

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

In the Matter of:

JPMorgan Chase Bank, N.A.
Columbus, Ohio

AA-EC-2023-50

CONSENT ORDER

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) has supervisory authority over JPMorgan Chase Bank, N.A., Columbus, Ohio (“Bank”);

WHEREAS, the OCC intends to initiate cease and desist proceedings against the Bank pursuant to 12 U.S.C. § 1818(b), through the issuance of a Notice of Charges, for deficiencies in its trade surveillance monitoring program that constitute unsafe or unsound practices;

WHEREAS, in the interest of cooperation and to avoid additional costs associated with administrative and judicial proceedings with respect to the above matter, the Bank, by and through its duly elected and acting Board of Directors (“Board”), consents to the issuance of this Consent Order (“Order”), by the OCC through the duly authorized representative of the Comptroller of the Currency (“Comptroller”); and

WHEREAS, the Bank’s corrective actions are in progress and it has committed to taking all necessary and appropriate steps to remedy the deficiencies identified in this Order; and

NOW, THEREFORE, pursuant to the authority vested in the OCC by Section 8(b) of the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818(b), the OCC hereby orders that:

ARTICLE I
JURISDICTION

(1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*

ARTICLE II
COMPTROLLER’S FINDINGS

The Comptroller finds, and the Bank neither admits nor denies, the following:

(1) Since at least 2019, the Bank’s trade surveillance program has operated with certain deficiencies that have compromised its effectiveness.

(2) The Bank has failed to establish adequate governance over trading venues on which it is active. Trading venues are systems or electronic platforms, operated by investment firms or market operators, that bring together multiple third party buying or selling interests in financial instruments to perform a transaction.

(3) In addition, the Bank’s trade surveillance program has operated with gaps in venue coverage and without adequate data controls required to maintain an effective program. The consequences of these deficiencies include the Bank’s failure to surveil billions of instances of trading activity on at least 30 global trading venues.

(4) Based on the foregoing, the Bank has engaged in unsafe or unsound practices that constitute a pattern.

ARTICLE III

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the effective date of this Order, the Board shall appoint a Compliance Committee of at least three (3) members of which a majority shall be independent directors of the Bank who are not employees or officers of the Bank or any of its subsidiaries or affiliates. The Board shall submit in writing to the Examiner-in-Charge the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of membership, the Board shall submit in writing to the Examiner-in-Charge within ten (10) days the name of any new or resigning Compliance Committee member. The Compliance Committee shall monitor and oversee the Bank's compliance with the provisions of this Order. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings.

(2) Within ninety (90) days of the effective date of this Order, and on a quarterly basis thereafter, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Order and the associated milestones;
- (b) the specific corrective actions undertaken to comply with each Article of this Order and the associated milestones; and
- (c) the results and status of the corrective actions.

(3) Upon receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Examiner-in-Charge within 45 days of the end of each calendar quarter.

ARTICLE IV

ACTION PLAN

(1) Within ninety (90) days of the date of this Order, the Bank shall develop an acceptable written consent order action plan detailing the remedial actions necessary to achieve compliance with Articles V through IX of this Order (“Action Plan”). The Bank shall submit the Action Plan to the Examiner-in-Charge for review and prior written determination of no supervisory objection. The Action Plan shall, at a minimum, specify:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Order;
- (b) reasonable and well-supported timelines for completion of the corrective actions required by this Order, including the associated milestones; and
- (c) the person(s) responsible for completion of the corrective actions required by this Order.

(2) The Bank shall ensure the timelines contained in the Action Plan remain consistent with any deadlines set forth in this Order, including any modifications to the Order made pursuant to Article XIII (5).

(3) In the event the Examiner-in-Charge requires changes to the Action Plan, the Bank shall incorporate the required changes into the Action Plan and submit the revised Action Plan to the Examiner-in-Charge for review and prior written determination of no supervisory objection.

(4) Upon receipt of a written determination of no supervisory objection from the Examiner-in-Charge, the Board, or a designated Board Committee, shall ensure the Bank has

timely adopted and implemented all corrective actions required by this Order, and shall verify the Bank adheres to the Action Plan, including the timelines set forth within the Action Plan.

(5) The Bank shall not take any action that will cause a significant deviation from, or material change to, the Action Plan. Where the Bank considers modifications to the Action Plan appropriate, the Bank shall submit a revised Action Plan containing the proposed modifications to the Examiner-in-Charge for prior written determination of no supervisory objection. Upon receipt of a written determination of no supervisory objection, the Board, or a designated Board Committee, shall ensure the Bank has timely adopted and implemented all corrective actions required by this Order, and shall verify the Bank adheres to the revised Action Plan, including the timelines set forth within the revised Action Plan.

