UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE JPMORGAN CHASE & CO. SECURITIES LITIGATION	Master File No. 1:12-cv-03852-GBD

NOTICE OF LEAD PLAINTIFFS' MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT AND PLAN OF ALLOCATION

TO: All Counsel of Record

PLEASE TAKE NOTICE that pursuant to Federal Rule of Civil Procedure 23(e) and this Court's Order Preliminarily Approving Settlement and Providing for Notice dated January 19, 2016, and upon (i) the Joint Declaration of Daniel L. Berger, Salvatore J. Graziano, and Andrew L. Zivitz in Support of (A) Lead Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation and (B) Co-Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses; (ii) the Memorandum of Law in Support of Lead Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation; and (iii) all other papers and proceedings herein, Lead Plaintiffs, Ohio Public Employees Retirement System, Arkansas Teacher Retirement System, the State of Oregon by and through the Oregon State Treasurer on behalf of the Common School Fund and, together with the Oregon Public Employee Retirement Board, on behalf of the Oregon Public Employee Retirement Fund, and Sjunde AP-Fonden, on behalf of themselves and the Class, will and hereby do move this Court, before the Honorable George B. Daniels, on May 10, 2016 at 11:15 a.m., in Courtroom 11A of the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007, or at such other location and time as set by the Court, for entry of a Judgment approving the Settlement as fair, reasonable and adequate and for entry of an Order

approving the proposed Plan of Allocation as fair and reasonable. A copy of the proposed Judgment is attached hereto as Exhibit A. A copy of the proposed Order approving the Plan of Allocation is attached hereto as Exhibit B.

Dated: April 5, 2016

Respectfully Submitted,

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#973546

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE JPMORGAN CHASE & CO. SECURITIES LITIGATION	Master File No. 1:12-cv-03852-GBD

MEMORANDUM OF LAW IN SUPPORT OF LEAD PLAINTIFFS' MOTION FOR FINAL APPROVAL OF CLASS ACTION SETTLEMENT AND PLAN OF ALLOCATION

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Co-Lead Counsel for Lead Plaintiffs and the Class

Dated: April 5, 2016

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Court-appointed Lead Plaintiffs Ohio Public Employees Retirement System ("OPERS"), Arkansas Teacher Retirement System ("Arkansas"), the State of Oregon by and through the Oregon State Treasurer on behalf of the Common School Fund and, together with the Oregon Public Employee Retirement Board, on behalf of the Oregon Public Employee Retirement Fund (collectively, "Oregon"), and Sjunde AP-Fonden ("AP7," and, together with OPERS, Arkansas, and Oregon, "Lead Plaintiffs"), on behalf of themselves and the Class, respectfully submit this memorandum of law in support of their motion for final approval of the proposed Settlement of this securities class action (the "Action") and for approval of the proposed plan for allocating the net settlement proceeds (the "Plan of Allocation" or "Plan").[1]

INTRODUCTION

The proposed Settlement provides a substantial, immediate and certain benefit to the Class in the form of a $150 million cash payment. This is an excellent result for the Class, as explained herein and in the accompanying Joint Declaration of Daniel L. Berger, Salvatore J. Graziano, and Andrew L. Zivitz in Support of (A) Lead Plaintiffs' Motion for Final Approval of Class Action Settlement and Plan of Allocation and (B) Co-Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses ("Joint Decl." or "Joint Declaration").[2] In the absence of a settlement, Lead Plaintiffs would have had to surmount numerous obstacles to obtain

[1] Unless otherwise noted, capitalized terms have the meanings ascribed to them in the Stipulation and Agreement of Settlement, dated December 18, 2015 (the "Stipulation"), and entered into by and among Lead Plaintiffs and defendants JPMorgan Chase & Co. ("JPMorgan" or the "Bank"), James Dimon and Douglas Braunstein (collectively, "Defendants"). ECF No. 198-1.

[2] The Joint Declaration is an integral part of this submission and, for the sake of brevity, the Court is respectfully referred to it for a detailed description of, *inter alia*: (i) the history of the Action; (ii) the negotiations leading to the Settlement; (iii) the risks and uncertainties of continued litigation; (iv) the dissemination of notice to members of the Class; and (v) the terms of the Plan of Allocation for the proceeds of the Settlement.

any recovery, and there was no guarantee that any such recovery would have been greater than the Settlement Amount. Indeed, had the case not settled, this litigation would likely have continued for many years, through the conclusion of fact discovery, expert discovery, summary judgment, trial, and likely appeals. Lead Plaintiffs and their counsel faced substantial obstacles in proving liability and damages from the outset, yet nevertheless reached a timely and substantial resolution for the Class. A balancing of the significant risks of continued litigation against the certainty of a $150 million recovery makes clear that the Settlement should be approved.

While Lead Plaintiffs and Co-Lead Counsel believe that the claims asserted against Defendants are meritorious, they also recognize that Lead Plaintiffs would have faced substantial challenges in: (i) proving that Defendants made material misstatements and omissions; (ii) establishing that Defendants acted with scienter; and (iii) demonstrating loss causation and proving classwide damages. ¶¶ 90-113.[3] For instance, Defendants would have contended that the principal false statements in the case were made on a single conference call, and were too general to support a claim for securities fraud, especially given the obstacles to showing fraudulent intent. As to scienter, Defendants would have contended that: (1) prior to the conference call, they instructed the Bank's senior management to investigate the trades at issue and were told that they did not pose a significant risk to the Bank; and (2) the Bank began to suffer significant losses only after the conference call, which Defendants promptly disclosed once they learned of them. Defendants also would have pointed to the fact that there was no insider selling in this case. As detailed further herein, even if Lead Plaintiffs overcame these obstacles to proving liability, Defendants had significant damages and loss causation arguments that, if accepted, would have greatly reduced, or perhaps eliminated, any potential recovery.

[3] All references to "¶ _" are to paragraphs in the Joint Decl.

Although Lead Plaintiffs were able to overcome Defendants' motion to dismiss and obtain certification of the Class as to these statements, there is no guarantee that Lead Plaintiffs would have prevailed on summary judgment or at trial once the factual record was fully developed. This is especially true given that the claims in the Action involve complex financial transactions in synthetic credit derivatives, and both Lead Plaintiffs and Defendants would have presented substantial expert testimony before the jury. The inevitable "battle of the experts" at trial creates substantial litigation risk because there can be no assurance as to which party's expert a jury will find more persuasive. ¶¶ 103-110.

It is also important to recognize that this was not a case that settled early. Rather, this Action was extremely hard-fought over the course of three-and-one-half years and, as such, Co-Lead Counsel were fully informed with respect to all relevant legal and factual issues at the time of settlement. Prior to reaching the Settlement, Co-Lead Counsel had, among other things: (i) conducted an extensive investigation into the Class's claims; (ii) drafted three detailed amended complaints; (iii) prosecuted and defended numerous motions, including successfully opposing Defendants' motion to dismiss and prevailing on Lead Plaintiffs' motion for class certification; (iv) received, reviewed and/or analyzed nearly 10 million pages of documents from Defendants, and tens of thousands of pages of documents from regulators and non-parties; (v) prepared for, taken or defended 23 depositions of fact and expert witnesses, including the depositions of key senior JPMorgan executives involved in the events at the center of this case, both side's market efficiency experts, and representatives of all four Lead Plaintiffs; and (vi) consulted extensively with experts and consultants, including in the areas of damages and complex synthetic credit derivatives. ¶¶ 6, 19-89. As a result of these efforts, Co-Lead Counsel were extremely well-

informed when they negotiated the Settlement, which they believe is an excellent result in light of the risks of continued litigation.

