

Dear Valued Customer,

Please review the information provided in this package. It contains important information regarding your account(s) with Jefferies LLC (“Jefferies”).

Order Handling

When a “working” or “not held” order is received by Jefferies, it will be handled within the terms specified to you or your fiduciary and with the objective of achieving the best overall execution possible. Achieving best execution may involve Jefferies acting in the capacity of agent, riskless principal, principal, or in the event of multiple executions, more than one capacity. When Jefferies acts in more than one capacity, the confirmation will reflect that fact as well. From time to time, executions for “not held” orders may be split with other customers or Jefferies.

Under Rule 5320, when a “working” or “not held” order is received by Jefferies from an institutional account or of a size in excess of 10,000 shares and \$100,000 dollars, Jefferies may in a principal capacity, trade along with or ahead of such orders without the consent of the customer under FINRA Rule 5320. Under the rule, a customer may “opt in” to protections afforded under this rule by notifying Jefferies in writing. Once received, Jefferies will not trade along with orders from that customer without express consent on an order-by-order basis.

All orders received by the Electronic Trading Services (“ETS”) Desk are handled on a “not held” basis, meaning Jefferies is not held to the size and price of transactions reported to the consolidated tape. We will execute orders received according to the instructions specified when the order was placed, with the objective of achieving the best overall execution possible. Please speak to your Account Executive or to the ETS Desk to determine the best algorithm and trading strategy for your order flow. Orders directed to the ETS Desk will also be handled on a best efforts basis, unless instructed otherwise by our client. Please speak to your Account Executive or the ETS Desk to discuss the differences between best efforts and guaranteed executions. When an algorithmic order is received by Jefferies, it will be handled within the parameters of the algorithm selected. As we continue to invest in our electronic trading platform for our clients, we test our innovative solutions internally prior to distribution. Jefferies may execute proprietary algorithmic orders at the same time in a separate server to ensure that an algorithmic strategy is modeled properly. Given the underlying nature of algorithmic trading, the Firm’s orders will be automatically generated by the algorithmic server and will not directly interact with customer order flow using the same strategy.

Please understand that the testing size will be very small in notional value, should have very little, if any, market impact, and ultimately allows us to offer our best product to clients.

All orders received by Jefferies via FIX protocol must be marked as “held”, meaning that Jefferies will execute your order at the earliest possible time, or “not held”, meaning that Jefferies has time and price discretion over the order on the day it is entered. Orders that are received without a “held” or “not held” designation will be marked and executed as “not held” by Jefferies.

If we effect an execution for you in a security for which Jefferies is a registered market maker, we will identify that fact on your confirmation. *Orders executed by Jefferies on a “net” basis may only apply to institutional clients.* If so instructed, we will work your order on a “net” basis. Pursuant to Financial Industry Regulatory Authority (“FINRA”) Rule 2124, a “net” transaction means “a principal transaction in which a broker-dealer, after having received an order to buy (sell) an equity security, purchases (sells) the equity security at one price (from (to) another broker-dealer or another customer) and then sells to (buys from) the customer at a different price.” By this we mean, if we find both a buyer and seller, we may effect two transactions wherein Jefferies would sell to the buyer at one price and buy from the seller at another price, reporting two transactions to the “tape.” Confirmations from such transactions would indicate a “net” price inclusive of any markup/markdown. Also, if you desire, we can effect your transactions on a principal basis with a “commission equivalent.” In such cases the confirmation will note that we acted in such a capacity and will reflect that rate and amount of “commission equivalent” charged. Jefferies will only execute a transaction on a “net” basis at the request of the customer. If you intend to trade on a net basis, you must inform your Account Executive at the time of order entry.

When multiple executions are employed consistent with a client’s “work – not held” specification, confirmations may reflect the price as an average price. In such cases, the confirmation will state that the price was an “average price.”

We calculate average prices by multiplying the number of shares executed at each price, adding all sums and dividing by the aggregate number of shares executed. Any client may request detail on the individual executions comprising an average price transaction. All remuneration received by Jefferies in connection with such transactions will be reflected in total. Jefferies uses certain vendors to advertise indications of interest (“IOI”) in equity securities.

