision of capital and liquidity support, and their mitigants. To avoid potential impediments to our resolution strategy based on Single Point of Entry, we have two mitigants to potential challenges to the planned support that we considered the most effective:

- a pre-funded holding company with no third-party debt—IHC; and

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Is Designed to Meet Real-World Challenges

- a secured Support Agreement.

These two mitigants are discussed in greater detail below.

### **IHC is prefunded to hold a central buffer of capital and funding resources for resolution.**

Our IHC is a wholly owned subsidiary of our parent company with no third-party debt. IHC holds almost all of our parent company's formerly direct subsidiaries (with the exception of JPMCB and its subsidiaries), as well as intercompany indebtedness owing to our parent company and most of our parent company's other assets. Our parent company also generally will continue to transfer the net proceeds of future securities issuances to IHC. The liquid assets held as the IHC Central Buffer can be used to provide additional capital and/or liquidity support to our Key Operating Entities if the prepositioned resources of any are insufficient to meet its needs in a resolution scenario. In addition, we periodically reevaluate the level of resources held centrally at IHC against the level of prepositioning at Key Operating Entities and adjust as appropriate.

IHC addresses the risk of potential legal challenges to planned capital and liquidity support in the following ways:

- **Increases the Likelihood that Our Financial Resources Can Be Successfully Deployed to Key Operating Entities in Resolution.** Under our Single Point of Entry strategy, following our parent company's bankruptcy filing, IHC (as well as JPMCB and its subsidiaries) would be transferred to a newly created company outside of the bankruptcy estate which would be owned by a trust for the benefit of our parent company's creditors. This would allow IHC to continue providing support as needed throughout our parent company's resolution, preserving value for the benefit of our parent company's creditors.
- **Minimizes or Eliminates Number of Credible Legal Challenges to Support.** IHC is required to remain free of third-party debt. As a result, there would be few, if any, credible legal challenges to IHC's contributions of capital and/or liquidity support to Key Operating

Entities because at the relevant time there should be no third-party creditors of IHC who could assert standing to challenge those contributions.

### **Our Support Agreement contractually obligates IHC to provide liquidity and capital support to the Key Operating Entities.**

Our Support Agreement aids in the value maintenance and orderly resolution of JPMorgan Chase. The purpose of the Support Agreement is two-fold: (1) to effectuate the initial and regular transfer of assets from our parent company to IHC (described above); and (2) to ensure that IHC (and JPMCB, to the extent applicable) provides liquidity and capital support to Key Operating Entities, particularly during a resolution scenario.

Under the Support Agreement, in ordinary conditions, IHC and JPMCB provide liquidity and capital support to our Key Operating Entities in accordance with our business as usual capital and liquidity policies, with IHC assuming the responsibility previously held by our parent company. In the unlikely event that our parent company reaches a point of severe distress at which an imminent bankruptcy filing is expected:

- our parent company will be contractually obligated to make a final contribution to IHC of its remaining assets (with the exception of a holdback and certain excluded assets), referred to as the Parent Final Contribution;
- IHC will be contractually obligated to provide the necessary support to any Key Operating Entity (including JPMCB and its subsidiaries, to the extent of their unmet needs) whose prepositioned resources are insufficient to meet its modeled near-term need for capital and liquidity in resolution. Support can be provided to a Key Operating Entity on multiple occasions as its near-term needs evolve over time. IHC's obligations are secured, such that breach of the Support Agreement would give rise to a secured claim based on an agreed-upon damages provision, which would at a minimum be equal to, and could potentially be in excess of, the secured support obligations; as such, breaching the Support Agreement would be detrimental to IHC; and

# Resolution Planning and Why JPMorgan Chase Is Resolvable

## Our Resolution Plan Is Designed to Meet Real-World Challenges

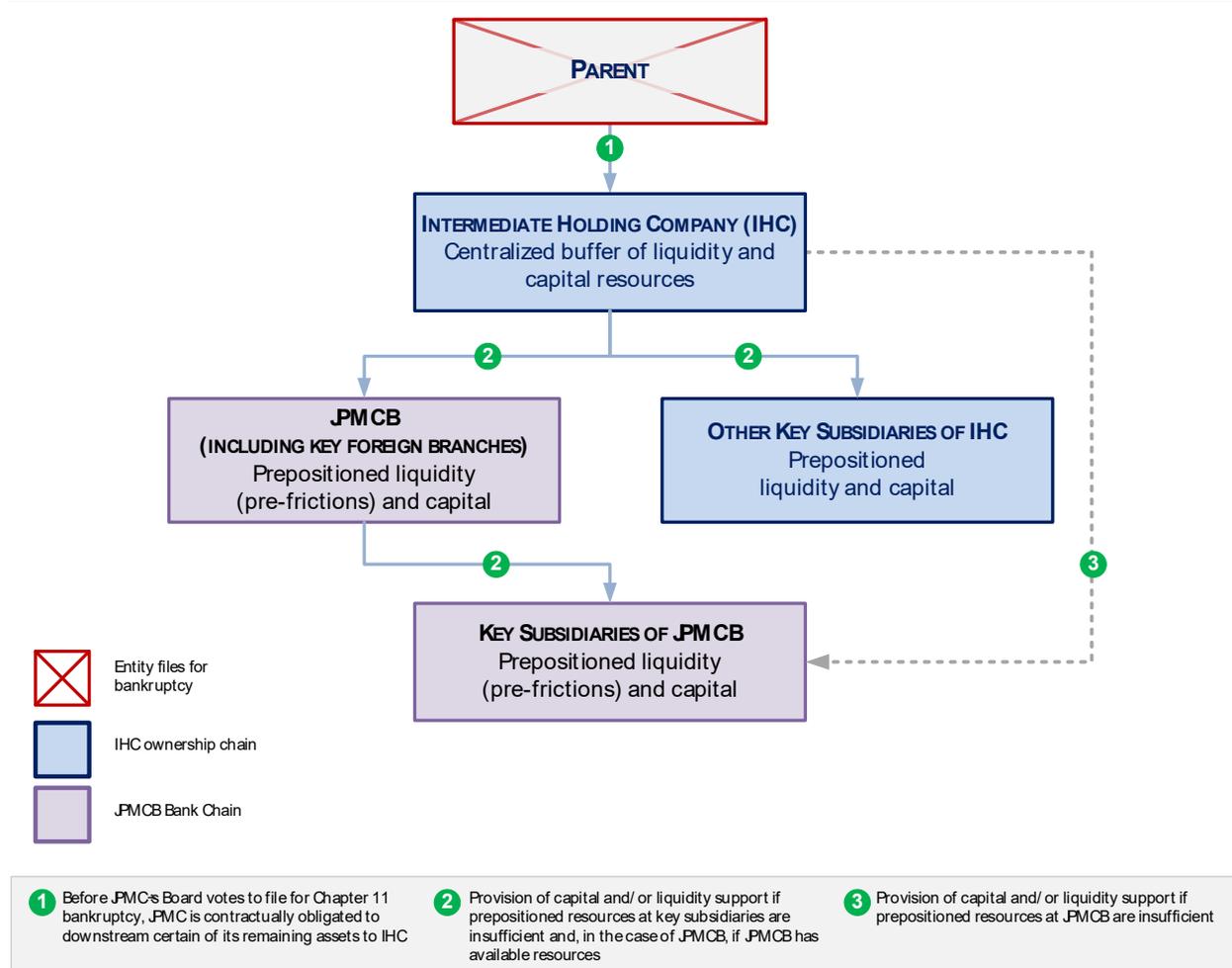
- both the Parent Final Contribution and IHC's obligation to provide support to Key Operating Entities are secured by liens on the assets available to be used for these purposes.

resources to service its outstanding debt and make other distributions if the timing of dividends from JPMCB and IHC should for some reason not match the timing of these obligations.

IHC will also provide our parent company with a revolving line of credit at all times before the point at which JPMC's bankruptcy filing is imminent. Among other things, this means that our parent company will have adequate

Figure 10 describes how the Support Agreement will function at the beginning of the Point of Non-Viability.

**Figure 10. Flows Under the Support Agreement**



#### **We continue to believe that potential creditor challenges would be without merit.**

Taken together, we believe the maintenance of the prefunded IHC, the execution of a Support Agreement and the current solvent condition of the firm form a defense of the capital and liquidity support contemplated under our resolution plan. For these reasons, the types of potential creditor challenges that the Agencies identified in their 2019 Final Guidance should be rendered without merit and not hinder the implementation of our Preferred Strategy.

#### **We have addressed potential legal issues associated with the ISDA Protocols' stay on cross-default rights.**

The 2015 ISDA Universal Resolution Stay Protocol and the 2018 ISDA U.S. Resolution Stay Protocol, which we refer to collectively as the ISDA Protocols, are part of a series of public and private sector initiatives to contractually limit early termination rights with respect to certain common transactions that are Qualified Financial Contracts. These include agreements for derivatives, securities lending transactions and repurchase, or repo, transactions. Our Key Operating Entities that engage in derivatives and trading activities have adhered to both ISDA Protocols. Separately, the U.S. banking regulators adopted the Qualified Financial Contracts Stay Rules to facilitate the orderly reorganization or resolution of systemically important financial institutions like our firm. Entities covered by the rules must amend Qualified Financial Contracts to recognize the statutory stay-and-transfer powers of the FDIC and to override any cross-default rights based on an affiliate's entry into bankruptcy or resolution proceedings.

There are a number of potential legal issues associated with the satisfaction of the conditions of the ISDA Protocols. To address these potential legal issues, we produced detailed drafts of the bankruptcy documents that we would need in order to have a bankruptcy court take the necessary actions to satisfy the conditions under the ISDA Protocols to stay the exercise of cross-default rights of Qualified Financial Contracts against our Key Operating Entities if our parent company filed for bankruptcy.

In particular, we have a proposed draft Emergency Transfer Motion and order, which could be filed

immediately after our parent company files for bankruptcy and, if granted, would be used to transfer the interests of IHC to NewCo and the stock of JPMCB to IHC, and have NewCo assume the obligations of our parent company under the guarantees or other credit enhancements relating to the Qualified Financial Contracts. Our draft Emergency Transfer Motion and the Bankruptcy Playbook contain various arguments in support of the relief requested, including, among other things:

- the legal basis upon which NewCo would remain obligated for our parent company's credit enhancements consistent with the ISDA Protocols;
- the ability of the bankruptcy court to retain jurisdiction, issue injunctions and take other actions to prevent third-party interference with the execution of the Preferred Strategy; and
- the public policy reasons for the bankruptcy court to approve the relief sought.

Aside from these arguments, the Emergency Transfer Motion and the Bankruptcy Playbook also explicitly address potential due process arguments that may be raised by objecting creditors based upon the timing of the requested relief.

In addition, we maintain a detailed Bankruptcy Playbook, which includes guides to the actions that our parent company should take to prepare for orderly resolution, including specific actions during stress/recovery and resolution, and for our compliance with the conditions of the ISDA Protocols' stay on cross-default rights and potential alternative strategies for satisfying the conditions in the event that the Emergency Transfer Motion is not granted.

Our thorough analysis of potential legal issues in connection with our resolution plan, such as prefunded IHC, secured Support Agreement, our Bankruptcy Playbook and draft bankruptcy documents, further support our ability to be ready to commence bankruptcy proceedings and to satisfy the conditions of the ISDA Protocols' stay on cross-default rights to thereby avoid counterparties closing out their Qualified Financial Contracts with our operating companies based on our parent company's bankruptcy.

#### **Our operations are supported to avoid interruption in a crisis.**

Our firm's operations, including interconnections with affiliates and with third parties, are supported by structures and features (legal and otherwise) all intentionally designed to ensure their continuity and minimize the impact of JPMC's bankruptcy. Frameworks that: (1) support our continued access to payment, clearing and settlement activities during resolution; (2) maintain our collateral management, identification and valuation capabilities; (3) maintain management information systems capabilities to readily produce the data that would be needed for the resolution of the firm; (4) mitigate legal obstacles associated with key bankruptcy filings; and (5) determine whether the failure of a major counterparty might negatively impact our operations have been implemented and are periodically reviewed and enhanced to support resolvability.

#### **Key Elements of Our Operational Preparedness**

- Internal framework to identify Critical Operations
- Resolution-resilient framework for provision of interaffiliate shared services
- Resolution-friendly termination and assignment provisions in all key vendor and material agent bank contracts
- Comprehensive strategies and sufficient resources to maintain or replace access to payment, clearing and settlement systems
- Communications playbooks to support messaging with clients, regulators, FMUs and agent banks during resolution
- Robust collateral management, identification and valuation capabilities
- Management information systems that track financial resources and positions with high granularity, accuracy and reliability
- Analysis of counterparty credit risk

#### **We have an actionable plan to ensure the continuity of Critical Shared Services during resolution.**

As part of our resolution planning efforts we continue to maintain, and continuously seek to enhance, plans to ensure the continuity of the services that our operations rely on, particularly those that support our Critical Operations.

In order to do this, we regularly update our comprehensive evaluation of our operations and the shared services (provided by our entities to each other) and outsourced services (services provided by third-party vendors) upon which our Key Operating Entities rely. Consistent with the Final Resolution Plan Rule, we

established and implemented a robust process to determine our Critical Operations. Critical Operations are those operations, including associated services, functions and supports the failure or discontinuance of which would pose a threat to the financial stability of the United States. Our evaluation considered the markets and activities within which we operate, the significance of those markets and activities with respect to the financial stability of the United States, and our significance as provider. In designating our Critical Operations, we developed criteria designed to assess the impact of potential failure or discontinuance on markets, our clients, and our own operations including our ability to execute our Preferred Strategy.

As a result of our evaluation, we have designated our Critical Operations and the essential, centrally managed shared services (e.g., intrafirm technology, legal, human resources) that support our Critical Operations, collectively as Critical Shared Services. We have additionally maintained the framework to identify the underlying Critical Services that support our Critical Operations. With this taxonomy, we maintain a detailed mapping of all Critical Services that support Critical Operations. This mapping supports our ability to understand and plan for the operational interconnectedness within JPMC and is an important resolvability consideration.

In addition to capturing our Critical Operations and the centrally managed shared services that support them, Critical Shared Services also include the important intra-firm elements necessary to maintain our operational continuity (people, real estate, technology, etc.) on both a day-to-day basis, as well as throughout resolution. Our initiatives to strengthen operational resilience have focused on ensuring the continuity of our Critical Shared Services in resolution.

[Our internal initiatives aim to ensure that our affiliates will continue to receive and provide Critical Shared Services during resolution.](#)

The Critical Shared Services relationships among our entities, including shared technology, licenses and personnel relationships, support our resolution strategy by allowing for each entity to continue to provide and receive Critical Shared Services throughout resolution.

**Concentration of Critical Shared Services in Certain Entities.** Our Critical Shared Services are concentrated

within the JPMCB Bank Chain and JPMSIPL, the firm's wholly owned service provider outside of the JPMCB Bank Chain that provides support services to the JPMCB Bank Chain and other affiliates. Because JPMCB owns most IP rights, technology assets and shared corporate services infrastructure of the firm, the recapitalization of and provision of liquidity to JPMCB under our resolution strategy facilitates the continuity of these Critical Shared Services. JPMSIPL has been structured to remain fully funded during the firm's financial distress and is therefore expected to continue operations without significant disruption in a resolution scenario. Critical Shared Services that must be provided by broker-dealer entities have been concentrated in the U.S. broker-dealer, JPMS LLC. This concentration of Critical Shared Services in entities that comprise the surviving firm that emerges from our resolution strategy significantly reduces any possible disruption to the provision of Critical Services and maintenance of Critical Operations.

**Formal Framework for Provision of Intercompany Services in Resolution.** Intercompany relationships within our firm are documented on formal arm's-length terms through various agreements, and payments for services under these agreements are made under a firmwide expense allocation process. The result is an established framework under which entities within our firm and former affiliates of the firm can continue to engage in intercompany transactions and receive and pay for intercompany services. Importantly, the agreements contain resolution-friendly terms designed so that any entities that are wound down under our resolution strategy will continue to receive services from their affiliates under existing service agreements, so long as those entities continue to meet their obligations, including payment.

**Retention Strategies for Key Employees to Implement Our Resolution Strategy.** The success of our resolution strategy and our ability to continue Critical Operations and Critical Services on an uninterrupted basis throughout resolution relies in part upon the retention of key employees during an actual resolution event. To that end, we have an established employee retention framework that would be applied in a resolution scenario to encourage key employees to remain with the firm.

We have contract terms so that key vendor and material agent bank contracts are not terminable upon the bankruptcy of our parent company and would be assignable.

We maintain an analysis of all of the material outsourced services that support our Critical Operations and designated certain third-party agreements as critical to our firm as a whole or to specific lines of business. We periodically review these designated critical third-party agreements to determine whether there are any that could be terminated by the provider solely because of our parent company's bankruptcy filing, even if the operating entity actually receiving the services continues to perform—and, most importantly, pay for services—under the agreement.

Based on prior reviews, we previously amended existing vendor contracts for material outsourced services to include resolution-friendly termination and assignability terms, regardless of whether the outsourced services could be substituted or not. The resolution-friendly terms remove the provider's right to terminate based solely on our parent company's entry into bankruptcy proceedings, and the resolution-friendly assignability terms permit us to assign the agreements to potential buyers in a divestiture.

In addition to the amendments, we include resolution-friendly termination and change-of-control clauses in our master vendor contract for third-party service providers and have instituted controls so that new contracts may not be executed unless the required resolution- and divestiture-friendly language has been included.

We undertook similar identification, review and amendment efforts to our contractual arrangements with agent banks and subcustodians, which provide us payment, clearing and settlement services in various markets. We proactively amended all of our agent bank contracts (regardless of materiality) to incorporate resolution-friendly terms. We also updated our standard agent bank and subcustodian contract language to include resolution-friendly termination and assignability provisions and established formal procedures to require that this language is included in those agreements going forward.

#### **We are prepared to maintain payment, clearing and settlement activities during periods of financial distress.**

Payment, clearing and settlement activities are some of the most important services provided to and relied upon by financial institutions. Payment activities include the processing of wholesale and retail funds transfers. Clearing and settlement activities include transmission, reconciliation, confirmation and the actual transfer of ownership of stocks, bonds and other securities and the related payments, which reduce the risk that parties may default on their transactions. These services facilitate the day-to-day, smooth functioning of the economy. We have addressed the risks that a resolution scenario may pose to our ability to continue providing payment, clearing and settlement activities to others, as well as to our firm.

We maintain a service provider framework that establishes three categories of services where JPM Group is a provider of payments, custody, and clearing and settlement. We also maintain a methodology for the identification of key clients using quantitative and qualitative criteria and an approach for mapping key clients against key FMUs and agent banks, as set out by the 2019 Final Guidance. Finally, we continually update playbooks for instances where we are a provider of payment, clearing and settlement services and updated our existing analyses and playbooks for continued access to these services and key FMUs and agent banks.

Because FMUs are multilateral systems that provide the infrastructure for conducting payment, clearing and settlement activities among financial institutions, uninterrupted and dependable access to FMUs at all times is vitally important to a financial institution's ability to function on a day-to-day basis. Access to FMUs is especially critical during a firm's financial distress or resolution. Financial institutions and FMUs have competing incentives, however, in the event of a financial institution's financial distress. The financial institution wants to continue transacting through the FMU to minimize the effects of its financial distress on its customers, counterparties and the financial system as a whole. The FMU, however, wants assurances that the FMU participant will not default on its obligations or otherwise introduce risks that could weaken the financial condition of the FMU or other FMU participants.

As a result, FMUs typically reserve the right to, among other things:

- terminate a financial institution's participation at the FMU under a broad range of circumstances, including the financial distress of the participating entity itself, or of the entity's parent or affiliate;
- impose additional financial requirements so that the participating entity, for example, has to partially or fully prefund its transactions; and/or
- impose additional reporting and information requirements.

We participate in financial sector efforts 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 financial institution's financial distress. As a result, we regularly update our playbooks and documents that describe the nature of these key FMUs' heightened requirements and our capacity to respond to those requirements and support our ability to maintain uninterrupted access to FMUs during financial stress and resolution. We maintain alternative strategies—backup methods for accessing payment, clearing and settlement services—for each of the FMUs and agent banks that we use worldwide. We regularly update payment, clearing and settlement details and mapping for our Key Operating Entities, lines of business, sub-lines of business and Critical Operations.

We maintain communications with wholesale clients to provide them with transparency into the potential impacts from our implementation of contingency arrangements for payment, clearing and settlement activities during a resolution event and how we will communicate potential impacts to key clients in a resolution event.

#### **We have robust capabilities to manage, identify and value collateral that we receive from and post to external parties and affiliates.**

The receipt and provision of collateral is an essential element of our payment, clearing, settlement and other activities. Our firmwide collateral policy sets out high-level principles governing collateral and applies to all of our collateral pools. The firmwide collateral policy contains guidelines on the type of collateral that is considered acceptable, including considerations on where the collateral is held and pledged.

We continue to maintain processes for managing, identifying and valuing collateral on a material entity basis. Specifically, we have daily capabilities to:

- identify the legal entity and geographic distribution where counterparty collateral is held;
- document all netting and rehypothecation arrangements with affiliates and external legal parties;
- track and manage collateral requirements associated with counterparty credit risk exposures between affiliates, including foreign branches; and
- estimate the liquidity impact of collateral arrangements for the firm and certain Key Operating Entities under various stress scenarios.

During the ordinary course of business and on at least a quarterly basis, we also:

- review material ISDA and credit support annex terms and provisions for ratings-based, client downgrade and other triggers that may be breached as a result of changes in market conditions, and call additional collateral from counterparties, as required; and
- identify legal and operational differences and potential challenges in managing collateral within specific jurisdictions, agreement types, counterparty types, collateral forms and other distinguishing characteristics.

To ensure that these collateral processes will remain effective in a crisis, we analyzed how we would manage collateral processes in resolution at each Key Operating Entity that either pledges or holds third-party collateral and the related valuation processes. We also have an operating model and infrastructure for firmwide collateral management. We are confident that these capabilities will enable us to promptly and accurately address changing market conditions and demands from counterparties that would be likely to occur during a resolution scenario.

#### **We have management information systems to readily produce data on a legal entity basis, and controls for data integrity and reliability.**

Our ability to recognize when and understand why our firm experiences financial distress and to react to this distress in a prompt and appropriate manner hinges on our capability to produce accurate and reliable data on a timely basis at the right levels of our organization. Management information systems are the systems by which we produce, monitor and track critical data about our firm on a day-to-day basis and during a crisis. We take our management information systems capabilities very seriously and, as such, starting on day one of our resolution planning, dedicated resources to enhancing our management information systems capabilities.

Since our initial resolution plan, we have had in place and continue to refine management information systems to readily produce data at the level of our designated Key Operating Entities, including controls for data integrity and reliability. We regularly reassess the specific types of financial, treasury, risk and other data that would be required to execute our resolution strategy and the frequency this information would need to be produced. As part of our resolution plan, we maintain a comprehensive list of information required to execute our resolution strategy. We believe that these management information system-related initiatives enable us to timely produce the data we need, and at the correct level of granularity, to successfully execute our resolution strategy.

Additionally, we continue to invest in enhancing our management information systems delivery capability including development and implementation of a centralized tool designed to provide automated reporting of operational assets in resolution. The tool supports the production and reporting of certain resolution-relevant datasets within a single management information system and user interface that follows common processes and data governance controls. This results in improving efficiency and control over data production and reporting processes and data analysis capabilities.

#### **We monitor our counterparty credit exposure.**

Effective resolution planning requires us not only to prepare for our potential financial distress and orderly resolution, but also to consider the effects of the potential

failure of a major counterparty on us. To this end, we assess the credit risk of our counterparties through regular monitoring of our counterparty exposures across a number of different metrics, and manage exposures through the appropriate setting of credit limits along with risk-reduction techniques such as the taking of collateral.

#### **Our top-tier holding company structure supports resolvability and complies with the clean holding company requirements.**

Under the Agencies' "clean holding company requirements," our parent company is required to avoid entering into certain financial arrangements that could impede the orderly resolution of the firm. Specifically, our parent company is prohibited from:

- issuing any short-term debt (i.e., debt with an original maturity of less than one year) to third parties;
- entering into Qualified Financial Contracts with third parties; and
- having liabilities that are guaranteed by its subsidiaries or subject to contractual offset rights for its subsidiaries' creditors.

The restrictions on our parent company's activities support our firm's resiliency and reduce complexity and reliance on short-term funding.

#### **We continue to simplify our structure to support our strategy.**

We have taken actions to simplify our legal entity structure to support an orderly resolution. Our LER Criteria, has been embedded into our decision-making with respect to usage and establishment of legal entities. We have also leveraged our LER Criteria to evaluate existing entities to identify candidates for elimination. And, as a result, we have continued to eliminate legal entities across JPM Group, reducing operational and financial interconnectedness and enhancing resolvability.

In October 2019, we merged a Key Operating Entity, J.P. Morgan Treasury Technologies Corporation, into our lead bank, JPMCB. This further consolidated business activities and shared services within JPMCB, consistent with our legal entity rationalization strategy.

Our less-complex legal entity structure supports our resolution plan by reducing the overall number of entities that will require focus and resources at a time of failure. Simplifying interconnections between entities also reduces the actions that would have to be taken to preserve Critical Services during resolution. Thus, we believe that the actions taken to simplify our legal entity structure further supports our ability to execute our resolution plan and greatly improves our resolvability under a variety of conditions and scenarios.

#### **Key Elements of Our Legal Entity Rationalization Framework**

- Well-established criteria for clear decision-making, integrated into our global day-to-day policies, procedures and governance
- Regular reassessments of our legal entities against the criteria
- Periodic review of our criteria
- Focus of execution for legal entity simplification efforts

#### **We continue to enhance our LER Criteria to promote and maintain a resolvable legal structure.**

We maintain clear and actionable criteria to promote the alignment of our legal entities and businesses in a way that supports our resolvability, and, more specifically, the successful implementation of our Single Point of Entry strategy. We periodically review and update our criteria to ensure that additional considerations to further limit interconnectedness among our entities, are incorporated. In support of this, we recently added a new criterion focused on the line of business booking model considerations. In addition, we enhanced our legal entity reference data to include a business activity classification for each entity, which facilitates our criteria assessments and helps us identify whether we have entities with similar activities that may be streamlined.

The Figure 11 below summarizes our current LER Criteria categories and areas of focus.

Figure 11. LER Criteria – Our Areas of Focus



**We regularly assess our legal entities against the LER Criteria, to confirm our current structure remains resolvable and identify opportunities for further simplification.**

We have identified and executed a significant number of simplification opportunities as a result of our regular criteria assessments and business as usual governance processes. We continue to test our existing legal entity structures against our criteria, assessing whether each legal entity should be maintained or eliminated.

We have completed a full assessment of our legal entity structure which has helped us:

- confirm the population of legal entity structures that should be maintained;
- validate that any changes which occurred with respect to our legal entity structure do not negatively impact resolvability;
- identify instances where certain LER Criteria are not met to determine what further actions are needed; and
- ensure incremental opportunities to eliminate entities or simplify interconnections are identified.

#### **We have LER Criteria embedded into our day-to-day decision-making.**

All new and existing operating entities are assessed against the LER Criteria.

JPM Group has reduced its operating legal entity population by 40% since the implementation of LER Criteria in October 2016. Importantly, we have reduced the number of Key Operating Entities by a third since October 2016.

We believe the integration of our LER Criteria into day-to-day decision making, together with our broader legal entity rationalization governance framework, have made our firm more resolvable.

#### **We have optionality in how our firm could consider and execute divestitures in resolution.**

We have a number of actionable options for breaking up our firm in resolution. We have designated components of our business as Objects of Sale, which are combinations of lines of business, sub-lines of business and assets that are the most attractive sale, spin-off or IPO candidates, irrespective of our current structure. The Objects of Sale represent a wide range of businesses and geographies and, as a result, provide us with additional optionality and flexibility in a recovery or

resolution event. Analyses of our Objects of Sale, including potential obstacles to their divestiture, and identified mitigants are regularly refreshed and reevaluated so that we are prepared to divest each Object of Sale, including during a crisis.

