I. J.P. Morgan Securities Inc. has submitted a letter, dated October 27, 2009, requesting a waiver of the Rule 602(c)(3) disqualification from the exemption from registration under Regulation E arising from J.P. Morgan Securities’ settlement of an administrative and cease-and-desist proceeding instituted by the Commission.

II. On November 4, 2009, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order") against J.P. Morgan Securities. Under the Order, the Commission found that J.P. Morgan Securities, a registered broker-dealer, violated the antifraud provisions of the Securities Act of 1933 ("Securities Act"). The Commission further found that J.P. Morgan Securities made payments to local firms whose principals or employees were friends of Jefferson County, Alabama public officials in connection with $5 billion in County bond underwriting and interest rate swap agreement business awarded to J.P. Morgan Securities. Without admitting or denying the findings in the Order, except as to the Commission’s jurisdiction over it and the subject matter of the proceedings, J.P. Morgan Securities consented to the Order which, among other things, censures J.P. Morgan Securities and requires it to 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,
Section 15B(c)(1) of the Securities Exchange Act of 1934, and Municipal Securities Rulemaking Board Rule G-17, and orders J.P. Morgan to pay a civil penalty in the amount of $25,000,000.00.

III.

Regulation E provides an exemption from registration under the Securities Act, subject to certain conditions, for securities issued by certain small business investment companies and business development companies. Rule 602(c)(3) makes this exemption unavailable for the securities of any issuer if, among other things, any investment adviser or underwriter of 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 [from registration pursuant to Regulation E] be denied.” 17 C.F.R. § 230.602(e).

IV.

Based upon the representations set forth in J.P. Morgan Securities’ request, the Commission has determined that pursuant to Rule 602(e) under the Securities Act, a showing of good cause has been made that it is not necessary under the circumstances that the exemption be denied as a result of the Order.

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

By the Commission.

Elizabeth M. Murphy
Secretary