The Firm will label IOIs in a natural category if it is: (1) the result of existing agency orders or customer IOIs, (2) the result of positions established as a result of customer facilitation; or (3) the result of positions established from market making related hedging activity. The Firm performs surveillance to monitor that natural IOIs are linked to the above described activities.

Guaranteed Benchmark Orders

Jefferies may receive orders from clients where both parties contractually agree to transact at a guaranteed price based on a particular benchmark (e.g., the official closing price or the VWAP of such securities over a specified time period). Jefferies Low or High Touch Trading desk may offset the risk exposure to such guaranteed orders by trading principally in the benchmark securities. Unless client and Jefferies explicitly agree otherwise, any resulting profit or loss from the hedging transactions will accrue to Jefferies. Although it is possible that hedging activity can influence a benchmark price, Jefferies employs reasonable means to minimize the market impact from any of its hedging transactions.

Regulation NMS

Rule 611 of Regulation NMS, the “Order Protection Rule”, requires trading centers to establish, maintain and enforce written policies and procedures reasonably designed to prevent the execution of trades at prices which are inferior to “protected quotes”, subject to certain exceptions. For certain block facilitations where Jefferies simultaneously routes ISOs to execute against a protected quotation with a superior price, with your consent we may keep better-priced executions to help offset our risk. Unless otherwise agreed Jefferies will pass through to your account all ISO fills priced better than the agreed upon trade price and reduce the quantity of such amount on your facilitation amount.

Accessing Liquidity

When executing orders on your behalf, Jefferies may utilize our Smart Order Router (“SOR”) to access liquidity in both lit and non-displayed venues. Clients can specify the venues that they prefer or want to exclude. Jefferies has the ability to cross with other algorithmic orders in its ATS, Jefferies Cross. All orders placed into a Jefferies algorithm trade independently of one another and do not interact or have impact on orders placed in other Jefferies algorithms. Jefferies internal desks also utilize these algorithms and may interact with customer flow in Jefferies Cross.

Jefferies additionally may access liquidity through a “conditional order negotiation”, which is a process for negotiating trades on a participating ATS based on specified parameters. If a conditional order sent to an ATS is potentially matched with a contra side order, Jefferies will receive a “conditional invitation”, asking Jefferies to confirm the parameters of the trade. Jefferies will then have the ability to accept the conditional terms of the trade by sending a “firm up” order to the ATS, which will be handled like a standard order. If you do not wish for Jefferies to send conditional negotiation messages on your behalf, please contact your Account Executive.

Good ‘til Cancel (GTC) Orders

A GTC order will remain open until it is executed or cancelled, whichever comes first. If an open institutional GTC order is not executed 60 days after it was entered, it will be cancelled by Jefferies.

FINRA Public Disclosure Program

Pursuant to Financial Industry Regulatory Authority (FINRA) Rule 2267, please be advised of the following:

1. As part of its Public Disclosure Program, FINRA offers the following toll-free telephone listing which affords you the opportunity to check for any disciplinary history of its members (brokerage firms which belong to the FINRA) and their associated persons (stock brokers and traders employed by FINRA members): **1 800 289 9999**.
2. FINRA maintains the following website which provides a wealth of information including recent developments such as rule changes and press releases, how to resolve disputes and disclosure of recent disciplinary matters: **www.FINRA.org**.
3. An investor brochure is available that includes information describing the FINRA’s Public Disclosure Program. Availability of the brochure will be made through either the “800” toll-free number or the FINRA website.

Policy on Order Routing and Order Flow Payment Practices

The Securities and Exchange Commission (“SEC”) requires that all broker-dealers disclose their policies regarding the receipt of payment for order flow, the nature of order routing policies for orders subject to payment for order flow, and the degree to which these orders can receive price improvement. Please be advised that for orders received by Jefferies, Jefferies receives order flow payments in varying amounts from U.S. option exchanges – market makers pursuant to the published marketing fee programs that have been adopted by the exchanges and approved by the SEC. Several option Exchanges have also adopted a “maker – taker” market structure, in which exchange members are charged for orders that take liquidity from the exchange and receive a rebate for orders that provide liquidity to the exchange. The charges imposed or rebates offered by these exchanges affect the total cost of execution.

