UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9992 / December 18, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 76694 / December 18, 2015

INVESTMENT ADVISERS ACT OF 1940
Release No. 4295 / December 18, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-17008

In the Matter of **JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC,** **Respondents.**	**ORDER INSTITUTING ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDINGS, PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, SECTION 15(b) OF THE SECURITIES EXCHANGE ACT OF 1934, AND SECTIONS 203(e) AND 203(k) OF THE INVESTMENT ADVISERS ACT OF 1940, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Section 15(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") against JPMorgan Chase Bank, N.A. ("JPMCB") and J.P. Morgan Securities LLC ("JPMS" and, together with JPMCB, "Respondents").

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the "Offers") which the Commission has determined to accept. Respondents admit the facts set forth in Section III.B below, acknowledge that the conduct set forth in Section III.B violated the federal securities laws, admit the Commission's jurisdiction over them and the subject matter of these proceedings, and consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Section 15(b) of the Securities Exchange Act of 1934, and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offers, the Commission finds that:

A. Summary

1. This matter concerns the negligent failure of JPMorgan Chase & Co.'s ("JPMorgan's") wealth management businesses, JPMorgan Chase Bank, N.A. ("JPMCB") and J.P. Morgan Securities LLC ("JPMS"), to disclose conflicts of interest arising from, as applicable, preferences for (i) JPMorgan-managed mutual funds ("Proprietary Mutual Funds"), (ii) JPMorgan-managed private hedge funds ("Proprietary Hedge Funds," and, together with Proprietary Mutual Funds, "Proprietary Funds"), and (iii) third-party-managed private hedge funds that shared client fees with a JPMCB affiliate.

2. From May 2008 to 2013, JPMS failed to disclose that it designed and operated Chase Strategic Portfolio ("CSP"), a retail unified managed account program, with a preference for Proprietary Mutual Funds. JPMS also failed to disclose that there was an economic incentive to invest CSP Assets in Proprietary Mutual Funds as a result of discounted pricing for services provided to JPMS for CSP by a JPMS affiliate. The discounts were based on the amount of CSP assets that JPMS invested in Proprietary Mutual Funds. Finally, until November 2013, JPMS failed to disclose to CSP clients the availability of certain less expensive Proprietary Mutual Fund share classes. As a result, Respondent JPMS breached its fiduciary duty to CSP clients by failing to adequately disclose conflicts of interest.

3. JPMCB likewise failed to disclose a preference for Proprietary Funds to discretionary managed account clients of two U.S.-based wealth management businesses: J.P. Morgan Private Bank ("JPM U.S. Private Bank") and Chase Private Client ("CPC"). From 2011 to 2014, JPMCB failed to disclose its preference for Proprietary Mutual Funds to JPM U.S. Private Bank clients with discretionary managed accounts and to CPC clients invested in a discretionary managed account program called J.P. Morgan Investment Portfolio. In addition, JPMCB failed to disclose to JPM U.S. Private Bank clients with discretionary managed accounts, from 2008 until 2014, its preference for Proprietary Hedge Funds and, from 2008 until August 2015, its preference for third-party-managed hedge funds that shared their management and/or performance fees with a JPMCB affiliate. As a result, Respondent JPMCB did not satisfy its disclosure duty to certain of its affluent, high net worth and ultra-high net worth clients who invested through discretionary accounts.

Respondents

4. **JPMorgan Chase Bank, N.A. ("JPMCB")**, a wholly-owned subsidiary of JPMorgan, is a nationally-chartered bank, incorporated in 1824, and headquartered in New York, New York. JPMCB acts as the investment manager for certain discretionary portfolios offered primarily to clients of the JPM U.S. Private Bank, the marketing name for JPMorgan's U.S. business unit that provides banking and investment services to high net worth and ultra-high net worth clients. JPMCB is not registered under the Advisers Act, as it is excluded from the definition of investment adviser pursuant to Section 202(a)(11)(A) of the Advisers Act.