Further evidence of the fairness of the Settlement may also be found in the accompanying declarations of Lead Plaintiffs and Co-Lead Counsel. Lead Plaintiffs are all sophisticated institutional investors of the type favored by Congress when passing the Private Securities Litigation Reform Act of 1995 ("PSLRA"). Each of them has closely monitored and participated in this litigation from the outset. They were deposed, provided input during settlement negotiations, evaluated the proposed Settlement, and recommend that it be approved. *See* Joint Decl., Exh. 1-4. Under such circumstances, the opinions of Lead Plaintiffs are strong evidence that the Settlement meets the threshold for final approval. Finally, Co-Lead Counsel, all of whom have extensive experience prosecuting securities class actions, strongly believe that the Settlement is in the best interests of the Class. *See* ¶ 9; Joint Decl., Exh. 8-10.

In light of all of these considerations, Lead Plaintiffs respectfully submit that the Settlement warrants final approval by the Court. In addition, Lead Plaintiffs believe that the Plan of Allocation is a fair and reasonable method for allocating the Net Settlement Fund to eligible Class Members and also warrants the Court's approval.

ARGUMENT

I. THE PROPOSED SETTLEMENT WARRANTS FINAL APPROVAL

Rule 23(e) of the Federal Rules of Civil Procedure provides that a class action settlement must be presented to the Court for approval, and should be approved if the Court finds it "fair, reasonable, and adequate." Fed. R. Civ. P. 23(e)(2); *see In re Citigroup Inc. Bond Litig.*, 296 F.R.D. 147, 154 (S.D.N.Y. 2013); *In re Am. Int'l Grp., Inc. Sec. Litig.*, 293 F.R.D. 459, 464 (S.D.N.Y. 2013). Public policy favors the settlement of disputed claims among private litigants,

particularly in class actions. *See Wal-Mart Stores, Inc. v. Visa U.S.A. Inc.*, 396 F.3d 96, 116-17 (2d Cir. 2005) ("We are mindful of the strong judicial policy in favor of settlements, particularly in the class action context. The compromise of complex litigation is encouraged by the courts and favored by public policy.") (internal quotation marks omitted);[4] *In re IMAX Sec. Litig.*, 283 F.R.D. 178, 188 (S.D.N.Y. 2012) ("we emphasize that [] there is a 'strong judicial policy in favor of settlements, particularly in the class action context'"). Moreover, in ruling on final approval of a class settlement, "the Court should consider both the process by which the settlement agreement was negotiated and the substantive fairness of the agreed-upon terms in light of the circumstances of the litigation." *In re MetLife Demutualization Litig.*, 689 F. Supp. 2d 297, 330 (E.D.N.Y. 2010); *see also Wal-Mart*, 396 F.3d at 116; *In re Citigroup Inc. Sec. Litig.*, No. 09 MD 2070 (SHS), 2014 WL 2112136, at *2-3 (S.D.N.Y. May 20, 2014).

A. The Settlement is Presumptively Fair, Reasonable and Adequate

A "presumption of fairness, adequacy, and reasonableness may attach to a class settlement reached in arm's-length negotiations between experienced, capable counsel after meaningful discovery." *Wal-Mart*, 396 F.3d at 116; *In re Telik, Inc. Sec. Litig.*, 576 F. Supp. 2d 570, 576 (S.D.N.Y. 2008) ("[A] strong presumption of fairness attaches to a class action settlement reached in arm's-length negotiations among able counsel."); *Padro v. Astrue*, No. 11-CV-1788 (CBA)(RLM), 2013 WL 5719076, at *3 (E.D.N.Y. Oct. 18, 2013) ("Where the integrity of the negotiation process is preserved, a strong initial presumption of fairness attaches to the proposed settlement.").

Here, the Settlement is the result of lengthy arm's-length negotiations, conducted after extensive discovery by well-informed counsel, and overseen by an experienced mediator.

[4] Unless otherwise noted, all emphasis is added and internal citations are omitted in quotations.

Beginning in May 2015, as Lead Plaintiffs were preparing to depose several key members of JPMorgan's senior management, including the Individual Defendants, the Parties agreed to engage in mediation before the Honorable Daniel H. Weinstein (Ret.). After agreeing to mediate, counsel for the Parties exchanged, and provided to Judge Weinstein, detailed mediation statements addressing the strengths and weaknesses of the claims and defenses asserted in the Action. Lead Plaintiffs incorporated the facts learned from Co-Lead Counsel's investigation and discovery efforts into their detailed mediation statement, which included over 500 pages of exhibits and was submitted to Judge Weinstein on June 9, 2015 ("Mediation Statement").

Over the course of the next three months, Co-Lead Counsel held numerous calls with Judge Weinstein and his staff during which they explained their views on what would make the Mediation session as productive as possible. Settlement negotiations facilitated by Judge Weinstein occurred periodically by phone and email from late May 2015 up to the Mediation on October 9, 2015. During this time, counsel for Defendants continued to insist that Lead Plaintiffs would be unable to prove a single element of their claims. To address these arguments as discovery proceeded, Co-Lead Counsel periodically provided Judge Weinstein with additional information outlining the strengths of Lead Plaintiffs' claims and, in some instances, provided copies of additional documents that Lead Plaintiffs identified from Defendants' document production that supported Lead Plaintiffs' claims. Co-Lead Counsel also worked extensively with their damages and loss causation expert before and during the Mediation.

The Mediation session took place on October 9, 2015 at JAMS' offices in New York, New York. Both sides were represented by experienced counsel acting at arm's length and it was hotly-contested. After opening discussions, counsel engaged in protracted discussions regarding the merits of the case, as well as the risks that each side faced at summary judgment and trial. The

issues over which counsel battled included: (i) whether the statements that Lead Plaintiffs alleged contained misrepresentations and omissions were false in any way; (ii) whether the facts supported any inference of Defendants' scienter; (iii) loss causation; and (iv) the appropriate measures of damages. The Mediation session lasted a full day. By the conclusion of the session, the Parties agreed in principle to resolve the Action in exchange for a cash payment of $150 million to be made by Defendants for the benefit of the Class.

The extensive and arm's-length nature of the settlement negotiations and the involvement of an experienced mediator like Judge Weinstein support the conclusion that the Settlement is presumptively fair, reasonable and adequate and that it was achieved free of collusion. *See D'Amato v. Deutsche Bank*, 236 F.3d 78, 85 (2d Cir. 2001) (a mediator's involvement in settlement negotiations "helps to ensure that the proceedings were free of collusion and undue pressure"); *City of Providence v. Aeropostale, Inc.*, No. 11 Civ. 7132 (CM)(GWG), 2014 WL 1883494, at *4 (S.D.N.Y. May 9, 2014) (presumption of fairness and adequacy applied in part because "[s]ettlement was reached . . . with the assistance of Judge Daniel Weinstein, one of the nation's premier mediators in complex, multi-party, high stakes litigation.") (collecting cases).

Moreover, at the time of the Mediation, Co-Lead Counsel were fully informed of the strengths and weaknesses of Lead Plaintiffs' claims because they had conducted three-and-one-half years of litigation, including a thorough investigation prior to the filing of three detailed amended complaints, significant motion practice, including successfully opposing Defendants' motion to dismiss and successfully moving for class certification, and extensive fact discovery. In addition, prior to the Mediation, Lead Plaintiffs had obtained and reviewed nearly 10 million pages of documents from Defendants and third parties, including the Bank's federal regulators. Lead Plaintiffs had also prepared for, taken or defended 23 depositions of fact and expert witnesses, and

consulted extensively with experts in the fields of damages and complex synthetic credit derivatives. The knowledge gleaned from litigating this Action to an advanced phase, in combination with Co-Lead Counsel's substantial experience prosecuting complex securities class action cases, further strengthens the presumption that the Settlement is fair and reasonable. *See D'Amato*, 236 F.3d at 85 (presumption of fairness applies where "the settlement resulted from 'arm's-length negotiations and . . . plaintiffs' counsel have possessed the experience and ability, and have engaged in the discovery, necessary to effective representation of the class's interests.'"); *IMAX*, 283 F.R.D. at 189 ("[G]reat weight is accorded to the recommendations of counsel, who are most closely acquainted with the facts of the underlying litigation.").

