JPMORGAN CHASE & CO
Form 10-K
February 23, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K
Annual report pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2015	Commission file number 1-5805
JPMorgan Chase & Co. (Exact name of registrant as specified in its charter)	
Delaware (State or other jurisdiction of incorporation or organization)	13-2624428 (I.R.S. employer identification no.)
270 Park Avenue, New York, New York (Address of principal executive offices)	10017 (Zip code)

Registrant's telephone number, including area code: (212) 270-6000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock	The New York Stock Exchange The London Stock Exchange
Warrants, each to purchase one share of Common Stock	The New York Stock Exchange
Depositary Shares, each representing a one-four hundredth interest in a share of 5.50% Non-Cumulative Preferred Stock, Series O	The New York Stock Exchange
Depositary Shares, each representing a one-four hundredth interest in a share of 5.45% Non-Cumulative Preferred Stock, Series P	The New York Stock Exchange
Depositary Shares, each representing a one-four hundredth interest in a share of 6.70% Non-Cumulative Preferred Stock, Series T	The New York Stock Exchange
Depositary Shares, each representing a one-four hundredth interest in a share of 6.30% Non-Cumulative Preferred Stock, Series W	The New York Stock Exchange
Depositary Shares, each representing a one-four hundredth interest in a share of 6.125% Non-Cumulative Preferred Stock, Series Y	The New York Stock Exchange
Depositary Shares, each representing a one-four hundredth interest in a share of 6.10% Non-Cumulative Preferred Stock, Series AA	The New York Stock Exchange
Depositary Shares, each representing a one-four hundredth interest in a share of 6.15% Non-Cumulative Preferred Stock, Series BB	The New York Stock Exchange
Alerian MLP Index ETNs due May 24, 2024	NYSE Arca, Inc.

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
o Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

x Large accelerated filer	o Accelerated filer	o Non-accelerated filer (Do not check if a smaller reporting company)	o Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

The aggregate market value of JPMorgan Chase & Co. common stock held by non-affiliates as of June 30, 2015: $249,201,931,877

Number of shares of common stock outstanding as of January 31, 2016: 3,670,264,897

Documents incorporated by reference: Portions of the registrant's Proxy Statement for the annual meeting of stockholders to be held on May 17, 2016, are incorporated by reference in this Form 10-K in response to Items 10, 11, 12, 13 and 14 of Part III.

Form 10-K Index

Part I

ITEM 1: BUSINESS

Overview

JPMorgan Chase & Co., ("JPMorgan Chase" or the "Firm") a financial holding company incorporated under Delaware law in 1968, is a leading global financial services firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide; the Firm had $2.4 trillion in assets and $247.6 billion in stockholders' equity as of December 31, 2015. 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, the Firm serves millions of customers in the U.S. and many of the world's most prominent corporate, institutional and government clients.

JPMorgan Chase's principal bank subsidiaries are JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank, N.A."), a national banking association with U.S. branches in 23 states, and Chase Bank USA, National Association ("Chase Bank USA, N.A."), a national banking association that is the Firm's credit card-issuing bank. JPMorgan Chase's principal nonbank subsidiary is J.P. Morgan Securities LLC ("JPMorgan Securities"), the Firm's U.S. investment banking firm. The bank and nonbank subsidiaries of JPMorgan Chase operate nationally as well as through overseas branches and subsidiaries, representative offices and subsidiary foreign banks. One of the Firm's principal operating subsidiaries in the United Kingdom ("U.K.") is J.P. Morgan Securities plc, a subsidiary of JPMorgan Chase Bank, N.A.

The Firm's website is www.jpmorganchase.com. JPMorgan Chase makes available free of charge, through its website, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after it electronically files such material with, or furnishes such material to, the U.S. Securities and Exchange Commission (the "SEC"). The Firm has adopted, and posted on its website, a Code of Conduct for all employees of the Firm and a Code of Ethics for its Chairman and Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and all other professionals of the Firm worldwide serving in a finance, accounting, tax or investor relations role.

Business segments

JPMorgan Chase's activities are organized, for management reporting purposes, into four major reportable business segments, as well as a Corporate segment. The Firm's consumer business is the Consumer & Community Banking ("CCB") segment. The Firm's wholesale business segments are Corporate & Investment Bank ("CIB"), Commercial Banking ("CB"), and Asset Management ("AM").

