



Notice of Disciplinary Action against J.P. Morgan Securities LLC, Member Organization

To: Members, Member Organizations, Participants and Participant Organizations
From: John C. Pickford, Enforcement Counsel, NASDAQ PHLX LLCSM
DATE: August __, 2016

Enforcement No. 2016-10
FINRA No. 20130374348-01

On July 14, 2016, the Business Conduct Committee (the "Committee") of the NASDAQ PHLX LLC ("PHLX" or the "Exchange") issued a disciplinary decision against J.P. Morgan Securities LLC ("JPMS" or the "Firm"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, JPMS submitted an Offer of Settlement ("Offer"). Solely to settle this proceeding, and without admitting or denying the charges, JPMS consented to findings that during the period between January 2012 through 2014 (the "Review Period"), JPMS violated certain federal securities laws and regulations and Exchange rules.

Specifically, during the Review Period, JPMS violated Exchange Rules 748 and 760 and Securities and Exchange Act of 1934 ("Exchange Act") Rules 17a-3 and 17a-4. JPMS consented to findings that the Firm: (i) failed to maintain accurate books and records for thousands of manual options orders during the Review Period in violation of Exchange Act Rule 17a-3 and Exchange Rule 760; (ii) failed to store books and records in an easily accessible place in violation of Exchange Act Rule 17a-4; and (iii) failed to maintain and enforce a system reasonably designed to supervise the operations of its business and ensure compliance with applicable federal securities laws and PHLX Rules pertaining to books and records for manual options orders.

The Offer submitted by JPMS was accepted by the Committee and was the basis of its Decision. The Committee found that JPMS had violated Exchange Rules 748 and 760 and Exchange Act Rules 17a-3 and 17a-4, and ordered the imposition of the following sanctions against JPMS: (i) a censure; and (ii) a fine in the amount of \$450,000, of which \$56,250 shall be paid to the Exchange. The Firm will pay the balance of the fine to BOX Options Exchange LLC, International Securities Exchange, LLC, NYSE Arca, Inc., NYSE MKT LLC and The NASDAQ Options Market.

For more information, contact:

- John C. Pickford, Assistant General Counsel, NASDAQ OMX PHLX, at +1 215 496 5273