

Imposition of administrative penalties on J.P. Morgan SE

The EUROPEAN CENTRAL BANK,

decided on 10 February 2026 to impose two administrative penalties on J.P Morgan SE in the total amount of EUR 12 180 000. The penalties are imposed in respect of two breaches of Article 430(1)(a) of Regulation (EU) No 575/2013 of the European Parliament and of the Council¹, committed with serious negligence by reporting inaccurate information on risk-weighted assets (RWAs) and consequently capital ratios on a quarterly basis, as follows:

- i. an administrative penalty of EUR 10 150 000 for misreporting the RWAs for credit risk for 15 reporting periods from 31 December 2019 to 30 June 2023 due to misclassification of 'corporates' exposures to the exposure classes 'institutions' and 'public sector entities';
- ii. an administrative penalty of EUR 2 030 000 for misreporting the RWAs for credit valuation adjustment (CVA) risk for 21 reporting periods from 31 March 2019 to 31 March 2024 due to wrong exclusion from the RWAs calculations of transactions with counterparties not qualifying as 'pension scheme arrangements'².

This decision was made pursuant to Article 18(1) of Council Regulation (EU) No 1024/2013³.

When determining an administrative penalty, the ECB follows the principles laid down in the ECB's Guide to the method of setting administrative pecuniary penalties pursuant to Article 18(1) and (7) of Regulation (EU) No 1024/2013. In accordance with the Guide, the ECB considered all the relevant circumstances of the case, in particular the impact of the breaches, the degree of the misconduct of J.P Morgan SE, the size of the entity, and the applicable mitigating factors.

The ECB assessed the impact of the breach of reporting requirements concerning RWAs for credit risk as 'high' and the impact of the breach of reporting requirements concerning RWAs for CVA risk as 'medium'. The assessment is based on the effect the breaches had on the prudential situation of the entity and its effective supervision, also in the view of the importance of reporting obligations for day-to-day supervision, and the duration of the breach. The effect of the breaches has been determined based on the extent to which the reported RWA figures differed from the actual prudential situation of J.P Morgan SE and the deviation this represented in its total capital ratio. These elements prevented

¹ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1, ELI: <http://data.europa.eu/eli/reg/2013/575/oj>).

² As defined in Article 2(10) of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 (OJ L 201, 27.7.2012, p. 1 ELI: <http://data.europa.eu/eli/reg/2012/648/oj>).

³ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

the ECB from obtaining a comprehensive view of J.P Morgan SE's risk profile for material period of time.

The degree of J.P Morgan SE's misconduct was assessed as 'medium'. Both breaches were considered to be committed with serious negligence as they were caused by evident deficiencies in J.P Morgan SE's internal policies and processes as regards classification of exposures and determination of transactions allowed to be excluded from RWA calculations. This led to the underestimation of the entity's RWAs for credit risk and CVA risk and misstatement of the corresponding capital ratios, which remained undetected by the entity's internal controls during the relevant reviews.

Out of the severity categories 'minor', 'moderately severe', 'severe', 'very severe', and 'extremely severe', the ECB classified

- i. the breach of the reporting requirements concerning RWAs for credit risk as 'severe' due to the impact and the misconduct determined as 'high' and 'medium'; and
- ii. the breach of reporting requirements concerning RWAs for CVA risk as 'moderately severe' due to the impact and the misconduct both determined as "medium".

In addition, the ECB considered certain mitigating circumstances in relation to both breaches, in particular the identification of the breaches by the entity itself and notification thereof to the ECB, the cooperation in the aftermath of the breaches and the remedial actions taken to prevent similar breaches from occurring in the future.

The administrative penalties are published in accordance with Article 18(6) of Regulation (EU) No 1024/2013 and Article 132 of Regulation (EU) No 468/2014 of the European Central Bank (ECB/2014/17)⁴.

The ECB's decision to impose these administrative penalties on J.P Morgan SE may be challenged before the Court of Justice of the European Union under the conditions and within the time limits provided for in Article 263 of the Treaty on the Functioning of the European Union.

⁴ Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation) (ECB/2014/17) (OJ L 141, 14.5.2014, p. 1, ELI: <http://data.europa.eu/eli/req/2014/468/oj>).