A description of the Firm's business segments and the products and services they provide to their respective client bases is provided in the "Business segment results" section of Management's discussion and analysis of financial condition and results of operations ("MD&A"), beginning on page 68 and in Note 33.

Competition

JPMorgan Chase and its subsidiaries and affiliates operate in a highly competitive environment. Competitors include other banks, brokerage firms, investment banking companies, merchant banks, hedge funds, commodity trading companies, private equity firms, insurance companies, mutual fund companies, investment managers, credit card companies, mortgage banking companies, trust companies, securities processing companies, automobile financing companies, leasing companies, e-commerce and other Internet-based companies, financial technology companies, and other companies engaged in providing similar products and services. The Firm's businesses generally compete on the basis of the quality and variety of the Firm's products and services, transaction execution, innovation, reputation and price. Competition also varies based on the types of clients, customers, industries and geographies served. With respect to some of its geographies and products, JPMorgan Chase competes globally; with respect to others, the Firm competes on a national or regional basis. The Firm's ability to compete also depends on its ability to attract and retain professional and other personnel, and on its reputation.

It is likely that competition in the financial services industry will become even more intense as the Firm's businesses continue to compete with other financial institutions that may have a stronger local presence in certain geographies or that operate under different rules and regulatory regimes than the Firm, or with companies that provide new or innovative products or services that the Firm is unable to provide.

Supervision and regulation

The Firm is subject to regulation under state and federal laws in the U.S., as well as the applicable laws of each of the various jurisdictions outside the U.S. in which the Firm does business.

As a result of regulatory reforms enacted and proposed in the U.S. and abroad, the Firm has been experiencing a period of significant change in regulation which has had and could continue to have significant consequences for how the Firm conducts business. The Firm continues to work diligently in assessing the regulatory changes it is facing, and is devoting substantial resources to comply with all the new regulations, while, at the same time, endeavoring to best meet the needs and expectations of its customers, clients and shareholders. These efforts include the implementation of new policies, procedures and controls, and appropriate adjustments to the Firm's business and operations, legal entity structure and capital and liquidity management. The combined effect of numerous rule-makings by multiple governmental agencies and regulators, and the potential conflicts or inconsistencies among such rules, present challenges and risks to the Firm's business and operations. Given the current status of the regulatory developments, the Firm cannot currently quantify all of the possible effects on its business and operations of the significant changes that are underway. For more information, see Risk Factors on pages 8–18.

Financial holding company:

Consolidated supervision by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). As a bank holding company ("BHC") and a financial holding company, JPMorgan Chase is subject to comprehensive consolidated supervision, regulation and examination by the Federal Reserve. The Federal Reserve acts as an "umbrella regulator" and certain of JPMorgan Chase's subsidiaries are regulated directly by additional authorities based on the particular activities of those subsidiaries. For example, JPMorgan Chase's national bank subsidiaries, such as JPMorgan Chase Bank, N.A., and Chase Bank USA, N.A., are subject to supervision and regulation by the Office of the Comptroller of the Currency ("OCC") and, with respect to certain matters, by the Federal Reserve and the Federal Deposit Insurance Corporation (the "FDIC"). Certain non-bank subsidiaries, such as the Firm's U.S. broker-dealers, are subject to supervision and regulation by the SEC, and subsidiaries of the Firm that engage in certain futures-related and swaps-related activities are subject to supervision and regulation by the Commodity Futures Trading Commission ("CFTC"). See Securities and broker-dealer regulation, Investment management regulation and Derivatives regulation below. In addition, the Firm's consumer activities are subject to supervision and regulation by the Consumer Financial Protection Bureau ("CFPB") and to regulation under various state statutes which are enforced by the respective state's Attorney General.