#### **Optionality and Divestiture Readiness**

- 21 Objects of Sale
- 3 Objects of Unwind
- Pre-identified potential acquirers
- Multiple divestiture approaches
- Framework for selecting the appropriate divestiture approach during an actual recovery or resolution event
- Divestiture Playbooks and electronic data rooms that can be populated and made readily available in a timely manner with information relevant to a potential acquirer

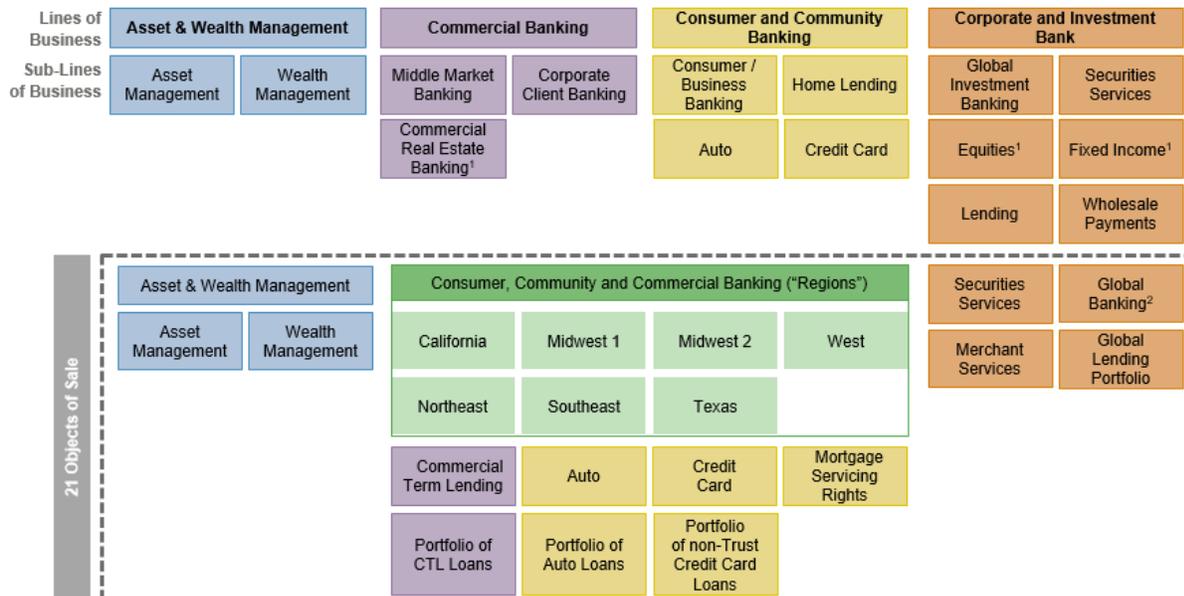
**We have designated components of our business that can be sold or otherwise divested to shrink our firm in resolution.**

We generally think of our businesses in terms of three levels of granularity. At the top are four operating lines of business—Asset & Wealth Management, Commercial Banking, Consumer & Community Banking and Corporate & Investment Bank—which, at the next level, break down into 15 sub-lines of business, as shown in Figure 12. The third level consists of portfolios and assets that extend across our businesses. We believe that this three-level approach to categorizing our businesses makes sense for purposes of managing our day-to-day operations, but recognize that real-time circumstances may drive the basis for determining how to divide and divest our businesses in a crisis situation. For example, while we believe that all of our businesses are highly attractive, there may be fewer potential purchasers during a stress event for an entire line of business than a sub-line of business or a combination of complementary portfolios and assets.

To ensure that our divestiture strategy preserves optionality and flexibility in resolution, we commissioned an expert analysis to objectively identify the best approach to breaking up these various lines of business, sub-lines of business and portfolios and assets in resolution into the most attractive sale, spin-off or IPO candidates, irrespective of our current structure. Based on this analysis and continued refinements, we have designated 21 components of our business as Objects of Sale, consisting of combinations of lines of business, sub-lines of business and assets.

The Objects of Sale relative to our existing lines of business and sub-lines of business are shown in Figure 12. 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 are not included as an Object of Sale, but rather are an Object of Unwind because they would be largely wound down. These businesses would continue to operate as they are orderly wound down, so as to minimize the impact on clients and the market.

Figure 12. Objects of Sale



(1) CIB businesses, including Equities and Fixed Income are not identified as Objects of Sale as they would be expected to be orderly wound down over time in a resolution event.

(2) Includes Global Investment Banking, Treasury Services, and Lending Portfolio.

#### **We have identified potential acquirers for, and multiple approaches to divest, these components of our business.**

We periodically refresh our list of potential acquirers for each Object of Sale and have considered multiple approaches to divesting the Objects of Sale, such as an IPO or sale, in order to support and sustain our divestiture strategies.

We carefully considered potential acquirers based in the United States and internationally, including large international banks, foreign banks, regional banks, asset managers and card processors. The suitability of these potential acquirers was evaluated across multiple dimensions, including scale, strategic fit, business fit, financial fit and regulatory considerations. We also constructed detailed case examples for a range of potential acquirers, which provide a specific rationale for the acquisition, including potential synergies.

Many of our Objects of Sale are candidates for being acquired by a third-party buyer 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 options are pursued until a critical decision point. 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 a spin-off provides additional optionality when market conditions or other external factors are challenging. Potential spin-offs may also be value maximizing depending on market appetite and valuations.

#### **We are prepared to quickly divest each one of these Objects of Sale.**

In addition to improving optionality by identifying Objects of Sale and multiple potential acquirers and divestiture strategies for each, we have other initiatives that have strengthened our divestiture readiness under a wide variety of scenarios.

#### **Framework for Determining Divestiture Approach.**

We have a framework to help us choose an approach to divestiture in a crisis, including during a recovery or resolution event. This framework takes into account the

nature of the crisis and market conditions so that an Object of Sale would be divested in a way that is both timely and orderly and preserves the value of the business component being sold.

**Divestiture Playbooks.** We continue to leverage the knowledge of internal business stakeholders and subject-matter experts to maintain tailored Divestiture Playbooks that collectively provide a tangible, comprehensive roadmap to divest the Objects of Sale. The Divestiture Playbooks provide a detailed road map to divest each Object of Sale, including: (1) an overview and valuation of the Object of Sale under different market conditions, including an estimate of the capital and liquidity impact of the divestiture; (2) a detailed discussion of the Object of Sale's marketability; (3) potential obstacles to separation and mitigants that would be pursued in divestiture; and (4) realistic execution time frames and descriptions of required actions to execute the sale or IPO/spin-off of the Object of Sale.

**Data Rooms.** We have the capability to populate in a timely manner and make available electronic data rooms with information pertinent to a potential divestiture. The information will significantly accelerate typical divestiture timelines because it can be used in due diligence, marketing and underwriting in connection with a sale or IPO.

As a result of these initiatives, if a recovery or resolution scenario occurs, we will be able to quickly and efficiently (1) determine the most appropriate Objects of Sale, (2) determine the best divestiture strategies for those Objects of Sale, given the specific conditions at the time and (3) execute those divestiture strategies. We have executed upon a number of divestitures since the financial crisis, while continuing to strategically acquire businesses. The experience of undertaking these transactions continually refines our capability to value and divest our Objects of Sale in a variety of situations including resolution. We believe that our existing framework around divestiture readiness supports the successful execution of our resolution strategy under a wide range of failure scenarios and different market conditions and thereby enhances our flexibility and optionality in resolution.

### **We maintain capabilities to manage and wind down our derivatives portfolio and prime brokerage activities in resolution.**

Certain contractual terms contained in financial contracts, such as derivatives, can pose a material impediment to the orderly and rapid resolution of major financial institutions.

The firm adheres to the ISDA Protocols and related jurisdictional modules, in order to protect our Key Operating Entities from a closeout of their derivatives contracts and other Qualified Financial Contracts covered by these protocols following the bankruptcy of JPMC.

We continue to maintain a plan to execute our derivatives wind-down strategy in resolution, and analyze this on a regular basis. We have a comprehensive framework of control and oversight policies and processes, reporting capabilities, and booking model documentation.

We have established capabilities for segmentation and exit costs, and conduct analyses on ease of exit and operational costs associated with the wind-down of our derivative and trading portfolios. A sensitivity analysis is also applied to assumptions affecting derivatives-related costs and liquidity flows, with key drivers compared against baseline results under the Preferred Strategy. Our derivatives wind-down time horizon is 24 months and assumes for resolution planning purposes that the ISDA 2018 U.S. Resolution Stay Protocol is in effect for all counterparties. Capital and liquidity flows are also included in RCEN and RLEN.

We have the operational capacity to transfer prime brokerage accounts to other prime brokers in a timely and orderly fashion during financial stress. We also maintain robust capabilities to track and monitor risks associated with our derivatives trading, including on a legal entity basis.

### **Derivatives Capabilities**

- Adherence to ISDA Protocols and Jurisdictional Modular Protocol
- Comprehensive active wind-down analysis, and analysis of remaining portfolio
- Risk tracking and monitoring capabilities
- Operational capacity to transfer prime brokerage accounts
- Well-established derivatives booking practices that include control and oversight policies and processes, reporting capabilities and legal entity booking model documentation

We believe that these actions, taken together, have mitigated the risk that counterparty closeouts could occur in volumes large enough to undermine our rapid and orderly resolution.

### **Our legal entities are protected from derivatives closeouts in resolution.**

We are committed to implementing the principles set forth in the Financial Stability Board's "Key Attributes of Effective Resolution Regimes for Financial Institutions", including cross-border recognition of resolution measures. To achieve this, we ensure that contracts governed by foreign law are made compliant with local resolution stay requirements by means of bilaterally negotiated contractual language or adherence to the relevant protocol(s).

Currently, all JPMC Legal Entities in scope have adhered to the ISDA 2018 U.S. Resolution Stay Protocol. Substantially all of JPM Group's counterparties remediated their contracts in compliance with the US Qualified Financial Contracts, or QFC Stay Rules by the compliance date of January 1, 2020. The remainder were blocked from transacting in-scope QFCs with the JPM Group. Adhering parties represent substantially all of the notional and gross mark-to-market of JPM Group's third-party OTC derivatives transactions.

#### **We have a well-established approach to assess and conduct an orderly active wind-down of our derivatives and trading portfolio.**

We maintain and continually enhance a scenario in which our subsidiaries engaged in derivatives and trading activities pursue an active wind-down of these activities and exposures in order to estimate the financial and operational resources we would need to do so.

For purposes of these estimates, we assumed that we would actively wind-down nearly all of the significant derivatives activities and positions over a period of 24 months after our parent company enters bankruptcy proceedings. A small residual of positions that may take more time and effort to exit would remain, but we concluded that these would not be systemically important, and would be largely composed of longer-dated interest rate swaps and options.

We include the active unwind of our derivatives and trading portfolio in our resolution strategy, and regularly incorporate the estimated liquidity and capital impacts on specific entities into legal entity liquidity and capital frameworks.

#### **We can timely monitor the risks associated with our derivatives trading portfolio.**

Since 2019, and in response to Agency feedback, we have improved our capabilities to deliver inter-affiliate market risk reporting which, in the context of a parent company failure, would be essential to determine the level of exposures that exist between group entities.

We delivered on the required project in June 2020, meeting the timeline prescribed by the Agencies, and have formalized the governance and reporting model to support the process and incorporate this in the firm's broader enterprise-wide risk management framework.

While the 2019 Final Guidance has not been amended since its publication, we continue to review and refine our derivatives and trading capabilities in order to appropriately address market conditions and demands from counterparties that would be likely to occur during a resolution scenario, and to stabilize, wind-down and/or novate our derivatives portfolio in an orderly manner.

#### **We have the operational capacity to facilitate the orderly transfer of prime brokerage accounts to other prime brokers.**

We maintain a Prime Brokerage Account Transfer Playbook that sets out the specific steps by which we would timely and orderly transfer prime brokerage accounts to peer prime brokers. Our analysis and playbooks will enable our primary U.S. broker-dealer to, after our parent company files for bankruptcy, operate as usual in a reduced capacity, outside of our parent company's bankruptcy proceedings, and undergo a solvent wind-down, if needed.

Since the 2008 financial crisis, most of our prime broker clients no longer rely on a single prime broker and the prime broker market has become more competitive. By maintaining relationships with multiple prime brokers, also referred to as multiprime relationships, our clients have the ability to quickly transfer their positions from our primary U.S. broker-dealer to another prime broker. Moreover, the increase in competition in the prime broker market means that there are more competitors available to absorb customer outflows, thereby minimizing the risk that bulk transfers of prime brokerage positions could disrupt the market.

#### **We cooperate and coordinate with key stakeholders around the world so that they understand and support our Resolution Plan.**

As a global financial institution, JPMorgan Chase conducts business through entities located throughout the world. Our operating companies located outside of the United States are subject to oversight and regulation by foreign regulators. To minimize the risk that foreign regulators might act in a manner that impedes the successful implementation of our resolution plan through ring-fencing or other actions, our resolution strategy has been designed to encourage cooperation of foreign regulators during a resolution event and minimize incentives for taking unilateral actions.

First, our resolution strategy for key foreign entities of the firm either minimizes reliance on action by host jurisdiction authorities or assumes cooperation with foreign regulators in host jurisdictions only to the extent

cooperation is in the best interests, or not inconsistent with the interests, of local stakeholders.

Second, our resolution strategy supports foreign regulatory cooperation by ensuring, through the prepositioning of resources at Key Operating Entities, maintenance of a central buffer at IHC and execution of a secured Support Agreement that our foreign operating entities will remain fully capitalized under local law and have sufficient funding and liquidity so that they will not need to enter their own local proceedings.

Third, our resolution strategy includes advance planning and preparation, including advance confidential communications with foreign regulators to familiarize them with our strategy, before we expect we would have to use our resolution plan and during financial stress that could lead to our resolution. We believe that advance communication will enable foreign regulators to better understand how abstaining from ring-fencing our international subsidiaries or branches will preserve the value of local operations and achieve better outcomes for local creditors and stakeholders than if one of our foreign entities were cut off from the rest of the firm.

Fourth, we have a Crisis Management Communications Plan, which is designed to address communications to all relevant internal and external constituencies, including, among others, foreign regulators. To ensure that the Crisis Management Communications Plan is implemented at the appropriate points during a stress scenario, its implementation is linked to specific triggers that reflect our firm's financial condition. Our Crisis Management Communications Plan is designed to help us maintain close contact with U.S. and host country regulators throughout financial stress and engage in real-time coordination on recovery and resolution actions to implement our recovery and resolution plans successfully.

#### Communications and Coordination with Foreign Regulators

##### Today:

- set the groundwork for cooperation through extensive business as usual communications efforts to educate host-country regulators on our resolution plan
- maintain and update, as needed, a tailored Crisis Management Communications Plan that provides a guide to communications to key stakeholders, including foreign regulators, in recovery or resolution

##### In financial stress scenario:

- update and implement our Crisis Management Communications Plan to communicate and coordinate in real-time with foreign regulators

Although we have made these preparations, as a conservative measure, our resolution plan assumes soft ring-fencing, which is where foreign regulators limit transfers of assets between affiliates in resolution. Thus, although our resolution plan is designed to encourage cooperation by foreign regulators, it is also designed to work even if foreign regulators fail to fully cooperate and decide to restrict the activities or assets of our foreign operating companies.

We believe that by engaging our foreign regulators in our resolution planning and establishing a framework to maintain communication and coordination with our foreign regulators during a resolution scenario, we have significantly reduced the likelihood that our foreign regulators would engage in ring-fencing or otherwise act in a manner adverse to our resolution plan.

---

# FAQs

---

**TABLE OF CONTENTS**

**Scope of Our Resolution Plan**.....53

**Capital and Liquidity/Funding**.....56

**Governance Mechanisms and Triggers** .....57

**Critical Service Relationships**.....58

**Derivatives and Trading Activities**.....59

**Resolution Process**.....60

**International Stakeholder and Regulator Coordination**.....61

**Resolution and Recovery Planning—General**.....62

Defined terms are capitalized and may be found in the Glossary beginning on page 118.

## Scope of Our Resolution Plan

**Q. How are businesses designated as in-scope for purposes of our resolution plan?**

**A.** The Agencies' Final Resolution Plan Rule requires that our resolution plan focus on a subset of particularly important business lines—including associated operations, services, functions and support—the failure of which would result in a material loss of JPMorgan Chase's revenue, profit or franchise value. We have determined that our Corporate function and four principal operating segments—Consumer & Community Banking, Corporate & Investment Bank, Commercial Banking and Asset & Wealth Management—for which financial results are presented in the U.S. GAAP financial statements and, therefore, are described in our parent company's reports on Forms 10-K and 10-Q, fall within this subset of important business lines. Corporate and these four operating segments (referred to as lines of business) include 15 underlying component businesses (referred to as sub-lines of business), which we have determined also fall within this subset of important business lines. In total, 21 of our business lines have been designated as in-scope for our resolution plan.

**Q. How are operations designated as Critical Operations for purposes of our resolution plan?**

**A.** The Agencies' Final Resolution Plan Rule defines Critical Operations as operations, including associated services, functions and support, the failure or discontinuance of which would pose a threat to the financial stability of the United States. The Agencies have jointly designated certain of our operations as Critical Operations. Consistent with the Resolution Plan Rule, we established and implemented a process to evaluate and designate our Critical Operations. Our evaluation considered the markets and activities within which we operate, the significance of those markets and activities with respect to the financial stability of the United States, and our significance as provider. In designating our Critical Operations, we developed criteria designed to assess the impact of potential failure or discontinuance on markets, our clients, and JPMorgan Chase's own operations including our ability to execute our Preferred Strategy.

**Q. How are entities and/or branches designated as in-scope for purposes of our resolution plan?**

**A.** The Agencies' Final Resolution Plan Rule requires that our resolution plan focus on a subset of particularly important subsidiaries and foreign branches within the firm that are significant to the activities of one or more of our Critical Operations, lines of business or sub-lines of business or is financially or operationally significant to our resolution. We refer to these subsidiaries and branches as Material Legal Entities in our resolution plan, and as Key Operating Entities in this Public Filing.

To determine whether a legal entity or branch in our firm is a Material Legal Entity for purposes of our resolution plan, we consider the following quantitative and qualitative criteria.

Total Assets

Any direct or indirect operating subsidiary of our parent company that would be required, if it were a stand-alone, independent entity, to file a resolution plan under the Final Resolution Plan Rule will be designated as a Material Legal Entity.

---

For foreign branches of our main bank, JPMCB, any foreign branch that has greater than \$10 billion in total assets over the prior two fiscal years is designated as a Material Legal Entity.

#### Financial Importance to Lines of Business or Sub-Lines of Business

For operating entities (i.e., not for non-operating subsidiaries such as intermediate holding companies or pass-through entities), we consider the financial significance of the entities to lines of business or sub-lines of business. We look specifically to three financial metrics to determine an entity's financial significance to a line of business or sub-line of business: (1) total assets; (2) total revenue; and (3) total net income. For a limited number of entities, due to the nature of their activities, we consider assets under management or total liabilities instead of total assets for purposes of determining whether they are Material Legal Entities.

An operating entity will be designated as a Material Legal Entity if it satisfies either of the following criteria:

- two of the three financial metrics for the operating entity account for more than 10% of the total financial activity of a line of business or sub-line of business; or
- the operating entity needs to be designated as a Material Legal Entity to ensure that at least 75% of the financial metrics for each line of business and sub-line of business are covered by Material Legal Entities.

#### Importance to Critical Operations

For all entities, we consider the importance of the entities to our Critical Operations based on the following criteria:

- the entity provides greater than 10% of funding and liquidity to a Critical Operation;
- the entity employs greater than 10% of the headcount required to run a Critical Operation; or
- the entity executes greater than 10% of activity for one of the firm's key FMUs.

We also consider certain additional quantitative criteria for specific Critical Operations.

As a backstop, if designated Material Legal Entities do not account for at least 75% of the funding (together with third-party sources of funding), headcount, and payment, clearing and settlement activity for each Critical Operation, we consider designating additional entities as Material Legal Entities to meet the 75% threshold. We believe this backstop helps ensure that we, as required by the Agencies' implementing rule for section 165(d) of the Dodd-Frank Act, designate as Material Legal Entities all entities that are significant to a Critical Operation.

In addition to the quantitative criteria discussed above, we also consider qualitative criteria:

- as part of determining whether an additional entity should be designated to meet the 75% threshold, whether the absence of the entity would impede or disrupt the provision of a Critical Operation; and
- regardless of its size, whether the entity is essential to the provision of a Critical Operation. If the entity is essential, then it will be designated as a Material Legal Entity.

#### Importance to Derivatives Activities

Designated Material Legal Entities must represent the execution of at least 95% of notional and gross mark-to-market for all:

- external client-facing derivatives activities;
- interaffiliate derivatives activities; and
- interaffiliate derivatives activities between Material Legal Entities.

Material Legal Entities with derivatives portfolios are deemed to be material derivatives entities per the 2019 Final Guidance.

**Q. How often are entities and/or branches assessed to determine whether they should be designated as Material Legal Entities for the resolution plan and what is the associated governance?**

**A.** We assess entities to determine whether they should be designated as Material Legal Entities on a quarterly basis as part of our business as usual processes. This assessment involves both (1) the review of existing Material Legal Entities either to confirm or cease their designation, and (2) the evaluation of entities that are not currently designated as Material Legal Entities to determine whether they should be so designated. As part of our assessment, we consider prior-quarter-end financial data, as well as additional inputs from Corporate Treasury and lines of business, as required by our MLE designation criteria.

This quarterly assessment process is subject to significant oversight by senior management. We have established a governance forum that meets on a quarterly basis to review the results of our quarterly MLE designation assessment with the JPMorgan Chase Recovery and Resolution Executive. To ensure that relevant resolution and recovery planning individuals are kept abreast of changes to MLE designation, we make sure that, as appropriate, key decisions regarding MLE designations are disseminated to existing resolution and recovery planning governance bodies following the quarterly governance forums and changes to MLE designations are reflected in our management information systems. In addition, when a legal entity change occurs (i.e., is eliminated or created), the impact on the MLE designation is considered.

**Q. Do changes in Material Legal Entities require changes to the resolution strategy?**

**A.** Our preferred Single Point of Entry resolution strategy does not change even if we identify new Material Legal Entities. This is also the case if we de-designate a former Material Legal Entity (for example, by merging it into another Material Legal Entity). Such changes to our structure may lead to changes in how resources are maintained or to operational updates to account for the fact of the changes, but they do not have a material effect on our overall resolvability or resolution plan.

---

## Capital and Liquidity/Funding

---

**Q. When and how are resources calculated?**

**A.** We have implemented a process whereby capital and liquidity resources at our Key Operating Entities are calculated and monitored on a regular, ongoing basis (in some cases daily). These calculations are based on how much capital and liquidity each of our Key Operating Entities requires for business as usual purposes and to successfully execute our resolution strategy, should the need arise. We use conservative forecasts of losses in a resolution scenario to calculate the amount of capital each of our Key Operating Entities requires to remain solvent and maintain market confidence while our parent company is resolved. With respect to liquidity, we: (1) calculate the minimum operating liquidity, including intraday liquidity needs, needed at each Key Operating Entity in order for that entity to meet its obligations; and (2) conservatively forecast the maximum liquidity, or peak funding need, required at each Key Operating Entity in order for that entity to stabilize while our parent company is resolved.

---

**Q. What are examples of intercompany frictions?**

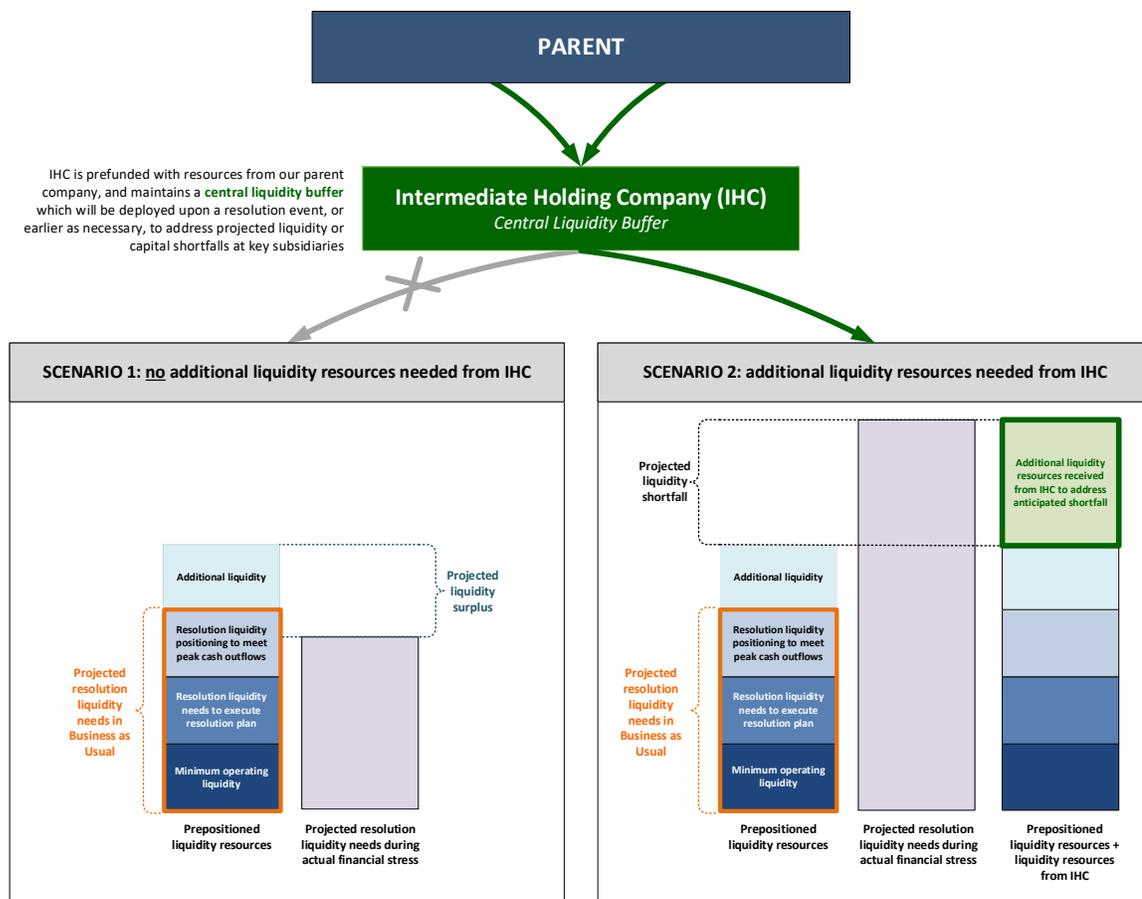
**A.** An intercompany friction is anything that could limit the free flow of capital or liquidity to Key Operating Entities. A basic example of a friction is tax—if we wanted to send \$80 to an entity and there was a 20% tax on the transfer, then the tax friction would mean that we need to have \$100 available in order to provide the \$80 ( $\$100 - 20\% \text{ in taxes} = \$80$ ). An example of a regulatory friction would be the need to obtain a regulatory approval to move financial resources to an entity, which could delay the timely receipt of capital and/or liquidity support. An example of a jurisdictional friction is the risk that a foreign regulator will restrict a local operating entity from using its excess financial resources to support other operating entities (a practice commonly referred to as ring-fencing). To reduce or eliminate potential intercompany frictions, we maintain an appropriate balance of projected resolution liquidity and capital resources at all of our Key Operating Entities and centralized unallocated resources at our IHC Central Buffer.

---

**Q. How are capital and liquidity resources located at IHC deployed in resolution?**

**A.** Figure 13 illustrates how liquidity resources located at IHC could be deployed in resolution.

Figure 13. How Liquidity Resources Could Be Deployed in Resolution



## Governance Mechanisms and Triggers

**Q. What are examples of circumstances that constitute a “trigger” and how is that determined?**

**A.** Certain triggers are tied to projected capital and liquidity needs to successfully implement our Single Point of Entry strategy. Triggers are used to escalate critical information to key decision makers and initiate governance processes in our firm so that they can take appropriate and timely action throughout the various stages of stress/recovery and resolution (Business as Usual, Stress Period, Recovery Period, Filing Preparation Period, Resolution Weekend and the Post-Resolution Event Period). These triggers, referred to as Stage Triggers, are based on the financial condition of the firm as a whole and are tied to indicators of the firm’s health, such as certain regulatory requirements. If the firm’s condition deteriorates below a certain regulatory metric or threshold, then a Stage Trigger would move the firm further along in the stages.

