

Client Notice: Potential Impact on Payment, Clearing and Settlement Activity if JPMorgan Chase & Co. Experiences a Material Adverse Event

The purpose of this advance notice is to inform our customers and account holders that JPMorgan Chase & Co.'s ability to provide certain payment, clearing and settlement ("PCS") services might be disrupted if we were to activate our "resolution plan" in connection with JPMorgan Chase & Co.'s material financial distress or failure. While it is unlikely that JPMorgan Chase & Co. will activate its resolution plan, it is important for you to consider the impact of such disruptions to your business operations in the event intraday credit lines are reduced, uncommitted intraday credit lines are adjusted downward or alternative contingency arrangements are invoked.

As part of the 2019 resolution plan guidance from the Board of Governors of the Federal Reserve Bank (FRB) and the Federal Deposit Insurance Corporation (FDIC), JPMorgan Chase & Co. and other large financial institutions have been directed to provide advance communication to clients regarding the impact of potential disruptions of payment, clearing and settlement (PCS) services in a potential resolution plan scenario.¹

In such a scenario, JPMorgan Chase & Co. could face significant liquidity pressures and a heightened risk of being unable to fully fund PCS-related obligations for all our clients, which may result in a prioritization of PCS activities for our institutional clients. If JPMorgan Chase & Co. were to exercise our right to decrease or discontinue the provision of intraday credit for payment or settlement activity, you might need to prefund transactions.

JPMorgan Chase & Co. has also analyzed possible alternative arrangements that would allow continuity of access to PCS Services in the unlikely event that JPMorgan Chase & Co.'s access to Financial Market Infrastructures (FMIs) or Agent Banks is disrupted. JPMorgan Chase & Co. will provide additional communication to our clients if JPMorgan Chase & Co.'s assessment of its potential access to FMIs and Agent Banks changes prior to and during resolution.

In such a scenario, you may elect to either adjust your PCS activity with us or to plan for prefunding your accounts with JPMorgan Chase & Co. at the beginning of each day. This would ensure that your accounts have sufficient balances and avoid the need for intraday credit from JPMorgan Chase & Co.

If you have any questions regarding this notice, please contact your JPMorgan Chase & Co. representative.

¹Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires that certain bank holding companies, including JPMorgan Chase & Co., periodically submit a "resolution plan" to the Board of Governors of the Federal Reserve System (Federal Reserve) and the Federal Deposit Insurance Corporation (FDIC). Each resolution plan, commonly known as a living will, must describe the company's strategy for rapid and orderly resolution in the event of material financial distress or failure of the company, and include both public and confidential sections as well as consider alternative or contingency arrangements that would facilitate our customers' continued access to PCS services in the event of a disruption of our ability to provide PCS services.

The resolution plan is not binding on a bankruptcy court or other resolution authority, and the failure scenarios and associated assumptions set forth in the resolution plan are hypothetical and do not necessarily reflect an event or events which JPMorgan Chase & Co. and its subsidiaries, including JPMorgan Chase Bank, N.A., are or may become subject. The public section to our resolution plan is available on the Federal Reserve and the FDIC's websites.