In accordance with Rule 605 and 606 under the Securities Exchange Act of 1934, please be advised that Jefferies discloses on a monthly and quarterly basis, respectively, its execution quality and order routing practices on its website: **www.jefferies.com**. Select Investor Relations, followed by SEC Filings and lastly SEC Disclosure Reports.

Additionally, Jefferies will provide the identity of the venue to which an order was routed for execution along with the time of the transaction, if any, upon written request.

Privacy Policy Notice

Your Privacy is important to Us.

At Jefferies, we understand that our relationship with you is based on trust. This is reflected in everything we do; including the way we handle our clients' nonpublic personal information. The following disclosure explains what personal information we collect, what we do with that information, and the steps we have put in place to protect the nonpublic personal information you have entrusted to us.

Information We Collect

From time to time, we gain access to your personal information through:

- Our interaction with you on the telephone, in person or through e-mail.
- Account Applications or other forms you complete.
- Transactions in your account for or on your behalf.
- Our website or the websites of our affiliated companies.
- Trading tools or other information tools we may make available to you.
- Third parties with whom we deal, such as consumer-reporting agencies, to verify information we receive from you and your creditworthiness.

Customer Identification Program

Important Information about New Accounts

In compliance with the USA PATRIOT Act and other applicable regulations, Jefferies is required to obtain, verify and record information that identifies each customer who opens an account.

When you open an account, we will ask for your name, address, date of birth (for individuals), government identification number and other information that will allow us to identify you. We may also ask you to provide copies of identifying documents (i.e., driver's license and/or passport) or documents of formation (i.e., articles of incorporation), as applicable.

We may be required to disclose this information pursuant to applicable laws, rules or regulations, but it will otherwise be retained in confidence according to our Privacy Policy.

Jefferies' Privacy Policy is disclosed below and available online. Please visit our website at www.jefferies.com.

The Jefferies Family of Companies

Jefferies LLC is at the center of a family of related companies which are owned in whole or in part by Jefferies Group LLC. These affiliated companies allow us to provide greater value to our customers, employees and shareholders. In the course of our business, employees or representatives of various Jefferies affiliates will have access to your nonpublic personal information. They have agreed to hold your information confidential and to comply with the privacy policy established by Jefferies.

Protecting Your Information

Jefferies protects your non-public information from access by third parties by maintaining physical, electronic and procedural safe-guards. We limit access to your information to those employees who are trained in the proper handling of non-public

client information and who need access to the information to perform their job functions.

It is the policy of Jefferies' businesses that collect U.S. Social Security numbers in the course of business to:

- Protect the confidentiality of such Social Security numbers;
- Prohibit the unlawful disclosure of such Social Security numbers; and
- Limit access to such Social Security numbers.

For more information, please contact Jefferies' Shareholder Relations at **203 708 5975**.

Identity Theft Prevention Program

Jefferies Group LLC and its operating subsidiaries have implemented an Identity Theft Prevention Program ("Program") to protect its customers and their accounts from identity theft. Jefferies' Program is in compliance with the Federal Trade Commission's Identity Theft Red Flag Rules and Address Discrepancy Rules, which implement Sections 114 and 315 of the Fair and Accurate Credit Transactions Act of 2003 (the "Fact Act"), as codified in amendments to the Fair Credit Reporting Act of 1970.

The Program is designed to allow Jefferies to identify, detect and respond to "red flags", or patterns, practices or specific activities that could indicate a possible risk of identity theft related to new or existing cash and margin accounts.

Further information regarding the Identity Theft Red Flag and Address Discrepancy Rules, is available from the FTC's web site at: <http://www.ftc.gov/redflagrule>.

