DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

June 29, 2011

Mr. Herbert F. Janick III
Bingham McCutchen LLP
Suite 300
85 Exchange Place
Portland, ME 04104

Re: SEC v. J.P. Morgan Securities LLC (f/k/a J.P. Morgan Securities Inc.) (HO-11075)
JPMorgan Chase & Co. – Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act

Dear Mr. Janick:

This is in response to your letter dated June 21, 2011, written on behalf of JPMorgan Chase & Co. (Company) and its subsidiary, J.P. Morgan Securities LLC (f/k/a J.P. Morgan Securities Inc.) (JPMS), and constituting an application for relief from the Company being considered an "ineligible issuer" under Rule 405(1)(vi) of the Securities Act of 1933 (Securities Act). On June 21, 2011, the Commission filed a civil injunctive complaint (Complaint), in the United States District Court for Southern District of New York, against JPMS. The complaint alleges that JPMS violated Sections 17(a)(2) and 17(a)(3) of the Securities Act. JPMS filed a consent in which it agreed, without admitting or denying the allegations of the Complaint, to the entry of a Final Judgment against it. Among other things, the Final Judgment as entered on June 29, 2011, provides for a permanent injunction from committing future violations of Sections 17(a)(2) and 17(a)(3) of the Exchange Act.

Based on the facts and representations in your letter, and assuming the Company and JPMS comply with the Final Judgment, the Commission, pursuant to delegated authority has determined that the Company has made a showing of good cause under Rule 405(2) and that the Company will not be considered an ineligible issuer by reason of the entry of the Final Judgment. Accordingly, the relief described above from the Company being an ineligible issuer under Rule 405 of the Securities Act is hereby granted. Any different facts from those represented or non-compliance with the Final Judgment might require us to reach a different conclusion.

Sincerely,

Mary Kosterlitz

Mary Kosterlitz
Chief, Office of Enforcement Liaison
Division of Corporation Finance

BINGHAM

Herbert F. Janick III
Direct Phone: 207.780.8270
Direct Fax: 207.780.8280
herb.janick@bingham.com

June 21, 2011

Advance Copy Via Email

Mary Kosterlitz, Esq.
Chief of the Office of Enforcement Liaison
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, D.C. 20549

Re: SEC v. J.P. Morgan Securities LLC (f/k/a J.P. Morgan Securities Inc.) 11-CV-4206 (S.D.N.Y.)

Dear Ms. Kosterlitz:

We are writing on behalf of our client JPMorgan Chase & Co. ("JPMorgan"). JPMorgan's subsidiary, J.P. Morgan Securities LLC (f/k/a J.P. Morgan Securities Inc.) ("J.P. Morgan Securities"), is a settling defendant in the above-captioned civil action (the "Action") brought by the Securities and Exchange Commission (the "Commission") in the United States District Court for the Southern District of New York (the "Court"). The Action relates to alleged violations of the federal securities laws by JPMorgan in connection with the sale of a collateralized debt obligation ("CDO") to institutional investors.

JPMorgan hereby requests, pursuant to Rule 405 under the Securities Act of 1933 (as amended, the "Securities Act"), that the Division of Corporation Finance, on behalf of the Commission, determine that JPMorgan shall not be considered an "ineligible issuer" as defined in Rule 405 as a result of the judgment to be entered in the Action, as described below. JPMorgan requests that this determination be made effective upon entry of that judgment. It is our understanding that the Division of Enforcement supports our request for such a determination.

BACKGROUND

The conduct of J.P. Morgan Securities alleged in the complaint in the Action involved an offering of a largely synthetic CDO whose portfolio consisted primarily of credit default swaps ("CDS") referencing other CDO securities to qualified institutional buyers in reliance on the exemption from registration under the Securities Act of 1933 (as amended, the "Securities Act") provided by Rule 144A thereunder and to non-U.S. persons in reliance on the safe harbor from registration provided by Regulation S thereunder. The complaint alleged that J.P. Morgan Securities represented in marketing materials that the collateral manager selected the CDO's investment portfolio but failed to disclose that the hedge fund that purchased the subordinated notes (or "equity"), which also took the short position on roughly half of the portfolio's assets, played a significant role in the selection process. Specifically, the complaint alleged that although the offering circular for the CDO

Bingham McCutchen LLP
Suite 300
85 Exchange Street
Portland, ME 04101-5045

T +1.207.780.8274
F +1.207.780.8278
bingham.com

did have a risk factor that disclosed that a noteholder may hold a short position with respect to the referenced CDOs or buy credit protection with respect to the referenced CDOs, and that a noteholder may act with respect to those positions "without regard to whether any such action might have an adverse effect on the Issuer, the Noteholders, related Reference Entity or any Reference Obligation," this disclosure did not indicate that such a noteholder was involved in the portfolio selection process.

In connection with the above-captioned proceeding, J.P. Morgan Securities and the Division of Enforcement reached an agreement to settle the Action as described below, and J.P. Morgan Securities has executed a consent to the entry of a judgment by the Court (the "Judgment") without admitting or denying the matters set forth in the Commission's complaint in the Action (except as to the jurisdiction of the Court).