---

**Q. Are separate triggers determined for each Key Operating Entity?**

**A.** Stage Triggers are determined for the firm as a whole. We have developed for each Key Operating Entity specific capital and liquidity triggers.

---

## Critical Service Relationships

---

**Q. How are contracts with vendors and third parties handled in resolution?**

**A.** We have, where necessary, revised the terms of the contracts we have with vendors and other third parties so that the Critical Shared Services provided to our Key Operating Entities cannot be terminated solely because of the failure of our parent entity, as is contemplated in our resolution plan. In particular, contracts that contain termination rights and change-of-control clauses that could impede our resolvability have been amended to remove those provisions and to allow us to transfer or assign the contract in a resolution event. New contracts with any entity in our firm will also incorporate these resolution and divestiture-friendly provisions. In addition, our frameworks of liquidity needed for resolution take into account the payments our Key Operating Entities would need to continue to make to vendors and other third parties in order to continue to receive services in a resolution scenario. So, when we talk about being prepositioned, that includes prepositioning to continue to pay for services.

---

**Q. What arrangements are in place to support interconnected operations within the firm during resolution?**

**A.** Our intragroup Critical Shared Services are supported by structures and features (legal and financial) to support their continuity and minimize complications during a resolution scenario. Under our resolution strategy, Key Operating Entities can continue to provide Critical Shared Services to each other because all these entities, other than our parent company, remain funded and continue to operate without being placed in resolution proceedings. In order to further support the continuity of our Critical Shared Services in a resolution scenario, we have taken, or plan to take, the following additional actions to support our Critical Shared Services:

- we have structured our firm so that nearly all of the Critical Shared Services are provided by the JPMCB Bank Chain, all of which will continue to operate through the Resolution Period;
- our Key Operating Entities are party to intragroup servicing and licensing agreements with resolution-appropriate provisions so that they can continue to pay for and receive Critical Shared Services during resolution;
- for Critical Shared Services provided by our Objects of Sale, to the extent necessary we are prepared to enter into transition services agreements at the time of the sale or divestiture so that our other Key Operating Entities can continue to receive Critical Shared Services in resolution; and
- in the event a Key Operating Entity needs to be wound down, other entities within our firm have the capabilities and stand ready to continue providing the Critical Shared Services previously provided by the wound-down entity.

---

---

## Derivatives and Trading Activities

---

**Q. How do you estimate the resolution costs of unwinding your derivatives and trading activities portfolio?**

**A.** Although some positions are expected to close during the filing preparation period, for purposes of estimates, the active wind-down of the derivative positions would, at a high level, be accomplished in the following three ways:

- **Terminated Trades.** In line with the Agencies' guidance, the ISDA Protocols are assumed to be in place and effective for counterparties of the firm.
- **Maturing Trades.** Positions with maturity of less than 24 months (with the exception of Prime Brokerage and Global Clearing, which are novated) are assumed to mature without being renewed.
- **Novated Trades.** Most of the positions with maturities greater than 24 months are assumed to be packaged and sold (novated) to other dealers active in the market.

We further segment our derivatives portfolio based on input from subject-matter experts, using dimensions such as product, currency, counterparty type and region, to develop novation packages. For each of these segments, we estimate the price that could be realized in stressed markets. We maintain a business as usual process for refreshing wind-down results and analysis on a quarterly basis. Our modeling of a derivatives wind-down over 24 months assumes (per the 2019 Final Guidance) that the 2018 ISDA U.S. Resolution Stay Protocol is in effect for all counterparties.

Based on our orderly active wind-down analysis, we have:

- modeled that we can successfully unwind substantially all of our derivatives portfolio over a 24-month period;
- estimated costs of rehedging or replacing risk, under the assumption that all hedges must be executed with exchange-traded or centrally-cleared instruments; and
- estimated the positions remaining after 24 months, and determined that these positions are not systemically important.

---

**Q. What do the ISDA Protocols do?**

**A.** The ISDA Protocols each, among other things, override cross-default rights that arise under certain Qualified Financial Contracts when a parent company that provides a guarantee or credit support for the Qualified Financial Contracts files for Chapter 11 bankruptcy, if one of the following two sets of conditions is met:

- the parent company's obligations under the guarantees are transferred to (1) an unaffiliated third-party or (2) a company organized to hold the parent's assets in connection with the parent's bankruptcy proceedings for the benefit of the bankruptcy estate, but that is not controlled by the parent company, its creditors or its affiliates; or
  - the bankruptcy court elevates legal claims based on the parent company's Guarantee Obligations to a certain priority status in the parent's bankruptcy case.
-

One of the two sets of conditions above must be satisfied by the later of 48 hours, or 5:00 p.m. on the first business day, after the parent company files for bankruptcy.

**Q. What do the Qualified Financial Contracts Stay Rules do?**

**A.** The U.S. banking regulators adopted the Qualified Financial Contracts Stay Rules to facilitate the orderly reorganization or resolution of systemically important financial institutions like our firm. The Qualified Financial Contracts Stay Rules require entities covered by the rules, referred to as Covered Entities, to amend Qualified Financial Contracts to:

- include an express recognition of the statutory stay-and-transfer powers of the FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Act, and
- override any cross-default rights based, directly or indirectly, on an affiliate's entry into bankruptcy or resolution proceedings, as well as any restrictions that could impede the transfer in resolution of guarantees or other enhancements of Qualified Financial Contracts furnished by an affiliate.

JPMC and, subject to certain minor exceptions, all of its subsidiaries are Covered Entities under the Qualified Financial Contracts Stay Rules.

## Resolution Process

**Q. How does the Single Point of Entry strategy support the wind-down of an entity and its operations (as opposed to an entity being stabilized and continuing and/or being divested)?**

**A.** Our Single Point of Entry strategy is designed so that all of our Key Operating Entities would have access to sufficient capital and liquidity support to carry out the strategy for that specific entity. This means, for example, that an entity which would be wound-down under the strategy has sufficient resources to orderly close out transactions, to retain essential employees and to meet all obligations as they come due while it is being wound down.

**Q. Why would “problem” entities that contributed to the failure of the organization be supported?**

**A.** Our resolution strategy is a value-preserving strategy, designed to ensure the continuity of Critical Operations, and to maximize the benefit for our parent company's creditors in the event it files for bankruptcy. As such, all of our Key Operating Entities, including any potential problem entities that may have contributed to the failure of the organization, are provided support in order to remain as solvent, going concerns throughout resolution. We would expect, however, that senior management of any so-called problem entities would have to take responsibility and be replaced, and the cause of any “problem” would be remediated.

---

**Q. Why do you believe there will be willing buyers of your Objects of Sale in a resolution scenario?**

**A.** We have conducted detailed reviews of potential acquirers and their ability and appetite to purchase our Objects of Sale in a resolution scenario. 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, we expect each Object of Sale to have multiple, diverse and not necessarily overlapping potential buyers.

---

### **International Stakeholder and Regulator Coordination**

---

**Q. How can you assume cooperation and coordination with key international stakeholders?**

**A.** We designed our resolution strategy to minimize or eliminate the need for global regulatory cooperation by having only our parent company enter resolution proceedings in the United States, while our Key Operating Entities receive necessary capital and liquidity support and continue as going concerns under a trust insulated from the resolution process. This means that the only necessary actions by foreign regulators generally are processing of or approving the indirect change in control to the trust. Because moving the Key Operating Entities under a trust enables them to continue providing services to local clients, depositors or other stakeholders without interruption, and the entities will have sufficient capital and liquidity to meet local regulatory and other obligations, those actions are aligned as closely as possible with local regulatory concerns and goals of home-country financial stability and encourage, to the extent required, global regulatory cooperation.

---

---

**Q. How have you prepared for Brexit?**

**A.** The U.K.'s departure from the EU, which is commonly referred to as "Brexit," was completed on December 31, 2020. The U.K. and the EU have entered into a Trade and Cooperation Agreement which delineates many significant aspects of the future relationship between the U.K. and the EU. However, the agreement contained very limited provisions relating to cross-border financial services, and the U.K. and the EU are expected to engage in further negotiations concerning financial services. The firm has executed and continues to execute on its firmwide Brexit Implementation program, which encompasses a strategic implementation plan across all impacted businesses and functions, including an ongoing assessment of political, legal and regulatory and other implementation risks. A key focus of the program has been to ensure continuity of service to the firm's EU clients in the following areas: regulatory and legal entities; clients; and business and operations.

*Regulatory and legal entities*

The firm's legal entities in Germany, Luxembourg and Ireland are now licensed to provide and are providing services to the firm's EU clients, including through a branch network covering locations such as Paris, Madrid and Milan. Subject to limited exceptions, the firm's U.K.-based legal entities are no longer permitted to transact business from the U.K. with EU clients.

*Clients*

Agreements covering substantially all of the firm's EU client activity have been re-documented to EU legal entities to facilitate continuation of service. The firm continues to actively engage with those clients that have not completed re-documentation or required operational changes.

*Business and operations*

The COVID-19 pandemic introduced additional risk to the firm's Brexit Implementation program, particularly in relation to staff relocations. As a result, the firm has worked closely with regulators and employees to ensure that critical staff are relocated in a safe and timely manner so that the firm can meet its regulatory commitments and continue serving its clients. Further relocations are planned for 2021, and the firm's longer-term EU staffing strategy will be developed over time in cooperation with its regulators and as the post-Brexit market landscape evolves in order to ensure that the firm maintains operational resilience and effective client coverage.

---

## Resolution and Recovery Planning—General

---

**Q. What resources has the firm dedicated to resolution planning?**

**A.** Over the last several years, we have devoted considerable resources in order to embed operational, financial and legal considerations related to resolution and recovery planning into our business as usual decision-making and management of the firm.

**Q. How does the firm's resolution plan differ**

**A.** The focus of a traditional corporate bankruptcy is on maximizing the amount of recovery for creditors. By insulating all of our Key Operating Entities from resolution proceedings, our Single Point of Entry strategy is a highly effective

---

---

**from a traditional corporate bankruptcy?**

way to preserve the value of our enterprises for the benefit of our parent company's creditors. Preservation of value is not, however, the sole focus of our resolution plan.

A significant focus of our resolution plan is on facilitating the orderly and timely resolution of JPMorgan Chase in a manner that does not threaten the rest of the U.S. financial system and does not require U.S. taxpayer support. To this end, our resolution plan is designed to: (1) limit financial contagion and disruptive knock-on effects; (2) ensure the continuity of Critical Operations; (3) minimize the risk of adverse counterparty actions; (4) minimize deposit attrition; (5) reduce or eliminate the need for cooperation by non-U.S. regulators; and (6) ensure that creditors and shareholders—not taxpayers—bear any losses. In addition, under our resolution plan, senior management and culpable personnel will be held responsible for their role in the firm's failure to the extent appropriate. In this sense, resolution is the same as bankruptcy in any other industry.

---

**Q. What was the Agencies' feedback on our 2019 Submission?**

**A.** In a December 2019 letter, the Agencies noted meaningful improvements over our prior resolution plan submissions and did not identify shortcomings or deficiencies in the 2019 Submission. They did note areas in which we should continue to improve our resolution capabilities and requested updates during 2020 regarding certain in-progress initiatives including our inter-affiliate market risk framework, RLEN capabilities, and flexibility in identifying and mapping critical shared services. This letter may be found here: [December 2019 Letter](#).

---

**Q. How have the regulations implementing the resolution planning requirements of section 165(d) of the Dodd-Frank Act changed since our last submission?**

**A.** In October 2019, the Agencies approved the Final Resolution Plan Rule which amended and restated the original 165(d) resolution planning rule. The Final Resolution Plan Rule established four categories of firms with different resolution planning requirements for each category—we meet the criteria for Category I firms. As a Category I firm, we are required to submit a resolution plan every two years, alternating between targeted and full plans. Our first plan under the Final Resolution Plan Rule is this 2021 Targeted Submission. As part of the 2021 Targeted Submission, the Agencies have requested an analysis of the firm's response to the COVID-19 pandemic.

---

**Q. What guidance is applicable to the 2021 Resolution Plan?**

**A.** The Final Resolution Plan Rule makes clear that the 2019 Final Guidance, including its scope and content, is not modified by the Final Resolution Plan Rule. The 2019 Final Guidance describes the Agencies' expectations regarding how firms are expected to address key vulnerabilities in resolution plans and updated and superseded prior guidance. The guidance may be found [here](#). Most significantly, the 2019 Final Guidance updated requirements related to payment, clearing and settlement activities as well as to derivatives and trading activities.

---

---

# Overview of JPMorgan Chase

---

TABLE OF CONTENTS

<b>Lines of Business .....</b>	<b>67</b>
Consumer & Community Banking.....	68
Corporate & Investment Bank.....	69
Commercial Banking .....	70
Asset & Wealth Management .....	70
Corporate .....	71
<b>Material Legal Entities .....</b>	<b>72</b>
<b>Financial Interconnectedness.....</b>	<b>75</b>
Sources of Funds .....	77
Deposits .....	77
Short-Term Funding .....	79
Long-Term Funding and Issuance .....	79
<b>Overview of Capital Management Policy .....</b>	<b>81</b>
Capital.....	81
Contingency Capital Plan .....	81
<b>Overview of Liquidity Management Policy .....</b>	<b>82</b>
Liquidity .....	82
Resolution Liquidity Adequacy and Positioning Framework.....	82
Contingency Funding Plan .....	83
<b>Liquidity Coverage Ratio and High-Quality Liquid Assets .....</b>	<b>84</b>
<b>Derivatives and Hedging Activities .....</b>	<b>86</b>
Description of Derivatives and Hedging Activities.....	86
Notional Amount of Derivative Contracts .....	87
<b>Operational Interconnectedness .....</b>	<b>89</b>
Material Legal Entity Operational Interconnectivity .....	89
Material Legal Entity Connectivity by Shared Services .....	92

TABLE OF CONTENTS (continued)

<b>Financial Market Utilities and Payment, Clearing and Settlement</b> .....	<b>95</b>
<b>Description of Management Information Systems</b> .....	<b>99</b>
Description of Material Management Information .....	99
Governance and Oversight.....	99
Credit Risk Monitoring and Management.....	99
Liquidity Management .....	99
Liquidity Risk Management.....	100
Liquidity Risk Oversight.....	100
Liquidity Risk Governance.....	100
Internal Stress Testing.....	100
Liquidity, Finance, Risk and Regulatory Management Reporting.....	101
Capital Management .....	101
Capital Risk Management .....	102
Capital Management Oversight .....	102
Capital Governance.....	102
Capital Planning and Stress Testing.....	103
<b>Key Regulators for JPMC and JPMCB</b> .....	<b>104</b>
<b>Principal Officers</b> .....	<b>105</b>
<b>Governance</b> .....	<b>106</b>
Resolution Planning Corporate Governance Structure and Processes.....	106

## Lines of Business

Defined terms are capitalized and may be found in the Glossary beginning on page 118.

JPMorgan Chase, a financial holding company incorporated under Delaware law in 1968, is a leading financial services firm based in the United States and has operations worldwide; JPMorgan Chase had \$3.4 trillion in assets and \$279.4 billion in stockholders' equity as of December 31, 2020. The firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. Under the J.P. Morgan and Chase brands, we serve millions of customers in the U.S. and many of the world's most prominent corporate, institutional and government clients.

For resolution planning purposes, JPMorgan Chase has identified "core business lines." Under the Final Resolution Plan Rule, 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." We have identified 21 core business lines, which we refer to as lines of business or sub-lines of business, which represent the firm's four principal business segments, as well as Corporate, and the 16 sub-segments that report into the segments that we believe satisfy the definition of core business line. Figure 14 sets out all of our lines of business and sub-lines of business, and Figure 15 illustrates the relative size of our five lines of business based on total assets and revenue.

The lines of business and sub-lines of business discussed in this Public Filing are core business lines identified solely for resolution planning purposes.

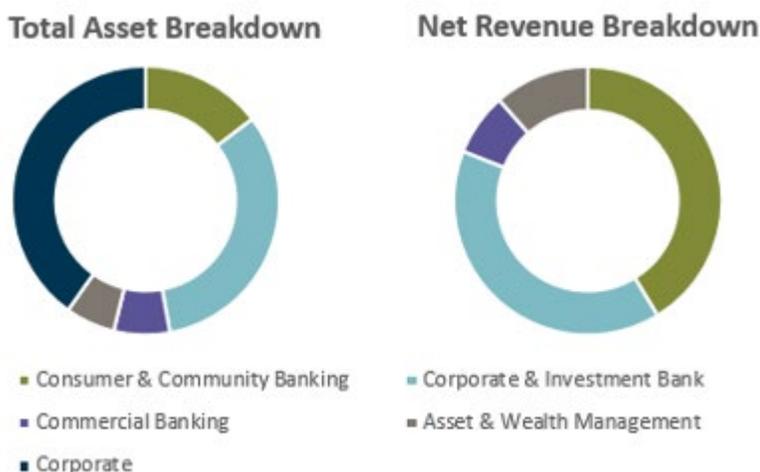
**Figure 14. Resolution Plan Lines of Business and Sub-Lines of Business**

Consumer & Community Banking	Corporate & Investment Bank	Commercial Banking	Asset & Wealth Management	Corporate
<ul style="list-style-type: none"> <li>◆ Consumer / Business Banking</li> <li>◆ Home Lending</li> <li>◆ Auto</li> <li>◆ Credit Card</li> </ul>	<ul style="list-style-type: none"> <li>◆ Fixed Income</li> <li>◆ Equities</li> <li>◆ Securities Services</li> <li>◆ Wholesale Payments</li> <li>◆ Global Investment Banking</li> <li>◆ Lending</li> </ul>	<ul style="list-style-type: none"> <li>◆ Middle Market Banking</li> <li>◆ Commercial Real Estate Banking</li> <li>◆ Corporate Client Banking</li> </ul>	<ul style="list-style-type: none"> <li>◆ Asset Management</li> <li>◆ Wealth Management</li> </ul>	<ul style="list-style-type: none"> <li>◆ Treasury and CIO</li> </ul>

In some circumstances, resolution sub-lines of business listed in this Public Filing might differ from JPMC's sub-segments discussed in the 2020 Form 10-K. In the first quarter of 2021, the Wealth Management business was

renamed Global Private Bank. For further details, please refer to page 80 in the 2020 Annual Report on Form 10-K.

Figure 15. Relative Sizes of the Lines of Business



### Consumer & Community Banking

Consumer & Community Banking, or CCB, offers services to consumers and businesses through bank branches, ATMs, digital (including mobile and online) and telephone banking. CCB is organized into Consumer / Business Banking (including Consumer Banking, J.P. Morgan Wealth Management and Business Banking), or CBB, Home Lending (including Home Lending Production, Home Lending Servicing and Real Estate Portfolios) and Card & Auto. CBB offers deposit and investment products, payments and services to consumers, and lending, deposit, and cash management and payment solutions to small businesses. Home Lending includes mortgage origination and servicing activities, as well as portfolios consisting of residential mortgages and home equity loans. Card & Auto issue credit cards to consumers and small businesses and originates and service auto loans and leases.

The following sub-segments within CCB have also been designated as sub-lines of business for resolution planning purposes.

#### Consumer / Business Banking

CBB includes deposit and investment products and services to consumers, and lending, deposit, and cash management and payment solutions to small businesses. These products generally are available through multiple distribution channels including approximately 5,000 bank

branches and almost 17,000 ATMs, as well as through telephone banking, online banking and mobile banking. CBB serves consumers through its branch and ATM network in the United States.

#### Home Lending

Home Lending consists of Home Lending Production, Home Lending Servicing and Real Estate Portfolios. Home Lending offers purchase and refinance home loans to first-time and experienced home buyers, helps customers access the equity in their homes, services residential mortgage loans and holds portfolios of residential mortgages.

Home Lending Production represents the mortgage origination business, including four origination channels, secondary marketing and production operations support.

Home Lending 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. Home Lending Support Services is a single utility of support functions that partner with each Home Lending business on project management, regulatory and business change management, employee communications, valuations, customer issue resolution and reporting.

Real Estate Portfolios consists of residential mortgage and home equity loans that JPMorgan Chase retains for investment purposes.

### Credit Card

Credit Card offers a wide variety of bankcard products to cater to the needs of multiple consumer and small business customer segments. On December 31, 2020, Credit Card acquired the Global Loyalty business, or cxLoyalty, of cxLoyalty Group Holdings. This includes cxLoyalty's technology platforms, full-service travel agency, and gift card and merchandise services.

### Auto

Auto provides auto loans and leases to consumers, primarily through the purchase of retail installment sales contracts, through a national network of automotive dealers. Auto also provides commercial and real estate loans to auto dealers.

## Corporate & Investment Bank

The Corporate & Investment Bank, which consists of Banking and Markets & Securities 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, merchants, 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 Wholesale Payments, which provides payments services enabling clients to manage payments and receipts globally, and cross-border financing.

Markets & Securities Services includes Markets, a global market-maker across products, including cash and derivative instruments, which also offers sophisticated risk management solutions, prime brokerage, and research. Markets & Securities 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 have been designated as sub-lines of business for resolution planning purposes.

### Markets & Securities Services

#### Fixed Income

Fixed Income is active across credit, rate, currency and securitized product markets and includes the following segments: Global Rates & Rates Exotics; Currencies & Emerging Markets; Commodities; Credit Trading & Syndicate; Global Credit Correlation; Global Securitized Products; Public Finance; Fixed Income Financing; Sales & Marketing; and Fixed Income Research.

#### Equities

Equities provides equity solutions to corporate, institutional and hedge fund clients, distributors, private investors and broker-dealers worldwide. Solutions provided 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. Equities also provides derivatives and OTC Clearing services in an agency capacity to external and internal clients and non-cleared OTC derivative intermediation services. Prime Finance offers a comprehensive range of financing, clearing, settlement and trade execution services to hedge funds across the world.

#### Securities Services

Securities Services is a global service provider for institutional investors. Securities Services offers settlement, safekeeping, and asset servicing, along with fund accounting and administration, agent lending, collateral management and related services.

### Banking

#### Wholesale Payments

Wholesale Payments comprises three businesses: Treasury Services, Merchant Services and Global Trade and Loan Products. The Treasury Services business is a full-service provider of cash management, liquidity, escrow services and electronic financial services. Merchant Services primarily processes transactions for merchants. Trade Finance includes loans tied directly to goods crossing borders, export/import loans, commercial and standby letters of credit, bank guarantees and supply chain finance and collections.

### Global Investment Banking

Global Investment Banking provides advisory, full-service capital raising, credit solutions and risk management solutions to help clients achieve their financial objectives.

### Lending

The Lending business provides traditional credit products, including loans and revolving commitments to CIB Banking clients globally.

### Commercial Banking

---

Commercial Banking, or CB, provides comprehensive financial solutions, including lending, wholesale payments, investment banking and asset management products across three primary client segments: Middle Market Banking, Corporate Client Banking and Commercial Real Estate Banking.

CB product revenue consists of the following:

**Lending** includes a variety of financing alternatives, which are primarily provided on a secured basis; collateral includes receivables, inventory, equipment, real estate or other assets. Products include term loans, revolving lines of credit, bridge financing, asset-based structures, leases, and standby letters of credit.

**Wholesale payments** includes revenue from a broad range of products and services that enable CB clients to manage payments and receipts, as well as invest and manage funds.

**Investment banking** includes revenue from a range of products providing CB clients with sophisticated capital-raising alternatives, as well as balance sheet and risk management tools through advisory, equity underwriting, and loan syndications. Revenue from Fixed Income and Equity Markets products used by CB clients is also included.

**Other** product revenue primarily includes tax-equivalent adjustments generated from Community Development Banking activities and certain income derived from principal transactions. The following sub-segments within Commercial Banking have been designated as sub-lines of business.

### Middle Market Banking

Middle Market Banking covers small and mid-sized companies, local governments and nonprofit clients. Middle Market Banking provides comprehensive financial solutions, including lending, wholesale payments, investment banking and other products. Middle Market Banking predominantly operates in the United States and Canada.

### Corporate Client Banking

Corporate Client Banking covers large corporations. Corporate Client Banking provides comprehensive financial solutions, including lending, wholesale payments, investment banking and other products. Corporate Client Banking predominantly operates in the United States and Canada and is currently expanding in Europe and Asia-Pacific.

### Commercial Real Estate Banking

Commercial Real Estate Banking covers investors, developers, and owners of multifamily, office, retail, industrial and affordable housing properties. Commercial Real Estate Banking provides comprehensive financial solutions, including lending, wholesale payments, investment banking and other products. Commercial Real Estate Banking predominantly operates in the United States.

### Asset & Wealth Management

---

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

The following sub-segments within Asset & Wealth Management have been designated as sub-lines of business for resolution planning purposes.

### Asset Management

Asset Management provides comprehensive global investment management services and products globally across multiple asset classes to retail investors and institutional clients.

### Wealth Management

Wealth Management offers investment advice and wealth management services, including investment management, capital markets and risk management, trust and estate planning, banking, lending, custody, mortgage, and specialty wealth advisory services.

## Corporate

The Corporate segment consists of Treasury and Chief Investment Office, or T/CIO, and Other Corporate, which includes corporate staff functions and expense that is centrally managed. Treasury and CIO is predominantly responsible for measuring, monitoring, reporting and managing the firm's liquidity, funding, capital, structural interest rate and foreign exchange risks. The major Other Corporate functions include Real Estate, Global Technology, Legal, Compliance, Conduct, and Operational Risk, or CCOR, Corporate Finance, Human Resources, Internal Audit, Risk Management, Control Management, Corporate Responsibility and various Other Corporate groups.

The following sub-segment within Corporate has been designated as a sub-line of business for resolution planning purposes.

### Treasury and CIO

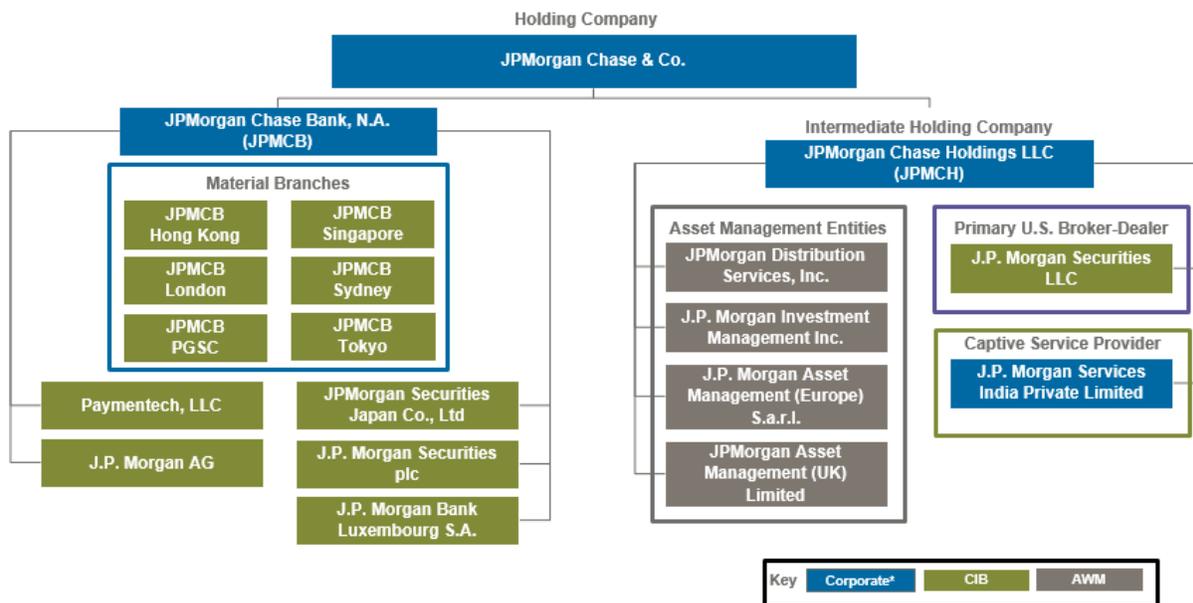
Treasury and CIO is predominantly responsible for measuring, monitoring, reporting and managing the firm's liquidity, funding, capital structural interest rate and foreign exchange risks. The risks managed by Treasury and CIO arise from the activities undertaken by the firm's four major reportable business segments to serve their respective client bases, which generate both on- and off-balance sheet assets and liabilities.