Scope of permissible business activities. The Bank Holding Company Act generally restricts BHCs from engaging in business activities other than the business of banking and certain closely related activities. Financial holding companies generally can engage in a broader range of financial activities than are otherwise permissible for BHCs, including underwriting, dealing and making markets in securities, and making merchant banking investments in non-financial companies. The Federal Reserve has the authority to limit a financial holding company's ability to conduct activities that would otherwise be permissible if the financial holding company or any of its depositary institution subsidiaries ceases to meet the applicable eligibility requirements (including requirements that the financial holding company and each of its U.S. depository institution subsidiaries maintain their status as "well-capitalized" and "well-managed"). The Federal Reserve may also impose corrective capital and/or managerial requirements on the financial holding company and may, for example, require divestiture of the holding company's

depository institutions if the deficiencies persist. Federal regulations also provide that if any depository institution controlled by a financial holding company fails to maintain a satisfactory rating under the Community Reinvestment Act, the Federal Reserve must prohibit the financial holding company and its subsidiaries from engaging in any activities other than those permissible for bank holding companies. In addition, a financial holding company must obtain Federal Reserve approval before engaging in certain banking and other financial activities both in the U.S. and internationally, as further described under Regulation of acquisitions below.

Activities restrictions under the Volcker Rule. Section 619 of the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") (the "Volcker Rule") prohibits banking entities, including the Firm, from engaging in certain "proprietary trading" activities, subject to exceptions for underwriting, market-making, risk-mitigating hedging and certain other activities. In addition, the Volcker Rule limits the sponsorship of, and investment in, "covered funds" (as defined by the Volcker Rule) and imposes limits on certain transactions between the Firm and its sponsored funds (see JPMorgan Chase's subsidiary banks — Restrictions on transactions with affiliates below). The Volcker Rule, which became effective in July 2015, requires banking entities to establish comprehensive compliance programs reasonably designed to help ensure and monitor compliance with the restrictions under the Volcker Rule, including, in order to distinguish permissible from impermissible risk-taking activities, the measurement, monitoring and reporting of certain key metrics. Given the uncertainty and complexity of the Volcker Rule's framework, the full impact of the Volcker Rule will ultimately depend on its ongoing interpretation by the five regulatory agencies responsible for its oversight.

Capital and liquidity requirements. The Federal Reserve establishes capital and leverage requirements for the Firm and evaluates its compliance with such requirements. The OCC establishes similar capital and leverage requirements for the Firm's national banking subsidiaries. For more information about the applicable requirements relating to risk-based capital and leverage in the U.S. under the most recent capital framework established by the Basel Committee on Banking Supervision (the "Basel Committee")("Basel III"), see Capital Management on pages 149–158 and Note 28. Under Basel III, bank holding companies and banks are required to measure their liquidity against two specific liquidity tests: the liquidity coverage ratio ("LCR") and the net stable funding ratio ("NSFR"). The U.S. banking regulators have approved the final LCR rule ("U.S. LCR"), which became effective on January 1, 2015. A proposed U.S. rule for NSFR is expected. For additional information on these ratios, see Liquidity Risk Management on pages 159–164. It is likely that the banking supervisors will continue to refine and enhance the Basel III capital framework for financial institutions. The Basel Committee recently finalized revisions to market risk capital for trading books; other proposals being contemplated by the Basel Committee include revisions to, among others, standardized credit and operational risk capital frameworks and revisions to the securitization framework. After a proposal is finalized by the Basel Committee, U.S. banking regulators would then need to propose requirements applicable to U.S. financial institutions.

Stress tests. The Federal Reserve has adopted supervisory stress tests for large bank holding companies, including JPMorgan Chase, which form part of the Federal Reserve's annual Comprehensive Capital Analysis and Review ("CCAR") framework. Under the framework, the Firm must conduct semi-annual company-run stress tests and, in addition, must submit an annual capital plan to the Federal Reserve, taking into account the results of separate stress tests designed by the Firm and the Federal Reserve. In reviewing the Firm's capital plan, the Federal Reserve considers both quantitative and qualitative factors. Qualitative assessments include (among other things) the comprehensiveness of the plan, the assumptions and analysis underlying the plan, and the extent to which the Firm has satisfied certain supervisory matters related to the Firm's processes and analyses, including the design and operational effectiveness of the controls governing such processes. Moreover, the Firm is required to receive a notice of non-objection from the Federal Reserve before taking capital actions, such as paying dividends, implementing common equity repurchase programs or redeeming or repurchasing capital instruments. The OCC requires JPMorgan Chase Bank, N.A. to perform separate, similar annual stress tests. The Firm publishes each year the results of its mid-cycle stress tests under the Firm's internally-developed "severely adverse" scenario and the results of its (and its two primary subsidiary banks') annual stress tests under the supervisory "severely adverse" scenarios provided by the Federal Reserve and the OCC. Commencing with the 2016 CCAR, the annual CCAR submission will be due on April 5. Results will be published by the Federal Reserve by June 30, with disclosures of results by BHCs, including the Firm, to follow within 15 days. Also commencing in 2016, the mid-cycle capital stress test submissions will be due on October 5 and BHCs, including the Firm, will publish results by November 4. The Federal Reserve has indicated that it is currently evaluating the inclusion of all or part of the global systemically important bank ("GSIB") surcharge into the 2017 CCAR test and the Firm is currently awaiting further guidance. For additional information on the Firm's CCAR, see Capital Management on pages 149–158.