Finally, Lead Plaintiffs, all of whom are sophisticated institutional investors, played an active role in the litigation and have expressed their support for the Settlement. *See* Joint Decl., Exh. 1-4. Each of the Lead Plaintiffs closely monitored the litigation, were knowledgeable about the risks they faced, and provided input during the Mediation process. A settlement reached "under the supervision and with the endorsement of a sophisticated institutional investor . . . is 'entitled to an even greater presumption of reasonableness.'" *In re Veeco Instruments Inc. Sec. Litig.*, No. 05 MDL 01695 (CM), 2007 WL 4115809, at *5 (S.D.N.Y. Nov. 7, 2007). Accordingly, the Settlement is entitled to a strong presumption of fairness.

B. Application of the *Grinnell* Factors Demonstrates That the Settlement is Substantively Fair, Reasonable and Adequate

In *City of Detroit v. Grinnell Corporation*, the Second Circuit identified nine factors that courts should consider when determining whether to finally approve a settlement:

> (1) the complexity, expense and likely duration of the litigation; (2) the reaction of the class to the settlement; (3) the stage of the proceedings and the amount of discovery completed; (4) the risks of establishing liability; (5) the risks of establishing damages; (6) the risks of maintaining the class action through the trial; (7) the ability of the defendants to withstand a greater judgment; (8) the range of reasonableness of the settlement fund in light of the best possible recovery; [and]

> (9) the range of reasonableness of the settlement fund to a possible recovery in light of all the attendant risks of litigation.

495 F.2d 448, 463 (2d Cir. 1974), *abrogated on other grounds by Goldberger v. Integrated Res., Inc.*, 209 F.3d 43 (2d Cir. 2000); *see also Wal-Mart*, 396 F.3d at 117; *In re Advanced Battery Techs., Inc. Sec. Litig.*, 298 F.R.D. 171, 175 (S.D.N.Y. 2014). "[N]ot every factor must weigh in favor of settlement, rather [a] court should consider the totality of these factors in light of the particular circumstances." *IMAX*, 283 F.R.D. at 189. Additionally, in deciding whether to approve a settlement, a court "should not attempt to approximate a litigated determination of the merits of the case lest the process of determining whether to approve a settlement simply substitute one complex, time consuming and expensive litigation for another." *White v. First Am. Registry, Inc.*, No. 04 Civ. 1611 (LAK), 2007 WL 703926, at *2 (S.D.N.Y. Mar. 7, 2007).

As demonstrated below, the Settlement merits approval under *Grinnell*.

1. The Complexity, Expense and Likely Duration of the Litigation Support Approval of the Settlement

"The expense and possible duration of the litigation are major factors to be considered in evaluating the reasonableness of [a] settlement." *Milstein v. Huck*, 600 F. Supp. 254, 267 (E.D.N.Y. 1984). "[T]he more complex, expensive, and time consuming the future litigation, the more beneficial settlement becomes as a matter of efficiency to the parties and to the Court." *Citigroup*, 296 F.R.D. at 155. When applying this factor to "the settlement of a securities class action, federal courts, including this Court, 'have long recognized that such litigation is notably difficult and notoriously uncertain.'" *In re FLAG Telecom Holdings, Ltd. Sec. Litig.*, No. 02-CV-3400 (CM)(PED), 2010 WL 4537550, at *15 (S.D.N.Y. Nov. 8, 2010). Courts have also acknowledged that "[s]ecurities class actions are generally complex and expensive to prosecute." *In re Gilat Satellite Networks, Ltd.*, No. CV-02-1510, 2007 WL 1191048, at *10 (E.D.N.Y. Apr. 19, 2007). This case was no exception.

As set forth in the Joint Declaration, this Action has been vigorously litigated by the Parties for over three-and-one-half years. At the time the Settlement was reached, Co-Lead Counsel had, among other things, conducted an exhaustive investigation of the Class's claims, litigated Defendants' motion to dismiss and Lead Plaintiffs' motion for class certification, reviewed and analyzed nearly 10 million pages of documents, prepared for, taken or defended 23 depositions of fact and/or expert witnesses, and consulted extensively with experts. ¶¶ 6, 19-89.

Continued litigation would have required additional, substantial expenditures of time and money, would have involved many complex issues of law and fact, and there would still exist a significant risk that the Class would obtain a result far less beneficial than the one provided by the Settlement. For example, in the absence of the Settlement, Co-Lead Counsel would have expended sizeable amounts of time and money conducting further factual discovery; conducting expert discovery; engaging in motion practice, including responding to motions for summary judgment; litigating *Daubert* motions; and proving Lead Plaintiffs' claims at trial. Even if Lead Plaintiffs could recover an equally large judgment after a trial – which was far from certain given the risks discussed below – the additional delay through post-trial motions and the appellate process could deny the Class any recovery for years, further reducing its value. *See In re Sony SXRD Rear Projection Television Class Action Litig.*, No. 06 Civ. 5173 (RPP), 2008 WL 1956267, at *6 (S.D.N.Y. May 1, 2008); *Strougo ex rel. Brazilian Equity Fund, Inc. v. Bassini*, 258 F. Supp. 2d 254, 261 (S.D.N.Y. 2003) ("even if a shareholder or class member was willing to assume all the risks of pursuing the actions through further litigation . . . the passage of time would introduce yet more risks . . . and would, in light of the time value of money, make future recoveries less valuable than this current recovery"); *Hicks v. Morgan Stanley & Co.*, No. 01 Civ. 10071 (RJH), 2005 WL 2757792, at *6 (S.D.N.Y. Oct. 24, 2005) ("Further litigation would necessarily involve further

costs [and] justice may be best served with a fair settlement today as opposed to an uncertain future settlement or trial of the action.").

The subject matter of the claims asserted against Defendants also added to the complexity. Lead Plaintiffs allege that Defendants violated the federal securities laws by making materially false and misleading statements and concealing material facts concerning the risks and losses arising from the trading activities of JPMorgan's Chief Investment Office ("CIO"), including transactions orchestrated by the so-called "London Whale," a London-based trader in JPMorgan's CIO. The facts underlying Lead Plaintiffs' claims involved the intricacies of the credit derivatives market and, in particular, the synthetic credit derivative products that JPMorgan's CIO traded in its Synthetic Credit Portfolio ("SCP"). The case also implicated complex risk reporting metrics, accounting rules, and hedging strategies − issues that would continue to require extensive assistance from experts and consultants to properly litigate.

The $150 million all cash Settlement at this juncture results in an immediate and substantial tangible recovery without the considerable risk, expense, and delay of continued litigation, a trial and the likely appeals that would follow. Thus, Co-Lead Counsel respectfully submit that the Court should find that this factor weighs heavily in favor of the proposed Settlement. *See Strougo*, 258 F. Supp. 2d at 258 ("'[I]t is beyond cavil that continued litigation in this multi-district securities class action would be complex, lengthy, and expensive, with no guarantee of recovery by the class members.'").

2. The Reaction of the Class to the Settlement to Date

The reaction of the class to a proposed settlement is a significant factor to be weighed in considering its fairness and adequacy. *See In re Bear Stearns Cos. Sec., Derivative & ERISA Litig.*, 909 F. Supp. 2d 259, 266-67 (S.D.N.Y. 2012); *FLAG Telecom*, 2010 WL 4537550, at *16.

