

FINRA

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**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100231617-01**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: J.P. Morgan Securities LLC, Respondent
Broker-Dealer
CRD No. 79

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, J.P. Morgan Securities LLC ("JPMS" or the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The firm became a member of FINRA in 1936, and its registration remains in effect. The firm formerly did business under the name J.P. Morgan Securities Inc.

RELEVANT DISCIPLINARY HISTORY

On February 23, 2010 FINRA accepted an AWC in which the firm was censured and fined \$50,000, including \$15,000 for violations of NASD Rules 2110 and 6130(b) (failure to report within 90 seconds) from September 1, 2007 to December 31, 2007.

SUMMARY

This matter is the result of six separate reviews of trade reporting by the firm as follows:

In Matter No. 20100231617, the Trade Reporting Section of the Department of Market Regulation (the "Trading Reporting Staff") reviewed the firm's trade reporting to the OTC Reporting Facility for compliance with the rules applicable to OTC trade reporting for the period of January 1, 2010 through April 30, 2010.

In Matter No. 20100231638, the Trading Reporting Staff reviewed the firm's trade reporting to the FINRA/Nasdaq Trade Reporting Facility ("FINRA/Nasdaq TRF") and the OTC Reporting Facility for compliance with the rules applicable to trade reporting for the period of January 1, 2010 through April 30, 2010.

In Matter No. 20100231668, the Trading Reporting Staff reviewed the firm's trade reporting to the FINRA/Nasdaq TRF for compliance with the rules applicable to trade reporting for the period of January 1, 2010 through April 30, 2010.

In Matter No. 20110283605, the Trading Reporting Staff reviewed the firm's trade reporting to the OTC Reporting Facility for compliance with the rules applicable to OTC trade reporting for the period of January 1, 2011 through April 30, 2011.

In Matter No. 20110283994, the Trading Reporting Staff reviewed the firm's trade reporting to the FINRA/Nasdaq TRF for compliance with the rules applicable to trade reporting for the period of January 1, 2011 through April 30, 2011.

In Matter No. 20110284001, the Trading Reporting Staff reviewed the firm's trade reporting to the OTC Reporting Facility for compliance with the rules applicable to OTC trade reporting for the period of January 1, 2011 through April 30, 2011.

FACTS AND VIOLATIVE CONDUCT

20100231617

1. During the period of January 1, 2010 through April 30, 2010, the firm failed, within 90 seconds after execution, to transmit to the OTC Reporting Facility 336 last sale reports of transactions in OTC Equity securities. These transactions constitute 21.52% of the transactions reviewed that the firm reported to the OTC Reporting Facility during the review period. The firm also incorrectly designated as ".U" to the OTC Reporting Facility 12 last sale reports of transactions in OTC Equity securities, failed to designate as ".W" to the OTC Reporting Facility 40 last sale reports of transactions in OTC Equity

securities, and reported to the OTC Reporting Facility 91 last sale reports of transactions in OTC Equity securities it was not required to report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6622 and a violation of FINRA Rule 2010.

2. During the period of January 1, 2010 through April 30, 2010, the firm failed to report the correct time to the OTC Reporting Facility in 1,992 last sale reports of transactions in OTC Equity securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7330.

20100231638

3. During the period of January 1, 2010 through April 30, 2010, the firm failed to accept or decline in the FINRA/Nasdaq TRF 128 transactions in Reportable Securities within 20 minutes after execution, approximately 12.2% of all transactions that the firm had an obligation to accept or decline as the OEID during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7230A and a violation of FINRA Rule 2010.
4. During the period of January 1, 2010 through April 30, 2010, the firm failed to accept or decline in the OTC Reporting Facility 112 transactions in Reportable Securities within 20 minutes after execution, approximately 10.2% of all transactions that the firm had an obligation to accept or decline as the OEID during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7330 and a violation of FINRA Rule 2010.

20100231668

5. During the period of January 1, 2010 through April 30, 2010, the firm failed, within 90 seconds after execution, to transmit to the FINRA/Nasdaq TRF 2,172 last sale reports of transactions in designated securities. These transactions constitute 2.74% of the transactions reviewed that the firm reported to the FINRA/Nasdaq TRF during the review period. The firm also transmitted to the FINRA/Nasdaq TRF 937 last sale reports of transactions in designated securities and failed to designate through the FINRA/Nasdaq TRF such last sale reports as reflecting a price different from the current market when the execution was based on a prior reference point in time. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6380A and a violation of FINRA Rule 2010.
6. During the period of January 1, 2010 through April 30, 2010, the firm failed to report the correct time of execution to the FINRA/Nasdaq TRF in 20 last sale reports of transactions in designated securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7230A.

20110283605

7. During the period of January 1, 2011 through April 30, 2011, the firm failed, within 30 seconds after execution, to transmit to the OTC Reporting Facility 121 last sale reports of transactions in OTC Equity securities. These transactions constitute 6.89% of the transactions reviewed that the firm reported to the OTC Reporting Facility during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6622 and a violation of FINRA Rule 2010.

20110283994

8. During the period of January 1, 2011 through April 30, 2011, the firm failed to accept or decline in the FINRA/Nasdaq TRF 207 transactions in Reportable Securities within 20 minutes after execution, approximately 34.27% of all transactions that the firm had an obligation to accept or decline as the OEID during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7230A and a violation of FINRA Rule 2010.

20110284001

9. During the period of January 1, 2011 through April 30, 2011, the firm failed to accept or decline in the OTC Reporting Facility 231 transactions in Reportable Securities within 20 minutes after execution, approximately 26.95% of all transactions that the firm had an obligation to accept or decline as the OEID during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7330 and a violation of FINRA Rule 2010.

B. The firm also consents to the imposition of the following sanctions:

A censure and a fine of \$100,000 (\$20,000 for the violations of FINRA Rules 6622, 7330 and 2010 in Matter No. 20100231617; \$15,000 for the violations of FINRA Rules 7230A, 7330 and 2010 in Matter No. 20100231638; \$20,000 for the violations of FINRA Rules 6380A, 7230A and 2010 in Matter No. 20100231668; \$15,000 for the violations of FINRA Rules 6622 and 2010 in Matter No. 20110283605; \$15,000 for the violations of FINRA Rules 7230A and 2010 in Matter No. 20110283994; and \$15,000 for the violations of FINRA Rules 7330 and 2010 in Matter No. 20110284001).

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (“ODA”), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm’s permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm’s disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm’s: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

August 15, 2013
Date 

Respondent
J.P. Morgan Securities LLC

By: 

Name: JASON SIFFEL

Title: MANAGING DIRECTOR EQUITIES TRADING

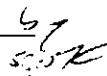
Reviewed by:


Counsel for Respondent

Accepted by FINRA:

October 10, 2013
Date

Signed on behalf of the
Director of ODA, by delegated authority

David E. Rosenstein 
David E. Rosenstein
Senior Vice President and Counsel
Department of Market Regulation