# Material Legal Entities

Under the Final Resolution Plan Rule, a “material entity” is “a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line, or is financially or operationally significant to the resolution of the covered company” For resolution planning purposes, we have identified 20 material entities, which we refer to as Material Legal

Entities, including 14 that are legal entities and six that are branches. The Material Legal Entities and their organizational structure are set out in Figure 16, which reflects the MLE structure on June 30, 2021. Figure 17 and Figure 18 describe the jurisdiction, chain of ownership and entity type for each Material Legal Entity.

**Figure 16. Material Legal Entities (as of June 30, 2021)**



**Notes:**  
 An MLE is a subsidiary or branch 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.  
 \* MLEs designated as Corporate include JPMCH, JPMISPL and lead bank JPMCB which supports all lines of business. Their MLE plans are prepared by the Corporate line of business.

Figure 17. Jurisdiction, Chain of Ownership and Entity Type for Each Material Legal Entity (as of December 31, 2020)

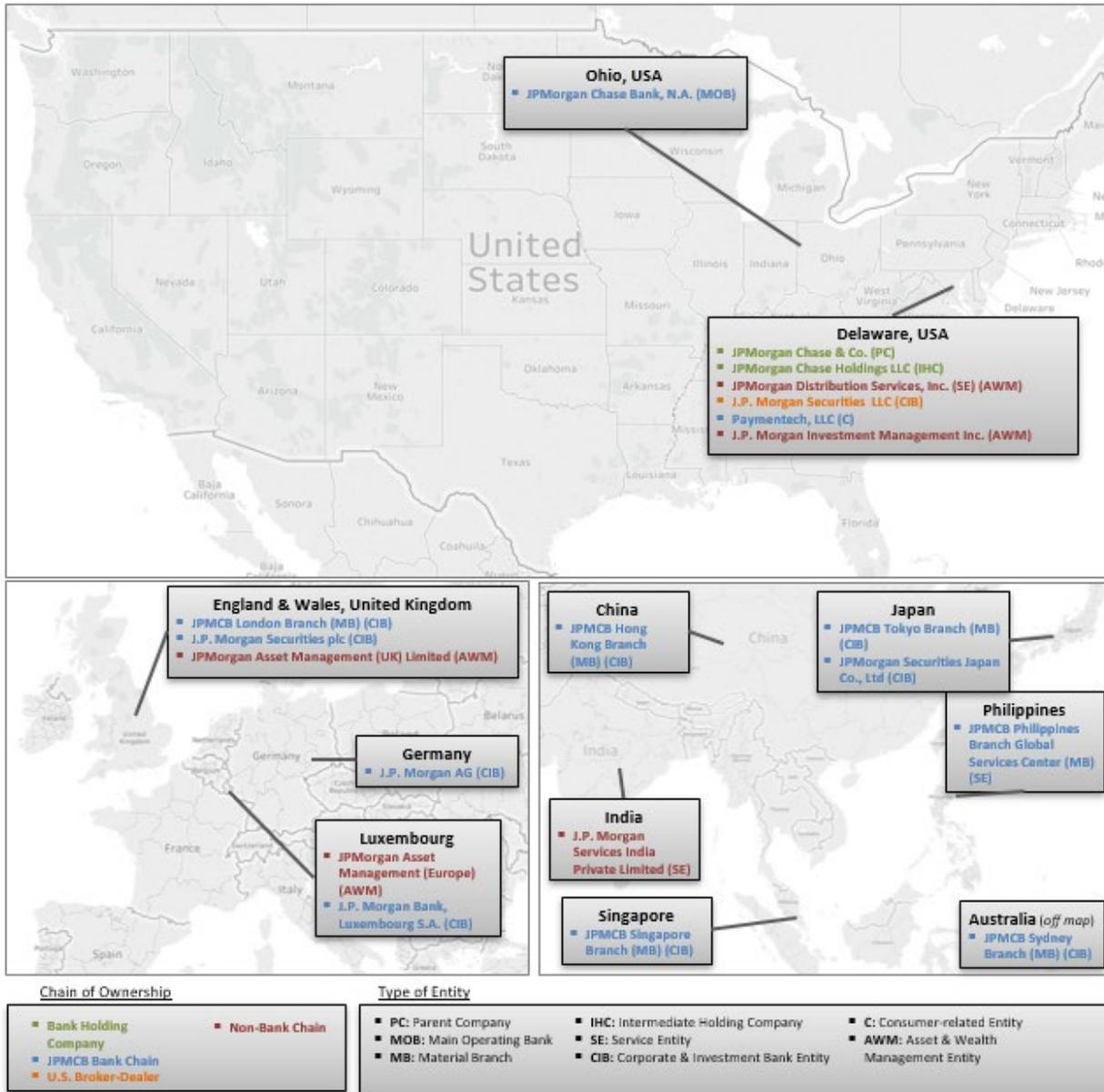


Figure 18. Material Legal Entities (as of December 31, 2020)

Entity Name	Description
JPMC	The Company is the top-tier financial holding company and is subject to supervision by the Federal Reserve Board.
JPMCH	Wholly owned subsidiary of JPMC. This entity is the holding company for non-JPMCB subsidiaries.
JPMCB	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	London is a material foreign branch of JPMCB.
JPMCB Hong Kong Branch	Hong Kong is a material foreign branch of JPMCB.
JPMCB PGSC	Philippines is a material foreign branch of JPMCB.
JPMCB Singapore Branch	Singapore is a material foreign branch of JPMCB.
JPMCB Sydney Branch	Sydney is a material foreign branch of JPMCB.
JPMCB Tokyo Branch	Tokyo is a material foreign branch of JPMCB.
JPMSIPL	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.
JPMDS	The U.S. distributor and shareholder servicing agent for JPMorgan’s mutual funds.
JPMAG	A fully licensed bank that manages Euro clearing for the Firm worldwide, among other activities.
JPMSJ	A registered broker-dealer and investment advisor.
JPMS LLC	A registered U.S. broker-dealer, investment advisor and futures commission merchant. It is the Firm’s primary broker-dealer in the U.S.
JPMS plc	The principal investment banking entity in EMEA. Its activities include underwriting, trading, brokerage, advisory and prime services.
Paymentech	The Firm’s primary merchant processing entity in the U.S.
JPMAME	The primary fund management and distribution entity for the Luxembourg mutual fund range.
JPMAMUK	The primary U.K. investment advisory entity within J.P. Morgan Asset Management.
JPMIM	The primary U.S. investment advisory entity within J.P. Morgan Asset Management.
JPMBL	A wholly owned indirect subsidiary of JPMCB that historically has been aligned to the Corporate & Investment Bank and is the largest custodian of Luxembourg.

## Financial Interconnectedness

### Parent holding company and subsidiary funding

The vast majority of our interaffiliate funding is coordinated through two Material Legal Entities: IHC and JPMCB. JPMC issues debt and equity securities into the capital markets and uses the proceeds to capitalize JPMCB and IHC. JPMCB funds its banking activities as well as those of its subsidiaries, branches and bank affiliates. On a going-concern basis, IHC provides funding support to JPMCB and nonbank subsidiaries, including JPMS LLC, through either equity and debt investments and placements.

Our use of a centralized funding framework is designed to optimize liquidity sources and uses, and to ensure flexibility firmwide so that we can allocate liquidity when and wherever it may be needed. This centralized framework, by design, creates a degree of financial interconnectedness between the firm's Material Legal Entities, in particular between top level MLEs (IHC and JPMCB) and their subsidiaries. Figure 19 sets out, for each MLE, meaningful relationships of financial interconnectedness which exist beyond equity investment and ordinary banking services.

Figure 19. Interaffiliate Funding (as of December 31, 2020)

Material Legal Entity	Primary Interaffiliate Financial Transaction Counterparties																			
	JPMC	JPMCH	JPMCB	JPMCB Hong Kong Branch	JPMCB Tokyo Branch	JPMCB London Branch	JPMCB Singapore Branch	JPMCB Sydney Branch	JPMS plc	JPMSJ	JPMBL	JPMS LLC	JPMAG	JPMCB PGSC	JPMSIPL	Paymenttech	JPMDS	JPMIM	JPMAME	JPMAMUK
JPMC	✓																			
JPMCH		✓																		
JPMCB			✓						✓			✓				✓				
JPMCB Hong Kong Branch				✓		✓														
JPMCB Tokyo Branch				✓	✓					✓										
JPMCB London Branch				✓		✓														✓
JPMCB Singapore Branch				✓		✓														
JPMCB Sydney Branch				✓		✓	✓													
JPMS plc				✓		✓						✓								
JPMSJ					✓	✓			✓											
JPMBL						✓														
JPMS LLC		✓	✓																	
JPMAG						✓														
JPMCB PGSC																				
JPMSIPL																				
Paymenttech				✓																
JPMDS																				
JPMIM																				
JPMAME																				
JPMAMUK																				

The firm's Material Legal Entities obtain capital and funding resources on both an intercompany basis, as well as through public and private issuances of debt and equity instruments to third parties. Additionally, certain of the Material Legal Entities raise funding through the

financing of debt and equity securities. Figure 20 highlights the sources of third-party and intercompany capital and funding sources by Material Legal Entity as of December 31, 2020.

Figure 20. Capital and Funding Resources (as of December 31, 2020)

Material Legal Entity	Third-Party			Intercompany		
	Deposits	Debt	Equity Capital	Deposits	Debt	Equity Capital
JPMC		✓	✓		✓	
JPMCH					✓	✓
JPMCB	✓	✓		✓	✓	✓
JPMCB London Branch	✓	✓		✓	✓	
JPMCB Hong Kong Branch	✓	✓		✓	✓	
JPMCB PGSC						
JPMCB Singapore Branch	✓	✓		✓	✓	
JPMCB Sydney Branch	✓	✓		✓	✓	
JPMCB Tokyo Branch	✓	✓		✓	✓	
JPMSIPL						✓
JPMDS						✓
JPMAG	✓	✓		✓	✓	✓
JPMBL	✓			✓		✓
JPMSJ					✓	✓
JPMS LLC		✓			✓	✓
JPMS plc	✓	✓		✓	✓	✓
Paymentech					✓	✓
JPMAME						✓
JPMAMUK						✓
JPMIM					✓	✓

### Interaffiliate Derivative Transactions

JPMCB, through its branches, acts as the primary centralized hedge counterparty for interaffiliate derivative transactions within JPMorgan Chase. Transactions entered into between JPMCB's branches and JPMorgan Chase affiliates are documented under standard ISDA Master Agreement contracts and include terms for collateralization between the parties, specified termination events and the closeout methodology to be applied in the event of a default. As part of its resolution planning process, JPMorgan Chase has removed cross-default provisions from all interaffiliate ISDA Master Agreements.

### Financial Interconnectedness in Resolution Event

At any point in time, including at the inception of a resolution event, various borrowings undertaken in the ordinary course will be outstanding between JPMorgan Chase entities. Such borrowings are recorded in the subsidiaries' books and records and captured within the firm's liquidity management systems. During a resolution event, as noted in the description of the firm's Contingency Funding Plan, action plans will be implemented to manage liquidity flow between entities, subject to limits and indicators and in compliance with legal, regulatory and operational restrictions, to optimize each entity's ability to meet its liquidity demands. JPMorgan Chase has outlined the steps that would be taken in the Hypothetical Resolution Scenario for the 2021 Targeted Submission with the Agencies, with detailed, substantiated assumptions. The 2021 Targeted Submission as submitted to the Agencies demonstrates the firm's ability to meet the required net funding outflows generated by the resolution event in compliance with the assumptions prescribed by the Agencies for purposes of the planning for the 2021 Targeted Submission.

### Sources of Funds

Management believes that the firm's unsecured and secured funding capacity is sufficient to meet its on- and off-balance sheet obligations.

The firm funds its global balance sheet through diverse sources of funding including stable deposits, secured and unsecured funding in the capital markets and stockholders' equity. Deposits are the primary funding source for JPMorgan Chase Bank, N.A. Additionally, JPMorgan Chase Bank, N.A. may also access funding through short- or long-term secured borrowings, through the issuance of unsecured long-term debt, or from borrowings from the parent company or the IHC. The firm's non-bank subsidiaries are primarily funded from long-term unsecured borrowings and short-term secured borrowings, primarily securities loaned or sold under repurchase agreements. Excess funding is invested by Treasury and CIO in the firm's investment securities portfolio or deployed in cash or other short-term liquid investments based on their interest rate and liquidity risk characteristics.

### Deposits

Figure 21 below summarizes, by line of business and Corporate, the period-end and average deposit balances as of and for the years ended December 31, 2020 and 2019.

Deposits provide a stable source of funding and reduce the firm's reliance on the wholesale funding markets. A significant portion of the firm's deposits are consumer and wholesale operating deposits, which are both considered to be stable sources of liquidity. Wholesale operating deposits are considered to be stable sources of liquidity because they are generated from customers that maintain operating service relationships with the firm.

Figure 21. Deposit Balances

As of or for the year ended December 31, (in millions)	2020		2019		Average	
	2020	2019	2020	2019	2020	2019
Consumer & Community Banking	\$ 958,706	\$ 723,418 <sup>(a)</sup>	\$ 851,390	\$ 698,378 <sup>(a)</sup>		
Corporate & Investment Bank	702,215	511,905 <sup>(a)</sup>	655,095	515,938 <sup>(a)</sup>		
Commercial Banking	284,263	184,115	237,645	172,666		
Asset & Wealth Management	198,755	142,740 <sup>(a)</sup>	161,955	135,265 <sup>(a)</sup>		
Corporate	318	253	666	820		
<b>Total Firm</b>	<b>\$ 2,144,257</b>	<b>\$ 1,562,431</b>	<b>\$ 1,906,751</b>	<b>\$ 1,523,067</b>		

(a) In the fourth quarter of 2020, the Firm realigned certain wealth management clients from AWM to the J.P. Morgan Wealth Management business unit within CCB. In the first quarter of 2020, the Merchant Services business was realigned from CCB to CIB as part of the Firm's Wholesale Payments business. Prior-period amounts have been revised to conform with the current presentation.

The firm believes that average deposit balances are generally more representative of deposit trends than period-end deposit balances, over time. However, during periods of market disruption those trends could be affected.

For further information on deposit and liability balance trends, refer to the discussion of the firm's Business Segment Results and the Consolidated Balance Sheets Analysis on pages 65–84 and pages 57-58, respectively in the 2020 Annual Report on Form 10-K.

Figure 22 below summarizes short-term and long-term funding, excluding deposits, as of December 31, 2020 and 2019, and average balances for the years ended December 31, 2020 and 2019. For additional information refer to the Consolidated Balance Sheets Analysis on pages 57-58 and Note 20 in the 2020 Annual Report on Form 10-K.

Figure 22. Short-Term and Long-Term Funding Sources

As of or for the year ended December 31, (in millions)	2020		2019		Average	
	2020	2019	2020	2019	2020	2019
Commercial paper	\$ 12,031	\$ 14,754	\$ 12,129	\$ 22,977		
Other borrowed funds	8,510	7,544	9,198	10,369		
<b>Total short-term unsecured funding</b>	<b>\$ 20,541</b>	<b>\$ 22,298</b>	<b>\$ 21,327</b>	<b>\$ 33,346</b>		
Securities sold under agreements to repurchase <sup>(a)</sup>	\$ 207,877	\$ 175,709	\$ 246,354	\$ 217,807		
Securities loaned <sup>(a)</sup>	4,886	5,983	6,536	8,816		
Other borrowed funds <sup>(b)</sup>	24,667	18,622	23,812	26,050		
Obligations of Firm-administered multi-seller conduits <sup>(c)</sup>	10,523	9,223	11,430	10,929		
<b>Total short-term secured funding</b>	<b>\$ 247,953</b>	<b>\$ 209,537</b>	<b>\$ 288,132</b>	<b>\$ 263,602</b>		
Senior notes	\$ 166,089	\$ 166,185	\$ 171,509	\$ 168,546		
Subordinated debt	21,608	17,591	20,789	17,387		
Structured notes <sup>(d)</sup>	75,325	74,724	73,056	65,487		
<b>Total long-term unsecured funding</b>	<b>\$ 263,022</b>	<b>\$ 258,500</b>	<b>\$ 265,354</b>	<b>\$ 251,420</b>		
Credit card securitization <sup>(e)</sup>	\$ 4,943	\$ 6,461	\$ 5,520	\$ 9,707		
FHLB advances	14,123	28,635	27,076	34,143		
Other long-term secured funding <sup>(e)</sup>	4,540	4,363	4,460	4,643		
<b>Total long-term secured funding</b>	<b>\$ 23,606</b>	<b>\$ 39,459</b>	<b>\$ 37,056</b>	<b>\$ 48,493</b>		
<b>Preferred stock<sup>(f)</sup></b>	<b>\$ 30,063</b>	<b>\$ 26,993</b>	<b>\$ 29,899</b>	<b>\$ 27,511</b>		
<b>Common stockholders' equity<sup>(f)</sup></b>	<b>\$ 249,291</b>	<b>\$ 234,337</b>	<b>\$ 236,865</b>	<b>\$ 232,907</b>		

- (a) Primarily consists of short-term securities loaned or sold under agreements to repurchase.
- (b) Effective March 2020, includes nonrecourse advances provided under the MMLF.
- (c) Included in beneficial interests issued by consolidated variable interest entities on the firm's Consolidated balance sheets.
- (d) Includes certain TLAC-eligible long-term unsecured debt issued by the parent company.
- (e) Includes long-term structured notes which are secured.
- (f) For further information on Capital Risk Management, refer to on pages 91-101 in the 2020 Annual Report on Form 10-K. Consolidated statements of changes in stockholders' equity are on page 165 and preferred stock and common stockholders' equity refer to Note 21 and Note 22 in the 2020 Annual Report on Form 10-K.

### Short-Term Funding

The firm's sources of short-term secured funding primarily consist of securities loaned or sold under agreements to repurchase. These instruments are secured predominantly by high-quality securities collateral, including government issued debt and U.S. GSE and government agency MBS. Securities sold under agreements to repurchase increased at December 31, 2020, compared with December 31, 2019, reflecting higher secured financing of AFS investment securities in Treasury and CIO, as well as trading assets in CIB, partially offset by a decline in client-driven market-making activities in CIB, including the firm's nonparticipation in the Federal Reserve's open market operations.

The balances associated with securities loaned or sold under agreements to repurchase fluctuate over time due to investment and financing activities of clients, the firm's demand for financing, the ongoing management of the mix of the firm's liabilities, including its secured and unsecured financing (for both the investment securities and market-making portfolios), and other market and portfolio factors.

As of December 31, 2020, JPMorgan Chase participated in the MMLF government facility. The secured nonrecourse advances under the MMLF are included in other borrowed funds. For information on the MMLF, refer to Capital Risk Management on pages 91-101 in the 2020 Annual Report on Form 10-K.

The Primary Dealer Credit Facility, or PDCF was established by the Federal Reserve on March 20, 2020. Under the PDCF, the Federal Reserve Bank of New York, or FRBNY provides collateralized financing on a term basis to primary dealers. These financing transactions were reported as securities sold under

agreements to repurchase. JPMorgan Chase participated in the PDCF in the first quarter of 2020, and ceased its participation in May 2020 as the secured financing market normalized.

The firm's sources of short-term unsecured funding consist of other borrowed funds and issuance of wholesale commercial paper. The decrease in short-term unsecured funding at December 31, 2020, from December 31, 2019 and for the average year ended December 31, 2020 compared to the prior year period, was due to lower net commercial paper issuance primarily for short-term liquidity management.

### Long-Term Funding and Issuance

Long-term funding provides an additional source of stable funding and liquidity for the firm. The firm's long-term funding plan is driven primarily by expected client activity, liquidity considerations, and regulatory requirements, including TLAC. Long-term funding objectives include maintaining diversification, maximizing market access and optimizing funding costs. The firm evaluates various funding markets, tenors and currencies in creating its optimal long-term funding plan.

The significant majority of the firm's long-term unsecured funding is issued by the parent company to provide flexibility in support of both bank and non-bank subsidiary funding needs. The parent company advances substantially all net funding proceeds to its subsidiary, the IHC. The IHC does not issue debt to external counterparties. The following table summarizes long-term unsecured issuance and maturities or redemptions for the years ended December 31, 2020 and 2019. For additional information on long-term debts, refer to Note 20 of the 2020 Annual Report on Form 10-K.

**Figure 23. Long-Term Unsecured Funding**

Year ended December 31, (Notional in millions)	2020		2019	
	Parent Company		Subsidiaries	
<b>Issuance</b>				
Senior notes issued in the U.S. market	\$	25,500	\$	14,000
Senior notes issued in non-U.S. markets		1,355		5,867
<b>Total senior notes</b>		<b>26,855</b>		<b>19,867</b>
Subordinated debt		3,000		—
Structured notes <sup>(a)</sup>		7,596		5,844
<b>Total long-term unsecured funding – issuance</b>	<b>\$</b>	<b>37,451</b>	<b>\$</b>	<b>25,711</b>
<b>Maturities/redemptions</b>				
Senior notes	\$	28,719	\$	18,098
Subordinated debt		135		183
Structured notes		5,340		2,944
<b>Total long-term unsecured funding – maturities/redemptions</b>	<b>\$</b>	<b>34,194</b>	<b>\$</b>	<b>21,225</b>

(a) Includes certain TLAC-eligible long-term unsecured debt issued by the parent company.

The firm can also raise secured long-term funding through securitization of consumer credit card loans and through FHLB advances. The following table summarizes the securitization issuance and FHLB advances and their respective maturities or redemptions for the years ended December 31, 2020 and 2019.

**Figure 24. Long-Term Secured Funding**

Year ended December 31, (in millions)	Issuance		Maturities/Redemptions	
	2020	2019	2020	2019
Credit card securitization	\$	1,000	\$	—
FHLB advances		15,000		29,509
Other long-term secured funding <sup>(a)</sup>		1,130		204
<b>Total long-term secured funding</b>	<b>\$</b>	<b>17,130</b>	<b>\$</b>	<b>30,713</b>

(a) Includes long-term structured notes which are secured.

The firm wholesale businesses also securitize loans for client-driven transactions; those client-driven loan securitizations are not considered to be a source of funding for the firm and are not included in the table above. For further description of the client-driven loan securitizations, refer to Note 14 of the 2020 Annual Report on Form 10-K.

# Overview of Capital Management Policy

## Capital

A strong capital position is essential to JPMorgan Chase's business strategy and competitive position. Our capital management framework is designed to facilitate a rapid and orderly wind-down of JPMC in the event of its resolution under the U.S. Bankruptcy Code.

Our approach to capital management is to ensure that JPMorgan Chase operates with resiliency throughout the business cycle, maintains long-term stability, serves as a source of strength to subsidiaries and maintains sufficient capital resources, appropriately allocated to its Material Legal Entities, to operate throughout resolution. JPMorgan Chase's capital management framework consists of internal minimum capital targets and strong capital governance processes that include a series of capital monitoring triggers at both the JPMC and MLE level.

### Resolution Capital Adequacy and Positioning and Prepositioned Capital Resources

JPMorgan Chase has established a RCAP and RCEN calculation methodology for the purposes of meeting the Final Resolution Plan Rule and 2019 Final Guidance.

The RCAP and RCEN methodology establishes a Resolution trigger for JPMC. It also establishes a prepositioned resources and RCEN calculation methodology for the Material Legal Entities.

In addition to monitoring RCAP at the consolidated JPMorgan Chase level, it is necessary to consider the appropriate level of loss-absorbing resources to protect against losses at the Material Legal Entity level. Resources available to a Material Legal Entity consist of:

- the loss-absorbing or prepositioned resources in place at that entity, which is the capital on the Material Legal Entity's balance sheet and eligible debt issued to JPMCB, our IHC or an immediate parent (including unfunded commitments); and
- contributable capital resources available at JPMCB or our IHC, which are not on the entity's balance sheet but that may be used to increase the entity's on-balance sheet loss-absorbing resources, if needed.

A Material Legal Entity's prepositioned capital resources have been defined based on instruments that would

qualify under external TLAC requirements, and comprises:

- CET1, as defined by U.S. or local Basel capital rule, as applicable, or other equivalent;
- preferred equity issued either to an immediate parent or directly to our IHC or directly to JPMCB for subsidiaries of JPMCB; and
- eligible intercompany debt issued either to an immediate parent or directly to our IHC or directly to JPMCB for subsidiaries of JPMCB, which is unsecured.

### Resolution Capital Execution Need

RCEN is calculated for each individual Material Legal Entity, including JPMorgan Chase at the consolidated level, in order to determine an appropriate amount of prepositioned capital resources required by each such entity. RCEN is made up of two components:

- the minimum required for regulated Material Legal Entities to be considered "well capitalized" or for unregulated Material Legal Entities to be considered "investment grade" or "financially sound," and
- the amount of capital depletion due to losses that JPMorgan Chase estimates would occur during the period after JPMC has commenced bankruptcy proceedings.

JPMorgan Chase requires that each Material Legal Entity maintain prepositioned capital resources in excess of its calculated total RCEN requirement.

### Contingency Capital Plan

The firm's Contingency Capital Plan establishes the capital management framework for the firm and specifies the principles underlying the firm's approach towards capital management in normal economic conditions and during stress. The Contingency Capital Plan defines how the firm calibrates its targeted capital levels and meets minimum capital requirements, monitors the ongoing appropriateness of planned capital distributions, and sets out the capital contingency actions that are expected to be taken or considered at various levels of capital depletion during a period of stress.

# Overview of Liquidity Management Policy

## Liquidity

We view the firm's liquidity position as a source of strength to JPMorgan Chase. In order to effectively manage liquidity at the firm, we apply a comprehensive framework for estimating MLE liquidity needs prior to, and during, resolution leveraging the RLAP and RLEN frameworks. The liquidity frameworks also detail material intercompany flows in each Material Legal Entity by counterparty, with product-level breakouts and daily cash flows for 365 days. We have positioned liquidity at Material Legal Entities, and maintain simplified material intercompany funding relationships and limited interconnectedness. We also hold a liquidity buffer at IHC to provide additional resiliency and flexibility in meeting resolution liquidity needs. We believe that this framework, together with the significant increase in JPMC's excess liquidity resources and the related forecasting capabilities, supports the resiliency of JPMC and the ability to execute the resolution plan.

## Resolution Liquidity Adequacy and Positioning Framework

RLAP is integrated into the firm's day-to-day liquidity risk management approach to sizing and managing liquidity needs by aligning JPM Stress to RLAP. The RLAP framework estimates the stand-alone liquidity requirements as well as the resulting net liquidity position of each Material Legal Entity under stress, prior to resolution. The RLAP framework incorporated identification and quantification of potential frictions at Material Legal Entities, including those associated with Material Legal Entities positioning liquidity resources at other Material Legal Entities. Additionally, the framework is supported by a liquid asset buffer centrally at IHC to support potential liquidity shortfalls at Material Legal Entities. 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 RLAP framework is also supported by a detailed analysis of the interconnectedness between Material Legal Entities, including JPMCB London Branch, JPMS plc and JPMCB New York Branch.

### RLAP Framework Assumptions and Analysis

The baseline for the RLAP framework is the JPM Liquidity Stress Framework, which is designed to

estimate potential cash outflows under severe stress and ensure that the firm has sufficient liquidity resources to meet such cash outflows throughout the stress horizon. The JPM Liquidity Stress Framework assumes that a severe stress event results in JPMorgan Chase 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 JPMorgan Chase would suffer severe deposit attrition, draws on unfunded lending commitments and 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 RLAP 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 JPMorgan Chase legal entities. JPMC has created an enhanced Restricted Liquidity Framework to assess liquidity transfer restrictions at the MLE level (including between branches of JPMCB).