(6) Upon written request by the Examiner-in-Charge, the Bank shall modify the Action Plan to address deficiencies in Matters Requiring Attention if the Examiner-in-Charge determines that such deficiencies substantially relate to Articles V through IX of this Order.

(7) Within ninety (90) days of receipt of a prior written determination of no supervisory objection to the Action Plan, and on a quarterly basis thereafter, the Bank shall prepare, and shall submit to the Board, a written Action Plan progress report setting forth in detail:

- (a) the specific corrective actions undertaken to comply with each Article of this Order and to achieve associated milestones;
- (b) the results and status of the corrective actions;
- (c) a listing of all changes made to the Action Plan since the last progress report; and

- (d) a description of the outstanding corrective actions needed to achieve compliance with each Article of this Order and the party or parties responsible for the completion of outstanding corrective actions.

The Board shall review the Action Plan progress report and the effectiveness of the Action Plan and forward a copy of the report, with any additional comments by the Board, to the Examiner-in-Charge within 45 days of the end of each calendar quarter.

(8) To ensure the Bank's corrective actions are effective and sustainable, Internal Audit shall validate the Bank's implementation of corrective actions required by Article V through IX of this Order, with the exception of the independent assessment required by Article VIII. The findings shall be memorialized in writing and include the root causes and thematic analysis of any identified significant deficiencies. Within thirty (30) days of completing the assessment, the findings shall be provided to the Compliance Committee and the Examiner-in-Charge.

ARTICLE V

RESTRICTION ON NEW TRADING VENUES

(1) The Bank shall not on-board new trading venues unless and until the Examiner-in-Charge provides the Bank with a prior written determination of no supervisory objection.

(2) The Bank shall make any request for prior written determination of no supervisory objection under this Article in writing to the Examiner-in-Charge.

ARTICLE VI

TRADING VENUE AND DATA GOVERNANCE

(1) The Bank shall enhance its Trading Venue and Data Governance Program which shall, at a minimum, result in:

- (a) the design and implementation of policies and procedures that provide for effective trading venue governance, data governance, and related controls;
- (b) trade surveillance data governance and related control processes that adhere to the Bank's Data Risk Management Policy and Standards and implementation of effective remediation plans to address any gaps in policies and standards;
- (c) effective processes to maintain accurate and complete trading venue inventories;
- (d) effective and documented risk assessment processes to ensure trading venues with the risk of misconduct are subject to trade surveillance;
- (e) an auditable and version-controlled reliable source for venue data configuration;
- (f) effective trading venue and data change management controls inclusive of adequate controls to ensure that changes to one system are evaluated for their potential impact on upstream and down-stream systems;
- (g) effective automated reconciliements of venue order and trade data, effective compensating controls where automation is not available, and comprehensive remediation plans to address identified trade surveillance data deficiencies;

- (h) reporting to ensure effective governance of venues and trade data; and
- (i) effective second line oversight of trading venue governance, data governance, and related controls.

ARTICLE VII

TRADE SURVEILLANCE DATA DEFICIENCIES REVIEW (“LOOKBACK”)

- (1) The Bank shall conduct a trade surveillance data deficiencies review (“Lookback”) to ensure the identification of instances where data deficiencies prevented the performance of effective trade surveillance and any previously unidentified instances of market misconduct.
- (2) Following the Lookback, the Bank shall, at a minimum:
 - (a) take appropriate actions related to any market misconduct identified;
 - (b) report written findings to the Board; and
 - (c) provide periodic and final reports to the Examiner-in-Charge containing information regarding the results of the Lookback.
- (3) The OCC may expand the scope of the Lookback or require a longer lookback period. If an additional lookback is deemed appropriate by the OCC, the Bank shall complete the lookback in accordance with this Article.

ARTICLE VIII

TRADE SURVEILLANCE PROGRAM ASSESSMENT AND REMEDIATION

- (1) The Bank shall identify and retain an independent third-party to conduct a trade surveillance program assessment and shall, at a minimum, provide to the Examiner-in-Charge:

- (a) documentation of the due diligence review of the proposed independent third-party, including assessment of the independence and qualifications of the proposed independent third party; and
- (b) the scope of the independent third-party trade surveillance program assessment, including the proposed engagement contracts and work plans (“Trade Surveillance Program Assessment”).

Refer to OCC Bulletin 2013-33, *Use and Review of Independent Consultants in Enforcement Actions* for related guidance. The Bank shall submit the proposed independent third party, the scope of work, and related documentation to the Examiner-in-Charge for review and prior written determination of no supervisory objection.

