



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 20, 2009

Mark Lenczowski, Esq.
Managing Director
JPMorgan Chase & Co.
245 Park Avenue, 11th Floor
New York, New York 10167

Dear Mr. Lenczowski:

This is in response to your letter dated November 25, 2008, on behalf of JPMorgan Chase & Co. (“JPM”), New York, New York, requesting relief from certain commitments JPM made to the Board in connection with its notice to purchase and sell commodities in the spot market and to take and make delivery of physical commodities to settle commodity derivative transactions (“Physical Commodity Trading”).¹ The commitment relief you request would allow JPM to engage a third party to alter or refine commodities after JPM takes delivery in connection with its Physical Commodity Trading, subject to the same conditions that the Board has imposed on other financial holding companies (“FHCs”) that were granted similar authority.

The JPM Order permits JPM to engage in Physical Commodity Trading in (i) commodities for which derivative contracts have been authorized for trading on a U.S. futures exchange by the Commodity Futures Trading Commission and (ii) other commodities specifically approved by the Board (together, “Approved Commodities”). As part of the Board’s approval of JPM’s notice, JPM committed that it would not process, refine, or otherwise alter a commodity (“alter” or “altering” a commodity for short). You now request relief from that commitment so that JPM may engage a third party to alter commodities.

The Board previously has granted authority to FHCs to alter commodities, subject to certain commitments.² JPM has made the same

¹ See JPMorgan Chase & Co., 92 Federal Reserve Bulletin C57 (2006) (“JPM Order”).

² See, e.g., The Royal Bank of Scotland Group plc, 94 Federal Reserve Bulletin C60 (2008); Board letter to John Shrewsberry, Wells Fargo & Company, April 10, 2008.

commitments that the Board has relied on from other FHCs. In particular, JPM has committed that it:

1. Will not process, refine, or otherwise alter a physical commodity itself;
2. Will not contract for the exclusive right to use a facility to alter commodities for any period of time; and
3. Will contract with third parties (i) to alter only an Approved Commodity and (ii) to alter the commodity only into another Approved Commodity.

Based on the foregoing and all the facts of record, the Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board under section 265.7(a)(2) of the Board's Rules Regarding Delegation of Authority, and after consulting with the General Counsel, hereby grants relief from the commitment not to alter a commodity, as discussed above.

This determination is specifically conditioned on compliance by JPM with all the commitments and representations made in connection with this request. These commitments and representations are deemed to be conditions imposed in writing in connection with granting the relief and, as such, may be enforced in proceedings under applicable law. Any change in the facts could result in a different conclusion and should be reported immediately to Board staff. This determination should not be construed as granting relief from any other conditions or commitments to which JPM may be subject, nor does it authorize JPM to engage in any activities other than those approved in the JPM Order.

Sincerely yours,



Robert deV. Frierson
Deputy Secretary of the Board

cc: Ivan J. Hurwitz, Vice President
Federal Reserve Bank of New York