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

DIVISION OF
TRADING AND MARKETS

March 12, 2009

Donald C. Walkovik
Sullivan & Cromwell LLP
125 Broad Street
New York, NY
10004-2498

Dear Mr. Walkovik:

Based on the facts and representations set forth in your letter, dated March 11, 2009, the Commission finds that it is appropriate in the public interest and consistent with the protection of investors to grant, and hereby grants, to any broker-dealer that extends, maintains, or arranges for the extension or maintenance of credit on index-linked notes described in your letter proposed to be issued by JPMorgan Chase & Co. ("Index-Linked Notes") an exemption pursuant to Section 36 of the Securities Exchange Act of 1934 ("Exchange Act") from Section 11(d)(1) of the Exchange Act solely with respect to extending, maintaining, or arranging for the extension or maintenance of credit on Index-Linked Notes, subject to the following conditions:

1. Such Notes shall have been owned by the person to whom credit would be provided for more than 30 days; and

2. The minimum denominations in which such Notes could be redeemed at the option of the holder of such Notes would not exceed the minimum denomination in which such Notes could be issued or transferred.

The foregoing exemption is based solely on your representations and the facts presented, particularly your representation that holders of Index-Linked Notes would be allowed, at their option and subject to certain restrictions described in your letter, to cause JPM to redeem their Index-Linked Notes on any trading day between issuance and maturity.

The foregoing exemption is strictly limited to the application of Section 11(d)(1) to Index-Linked Notes under the circumstances described above and in your letter. In the event that any material change occurs with respect to any of those circumstances, or the representations or facts contained in your letter, such activities should be discontinued, pending presentation of the facts for our consideration. The staff expresses no view with respect to any other questions the proposed activities may raise.

You request, under 17 C.F.R. Section 200.81(b), that your letter and the staff's response be accorded confidential treatment for 60 days following the date of our response or until such earlier date on which the proposed offer and sale of Index-Linked Notes is made public. Because we believe that your request for confidential treatment is reasonable and appropriate, we grant it.

For the Commission,
by the Division of Trading and
Markets pursuant to delegated
authority,[1]

James L. Eastman
Chief Counsel and Associate
Director

[1] 17 C.F.R § 200.30-3(a)(62).

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March 11, 2009

Mr. James L. Eastman,
Associate Director and Chief Counsel,
Division of Trading and Markets,
Securities and Exchange Commission,
100 F Street, N.E.,
Washington, D.C. 20549.

Re: Request for Exemptive Relief Regarding Index-Linked Notes of JPMorgan Chase & Co.

Dear Mr. Eastman:

We are writing on behalf of JPMorgan Chase & Co. ("JPM") to seek exemptive relief from the requirements of Section 11(d)(1) under the Securities Exchange Act of 1934 (the "Exchange Act") in connection with extensions of credit on the index-linked notes described herein ("Index-Linked Notes") proposed to be issued by JPM. We request that the Securities and Exchange Commission (the "Commission"), pursuant to its authority under Section 36(a) of the Exchange Act, exempt from Section 11(d)(1) broker-dealers that extend, maintain or arrange for the extension of credit or maintenance of credit on such Index-Linked Notes of JPM, subject to the conditions described in this letter. For the reasons described more fully below, we believe the proposed exemption is necessary and appropriate in the public interest and is consistent with the protection of investors.

I. Relevant Facts

(a) Background Information

JPM is a leading global financial services firm and one of the largest banking institutions in the United States, with approximately $2.0 trillion in assets at December 31, 2008 and operations worldwide.

JPM is a reporting issuer under the Exchange Act. It maintains an effective registration statement (the "Registration Statement") under the Securities Act of 1933, including a prospectus (the "Prospectus"), pursuant to which it may issue a variety of securities, including senior debt securities.