5. **J. P. Morgan Securities LLC ("JPMS")**, a wholly-owned subsidiary of JPMorgan, is a Delaware company headquartered in New York, New York. JPMS has been registered with the Commission as an investment adviser since 1965 and as a broker-dealer since 1985. JPMS or its affiliates[1] have offered CSP through more than 2,800 financial advisors located in Chase bank branches nationwide from CSP's launch in 2008 to the present.

Other Relevant Entities and Lines of Business

6. **JPMorgan Chase & Co. ("JPMorgan")** is a Delaware corporation headquartered in New York, New York. JPMorgan is a global financial services firm and bank with $2.6 trillion in assets as of December 31, 2014.

7. **JPMorgan Asset Management ("JPMAM")** is one of JPMorgan's primary business units and oversees, among other businesses, JPM U.S. Private Bank and JPMorgan's Proprietary Funds business. As of December 31, 2014, JPMAM had $1.7 trillion in assets under management.

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[1] From CSP's inception in 2008 through September 2012, Chase Investment Services Corp. ("CISC"), an affiliate of JPMS that was registered as an investment adviser and broker-dealer from 1990 to 2012, offered and managed CSP. On October 1, 2012, CISC was merged into JPMS, and JPMS became the investment adviser for CSP.

8. **J.P. Morgan's U.S. Private Bank ("JPM U.S. Private Bank")** is the marketing name of a business unit within JPMAM that operates in the U.S. and provides banking and investment management services to high net worth and ultra-high net worth individuals through JPMCB. As of December 31, 2014, JPM U.S. Private Bank had approximately $207 billion in assets under management. (This excludes JPMorgan-managed funds purchased in self-directed brokerage accounts.) Hereinafter, reference to JPMCB will encompass both JPMCB and JPM U.S. Private Bank.

B. Facts

9. As set out more fully below, during the relevant period, JPMS and JPMCB failed to adequately disclose certain conflicts of interest to their clients.

Chase Strategic Portfolio

10. In early 2007, JPMS and JPMAM (which, among other things, oversees JPMorgan's Proprietary Funds business), began developing CSP, a unified managed account program, for distribution to retail investors through JPMS-affiliated advisors located in Chase bank branches across the country. CSP's minimum account value has always been $50,000 and its current median account value is approximately $110,000.

11. As a unified managed account program, CSP comprised a set of standardized, risk-weighted portfolios of predominantly registered funds. JPMS (or, beginning in September 2013, an affiliate of JPMS engaged to serve as sub-adviser) selected the constituent holdings for each CSP portfolio and set the percentage of assets invested in each holding in the various CSP portfolios. For example, the entry-level "Conservative" portfolio in late 2009 held 12 mutual funds, seven of which were Proprietary Mutual Funds. JPMS allocated 57% of this portfolio's assets to Proprietary Mutual Funds.

JPMS Failed to Disclose that It Preferred to Invest CSP Assets in Proprietary Mutual Funds

12. JPMS and JPMAM designed CSP with an expectation that a majority of CSP's assets would be in Proprietary Mutual Funds, as well as JPMAM-managed money market funds and separately managed accounts (together with Proprietary Mutual Funds, "Proprietary CSP Assets"). JPMAM correspondingly would benefit from the management fees earned from these allocations.

13. From approximately June 2007 to March 2008, the fund research team servicing CSP conducted quantitative and qualitative due diligence. The team first applied a quantitative scoring methodology that awarded points to potential funds based on a series of analytical metrics. It next conducted a qualitative review which, among other things, included fund manager interviews and incorporated judgments about those managers' investment philosophies. As part of its review, the fund research team exercised a preference for Proprietary Mutual Funds.

14. JPMS launched CSP in May 2008 and, consistent with an expectation that a majority of CSP's assets would be in Proprietary CSP Assets, JPMS invested approximately 60% of CSP client assets in Proprietary CSP Assets. Since that time, JPMS has continuously operated CSP with a preference for Proprietary Mutual Funds.