Pursuant to the Preliminary Approval Order (ECF No. 201), the Court-appointed Claims Administrator, KCC/Gilardi & Co., LLC ("KCC"), began mailing copies of the Notice and Claim Form (together, the "Notice Packet") on February 12, 2016. *See* Declaration of Justin R. Hughes (the "Hughes Decl.") ¶¶ 3-4, attached to the Joint Decl. as Exhibit 5. As of April 4, 2016, KCC has disseminated a total of 726,394 Notice Packets to potential members of the Class and nominees. Hughes Decl., ¶ 7. In addition, the Summary Notice was published in the national edition of the *Wall Street Journal* and transmitted over the *PR Newswire* on February 25, 2016. *Id*. ¶ 8. The Notice contained, among other things, a description of the Action, the Settlement and information about the rights of Class Members to participate in the Settlement by submitting a Claim Form, to object to the Settlement, the Plan of Allocation and/or Co-Lead Counsel's motion for fees and expenses, or to exclude themselves from the Class. While the deadline set by the Court for members of the Class to object to the Settlement or exclude themselves from the Class has not yet passed, to date, only one objection and 37 requests for exclusion have been received. *Id*. ¶ 11; Joint Decl., ¶ 138. Thus, the reaction of the Class to date provides additional support for approving the Settlement.[5] *See Wal-Mart Stores,* 396 F.3d at 118 ("If only a small number of objections are received, that fact can be viewed as indicative of the adequacy of the settlement.").

3. The Advanced Stage of the Proceedings and the Substantial Amount of Discovery Completed Support Approval of the Settlement

When courts "look [ ] to the 'stage of the proceedings and the amount of discovery completed,'" they "focus[] on whether the plaintiffs 'obtained sufficient information through discovery to properly evaluate their case and to assess the adequacy of any settlement proposal.'"

[5] The deadline for submitting objections and requesting exclusion is April 19, 2016. As provided in the Preliminary Approval Order, Co-Lead Counsel will file reply papers on May 3, 2016 that will address the requests for exclusion and objections received. *See* ECF No. 201.

Advanced Battery, 298 F.R.D. at 177; *see also Weinberger v. Kendrick*, 698 F.2d 61, 74 (2d Cir. 1982); *Bear Stearns*, 909 F. Supp. 2d at 267 ("In considering this factor, the question is whether the parties had adequate information about their claims, such that their counsel can intelligently evaluate the merits of plaintiff's claims, the strengths of the defenses asserted by defendants, and the value of plaintiffs' causes of action for purposes of settlement.").

There is no question that, at the time the Parties agreed to mediate, this litigation had reached an advanced stage where Co-Lead Counsel had a thorough understanding of the strengths and weaknesses of the claims and defenses asserted and could make intelligent, informed appraisals regarding the chances of success. As noted above and in the Joint Declaration, this case was settled after more than three-and-one-half years of vigorous, hard-fought litigation, including extensive document and deposition discovery. Co-Lead Counsel spent significant time and resources analyzing and litigating the complex legal and factual issues in this Action and were well-informed with respect to the core issues as a result of, among other things, their: (i) extensive investigation into the Class's claims, including the review of voluminous publicly available information regarding JPMorgan and interviews with former JPMorgan employees; (ii) preparation of three detailed amended complaints; (iii) opposing Defendants' motion to dismiss the Complaint; (iv) review and/or analysis of nearly 10 million pages of documents from Defendants, various non-parties, and regulators; (v) preparing for, taking and/or defending 23 depositions of fact and expert witnesses; (vi) efforts to resolve numerous discovery disputes with Defendants and preparing comprehensive motions to compel in connection with unresolved disputes; (vii) successful litigation of Lead Plaintiffs' motion for class certification; (viii) investigation of the bases for and drafting of a motion for leave to file a proposed amended complaint; (ix) opposing the Government's motion to intervene and stay discovery; and (x)

extensive work with multiple experts and consultants on the issues germane to the litigation. *See* ¶¶ 6, 19-89.

In light of the advanced stage of this litigation, and the extensive amount of information obtained and analyzed by Co-Lead Counsel, Lead Plaintiffs and Co-Lead Counsel clearly possessed sufficient information to understand the strengths and weaknesses of the Action and, as such, were well-positioned to negotiate the terms of the Settlement. Consequently, this factor strongly supports final approval of the Settlement. *See Bear Stearns,* 909 F. Supp. 2d at 267 (parties had requisite knowledge to "gauge the strengths and weaknesses of their claims and the adequacy of the settlement" where they "conducted extensive investigations, obtained and reviewed millions of pages of documents, and briefed and litigated a number of significant legal issues").

4. The Risks of Establishing Liability and Damages Support Approval of the Settlement

In assessing the fairness, reasonableness and adequacy of a settlement, courts should consider the "risks of establishing liability [and] the risks of establishing damages." *Grinnell*, 495 F.2d at 463. This analysis involves weighing the risks of continued litigation against "the certainty of recovery under the proposed settlement." *In re Global Crossing Sec. & ERISA Litig.*, 225 F.R.D. 436, 459 (S.D.N.Y. 2004). In so doing, the Court need not "decide the merits of the case[,] resolve unsettled legal questions," (*Carson v. Am. Brands, Inc.*, 450 U.S. 79, 88 n.14 (1981)), or "foresee with absolute certainty the outcome of the case." *Shapiro v. JPMorgan Chase & Co.*, No. 11 Civ. 8331 (CM)(MHD), 2014 WL 1224666, at *10 (S.D.N.Y. Mar. 24, 2014).

While Co-Lead Counsel believe that Lead Plaintiffs' claims are meritorious, they also recognize that they faced substantial obstacles to proving liability and establishing loss causation and damages. When compared to the certainty of the significant recovery achieved by the

Settlement, these risks militated against further litigation, and informed Lead Plaintiffs' and Co-Lead Counsel's belief that the Settlement is fair, reasonable and adequate.

(a) Risks of Litigation

Had the case not settled, Lead Plaintiffs believe that Defendants' primary defenses to liability would be to claim that: (i) the evidence did not support a finding that they acted with scienter; and (ii) their April 13, 2012 statements were puffery, and certainly not specific enough to support a claim for fraud. The scienter requirement is commonly regarded to be the most difficult element to prove in a securities fraud claim. *See, e.g., Fishoff v. Coty Inc.*, No. 09 Civ. 628 (SAS), 2010 WL 305358, at *2 (S.D.N.Y. Jan. 25, 2010), *aff'd*, 634 F.3d 647 (2d Cir. 2011) ("[T]he element of scienter is often the most difficult and controversial aspect of a securities fraud claim"); *Kalnit v. Eichler*, 99 F. Supp. 2d 327, 345 (S.D.N.Y. 2000), *aff'd*, 264 F.3d 131 (2d Cir. 2001) (same). In this case, scienter is particularly challenging as a result of the Court's ruling limiting the case to the statements made on April 13, 2012. *See In re JPMorgan Chase & Co. Sec. Litig.*, No. 12 Civ. 03852 (GBD), 2014 WL 1297446, at *10 (S.D.N.Y. Mar. 31, 2014).

Lead Plaintiffs expected Defendants to argue that the Individual Defendants did not knowingly or recklessly mislead investors on the April 13, 2012 conference call because, prior to the call, they conducted an investigation into the London Whale trades, and were given information showing that the trades would not result in material losses – or even any losses at all. For example, Defendants would contend at both summary judgment and trial that the documentary record established that the Individual Defendants were informed that the SCP's losses were expected to dramatically shrink in the quarter during which the conference call was held, and, with equal probability, could earn substantial profits that quarter. Thus, Defendants would contend that their

public statements on the April 13 call minimizing the risk of the SCP were consistent with the information they received prior to the call.

Defendants would also point to the criminal indictments of several JPMorgan employees, which allege that those employees intentionally mismarked investments in the SCP in order to conceal the Bank's losses internally. Defendants would argue that these former traders hid losses from JPMorgan's top executives and, as a result, Dimon and Braunstein were misled as to the extent of the SCP's potential losses at the time of the April 13 call. Defendants would assert that they only discovered that the losses were significant after the April 13 call, when the extent of the mismarking was revealed to them and the losses continued to grow exponentially.

Additionally, Defendants would argue that, at a big picture level, the alleged fraud made no sense. Defendants would point to the fact that the Class Period is limited to five weeks, and that there was no reason for one of the world's largest banks to commit a five-week fraud during which no executive sold stock or profited. Defendants would further contend that, once they learned of significant losses in the SCP after the April 13 call, they promptly investigated the situation and voluntarily disclosed the losses on May 10, 2012, even though they had no specific public disclosure obligation at that time – facts which they would argue show good faith.

