

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2021072799801**

TO: Department of Enforcement
Financial Industry Regulatory Authority (FINRA)

RE: J.P. Morgan Securities LLC
Member Firm
CRD No. 79

Pursuant to FINRA Rule 9216, Respondent J.P. Morgan Securities LLC 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 Respondent alleging violations based on the same factual findings described in this AWC.

I.

ACCEPTANCE AND CONSENT

- A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

J.P. Morgan Securities LLC (JPMS) has been a FINRA member since December 1936 and is headquartered in New York, New York. The firm has over 5,600 branches and over 34,000 registered individuals associated with the firm.¹

OVERVIEW

From January 1, 2018, through December 30, 2021, JPMS's supervisory system, including its written supervisory procedures (WSPs), was not reasonably designed to achieve compliance with applicable preliminary initial public offering (IPO) prospectus delivery requirements for IPO allocations to the firm's institutional customers, in violation of FINRA Rules 3110(a) and (b) and 2010. For these reasons, JPMS is censured and fined \$150,000.

FACTS AND VIOLATIVE CONDUCT

This matter originated from a disclosure by JPMS pursuant to FINRA Rule 4530(b).

Rule 15c2-8(b) of the Securities Exchange Act of 1934 (Exchange Act) requires a firm to provide each of its customers who are expected to receive a confirmation of sale in an

¹ For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

IPO with a preliminary prospectus at least 48 hours prior to sending the confirmation of sale.

FINRA Rule 3110(a) requires members to establish and maintain a system, including written supervisory procedures, that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. FINRA Rule 3110(b) requires members to establish, maintain, and enforce written procedures to supervise the types of business in which they engage and the activities of their associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. A violation of FINRA Rules 3110(a) and (b) is also a violation of FINRA Rule 2010, which requires members and associated persons, in the conduct of their business, to “observe high standards of commercial honor and just and equitable principles of trade.”

From January 2018 until December 2021, JPMS’s supervisory system and WSPs were not reasonably designed to achieve compliance with its preliminary IPO prospectus delivery obligations under Rule 15c2-8(b) of the Exchange Act. While the firm’s WSPs required the firm to deliver a copy of a preliminary IPO prospectus to a customer expected to receive an allocation, the supervisory system and WSPs governing the process were not reasonably designed to verify that such delivery had taken place.

During the relevant period, the firm’s supervisory system and WSPs concerning preliminary IPO prospectuses required supervisors to ascertain whether customers had provided JPMS with consent permitting electronic delivery of the required preliminary prospectuses and whether JPMS had customer email addresses on file to which preliminary prospectuses could be sent. The supervisory system did not provide for a review or process to determine whether preliminary IPO prospectuses had been delivered successfully to the firm’s institutional customers. As a result, available information showing that prospectuses had not been delivered was not reviewed by the firm.

Additionally, from March 2019 until December 2021, the firm reviewed whether the institutional customer had provided electronic consent and had an email address on file for a sample of three IPOs per quarter. Therefore, for most of the approximately 400 IPOs distributed by the firm during the period, no supervisory review concerning preliminary IPO prospectus delivery occurred. The firm also failed to add customers who declined to provide electronic consent to a list of customers who would be provided hard copies of preliminary IPO prospectuses by mail as required by the firm’s WSPs.

As a result, the firm’s supervisory system did not timely identify whether the firm had provided preliminary prospectuses to customers of the firm’s IPOs at least 48 hours before sending confirmations of sale to the institutional customers and the firm did not detect instances where the firm did not timely deliver preliminary IPO prospectuses to institutional customers. The firm self-identified certain of these preliminary IPO prospectus delivery deficiencies in October 2021 and took remedial actions to correct the deficiencies and revised its WSPs on December 30, 2021, and again on January 10, 2024.

By failing to implement a supervisory system reasonably designed to achieve compliance with its preliminary IPO prospectus delivery obligations, JPMS violated FINRA Rules 3110(a), 3110(b), and 2010.

B. Respondent also consents to the imposition of the following sanctions:

- a censure; and
- a \$150,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim an inability to pay, now or at any time after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a complaint issued specifying the allegations against it;
- 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, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, 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 its acceptance or rejection.

Respondent 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

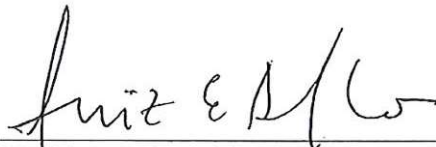
Respondent understands that:

- 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 Respondent; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 - 3. FINRA may make a public announcement concerning this agreement and its subject matter in accordance with FINRA Rule 8313; and
 - 4. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.
- D. Respondent may attach a corrective action statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

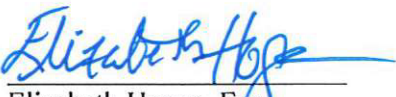
8/5/25
Date


J.P. Morgan Securities LLC
Respondent

Print Name: LUIZ DE SALVO

Title: MD

Reviewed by:


Elizabeth Hogan, Esq.
Counsel for Respondent
McGuireWoods LLP
888 16th Street N.W.
Suite 500
Washington, DC 20006

Accepted by FINRA:

8/26/2025
Date

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


Christopher Miles
Principal Counsel
FINRA
Department of Enforcement
200 Liberty St., Fl. 11
New York, NY 10281-1103