Enhanced prudential standards. The Financial Stability Oversight Council ("FSOC"), among other things, recommends prudential standards and reporting and disclosure requirements to the Federal Reserve for systemically important financial institutions, such as JPMorgan Chase. The Federal Reserve has adopted several rules to implement the heightened prudential standards, including final rules relating to risk management and corporate governance of subject BHCs. BHCs with $50 billion or more in total consolidated assets are required to comply with enhanced liquidity and overall risk

management standards, including a buffer of highly liquid assets based on projected funding needs for 30 days, and their board of directors is required to conduct appropriate oversight of their risk management activities. For information on liquidity measures, see Liquidity Risk Management on pages 159–164. Several additional proposed rules are still being considered, including rules relating to single-counterparty credit limits and an "early remediation" framework to address financial distress or material management weaknesses.

Risk reporting. In January 2013, the Basel Committee issued new regulations relating to risk aggregation and reporting. Under these regulations, the banking institution's risk governance framework must encompass risk-data aggregation and reporting, and data aggregation must be highly automated and allow for minimal manual intervention. The regulations also impose higher standards for the accuracy, comprehensiveness, granularity and timely distribution of data reporting, and call for regular supervisory review of the banking institution's risk aggregation and reporting. These new standards became effective for GSIBs, including the Firm, on January 1, 2016.

Orderly liquidation authority and resolution and recovery. As a BHC with assets of $50 billion or more, the Firm is required to submit annually to the Federal Reserve and the FDIC a plan for resolution under the Bankruptcy Code in the event of material distress or failure (a "resolution plan"). The FDIC also requires each insured depositary institution with $50 billion or more in assets, such as JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A., to provide a resolution plan. For more information about the Firm's resolution plan, see Risk Factors on pages 8–18. In addition, certain financial companies, including JPMorgan Chase and certain of its subsidiaries, can be subjected to resolution under an "orderly liquidation authority." The U.S. Treasury Secretary, in consultation with the President of the United States, must first make certain extraordinary financial distress and systemic risk determinations, and action must be recommended by the FDIC and the Federal Reserve. Absent such actions, the Firm, as a BHC, would remain subject to resolution under the Bankruptcy Code. In December 2013, the FDIC issued a draft policy statement describing its "single point of entry" strategy for resolution of systemically important financial institutions under the orderly liquidation authority. This strategy seeks to keep operating subsidiaries of the BHC open and impose losses on shareholders and creditors of the holding company in receivership according to their statutory order of priority.

The Firm has a comprehensive recovery plan detailing the actions it would take to avoid failure by remaining well-capitalized and well-funded in the case of an adverse event. JPMorgan Chase has provided the Federal Reserve with comprehensive confidential supervisory information and analyses about the Firm's businesses, legal entities and corporate governance and about its crisis management governance, capabilities and available alternatives to raise liquidity and capital in severe market circumstances. The

Part I

OCC has published for comment proposed guidelines establishing standards for recovery planning by insured national banks, including JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A.

Regulators in the U.S. and abroad continue to be focused on developing measures designed to address the possibility or perception that large financial institutions, including the Firm, may be “too big to fail,” and to provide safeguards so that, if a large financial institution does fail, it can be resolved without the use of public funds. Higher capital surcharges on GSIBs, requirements for certain large bank holding companies to maintain a minimum amount of long-term debt to facilitate orderly resolution of those firms, and the International Swaps and Derivatives Association (“ISDA”) protocol relating to the “close-out” of derivatives transactions during the resolution of a large cross-border financial institution, are examples of initiatives to address “too big to fail.” For further information on the potential impact of the GSIB framework and Total Loss Absorbing Capacity (“TLAC”), see Capital Management on pages 149–158 and Risk Factors on pages 8–18, and on the ISDA close-out protocol, see Derivatives regulation below.