To counter these arguments, Lead Plaintiffs would have pointed to evidence they obtained in discovery to argue that Defendants received information showing the material risks the SCP had taken on, and the magnitude of existing and potential losses. While Lead Plaintiffs believe this evidence was significant and compelling, Defendants' arguments nevertheless created a substantial risk that either the Court or a jury could find that there was a reasonable basis for Defendants' statements.

Defendants would also have continued to challenge the alleged falsity and materiality of their April 13, 2012 statements. For example, Defendants would likely again argue that Braunstein's statements describing the CIO's overall purpose and activities were not actionable because those statements: (i) accurately described the SCP's intended function; and/or (ii) were not specific to the SCP – *i.e.*, they pertained to the CIO generally, which purportedly included positions that were actually intended to offset risk exposures elsewhere in the firm. To this end, throughout the Action, Defendants have contended that the accumulation of high-risk proprietary positions by the SCP was the result of a poorly vetted strategy as opposed to a calculated fraud. Defendants would also contend that certain challenged statements were non-actionable opinions, including Dimon's statement that concerns over the CIO's positions in April 2012 were nothing more than a "tempest in a teapot," and that Lead Plaintiffs could not establish that Dimon lacked a reasonable basis in fact to believe the statement was true. Finally, Defendants likely would continue to argue that JPMorgan's omission of the VaR model change, which rendered the reporting of the first quarter 2012 VaR misleading, was immaterial.

Although Lead Plaintiffs were successful in defeating Defendants' motion to dismiss the Complaint with respect to the alleged falsity and materiality of Defendants' April 13, 2012 statements, and believed that the evidence they had obtained in discovery and the controlling case law supported those claims, there was a risk that the Court or a jury would conclude otherwise. Had this been the case, Lead Plaintiffs and the Class would have recovered nothing.

(b) Risks of Establishing Loss Causation and Damages

Lead Plaintiffs also faced substantial risk in proving the existence and the amount of the Class's damages. *See Dura Pharm., Inc. v. Broudo*, 544 U.S. 336, 345-46 (2005) (plaintiffs bear the burden of proving "that the defendant's misrepresentations 'caused the loss for which the

plaintiff seeks to recover'"). Lead Plaintiffs ultimately would have to prove (through expert testimony) that substantial information existed before April 13, 2012 (but was concealed) concerning the risks posed by the SCP – including its massive size, illiquidity, and significant losses to date; the prospect of additional material losses; and that the positions were precarious proprietary wagers – and that these risks materialized in a series of partial corrective disclosures made on May 10, 2012, May 16, 2012 and May 21, 2012. Lead Plaintiffs would also need to prove that these risks were foreseeable and within the zone of risk concealed by Defendants' misstatements and, once materialized, proximately caused the substantial declines in JPMorgan's stock price on each of those days, and that other information released and absorbed by the market on those days played little or no role in such price declines. *See In re Bristol Myers Squibb Co. Sec. Litig.*, 586 F. Supp. 2d 148, 163 (S.D.N.Y. 2008); *Richman v. Goldman Sachs Grp., Inc.*, 868 F. Supp. 2d 261, 282 (S.D.N.Y. 2012) ("[a] decline in stock price following a public announcement of 'bad news' does not, by itself, demonstrate loss causation").

This would not be an easy task. Defendants had made, and would continue to make, credible arguments disputing Lead Plaintiffs' loss causation and damages theories. For example, Defendants would continue to assert that: (i) Lead Plaintiffs failed to disaggregate any portion of the losses attributable to Defendants' statements from the losses attributable to other "confounding information," *i.e.*, statements related to other negative company-specific information; (ii) the information disclosed on May 16, 2012 by the *New York Times* – that the SCP had suffered another $1 billion in losses – was not a corrective disclosure because it was largely duplicative of information previously disclosed on May 10, when JPMorgan specifically cautioned investors that the SCP losses "could get worse" and that the SCP could lose another "$1 billion or more"; and (iii) the May 21, 2012 announcement concerning the suspension of JPMorgan's common stock

buyback program disclosed negative news completely unrelated to the alleged fraud, meaning that no portion of the May 21 stock price decline was attributable to the alleged fraud and, in any event, JPMorgan's stock price fully rebounded on May 22, 2012.

Moreover, in complex securities cases such as this, it is axiomatic that both Lead Plaintiffs and Defendants would rely on expert testimony to assist the jury in determining damages at trial. *See Sirota v. Solitron Devices, Inc.*, 673 F.2d 566, 576-78 (2d Cir. 1982). Although Lead Plaintiff would have been able to present a cogent expert's view establishing loss causation and damages, there is little doubt that Defendants would have been able to present a well-qualified expert who would opine against a finding of loss causation with respect to most or all of the price declines. Lead Plaintiffs could not be certain which expert's view would be credited by the jury and who would prevail at trial in this "battle of the experts." Had Defendants' damages and loss causation arguments been accepted, damages in this case could have been greatly reduced or even eliminated. *See Bear Stearns*, 909 F. Supp. 2d at 267 ("When the success of a party's case turns on winning a so-called 'battle of experts,' victory is by no means assured."); *FLAG Telecom*, 2010 WL 4537550, at *18 ("The jury's verdict . . . would . . . depend on its reaction to the complex testimony of experts, a reaction that is inherently uncertain and unpredictable."); *Maley v. Del Global Techs. Corp.*, 186 F. Supp. 2d 358, 365 (S.D.N.Y. 2002) (there was a risk that a "jury could be swayed by experts for the Defendants, who would minimize the amount of Plaintiffs' losses").

For all these reasons, Lead Plaintiffs and Co-Lead Counsel respectfully submit that this factor weighs heavily in favor of approving the Settlement.

5. The Ability of Defendants to Withstand a Greater Judgment

Lead Plaintiffs believe that Defendants have the ability to pay a judgment in excess of the $150 million Settlement Amount. However, "defendants' ability to withstand a higher judgment . . . standing alone, does not suggest that the settlement is unfair." *D'Amato*, 236 F.3d at 86. A

"defendant is not required to 'empty its coffers' before a settlement can be found adequate." *IMAX*, 283 F.R.D. at 191. Indeed, Courts have repeatedly recognized that this factor, standing alone, does not weigh against approval of a settlement where, as here, the other factors weigh in favor of approving the settlement. *See id.*; *FLAG Telecom*, 2010 WL 4537550, at *19 ("the mere ability to withstand a greater judgment does not suggest the settlement is unfair").

6. The Range of Reasonableness of the Settlement Fund in Light of the Best Possible Recovery and all the Attendant Risks of Litigation Support Approval of the Settlement

Courts commonly combine their analysis of the final two *Grinnell* factors. *See Grinnell*, 495 F.2d at 463; *accord Global Crossing*, 225 F.R.D. at 460. In analyzing these two factors, courts "consider[] and weigh[] the nature of the claim, the possible defenses, the situation of the parties, and the exercise of business judgment in determining whether the proposed settlement is reasonable." *Grinnell*, 495 F.2d at 462. This does not involve a "mathematical equation yielding a particularized sum." *Massiah v. MetroPlus Health Plan, Inc.*, No. 11-cv-05669 (BMC), 2012 WL 5874655, at *5 (E.D.N.Y. Nov. 20, 2012). Instead, "there is a range of reasonableness with respect to a settlement." *Newman v. Stein*, 464 F.2d 689, 693 (2d Cir. 1972); *see also Shapiro*, 2014 WL 1224666, at *11 (settlement amount must be judged "not in comparison with the possible recovery in the best of all possible worlds, but rather in light of the strengths and weaknesses of plaintiffs' case").