SEC Rule 15c3-5 Market Access

Market Access Controls

SEC Rule 15c3-5 requires broker-dealers with access to exchanges or Alternative Trading Systems ("ATS") to establish, document and maintain a system of risk management controls and supervisory procedures that is reasonably designed to systematically limit financial exposure of the broker dealer. Jefferies has developed systems which may pause or reject certain orders that exceed certain pre-determined risk parameters. Jefferies may intervene and review paused orders so that we may manage the overall risk and financial exposure of the Firm.

Large Trader Reporting

SEC Rule 13h-1 Large Trader Reporting requires a person/entity that meets the definition of a Large Trader to: (1) Identify itself to the SEC via filing a form 13H (2) Obtain a Large Trader ID ("LTID") from the SEC, and (3) Provide their LTID to all executing and clearing registered broker-dealers through which they transact in NMS securities and identify each account to which it applies. A Large Trader is defined as a person/entity whose trades in NMS equity securities and/or Listed Options for their own account or any account which they exercise discretion over that equals or exceeds either 2 million shares or \$20 million during any calendar day, or 20 million shares or \$200 million during any calendar month. All LTIDs can be submitted to Client_Central_Ops@jefferies.com.

Margin Risk Disclosure

The following information is to notify you of some basic facts about purchasing securities on margin and to alert you to the risks involved with trading securities in a margin account. Before trading in a margin account, you should carefully review your Customer Agreement (includes our Credit Interest Policy, Truth- In-Lending Statement and Margin Disclosure Statement). If you have any questions, please call the Credit Manager at: **201 761 7783**.

Risks of Borrowing on Margin

It is important that the risks involved in trading securities on margin are fully understood. Because it involves an extension of credit, it may not be appropriate for all investment objectives.

- **You can lose more funds than you deposit in a margin account.** A decline in the value of securities that are purchased on margin may require you to provide additional funds to avoid the forced sale of those securities or other securities in your account.
- **Jefferies can force the sale of securities or other assets in your account(s).** Jefferies can sell the securities in any of your accounts to cover a margin deficiency when the equity in your account falls below the margin maintenance requirements. The Federal Reserve Board establishes initial margin requirements and FINRA establishes the maintenance requirements; higher house maintenance requirements also may be established by Jefferies. You will also be responsible for any shortfall in the account after the sale.
- **Jefferies can sell the securities in your account(s) without notice.** Some investors mistakenly believe that a firm must contact them for a margin call to be valid and that the firm cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. Most firms will attempt to notify their customers of margin calls, but they are not required to do so. However, even if a firm has contacted a customer and provided a specific date by which the customer can meet a margin call, the firm can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to the customer.
- **Jefferies chooses which securities in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin loan, Jefferies has the right to decide which security to sell in order to protect its interests.
- **Jefferies can increase its “house” maintenance margin requirements at any time and is not required to provide you with advance written notice.** These changes in firm policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause Jefferies to liquidate or sell securities in your account(s).
- **You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension.

- **Voting Loss** – Jefferies may lend your shares in a margin account to other customers or broker-dealers. When shares are lent, voting rights may be lent along with the shares. If a corporate vote takes place while your shares are on loan, you may be unable to vote those shares. Additionally, while shares are lent, you may receive a substitute payment in the form of cash in-lieu of dividends. While this cash payment is in an amount identical to the qualified dividend, it is not a dividend for tax purposes and must be reflected on a year-end statement as ordinary income.

Client Orders in the Pre or Post Market

Jefferies may not accept an order from a client for execution in the pre-market session or post-market session without disclosing that extended hours trading involves material trading risks, including the possibility of lower liquidity, high volatility, changing prices, unlinked markets, an exaggerated effect from news announcements, wider spreads and any other relevant risk. The absence of an updated underlying index value or intraday indicative value is an additional trading risk in extended hours for Derivative Securities Products.

Material Trading Risks

1. **Risk of Lower Liquidity** – Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities, and as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular market hours. As a result, your order may only be partially executed, or not at all.
2. **Risk of Higher Volatility** – Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular market hours.