Holding company as source of strength for bank subsidiaries. JPMorgan Chase & Co. is required to serve as a source of financial strength for its depository institution subsidiaries and to commit resources to support those subsidiaries. This support may be required by the Federal Reserve at times when the Firm might otherwise determine not to provide it.

Regulation of acquisitions. Acquisitions by bank holding companies and their banks are subject to multiple requirements by the Federal Reserve and the OCC. For example, financial holding companies and bank holding companies are required to obtain the approval of the Federal Reserve before they may acquire more than 5% of the voting shares of an unaffiliated bank. In addition, acquisitions by financial companies are prohibited if, as a result of the acquisition, the total liabilities of the financial company would exceed 10% of the total liabilities of all financial companies. In contrast, because the liabilities of non-U.S. financial companies are calculated differently under this rule, a non-U.S. financial company could hold significantly more than 10% of the U.S. market without exceeding the concentration limit. In addition, for certain acquisitions, the Firm must provide written notice to the Federal Reserve prior to acquiring direct or indirect ownership or control of any voting shares of any company with over $10 billion in assets that is engaged in activities that are “financial in nature”.

JPMorgan Chase’s subsidiary banks:

The Firm’s two primary subsidiary banks, JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A., are FDIC-insured national banks regulated by the OCC. As national banks, the activities of JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A. are limited to those specifically authorized under the National Bank Act and related interpretations by the OCC.

FDIC deposit insurance. The FDIC deposit insurance fund provides insurance coverage for certain deposits, which is funded through assessments on banks, such as JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A. Changes in the methodology used to calculate such assessments, resulting from the enactment of the Dodd-Frank Act, significantly increased the assessments that the Firm’s bank subsidiaries pay annually to the FDIC. In October 2015, the FDIC proposed a new assessment surcharge on insured depository institutions with total consolidated assets greater than $10 billion in order to raise the reserve ratio for the FDIC deposit insurance fund. Future FDIC rule-making could further increase such assessments.

FDIC powers upon a bank insolvency. Upon the insolvency of an insured depository institution, such as JPMorgan Chase Bank, N.A., the FDIC may be appointed as the conservator or receiver under the Federal Deposit Insurance Act (“FDIA”). In addition, where a systemically important financial institution, such as JPMorgan Chase & Co., is “in default” or “in danger of default”, the FDIC may be appointed as receiver in order to conduct an orderly liquidation. In both cases, the FDIC has broad powers to transfer any assets and liabilities without the approval of the institution’s creditors.

Cross-guarantee. An FDIC-insured depository institution can be held liable for any loss incurred or expected to be incurred by the FDIC if another FDIC-insured institution that is under common control with such institution is in default or is deemed to be “in danger of default” (commonly referred to as “cross-guarantee” liability). An FDIC cross-guarantee claim against a depository institution is generally superior in right of payment to claims of the holding company and its affiliates against such depository institution.

Prompt corrective action and early remediation. The Federal Deposit Insurance Corporation Improvement Act of 1991 requires the relevant federal banking regulator to take “prompt corrective action” with respect to a depository institution if that institution does not meet certain capital adequacy standards. While these regulations apply only to banks, such as JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A., the Federal Reserve is authorized to take appropriate action against the parent BHC, such as JPMorgan Chase & Co., based on the undercapitalized status of any bank subsidiary. In certain instances, the BHC would be required to guarantee the performance of the capital restoration plan for its undercapitalized subsidiary.

OCC Heightened Standards. The OCC has issued final regulations and guidelines establishing heightened standards for large banks. The guidelines establish minimum standards for the design and implementation of a risk governance framework for banks. While the bank may use certain components of the parent company’s risk governance framework, the framework must ensure that the bank’s risk profile is easily distinguished and separate from the parent for risk management purposes. The bank’s board or risk committee is responsible for approving the bank's risk governance framework, providing active oversight of the bank's risk-taking activities and holding management accountable for adhering to the risk governance framework.