Lead Plaintiffs submit that the Settlement is well within the range of reasonableness in light of the best possible recovery and all the attendant risks of litigation. Had the Class overcome all the obstacles noted above to establishing liability, loss causation, and damages, the Class's maximum recoverable damages at trial would likely be approximately $2 billion. ¶ 120. Defendants could be expected to argue that damages were truly zero, and, at a minimum, were far less than this $2 billion figure when accounting for serious loss causation issues. Indeed, this $2

billion figure does not take into account the strong possibility, if not probability, that the Defendants could successfully challenge either or both of the last two corrective disclosures on May 16, 2012 and May 21, 2012. Losing either one of the two corrective disclosures would reduce the damages estimate by about $500 million, and losing both would reduce damages by half – to about $1 billion. Under that realistic scenario, the $150 million settlement would represent 15% of the Class's maximum damages. Finally, as discussed above, if a jury or the Court had credited even some of Defendants' arguments with respect to liability, the Class might have recovered nothing. Given these risks, the Settlement is an extremely favorable outcome for the Class. *See In re Merrill Lynch & Co. Research Reports Sec. Litig.*, No. 02 MDL 1484(JFK), 2007 WL 313474, at *10 (S.D.N.Y. Feb. 1, 2007) (finding settlement representing recovery of approximately 6.25% of estimated damages to be "at the higher end of the range of reasonableness of recovery in class action securities litigations").

In sum, the *Grinnell* factors strongly support a finding that the Settlement is fair, reasonable and adequate.

II. THE PLAN OF ALLOCATION IS FAIR AND REASONABLE AND SHOULD BE APPROVED

A plan for allocating settlement proceeds should be approved if it is fair and reasonable. *See IMAX*, 283 F.R.D. at 192; *Bear Stearns*, 909 F. Supp. 2d at 270. A plan of allocation is fair and reasonable as long as it has a "rational basis." *In re Hi-Crush Partners L.P. Sec. Litig.*, No. 12-Civ-8557 (CM), 2014 WL 7323417, at *10 (S.D.N.Y. Dec. 19, 2014); *In re Initial Pub. Offering Sec. Litig.*, 671 F. Supp. 2d 467, 497 (S.D.N.Y. 2009). Generally, a plan of allocation that reimburses class members based on the relative strength and value of their claims is reasonable. *See Hi-Crush Partners*, 2014 WL 7323417, at *10; *IMAX*, 283 F.R.D. at 192. Plans of allocation, however, need not be tailored to fit each and every class member with "mathematical

precision." *In re PaineWebber Ltd. P'ships Litig.*, 171 F.R.D. 104, 133 (S.D.N.Y. 1997), *aff'd*, 117 F.3d 721 (2d Cir. 1997). In determining whether a plan of allocation is fair and reasonable, courts give weight to the opinion of experienced counsel. *See Yang v. Focus Media Holding Ltd.,* No. 11 Civ. 9051 (CM)(GWG), 2014 WL 4401280, at *9 (S.D.N.Y. Sept. 4, 2014); *see also In re Giant Interactive Grp., Inc. Sec. Litig.*, 279 F.R.D. 151, 163 (S.D.N.Y. 2011) ("[i]n determining whether a plan of allocation is fair, courts look primarily to the opinion of counsel"); *In re Marsh ERISA Litig.*, 265 F.R.D. 128, 145 (S.D.N.Y. 2010) (same).

The Plan of Allocation proposed by Lead Plaintiffs is set forth in the Notice disseminated to the Class. *See* Hughes Decl., Ex. A at 7-9. Co-Lead Counsel developed the Plan in consultation with Lead Plaintiffs' damages consultant, Dr. Feinstein, with the objective of equitably distributing the Net Settlement Fund to those Class Members who suffered economic losses as a result of the alleged violations of the federal securities laws asserted in the Action. Dr. Feinstein developed the Plan based on an event study analysis, which determines how much artificial inflation was in the price of JPMorgan common stock on each day during the Class Period as a result of Defendants' alleged false and misleading statements and material omissions, and how much the stock price declined as a result of the disclosures that corrected the alleged misstatements and omissions. In calculating this estimated alleged artificial inflation, Dr. Feinstein considered price changes in JPMorgan common stock in reaction to the alleged corrective disclosures, adjusting for price changes that were attributable to market or industry forces, the allegations in the Complaint and the evidence developed in support thereof, as advised by Co-Lead Counsel. *See* Hughes Decl., Ex. A at 7, ¶¶46-49; Joint Decl., ¶¶ 129-130.

Under the Plan, a "Recognized Loss" will be calculated for each purchase or acquisition of JPMorgan common stock during the Class Period. *See* Hughes Decl., Ex. 1 at 7, ¶50. In general,

the Recognized Loss will be the difference between the estimated artificial inflation on the date of purchase/acquisition and the estimated artificial inflation on the date of sale, or the difference between the actual purchase/acquisition price and sales price of the stock, whichever is less. *See id*. Claimants who purchased/acquired and sold all their shares of JPMorgan common stock before the first corrective disclosure on May 10, 2012, or who purchased/acquired and sold all their shares between two subsequent corrective disclosures, will have no Recognized Loss as to those transactions because the level of alleged artificial inflation is the same on those dates. *See id*. The sum of a Claimant's Recognized Loss Amounts will be the Claimant's "Recognized Claim." The Net Settlement Fund will be allocated to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. *See id*. ¶¶ 53-54.

Co-Lead Counsel believe that the Plan provides a fair and reasonable method to equitably allocate the Net Settlement Fund among Class Members who suffered losses as result of the conduct alleged in the Action, and their opinion is entitled to "considerable weight" by the Court in deciding whether to approve the plan. *In re Am. Bank Note Holographics, Inc.*, 127 F. Supp. 2d 418, 430 (S.D.N.Y. 2001) ("As with other aspects of settlement, the opinion of experienced and informed counsel is entitled to considerable weight."). To date, only one objection to the Plan has been received. *See* ¶ 132; *see also In re Nasdaq Mkt.-Makers Antitrust Litig*., No. 94 CIV. 3996 RWS, 2000 WL 37992, at *2 (S.D.N.Y. Jan. 18, 2000) ("small number of objections to the Proposed Plan" entitled to "substantial weight" in approving the plan). Finally, it is important to note that the Plan is similar in structure to plans of allocation that have been used to apportion settlement proceeds in numerous other securities class actions. *See Veeco*, 2007 WL 4115809, at *14 ("Each valid claim will then be calculated so that each authorized claimant will receive, on a proportionate basis, the share of the net settlement fund that the claimant's recognized loss bears

to the total recognized loss of all authorized claimants."); *Global Crossing*, 225 F.R.D. at 462 ("Pro-rata distribution of settlement funds based on investment loss is clearly a reasonable approach.").

For all the reasons set forth herein and in the Joint Declaration, the Plan of Allocation is fair and reasonable, and should be approved.

III. NOTICE TO THE CLASS SATISFIED ALL THE REQUIREMENTS OF RULE 23 AND DUE PROCESS

Notice to the Class of the Settlement satisfied the requirements of Rule 23(c)(2)(B), which requires "the best notice that is practicable under the circumstances, including individual notice to all members who can be identified through reasonable effort." Fed. R. Civ. P. 23(c)(2)(B); *see also Eisen v. Carlisle & Jacquelin*, 417 U.S. 156, 173-75 (1974). The Notice also satisfied Rule 23(e)(1), which requires that notice of a settlement be "reasonable" – *i.e.*, it must "fairly apprise the prospective members of the class of the terms of the proposed settlement and of the options that are open to them in connection with the proceedings." *Wal-Mart*, 396 F.3d at 114.

Both the substance of the Notice and the method of its dissemination to potential members of the Class satisfied these standards. The Notice contains the information required by Federal Rule of Civil Procedure 23(c)(2)(B) and the PSLRA, 15 U.S.C. § 78u-4(a)(7), including: (i) an explanation of the nature of the Action and the claims asserted; (ii) the definition of the Class; (iii) a description of the basic terms of the Settlement, including the amount of the consideration and the releases to be given; (iv) the Plan of Allocation; (v) an explanation of the reasons why the Parties are proposing the Settlement; (vi) a statement indicating the attorneys' fees and expenses that will be sought; (vii) a description of Class Members' right to request exclusion from the Class or to object to the Settlement, the Plan of Allocation or the requested attorneys' fees or expenses; and (viii) notice of the binding effect of a judgment on Class Members. The Notice also provides

recipients with information on how to submit a Claim Form in order to be potentially eligible to receive a distribution from the Net Settlement Fund.