JPM proposes to issue Index-Linked Notes that will not be listed on any securities exchange. The Index-Linked Notes will constitute the direct, unconditional, unsecured and unsubordinated obligations of JPM and will be issued pursuant to an indenture qualified under the Trust Indenture Act of 1939. Aside from the fact that the Index-Linked Notes would not be listed on a national securities exchange, these Notes would be very similar to the exchange-traded notes of Barclays Bank plc and Deutsche Bank AG in respect of which no-action relief was granted in respect of Rule 11d1-2.[1]

Each issue of Index-Linked Notes will be issued pursuant to a prospectus supplement, product supplement and term sheet or pricing supplement to the Prospectus and possibly one or more free writing prospectuses (collectively, the "Index-Linked Notes Prospectus"). The underlying benchmark for an issuance of Index-Linked Notes, on which the redemption and maturity values of the Index-Linked Notes will be calculated, may be based on any securities, commodities, currencies or other index or reference asset, or any combination thereof (the "Indices"), substantially similar to Indices permitted by the listing rules of NYSE Arca or NYSE Alternext. In the future and under certain limited circumstances that will be described in the applicable Index-Linked Notes Prospectus, the maturity date of the Index-Linked Notes may be accelerated and the Index-Linked Notes may be called by JPM.

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1 *See* Letters, dated May 30, 2006 and July 27, 2006, to George H. White, Esq. of Sullivan & Cromwell LLP from James A. Brigagliano, Acting Associate Director, Office of Trading Practices and Processing, Division of Market Regulation; and Letter, dated October 12, 2007, to Arthur S. Long, Esq. of Davis Polk & Wardwell from Josephine Tao, Assistant Director, Office of Trading Practices and Processing, Division of Market Regulation.

(b) The Index-Linked Notes

The Index-Linked Notes would consist of notes whose returns would be linked to one of the Indices.

The valuation of the Index-Linked Notes would be derivative of the value of the applicable Index, subject to an investor fee. At maturity, holders of any outstanding Index-Linked Notes would receive a cash payment equal to the principal amount of their Index-Linked Notes *multiplied* by the relevant index factor and then reduced by the investor fee. The index factor on a given day would be the closing value on that day of the Index *divided* by the closing value of the Index on the date on which such class of Index-Linked Notes are first priced. The investor fee is expected to be between 0.50% and 1.50% per year *times* the principal amount of the Index-Linked Notes *times* the index factor, as calculated on a daily basis.[2] Because the cumulative investor fee varies with both the passage of time and changes in the relevant Index, the offering materials for the Index-Linked Notes involved will typically include examples illustrating the cumulative amount of the investor fee over time, using varying assumptions in the performance of the Index.

Holders of the Index-Linked Notes would be allowed, at their option and subject to certain restrictions described below, to cause JPM to redeem their Index-Linked Notes on any trading day between issuance and maturity. The minimum number of Index-Linked Notes that would be allowed to be redeemed by any holder on any redemption date would be equal to the minimum denomination in which the particular series of Index-Linked Notes could be issued or transferred. Upon redemption, the holder would receive a cash payment equal to the principal amount of the Index-Linked Notes being redeemed *multiplied by* the index factor on the relevant valuation date (which would generally be three business days prior to the redemption date) and then reduced by the investor fee as of the relevant valuation date. It is possible that a redemption fee (for example, 0.50% of the value of the Index-Linked Notes) may also be charged in connection with a redemption.

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2 The investor fee would begin at zero and increase on each calendar day by an amount equal to the stated rate of the investor fee applicable to the particular series of Index-Linked Notes *times* the principal amount of the Index-Linked Notes *times* the index factor on that day (or, if such day is not a trading day, the index factor on the immediately preceding trading day) *divided by* 365 or 360, as the case may be, depending on the conventions of the index. The investor fee would be paid at the maturity date or redemption date, as applicable.

Holders of the Index-Linked Notes would be allowed, at their option, to cause JPM to redeem their Index-Linked Notes on any of the daily redemption dates[3] between issuance and maturity. In order to redeem Index-Linked Notes, a holder would first need to instruct its broker (or other nominee who holds the Index-Linked Notes of record) to deliver a notice of redemption to JPM by e-mail no later than a specified time on the business day prior to the relevant valuation date. JPM would then send the broker or other nominee a form of confirmation of redemption; the broker or other nominee would need to deliver the signed confirmation of redemption back to JPM via facsimile or email by a specified time on the same day. Finally, the broker or nominee would need to transfer the holder's book-entry interest to JPM or one of its affiliates at or prior to a specified time on the redemption date.

(c) Indices

As described above, we are requesting exemptive relief in respect of the class of unlisted Index-Linked Notes whose return is linked to any Index and which has the redemption and other terms described in this letter.

