

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 106569 / October 2, 2026

ADMINISTRATIVE PROCEEDING
File No. 3-22768

In the Matter of

**J.P. MORGAN SECURITIES
LLC and JPMORGAN
CHASE BANK, N.A.**

Respondents.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 15F(l)(2) AND
21C OF THE SECURITIES EXCHANGE
ACT OF 1934, 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 Sections 15F(l)(2) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against J.P. Morgan Securities LLC (“JPMS”) and JPMorgan Chase Bank, N.A. (“JPMCB,” both, “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. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15F(l)(2) and 21C of the Securities Exchange Act of 1934, 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 finds¹ that:

¹ The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. These proceedings arise out of violations by JPMS and JPMCB (together, “J.P. Morgan”) after registering as security-based swap (“SBS”) dealers shortly before the November 1, 2021 effective date for the Commission’s registration requirement for SBS dealers. Between November 5, 2021 and March 1, 2024 (the “Relevant Period”), J.P. Morgan violated the statutory requirement that it not permit a statutorily disqualified person associated with J.P. Morgan to effect or be involved in effecting SBS transactions on its behalf. J.P. Morgan also failed to establish and maintain a system to supervise, and to diligently supervise, a statutorily disqualified person.

2. Shortly after registering, J.P. Morgan began a process, under Rule 194 of the Commission’s Rules of Practice, of applying to the Commission seeking permission for a specific associated person, who was subject to a statutory disqualification (the “Associated Person”), to effect and be involved in effecting SBS transactions on its behalf. This application was granted in an Order Permitting an Associated Person to Effect or be Involved in Effecting Security-Based Swaps on Behalf of Certain Entities, issued on March 1, 2024 (the “Rule 194 Order”).

3. However, prior to the application being granted, over the course of the Relevant Period, the Associated Person effected 100 SBS transactions with or for U.S. counterparties and was involved in effecting SBS transactions by his direct supervision of sales traders who executed at least 700 SBS transactions with or for U.S. counterparties.

4. Because J.P. Morgan permitted a person subject to a statutory disqualification to effect or be involved in effecting SBS transactions its behalf, J.P. Morgan violated Section 15F(b)(6) of the Exchange Act. J.P. Morgan also did not have a reasonably designed system in place to detect and prevent prohibited SBS activity by a statutorily disqualified person, and thereby violated Section 15F(h) of the Exchange Act and Rule 15Fh-3(h)(1) promulgated thereunder.

Respondents

5. JPMS is a Delaware limited liability company with a principal place of business in New York, NY. It has been a registered investment adviser since April 3, 1965 and a registered broker-dealer since December 13, 1985. It has been conditionally registered as an SBS dealer since October 29, 2021.

6. JPMCB is a national bank with a principal place of business in Columbus, OH. It has been conditionally registered as an SBS dealer since October 29, 2021. It is not registered with the Commission in any other capacity. JPMS and JPMCB utilize the same policies, procedures, and compliance systems in connection with their supervision of their SBS business.

Other Relevant Person

7. The “Associated Person” is a resident of the United Kingdom. He has been a registered representative associated with JPMS since 2010 and has had authority to act on behalf of JPMCB with respect to certain transactions since 2011.

Facts

A. The Associated Person's Statutory Disqualification

8. On October 3, 2011, the United Kingdom Financial Services Authority (the "FSA") issued a Final Notice to the Associated Person, finding that he had violated Section 66(2) of the Financial Services and Markets Act 2000 by failing to report potential insider trading in securities by certain of his customers to his compliance department, resulting in the firm not filing a Suspicious Transaction Report with the FSA. The FSA found that the Associated Person "should have recognized the transactions as suspicious," but that his conduct "was not deliberate or reckless" and his "integrity is not questioned in any way." The FSA imposed a financial penalty of £65,000 on the Associated Person.

9. Section 3(a)(39)(F) of the Exchange Act provides that a person is subject to a statutory disqualification if such person, among other things, is subject to an order or finding enumerated in Section 15(b)(4)(G) of the Exchange Act. A person is subject to Section 15(b)(4)(G) if, among other things, that person has "been found by a foreign financial regulatory authority to have ... violated any foreign statute or regulation regarding transactions in securities" Consequently, as a result of the FSA's finding in the Final Notice, the Associated Person became subject to a statutory disqualification on October 3, 2011.

10. In 2015, in connection with J.P. Morgan's registration with the Commodity Futures Trading Commission ("CFTC") as swap dealers, J.P. Morgan sought and obtained permission for the Associated Person, notwithstanding his statutory disqualification, to act on behalf of J.P. Morgan in its capacity as CFTC-registered swaps dealers in accordance with the CFTC's process for doing so.

11. Rule 194 of the Commission's Rules of Practice, which the Commission adopted in connection with its registration requirements for SBS dealers, allows an SBS dealer, among other things, to make an application to the Commission to permit an associated person to effect or be involved in effecting SBS transactions on behalf of a registered SBS dealer notwithstanding the person's statutory disqualification.