As noted above, in accordance with the Preliminary Approval Order, as of April 4, 2016, KCC has mailed 726,394 copies of the Notice Packet by first-class mail to potential members of the Class and nominees. *See* Hughes Decl., ¶ 7. In addition, KCC caused the Summary Notice to be published on February 25, 2016. *See id*. ¶ 8. KCC also established a website dedicated to the Settlement, www.jpmorgansecuritieslitigation.com, to provide potential members of the Class with information concerning the Settlement and the applicable deadlines, as well as access to downloadable copies of the Notice, including the Plan of Allocation, the Claim Form, the Stipulation and the Preliminary Approval Order. *See id*. ¶ 10. Copies of the Notice and Claim Form were also made available on Co-Lead Counsel's individual firm websites. Joint Decl., ¶ 137, n. 15.

This combination of individual first-class mail to all members of the Class who could be identified with reasonable effort, supplemented by notice in widely-circulated publications, transmitted over a newswire, and set forth on internet websites, was "the best notice . . . practicable under the circumstances." Fed. R. Civ. P. 23(c)(2)(B); *see, e.g., Advanced Battery Techs.*, 298 F.R.D. at 182-83; *In re Marsh & McLennan Cos. Sec. Litig.*, No. 04 Civ. 8144 (CM), 2009 WL 5178546, at *12-13 (S.D.N.Y. Dec. 23, 2009).

CONCLUSION

For the foregoing reasons, Lead Plaintiffs respectfully request that the Court approve the Settlement and the proposed Plan of Allocation.

Dated: April 5, 2016

Respectfully Submitted,

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Exhibit A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE JPMORGAN CHASE & CO. SECURITIES LITIGATION	Master File No. 1:12-cv-03852-GBD

JUDGMENT APPROVING CLASS ACTION SETTLEMENT

WHEREAS, a securities class action is pending in this Court entitled *In re JPMorgan Chase & Co. Securities Litigation*, Master File No. 1:12-cv-03852-GBD (the "Action");

WHEREAS, by Order dated September 29, 2015, the Court certified the Action to proceed as a class action on behalf of all persons and entities who purchased or otherwise acquired the common stock of JPMorgan Chase & Co. ("JPMorgan") during the period from April 13, 2012 through May 21, 2012, inclusive (the "Class Period"), and who were damaged thereby (the "Class");[1]

WHEREAS, (a) Lead Plaintiffs Arkansas Teacher Retirement System, Ohio Public Employees Retirement System, Sjunde AP-Fonden, and the State of Oregon by and through the Oregon State Treasurer on behalf of the Common School Fund and, together with the Oregon Public Employee Retirement Board, on behalf of the Oregon Public Employee Retirement Fund,

[1] Excluded from the Class by definition are: (i) Defendants; (ii) executive officers of JPMorgan who were employed during the Class Period, members of JPMorgan's Board of Directors during the Class Period, and members of their immediate families (as defined in 17 C.F.R. § 229.404(a), Instructions (1)(a)(iii) and (1)(b)(ii)); (iii) the employees within JPMorgan's Chief Investment Office ("CIO") primarily responsible, before April 13, 2012, for management of CIO's Synthetic Credit Portfolio; (iv) any of the foregoing persons' legal representatives, heirs, successors or assigns; and (v) any entity in which any Defendant directly or indirectly has a controlling interest or had a controlling interest during the Class Period. Notwithstanding the foregoing exclusions, no Investment Vehicle shall be excluded from the Class. Also excluded from the Class are any persons and entities who or which exclude themselves by submitting a request for exclusion that is accepted by the Court.

on behalf of themselves and the Court-certified Class, and (b) defendant JPMorgan, and defendants James Dimon and Douglas Braunstein (collectively, the "Individual Defendants" and, together with JPMorgan, the "Defendants," and together with Lead Plaintiffs, the "Parties") have entered into a Stipulation and Agreement of Settlement dated December 18, 2015 (the "Stipulation"), that provides for a complete dismissal with prejudice of the Action against Defendants on the terms and conditions set forth in the Stipulation, subject to the approval of this Court (the "Settlement");

WHEREAS, unless otherwise defined in this Judgment, the capitalized terms herein shall have the same meaning as they have in the Stipulation;

WHEREAS, by Order dated January 19, 2016 (the "Preliminary Approval Order"), this Court: (a) preliminarily approved the Settlement; (b) ordered that notice of certification of the Class and the proposed Settlement be provided to potential Class Members; (c) provided Class Members with the opportunity either to exclude themselves from the Class or to object to the proposed Settlement; and (d) scheduled a hearing regarding final approval of the Settlement;

WHEREAS, due and adequate notice has been given to the Class;

WHEREAS, the Court conducted a hearing on May 10, 2016 (the "Settlement Hearing") to consider, among other things, (a) whether the terms and conditions of the Settlement are fair, reasonable and adequate to the Class, and should therefore be approved; and (b) whether a judgment should be entered dismissing the Action with prejudice as against the Defendants; and

WHEREAS, the Court having reviewed and considered the Stipulation, all papers filed and proceedings held herein in connection with the Settlement, all oral and written comments received regarding the Settlement, and the record in the Action, and good cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. **Jurisdiction** – The Court has jurisdiction over the subject matter of the Action, and all matters relating to the Settlement, as well as personal jurisdiction over all of the Parties and each of the Class Members.

2. **Incorporation of Settlement Documents** – This Judgment incorporates and makes a part hereof: (a) the Stipulation filed with the Court on December 18, 2015; and (b) the Notice and the Summary Notice, both of which were filed with the Court on April 5, 2016.

3. **Notice** – The Court finds that the dissemination of the Notice and the publication of the Summary Notice: (a) were implemented in accordance with the Preliminary Approval Order; (b) constituted the best notice practicable under the circumstances; (c) constituted notice that was reasonably calculated, under the circumstances, to apprise Class Members of (i) the pendency of the Action; (ii) the certification of the Class and their right to exclude themselves from the Class; (iii) the effect of the proposed Settlement (including the Releases to be provided thereunder); (iv) Co-Lead Counsel's motion for an award an attorneys' fees and reimbursement of Litigation Expenses; (v) their right to object to any aspect of the Settlement, the Plan of Allocation and/or Co-Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses; and (vi) their right to appear at the Settlement Hearing; (d) constituted due, adequate, and sufficient notice to all persons and entities entitled to receive notice of the proposed Settlement; and (e) satisfied the requirements of Federal Rule of Civil Procedure 23, the Securities Exchange Act of 1934, 15 U.S.C. §78u-4(a)(7), as amended, including the Private Securities Litigation Reform Act of 1995, due process, and all other applicable law and rules.

4. **Final Settlement Approval and Dismissal of Claims** – Pursuant to, and in accordance with, Rule 23 of the Federal Rules of Civil Procedure, this Court hereby fully and

finally approves the Settlement set forth in the Stipulation in all respects (including, without limitation: the amount of the Settlement; the Releases provided for therein; and the dismissal with prejudice of the claims asserted against Defendants in the Action), and finds that the Settlement is, in all respects, fair, reasonable and adequate to the Class. The Parties are directed to implement, perform and consummate the Settlement in accordance with the terms and provisions contained in the Stipulation.

5. The Action is hereby dismissed with prejudice. The Parties shall bear their own costs and expenses, except as otherwise expressly provided in the Stipulation.