15. From 2008 to 2013, CSP grew rapidly and by December 2013, JPMS had invested approximately $10 billion in Proprietary Mutual Funds out of a total of $32.6 billion of CSP client mutual fund assets. From early 2009 until early 2012, JPMS invested approximately 47% to 51% of CSP client mutual fund assets in Proprietary Mutual Funds. Thereafter, the percentage began to decrease, falling to 45% by mid-2012, to approximately 31% by year-end 2013 and 27% by year-end 2014.

16. From 2008 through August 5, 2013, neither CSP's Schedule H or its successor Form ADV Part 2A (collectively, "CSP ADV") nor CSP marketing materials disclosed that JPMS preferred Proprietary Mutual Funds. JPMS also failed to disclose that JPMS and JPMAM had designed CSP to feature Proprietary Mutual Funds, that JPMS had an expectation that it would invest a majority of CSP client assets in Proprietary CSP Assets at the beginning of the program, and that JPMAM had this expectation from the beginning of the program until early 2013.

JPMS Failed to Disclose That JPMAM
Provided Discounted Services to CSP Based on the Amount of CSP Assets JPMS Invested in Proprietary CSP Assets

17. JPMS contracted with an affiliate in JPMAM to provide various services to CSP, including "overlay services" (i.e., trading and reporting services related to the management of CSP portfolios) and, later, asset allocation, portfolio construction, and tactical trading advice.

18. JPMAM tied both its willingness to provide services to JPMS and the pricing for those services to the amount of CSP's assets that JPMS invested in Proprietary CSP Assets. Between 2008 and 2013, JPMS failed to disclose that the discounted pricing of services provided to JPMS by a JPMAM affiliate was tied to the amount of CSP assets that JPMS invested in Proprietary CSP Assets. JPMS also did not disclose for a period of time that JPMAM's provision of services to CSP was tied to JPMS's investment of the majority of CSP assets in Proprietary CSP Assets.

JPMS Failed to Disclose the Availability of Lower Cost Share Classes

19. When selecting mutual funds for CSP, JPMS typically negotiated with the funds' advisers regarding, among other things, the share class into which it would invest CSP clients. Different share classes have different minimum investment amounts and fee structures, but otherwise reflect an identical interest in the funds. For example, institutional share classes usually require a minimum $1 million investment and have lower distribution and shareholder servicing fees than share classes available to retail investors. The difference in fees between institutional and retail share classes is typically 65 basis points or more.

20. JPMS's CSP ADV described the share classes available in the program as follows: "Fund shares sold in [CSP] are generally investor or institutional class shares, or no load or load-waived Class A shares that are sold at net asset value." CSP clients were informed in writing prior to account opening of the share class they would be receiving and the fees associated with that share class.

21. Certain of the Proprietary Mutual Funds used in CSP offered, in addition to retail share classes, two different institutional share classes: (a) a "Select" share class (with an investment minimum of $1 million) and (b) an "Institutional" share class (with an investment minimum of $3 million). For a majority of the Proprietary Mutual Funds used in CSP, the "Select" share class was the only institutional share class offered by the fund.

22. From 2008 to 2013, a minority of the Proprietary Mutual Funds used in CSP offered both Select and Institutional classes. In certain of these funds, JPMS invested CSP client assets in the Select share class even though the lower cost Institutional class was available. The Select share class typically had a shareholder servicing fee that was 15 basis points higher than the Institutional share class offered by those Proprietary Mutual Funds. As a result, JPMAM earned higher fees when JPMS invested CSP client assets in the Select share class. In November 2013, JPMS converted all CSP client investments in Select shares to Institutional shares where the Proprietary Mutual Funds offered Institutional shares.

23. Between 2008 and 2013, JPMS failed to disclose that certain of the Proprietary Mutual Funds purchased for CSP clients offered Institutional shares that were less expensive, and would generate less revenue for a JPMS affiliate, than the Select shares JPMS chose for CSP clients.