B. The Associated Person's SBS Transactions

12. JPMCB and JPMS registered as SBS dealers on October 29, 2021. In advance of that registration, J.P. Morgan required all SBS dealer associated persons to complete an attestation questionnaire to identify potential statutory disqualifications. In response to the questionnaire, the Associated Person identified the FSA's Final Notice. J.P. Morgan recognized that the FSA's Final Notice made the Associated Person subject to a statutory disqualification. Around the time that JPMCB and JPMS filed for registration as SBS dealers, J.P. Morgan U.K. personnel communicated to the Associated Person and his supervisor that the Associated Person could not effect SBS transactions with or for U.S. counterparties until J.P. Morgan obtained relief from the Commission. However, J.P. Morgan personnel did not follow up with the Associated Person or his supervisor after these initial communications to confirm their ongoing understanding of or compliance with such restrictions. In practice, the Associated Person's role supervising sales traders who on

occasion executed SBS transactions with or for U.S. counterparties in response to customer orders also did not change.

13. Between December 1, 2021 and January 8, 2024, the Associated Person effected 100 SBS transactions with or for U.S. counterparties on behalf of JPMCB in response to customer orders. In addition, between November 5, 2021 and March 1, 2024, the Associated Person was involved in effecting SBS transactions by supervising sales traders who executed at least 700 SBS transactions with or for U.S. counterparties on behalf of JPMCB or JPMS. No systems or supervisory procedures alerted J.P. Morgan to the fact that a statutorily disqualified person was effecting or supervising these transactions on its behalf.

14. In February 2022, J.P. Morgan U.S. personnel initiated with Commission staff the process of submitting an application, pursuant to Rule 194 of the Commission's Rules of Practice, requesting an order permitting the Associated Person to effect or be involved in effecting SBS transactions on its behalf. On February 2, 2024, J.P. Morgan filed its formal application with the Commission. The application represented that J.P. Morgan was seeking permission from the Commission to allow the Associated Person to effect and be involved in effecting SBS transactions on its behalf and stated that if the application were approved, the Associated Person would then have authority from J.P. Morgan to effect or be involved in effecting SBS transactions. The application did not include statements concerning whether the Associated Person had effected or had been involved in effecting SBS transactions on behalf of J.P. Morgan in its capacity as registered SBS dealers.

15. On March 1, 2024, the Commission issued, by delegated authority, the Rule 194 Order, granting the Associated Person permission to effect or be involved in effecting SBS transactions on behalf of J.P. Morgan.

16. Shortly after the Commission granted the Rule 194 Order, J.P. Morgan identified that the Associated Person had effected and been involved in effecting SBS transactions prior to the issuance of the Rule 194 Order. On June 24, 2024, J.P. Morgan self-reported that fact to Commission staff.

C. J.P. Morgan's Policies and Procedures

17. At all relevant times, J.P. Morgan's written policies and procedures concerning SBS dealer activity provided that it would not hire a person subject to a statutory disqualification, would terminate a person who became subject to a statutory disqualification, or could, by notice or application, request that the Commission "waive" a statutory disqualification.

18. Although J.P. Morgan's policies and procedures provided that a person subject to a statutory disqualification could not engage in SBS activity, J.P. Morgan did not establish or maintain a system that was reasonably designed to prevent and detect SBS transactions that a statutorily disqualified person effected or was involved in effecting.

19. In August 2026, J.P. Morgan adopted new procedures applicable if it chooses to retain an individual during the period in which it seeks relief under Rule 194 that require, among other things, (i) the creation of and adherence to an established supervisory plan, (ii) subjecting the

individual's trading to system controls designed to timely detect whether the individual effects or is involved in effecting swaps or SBSs, and (iii) a monthly trade review.

Violations

20. As a result of the conduct described above, JPMS and JPMCB willfully² violated Section 15F(b)(6) of the Exchange Act, which prohibits a security-based swap dealer from permitting any person associated with it who is subject to a statutory disqualification to effect or be involved in effecting security-based swaps on its behalf, except to the extent otherwise specifically provided by Commission rule, regulation or order.

21. As a result of the conduct described above, JPMS and JPMCB willfully violated Section 15F(h) of the Exchange Act and Rule 15Fh-3(h)(1) promulgated thereunder by failing to establish and maintain a system to supervise, and to diligently supervise, their business and the activities of their associated persons.

J.P. Morgan's Self-Reporting and Remedial Efforts

22. In determining to accept the Offers, the Commission considered J.P. Morgan's self-reporting of its violations to the Commission's staff. The Commission also considered certain remedial acts undertaken by J.P. Morgan.

IV.

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

² "Willfully," for purposes of imposing relief under Sections 15F(l)(2) and 15(b)(4) of the Exchange Act, "means no more than 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." *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term "willfully" for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has "willfully omit[ted]" material information from a required disclosure in violation of Section 207 of the Advisers Act).

Accordingly, pursuant to Sections 15F(l)(2) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondents JPMS and JPMCB shall cease and desist from committing or causing any violations and any future violations of Sections 15F(b)(6) and 15F(h) of the Exchange Act and Rule 15Fh-3(h)(1) promulgated thereunder.

B. Respondents JPMS and JPMCB are censured.

By the Commission.

Vanessa A. Countryman
Secretary