6. **Binding Effect** – The terms of the Stipulation and of this Judgment shall be forever binding on Defendants, Lead Plaintiffs and all Class Members (regardless of whether or not any individual Class Member submits a Claim Form or seeks or obtains a distribution from the Net Settlement Fund), as well as their respective successors and assigns. [The persons and entities listed on Exhibit 1 hereto are excluded from the Class pursuant to request and are not bound by the terms of the Stipulation or this Judgment.]

7. **Releases** – The Releases set forth in paragraphs 4 and 5 of the Stipulation, together with the definitions contained in paragraph 1 of the Stipulation relating thereto, are expressly incorporated herein in all respects. The Releases are effective as of the Effective Date. Accordingly, this Court orders that:

(a) Without further action by anyone, and subject to paragraph 8 below, upon the Effective Date of the Settlement, Lead Plaintiffs and each member of the Class, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, assigns, parents, subsidiaries, affiliates, officers, directors, agents, fiduciaries, beneficiaries or legal representatives, in their capacities as such, and any other person or entity legally entitled to bring

Released Plaintiffs' Claims on behalf of a Class Member, in that capacity, shall be deemed to have, and by operation of law and of this Judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs' Claim against any of the Defendants' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees.

(b) Without further action by anyone, and subject to paragraph 8 below, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, assigns, parents, subsidiaries, affiliates, officers, directors, agents, fiduciaries, beneficiaries or legal representatives, in their capacities as such, and any other person or entity legally entitled to bring Released Defendants' Claims on behalf of any Defendant, in that capacity, shall be deemed to have, and by operation of law and of this Judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants' Claim against the Plaintiffs' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees.

8. Notwithstanding paragraphs 7(a) – (b) above, nothing in this Judgment shall bar any action by any of the Parties to enforce or effectuate the terms of the Stipulation or this Judgment.

9. **Rule 11 Findings** – The Court finds and concludes that the Parties and their respective counsel have complied in all respects with the requirements of Rule 11 of the Federal Rules of Civil Procedure in connection with the institution, prosecution, defense, and settlement of the Action.

10. **No Admissions** – Neither this Judgment, the Stipulation (whether or not consummated), including the exhibits thereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), the negotiations leading to the execution of the Stipulation, nor any proceedings taken pursuant to or in connection with the Stipulation and/or approval of the Settlement (including any arguments proffered in connection therewith):

(a) shall be offered against any of the Defendants' Releasees as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Defendants' Releasees with respect to the truth of any fact alleged by Lead Plaintiffs or the validity of any claim that was or could have been asserted or the deficiency of any defense that has been or could have been asserted in this Action or in any other litigation, or of any liability, negligence, fault, or other wrongdoing of any kind of any of the Defendants' Releasees or in any way referred to for any other reason as against any of the Defendants' Releasees, in any civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation;

(b) shall be offered against any of the Plaintiffs' Releasees, as evidence of, or construed as, or deemed to be evidence of any presumption, concession or admission by any of the Plaintiffs' Releasees that any of their claims are without merit, that any of the Defendants' Releasees had meritorious defenses, or that damages recoverable under the Complaint would not have exceeded the Settlement Amount or with respect to any liability, negligence, fault or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Plaintiffs' Releasees, in any civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; or

(c) shall be construed against any of the Releasees as an admission, concession, or presumption that the consideration to be given under the Settlement represents the amount which could be or would have been recovered after trial;

provided, however, that the Parties and the Releasees and their respective counsel may refer to this Judgment and the Stipulation to effectuate the protections from liability granted hereunder and thereunder or otherwise to enforce the terms of the Settlement.

11. **Retention of Jurisdiction** – Without affecting the finality of this Judgment in any way, this Court retains continuing and exclusive jurisdiction over: (a) the Parties for purposes of the administration, interpretation, implementation and enforcement of the Settlement; (b) the disposition of the Settlement Fund; (c) any motion for an award of attorneys' fees and/or Litigation Expenses by Co-Lead Counsel in the Action that will be paid from the Settlement Fund; (d) any motion to approve the Plan of Allocation; (e) any motion to approve the Class Distribution Order; and (f) the Class Members for all matters relating to the Action.

12. Separate orders shall be entered regarding approval of a plan of allocation and the motion of Co-Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses. Such orders shall in no way affect or delay the finality of this Judgment and shall not affect or delay the Effective Date of the Settlement.

13. **Modification of the Agreement of Settlement** – Without further approval from the Court, Lead Plaintiffs and Defendants are hereby authorized to agree to and adopt such amendments or modifications of the Stipulation or any exhibits attached thereto to effectuate the Settlement that: (a) are not materially inconsistent with this Judgment; and (b) do not materially limit the rights of Class Members in connection with the Settlement. Without further order of the

Court, Lead Plaintiffs and Defendants may agree to reasonable extensions of time to carry out any provisions of the Settlement.

14. **Termination of Settlement** – If the Settlement is terminated as provided in the Stipulation or the Effective Date of the Settlement otherwise fails to occur, this Judgment shall be vacated, rendered null and void and be of no further force and effect, except as otherwise provided by the Stipulation, and this Judgment shall be without prejudice to the rights of Lead Plaintiffs, Class Members and Defendants, and the Parties shall revert to their respective positions in the Action as of October 9, 2015, as provided in the Stipulation.

15. **Entry of Final Judgment** – There is no just reason to delay the entry of this Judgment as a final judgment in this Action. Accordingly, the Clerk of the Court is directed to immediately enter this final judgment in this Action.

SO ORDERED this _____ day of _____, 2016.

_____

The Honorable George B. Daniels
United States District Judge

Exhibit 1

[List of Persons and Entities Excluded from the Class Pursuant to Request]

Exhibit B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE JPMORGAN CHASE & CO. SECURITIES LITIGATION	Master File No. 1:12-cv-03852-GBD

[PROPOSED] ORDER APPROVING
PLAN OF ALLOCATION OF NET SETTLEMENT FUND

This matter came on for hearing on May 10, 2016 (the "Settlement Hearing") on Lead Plaintiffs' motion to determine whether the proposed plan of allocation of the Net Settlement Fund ("Plan of Allocation") created by the Settlement achieved in the above-captioned class action (the "Action") should be approved. The Court having considered all matters submitted to it at the Settlement Hearing and otherwise; and it appearing that notice of the Settlement Hearing substantially in the form approved by the Court was mailed to all Class Members who or which could be identified with reasonable effort, and that a summary notice of the hearing substantially in the form approved by the Court was published in the *Wall Street Journal* and was transmitted over the *PR Newswire* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the proposed Plan of Allocation,

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order approving the proposed Plan of Allocation incorporates by reference the definitions in the Stipulation and Agreement of Settlement dated December 18, 2015 (ECF No. 198-1) (the "Stipulation") and all terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation.

2. The Court has jurisdiction to enter this Order approving the proposed Plan of Allocation, and over the subject matter of the Action and all parties to the Action, including all Class Members.

3. Notice of Lead Plaintiffs' motion for approval of the proposed Plan of Allocation was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the Class of the motion for approval of the proposed Plan of Allocation satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the Private Securities Litigation Reform Act of 1995 (15 U.S.C. § 78u-4(a)(7)), due process, and all other applicable law and rules, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

4. Copies of the Notice, which included the Plan of Allocation, were mailed to over _____ potential Class Members and nominees. [No objections to the Plan of Allocation have been received. [or] ____ objection[s] to the Plan of Allocation have been received, which the Court has considered and found to be without merit.]

5. The Court hereby finds and concludes that the formula for the calculation of the claims of Claimants as set forth in the Plan of Allocation mailed to Class Members provides a fair and reasonable basis upon which to allocate the proceeds of the Net Settlement Fund among Class Members with due consideration having been given to administrative convenience and necessity.

6. The Court hereby finds and concludes that the Plan of Allocation is, in all respects, fair and reasonable to the Class.

7. There is no just reason for delay in the entry of this Order, and immediate entry by the Clerk of the Court is expressly directed.

SO ORDERED this _____ day of _____, 2016.

_____

The Honorable George B. Daniels
United States District Judge

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