J.P. Morgan Securities anticipates that the Court will permanently restrain and enjoin J.P. Morgan Securities, from violating Sections 17(a)(2) and (3) ofthe Securities Act in the offer or sale of any security or security-based swap agreement. The Judgment will decree that J.P. Morgan Securities is liable for disgorgement of $18.6 million, together with prejudgment interest thereon in the amount of $2 million, and a civil penalty in the amount of$133 million. Finally, the Judgment will require J.P. Morgan Securities to comply with certain undertakings relating to: (i) the vetting and approval process for offerings ofresidential mortgage-related securities (other than agency RMBS), including CDOs referencing those securities (collectively, "mortgage securities"); (ii) the role ofJ.P. Morgan Securities' Legal and Compliance Department with respect to the review ofmarketing materials used in connection with mortgage securities offerings; (iii) the review ofthe written marketing materials used in connection with mortgage securities by outside counsel where J.P. Morgan Securities is the lead underwriter of an offering of mortgage securities and retains outside counsel to advise on the offering; (iv) the delivery ofoffering circulars/prospectuses for mortgage securities offerings; (v) annual internal audits to determine that items (i)-(iv) are being complied with; and (vi) education and training of persons involved in the structuring or marketing of mortgage securities offerings.

DISCUSSION

Under a number of Securities Act rules that became effective on December 1, 2005, a company that qualifies as a "well-known seasoned issuer" as defined in Rule 405 is eligible, among other things, to register securities for offer and sale under an "automatic shelf registration statement," as so defined, and to have the benefits of a streamlined registration process under the Securities Act. Companies that qualify as well-known seasoned issuers are entitled to conduct registered offerings more easily and with substantially fewer restrictions. Pursuant to Rule 405, however, a company cannot qualify as a well-known seasoned issuer if it is an "ineligible issuer." Similarly, the Securities Act rules permit an issuer and other offering participants to communicate more freely during registered

offerings by using free-writing prospectuses, but only if the issuer is not an "ineligible issuer."[1]

Rule 405 of the Securities Act makes an issuer an "ineligible issuer" if, during the past three years, the issuer or any entity that at the time was a subsidiary of the issuer "was made the subject of any judicial or administrative decree or order arising out of a governmental action" that, among other things, "(A) prohibits certain conduct or activities regarding, including future violations of, the anti-fraud provisions of the federal securities laws" or "(B) requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws."[2] Rule 405 also authorizes the Commission to determine, "upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer."[3] The Commission has delegated authority to the Division of Corporation Finance to grant waivers from any of the ineligibility provisions of this definition.[4]

The Judgment may be deemed to be a judicial order of the kind that would result in JPMorgan becoming an ineligible issuer for a period of three years after the Judgment is entered. This result would preclude JPMorgan from qualifying as a well-known seasoned issuer and having the benefit of automatic shelf registration and other provisions of the Securities Offering Reform Rules for three years. This would be a significant detriment for JPMorgan. JPMorgan is a frequent issuer of registered securities. It offers and sells securities under a shelf registration statement in both one-off transactions and in an ongoing medium-term note program. For JPMorgan, the shelf registration process provides an important means of access to the U.S. capital markets, and over the years these markets have been an essential source of funding for the company's global operations. Consequently, automatic shelf registration and the other benefits available to a well-known seasoned issuer are and will continue to be significant for JPMorgan.

---

[1] Being an ineligible issuer will disqualify an issuer under the definition of "well-known seasoned issuer," thereby preventing the issuer from using an automatic shelf registration statement (*see* Rule 405) and limiting its ability to communicate with the market prior to filing a registration statement (*see* Rule 163). In addition, being an ineligible issuer will disqualify an issuer, whether or not it is a well-known seasoned issuer, under Rules 164 and 433, thereby preventing the issuer and other offering participants from using free-writing prospectuses during registered offerings of its securities. Consequently, this request for relief is being made not only for the purpose of qualifying as a well-known seasoned issuer but for all purposes of the definition of "ineligible issuer" in Rule 405 - *i.e.*, for whatever purpose the definition may now or hereafter be used under the federal securities laws, including SEC rules.

[2] *See* 17 C.F.R. §§ 230.405.

[3] *Id.*

[4] *See* 17 C.F.R. § 200.30-1. *See also* note 215 in Release No. 33-8591 (July 19, 2005).

As described above, Rule 405 authorizes the Commission to determine that a company shall not be an ineligible issuer, notwithstanding that the company becomes subject to an otherwise disqualifying judicial order. JPMorgan believes that there is good cause, in its case, for the Commission to make such a determination with respect to the Judgment on the grounds that the disqualification of JPMorgan is not warranted given the nature of the alleged violation in the Commission's complaint. The alleged conduct does not relate to JPMorgan or its subsidiaries's disclosures in their own filings with the Commission, nor does the Commission's complaint allege fraud in connection with JPMorgan or its subsidiaries' offering of their own securities.

In light of the foregoing, we believe that disqualification of JPMorgan as an ineligible issuer is not necessary under the circumstances, either in the public interest or for the protection of investors, and that JPMorgan has shown good cause for the requested relief to be granted. Accordingly, we respectfully request that the Division of Corporation Finance, on behalf of the Commission, pursuant to Rule 405, determine that it is not necessary under the circumstances that JPMorgan be an "ineligible issuer" within the meaning of Rule 405 as a result of the Judgment. We request that this determination be made for all purposes of the definition of "ineligible issuer," however it may now or hereafter be used under the federal securities laws and the rules thereunder.

If you have any questions regarding the above, please do not hesitate to contact me at (207) 780-8270.

Sincerely,

Herbert F. Janick III by ANK

Herbert F. Janick III

cc: Kenneth Lench
(Division of Enforcement)

Reid A. Muoio
(Division of Enforcement)

Carolyn Kurr
(Division of Enforcement)