The RLAP framework measures peak net funding outflows for each Material Legal Entity on a stand-alone basis, 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 Material Legal Entities (including between branches of JPMCB). The RLAP framework provides an estimate of the amount of liquidity resources necessary to effectively meet the anticipated cumulative net peak funding outflows (inclusive of restricted liquidity) and, after taking into consideration liquidity repositioned at the Material Legal Entity, any additional liquidity buffer that may be required to be maintained at IHC to support any liquidity shortfalls within the Material Legal Entities. The RLAP estimates reflect a conservative view of available sources of liquidity.

Material Legal Entities will primarily rely on prepositioned liquidity resources at the MLE level and, if necessary, the central liquidity buffer at IHC.

### RLEN Framework Assumptions and Analysis

The RLEN framework uses as a baseline the RLAP framework, subject to certain additional, resolution-specific modifications.

The estimates used in the RLEN framework reflect the minimum liquidity required at each Material Legal Entity 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 Material Legal Entity is calculated as the sum of:

- the minimum operating liquidity required to ensure that the Material Legal Entity can operate without disruption throughout the Resolution Period, including net operating expenses, intraday funding requirements and restricted liquidity;
- the liquidity required to ensure the Material Legal Entity can undertake an orderly wind-down of its derivatives and trading assets, where applicable; and
- the Material Legal Entity's projected peak cumulative net funding outflows during the Resolution Period.

RLEN identifies the peak cumulative net funding needed to stabilize each Material Legal Entity after JPMC files for bankruptcy. We currently do not assume access to third-party unsecured funding markets throughout the Resolution Period in our RLEN framework.

As part of our resolution liquidity forecasting, we provide daily views of estimated RLEN cash flows for 365 days, in addition to the Runway Period.

The Restricted Liquidity Framework used in the RLAP framework is also used in the RLEN framework. The framework primarily applies to intercompany unsecured and secured transactions, commitments and derivatives, including transactions between Material Legal Entities and non-Material Legal Entities, and all other 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 Material Legal Entity.

### Contingency Funding Plan

The firm's Contingency Funding Plan sets out the strategies for addressing and managing liquidity resource needs during a liquidity stress event and incorporates liquidity risk limits, indicators and risk appetite tolerances that make up Liquidity Escalation Points. The Contingency Funding Plan identifies the alternative contingent funding and liquidity resources available to the firm and its legal entities in a period of stress.

## Liquidity Coverage Ratio and High-Quality Liquid Assets

The Liquidity Coverage Ratio, or LCR, rule requires that the firm and JPMorgan Chase Bank, N.A. maintain an amount of eligible HQLA that is sufficient to meet its estimated total net cash outflows over a prospective 30 calendar-day period of significant stress. Eligible HQLA, for purposes of calculating the LCR, is the amount of unencumbered HQLA that satisfy certain operational considerations as defined in the LCR rule. HQLA primarily consist of cash and certain high-quality liquid securities as defined in the LCR rule.

Under the LCR rule, the amount of eligible HQLA held by JPMorgan Chase Bank, N.A. that is in excess of its standalone 100% minimum LCR requirement, and that is

not transferable to non-bank affiliates, must be excluded from the firm's reported eligible HQLA. Estimated net cash outflows are based on standardized stress outflow and inflow rates prescribed in the LCR rule, which are applied to the balances of the firm's assets, sources of funds, and obligations. The LCR for both the firm and JPMorgan Chase Bank, N.A. is required to be a minimum of 100%.

The following table summarizes the firm's and JPMorgan Chase Bank, N.A.'s average LCR for the three months ended December 31, 2020, September 30, 2020 and December 31, 2019 based on the firm's interpretation of the LCR framework.

Figure 25. High Quality Liquid Assets

Average amount (in millions)	Three months ended		
	December 31, 2020	September 30, 2020	December 31, 2019
<b>JPMorgan Chase &amp; Co.:</b>			
<b>Eligible HQLA</b>			
Eligible cash <sup>(a)</sup>	\$ 455,612	\$ 458,336	\$ 203,296
Eligible securities <sup>(b)(c)</sup>	241,447	211,841	341,990
<b>Total eligible HQLA<sup>(d)</sup></b>	<b>\$ 697,059</b>	<b>\$ 670,177</b>	<b>\$ 545,286</b>
Net cash outflows	\$ 634,037	\$ 587,811	\$ 469,402
<b>LCR</b>	<b>110 %</b>	<b>114 %</b>	<b>116 %</b>
<b>Net excess eligible HQLA<sup>(d)</sup></b>	<b>\$ 63,022</b>	<b>\$ 82,366</b>	<b>\$ 75,884</b>
<b>JPMorgan Chase Bank, N.A.:</b>			
<b>LCR</b>	<b>160 %</b>	<b>157 %</b>	<b>116 %</b>
<b>Net excess eligible HQLA</b>	<b>\$ 401,903</b>	<b>\$ 366,096</b>	<b>\$ 79,483</b>

(a) Represents cash on deposit at central banks, primarily the Federal Reserve Banks.

(b) Predominantly U.S. Treasuries, U.S. GSE and government agency MBS, and sovereign bonds net of applicable haircuts under the LCR rule.

(c) Eligible HQLA securities may be reported in securities borrowed or purchased under resale agreements, trading assets, or investment securities on the firm's Consolidated balance sheets.

(d) Excludes average excess eligible HQLA at JPMorgan Chase Bank, N.A. that are not transferable to non-bank affiliates

The firm's average LCR decreased during the three months ended December 31, 2020, compared with the three-month period ended September 30, 2020, predominantly driven by a decrease in cash from long-term debt maturities, including the early termination of certain of the firm's debt at the end of the third quarter 2020. The firm's average LCR decreased during the three months ended December 31, 2020, compared with

the prior year period primarily due to the relative impact on net cash outflows from the significant increase in deposits as well as elevated market activities in the CIB.

JPMorgan Chase Bank, N.A.'s average LCR increased during the three months ended December 31, 2020, compared with both the three month periods ended September 30, 2020 and December 31, 2019 primarily

due to growth in deposits. Deposits continued to increase in the fourth quarter primarily driven by the COVID-19 pandemic and the related effect of certain government actions. The increase in excess liquidity in JPMorgan Chase Bank, N.A. is excluded JPMorgan Chase's reported LCR under the LCR rule. The firm's average LCR fluctuates from period to period, due to changes in its eligible HQLA and estimated net cash outflows as a result of ongoing business activity. Refer to the firm's U.S. LCR Disclosure reports, which are available on the firm's website for a further discussion of the firm's LCR.

In addition to the assets reported in the firm's eligible HQLA above, the firm had unencumbered marketable securities, such as equity and debt securities, that the firm believes would be available to raise liquidity. This includes securities included as part of the excess eligible HQLA at JPMorgan Chase Bank, N.A. that are not transferable to non-bank affiliates. The fair value of these securities was approximately \$740 billion and \$315 billion as of December 31, 2020 and 2019, respectively, although the amount of liquidity that could be raised would be dependent on prevailing market conditions. The fair value increased compared to December 31, 2019, due to an increase in excess eligible HQLA at JPMorgan Chase Bank, N.A. which was primarily a result of increased deposits.

The firm also had available borrowing capacity at FHLBs and the discount window at the Federal Reserve Bank as a result of collateral pledged by JPMorgan Chase to such banks of approximately \$307 billion and \$322 billion as of December 31, 2020 and 2019, respectively. This borrowing capacity excludes the benefit of cash and securities reported in the firm's eligible HQLA or other unencumbered securities that are currently pledged at the Federal Reserve Bank discount window and other central banks. Available borrowing capacity decreased from December 31, 2019 primarily due to lower pledged credit card receivable balances driven by the COVID-19 pandemic and a decrease in pledged mortgage collateral as a result of paydown and maturity activity. Although available, the firm does not view this borrowing capacity at the Federal Reserve Bank discount window and the other central banks as a primary source of liquidity.

## Derivatives and Hedging Activities

### Description of Derivatives and Hedging Activities

#### Derivative Instruments

Derivative contracts derive their value from underlying asset prices, indices, reference rates, other inputs or a combination of these factors and may expose counterparties to risks and rewards of an underlying asset or liability without having to initially invest in, own or exchange the asset or liability. JPMorgan Chase makes markets in derivatives for clients and also uses derivatives to hedge or manage its own risk exposures. Predominantly all of the firm's derivatives are entered into for market-making or risk management purposes.

#### Market-Making Derivatives

The majority of the firm's derivatives are entered into for market-making purposes. Clients use derivatives to mitigate or modify interest rate, credit, foreign exchange, equity and commodity risks. The firm actively manages the risks from its exposure to these derivatives by entering into other derivative contracts or by purchasing or selling other financial instruments that partially or fully offset the exposure from client derivatives.

#### Risk Management Derivatives

The firm manages certain market and credit risk exposures using derivative instruments, including derivatives in hedge accounting relationships and other derivatives that are used to manage risks associated with specified assets and liabilities.

The firm generally uses interest rate derivatives to manage the risk associated with changes in interest rates. Fixed-rate assets and liabilities appreciate or depreciate in market value as interest rates change. Similarly, interest income and expense increase or decrease as a result of variable-rate assets and liabilities resetting to current market rates, and as a result of the repayment and subsequent origination or issuance of fixed-rate assets and liabilities at current market rates. Gains and losses on the derivative instruments related to these assets and liabilities are expected to substantially offset this variability.

Foreign currency derivatives are used to manage the foreign exchange risk associated with certain foreign currency-denominated (i.e., non-U.S. dollar) assets and liabilities and forecasted transactions, as well as the firm's net investments in certain non-U.S. subsidiaries or

branches whose functional currencies are not the U.S. dollar. As a result of fluctuations in foreign currencies, the U.S. dollar-equivalent values of the foreign currency-denominated assets and liabilities or the forecasted revenues or expenses increase or decrease. Gains or losses on the derivative instruments related to these foreign currency-denominated assets or liabilities, or forecasted transactions, are expected to substantially offset this variability. Commodities derivatives are used to manage the price risk of certain commodities inventories. Gains or losses on these derivative instruments are expected to substantially offset the depreciation or appreciation of the related inventory. Credit derivatives are used to manage the counterparty credit risk associated with loans and lending-related commitments. Credit derivatives compensate the purchaser when the entity referenced in the contract experiences a credit event, such as bankruptcy or a failure to pay an obligation when due. Credit derivatives primarily consist of CDS. For a further discussion of credit derivatives, refer to the discussion in the Credit derivatives section on pages 209-211 in the 2020 Annual Report on Form 10-K.

For more information about risk management derivatives, refer to the risk management derivatives gains, and losses tables and the hedge accounting gains and losses tables on pages 206-209 in the 2020 Annual Report on Form 10-K.

#### Derivative Counterparties and Settlement Types

The firm enters into OTC derivatives, which are negotiated and settled bilaterally with the derivative counterparty. The firm also enters into, as principal, certain Exchange-traded derivatives such as futures and options, and OTC-cleared derivative contracts with CCPs. Exchange-traded derivatives contracts are generally standardized contracts traded on an exchange and cleared by the CCP, which is the firm's counterparty from the inception of the transactions. OTC-cleared derivatives are traded on a bilateral basis and then novated to the CCP for clearing.

#### Derivative Clearing Services

The firm provides clearing services for clients in which the firm acts as a clearing member at certain exchanges and clearing houses. The firm does not reflect the clients' derivative contracts in its Consolidated Financial Statements. For further information on the firm's clearing

services, please refer to Note 28 in the 2020 Annual Report on Form 10-K. For information on the accounting treatment of derivatives, please refer to the 2020 Annual Report on Form 10-K and other JPMorgan Chase & Co. '34 Act reports.

### Notional Amount of Derivative Contracts

The following table summarizes the notional amount of derivative contracts outstanding as of December 31, 2020 and 2019.

Figure 26. Derivative Contracts

December 31, (in billions)	Notional Amounts <sup>(b)</sup>	
	2020	2019
<b>Interest rate contracts</b>		
Swaps	\$ 20,986	\$ 21,228
Futures and forwards	3,057	3,152
Written options	3,375	3,938
Purchased options	3,675	4,361
<b>Total interest rate contracts</b>	<b>31,093</b>	<b>32,679</b>
<b>Credit derivatives<sup>(a)</sup></b>	<b>1,201</b>	<b>1,242</b>
<b>Foreign exchange contracts</b>		
Cross-currency swaps	3,924	3,604
Spot, futures and forwards	6,871	5,577
Written options	830	700
Purchased options	825	718
<b>Total foreign exchange contracts</b>	<b>12,450</b>	<b>10,599</b>
<b>Equity contracts</b>		
Swaps	448	406
Futures and forwards	140	142
Written options	676	646
Purchased options	621	611
<b>Total equity contracts</b>	<b>1,885</b>	<b>1,805</b>
<b>Commodity contracts</b>		
Swaps	138	147
Spot, futures and forwards	198	211
Written options	124	135
Purchased options	105	124
<b>Total commodity contracts</b>	<b>565</b>	<b>617</b>
<b>Total derivative notional amounts</b>	<b>\$ 47,194</b>	<b>\$ 46,942</b>

(a) For more information on volumes and types of credit derivative contracts, refer to the credit derivatives discussion on pages 209-211 in the 2020 Annual Report on Form 10-K.

(b) Represents the sum of gross long and gross short third-party notional derivative contracts.

While the notional amounts disclosed above give an indication of the volume of the firm's derivatives activity, the notional amounts significantly exceed, in the firm's view, the possible losses that could arise from such transactions. For most derivative contracts, the notional amount is not exchanged; it is simply a reference amount used to calculate payments. For further details on the impact of derivatives on the consolidated statements of income and balance sheet, please refer to the 2020 Annual Report on Form 10-K and other JPMorgan Chase & Co. '34 Act reports.

## Operational Interconnectedness

The firm's Material Legal Entities enter into transactions with each other for services and financing in the ordinary course of business.

To the extent possible, these services and functions are centralized to maximize efficiency and economies of scale, to facilitate risk management oversight, and to ensure an effective organizational and management design. These centralized functions inherently and by design result in operational interconnectedness amongst and between our Material Legal Entities.

The majority of the shared services provided among legal entities are provided by the JPMCB Bank Chain.

Shared services, including Critical Shared Services, provided by one Material Legal Entity to another Material Legal Entity are governed by interaffiliate service agreements, not unlike standard third-party vendor contracts.

These interaffiliate service agreements specify the contractual terms and conditions for providing the products, services and operations. JPMorgan Chase's interaffiliate service agreements contain appropriate contractual provisions to ensure that interaffiliate services continue in a resolution event and are not immediately terminated, thereby ensuring operational continuity.

JPMorgan Chase is organized whereby the majority of its Critical Shared Services are concentrated in the JPMCB Bank Chain, as well as its nonbank, self-sustaining service company, JPMSIPL.

Operations that do not qualify as bank eligible, such as certain broker-dealer activities, cannot be housed in banking entities. Any such Critical Shared Services that are not bank eligible are largely undertaken in the U.S. broker-dealer Material Legal Entities.

Importantly, the firm's main operating bank entity, JPMCB, acts as the main contracting agent firmwide. This results in the majority of JPMorgan Chase's third-party vendor contracts for its Critical Shared Services being centralized in JPMCB, its branches and subsidiaries. Furthermore, JPMCB is a central repository and manager of the majority of the firmwide technology, real estate, personnel and other resources supporting the firm's Critical Shared Services.

### Material Legal Entity Operational Interconnectivity

Figure 27 illustrates the operational interconnectivity of JPMorgan Chase's Material Legal Entities. As expected, JPMCB is the primary provider of interaffiliate services and the main receiver of interaffiliate services.

## Overview of JPMorgan Chase

### Financial Market Utilities and Payment, Clearing and Settlement

Figure 27. Summary of Interaffiliate Services (as of December 31, 2020)

Material Legal Entity	Primarily Receives Interaffiliate Services From	Top Service Received	Primarily Provides Interaffiliate Services To	Top Service Provided
<b>JPMorgan Chase &amp; Co.</b>	JPMCB	Audit and Tax Services	JPMCB JPMS LLC JPIM JPMS plc Paymentech JPMAMUK JPMSJ JPMBL	Training and Human Resources
<b>JPMorgan Chase Holdings LLC</b>	JPMCB	General Svcs (Sourcing/Procurement/Records Mgmt/Cafeterias)	JPMCB JPMS LLC JPMS plc	Financial Services and Global Finance Operations
<b>JPMorgan Chase Bank, National Association</b>	JPMSIPL JPMC JPMS LLC JPMS plc JPMSJ JPIM JPMAG JPMBL Paymentech JPMAMUK JPMCH	Offshore Operational Services	JPMS LLC JPMS plc JPIM Paymentech JPMBL JPMSJ JPMAMUK JPMAG JPMC JPMAME JPMDS JPMCH	Application Software Development and Production Support
<b>J.P. Morgan Services India Private Limited</b>			JPMCB JPIM JPMAMUK JPMS LLC JPMSJ JPMS plc JPMBL	Offshore Operational Services
<b>J.P. Morgan Securities LLC</b>	JPMCB JPMC JPMS plc JPMSJ JPMCH JPMSIPL JPMBL	Financial Services and Global Finance Operations	JPMCB JPMC plc JPMSJ	Research

## Overview of JPMorgan Chase

### Financial Market Utilities and Payment, Clearing and Settlement

Material Legal Entity	Primarily Receives Interaffiliate Services From	Top Service Received	Primarily Provides Interaffiliate Services To	Top Service Provided
<b>J.P. Morgan Securities plc</b>	JPMCB JPMS LLC JP MAG JPMSJ JPMC JPMBL JPMSIPL JPMCH	Application Software Development and Production Support	JPMCB JPMS LLC JP MAG JPMSJ JPMBL	Research
<b>JPMorgan Securities Japan Co., Ltd.</b>	JPMCB JPMSIPL JPMS LLC JPMC JPMS plc	Application Software Development and Production Support	JPMCB JPMS plc JPMS LLC	Internal Technology Professional Services and Helpdesk
<b>J.P. Morgan AG</b>	JPMCB JPMS plc JPMBL	Application Software Development and Production Support	JPMCB JPMS plc JPMBL JPMS LLC JPMAME	Financial Services and Global Finance Operations
<b>Paymentech, LLC</b>	JPMCB JPMC	Application Software Development and Production Support	JPMCB	Credit Card Servicing
<b>J.P. Morgan Investment Management Inc.</b>	JPMCB JPMSIPL JPMC JPMAMUK JPMBL	AM Investment Management Activities	JPMCB JPMAMUK JPMBL	Application Software Development and Production Support
<b>JPMorgan Distribution Services, Inc.</b>	JPMCB	Technology Hardware and Infrastructure		
<b>JPMorgan Asset Management (Europe) S.a.r.l.</b>	JPMCB JPMBL JP MAG	Training and Human Resources		
<b>JPMorgan Asset Management (UK) Limited</b>	JPMCB JPMIM JPMSIPL JPMC	Training and Human Resources		
<b>J.P. Morgan Bank Luxembourg S.A.</b>	JPMCB JP MAG JPMS plc JPMSIPL JPMIM JPMC	Application Software Development and Production Support	JPMCB JPMS LLC JPMAME JPMS plc JPMIM JMAG	Application Software Development and Production Support

Under the Preferred Strategy, the capital and liquidity management frameworks ensure that the funding needed to support the required services is both available and provided to the Material Legal Entities needed to undertake the activities necessary to directly and indirectly support JPMorgan Chase’s Critical Services.

**Material Legal Entity Connectivity by Shared Services**

As expected, JPMCB, including its MLE branches, is the main provider of shared services, followed by JPMSIPL.

The top five shared services include:

- application software development and production support;

- financial services and global finance operations;
- overhead & miscellaneous;
- AM investment management; and
- offshore operational services.

Figure 28 highlights the operational interconnectedness at the shared service level. As expected, JPMCB, including its MLE branches, is the main provider of shared services, followed by JPMSIPL, together providing more than 75% of the services to other legal entities. In total MLEs provide approximately 90% of all services.

Figure 28. Top Five Shared Services by Providing Entity

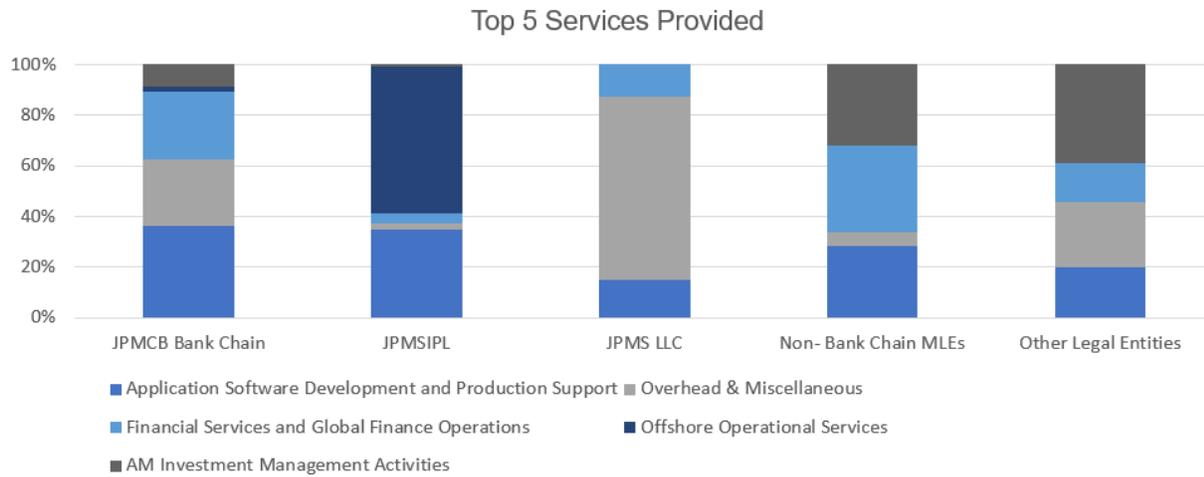
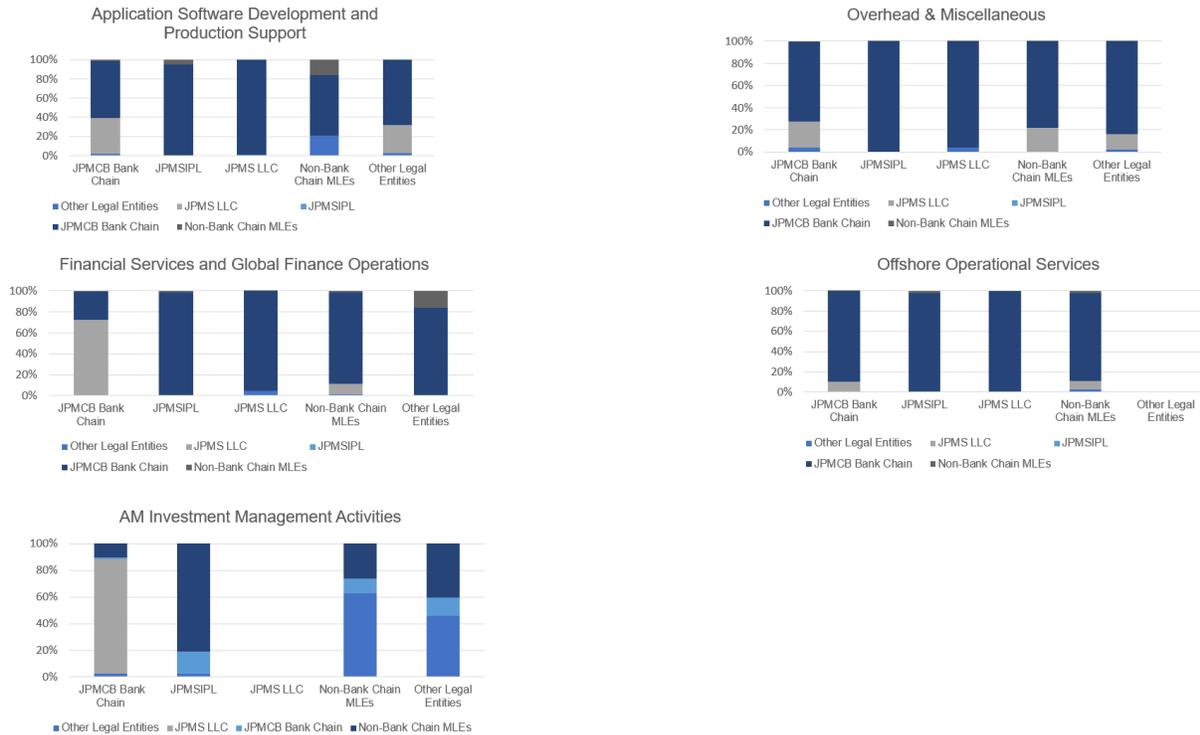


Figure 29 includes a chart for each one of the top five shared services and shows the receiver breakdown of service types provided from each providing Material Legal Entity. From a scale perspective, technology is nearly twice as large as the combined remaining shared services, followed by corporate function operations and

support which is about half of its size. The remaining services are of a similar scale.

Each chart represents one of the top five shared services. On each chart, the bar represents the Material Legal Entity providing the service and each segment represents the Material Legal Entity receiving the service.

Figure 29. Top Five Shared Services by Providing and Receiving Entity



As illustrated by Figure 30, JPMorgan Chase also concentrates the resources supporting the shared services (e.g., assets, personnel, IT, facilities, IP, contracts) within the JPMCB Bank Chain and JPMSIPL, and, where appropriate JPMS LLC.

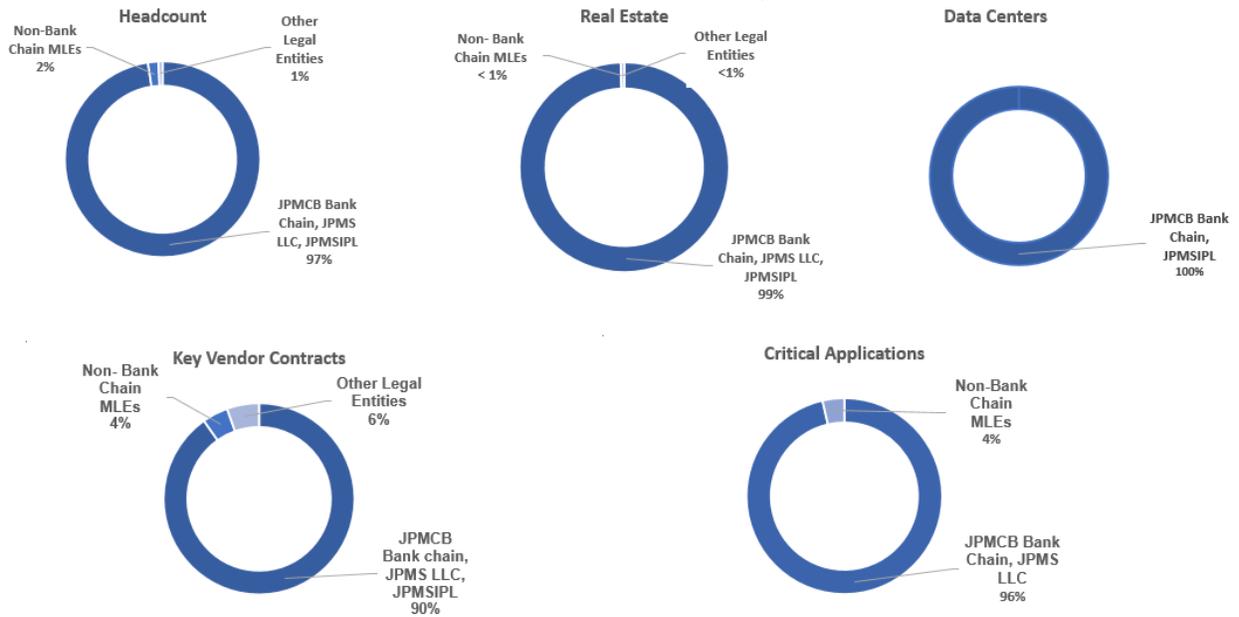
The legal entity and Preferred Strategy benefits from this approach and the management principles it employs:

- the vast majority of personnel, critical vendor relationships and management information systems applications directly supporting the Critical Shared Services, as noted above, are held through the JPMCB Bank Chain and JPMSIPL; and

- regardless of the resolution strategy, the frameworks ensure that the funding needed to support the required services is both available and provided to the legal entities needed to undertake the activities necessary to directly and indirectly support JPMorgan Chase’s Critical Shared Services.

