

UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 57039 / December 21, 2007

ORDER REGARDING ALTERNATIVE NET CAPITAL COMPUTATION FOR  
JPMORGAN SECURITIES INC.

JPMorgan Securities Inc. (“JPMSI”), a broker-dealer registered with the Securities and Exchange Commission (“Commission”), has submitted an application to the Commission for authorization to use the alternative method of computing net capital contained in Appendix E to Rule 15c3-1 (17 CFR 240.15c3-1e) to the Securities Exchange Act of 1934 (“Exchange Act”).

Based on a review of the application that JPMSI submitted, the Commission has determined that the application meets the requirements of Appendix E. The Commission also has determined that JPMorgan Chase & Co., JPMSI’s ultimate holding company, is in compliance with the terms of its undertakings, as provided to the Commission under Appendix E. The Commission, therefore, finds that approval of the application is appropriate in the public interest or for the protection of investors.

Accordingly,

IT IS ORDERED, under paragraph (a)(7) of Rule 15c3-1 (17 CFR 240.15c3-1) to the Exchange Act, that JPMSI may calculate net capital using the market risk standards of Appendix E to compute a deduction for market risk on some or all of its positions, instead of the provisions of paragraphs (c)(2)(vi) and (c)(2)(vii) of Rule 15c3-1, and using the credit risk standards of Appendix E to compute a deduction for credit risk on certain credit exposures arising from transactions in derivatives instruments, instead of the provision of paragraph (c)(2)(iv) of Rule 15c3-1.

By the Commission.

Nancy M. Morris  
Secretary