

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933  
Release No. 8649 / December 27, 2005

ADMINISTRATIVE PROCEEDING  
File No. 3-11828

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In the Matter of

J.P. MORGAN SECURITIES INC.,

Respondent.

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ORDER UNDER RULE 602(e) OF THE  
SECURITIES ACT OF 1933 GRANTING  
A WAIVER OF THE  
DISQUALIFICATION PROVISION  
OF RULE 602(c)(3)

J.P. Morgan Securities Inc. (“JPMSI”) has submitted a letter, dated September 14, 2005, requesting a waiver of the disqualification provision of Regulation E under the Securities Act of 1933 (“Securities Act”), arising from the entry of an Order against it by the Commission pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”).

On February 14, 2005, the Commission issued an Order Instituting Proceedings Pursuant to Section 15(b)(4) and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Cease-and-Desist Order, Penalty, and Other Relief against JPMSI (the “Order”). The Commission’s Order found that JPMSI had failed to maintain certain business-related electronic mail communications for a three-year period, as required by Section 17(a) of the Exchange Act and Rule 17a-4 thereunder. The Commission ordered JPMSI to cease and desist from committing or causing any violations or future violations of Section 17(a) and Rule 17a-4 thereunder, censured JPMSI, and directed JPMSI to comply with the undertakings set forth in the Order. JPMSI had executed an Offer of Settlement in which it consented to the entry of the Commission’s Order without admitting or denying the findings therein.

Rule 602(c)(3) makes the Regulation E exemption from registration under the Securities Act unavailable to an issuer if, among other things, any investment adviser or underwriter for the securities to be offered is subject to an order of the Commission entered pursuant to Section 15(b) of the Exchange Act. Rule 602(e) provides, however, that the disqualification “shall not apply . . . if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied.”

Based on the representations set forth in JPMSI's September 14, 2005 request, the Commission has determined that, pursuant to Rule 602(e), a showing of good cause has been made and that it is not necessary under the circumstances that the exemption be denied as a result of the Commission's Order.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver of the disqualification provision of Rule 602(c)(3) under the Securities Act resulting from the entry of the Order is hereby granted.

By the Commission.

Nancy M. Morris  
Secretary