As a result, your order may only be partially executed, or not at all, or you may receive an inferior price in extended hours trading than you would during regular markets hours.
3. **Risk of Changing Prices** – The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular market hours, or upon the opening of the next morning. As a result, you may receive an inferior price in extended hours trading versus what you would receive during regular market hours.
4. **Risk of Unlinked Markets** – Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system versus what you would receive in another extended hours trading system.

5. **Risk of News Announcements** – Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. These announcements may occur during extended hours trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.
6. **Risk of Wider Spreads** – The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.
7. **Risk of Lack of Calculation or Dissemination of Underlying Index Value or Intraday Indicative Value (“IIV”)** – For certain Derivative Securities Products, an updated underlying index value or IIV may not be calculated or publicly disseminated in extended trading hours. Since the underlying index value and IIV are not calculated or widely disseminated during the pre-market and post-market sessions, an investor who is unable to calculate implied values for certain Derivative Securities Products in those sessions may be at a disadvantage to market professionals.

Rule 105 of Regulation M — Important Information for Persons Seeking Allocations of Public Offering Securities

SEC Rule 105 of Regulation M (17 C.F.R. §242.105) generally prohibits any person from purchasing in a public securities offering subject to the Rule if that person sold short the securities that are the subject of the offering within a specified period of time immediately preceding the pricing of such offering.

Following is a set of frequently asked questions intended to provide a general understanding of the Rule’s scope and application, as well as three important exceptions to the general prohibition. For additional information on Rule 105, please see the SEC’s adopting release, available at: <http://www.sec.gov/rules/final/2007/34-56206.pdf>.

1. What types of securities offerings are covered by Rule 105?

The Rule applies only to offerings that meet all of the following criteria:

- The securities being offered and sold are equity securities;
- The offering is conducted on a firm-commitment basis;¹ and
- The offering is either (i) a SEC registered offering for cash or (ii) a Regulation A or E offering for cash.²

Offerings subject to the Rule are referred to herein as “Covered Offerings,” and the securities that are the subject of a Covered Offering are referred to herein as “Subject Securities.”

The SEC has stated that, in the case of a convertible securities offering (e.g., a convertible debt offering), the convertible note is the “Subject Security,” whereas the underlying common stock or other underlying security is a “reference security” and not a “Subject Security.”

¹As a practical matter, most underwritten public offerings are conducted on a firm-commitment basis.

²Regulation A provides an exemption from registration under the Securities Act of 1933 (“Securities Act”) allowing certain small businesses to publicly offer up to \$5 million of securities within any 12 month period. Regulation E provides an exemption from registration under the Securities Act for securities offerings by registered small business investment companies or investment companies that have elected to be regulated as business development companies pursuant to Section 54(a) of the Investment Company Act of 1940.

2. For Covered Offerings, what does the Rule prohibit?

The Rule generally prohibits a person from purchasing shares in a Covered Offering if the person effected any short sales of the Subject Securities during the Rule’s “Restricted Period” (see Q&A No. 3, below). There are three exceptions to this general prohibition, which are further discussed in Q&A No. 4, below.

3. When does the Rule’s “Restricted Period” begin and end?

The Rule’s “Restricted Period” begins on the later of:

- 5 business days prior to the pricing of the offering; or
- the initial filing of the registration statement (registered offerings) or a notification on Forms 1-A (Regulation A offerings) or 1-E (Regulation E offerings). In each case, the Rule’s “Restricted Periods” ends with the pricing of the offering.

