



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

May 31, 2006

DIVISION OF
CORPORATION FINANCE

Steven Lofchie, Esq.
Davis Polk & Wardwell
450 Lexington Avenue
New York, N.Y. 10017

Re: In the Matter of Certain Auction Practices File No. HO-9954
**J. P. Morgan Securities Inc.– Waiver Request of Ineligible Issuer Status
under Rule 405 of the Securities Act**

Dear Mr. Lofchie:

This is in response to your letter dated April 24, 2006, written on behalf of JPMorgan Chase & Co. (Company) and its subsidiary J.P. Morgan Securities Inc.(JPMSI), and constituting an application for relief from the Company and JPMSI being considered “ineligible issuers” under Rule 405(1)(vi) of the Securities Act of 1933 (Securities Act). The Company and JPMSI each request relief from being considered an “ineligible issuer” under Rule 405, due to the entry on May 31, 2006, of a Commission Order (Order) pursuant to Section 8A of the Securities Act and Section 15(b) of the Securities Exchange Act of 1934, naming JPMSI as a respondent. The Order finds, among other things, that JPMSI violated Section 17(a)(2) of Securities Act and requires that JPMSI cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act.

Based on the facts and representations in your letter, and assuming the Company and JPMSI will comply with the Order, the Commission, pursuant to delegated authority has determined that the Company and JPMSI have made a showing of good cause under Rule 405(2) and that the Company and JPMSI will not be considered ineligible issuers by reason of the entry of the Order. Specifically, we determined under these facts and representations that the Company and JPMSI have shown that the terms of the Order were agreed to in a settlement prior to December 1, 2005. Accordingly, the relief described above from the Company and JPMSI being ineligible issuers under Rule 405 of the Securities Act is hereby granted. Any different facts from those represented or non-compliance with the Order might require us to reach a different conclusion.

Sincerely,

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

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**CONFIDENTIAL PURSUANT
TO 17 C.F.R. § 200.83**

April 24, 2006

Re: In the Matter of Certain Auction Rate Securities Practices,
File No. HO-09954

Mary J. Kosterlitz, Esq.
Chief of the Office of Enforcement Liaison
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-7553

Dear Ms. Kosterlitz:

On behalf of our clients, JPMorgan Chase & Co. ("JPMC&Co.") and its affiliate J.P. Morgan Securities Inc. ("JPMSI"),¹ we hereby respectfully request a waiver of any "ineligible issuer" status that may arise pursuant to Rule 405 ("Rule 405") under the Securities Act of 1933 (as amended, the "Securities Act") in connection with the anticipated administrative action by the Commission against JPMSI under the above-referenced matter.

As amended by the recent Securities Offering Reform Act, the Securities Act provides certain benefits for "well-known seasoned issuers" in connection with the registration process. The Securities Act also permits certain issuers to use a "free writing prospectus" after a registration statement is filed to communicate information about a registered offering of securities.² These

¹ JPMorgan Chase & Co. is a financial holding company incorporated under Delaware law. JPMSI, a broker-dealer registered with the Securities and Exchange Commission (the "Commission"), is the principal non-bank subsidiary of JPMorgan Chase & Co.

² See Rule 164 and Rule 433 under the Securities Act.

benefits, however, are unavailable to issuers defined as “ineligible issuers” pursuant to Rule 405.

Rule 405 defines an “ineligible issuer” to include an issuer whose subsidiary was the subject of any administrative decree or order that “[p]rohibits certain conduct or activities regarding, including future violations of, the anti-fraud provisions of the federal securities laws” or that requires the person to “cease and desist from violating the anti-fraud provisions of the federal securities laws.” JPMSI understands that its settlement with the Commission may subject JPMSI and its parent company, JPMC&Co., which is an SEC Registrant, to “ineligible issuer” status (the “**Disqualification**”). For the reasons provided below, JPMSI and JPMC&Co. hereby request that the Commission waive the Disqualification to the extent that it may apply to JPMSI and JPMC&Co., effective upon entry of the Settlement Order discussed below. It is our understanding that the Division of Enforcement does not object to the grant of the requested waivers by the Division of Corporation Finance.

BACKGROUND

Prior to December 1, 2005, the Commission Staff and JPMSI, along with certain other broker-dealer firms, agreed in principle to a global settlement in connection with the above-referenced matter. This agreement-in-principle provides that the Commission will issue a Cease and Desist Order (the “**Settlement Order**”) to the firms. Specifically, the Settlement Order is expected to allege that, in connection with JPMSI’s auction rate securities practices, JPMSI violated Section 17(a)(2) of the Securities Act. Prior to the entry of the Settlement Order, JPMSI will consent to the entry of such order, while neither admitting nor denying the allegations in such order (apart from jurisdiction). Additionally, the Settlement Order will require JPMSI to pay one million five hundred thousand dollars in settlement of the matters addressed in the Settlement Order and to comply with the undertakings set forth therein.

DISCUSSION

JPMSI understands that entry into the Settlement Order could render it and JPMC&Co. “ineligible issuers” in accordance with Rule 405 of the Securities Act and subject them to the Disqualification. The Commission has the authority to waive the “ineligible issuer” classification upon a showing of good cause that such classification is not necessary under the circumstances. For the following reasons, JPMSI and JPMC&Co. hereby request a waiver, effective upon entry of the Settlement Order, of any Disqualification that may arise under Rule 405 as a result of the entry of the Settlement Order:

Mary Kosterlitz, Esq.
April 24, 2006

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**CONFIDENTIAL PURSUANT
TO 17 C.F.R. § 200.83**

1. JPMSI and the Commission Staff had agreed in principle to a settlement prior to December 1, 2005 (the effective date of Rule 405).
2. Under the current circumstances, JPMSI should be treated as if it were the subject of an order agreed to in a settlement prior to December 1, 2005.

In light of the foregoing, there is good cause to determine that neither JPMSI nor JPMC&Co. should be considered an "ineligible issuer" under Rule 405. *See MetLife, Inc.*, SEC No-Action Letter, 2006 LEXIS 239 (Feb. 21, 2006). Accordingly, we respectfully request that, pursuant to Rule 405, the Commission waive, effective upon entry of the Settlement Order or any related disqualifying order, judgment, or decree of a U.S. state or territorial court based on the same facts and addressing the same conduct as that addressed in the Settlement Order, any Disqualification with regard to JPMSI and JPMC&Co. that may arise as a result of such entry.

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If you have any questions concerning this request, please call me at (212) 450-4075.

Sincerely,



Steven Lofchie

cc: Andrew Sporkin, Esq.

By Overnight Courier