<u>JPMS's Forms ADV Failed to Adequately Disclose Conflicts of Interest</u>

24. From May 2008 to February 2013, JPMS filed nine CSP ADVs with the Commission.

25. JPMS's CSP ADVs described the quantitative and qualitative criteria used during the fund selection process. For example, the CSP ADV dated March 2011 stated: "Both affiliated and non-affiliated [Mutual] Funds…are evaluated and monitored using the same criteria."

26. In its CSP ADV filings, JPMS disclosed certain conflicts of interest. For example, JPMS disclosed that an affiliate performed overlay services for CSP. Additionally, JPMS disclosed the conflict of interest arising from the use of Proprietary Mutual Funds. For example, the versions of the CSP Schedule H in effect in 2009 and 2010 provided that JPMS "may have a conflict of interest in including affiliated [Mutual] Funds...because [JPMS] and/or its affiliates will receive additional compensation."

27. In addition, in advance of account opening, CSP clients were informed which funds were proposed for their CSP portfolio, and how much of the portfolio's assets were to be allocated to each Proprietary Mutual Fund and each third-party mutual fund. Once the account

was open, CSP clients were informed of which funds were in their account and the amount of assets allocated to those funds through, for example, periodic account statements and client reviews. Marketing materials used with potential CSP clients also disclosed which funds were to comprise a portfolio and the amount of portfolio assets allocated to each fund.

28. However, in its CSP ADV filings, JPMS did not disclose that it had exercised a preference for Proprietary Mutual Funds in CSP. JPMS also failed to disclose that the discounted pricing of services provided to JPMS for CSP by a JPMAM affiliate was tied to the amount of CSP assets that JPMS invested in Proprietary CSP Assets. Finally, JPMS's CSP ADV filings did not disclose that, for certain of the Proprietary Mutual Funds in which it invested CSP clients, less expensive share classes were available.

29. On August 5, 2013, JPMS filed an amended CSP ADV that disclosed there "may" be a preference for Proprietary Mutual Funds in CSP. On December 31, 2013, JPMS further amended the CSP ADV to disclose that "[a]s a general matter, we prefer" Proprietary Mutual Funds.

JPMS Failed to Implement Written Policies and Procedures
Reasonably Designed to Prevent Violations of the Advisers Act and the Rules Thereunder

30. JPMS did not implement its written policies and procedures to ensure adequate disclosure of the conflicts of interest discussed above. From 2008 to 2012, JPMS's written policies and procedures required that JPMS avoid any actual or potential conflict of interest and that any such conflict be disclosed to clients with discretionary managed accounts. On certain occasions, the disclosure concerning the use of Proprietary Mutual Funds in CSP was raised, and discussed among JPMS personnel, but was not adequately addressed. Policies and procedures were insufficiently implemented to ensure that (a) the disclosures relating to the above conflicts of interest were sufficiently reviewed and (b) the above conflicts of interest were adequately disclosed to CSP clients. As a result, JPMS did not implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder.

JPMorgan Chase Bank, N.A.

31. JPMCB provides wealth management services to clients with three progressively higher levels of wealth: affluent, high net worth, and ultra-high net worth. Through JPM U.S. Private Bank, JPMCB serves high net worth and ultra-high net worth clients. JPMCB serves as the fiduciary investment manager for discretionary, diversified, risk-adjusted investment management accounts ("IM accounts") that can hold, among other investments, mutual funds and hedge funds.

32. JPMCB also serves as investment manager to certain private funds, known as the Global Access Portfolios ("GAP"), that offer to JPM U.S. Private Bank clients diversified portfolios comprised of, among other underlying investments, mutual funds and/or hedge funds. The GAP private funds may be held in an IM account ("GAP IM Holdings").

33. In 2007, JPMCB and JPMS jointly developed J.P. Morgan Investment Portfolio (“JPMIP”), a new managed account product to be marketed as part of a new banking and wealth management business called Chase Private Client. JPMIP was offered to affluent Chase banking clients. JPMIP accounts were identical to certain IM accounts, with investments in mutual funds, for example.