JPMC believes this concentration and funding framework help meet the objective of operational continuity during resolution.

Figure 30. Overview of JPMorgan Chase Critical Shared Services



# Financial Market Utilities and Payment, Clearing and Settlement

## Membership in Material Payment, Clearing and Settlement Systems

JPM Group maintains memberships and/or participations (either directly or indirectly) in significant FMUs and

agent banks to facilitate the clearing and settlement of customer securities, derivatives and cash transactions.

Among the FMUs and agent banks used by JPM Group, the most important are listed in Figure 31 below.

**Figure 31. Key FMUs and Agent Banks**

FMU / Agent Bank	Description of Service
<b>Payment Systems</b>	
FedWire Funds Service	A wire transfer services provider that is owned and operated by the Federal Reserve Banks. Fedwire Funds is a real-time gross settlement system. Payments continuously settled on an individual, order-by-order basis without netting. Not deemed systemically important by Financial Stability Oversight Council.
The Clearing House Interbank Payments System (CHIPS)	A large value wire transfer payment system with real-time final net settlement of payments; processes large proportion of U.S. dollar cross-border payments and an increasing volume of U.S. domestic payments. Payments become final on completion of settlement, which occurs throughout the day.
FedACH Services (FedACH)	An electronic payment system providing automated clearing house (ACH) services that is owned and operated by the Federal Reserve Banks. The ACH system exchanges batched debit and credit payments among business, consumer and government accounts. The system processes preauthorized recurring payments such as payroll, Social Security, mortgage and utility payments, and nonrecurring payments such as telephone-initiated payments and checks converted into ACH payments at lockboxes and points of sale. It also processes outbound Key FMUs and Agent Banks cross-border ACH payments through the FedGlobal service.
Electronic Payments Network (EPN)	Electronic payment system providing ACH services; EPN facilitates exchanges of batched debit and credit payments among business, consumer and government accounts. The system processes pre-authorized recurring payments such as payroll, Social Security, mortgage and utility payments, as well as non-recurring payments such as telephone-initiated payments and the conversion of checks into ACH payments at lockboxes and points of sale. It also processes inbound and outbound cross-border ACH payments through foreign gateway operators.
Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET2)	A real-time gross settlement linking system for cross border payments in euro, with settlement in central bank money. Participating commercial banks access the TARGET2 system via the national central banks of Eurozone Member States. TARGET2 has to be used for all payments involving the Eurosystem, as well as for the settlement of operations of all large-value net settlement systems and securities settlement systems handling the euro (e.g., EURO1).
Euro Banking Association - EURO1	A private sector owned payment system for domestic and cross-border single payments in euro between banks operating in the European Union. EURO1 participants exchange commercial and financial payments to other participants through the EURO1/STEP1 system, which is operated by EBA Clearing (the trading name of ABE Clearing S.A.S.) and is subject to the lead oversight of the European Central Bank.
Clearinghouse Automated Payment System (CHAPS)	The U.K.'s interbank payment system for large value sterling payments; depends on real-time gross settlement IT infrastructure of the Bank of England. CHAPS system is subject to the supervision of the Bank of England's Financial Market Infrastructure Directorate.

FMU / Agent Bank	Description of Service
FX Yen Clearing System	The settlement system for payments in Japanese yen, resulting from foreign exchange transactions, transactions in the euroyen market, export-import transactions and other similar transactions. The processing of payments takes place on the Bank of Japan Financial Network System; payments are settled on a real-time gross settlement basis. The Bank of Japan is an oversight body of the payment and settlement systems in Japan.
<b>U.S. Securities</b>	
Fedwire Securities Service	A national securities book entry system owned and operated by the Federal Reserve Banks which conducts real-time transfers of securities and related funds, on a gross basis. Fedwire Securities provides for the issuance, maintenance, safekeeping, transfer and settlement for U.S. Treasury securities, for many federal government agency and government sponsored enterprise securities and for certain international organizations' securities. Fedwire Securities serves depository institutions, the U.S. Treasury and federal government agencies and is primarily governed by the Federal Reserve and the Federal Reserve Banks. The U.S. Treasury also oversees specified fiscal agency activities of Fedwire Securities.
The Depository Trust Company (DTC)	A central securities depository providing depository and book-entry services for eligible securities and other financial assets to its participants, principally banks and broker dealers. DTC processes the movement of securities for trades that are cleared and settled in the Continuous Net Settlement system operated by its affiliate National Securities Clearing Corporation, or NSCC, a central counterparty for the clearance of trades in U.S. cash markets; processes transactions settled in Canadian dollars through its interface with credit default swap Clearing and Depository Services, Inc.; provides settlement services for institutional trades (which typically involve money and securities transfers between custodian banks and broker dealers); and provides for the settlement of issuances and maturities of money market instruments.
National Securities Clearing Corporation (NSCC)	A U.S. securities clearing agency that provides clearing, settlement, risk management, central counterparty services and a guarantee of completion for certain transactions for virtually all U.S. broker-to-broker trades involving equities, corporate and municipal debt, American depository receipts, exchange-traded funds, and unit investment trusts. NSCC supports more than 50 exchanges, alternative trading systems and other trading centers, as well as banks, broker-dealers and other clearing members. NSCC generally clears and settles trades on a T+3 basis. It is regulated by the SEC and supervised by the Federal Reserve.
FICC Government Securities Division	A U.S. securities clearing agency which operates two divisions: the Government Securities Division and the Mortgage-Backed Securities Division. Each division offers services to its own members pursuant to separate rules and procedures. FICC is registered as a clearing agency with the SEC and supervised by the Federal Reserve. The Government Securities Division is a central counterparty and provides real-time trade matching, netting and clearing services for trades in U.S. government debt issues, including repurchase agreements. Securities transactions processed by the Government Securities Division include Treasury bills, bonds, notes and government agency securities. The Mortgage-Backed Securities Division is a central counterparty and provides real-time trade matching, netting, and clearing services for the mortgage-backed securities market.
FICC Mortgage-Backed Securities Division	
Chicago Mercantile Exchange Clearing (CME)	Provides clearing and settlement services for futures, options, and over-the-counter derivatives products; designated by the Financial Stability Oversight Council as a systemically important FMU pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. CME is registered with the CFTC as a derivatives clearing organization, and is regulated by the CFTC. As a systemically important FMU, CME is also subject to regulatory oversight by the Federal Reserve.

FMU / Agent Bank	Description of Service
Euroclear ESES	Euroclear Belgium, together with Euroclear France and Euroclear Nederland, form the group of CSDs called ESES. Together, the ESES CSD services cover the majority of domestic (in France, the Netherlands and Belgium) and cross-border securities, from (government and corporate) bonds and equities and investment funds and span the securities lifecycle.
Clearstream Bank Frankfurt	CBF is an FMU incorporated in Frankfurt am Main, Germany. It is part of the Deutsche Börse Group and authorized as a deposit-taking credit institution under the German Banking Act (Kreditwesengesetz, KWG). CBF is a central securities depository providing CSD services in Germany for German and foreign securities that it holds in collective safe custody (CSC) including custody, administration and settlement services for German securities and for foreign securities for which CBF maintains links to CSDs to serve foreign securities markets.
<b>European Securities</b>	
Euroclear UK & Ireland Limited (EUI)	The U.K.'s Central Securities Depository, providing facilities for the dematerialized holding of U.K. equities, exchange traded funds, gilt securities and money market instruments (as well as certain foreign securities through EUI depository instruments).
Euroclear Bank SA/NV (Euroclear)	Provides international central securities depository services and settlement services for cross-border transactions involving domestic and international bonds, equities, derivatives and investment funds. Euroclear is a primary provider of settlement services for Eurobonds. The Euroclear group includes Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden, and EUI, which provide settlement services in their respective local markets. Euroclear also provides related banking services to its settlement participants.
Clearstream Banking SA	Clearstream is an international central securities depository and securities settlement system servicing a wide range of financial instruments (spanning a variety of equity and debt instruments and warrants) for deposit and transfer; providing custody-related services (corporate action processing, withholding tax services, etc.) for securities. Also provides securities borrowing and lending services to customers as well as a triparty collateral management service (including a triparty repo service) and subject to the oversight of the Central Bank of Luxembourg.
LCH Limited (LCH Ltd)	A central counterparty incorporated under the laws of England and Wales and provides central clearing for a wide range of products including, commodities (exchange traded and OTC); equities, energy, fixed income (RepoClear), FX contracts (ForexClear), freight; and interest rate and credit default swaps (SWAPClear). It is regulated by the Financial Services Authority and is also subject to the oversight of the Bank of England. LCH Ltd is also a derivatives clearing organization in the United States, and is subject to CFTC rules and the U.S. Commodity Exchange Act.
LCH SA	LCH SA is a central counterparty incorporated under the laws of France and provides central clearing of a wide range of products, including: credit default swaps, energy (Bluenext), futures and options, equities and cash bonds and repos. LCH SA is regulated as a credit institution and central counterparty by a regulatory college consisting of the market regulators and central banks from the jurisdictions of France, Netherlands, Belgium and Portugal; is also regulated in the United Kingdom by the Bank of England as a recognized overseas clearing house.

FMU / Agent Bank	Description of Service
<b>Others</b>	
CLS	<p>CLS Bank International, or CLS Bank, is a multi-currency cash settlement system. Through its Continuous Linked Settlement, or CLS, platform, CLS Bank settles payment instructions related to trades in traded FX spot contracts, FX forwards, FX options, FX swaps, credit derivatives across eighteen major currencies. CLS Bank's parent company, CLS Group Holdings, is a Swiss company that owns CLS UK Intermediate Holdings, Ltd., which in turn owns CLS Bank and CLS Services, a company organized under the laws of England that provides technical and operational support to CLS Bank. As an Edge Act corporation, CLS Bank is regulated and supervised in the United States by the Board of Governors of the Federal Reserve System. In the United Kingdom, Her Majesty's Treasury has specified CLS Bank as a recognized payment system, and it is subject to regulation by the Bank of England.</p>
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	<p>A telecommunication platform for the exchange of standardized financial messages between financial institutions, between financial institutions and market infrastructures, and between financial institutions and their corporate clients. Although SWIFT is neither a payment system nor a settlement system and, as such, is not regulated by central banks or bank supervisors, a large and growing number of systemically important payment systems have become dependent on SWIFT as a critical service provider. SWIFT is therefore subject to oversight by the central banks of the G10 led by the National Bank of Belgium.</p>
<b>Agent Banks</b>	
Royal Bank of Canada (RBC)	<p>The largest bank in Canada by market capitalization, and ranks among the top 20 banks globally by market capitalization; operating in five key market segments. RBC is listed as a Schedule I bank by the Canadian Bankers Association, authorized by the Office of the Superintendent of Financial Institutions to operate in Canada and authorized under the Bank Act to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. RBC acts as our correspondent bank and subcustodian in Canada. The RBC is named as a G-SIB by the Financial Stability Board.</p>
BNP Paribas	<p>Provides clearing and settlement services for transactions involving domestic and international bonds, equities, derivatives and investment funds; provides subcustody services via its proprietary network in 26 countries globally. Is regulated by the French regulators Autorité de Contrôle Prudentiel et de Résolution and Autorité des Marchés Financiers, which provides them with a European passport. Local regulators such as the Dutch Autoriteit Financiële Markten or the German Bundesanstalt für Finanzdienstleistungsaufsicht may regulate specific local businesses undertaken. BNP acts as JPMorgan Chase's subcustodian across nine markets in Europe and as JPMorgan Chase's correspondent bank in France. The BNP Paribas Group is named as a G-SIB by the Financial Stability Board.</p>
Bank of New York Mellon (BNYM)	<p>A custody and clearance service provider to JPMorgan Chase including servicing U.S. government securities and tri-party repurchase activity. It is the predominant service provider for U.S. government clearing. The Bank of New York is named as a G-SIB by the Financial Stability Board.</p>

## Description of Management Information Systems

### Description of Material Management Information

JPMorgan Chase maintains a comprehensive set of management information surrounding its risk, liquidity, financial and regulatory reporting and monitoring.

JPMorgan Chase's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities. The firm employs a holistic approach to risk management intended to ensure the broad spectrum of risk types are considered in managing its business activities. The firm's risk management framework is intended to create a culture of risk awareness and personal responsibility throughout the firm where collaboration, discussion, escalation and sharing of information are encouraged.

The firm's exposure to risk through its daily business dealings, including lending and capital markets activities and operational services, is identified and aggregated through the firm's risk management infrastructure. There are several major risk types identified in the business activities of the firm: liquidity risk; credit risk; market risk; country risk; model risk; principal risk; operational risk; legal, regulatory, and compliance risk; fiduciary risk and reputation risk.

### Governance and Oversight

The firm's overall appetite for risk is governed by a "Risk Appetite" framework. The framework and JPMorgan Chase's risk appetite are set and approved by the firm's CEO, CFO and CRO. Quantitative parameters and qualitative factors are used to monitor and measure the firm's capacity to take risk consistent with its stated risk appetite. Qualitative factors have been established to assess select operational risks, and impact to the firm's reputation. Risk Appetite results are reported to the Board Risk Committee.

The firm's risk governance and oversight framework is managed on a firmwide basis. The firm has an IRM function, which consists of the Risk Management and Compliance organizations. The CEO appoints, subject to approval by the Board Risk Committee, the firm's CRO to lead the IRM organization and manage the risk governance structure of the firm. The framework is subject to approval by the Board Risk Committee in the

form of the Risk Governance and Oversight Policy. The firm's CRO oversees and delegates authorities to line of business CROs, FREs, and the firm's CCO, who each establish Risk Management and Compliance organizations, set the firm's risk governance policies and standards, and define and oversee the implementation of the firm's risk governance. The lines of business CROs are responsible for risks that arise in their lines of businesses, while FREs oversee risk areas that span across the individual lines of business, functions and regions. For further discussion see Firmwide Risk Management on pages 85-86 in the 2020 Annual Report on Form 10-K.

### Credit Risk Monitoring and Management

The firm has developed policies and practices that are designed to preserve the independence and integrity of the approval and decision-making process of extending credit to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters and guidelines for management of distressed exposures. In addition, certain models, assumptions and inputs used in evaluating and monitoring credit risk are independently validated by groups that are separate from the lines of business.

### Liquidity Management

The primary objectives of the firm's liquidity management are to:

- Ensure that the firm's core businesses and material legal entities are able to operate in support of client needs and meet contractual and contingent financial obligations through normal economic cycles as well as during stress events, and
- Manage an optimal funding mix and availability of liquidity sources.

As part of the firm's overall liquidity management strategy, the firm manages liquidity and funding using a centralized, global approach in order to:

- Optimize liquidity sources and uses;

- Monitor exposures;
- Identify constraints on the transfer of liquidity between the firm's legal entities; and
- Maintain the appropriate amount of surplus liquidity at a firmwide and legal entity level, where relevant.

In the context of the firm's liquidity management, Treasury and CIO is responsible for:

- Analyzing and understanding the liquidity characteristics of the assets and liabilities of the firm, lines of business and legal entities, taking into account legal, regulatory and operational restrictions;
- Developing internal liquidity stress testing assumptions;
- Defining and monitoring firmwide and legal entity- specific liquidity strategies, policies, reporting and contingency funding plans;
- Managing liquidity within the firm's approved liquidity risk appetite tolerances and limits;
- Managing compliance with regulatory requirements related to funding and liquidity risk; and
- Setting transfer pricing in accordance with underlying liquidity characteristics of balance sheet assets and liabilities as well as certain off-balance sheet items.

#### Liquidity Risk Management

Liquidity risk is the risk that the firm will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

#### Liquidity Risk Oversight

The firm has a liquidity Risk Oversight function whose primary objective is to provide oversight of liquidity risk across the firm. Liquidity Risk Oversight's responsibilities include:

- Defining, monitoring and reporting liquidity risk metrics
- Establishing and monitoring limits and indicators, including liquidity risk appetite;
- Developing a process to classify, monitor and report limit breaches;
- Performing independent review of liquidity risk management processes;
- Monitoring and reporting internal firmwide and legal entity liquidity stress tests as well as regulatory defined liquidity stress tests;
- Approving, escalating for review new or updated liquidity stress assumptions; and
- Monitoring liquidity positions, balance sheet variances and funding activities

#### Liquidity Risk Governance

Committees responsible for liquidity governance include the firmwide ALCO as well as line of business and regional ALCOs, the Treasurer Committee, and the CTC Risk Committee. In addition, the Board Risk Committee reviews and recommends to the Board of Directors, for formal approval, the firm's liquidity risk tolerances, liquidity strategy, and liquidity policy. For further information on Firmwide Risk Management and other risk-related committees, Refer to pages 85-89 in the 2020 Annual Report on Form 10-K.

#### Internal Stress Testing

Liquidity stress tests are intended to ensure that the firm has sufficient liquidity under a variety of adverse scenarios, including scenarios analyzed as part of the firm's resolution and recovery planning. Stress scenarios are produced for the parent company and the firm's material legal entities on a regular basis, and other stress tests are performed in response to specific market events or concerns. Liquidity stress tests assume all of the firm's contractual financial obligations are met and take into consideration:

- Varying levels of access to unsecured and secured funding markets,
- Estimated non-contractual and contingent cash outflows, and

- Potential impediments to the availability and transferability of liquidity between jurisdictions and material legal entities such as regulatory, legal or other restrictions.

Liquidity outflow assumptions are modeled across a range of time horizons and currency dimensions and contemplate both market and idiosyncratic stresses.

Results of stress tests are considered in the formulation of the firm's funding plan and assessment of its liquidity position. The parent company acts as a source of funding for the firm through equity and long-term debt issuances, and its IHC provides funding support to the ongoing operations of the parent company and its subsidiaries. The firm maintains liquidity at the parent company, IHC, and operating subsidiaries at levels sufficient to comply with liquidity risk tolerances and minimum liquidity requirements, and to manage through periods of stress where access to normal funding sources is disrupted.

### **Liquidity, Finance, Risk and Regulatory Management Reporting**

Maintaining a strong balance sheet to manage through economic volatility is a key principle and strategy at JPMorgan Chase. This balance sheet philosophy consists of conservative accounting prudent risk management and sound business practices, supported by robust liquidity and capital standards. JPM Group believes that in addition to a strong balance sheet, it is also important to have strong and diversified earnings. These high standards provide the ability to offer our products and services to clients throughout business cycles and extreme conditions, which we believe is integral to a healthy economy.

We measure each of JPMC's businesses objectively in relation to performance targets, competitor performance, quality of earnings and the current point within the credit cycle.

Importantly, each business is evaluated against "fully loaded" income statements and balance sheets, which include both direct costs and allocated costs based on arm's-length agreements and market-based pricing. The firm's disciplined approach to financial management includes a continual focus on a strong capital position and the maintenance of a strong liquidity profile,

especially during stressed environments, coupled with a conservative reserving approach.

JPMC's management reporting processes are structured to promptly identify key information, escalate and engage the appropriate level of management to review and assess key information and swiftly decision appropriate sets of actions and responses to any emerging situations and ongoing results. There are a host of daily, weekly, monthly and quarterly reporting processes at the firm. We aim to provide transparent, accurate, reliable and timely financial information that can be used by management to make sound financial decisions; for analysts to assess the firm's financial position; investors to make informed decisions; and regulators to supervise and examine us appropriately. Our goal is to continuously improve the reporting process through enhancements to the control and financial reporting environment that focus on analytics, compliance and reporting; a continued focus on accuracy and transparency and efficiency of the firm's financial reporting, internally and across regulatory and external reporting.

The JPMC technology functions that serve our businesses support the firm's risk, liquidity, financial and regulatory reporting infrastructure to ensure both internal and external clients have access to the tools and information. The technology functions include business aligned application development and enterprise wide technology groups. They are coordinated around a firmwide organizational structure reporting to the JPMC Chief Information Officer and, in certain cases, also to line of business executives. The JPMC information security program is designed to provide for the security and confidentiality of customer, client and employee information.

### **Capital Management**

Treasury and CIO are responsible for capital management. The primary objectives of the firm's capital management are to:

- Maintain sufficient capital in order to continue to build and invest in the firm's businesses through the cycle and in stressed environments;

- Retain flexibility to take advantage of future investment opportunities;
- Promote the firm's ability to serve as a source of strength to its subsidiaries;
- Ensure the firm operates above the minimum regulatory capital ratios as well as maintains "well-capitalized" status for the firm and its IDI subsidiaries at all times under applicable regulatory capital requirements;
- Meet capital distribution objectives; and
- Maintain sufficient capital resources to operate throughout a resolution period in accordance with the firm's Preferred Strategy.

The firm addresses these objectives through establishing internal minimum capital requirements and a strong capital governance framework. The internal minimum capital levels consider the firm's regulatory capital requirements as well as an internal assessment of capital adequacy, in normal economic cycles and in stress events, when setting its minimum capital levels. Capital management is intended to be flexible in order to react to a range of potential events. The current capital governance framework requires regular monitoring of the firm's capital position and follows prescribed escalation protocols, both at the firm and material legal entity levels.

### Capital Risk Management

Capital risk is the risk the firm has an insufficient level or composition of capital to support the firm's business activities and associated risks during normal economic environments and under stressed conditions. A strong capital position is essential to the firm's business strategy and competitive position. Maintaining a strong balance sheet to manage through economic volatility is considered a strategic imperative of the firm's Board of Directors, CEO and Operating Committee. The firm's fortress balance sheet philosophy focuses on risk-adjusted returns, strong capital and robust liquidity. The firm's capital risk management strategy focuses on maintaining long-term stability to enable the firm to build and invest in market-leading businesses, including in highly stressed environments. Senior management considers the implications on the firm's capital prior to making any significant decisions that could impact future business activities. In addition to considering the firm's

earnings outlook, senior management evaluates all sources and uses of capital with a view to ensuring the firm's capital strength.

### Capital Management Oversight

The firm has a Capital Management Oversight function whose primary objective is to provide independent oversight of capital risk across the firm. Capital Management Oversight's responsibilities include:

- Defining, monitoring and reporting capital risk metrics
- Establishing, calibrating and monitoring capital risk limits and indicators, including capital risk appetite tolerances;
- Developing a process to classify, monitor and report capital limit breaches; and
- Performing an independent assessment of the firm's capital management activities, including changes made to the Contingency Capital Plan described below.

In addition, the Basel Independent Review function, which is a part of the Independent Risk Management function, conducts independent assessments of the firm's regulatory capital framework. These assessments are intended to ensure compliance with the applicable regulatory capital rules in support of senior management's responsibility for managing capital and for the Board Risk Committee's oversight of management in executing that responsibility.

### Capital Governance

Committees responsible for overseeing the firm's capital management include the Capital Governance Committee, the Treasurer Committee and the firmwide ALCO. Oversight of capital management is governed through the CTC Risk Committee. In addition, the Board Risk Committee periodically reviews the firm's capital risk tolerance. Refer to firmwide Risk Management on pages 85-89 in the 2020 Annual Report on Form 10-K for additional discussion on the Board Risk Committee and the ALCO.

### Capital Planning and Stress Testing

#### Comprehensive Capital Analysis and Review

The Federal Reserve requires large BHCs, including the firm, to submit at least annually a capital plan that has been reviewed and approved by the Board of Directors. The Federal Reserve uses CCAR and other stress-testing processes to ensure that large BHCs have sufficient capital during periods of economic and financial stress and have robust, forward-looking capital assessment and planning processes in place that address each BHC's unique risks to enable it to absorb losses under certain stress scenarios. Through CCAR, the Federal Reserve evaluates each BHC's capital adequacy and internal capital adequacy assessment processes or ICAAP, as well as its plans to make capital distributions, such as dividend payments or stock repurchases. The Federal Reserve uses results under the severely adverse scenario from its supervisory stress test to determine each firm's Stress Capital Buffer, or SCB, requirement for the coming year, which forms part of each firm's applicable capital buffers. Refer to Key Regulatory Developments on pages 93–94 in the 2020 Annual Report on Form 10-K for additional information.

On April 5, 2021, the Firm submitted its 2021 Capital Plan to the Federal Reserve under the Federal Reserve's 2021 CCAR process. On June 24, 2021, the Federal Reserve released the results of its annual bank stress tests, which showed that large banks continued to have strong capital levels and remained above their risk-based minimum capital requirements. The Federal Reserve also announced that all additional, temporary restrictions on capital distributions imposed following the outbreak of COVID-19 will expire on June 30, 2021, and that firms will remain subject to the normal restrictions under the SCB framework.

On June 28, 2021, the firm announced that it had completed the Federal Reserve's 2021 CCAR stress test process. The firm's indicative 2021 SCB requirement is 3.2% (down from 3.3%), and the firm's minimum Standardized CET1 capital ratio will be 11.2% (down from 11.3%). The Federal Reserve will provide the firm with its final 2021 SCB requirement by August 31, 2021. The 2021 SCB will become effective October 1, 2021 and will remain in effect until September 30, 2022.

#### Internal Capital Adequacy Assessment Process

Annually, the firm prepares the ICAAP, which informs the Board of Directors of the ongoing assessment of the firm's processes for managing the sources and uses of capital as well as compliance with supervisory expectations for capital planning and capital adequacy. The firm's ICAAP integrates stress-testing protocols with capital planning.

The CCAR and other stress-testing processes assess the potential impact of alternative economic and business scenarios on the firm's earnings and capital. Economic scenarios, and the parameters underlying those scenarios, are defined centrally and applied uniformly across the businesses. These scenarios are articulated in terms of macroeconomic factors, which are key drivers of business results; global market shocks, which generate short-term but severe trading losses; and idiosyncratic operational risk events. The scenarios are intended to capture and stress key vulnerabilities and idiosyncratic risks facing the firm. However, when defining a broad range of scenarios, actual events can be worse. Accordingly, management considers additional stresses outside these scenarios, as necessary. These results are reviewed by management and the Board of Directors.

## Key Regulators for JPMC and JPMCB

As we conduct a range of financial activities in multiple countries, JPMorgan Chase is supervised by multiple regulators. The Federal Reserve acts as the principal regulator, and certain of JPMC's subsidiaries are regulated directly by additional authorities based on the particular activities of those subsidiaries. The firm's national bank subsidiary, JPMCB, is subject to supervision and regulation by the OCC and, with respect to certain matters, by the Federal Reserve and the FDIC. Outside the United States, JPMCB's branches are also supervised by local bank regulators, such as the Japan Financial Services Agency for JPMCB Tokyo Branch, and the Hong Kong Monetary Authority and Hong Kong Securities Finance Company for JPMCB Hong Kong Branch.

Non-bank subsidiaries are subject to supervision and regulation by other regulators. For example, JPMS LLC is supervised and regulated by the SEC and, with respect to certain futures-related and swaps-related activities, by the CFTC. The firm conducts securities underwriting, dealing and brokerage activities in the United States through JPMS LLC and other broker-dealer subsidiaries, all of which are subject to SEC regulations and those of the Financial Industry Regulatory Authority and the New York Stock Exchange, among others. The firm conducts similar securities activities outside the United States subject to local regulatory requirements. For example, in the United Kingdom, those activities are conducted by J.P. Morgan Securities plc, which is regulated by the UK Prudential Regulation Authority, a subsidiary of the Bank of England with responsibility for prudential regulation of banks and other systemically important institutions, and the UK Financial Conduct Authority, which regulates prudential matters for other firms and conduct matters for all market participants. In Japan, the firm's securities activities are conducted by JPMorgan Securities Japan Co. Ltd., which is regulated by the Japan Financial Services Agency.

The firm's investment management business is subject to significant regulation in numerous jurisdictions around the world relating to, among other things, the

safeguarding of client assets, offerings of funds, marketing activities, transactions among affiliates and management of client funds. Certain of the firm's subsidiaries are registered with, and subject to oversight by, the SEC as investment advisers. As such, the firm's registered investment advisers are subject to the fiduciary and other obligations imposed under the Investment Advisers Act of 1940 and the rules and regulations promulgated thereunder, as well as various states securities laws.

