The Volcker Rule is scheduled to take effect next month. But banks don't have to fully meet its requirements for two more years.

WASHINGTON (AP) -- Jamie Dimon, chief executive of the largest U.S. bank, will be asked Wednesday to explain how JPMorgan Chase lost more than $2 billion on risky trades and whether its executives failed to properly manage those risks.

Exactly what kinds of trades were made by the investment operations in London where the losses originated? Did JPMorgan have adequate controls in place to prevent such losses? How much did Dimon know?

Dimon will be pressed to provide a clearer picture of all those issues when he testifies to the Senate Banking Committee. He plans to tell the panel that JPMorgan has taken steps to prevent such losses from occurring again, according to his prepared testimony issued by the bank.

JPMorgan's trading losses have heightened concerns that the biggest banks still pose risks to the U.S. financial system, less than four years after bad trading bets by banks helped trigger the worst financial crisis since the Great Depression of the 1930s.

According to Dimon's prepared testimony, JPMorgan adopted a strategy late last year to reduce risk, but it backfired in its investment operation by heightening risk instead. Dimon also plans to say that the bank has named a new leader for the investment operation that was responsible for the losses, has established a risk committee and is investigating what went wrong.

A key regulator of JPMorgan, Thomas Curry, the U.S. Comptroller of the Currency, suggested last week that the bank lacked strong controls to contain risk in its investment operations.

And the Wall Street Journal reported Tuesday that some senior JPMorgan executives, including the chief financial officer and chief risk officer, were told about risky trading in London two years before the losses came to light. Dimon himself knew of some of the trades and sometimes spoke with the traders involved, the Journal reported, citing unnamed people familiar with the matter.

The Banking Committee's chairman, Sen. Tim Johnson, calls JPMorgan's strategy "an out-of-control trading strategy with little to no risk controls," according to portions of his opening statement for the hearing released Tuesday.

"So what went wrong?" Johnson asks in his statement.

The Securities and Exchange Commission is reviewing what JPMorgan told investors about its finances and the risks it took before the loss.

In April, in a conference call with analysts, Dimon had dismissed concerns about the bank's trading, calling them a "tempest in a teapot." Later, adopting a more conciliatory stance, he conceded that he'd been "dead wrong" to minimize those concerns. Dimon acknowledged the losses on May 10 in a hastily convened conference call with investors and journalists.

Dimon has called the losses "a black mark" for the bank. He confessed to a "flawed, complex, poorly reviewed, poorly executed and poorly monitored" trading strategy that allowed the losses

to occur.

Senators will want to know what Dimon knew at the time he dismissed the issue in April.

Dimon, the grandson of a Greek immigrant and son of a stockbroker, is no stranger to Washington. His reputation for cost-cutting and his perceived mastery of risk have given him an audience at the Treasury Department, White House and Congress, particularly during the crisis. More than other major Wall Street banks, JPMorgan weathered the 2008 financial crisis with few scars.

This time, Dimon will be under a harsher spotlight.

Since the crisis, Dimon has been an outspoken voice against stricter financial regulation. He has complained that lawmakers and regulators have gone too far in carrying out an overhaul of the financial system and might be slowing the economic recovery.

In particular, Dimon has criticized the Volcker Rule, which would bar banks from making trades for their own profit. Thanks to lobbying by Dimon and other Wall Street bankers, the banks won an exemption in the rule: It would let them make such trades to hedge not only the risks of individual investments but also the risks of a broader investment portfolio.

Dimon has said the Volker Rule would not have prevented the trading that led to JPMorgan's losses. He says the trading in credit derivatives was designed to hedge against financial risks, not to make a profit for the bank.

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