Restrictions on transactions with affiliates. The bank subsidiaries of JPMorgan Chase (including subsidiaries of those banks) are subject to certain restrictions imposed by federal law on extensions of credit to, investments in stock or securities of, and derivatives, securities lending and certain other transactions with, JPMorgan Chase & Co. and certain other affiliates. These restrictions prevent JPMorgan Chase & Co. and other affiliates from borrowing from such subsidiaries unless the loans are secured in specified amounts and comply with certain other requirements. For more information, see Note 27. In addition, the Volcker Rule imposes a prohibition on such transactions between any JPMorgan Chase entity and covered funds for which a JPMorgan Chase entity serves as the investment manager, investment advisor, commodity trading advisor or sponsor, as well as, subject to a limited exception, any covered fund controlled by such funds.

Dividend restrictions. Federal law imposes limitations on the payment of dividends by national banks, such as JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A. See Note 27 for the amount of dividends that the Firm's principal bank subsidiaries could pay, at January 1, 2016, to their respective bank holding companies without the approval of their banking regulators.

In addition to the dividend restrictions described above, the OCC and the Federal Reserve have authority to prohibit or limit the payment of dividends of the bank subsidiaries they supervise, if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the bank.

Depositor preference. Under federal law, the claims of a receiver of an insured depository institution for administrative expense and the claims of holders of U.S. deposit liabilities (including the FDIC) have priority over the claims of other unsecured creditors of the institution, including public noteholders and depositors in non-U.S. offices. As a result, such persons could receive substantially less than the depositors in U.S. offices of the depository institution. The U.K. Prudential Regulation Authority (the "PRA"), a subsidiary of the Bank of England which has responsibility for prudential regulation of banks and other systemically important institutions, has issued a proposal that may require the Firm to either obtain equal treatment for U.K. depositors or "subsidiarize" in the U.K. In September 2013, the FDIC issued a final rule which clarifies that foreign deposits are considered deposits under the FDIA if they are payable in the U.S. as well as in the foreign branch.

CFPB regulation and supervision, and other consumer regulations. JPMorgan Chase and its national bank subsidiaries, including JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A., are subject to supervision and regulation by the CFPB with respect to federal consumer

protection laws, including laws relating to fair lending and the prohibition of unfair, deceptive or abusive acts or practices in connection with the offer, sale or provision of consumer financial products and services. These laws include the Truth-in-Lending, Equal Credit Opportunity ("ECOA"), Fair Credit Reporting, Fair Debt Collection Practice, Electronic Funds Transfer, Credit Card Accountability, Responsibility and Disclosure ("CARD") and Home Mortgage Disclosure Acts. The CFPB also has authority to impose new disclosure requirements for any consumer financial product or service. The CFPB has issued informal guidance on a variety of topics (such as the collection of consumer debts and credit card marketing practices) and has taken enforcement actions against certain financial institutions. Much of the CFPB's initial rule-making efforts have addressed mortgage related topics, including ability to repay and qualified mortgage standards, mortgage servicing standards, loan originator compensation standards, high-cost mortgage requirements, Home Mortgage Disclosure Act requirements, appraisal and escrow standards and requirements for higher-priced mortgages. Other areas of recent focus include pre-authorized electronic funds transfers, "add-on" products, matters involving consumer populations considered vulnerable by the CFPB (such as students), credit reporting, and the furnishing of credit scores to individuals. The CFPB has been focused on automobile dealer discretionary interest rate markups, and on holding the Firm and other purchasers of such contracts ("indirect lenders") responsible under the ECOA for statistical disparities in markups charged by the dealers to borrowers of different races or ethnicities. For information regarding a current investigation relating to indirect lending to automobile dealers, see Note 31.