(2) The Bank shall ensure that the Trade Surveillance Program Assessment is an end-to-end assessment that shall include, at a minimum:

- (a) policies, procedures and risk taxonomy for effective surveillance of the trading activities of the Bank, as a principal trader or on behalf of customers;
- (b) oversight by the Board and senior management of the trade surveillance program;
- (c) venue governance and controls including accurate and complete inventories, risk assessments, and onboarding controls for all trading venues on which the Bank engages in or facilitates trading activities;

- (d) trade surveillance data governance and controls, including automated data reconciliation processes where available or appropriate compensating controls where not, sufficient to assess the effectiveness and comprehensiveness of the trade surveillance program on a routine basis;
- (e) the inventory of trade surveillance legal obligations across the jurisdictions in which the Bank conducts trade surveillance as well as the effectiveness of the trade surveillance program's coverage of these legal obligations;
- (f) measures to ensure trade surveillance scenarios and parameters are reasonably designed, calibrated, and subject to independent validation including:
 - i. documented processes for trade surveillance scenario and parameter management;
 - ii. reasonably designed trade surveillance scenarios across all the relevant systems, trading activities, and products; and
 - iii. appropriately calibrated parameters to detect market misconduct;
- (g) alert disposition and case escalation processes and documentation for the trade surveillance program; and
- (h) measures to ensure periodic and effective monitoring, testing, and assessments of the trade surveillance program.

(3) A report of the independent third-party's Trade Surveillance Program Assessment shall be provided to the Board and Examiner-in-Charge.

(4) All documentation associated with the independent third party's Trade Surveillance Program Assessment shall be made available to the OCC upon request.

(5) The Bank shall ensure effective remediation of any identified gaps and deficiencies. The Bank shall incorporate its plan to implement effective remediation of any identified gaps and deficiencies into the Action Plan required by Article IV of the Order.

ARTICLE IX

INTERNAL AUDIT

(1) The Bank shall enhance its Trade Surveillance Internal Audit Program which shall, at a minimum:

- (a) comply with the standards for internal audit systems set forth in Section II.B of the Interagency Guidelines Establishing Standards for Safety and Soundness, Appendix A to 12 C.F.R. Part 30. Refer to the "Internal and External Audits" booklet of the *Comptroller's Handbook* for related safe and sound principles;
- (b) incorporate standards of safety and soundness that are commensurate with the Bank's size, complexity, scope of activities, and risk profile;
- (c) assess the adequacy of its risk assessment, audit planning, audit scoping, and audit coverage of the Bank's trade surveillance program, and consider findings and related remediation plans from the assessment of the Bank's trade surveillance program required in Article VIII; and
- (d) design and implement improvements identified in Article IX, 1(c) to ensure effective and comprehensive coverage of the Bank's Trade Surveillance program.

ARTICLE X

GENERAL BOARD RESPONSIBILITIES

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Order, and shall verify that the Bank adheres to the corrective actions and they are effective in addressing the Bank's deficiencies that resulted in this Order.

(2) In each instance in which this Order imposes responsibilities upon the Board, it is intended to mean that the Board shall:

- (a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Order;
- (b) ensure the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Order;
- (c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Order;
- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Order;
- (e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Order; and
- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

ARTICLE XI

WAIVERS

- (1) The Bank, by executing and consenting to this Order, waives:
 - (a) any and all rights to the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818;
 - (b) any and all procedural rights available in connection with the issuance of this Order;
 - (c) any and all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818 and 12 C.F.R. Part 19;
 - (d) any and all rights to seek any type of administrative or judicial review of this Order;
 - (e) any and all claims for fees, costs, or expenses against the OCC, or any of its officers, employees, or agents related in any way to this enforcement matter or this Order, whether arising under common law or under the terms of any statute, including, but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412;
 - (f) any and all rights to assert these proceedings, the consent to and/or the issuance of this Order, as the basis for a claim of double jeopardy in any pending or future proceedings brought by the United States Department of Justice or any other governmental entity; and
 - (g) any and all rights to challenge or contest the validity of this Order.

ARTICLE XII

OTHER PROVISIONS

- (1) As a result of this Order, the Bank is not:
 - (a) precluded from being treated as an “eligible bank” for the purposes of 12 C.F.R. Part 5, unless the Bank fails to meet any of the requirements contained in subparagraphs (1) – (4) of 12 C.F.R. § 5.3, Definitions, *Eligible bank or eligible savings association*, or is otherwise informed in writing by the OCC;
 - (b) subject to the restrictions in 12 C.F.R. § 5.51 requiring prior notice to the OCC of changes in directors and senior executive officers or the limitations on golden parachute payments set forth in 12 C.F.R. Part 359, unless the Bank is otherwise subject to such requirements pursuant to 12 C.F.R. § 5.51(c)(7)(i) and (iii); and
 - (c) precluded from being treated as an “eligible bank” for the purposes of 12 C.F.R. Part 24, unless the Bank fails to meet any of the requirements contained in 12 C.F.R. § 24.2(e)(1)-(3) or is otherwise informed in writing by the OCC.