By way of example, JPM is currently considering the issuance of a series of Index-Linked Notes linked to the Alerian MLP Index (the "Alerian Index"). The Alerian Index is an index of oil and gas master limited partnerships that are publicly traded, generally on the New York Stock Exchange. The index components and weights are determined by Standard and Poor's Corporation ("S&P"), the third party index creator. A daily closing index value based on closing market prices is published by S&P. For purposes of the proposed Index-Linked Notes, JPM would apply daily volume weighted average prices ("VWAP Prices") for each component, substituting VWAP Prices for daily closing prices. JPM has advised that the VWAP Prices and the closing prices of the S&P Index will not be identical but will generally be quite close. JPM proposes that the collection of VWAP Prices from market data sources and the mathematical calculation and dissemination of the Alerian Index will be performed by JPM personnel subject to firewall procedures described below.

The VWAP calculation will be performed by a unit within JPM or an affiliate of JPM. The VWAP calculation unit has adopted and will maintain and enforce written policies and procedures ("Firewalls") that, among other things, are reasonably designed to prevent the transfer of material non-public information between employees of

3 Redemption dates and valuation dates may be postponed up to a maximum of five trading days upon the occurrence of certain market disruption events, which would be similar to market disruption events found in exchange traded notes based on similar Indexes.

the VWAP calculation unit, on the one hand, and other employees of JPM and its affiliates, on the other hand. Among other things, the Firewalls are designed to prevent the VWAP calculation unit from disseminating material non-public information about the Index or VWAP calculation to employees (the "sales and trading desk personnel") of JPM or its affiliates responsible for offering the Index-Linked Notes to customers, or hedging on behalf of JPM with respect to the Index-Linked Notes.

(d) Issuance and Redemption of the Index-Linked Notes

JPM intends to issue the Index-Linked Notes for cash to investors through affiliated and non-affiliated broker-dealers. It is anticipated that Index-Linked Notes based on any particular Index may be distributed to investors on a continuous basis. It is expected that the Index-Linked Notes would be offered at prices based on the estimated intra-day indicative value of the applicable Index on which such Note would be based less any accrued investor fee. In some cases, the offering prices would be based on the applicable closing Index value on the date of sale. In those cases where the offering prices of Index-Linked Notes are based on estimated intra-day indicative values JPM anticipates that at periodic intervals during each trading day estimated intra-day indicative values of the relevant Index would be published on a website or a Bloomberg page.

As described above, holders of the Index-Linked Notes would be allowed, at their option, to cause JPM to redeem their Index-Linked Notes on any of the daily redemption dates between issuance and maturity.

(e) Secondary Market Trading

JPM does not intend to list the Index-Linked Notes on any securities exchange. Neither JPM nor its affiliates intends to purchase Index-Linked Notes in the secondary market. Acquisitions of Index-Linked Notes by JPM are expected to occur through redemptions at the option of holders described above.

(f) Dissemination of Information

As described above, the closing index value based on closing market prices of the Alerian MLP Index is published by S&P on a daily basis. The calculation of VWAP value for the index will be calculated on a daily basis by JPM as described above and will be published on a Bloomberg page after the close of trading on each trading day. The closing index price of other Indices will be published on a website or a Bloomberg page on each trading day.

II. Rationale for Relief from Section 11(d)(1) for Broker-Dealer Participants

The Commission is authorized under Exchange Act Section 36(a) to issue orders exempting persons, securities or transactions from the requirements of the Exchange Act if such exemption "is necessary or appropriate in the public interest, and is consistent with the protection of investors." In our view, it would be in the public interest and consistent with the investor protection objectives of the Exchange Act for the Commission to extend the relief from Section 11(d)(1) currently available for broker-dealers that trade securities issued by a registered open-end investment company or unit investment trust provided by Rule 11d1-2 to broker-dealers who extend credit on Index-Linked Notes, provided the person to whom credit has been extended has owned such Notes for more than 30 days.

Section 11(d)(1) of the Exchange Act generally prohibits a broker-dealer from effecting any transaction in connection with which he directly or indirectly extends or maintains credit or arranges for the extension or maintenance of credit to or for a customer on any security, other than an exempted security, which was part of a new issue in the distribution of which the broker-dealer participated as a member of a selling syndicate or group within thirty days prior to such transaction. Section 11(d)(1) prohibits the extension of credit in connection with the original sale of the security. It also prohibits the security from being used as collateral in connection with other transactions that the broker-dealer may effect for his customers within the stated thirty day period.