Securities and broker-dealer regulation:

The Firm conducts securities underwriting, dealing and brokerage activities in the U.S. through J.P. Morgan Securities LLC and other broker-dealer subsidiaries, all of which are subject to regulations of the SEC, the Financial Industry Regulatory Authority and the New York Stock Exchange, among others. The Firm conducts similar securities activities outside the U.S. subject to local regulatory requirements. In the U.K., those activities are conducted by J.P. Morgan Securities plc, which is regulated by the PRA and by the Financial Conduct Authority (“FCA”), which regulates prudential matters for firms that are not so regulated by the PRA and conduct matters for all market participants. Broker-dealers are subject to laws and regulations covering all aspects of the securities business, including sales and trading practices, securities offerings, publication of research reports, use of customer’s funds, the financing of clients’ purchases, capital structure, record-keeping and retention, and the conduct of their directors, officers and employees. For information on the net capital of J.P. Morgan Securities LLC and J.P. Morgan Clearing Corp., and the applicable requirements relating to risk-based capital for J.P. Morgan Securities plc, see Broker-dealer regulatory capital on page 158. Future rule-making under the Dodd-Frank Act and rules proposed by the Department of Labor may impose (among other things) a new standard of care applicable to broker-dealers when dealing with customers.

Investment management regulation:

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 state securities laws. For information regarding investigations and litigation in connection with disclosures to clients related to proprietary products, see Note 31.

The Firm's asset management business continues to be affected by ongoing rule-making. In July 2013, the SEC adopted amendments to rules that govern money-market funds, requiring a floating net asset value for institutional prime money-market funds, effective October 14, 2016. As noted above, the Department of Labor has also proposed a rule that would significantly expand the universe of persons viewed as investment fiduciaries to retirement plans and IRAs. In addition, the SEC has issued proposed rules regarding enhanced liquidity risk management for open-end mutual funds and exchange-traded funds ("ETFs"); restrictions on the use of derivatives by mutual funds, ETFs and closed-end funds; and enhanced reporting for funds and advisors.

Derivatives regulation:

The Firm is subject to comprehensive regulation of its derivatives businesses. The regulations impose capital and margin requirements, require central clearing of standardized over-the-counter derivatives, require that certain standardized over-the-counter swaps be traded on regulated trading venues, and provide for reporting of certain mandated information. In addition, the Dodd-Frank Act requires the registration of "swap dealers" and "major swap participants" with the CFTC and of "security-based swap dealers" and "major security-based swap participants" with the SEC. JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC, J.P. Morgan Securities plc and J.P. Morgan Ventures Energy Corporation have registered with the CFTC as swap dealers, and JPMorgan Chase Bank, N.A., J.P. Morgan Securities LLC and J.P. Morgan Securities plc will likely be required to register with the SEC as security-based swap dealers. As a result of their registration as swap dealers or security-based swap dealers, these entities will be subject to a new, comprehensive regulatory framework applicable to their swap or security-based swap activities, which includes capital requirements, rules regulating their swap activities, rules requiring the collateralization of uncleared swaps, rules regarding segregation of

counterparty collateral, business conduct and documentation standards, record-keeping and reporting obligations, and anti-fraud and anti-manipulation requirements. Further, some of the rules for derivatives apply extraterritorially to U.S. firms doing business with clients outside of the U.S., as well as to the overseas activities of non-U.S. subsidiaries of the Firm that either deal with U.S. persons or that are guaranteed by U.S. subsidiaries of the Firm; however, the full scope of the extra-territorial impact of the U.S. swaps regulation has not been finalized and therefore remains unclear. The effect of these rules may require banking entities, such as the Firm, to modify the structure of their derivatives businesses and face increased operational and regulatory costs. In the European Union (the "EU"), the implementation of the European Market Infrastructure Regulation ("EMIR") and the revision of the Markets in Financial Instruments Directive ("MiFID II") will result in comparable, but not identical, changes to the European regulatory regime for derivatives. The combined effect of the U.S. and EU requirements, and the potential conflicts and inconsistencies between them, present challenges and risks to the structure and operating model of the Firm's derivatives businesses.

In November 2015, the Firm and other financial institutions agreed to adhere to an updated Resolution Stay Protocol developed by ISDA in response to regulator concerns that the close-out of derivatives transactions during the resolution of a large cross-border financial institution could impede resolution efforts and potentially destabilize markets. The Resolution Stay Protocol provides for the contractual recognition of cross-border stays under various statutory resolution regimes and a contractual stay on certain cross-default rights.

In the U.S., two subsidiaries of the Firm are registered as futures commission merchants, 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.
Data regulation:
The Firm and its subsidiaries 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 Direc