

## Important Information Regarding your Account

In connection with your account maintained with Jefferies LLC (“Jefferies” or “the Firm”), please read the following information carefully.

### Business Continuity Disclosure

#### *Important Notice in the case of Business Disruptions*

Jefferies has established an enterprise-wide business continuity planning program to assess and manage the effects of a significant emergency disruption on its business operations in an effort to provide continuity of critical business functions. Such critical business functions include entering of client orders, completing securities transactions and providing clients’ access to their cash and securities.

Consistent with regulatory requirements, Jefferies provides this disclosure statement to its clients summarizing the program. Due to the proprietary nature of some information, detailed plans for the program cannot be publicly disseminated.

The business continuity planning program begins with each business unit’s assessment of its business continuity risk. This process encompasses all aspects of Jefferies key business functions. The assessment defines, for each business process, its criticality and a method for recovery. Individual business unit plans are reviewed and updated annually, or as significant business changes occur.

The plan is designed to describe the actions Jefferies will take in the event of disruptions of varying scope. This includes incidents involving a single office building where any of Jefferies’ offices are located, city-wide or regional events of disruption. It also includes a plan for people loss, where staff members may be unable to work at their normal business location. Jefferies leverages its regional and out-of-region office locations to replicate critical data and system applications including alternative manual procedures identified to enable continued functionality. The plan has been reasonably designed to allow Jefferies to continue its business, likely at a reduced capacity, and safeguard the interests of our customers. The Firm expects to be able to meet its client obligations within the day.

While Jefferies’ business continuity plan has been reasonably designed to allow the Firm to operate during emergency incidents of varying scope, such potential incidents are unpredictable. The Firm has no control over certain infrastructure such as utilities, communication networks, transportation, and third party providers upon which Jefferies may rely during an emergency.

Because of the unpredictable and unknown nature of a potential future business disruption, Jefferies cannot guarantee that its systems will always be available or able to recover in the event of a serious emergency disruption. Jefferies’ business continuity plan is subject to change without notice. If the plan is modified, an updated version will be posted on the Firm’s website ([www.jefferies.com](http://www.jefferies.com)) and will be made available to customers upon request. Nothing contained in this document amends or changes any of the terms set forth in any agreements between Jefferies and any of its customers.

### Anti-Money Laundering Policies and Customer Identification Program

The USA PATRIOT Act of 2001 was enacted in order to prevent the use of the U.S. financial system to facilitate terrorism and other criminal activity by imposing anti-money laundering requirements on brokerage firms.

Jefferies and its senior management are firmly committed to compliance with all applicable laws and regulations relating to combating money laundering activity. To this end, Jefferies has established a compliance program which includes: (1) internal policies, procedures and controls; (2) the designation of a compliance officer dedicated to oversee its anti-money laundering efforts; (3) an ongoing employee training program; and (4) provisions for an independent auditor to test the implementation of the Firm’s program.

As part of our compliance program, Jefferies is required to obtain, verify, and record information that identifies each individual or entity that opens an account. When you open an account, we will ask for your name, address, date of birth (for individuals), identification number, and other information that will allow us to identify you. We may also ask you to provide copies of identifying documents as necessary to enable the Firm to verify your identity. While we may be required to disclose this information pursuant to applicable laws, rules or regulations, it will otherwise be retained in confidence according to our Privacy Policy.

### 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 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.

### ***Information We Disclose***

It is Jefferies' policy not to disclose any of your nonpublic personal information to third parties without your consent, unless those parties are providing services or support to us and have agreed to keep your nonpublic information confidential. Examples of these parties include the company we use to prepare and mail your account statements or to perform our internal auditing. Even if you cease to transact business with Jefferies, we will continue to apply the same protections to your nonpublic personal information as we did when you were an active client.

### ***The Jefferies Family of Companies***

Jefferies 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 nonpublic information from access by third parties by maintaining physical, electronic and procedural safeguards. We limit access to your information to those employees who are trained in the proper handling of nonpublic 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, to find out what personal information of yours we have collected, or to update your personal 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, as well as SEC Regulation S-ID.

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](mailto: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.

### Policy on Order Flow Payment

The Securities and Exchange Commission (“SEC”) Rule 607 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 involvement. 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.

### 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 affect 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 as “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.