The firm has subsidiaries that are members of futures exchanges in the United States and abroad and are registered accordingly. In the United States, one subsidiary is registered as a futures commission merchant, and other subsidiaries are either registered with the CFTC as commodity pool operators and commodity trading advisors or exempt from such registration. These CFTC-registered subsidiaries are also members of the National Futures Association. The firm's commodities business is also subject to regulation by the Chicago Mercantile Exchange, London Metals Exchange and the Federal Energy Regulatory Commission. JPMCB, J.P. Morgan Securities LLC and J.P. Morgan Securities plc have registered with the CFTC as swap dealers.

The firm and its subsidiaries also are subject to federal, state and international laws and regulations concerning the use and protection of certain customer, employee and other personal and confidential information, including those imposed by the Gramm-Leach-Bliley Act and the Fair Credit Reporting Act, as well as the EU Data Protection Directive, among others. The firm is also subject to laws and regulations relating to corrupt and illegal payments to government officials and others in the jurisdictions in which it operates, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

For further details on material supervisory authorities, please refer to the 2020 Annual Report on Form 10-K and other JPMC 1934 Act reports.

## Principal Officers

Figure 32. Executive officers of JPMC and JPMCB (as of June 15, 2021)

Name	Positions and offices
James Dimon	Chairman of the Board, Chief Executive Officer and President of JPMorgan Chase & Co. Chief Executive Officer and President of JPMorgan Chase Bank, N.A.
Ashley Bacon	Chief Risk Officer since June 2013
Lori A. Beer	Chief Information Officer since September 2017, prior to which she had been Chief Information Officer of the Corporate & Investment Bank since June 2016. She was Global Head of Banking Technology from January 2014 until May 2016.
Mary Callahan Erdoes	Chief Executive Officer of Asset & Wealth Management since September 2009.
Stacey Friedman	General Counsel since January 2016, prior to which she was Deputy General Counsel since July 2015 and General Counsel for the Corporate & Investment Bank since August 2012.
Marianne Lake	Co-head of Consumer & Community Banking since May 2021, prior to which she was Chief Executive Officer of Consumer Lending and Card Services. She was Chief Financial Officer from 2013 until May 2019.
Jennifer Piepszak	Co-head of Consumer & Community Banking since May 2021, prior to which she had been the Chief Financial Officer since May 2019. She was Chief Executive Officer of Card Services from 2017 to 2019 and Chief Executive Officer of Business Banking from 2015 to 2017.
Robin Leopold	Head of Human Resources since January 2018, prior to which she had been Head of Human Resources for the Corporate & Investment Bank since August 2012.
Douglas B. Petno	Chief Executive Officer of Commercial Banking since January 2012.
Jeremy Barnum	Chief Financial Officer since May 2021, prior to which he had been head of Global Research for the Corporate & Investment Bank since February 2021. He was CFO for the Corporate & Investment Bank from 2013 until the beginning of this year.
Daniel E. Pinto	Co-President and Co-Chief Operating Officer since January 2018, Chief Executive Officer of the Corporate & Investment Bank since March 2014, and Chief Executive Officer of Europe, the Middle East and Africa since June 2011.
Peter Scher	Head of Corporate Responsibility since 2011 and Chairman of the Mid-Atlantic Region since 2015.
Gordon A. Smith	Co-President and Co-Chief Operating Officer since January 2018, and Chief Executive Officer of Consumer & Community Banking since December 2012.
<b>Notes regarding additional, select officer titles with JPMorgan Chase Bank, N.A.</b>	
Stephen B. Burke	Non-executive Chairman of the Board
Louis Rauchenberger	General Auditor
Frank Pearn	Chief Compliance Officer
Matthew Cherwin	Treasurer and Chief Investment Officer
John H. Tribolati	Secretary
Giovanna Acquilano	Controller

### **Resolution Planning Corporate Governance Structure and Processes**

---

Resolution planning at JPMorgan Chase is coordinated in a resolution planning office led by a senior officer of the firm in the Treasury and CIO organization. As head of resolution and recovery planning, this senior officer has firmwide 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 and recovery planning works closely with the management teams of each of the lines of business and sub-lines of business, as well as with the management teams of functional support groups (e.g., Risk, Finance, Treasury, Legal, HR, Technology & Operations, Mergers & Acquisitions, etc.) to assess resolution strategies. The Resolution and Recovery Planning Function 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. Development of the resolution plan is subject to independent review and challenge.

The senior officer responsible for resolution planning reports to the head of Capital and Liquidity Management. The Chief Financial Officer is ultimately accountable for the resolution plan. A governance body consisting of the JPMC CFO, CRO, and General Counsel, among others, is in place to provide oversight and guidance to the resolution planning process. The process is reviewed with the Board Risk Committee, and updates on progress are made regularly to the Board Risk Committee. The submission of our 2021 Targeted Submission has been approved by the JPMC Board.

---

**Other Required  
Financial  
Information  
Disclosures in the  
Public Filing**

---

## Other Required Financial Information Disclosures in the Public Filing

---

### TABLE OF CONTENTS

<b>Summary Financial Information.....</b>	<b>109</b>
Description of Foreign Operations .....	110
Line of Business Equity .....	116
Other Capital Requirements .....	116

## Summary Financial Information

Defined terms in this section are capitalized and may be found either in the Glossary beginning on page 118 or in the 2020 Annual Report.

Figure 33 is the firm's consolidated balance sheets from the firm's Annual Report on Form 10-K for the period ended December 31, 2020. For a more detailed discussion on each of the specific line captions on the Consolidated Balance Sheets, please refer to the 2020 Annual Report on Form 10-K and other JPMorgan Chase & Co. '34 Act reports.

Figure 33. JPMorgan Chase – Consolidated Balance Sheets

JPMorgan Chase - Consolidated Balance Sheets <sup>(a)</sup>		
December 31, (in millions, except share data)	2020	2019
<b>Assets</b>		
Cash and due from banks	\$ 24,874	\$ 21,704
Deposits with banks	502,735	241,927
Federal funds sold and securities purchased under resale agreements	296,284	249,157
Securities borrowed	160,635	139,758
Trading assets	503,126	369,687
Available-for-sale securities	388,178	350,699
Held-to-maturity securities	201,821	47,540
<b>Investment securities, net of allowance for credit losses</b>	<b>589,999</b>	<b>398,239</b>
Loans	1,012,853	997,620
Allowance for loan losses	(28,328)	(13,123)
<b>Loans, net of allowance for loan losses</b>	<b>984,525</b>	<b>984,497</b>
Accrued interest and accounts receivable	90,503	72,861
Premises and equipment	27,109	25,813
Goodwill, MSRs and other intangible assets	53,428	53,341
Other assets	151,853	130,395
<b>Total assets</b>	<b>\$ 3,386,071</b>	<b>\$ 2,687,379</b>
<b>Liabilities</b>		
Deposits	\$ 2,144,257	\$ 1,562,431
Federal funds purchased and securities loaned or sold under repurchase agreements	215,209	183,675
Short-term borrowings	45,208	40,920
Trading liabilities	170,181	119,277
Accounts payable and other liabilities	232,599	210,407
Beneficial interests issued by consolidated VIEs	17,578	17,841
Long-term debt	281,685	291,498
<b>Total liabilities</b>	<b>3,106,717</b>	<b>2,426,049</b>
Commitments and contingencies		
<b>Stockholders' equity</b>		
Preferred stock	30,063	26,993
Common stock	4,105	4,105
Additional paid-in capital	88,394	88,522
Retained earnings	236,990	223,211
Accumulated other comprehensive income	7,986	1,569
Shares held in restricted stock units ("RSU") trust, at cost	—	(21)
Treasury stock, at cost	(88,184)	(83,049)
<b>Total stockholders' equity</b>	<b>279,354</b>	<b>261,330</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 3,386,071</b>	<b>\$ 2,687,379</b>

(a) In the first quarter of 2021, JPMorgan Chase reclassified certain deferred investment tax credits. Refer to Note 1 in the JPMorgan Chase's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 for further information.

## Other Required Financial Information Disclosures in the Public Filing

### Summary Financial Information

#### Description of Foreign Operations

##### International operations

The following table presents income statement and balance sheet-related information for JPMorgan Chase by major international geographic area. The firm defines international activities for purposes of this footnote presentation as business transactions that involve clients residing outside of the U.S., and the information presented below is based predominantly on the domicile of the client, the location from which the client relationship is managed, booking location or the location of the trading desk. However, many of the firm's U.S. operations serve international businesses.

As the firm's operations are highly integrated, estimates and subjective assumptions have been made to apportion revenue and expense between U.S. and international operations. These estimates and assumptions are consistent with the allocations used for the firm's segment reporting as set forth in Note 32 of the 2020 Annual Report on Form 10-K.

The firm's long-lived assets for the periods presented are not considered by management to be significant in relation to total assets. The majority of the firm's long-lived assets are located in the U.S.

For further details on foreign operations, please refer to the 2020 Annual Report on Form 10-K and other JPMorgan Chase & Co. '34 Act reports.

As of or for the year ended December 31, (in millions)	Revenue <sup>(c)</sup>	Expense <sup>(d)</sup>	Income before income tax expense	Net income	Total assets
<b>2020</b>					
Europe/Middle East/Africa	\$ 16,566	\$ 10,987	\$ 5,579	\$ 3,868	\$ 530,687 <sup>(e)</sup>
Asia-Pacific	9,289	5,558	3,731	2,630	252,553
Latin America/Caribbean	2,740	1,590	1,150	837	61,980
<b>Total international</b>	<b>28,595</b>	<b>18,135</b>	<b>10,460</b>	<b>7,335</b>	<b>845,220</b>
North America <sup>(a)</sup>	90,948	66,001	24,947	21,796	2,540,851
<b>Total</b>	<b>\$ 119,543</b>	<b>\$ 84,136</b>	<b>\$ 35,407</b>	<b>\$ 29,131</b>	<b>\$ 3,386,071</b>
<b>2019<sup>(b)</sup></b>					
Europe/Middle East/Africa	\$ 15,887	\$ 9,860	\$ 6,027	\$ 4,158	\$ 391,369 <sup>(e)</sup>
Asia-Pacific	7,254	5,060	2,194	1,467	183,023
Latin America/Caribbean	2,405	1,561	844	609	47,820
<b>Total international</b>	<b>25,546</b>	<b>16,481</b>	<b>9,065</b>	<b>6,234</b>	<b>622,212</b>
North America <sup>(a)</sup>	89,853	54,373	35,480	30,197	2,065,167
<b>Total</b>	<b>\$ 115,399</b>	<b>\$ 70,854</b>	<b>\$ 44,545</b>	<b>\$ 36,431</b>	<b>\$ 2,687,379</b>
<b>2018<sup>(b)</sup></b>					
Europe/Middle East/Africa	\$ 16,459	\$ 10,032	\$ 6,427	\$ 4,569	\$ 424,935 <sup>(e)</sup>
Asia-Pacific	6,991	4,884	2,107	1,481	171,547
Latin America/Caribbean	2,365	1,301	1,064	744	43,871
<b>Total international</b>	<b>25,815</b>	<b>16,217</b>	<b>9,598</b>	<b>6,794</b>	<b>640,353</b>
North America <sup>(a)</sup>	82,968	51,802	31,166	25,680	1,982,179
<b>Total</b>	<b>\$ 108,783</b>	<b>\$ 68,019</b>	<b>\$ 40,764</b>	<b>\$ 32,474</b>	<b>\$ 2,622,532</b>

(a) Substantially reflects the U.S.

(b) Prior-period amounts have been revised to conform with the current presentation.

(c) Revenue is composed of net interest income and noninterest revenue.

(d) Expense is composed of noninterest expense and the provision for credit losses.

(e) Total assets for the U.K. were approximately \$353 billion, \$309 billion and \$299 billion at December 31, 2020, 2019 and 2018, respectively.

## Other Required Financial Information Disclosures in the Public Filing

### Summary Financial Information

In addition to providing summary financial information on a consolidated basis regarding JPMorgan Chase, the following table highlights total assets, total liabilities, total net revenue and net income as of December 31, 2020, for JPMCB on a consolidated basis and the remaining material legal entities on a stand-alone basis.

**Figure 34. Selected Financial Metrics**

December 31, 2020 (\$ in millions) <sup>(a)</sup>	Total Assets	Total Liabilities	Total Net Revenue	Net Income
<b>Consolidated JPMorgan Chase Bank, N.A.<sup>(b)</sup></b>	\$ 3,025,285	2,755,225	105,359	21,032
<b>JPMCB Bank Branches</b>				
JPMorgan Chase Bank, N.A. - London Branch	429,427	429,338	7,500	461
JPMorgan Chase Bank, N.A. - Hong Kong Branch	15,413	15,413	1,231	121
JPMorgan Chase Bank, N.A. - Philippines GSC	365	76	390	16
JPMorgan Chase Bank, N.A. - Singapore Branch	37,442	37,436	1,560	239
JPMorgan Chase Bank, N.A. - Sydney Branch	18,302	18,279	331	(9)
JPMorgan Chase Bank, N.A. - Tokyo Branch	39,422	39,400	119	22
<b>JPMCB Subsidiaries</b>				
J.P. Morgan AG	155,302	139,522	919	201
JPMorgan Securities Japan Co., Ltd.	47,854	45,517	759	173
J.P. Morgan Securities plc	470,736	423,472	9,665	2,093
Paymentech, LLC	7,855	5,476	882	(69)
J.P. Morgan Bank Luxembourg S.A.	82,238	76,806	1,386	259
<b>IHC and Subsidiaries</b>				
J.P. Morgan Chase Holdings LLC	243,674	5,149	12,848	12,632
J.P. Morgan Services India Private Limited	1,709	412	1,517	206
J.P. Morgan Securities LLC	641,721	628,789	20,218	8,121
JPMorgan Asset Management (Europe) S.a.r.l.	2,350	1,547	2,322	178
JPMorgan Asset Management (UK) Limited	1,474	404	1,198	239
JPMorgan Distribution Services, Inc.	485	60	906	78
J.P. Morgan Investment Management Inc.	3,722	1,123	3,944	1,042

(a) Financial information follows the accounting and financial reporting policies of the firm, the basis of which is U.S. GAAP.

(b) In the first quarter of 2021, the firm reclassified certain deferred investment tax credits. December 31, 2020 amounts have been revised to conform with the current presentation. Refer to Note 1 in JPMorgan Chase's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 for further information.

The Federal Reserve establishes capital requirements, including well-capitalized standards, for the consolidated financial holding company. The OCC establishes similar minimum capital requirements and standards for the firm's principal IDI subsidiary, JPMorgan Chase Bank, N.A. The U.S. capital requirements generally follow the Capital Accord of the Basel Committee, as amended from time to time.

The capital rules under Basel III establish minimum capital ratios and overall capital adequacy standards for large and internationally active U.S. bank holding companies and banks, including the firm and its IDI subsidiaries, including JPMorgan Chase Bank, N.A. The minimum amount of regulatory capital that must be held by BHCs and banks is determined by calculating risk-weighted assets ("RWA"), which are on-balance sheet assets and off-balance sheet exposures, weighted according to risk. Two comprehensive approaches are prescribed for calculating RWA: a standardized approach ("Basel III Standardized"), and an advanced approach ("Basel III Advanced"). For each of the risk-based capital ratios, the capital

adequacy of the firm and JPMorgan Chase Bank, N.A. is evaluated against the lower of the Standardized or Advanced approaches compared to their respective minimum capital ratios.

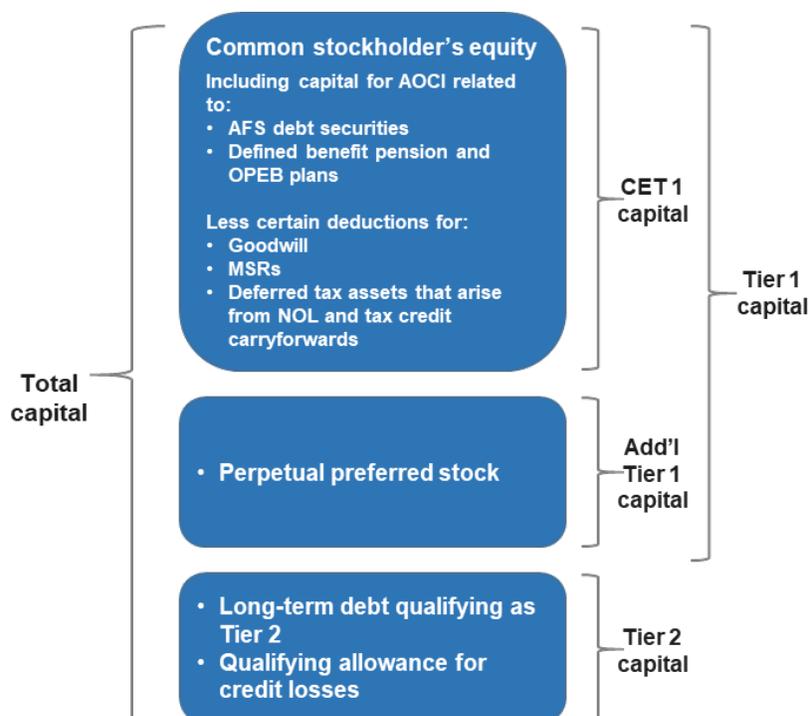
Basel III establishes capital requirements for calculating credit risk RWA and market risk RWA, and in the case of Basel III Advanced, operational risk RWA. Key differences in the calculation of credit risk RWA between the Standardized and Advanced approaches are that for Basel III Advanced, credit risk RWA is based on risk-sensitive approaches which largely rely on the use of internal credit models and parameters, whereas for Basel III Standardized, credit risk RWA is generally based on supervisory risk-weightings which vary primarily by counterparty type and asset class. Market risk RWA is calculated on a generally consistent basis between Basel III Standardized and Basel III Advanced. In addition to the RWA calculated under these approaches, the firm may supplement such amounts to incorporate management judgment and feedback from its regulators.

Basel III also includes a requirement for Advanced Approach banking organizations, including the firm, to calculate the SLR. For further details on SLR, please refer to page 98 in the 2020 Annual Report on Form 10-K.

### COVID-19 Pandemic

The firm has been impacted by market events as a result of the COVID-19 pandemic, but remains well-capitalized. However, the continuation or further deterioration of the current macroeconomic environment could result in impacts to the firm's capital and leverage.

The three components of regulatory capital under the Basel III rules are as illustrated below:



Under the risk-based capital and leverage-based guidelines of the Federal Reserve, JPMorgan Chase is required to maintain minimum ratios for CET1 capital, Tier 1 capital, Total capital, Tier 1 leverage and the SLR. Failure to meet these minimum requirements could cause the Federal Reserve to take action. IDI subsidiaries are also subject to these capital requirements established by their respective primary regulators.

#### *Key Regulatory Developments*

*Current Expected Credit Losses.* Effective January 1, 2020, JPMorgan Chase adopted the Financial Instruments – Credit Losses guidance under U.S. GAAP. As permitted under the U.S. capital rules issued by the federal banking agencies in 2019, JPMorgan Chase initially elected to phase-in the January 1, 2020 (“day 1”) CECL adoption impact to retained earnings of \$2.7 billion to CET1 capital, at 25% per year in each of 2020 to 2023. As part of their response to the impact of the COVID-19 pandemic, on March 31, 2020, the federal banking agencies issued an interim final rule (issued as final on August 26, 2020) that provided the option to delay the effects of CECL on regulatory capital for two years, followed by a three-year transition period (“CECL capital transition provisions”).

The final rule provides a uniform approach for estimating the effects of CECL compared to the legacy incurred loss model during the first two years of the transition period (the “day 2” transition amount), whereby JPMorgan Chase may exclude from CET1 capital 25% of the change in the allowance for credit losses (excluding allowances on PCD loans). The cumulative day 2 transition amount as at December 31, 2021 that is not recognized in CET1 capital, as well as the \$2.7 billion day 1 impact, will be phased into CET1 capital at 25% per year beginning January 1, 2022. JPMorgan Chase has elected to apply the CECL capital transition provisions, and accordingly, for the year ended December 31, 2020, the capital metrics of JPMorgan Chase exclude \$5.7 billion, which is the \$2.7 billion day 1 impact to retained earnings and 25% of the \$12.2 billion increase in the allowance for credit losses (excluding allowances on Purchased Credit Deteriorated, or PCD loans).

The impacts of the CECL capital transition provisions have also been incorporated into Tier 2 capital, adjusted average assets, and total leverage exposure. Refer to Note 1 of the 2020 Annual Report on Form 10-K for further information on the CECL accounting guidance.

*Money Market Mutual Fund Liquidity Facility (“MMLF”).* The Federal Reserve established the MMLF facility on March 18, 2020, authorized through March 31, 2021, to enhance the liquidity and functioning of money markets. Under the MMLF, the Federal Reserve Bank of Boston (“FRBB”) makes nonrecourse advances to participating financial institutions to purchase certain types of assets from eligible money market mutual fund clients. These assets, which are reflected in other assets on the JPMorgan Chase’s consolidated balance sheets, are pledged to the FRBB as collateral. On March 23, 2020, the federal banking agencies issued an interim final rule (issued as final on September 29, 2020) to neutralize the effects of purchasing assets through the program on risk-based and leverage-based capital ratios. As of December 31, 2020, JPMorgan Chase excluded assets purchased from money market mutual fund clients pursuant to nonrecourse advances provided under the MMLF in the amount of \$187 million from its RWA and \$358 million from adjusted three month average assets and total leverage exposure. Usage of the MMLF has not been incorporated into the Hypothetical Resolution Scenario.

*Supplementary leverage ratio temporary revision.* On April 1, 2020, the Federal Reserve issued an interim final rule that requires, on a temporary basis, the calculation of total leverage exposure for purposes of calculating the SLR for bank holding companies, to exclude the on-balance sheet amounts of U.S. Treasury securities and deposits at Federal Reserve Banks. These exclusions became effective April 1, 2020, and remained in effect through March 31, 2021.

On June 1, 2020, the Federal Reserve, OCC and FDIC issued an interim final rule that provides IDI subsidiaries with an option to apply this temporary exclusion subject to certain restrictions. As of December 31, 2020, JPMorgan Chase Bank, N.A. has not elected to apply this exclusion.

*Paycheck Protection Program.* On April 13, 2020, the federal banking agencies issued an interim final rule (issued as final on September 29, 2020) to neutralize the regulatory capital effects of participating in the PPP on risk-based capital ratios by applying a zero percent risk weight to loans originated under the program. Given that PPP loans are guaranteed by the SBA, JPMorgan Chase does not expect to realize material credit losses on these loans. As of December 31, 2020, JPMorgan Chase had approximately \$27 billion of loans under the program.

## Other Required Financial Information Disclosures in the Public Filing

### Summary Financial Information

The rule also provides that if a PPP loan is pledged as collateral for a non-recourse loan under the Federal Reserve's Paycheck Protection Program Lending ("PPPL") Facility, the PPP loan can be excluded from leverage-based capital ratios. As of December 31, 2020, JPMorgan Chase had not participated in the PPPL Facility.

For information on Regulatory Developments Relating to the COVID-19 Pandemic, refer to pages 52-53 in the 2020 Annual Report on Form 10-K for additional information on regulatory actions and significant financing programs that the U.S. government and regulators have introduced to address the effects of the COVID-19 pandemic.

**Stress Capital Buffer.** On March 4, 2020, the Federal Reserve issued the final rule introducing the SCB framework for the Basel III Standardized approach that is designed to more closely integrate the results of the quantitative assessment in the annual CCAR with the ongoing minimum capital requirements for BHCs under the U.S. Basel III rules. The final rule replaces the fixed 2.5% CET1 capital conservation buffer in the Standardized approach with a dynamic institution-specific SCB. The final rule does not apply to the U.S. Basel III Advanced approach capital requirements. The SCB requirement for BHCs will be effective on October 1 of each year and is expected to remain in effect until September 30 of the following year.

**TLAC Holdings rule.** On October 20, 2020, the federal banking agencies issued a final rule prescribing the regulatory capital treatment for holdings of TLAC debt instruments by certain large banking organizations, such as JPMorgan Chase and JPMorgan Chase Bank, N.A. This rule expands the scope of the existing capital deductions rule around the holdings of capital instruments of financial institutions to also include TLAC debt instruments issued by systemically important banking organizations. The final rule will become effective on April 1, 2021 and is not expected to have a material impact on JPMorgan Chase's risk-based capital metrics.

The following table presents the firm's risk-based and leverage-based capital metrics under both the Basel III Standardized and Advanced approaches. For further discussion of these capital metrics, including regulatory minimums, and the Standardized and Advanced Approaches, refer to Regulatory Capital on pages 92 - 99 in the 2020 Annual Report on Form 10-K.

**Figure 35. Standardized and Advanced in Risk - Based and Leverage - Based Capital Metrics**

(in millions, except ratios)	Standardized			Advanced		
	December 31, 2020 <sup>(c)(d)</sup>	December 31, 2019	Minimum capital ratios <sup>(e)</sup>	December 31, 2020 <sup>(c)(d)</sup>	December 31, 2019	Minimum capital ratios <sup>(e)</sup>
<b>Risk-based capital metrics:</b>						
CET1 capital	\$ 205,078	\$ 187,753		\$ 205,078	\$ 187,753	
Tier 1 capital	234,844	214,432		234,844	214,432	
Total capital	269,923	242,589		257,228	232,112	
Risk-weighted assets	1,560,609	1,515,869		1,484,431	1,397,878	
CET1 capital ratio	13.1 %	12.4 %	11.3 %	13.8 %	13.4 %	10.5 %
Tier 1 capital ratio	15.0	14.1	12.8	15.8	15.3	12.0
Total capital ratio	17.3	16.0	14.8	17.3	16.6	14.0
<b>Leverage-based capital metrics:</b>						
Adjusted average assets <sup>(a)</sup>	\$ 3,353,319	\$ 2,730,239		\$ 3,353,319	\$ 2,730,239	
Tier 1 leverage ratio	7.0 %	7.9 %	4.0 %	7.0 %	7.9 %	4.0 %
Total leverage exposure <sup>(b)</sup>	NA	NA		\$ 3,401,542	\$ 3,423,431	
SLR <sup>(b)</sup>	NA	NA	NA	6.9 %	6.3 %	5.0 %

(a) Adjusted average assets, for purposes of calculating the leverage ratios, includes total quarterly average assets adjusted for on-balance sheet assets that are subject to deduction from Tier 1 capital, predominantly goodwill and other intangible assets.

(b) As of December 31, 2020, total leverage exposure for purposes of calculating the SLR excludes U.S. Treasury securities and deposits at Federal Reserve Banks, as provided by the interim final rule issued by the Federal Reserve on April 1, 2020

## Other Required Financial Information Disclosures in the Public Filing

### Summary Financial Information

(c) As of December 31, 2020, the capital metrics reflect the CECL capital transition provisions.

(d) As of December 31, 2020, the capital metrics reflect the exclusion of assets purchased from money market mutual fund clients pursuant to nonrecourse advances provided under the MMLF. Additionally, loans originated under the PPP receive a zero percent risk weight.

(e) Represents minimum requirements and regulatory buffers applicable to the firm. For the period ended December 31, 2019, the CET1, Tier 1, Total, Tier 1 leverage and SLR minimum capital ratios applicable to the firm were 10.5%, 12.0%, 14.0%, 4.0% and 5.0%, respectively. Refer to Note 27 for additional information.

The following table presents reconciliations of total stockholders' equity to Basel III CET1 capital, Tier 1 capital and Total capital as of December 31, 2020 and 2019.

**Figure 36. Capital Components**

(in millions)	December 31, 2020	December 31, 2019
<b>Total stockholders' equity</b>	<b>\$ 279,354</b>	<b>\$ 261,330</b>
Less: Preferred stock	30,063	26,993
<b>Common stockholders' equity</b>	<b>249,291</b>	<b>234,337</b>
Add:		
Certain deferred tax liabilities <sup>(a)</sup>	2,453	2,381
Less:		
Goodwill	49,248	47,823
Other intangible assets	904	819
Other CET1 capital adjustments <sup>(b)</sup>	(3,486)	323
<b>Standardized/Advanced CET1 capital</b>	<b>205,078</b>	<b>187,753</b>
Preferred stock	30,063	26,993
Less: Other Tier 1 adjustments	297	314
<b>Standardized/Advanced Tier 1 capital</b>	<b>\$ 234,844</b>	<b>\$ 214,432</b>
Long-term debt and other instruments qualifying as Tier 2 capital	\$ 16,645	\$ 13,733
Qualifying allowance for credit losses <sup>(c)</sup>	18,372	14,314
Other	62	110
<b>Standardized Tier 2 capital</b>	<b>\$ 35,079</b>	<b>\$ 28,157</b>
<b>Standardized Total capital</b>	<b>\$ 269,923</b>	<b>\$ 242,589</b>
Adjustment in qualifying allowance for credit losses for Advanced Tier 2 capital <sup>(d)</sup>	(12,695)	(10,477)
<b>Advanced Tier 2 capital</b>	<b>\$ 22,384</b>	<b>\$ 17,680</b>
<b>Advanced Total capital</b>	<b>\$ 257,228</b>	<b>\$ 232,112</b>

(a) Represents deferred tax liabilities related to tax-deductible goodwill and to identifiable intangibles created in nontaxable transactions, which are netted against goodwill and other intangibles when calculating CET1 capital.