Section 11(d)(1) would generally apply to the extension of credit on the Index-Linked Notes by a broker-dealer distributing such Notes either as a principal underwriter or as a retailer. In either capacity the broker-dealer is a member of a selling group and the Index-Linked Notes sold in an original distribution are a "new issue." Because such Notes are continuously in registration, Section 11(d)(1) prohibits a broker-dealer engaged in the distribution of such Notes from using those Notes as collateral for the initial purchase of other securities on margin, whether or not the prior sale of such Notes occurred within thirty days of the credit transaction. In this regard, the Index-Linked Notes are affected differently by Section 11(d)(1) than are securities of companies which are distributed in discrete offerings that usually last far less than thirty days.

The requested exemption would exempt from the provisions of Section 11(d)(1) Index-Linked Notes of JPM sold by a broker-dealer to a customer more than 30 days prior to an extension of credit by the broker-dealer on such Notes. The requested exemption would not be available for the initial sale of such Notes on margin where the purchased Notes are to be used as collateral. The requested exemption would, however, eliminate seemingly unnecessary restrictions upon the use of such Notes for margin purposes that are caused by the fact that such Notes are in continuous registration. We believe that, given the manner in which the Index-Linked Notes are priced for daily redemption (i.e., on the basis of their index value), and not on the basis of the supply of, or demand for, such Notes, the fact that a broker-dealer is continuing to sell a particular series of Index-Linked Notes should not bar him from extending credit on Notes of such series which he has sold and which have been held by a customer for more than thirty days. We believe that this is consistent with the Commission's rationale in adopting Rule 11d1-2.[4] We also believe that it would be in the public interest and consistent with the protection of investors for an investor to have a choice as to which of his securities he wishes to use for margin borrowing.

III. Conditions to Relief

In order to address any concerns the Commission may have regarding broker-dealers extending, maintaining or arranging for the extension or maintenance of credit on the Index-Linked Notes for improper purposes, the exemptive relief could be made subject to the following conditions:

(a) Such Notes shall have been owned by the person to whom credit would be provided for more than 30 days.

(b) The minimum denominations in which such Notes could be redeemed at the option of the holder of such Notes would not exceed the minimum denomination in which such Notes could be issued or transferred.

IV. Conclusion

For the reasons stated above, we respectfully request that the Commission, pursuant to its authority under Section 36(a) of the Exchange Act, exempt from Section 11(d)(1) broker-dealers involved in the issuance and redemption of the Index-Linked

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4 In Exchange Act Release No. 34-20895 (April 25, 1984), which proposed the adoption of Rule 11d1-2, the Commission described the rationale of the proposed Rule as follows:

"The Commission believes that given the manner in which fund shares are priced, i.e., on the basis of their net asset value and not on the basis of the supply of, or demand for, shares, the fact that a broker-dealer is continuing to sell shares of a fund should not bar him from extending credit on shares of the fund which he has sold and which have been held by a customer for more than thirty days. The Commission also believes that it would be in the pubic interest and consistent with the protection of investors for an investor to have a choice as to which of his securities, e.g., those of industrial companies or those of funds, he wishes to use for margin borrowing."

Notes of JPM that extend or maintain or arrange for the extension or maintenance of credit on such Notes, subject to the conditions described in Part III above.

V. FOIA/Confidential Treatment Request

As of the date of this letter, the proposal to offer and sell Index-Linked Notes has not been made public in the United States. Public availability of this request could have material adverse consequences for JPM and the proposed offer and sale of Index-Linked Notes. Accordingly, a copy of this letter is also being sent to the Office of Freedom of Information and Privacy Act Operations of the Commission, and we respectfully request, in accordance with 17 C.F.R. § 200.83 of the Commission's Rules of Practice, that the Commission accord confidential treatment to this request pursuant to 17 C.F.R § 200.81 until after the proposed offer and sale of Index-Linked Notes is made public, or 60 days from the date of this letter, whichever first occurs. We will notify you promptly when the offering of Index-Linked Notes is made public.

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If you have any questions, please do not hesitate to contact Donald C. Walkovik at 212-558-3911.

Sincerely yours,

Donald C Walkovik

Donald C. Walkovik

cc: Brian A. Bussey
Alicia Goldin