### 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.

### 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;<sup>1</sup> and
- The offering is either (i) a SEC registered offering for cash or (ii) a Regulation A or E offering for cash.<sup>2</sup>

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.”

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

<sup>2</sup>Regulation 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](http://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>.

### Option Orders 500 Contracts and Over - Executed Through the ISE Block Order Solicitation Mechanism

Jefferies is required to provide to you the following disclosure regarding option orders of 500 contracts and over that may be executed using the International Securities Exchange (ISE) Block Order Solicitation Mechanism:

When handling an order of 500 contracts or more on your behalf, Jefferies may solicit other parties to execute against your order and may thereafter execute your order using the International Securities Exchange's Solicited Order Mechanism. This functionality provides a single-price execution only, so that your entire order may receive a better price after being exposed to the Exchange's participants, but will not receive partial price improvement.

For further details on the operation of this Mechanism, please refer to the International Securities Exchange Rule 716, which is available at [www.iseoptions.com](http://www.iseoptions.com) under "Regulation - Rules."

## COD Orders

By submitting orders to Your Broker or for Your Account whereby payment for securities purchased or delivery of securities sold is to be made to or by your agent, you thereby agree:

- That you will furnish to Your Broker instructions with respect to the receipt or delivery of the securities involved in the transaction promptly upon receipt by you of each confirmation, or the relevant data as to each execution, relating to such order (even though such execution represents the purchase or sale of only a part of the order), and
- That in any event you will assure that such instructions are delivered to Your broker no later than: (a) the close of business on the second business day after the date of execution of a purchase order; or (b) the close of business on the first business day after the date of execution of a sale order.

## U.S. Treasury Securities Fails Charge Trading Practice

Jefferies has adopted the U.S. Treasury Securities Fails Charge Trading Practice published by the Treasury Market Practices Group (“TMPG”) and the Securities Industry Financial Markets Association (“SIFMA”). Accordingly, all delivery versus payment or delivery versus transfer transactions that we have with you is subject to the US Treasury Securities Fails Charge Trading Practice published by TMPG and SIFMA at: <http://www.sifma.org/TMPG>.

## Unclaimed Property

Please be advised that your property may be transferred to the appropriate state if no activity occurs in your account within the time period specified by the applicable state law governing your account. In addition, your property may be transferred to the appropriate state if your account statement has been returned as undeliverable as required by such state.

## Allocation Procedures for Securities Subject to a Call Provision

Customers of Jefferies LLC (“Jefferies”) may hold in their accounts securities that can be redeemed (called) either in full or partially prior to the stated maturity date, in accordance with the terms of the specific securities’ indenture or otherwise in accordance with the terms of the issuer of the security.

When a partial call is announced, Jefferies will be notified of the details of the partial call by its depository, the Depository Trust & Clearing Corporation (DTCC). Notice may also be provided to Jefferies by its relevant custodian or sub-custodian. The notice will include the quantity of securities that Jefferies and/or its customers are holding that are subject to the call.

When this information is received by Jefferies, it uses an impartial lottery and allocation process (“Allocation Process”) to select the customer accounts from which the subject securities will be called.

Accounts that have a long position in the partially called security on the morning of the day the call is announced will be included in the Allocation Process.

Through the Allocation Process, each customer’s holdings have an equal chance of being called or not being called. There is also a determination as to whether the partial call price is considered to be in-the-money (i.e., the call price is above market value) or out-of-the-money (i.e., the call price is below market value). This determination is made on the day that the Allocation Process takes place and is accomplished by comparing the call price to the market value of the security in question, using the prior nights close or most recent price for the comparison.

If the partial call is in-the-money, Jefferies will exclude its own accounts and the accounts of associated persons, including employees (collectively, “Firm and Employee Accounts”), from the Allocation Process unless customer accounts are completely satisfied. If the call is out-of-the-money then Firm and Employee Accounts will be included in the Allocation Process.

Customers should be aware that their accounts may be affected by the partial call by a percentage that will differ with the percentage that is announced by the issuer.

Further details about Jefferies Allocation Procedures will be made available upon request.

## Securities Investor Protection Corporation (SIPC)

To obtain information on SIPC, including the SIPC Brochure, go to [www.SIPC.org](http://www.SIPC.org) or contact SIPC directly at 202.371.8300.

## 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](http://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” tollfree number or the FINRA website.