4. What are the exceptions to the general prohibition?

There are three separate and distinct exceptions to the Rule’s general prohibitions. A person who sold the Subject Securities short during the Restricted Period for a Covered Offering may still purchase in that offering if it is able to claim one of these exceptions:

- The bona fide purchase exception
- The separate accounts exception
- The investment company exception

5. What is the “bona fide” purchase exception?

A person who sold the Subject Securities short during the Rule’s Restricted Period may still purchase in a Covered Offering if the person makes one or more “bona fide” purchase(s) of the security. To qualify for this exception, the Restricted Period short sales and the subsequent “bona fide” purchases must satisfy the following criteria:

- The purchase(s) must occur after the last Restricted Period short sale and be at least equivalent to the aggregate amount of the person’s Restricted Period short sale(s).
- The purchase(s) must be reported transactions effected during regular trading hours and no later than the end of the regular trading session on the business day prior to the day of pricing.
- Any of the Restricted Period short sales that were reported transactions must have been effected prior to the last 30 minutes of the regular trading session on the business day prior to the day of pricing.
- The purchase(s) must be “bona fide” and not part of a plan or scheme to evade the Rule (e.g., the SEC has stated that a transaction that does not include the economic elements of risk associated with a purchase would not qualify as bona fide).

6. What is the “separate accounts” exception?

This exception provides that, in the case of a single, legal person (e.g., a fund) with separate trading units or accounts, one or more of such trading units or accounts may receive an allocation in a Covered Offering, even if other trading units or accounts sold the Subject Security short during the Rule’s Restricted Period, provided that trading decisions with respect to the individual accounts/units are made separately and without coordination or cooperation between or among them. Please note that the SEC has provided specific guidance as to the nature of the procedures and information barriers different types of persons should have in place in order to claim this exception. Such determination will necessarily be very fact sensitive. Persons seeking to rely upon this exception should consult with their in-house and/or outside securities counsel in order to assess their procedures and the ability to claim the exception with respect to one or more of their accounts, units or departments.

7. What is the investment company exception?

This exception allows a registered investment company, or any series of such an investment company, to purchase in a Covered Offering, even if a separate series of that same investment company, or an affiliated investment company (including a series of such affiliated investment company), sold the Subject Security short during the Rule’s Restricted Period.

SEC Rule requires that CNS participants close out settlement date fails

On July 27, 2009, the Securities and Exchange Commission adopted final Rule 204, which requires that CNS participants such as Jefferies close out any failed settlement that exists on the settlement date for an equity security (the third business day after trade date, or “T+3”). If the close-out does not take place at or before the opening of trading on T+4 (in the case of short sales) and T+6, respectively (in the case of long sales), Rule 204 imposes restrictions on Jefferies’ ability to effect future short sales in that security. The SEC also adopted Rule 10b-21, an anti-fraud provision designed to deter “naked” short selling. Jefferies has prepared this summary of the rule requirement for your convenience. It is not intended to be legal advice or to be conclusive. You should consult your own counsel to assess the impact of Rule 204 on you.

For more information regarding SEC Rule 204, please contact your Account Executive or go to Jefferies website www.jefferies.com under Customer Notices and Policies for a rule summary titled, “Rule 204 Customer Notice – CNS Participant close out of settlement date fails”.

The adopted final release for Rule 204 may be found on the SEC’s website at: <http://www.sec.gov/rules/final/2009/34-60388.pdf>.

Tax Reporting Information

If you are subject to Internal Revenue Service (IRS) 1099 reporting requirements, you will be mailed a Consolidated Form 1099 and a Detailed Income Statement in February. In certain instances your tax information will be mailed to you in March. Your Consolidated Form 1099 rather than your December Statement is the authoritative document for tax reporting purposes to the IRS.

Your Detailed Income Statement is a year-end summary that provides you with a complete breakdown of income, other distributions and investment activity in your account over the past tax year. Your Consolidated Form 1099 may not be identical to the Year to Date Dividends, Interest and Tax Activity Summary appearing on your December Statement for various reasons. In addition, sales transactions are reported to the IRS on a trade date basis (except for short sales that remained open and not closed at year end) through and including the last business day of the calendar year. Consequently, some trades reported to the IRS may not show as settled transactions on your December Statement.

For more information regarding differences between the December Statement and your Consolidated Form 1099 or for other tax reporting inquiries please contact our Customer Reporting Department at **201 761 7610**.

Securities Investor Protection Corporation (SIPC)

To obtain information on SIPC, including the SIPC Brochure, go to www.SIPC.org or contact SIPC directly at **202 371 8300**.