JPMCB Failed to Disclose its Preference for Proprietary Funds

34. JPMCB prefers Proprietary Funds in IM accounts, GAP private funds, and JPMIP and expects that a significant percentage of relevant portfolio assets will be invested in Proprietary Funds. For example, in early 2011, JPMCB had invested 47% of mutual fund assets and 35% of hedge fund assets in JPMCB IM client accounts in Proprietary Funds.

35. From December 2006 to February 2011, JPMCB disclosed its preference for Proprietary Mutual Funds in what was entitled “JPMorgan general investment principles regarding the use of JPMorgan Funds and external managers” (the “Investment Principles”). The Investment Principles were distributed to relevant clients through various means including the incorporation of the Investment Principles into the JPMorgan Fund Disclosure Statement (“FDS”), a document provided to new IM account clients (including those with GAP IM Holdings), JPMIP clients, and to clients with existing accounts in an annual mailing. In January 2011, JPMCB mistakenly removed the Investment Principles (including language stating “we prefer to use JPMorgan-affiliated managers”) from the FDS while amending the FDS for reasons unrelated to the language on a preference. By January 2011, the FDS was the sole means by which the Investment Principles were being affirmatively distributed to clients on a systematic basis. Therefore, from February 2011 until January 2014, JPMCB did not disclose a preference for Proprietary Mutual Funds in account documentation.

36. JPMCB disclosed that it had a conflict of interest when it invested its clients’ discretionary portfolio assets in Proprietary Funds, as such investments increased revenue to affiliates. In addition, clients were informed of which funds were in their discretionary portfolios, as well as the amount of assets held in each Proprietary Fund and third-party fund through, for example, periodic account statements and client reviews. However, during the time period of February 2011 to January 2014, no account opening documents or marketing materials disclosed to IM account clients (including those with GAP IM Holdings) or JPMIP clients that JPMCB preferred to invest client assets in Proprietary Mutual Funds.

37. With respect to those portfolios that might be invested in private hedge funds, account opening documents disclosed JPMCB’s conflict of interest when investing client assets in Proprietary Hedge Funds. However, from 2008 through January 2014, JPMCB did not disclose its preference for investing IM account or GAP IM Holding assets in Proprietary Hedge Funds.

38. Beginning in January 2014, language providing that “[a]s a general matter, we prefer” Proprietary Funds was incorporated into account opening documentation, the FDS, account statements, marketing materials and other documentation used with IM account clients (including those with GAP IM Holdings) and JPMIP clients.

JPMCB Failed to Disclose its Preference
for Retrocession-Paying Third-Party Hedge Fund Managers

39. For the IM accounts, GAP private funds, and JPMIP accounts, JPMCB uses the investment funds on what is known as the "Private Bank Platform." With respect to most of the private hedge funds on the Private Bank Platform, a broker-dealer affiliate of JPMCB acts as the placement agent and earns fees for placement, shareholder servicing and other ongoing services. These placement agent fees are typically referred to as "retrocessions" and are usually a portion of the private hedge fund managers' management and/or performance fees earned on relevant client assets. The standard retrocession that the broker-dealer affiliate of JPMCB receives from a third-party hedge fund is approximately 1.0% of the market value of relevant client assets invested, paid on an annual basis. Retrocessions are not additional fees paid by JPM U.S. Private Bank clients; rather, the retrocessions are paid by the hedge funds and/or their sponsors.

40. Beginning in at least 2005, JPMCB sought retrocessions from third-party private hedge fund managers under consideration for inclusion on the Private Bank Platform. During introductory meetings, the third-party hedge fund managers were typically asked about their willingness to pay retrocessions. If a manager declined to pay retrocessions, an alternative manager with a similar investment strategy that would pay retrocessions was typically sought. Currently all but one of the third-party-managed hedge funds on the Private Bank Platform and available for direct investment in IM accounts pay retrocessions to JPMCB affiliates.

