



DIVISION OF  
CORPORATION FINANCE

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

October 8, 2003

David W. Ichel, Esq.  
Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, New York 10017-3954

**Re: J.P. Morgan Securities Inc.—Waiver Request under Regulation A and  
Rule 505 of Regulation D**

Dear Mr. Ichel:

This is in response to your letter dated October 8, 2003, written on behalf of J.P. Morgan Securities Inc. (the "Firm") and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933. You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 of Regulation D that arise by virtue of the entry today of the injunction included in the Final Judgment in *Securities and Exchange Commission v. J.P. Morgan Securities Inc.* (D. D.C.) (the "Final Judgment").

For purposes of this letter, we have assumed as facts the representations set forth in your letter. We also have assumed that the Firm will comply with the Final Judgment.

On the basis of your letter, the Commission, pursuant to delegated authority, has determined that you have made a showing of good cause under Rule 262 and Rule 505(b)(2)(iii)(C) that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 of Regulation D by reason of the entry of the Final Judgment. Accordingly, the relief described above from the disqualifying provisions of Regulation A and Rule 505 of Regulation D is hereby granted.

Sincerely,

Gerald J. Laporte  
Chief, Office of Small Business Policy

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**BY FACSIMILE**  
**BY FEDERAL EXPRESS**

October 8, 2003

Re: In the Matter of Certain Initial Public Offerings and  
Secondary Offerings, SEC File No. HO-9140  
J.P. Morgan Securities Inc.

Gerald J. Laporte, Esq.  
Chief, Office of Small Business Policy  
Division of Corporate Finance  
Securities and Exchange Commission  
450 Fifth Street, N.W., Room 3501  
Washington, D.C. 20549-0310

Dear Mr. Laporte:

We submit this letter on behalf of our client J.P. Morgan Securities Inc. ("JPMSI") in connection with a settlement (the "Settlement") entered into with the Securities Exchange Commission (the "Commission") of an investigation regarding allocations of stock in certain initial public offerings that it underwrote.

JPMSI below requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Commission promulgated under the Securities Act of 1933 (the "Securities Act"), a waiver of any disqualification from exemptions under Regulations A and D that may be applicable to JPMSI and any of its affiliates as a result of the entry of the Final Judgment (as defined below). JPMSI also requests that these waivers be granted effective upon entry of the Final Judgment. The staff of the Division of Enforcement has informed JPMSI that they do not object to the grant of the requested waivers by the Division of Corporate Finance.

**BACKGROUND**

As a result of the settlement referenced above, the Commission filed a complaint (the "Complaint") against JPMSI in the United States District Court for the District of Columbia ("the District Court"). JPMSI also consented to the entry of a final judgment enjoining JPMSI from violating Rule 101 of Regulation M [17 C.F.R. §242.101]

under the Securities Exchange Act of 1934 and Conduct Rule 2110 of NASD Inc. ("NASD"). Under the terms of the consent, JPMSI neither admitted nor denied any of the allegations in the Complaint, except as to jurisdiction, but consented to the entry of an injunction by the District Court (the "Final Judgment"). In addition to the injunction, JPMSI agreed to make a payment of \$25 million as a penalty.

### DISCUSSION

JPMSI understands that the entry of the Final Judgment could disqualify it and its affiliated entities from participating in certain offerings otherwise exempt under Regulations A and D promulgated under the Securities Act, insofar as the Final Judgment may be deemed to cause JPMSI to be subject to an order, judgment or decree of a court of competent jurisdiction enjoining JPMSI from engaging in or continuing to engage in any conduct or practice in connection with the purchase or sale of a security or arising out of the conduct of the business of an underwriter, broker or dealer. The Commission has the authority to waive the Regulations A and D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. *See* 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).

JPMSI hereby requests that the Commission waive any disqualifying effects that the Final Judgment may have under Regulations A and D with respect to JPMSI or its affiliates on the following grounds:

1. The conduct alleged in the Complaint does not relate to offerings under Regulations A or D.
2. The conduct alleged in the Complaint is adequately addressed in the Final Judgment.
3. The disqualification of JPMSI from the exemptions under Regulations A and D would, we believe, have an adverse impact on third parties that have retained or will retain JPMSI or its affiliates in connection with transactions that rely on these exemptions.
4. The disqualification of JPMSI from the exemptions available under Regulations A and D would be unduly and disproportionately severe, given the lack of any relationship between the allegations in the Complaint and any Regulation A or D activity conducted by JPMSI and to the extent to which such a disqualification would affect the business operations of JPMSI, particularly in the area of underwriting activity.

Gerald J. Laporte, Esq.

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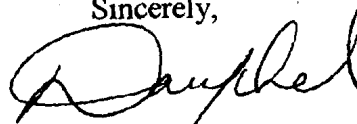
October 8, 2003

5. JPMSI and its affiliates have a strong record of compliance with securities laws, and have fully cooperated with the inquiry into this matter by the Division of Enforcement.

In light of the foregoing, we believe that disqualification is not warranted as it is not necessary to serve the public interest or for the protection of investors, and that JPMSI has shown good cause that relief should be granted.<sup>1</sup> Accordingly, we respectfully request the Commission, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D, to waive, effective upon entry of the Final Judgment, the disqualification provisions in Regulations A and D to the extent they may be applicable to JPMSI and any of its affiliates as a result of the entry of the Final Judgment.

Please do not hesitate to contact me regarding this request.

Sincerely,



David W. Ichel

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<sup>1</sup> We note that the Commission has in other instances granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D. *See, e.g.*, Merrill Lynch & Co., Inc., SEC No-Action Letter (pub. avail. March 17, 2003); Credit Suisse First Boston Corp., SEC No-Action Letter (pub. avail. Jan. 9, 2002); Dain Rauscher, Inc., SEC No-Action Letter (pub. avail. Sept. 27, 2001); Legg Mason Wood Walker, Inc., SEC No-Action Letter (pub. avail. June 11, 2001); Prudential Securities Inc., SEC No-Action Letter (pub. avail. Aug. 28, 2000); Bear, Stearns Securities Corp., SEC No-Action Letter (pub. avail. Aug. 5, 1999).