- (2) This Order supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3, 5.51(c)(7)(ii), and 24.2(e)(4).

ARTICLE XIII

CLOSING

- (1) This Order is a settlement of the cease and desist proceedings against the Bank contemplated by the OCC, based on the unsafe or unsound practices described in the

Comptroller's Findings set forth in Article II of this Order. The OCC releases and discharges the Bank from all potential liability for a cease and desist order that has been or might have been asserted by the OCC based on the practices described in Article II of this Order, to the extent known to the OCC as of the effective date of this Order. Notwithstanding this release, the OCC expects the Bank to expeditiously undertake all necessary and appropriate actions to achieve compliance with this Order. The OCC expressly reserves its right to assess future civil money penalties, or take other supervisory and/or enforcement actions, including in circumstances where the OCC determines that the Bank is not making sufficient and sustainable progress towards achieving compliance with this Order. Such actions could include issuing a cease and desist order pursuant to 12 U.S.C. § 1818(b)(6) that imposes additional business restrictions, including possible limitations on the Bank's activities on existing trading venues.

- (2) Nothing in this Order, however, shall prevent the OCC from:
 - (a) instituting enforcement actions other than a cease and desist order against the Bank based on the Comptroller's Findings set forth in Article II of this Order;
 - (b) instituting enforcement actions against the Bank based on any other findings;
 - (c) instituting enforcement actions against institution-affiliated parties (as defined by 12 U.S.C. § 1813(u)) based on the Comptroller's Findings set forth in Article II of this Order, or any other findings; or
 - (d) utilizing the Comptroller's Findings set forth in Article II of this Order in future enforcement actions against the Bank or its institution-affiliated parties to establish a pattern or the continuation of a pattern.

(3) Nothing in this Order is a release, discharge, compromise, settlement, dismissal, or resolution of any actions, or in any way affects any actions that may be or have been brought by any other representative of the United States or an agency thereof, including, without limitation, the United States Department of Justice.

(4) This Order is:

- (a) a “cease-and-desist order issued upon consent” within the meaning of 12 U.S.C. § 1818(b);
- (b) a “cease-and-desist order which has become final” within the meaning of 12 U.S.C. § 1818(e);
- (c) an “order issued with the consent of the depository institution” within the meaning of 12 U.S.C. § 1818(h)(2);
- (d) an “effective and outstanding . . . order” within the meaning of 12 U.S.C. § 1818(i)(1); and
- (e) a “final order” within the meaning of 12 U.S.C. § 1818(i)(2) and (u).

(5) This Order is effective upon its issuance by the OCC, through the Comptroller’s duly authorized representative. Except as otherwise expressly provided herein, all references to “days” in this Order shall mean calendar days and the computation of any period of time imposed by this Order shall not include the date of the act or event that commences the period of time.

(6) The provisions of this Order shall remain effective except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller’s duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Order, the

Board or a Board-designee shall submit a written request to the Deputy Comptroller asking for the desired relief and submit a copy to the Examiner-in-Charge. The Bank shall ensure that any request submitted pursuant to this paragraph includes a statement setting forth in detail the circumstances that warrant the desired relief or prevent the Bank from complying with the relevant provision(s) of the Order and supporting documentation. The OCC's decision concerning a request submitted pursuant to this paragraph, which the OCC will communicate to the Board in writing, is final and not subject to further review.

(7) The Bank will not be deemed to comply with this Order until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Order; the corrective actions effectively address the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of the corrective actions requires sufficient passage of time for the Bank to demonstrate the sustained effectiveness of the corrective actions.

(8) This Order is not a contract binding on the United States, the United States Treasury Department, the OCC, or any officer, employee, or agent of the OCC and neither the Bank nor the OCC intends this Order to be a contract.

(9) Each citation, issuance, or guidance referenced in this Order includes any subsequent citation, issuance, or guidance that replaces, supersedes, amends, or revises the referenced cited citation, issuance, or guidance.

(10) This Order applies to the Bank and all its subsidiaries.

(11) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to consent to the issuance of this Order.

(12) The Bank shall forward all reports, plans, or programs submitted to the OCC pursuant to this Order via email to the following:

Greg Sullivan
Examiner-in-Charge
greg.sullivan@occ.treas.gov

(13) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his
duly authorized representative, has hereunto set her signature on behalf of the Comptroller.

//s// Digitally Signed, Dated: 2024.03.14
Bethany A. Dugan
Deputy Comptroller
Large Bank Supervision

Date