(b) As of December 31, 2020, the impact of the CECL capital transition provision was an increase in CET1 capital of \$5.7 billion.

(c) Represents the allowance for credit losses eligible for inclusion in Tier 2 capital up to 1.25% of credit risk RWA, including the impact of the CECL capital transition provision with any excess deducted from RWA.

(d) Represents an adjustment to qualifying allowance for credit losses for the excess of eligible credit reserves over expected credit losses up to 0.6% of credit risk RWA, including the impact of the CECL capital transition provision with any excess deducted from RWA.

### Line of Business Equity

Each business segment is allocated capital by taking into consideration a variety of factors including capital levels of similarly rated peers and applicable regulatory capital requirements. ROE is measured and internal targets for expected returns are established as key measures of a business segment's performance.

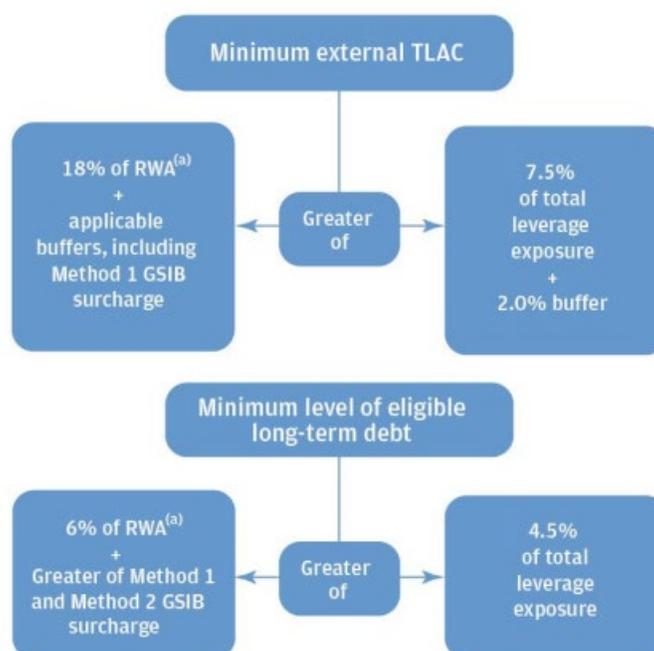
The firm's allocation methodology incorporates Basel III Standardized RWA, Basel III Advanced RWA, the GSIB surcharge, and a simulation of capital in a severe stress environment. As of January 1, 2021, the firm has changed its line of business capital allocations primarily as a result of changes in exposures for each line of business and an increase in the relative risk weighting toward Standardized RWA. The assumptions and methodologies used to allocate capital are periodically assessed and as a result, the capital allocated to the lines of business may change from time to time.

### Other Capital Requirements

#### Total Loss Absorbing Capacity (TLAC)

The Federal Reserve's TLAC rule requires the U.S. GSIB top-tier holding companies, including the firm, to maintain minimum levels of external TLAC and eligible long-term debt.

The minimum external TLAC and the minimum level of eligible long-term debt requirements are shown below:



(a) RWA is the greater of Standardized and Advanced compared to their respective minimum capital ratios.

Failure to maintain TLAC equal to or in excess of the regulatory minimum plus applicable buffers will result in limitations to the amount of capital that the firm may distribute, such as through dividends and common share repurchases.

## Other Required Financial Information Disclosures in the Public Filing

### Summary Financial Information

The following table presents the TLAC and external long-term debt minimum requirements including applicable regulatory buffers, as of December 31, 2020 and 2019.

<b>Minimum Requirements</b>	
TLAC to RWA	23.0 %
TLAC to leverage exposure	9.5
External long-term debt to RWA	9.5
External long-term debt to leverage	4.5

Effective January 1, 2021, Method 1 GSIB surcharge is 2.0% (down from 2.5%). As a result, the firm's TLAC to RWA requirement will become 22.5%. For information on the GSIB surcharge, refer to Risk-based Capital Regulatory Minimums on pages 94-95 in the 2020 Annual Report on Form 10-K.

The following table presents the eligible external TLAC and eligible LTD amounts, as well as a representation of the amounts as a percentage of the firm's total RWA and total leverage exposure applying the impact of the CECL capital transition provisions as of December 31, 2020 and 2019.

<b>(in billions, except ratio)</b>	<b>December 31, 2020</b>		<b>December 31, 2019</b>	
	External TLAC	LTD	External TLAC	LTD
Total eligible amount	\$ 421.0	\$ 181.4	\$ 386.4	\$ 161.8
% of RWA	27.0 %	11.6 %	25.5 %	10.7 %
Surplus/(shortfall)	\$ 62.1	\$ 33.1	\$ 37.7	\$ 17.8
% of total leverage exposure	12.4 %	5.3 %	11.3 %	4.7 %
Surplus/(shortfall)	\$ 97.9	\$ 28.3	\$ 61.2	\$ 7.8

Refer to Part I, Item 1A: Risk Factors on pages 8-32 of the 2020 Annual Report on Form 10-K for information on the financial consequences to holders of the firm's debt and equity securities in a resolution scenario.

---

# Glossary

---

Term	Definition
<b>165(d)</b>	Joint FDIC and Federal Reserve rule promulgated pursuant to Section 165(d) of the Dodd-Frank Act requiring the submission of resolution plans for certain bank holding companies and nonbank financial institutions
<b>1934 Act</b>	Securities Exchange Act of 1934
<b>2020 Annual Report or 2020 Form 10-K</b>	JPMorgan Chase's annual report on Form 10-K for year ended December 31, 2020, filed with the SEC
<b>2019 Final Guidance</b>	Resolution planning guidance, which updated and superseded prior guidance, issued by the Agencies and published in the Federal Register in February 2019.
<b>2019 Submission or 2019 Resolution Plan</b>	Resolution plan submitted by JPMC to the Agencies by July 1, 2019 pursuant to Section 165(d)
<b>2021 Targeted Submission</b>	A subset of JPMC's full resolution plan submitted by JPMC to the Agencies by July 1, 2021 pursuant to Section 165(d)
<b>ACH</b>	Automated clearing house
<b>Advanced RWA</b>	Advanced Approach to Third Basel Accord by the Basel Committee on Banking Supervision
<b>Agencies</b>	The Federal Reserve and FDIC
<b>Agency Feedback</b>	Feedback on the firm's 2019 Submission which was provided in December 2019
<b>ALCO</b>	Asset Liability Committee
<b>Asset &amp; Wealth Management or AWM</b>	Asset & Wealth Management line of business or Object of Sale, as indicated in this Public Filing
<b>Asset Management</b>	JPMC's Asset Management sub-line of business or Object of Sale, as indicated in this Public Filing
<b>ATM</b>	Automated teller machine
<b>Auto</b>	JPMC's Auto sub-line of business, or JPMC's Auto Object of Sale

Term	Definition
<b>Bankruptcy Playbook</b>	A step-by-step bankruptcy execution plan setting forth the actions that would be taken in a resolution scenario in order to implement the Preferred Strategy; also includes a document completion guide and a guide to key components of the ISDA Protocols
<b>Basel III</b>	Third Basel Accord by the Basel Committee
<b>Basel Committee</b>	Basel Committee on Banking Supervision
<b>BHC</b>	Bank holding company
<b>Board</b>	Board of directors
<b>Board Risk Committee</b>	The risk policy committee of the JPMC board
<b>Brexit</b>	The expected departure of the U.K. from the European Union
<b>Business as Usual</b>	The period during which JPMorgan Chase is considered to be operating normally and none of the triggers associated with recovery or resolution plan actions have occurred
<b>Capital Governance Committee</b>	JPMorgan Chase's committee that oversees the capital adequacy assessment process
<b>Capital and Liquidity Management</b>	A function within the office of the CFO
<b>Category I</b>	Under the Final Resolution Plan Rule, the Agencies established four categories to tailor resolution planning requirements by size and complexity of the banking organization. The U.S. GSIBs, including JPMC, are categorized as Category I banking organizations and are therefore subject to the most stringent resolution planning requirements
<b>CCAR</b>	Comprehensive Capital Analysis and Review
<b>CCO</b>	JPMC's Chief Compliance Officer
<b>CCOR</b>	Compliance, Conduct, and Operations Risk
<b>CECL</b>	Current Expected Credit Losses
<b>CEO</b>	JPMC's Chief Executive Officer

Term	Definition
<b>CET1</b>	Common equity tier 1 capital, as defined in 12 C.F.R. Part 217
<b>CFO</b>	JPMC's Chief Financial Officer
<b>CFTC</b>	U.S. Commodity Futures Trading Commission
<b>CHAPS</b>	The Clearing House Automated Payment System
<b>CHAPS Co.</b>	CHAPS Clearing Company Limited
<b>CHIPS</b>	The Clearing House Interbank Payments System
<b>CIO</b>	Chief Investment Office
<b>CLS</b>	Continuous linked settlement
<b>CLS Bank</b>	CLS Bank International
<b>CME</b>	Chicago Mercantile Exchange Inc.
<b>Commercial Banking</b>	Commercial Banking line of business
<b>Commercial Real Estate Banking</b>	JPMC's Commercial Real Estate Banking sub-line of business
<b>Commercial Term Lending</b>	JPMC's Commercial Term Lending Object of Sale, as indicated in this Public Filing
<b>Consumer &amp; Community Banking or CCB</b>	Consumer and Community Banking line of business
<b>Consumer/Business Banking or CBB</b>	JPMC's Consumer/Business Banking sub-line of business
<b>Consumer, Community &amp; Commercial Banking</b>	A new line of business formed during resolution by combining Commercial Banking and Consumer & Community Banking; Consumer, Community & Commercial Banking would then be divided into seven regional Objects of Sale
<b>Contingency Capital Plan</b>	JPM Group's Contingency Capital Plan
<b>Contingency Funding Plan</b>	JPM Group's Contingency Funding Plan
<b>Continuous Net Settlement</b>	NSCC's core netting, allotting and fail-control engine; each security is netted to one position per participant, with NSCC as its central counterparty
<b>Corporate</b>	Corporate line of business

<b>Term</b>	<b>Definition</b>
<b>Corporate &amp; Investment Bank or CIB</b>	Corporate & Investment Bank line of business
<b>Corporate Client Banking</b>	JPMC's Corporate Client Banking sub-line of business
<b>Corporate Treasury</b>	JPMC's Corporate Treasury
<b>COVID-19 pandemic</b>	Global pandemic of coronavirus disease 2019, caused by the novel severe acute respiratory syndrome coronavirus 2
<b>Credit Card</b>	JPMC's Credit Card sub-line of business or Object of Sale, as indicated in this Public Filing
<b>Crisis Management Communications Plan</b>	JPMorgan Chase's crisis management communications strategy
<b>Crisis Management Framework</b>	Collective framework to support the JPMC resolution and recovery planning efforts, designed around our recovery plan, resolution strategy, capital and liquidity resources and operational resilience
<b>Crisis Management Playbooks</b>	Communications framework with key stakeholders in a resolution event for the firm, LOBs and Critical Operations
<b>Critical Operation</b>	An operation of JPMC, including associated services, functions and support, the failure or discontinuance of which would pose a threat to the financial stability of the United States
<b>Critical Service</b>	Services deemed to provide material operational support to one or more Critical Operation or LOB
<b>Critical Shared Service</b>	Collectively the Critical Operations, which act as central utilities for the firm, the Critical Corporate Shared Services, and the essential, centrally managed LOB staff functions necessary to support the Critical Operations or another LOB
<b>CRO</b>	JPMC's Chief Risk Officer
<b>CTC Risk Committee</b>	CIO, Treasury and Corporate Risk Committee
<b>DFAST</b>	Dodd-Frank Act Stress Test
<b>Discount Window</b>	The Federal Reserve Discount Window

Term	Definition
<b>Divestiture Playbook</b>	Playbooks that collectively provide a clear road map to divest the Objects of Sale
<b>Dodd-Frank Act</b>	The Dodd-Frank Wall Street Reform and Consumer Protection Act
<b>DTC</b>	The Depository Trust Company
<b>EBA Clearing</b>	The trading name of ABE Clearing S.A.S
<b>Edge Act</b>	1919 Amendment to the Federal Reserve Act of 1913
<b>Emergency Transfer Motion</b>	An emergency motion to, among other things, transfer the interests of IHC to NewCo and the stock of JPMCB to IHC (and indirectly to NewCo and the Trust), to be filed immediately after commencement of JPMC's Chapter 11 Proceedings
<b>EPN</b>	Electronic Payments Network
<b>Equities</b>	JPMC's Equities sub-line of business
<b>EU</b>	European Union
<b>EUI</b>	Euroclear UK & Ireland (formerly CREST)
<b>Euroclear</b>	Euroclear Bank
<b>FDIC</b>	Federal Deposit Insurance Corporation
<b>FedACH</b>	FedACH Services
<b>Federal Reserve</b>	Board of Governors of the Federal Reserve System
<b>Fedwire Funds</b>	Fedwire Funds Service
<b>Fedwire Securities</b>	Fedwire Securities Service
<b>FHLB</b>	Federal Home Loan Banks
<b>FICC</b>	Fixed Income Clearing Corporation
<b>Filing Preparation Period</b>	Period that commences with the occurrence of a Filing Preparation Period Trigger and ends upon the onset of Resolution Weekend
<b>Filing Preparation Period Trigger</b>	The trigger indicating the onset of the Filing Preparation Period

Term	Definition
<b>Final Resolution Plan Rule</b>	Final rule issued by the Agencies in October 2019 pursuant to Section 165(d), amending and restating the original 165(d) resolution planning rule
<b>Fixed Income</b>	JPMC's Fixed Income sub-line of business
<b>FMU</b>	Financial market utility
<b>FMU/Agent Bank Playbooks</b>	Detailed playbooks for JPM Group's key FMUs and agent banks, which cover the specific operational processes, communications and other actions, including contingency actions and alternative strategies, that could be taken in order to respond to potential adverse actions by an FMU or agent bank
<b>FRBNY</b>	Federal Reserve Bank of New York
<b>FREs</b>	Firmwide Risk Executives
<b>FX</b>	Foreign exchange
<b>G10</b>	Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, United Kingdom and United States
<b>General Counsel</b>	JPMC's General Counsel
<b>Global Banking</b>	JPMC's Global Banking Object of Sale that includes Global Investment Banking, Treasury Services and Global Lending Business
<b>Equities</b>	JPMC's Equities sub-line of business
<b>Global Investment Banking</b>	JPMC's Global Investment Banking sub-line of business
<b>Global Lending Portfolio</b>	JPMC's Global Lending Portfolio Object of Sale
<b>Governance Playbooks</b>	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 JPMorgan Chase's Preferred Strategy applicable to such entity
<b>GSIB</b>	Global systemically important bank

Term	Definition
<b>Guarantee Obligations</b>	JPMC's guarantee or credit support obligations of certain Qualified Financial Contracts which the Covered Subsidiaries' counterparties will have the contractual right to close out based on the commencement of JPMC's bankruptcy case
<b>Home Lending</b>	JPMC's Home Lending sub-line of business
<b>HQLA</b>	High-Quality Liquid Assets
<b>HR</b>	Human resources
<b>Hypothetical Loss Scenario</b>	Hypothetical scenario in which JPMorgan Chase is modeled for purposes of resolution planning to suffer extraordinary and severe capital losses and liquidity outflows
<b>Hypothetical Resolution Scenario</b>	JPM Group modeled hypothetical resolution scenario for the 2019 Resolution Plan
<b>IDI</b>	Insured depository institution
<b>IHC</b>	JPMorgan Chase Holdings LLC, our intermediate holding company
<b>IHC Central Buffer</b>	Additional liquidity and capital resources held at IHC to cover liquidity and capital needs in resolution, if needed
<b>IHC Chain</b>	IHC and subsidiaries
<b>IP</b>	Intellectual property
<b>IPO</b>	Initial public offering
<b>IRM</b>	Independent Risk Management
<b>ISDA</b>	International Swaps and Derivatives Association, Inc.
<b>ISDA Master Agreements</b>	Master agreement published by the International Swaps and Derivatives Association
<b>ISDA Protocols</b>	The 2018 ISDA U.S. Resolution Stay Protocol and 2015 ISDA Universal Resolution Stay Protocol
<b>IT</b>	Information technology

Term	Definition
<b>JPM Liquidity Stress Framework</b>	Framework designed to measure liquidity risk to ensure that JPM has sufficient liquidity resources to meet minimum operating liquidity and peak cash outflows
<b>JPM Stress</b>	The JPM Group internal stress testing framework is designed to measure the sufficiency of liquidity available to the firm to meet outflows over 90- and 365-day periods under stressed conditions; stress tests utilize peak cumulative outflows that occur within the prescribed time horizons
<b>JPMAG</b>	J.P. Morgan AG
<b>JPMAME</b>	JPMorgan Asset Management (Europe) S.a.r.l
<b>JPMAMUK</b>	JPMorgan Asset Management (UK) Limited
<b>JPMBL</b>	JPM Bank Luxembourg
<b>JPMC</b>	JPMorgan Chase & Co.
<b>JPMCB</b>	JPMorgan Chase Bank, N.A.
<b>JPMCB Bank Chain</b>	JPMCB and its branches and subsidiaries
<b>JPMCB London Branch</b>	JPMorgan Chase Bank, N.A. – London Branch
<b>JPMCB New York Branch</b>	JPMorgan Chase Bank, N.A. – New York Branch
<b>JPMCB PGSC</b>	JPMCB Philippine Global Service Center
<b>JPMCH</b>	JPMorgan Chase Holdings LLC
<b>JPMDS</b>	JPMorgan Distribution Services, Inc.
<b>JPMIM</b>	J.P. Morgan Investment Management Inc.
<b>JPMorgan Chase or JPM Group</b>	JPMC and its subsidiaries
<b>JPMorgan Chase Recovery and Resolution Executive</b>	A senior officer who has responsibility for resolution and recovery planning at JPMorgan Chase
<b>JPMS LLC</b>	J.P. Morgan Securities LLC
<b>JPMS plc</b>	J.P. Morgan Securities plc
<b>JPMSIPL</b>	J.P. Morgan Services India Private Limited
<b>JPMSJ</b>	JPMorgan Securities Japan Co., Ltd.

Term	Definition
<b>Jurisdictional Modular Protocol</b>	ISDA Resolution Stay Jurisdictional Modular Protocol
<b>Key Operating Entities</b>	Material Legal Entities other than JPMC or IHC
<b>LCH Ltd</b>	LCH.Clearnet Limited
<b>LCH SA</b>	LCH.Clearnet SA
<b>LCR</b>	Liquidity coverage ratio
<b>Lending</b>	JPMC's Lending sub-line of business
<b>LER Criteria</b>	The factors used by JPMC to evaluate its legal entities from a resolvability perspective
<b>Limit and Indicators Policy</b>	JPMorgan Chase's firmwide limit and indicator policy
<b>Liquidity and Capital Contingency Playbooks</b>	Firmwide and MLE level liquidity and capital contingency playbooks which detail out our liquidity and capital monitoring triggers through each of the stages of stress from Business As Usual through Resolution
<b>Liquidity Risk Oversight</b>	JPMC's Liquidity Risk Oversight function
<b>LTD</b>	Long-term debt
<b>Master Playbook</b>	Playbook that brings together all of JPMC's resolution-related playbooks and plans
<b>Material Legal Entity or MLE</b>	A subsidiary or branch of JPMorgan Chase that meets the definition of "material entity" under the relevant regulations
<b>Merchant Services</b>	JPMC's Merchant Services Object of Sale, as indicated in this Public Filing
<b>Middle Market Banking</b>	JPMC's Middle Market Banking sub-line of business
<b>MIS</b>	Management Information Systems
<b>MMLF</b>	Money Market Mutual Fund Liquidity Facility
<b>Mortgage Servicing Rights</b>	JPMC's Mortgage Servicing Object of Sale

Term	Definition
<b>NewCo</b>	A holding company subsidiary of JPMC with no third-party debt created to receive and hold the interests of IHC after the failure of JPMC
<b>NSCC</b>	National Securities Clearing Corporation
<b>Objects of Sale</b>	Components of JPMorgan Chase'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
<b>Objects of Unwind</b>	Components of JPM Group's businesses that JPMC believes would be unwound in the case of its resolution
<b>OCC</b>	Office of the Comptroller of the Currency
<b>Operating Committee</b>	JPMC's operating committee
<b>OTC</b>	Over the counter
<b>Other Corporate</b>	Sub-segment of Corporate line of business; includes corporate staff units and expense that is centrally managed
<b>Parent Final Contribution</b>	JPMC's final contribution to IHC of nearly all of its remaining assets (with the exception of a holdback and certain excluded assets, including shares of JPMCB and interests of IHC) under the Support Agreement upon the occurrence of a Point of Non-Viability
<b>Paymentech</b>	Paymentech, LLC
<b>Paymentech Entities</b>	Paymentech, LLC, Chase Paymentech Solutions and Chase Paymentech Europe Limited
<b>PCD</b>	Purchased Credit Deteriorated
<b>PDCF</b>	Primary Dealer Credit Facility

Term	Definition
<b>Point of Non-Viability</b>	The point in time at which sufficient financial resources remain at the Key Operating Entities and IHC to carry out the Single Point of Entry strategy. This event is related to the secured Support Agreement, which contractually obligates our parent company to downstream resources to IHC at the Point of Non Viability, thereby assisting in timing our parent company's bankruptcy filing appropriately to preserve the continued viability of our Key Operating Entities.
<b>Portfolio of Auto Loans</b>	JPMC's Portfolio of Auto Loans Object of Sale
<b>Portfolio of CTL Loans</b>	JPMC's Portfolio of CTL Loans Object of Sale
<b>Portfolio of Non-Trust Credit Card Loans</b>	JPMC's Portfolio of Non-Trust Credit Card Loans Object of Sale
<b>Post-Resolution Event Period</b>	The period beginning on the first business day after JPMC files for bankruptcy and lasting until JPMC's Chapter 11 Proceedings are concluded
<b>PPP</b>	Paycheck Protection Program
<b>Preferred Strategy</b>	Single Point of Entry resolution strategy underlying the resolution plan
<b>Prime Finance</b>	JPMC's Prime Finance sub-line of business or Object of Sale, depending on the context
<b>Prime Brokerage Account Transfer Playbook</b>	Playbook with specific steps by which JPM would timely and orderly transfer prime brokerage accounts to peer prime brokers
<b>Public Filing</b>	The public section portion of the 2021 Targeted Submission
<b>Qualified Financial Contracts</b>	Certain common financial transactions such as agreements for derivatives, securities lending transactions and repurchase, or repo, transactions, subject to the ISDA Protocol
<b>Qualified Financial Contracts Stay Rules</b>	Rules adopted by the U.S. banking regulators to facilitate the orderly reorganization or resolution of systemically important financial institutions
<b>RBC</b>	Royal Bank of Canada

Term	Definition
<b>RCAP</b>	Resolution capital adequacy and positioning, which means the total loss-absorbing capacity of JPMorgan Chase
<b>RCEN</b>	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.
<b>Real Estate Portfolios</b>	JPMC’s Real Estate Portfolios sub-line of business
<b>Recovery Period</b>	The period following the Stress Period and during which the recovery plan is formally activated
<b>Recovery Plan Activation Trigger</b>	The trigger formally activating the recovery plan
<b>Resolution Period</b>	The period that begins immediately after JPMC’s bankruptcy filing and extends through the completion of the Preferred Strategy
<b>Resolution Weekend</b>	The period following the Filing Preparation Period and lasting until JPMC commences Chapter 11 Proceedings
<b>Restricted Liquidity Framework</b>	Framework within the JPMorgan Chase legal entity stress framework for funding frictions which assesses jurisdictional, operational, counterparty and tax frictions
<b>RLAP</b>	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

Term	Definition
<b>RLEN</b>	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
<b>RWA</b>	Risk-weighted Assets
<b>SCB</b>	Stress Capital Buffer
<b>SEC</b>	U.S. Securities and Exchange Commission
<b>Section 165(d)</b>	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 thereunder
<b>Securities Services</b>	JPMC's Securities Services sub-line of business or Object of Sale, as indicated in this Public Filing
<b>Severely Adverse</b>	One of three hypothetical, supervisory scenarios used by the Federal Reserve in supervisory stress testing
<b>Shortcomings</b>	Weaknesses or gaps that were not Deficiencies, but which raised questions as to the feasibility or operationalization of the Resolution Plan, and were remedied in the 2019 resolution plan
<b>Single Point of Entry</b>	Single point of entry resolution strategy where the parent company files for bankruptcy and subsidiaries receive capital and liquidity support to continue operations
<b>SLR</b>	Supplementary leverage ratio
<b>Stabilization Period</b>	A period in the Post-Resolution Event Period

Term	Definition
<b>Stage Triggers</b>	JPMorgan Chase-wide liquidity and capital triggers defining the start of each stage from Business as Usual through resolution
<b>Standardized RWA</b>	Standardized Approach to Third Basel Accord by the Basel Committee on Banking Supervision
<b>Stress Period</b>	The period beginning upon the occurrence of a Stress Period Trigger and ending upon the onset of the Filing Preparation Period
<b>Support Agreement</b>	Secured support agreement pursuant to which IHC and JPMCB, as applicable, will provide capital and/or liquidity support to the Key Operating Entities
<b>Support Period</b>	The period during which a Key Operating Entity may receive a capital and/or liquidity support pursuant to, and in accordance with the terms of, the Support Agreement
<b>Support Trigger</b>	A point during the Support Period at which a Supported MLE has a near-term shortfall
<b>Supported Subsidiary</b>	Direct and indirect subsidiaries of JPMC that may receive support pursuant to the Support Agreement
<b>SWIFT</b>	The Society for Worldwide Interbank Financial Telecommunication
<b>TARGET2</b>	Trans-European Automated Real-time Gross Settlement Express Transfer
<b>Targeted Information Request</b>	The additional informational requirements for the 2021 Targeted Submission contained in the July 1, 2020 letter from the Agencies to the U.S. GSIBs
<b>TCE</b>	Tangible Common Equity
<b>The Clearing House</b>	The Clearing House Payments Company LLC
<b>Tier 1 Common Equity</b>	Tier 1 capital, as defined in 12 C.F.R. Part 217
<b>TLAC</b>	Total loss-absorbing capacity
<b>Treasury and CIO</b>	JPMC's Treasury and CIO sub-line of business

Term	Definition
<b>Treasury Services</b>	JPMC's Treasury Services sub-line of business
<b>Trust</b>	An independent private trust overseen by a trustee approved by a bankruptcy court solely for the benefit of the JPMC's Chapter 11 estate
<b>U.K.</b>	United Kingdom
<b>U.S. Bankruptcy Code</b>	Title 11 of the United States Code
<b>U.S. GAAP</b>	The SEC's Generally Accepted Accounting Principles
<b>U.S. Treasuries</b>	Securities issued by the U.S. Treasury
<b>U.S. Treasury</b>	U.S. Department of the Treasury
<b>Wholesale Payments</b>	JPMC's Wholesale Payments sub-line of business
<b>Wealth Management</b>	JPMC's Wealth Management sub-line of business or Object of Sale, as indicated in this Public Filing

Our resolution plan reflects the actions that we believe we and other stakeholders would take in a resolution event, but is hypothetical, and not binding upon the firm, a bankruptcy court or other resolution authority.

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](http://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 2020 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.*

---

**jpmorganchase.com**