41. JPMCB disclosed to its IM account clients (including those with GAP IM Holdings) that its affiliates may receive retrocessions in connection with investments in third-party hedge funds and informed some clients that retrocessions lowered client fees by reducing the clients' total costs to access the hedge funds on the Private Bank Platform. However, JPMCB did not disclose its preference for retrocession-paying third-party hedge fund managers in IM accounts and GAP IM Holdings until August 2015, when it added additional language to certain client documentation regarding the extent to which such funds are used in certain discretionary portfolios.

C. Remedial Actions

42. In determining to accept Respondents' Offers, the Commission considered remedial acts promptly undertaken by Respondents and cooperation afforded the Commission staff. Respondents retained an independent compliance consultant ("ICC") to review policies and procedures concerning disclosures of conflicts of interest; the ICC has completed its review and issued recommendations; and Respondents have accepted and implemented the ICC's recommendations.

43. Respondents have agreed to provide notice of these proceedings to their JPMS and JPM U.S. Private Bank clients and prospective clients with CSP, JPMIP, and IM accounts (including IM accounts with GAP IM Holdings) ("relevant client(s)") as follows:

a. Within ninety (90) days of the date of entry of this Order, Respondents shall (1) post on their website a brief description of these proceedings in a form and location not unacceptable to Commission staff, and accessible to relevant clients, with a hyperlink to this Order and (2) provide a brief description of these proceedings with a link or hyperlink to this Order to each relevant client by mail or email, in a form not unacceptable to the Commission staff; or by such other method as may be acceptable to the Commission staff. Hyperlinks or links to the Order provided to relevant clients and on Respondents' websites shall remain active for a period of one year from the date of entry of this Order;

b. Respondent JPMS further agrees, for a period of one year from the date of entry of this Order, to the extent that it is required to deliver a brochure to a CSP client and/or prospective CSP client pursuant to Rule 204-3 of the Advisers Act, to provide a brief description of these proceedings by mail or email, with a link or hyperlink to this Order, to such CSP client at the same time that JPMS delivers the brochure.

D. <u>Violations</u>

44. As a result of the conduct described above, JPMS willfully[2] violated Section 206(2) of the Advisers Act, which prohibits an investment adviser from, directly or indirectly, engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

45. As a result of the conduct described above, JPMS willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require investment advisers to adopt and implement written policies and procedures reasonably designed to prevent violation of the Advisers Act and its rules.

46. As a result of the conduct described above, JPMS willfully violated Section 207 of the Advisers Act, which makes it "unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein."

47. As a result of the conduct described above, JPMCB willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act, which, respectively, prohibit making untrue statements of material fact or material omissions in the offer or sale of securities and engaging in a course of business which operates as a fraud or deceit in the offer or sale of securities.

[2] A willful violation of the securities laws means merely "'that the person charged with the duty knows what he is doing.'" *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor "'also be aware that he is violating one of the Rules or Acts.'" *Id*. (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)). The actor may be found to have acted willfully even if, as here, the violations resulted from negligent conduct.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act, Section 15(b) of the Exchange Act, and Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent JPMorgan Chase Bank, N.A. cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act.

B. Respondent J.P. Morgan Securities LLC cease and desist from committing or causing any violations and any future violations of Sections 206(2), 206(4) and 207 of the Advisers Act and Rule 206(4)-7 promulgated thereunder.

C. Respondent J.P. Morgan Securities LLC is censured.

D. Respondents, jointly and severally, shall, within 14 days of the entry of this Order, pay disgorgement, which represents profits gained as a result of the conduct described herein of $127,500,000 and prejudgment interest of $11,815,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). Respondents, jointly and severally, shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of $127,500,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and/or 31 U.S.C. § 3717. Payment must be made in one of the following ways:

(1) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondents may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC as Respondents in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Valerie A. Szczepanik, Assistant Director, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281-1022, and to Timothy Casey, Assistant Director, Legal Operations, New York Regional Office, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281-1022, or such other person or address as the Commission staff may provide.

By the Commission.

Brent J. Fields
Secretary