

# Jefferies Group, Inc.

## Code of Ethics

Revised November 2007  
Revised November 2008  
Revised February 2010

*Supersedes all previous Compliance Policies regarding this subject matter*

## Introduction

The Code of Ethics (the "Code") is distributed annually. Your copy should be maintained. A copy is posted on the Company's Intranet.

Jefferies Group, Inc., including its subsidiaries and affiliates (the "Company" or "Jefferies"), depends for its success upon a high level of public and investor confidence. That confidence can be maintained only if each of the Company's employees observes the highest standards of ethical behavior in the performance of their duties. The Company is justifiably proud of its performance and the ability of its employees to maintain high standards of behavior in the conduct of the Company's business.

The Code is intended to remind the employees (including, for this policy, any consultants that are provided with a copy of this policy) of the Company of certain standards of conduct that they should continue to observe. The Code is applicable to all persons associated with the Company and may also apply to the members of their respective immediate families. (An "immediate family member" would ordinarily include a spouse, minor child, or other dependent.) The term employee includes all employees of the Company, including management personnel.

The Code is not intended to provide a complete description of the legal and ethical obligations of the Company's employees and cannot be relied upon as such. Situations may arise in which the proper course of conduct is not clear. In those situations, and whenever there is a question as to the propriety of a particular course of conduct or the interpretation of the Code, your supervisor or a member of the Legal Department should be consulted for advice.

**If anyone believes that any employee of the Company has engaged in a fraudulent act or in some other way has engaged in illegal or other activity prohibited by the Code, they should contact either the General Counsel or the Chairman of the Audit Committee of the Board of Directors at the number or email address set forth in the Company's intranet under the caption, Code of Ethics, Procedures for Filing Complaints. To the fullest extent possible, the identity of the person reporting any such suspected activity shall be kept confidential. It is the Company's policy to protect any employees reporting actual or apparent fraudulent, illegal or other activity that may violate the Code against retaliation. However, employees knowingly or recklessly provided false information may be subject to disciplinary action, up to and including dismissal. Employees who are found to have participated in fraudulent, illegal or other activity that violates the Code shall be subject to disciplinary action, up to and including dismissal. The Procedures for Filing Complaints also includes a procedure established by the Audit Committee whereby complaints relating to concerns about questionable accounting or auditing matters may be brought to the attention of the Audit Committee on a confidential, anonymous basis.**

The Code has been adopted by the Board of Directors and any exceptions to the policies set forth herein must be requested in writing addressed to the Corporate Governance and Nominating Committee of the Board of Directors and delivered to the General Counsel. No exception shall be effective unless approved by the Corporate Governance and Nominating Committee or, for requests from non-executive officers, the Chief Executive Officer of the Company. The Chief Executive Officer shall refer any transactions that he believes involve a significant request for an exemption to the Chairman of the Corporate Governance and Nominating Committee for action by that Committee.

## Business Conduct

### A. Policy

The Company's objective in the conduct of its business is to provide quality services to its customers and a fair return to our shareholders. In the conduct of our business, we must always be in compliance with laws and regulations applicable to our business, including, where appropriate, the rules of self-regulatory

organizations, such as FINRA or the NYSE, of which the Company or one its subsidiaries is a member. In addition to the policies in the Code, other important policies are set forth in the Jefferies Employee Handbook, in the compliance manuals that relate to the activities to various subsidiaries, and in the policies adopted by various departments, such as those applicable to the research and investment banking departments. These policies are also available on the Company's Intranet site.

## **B. Required Conduct**

The Company expects all employees to comply not only with the letter, but also the spirit, of all applicable laws. Senior management of the Company must be informed immediately of any matters coming to your attention which could adversely affect the reputation of the Company, including inquiries and informal or formal investigations by governmental or self-regulatory authorities. The Company requires that its employees be candid and cooperate fully with its internal and external auditors and attorneys. Failure to cooperate with an internal investigation or one being conducted by governmental or self regulatory authorities may be the grounds for disciplinary action, up to and including dismissal.

## **C. Books and Records; Internal Controls; Fair Disclosure**

The Company has established internal controls that must be followed in order to provide reasonable assurances that the Company may accurately and fairly record and disclose all transactions involving the Company, including the disposition of its assets and liabilities, and the prompt disclosure to our shareholders of information that is required to be disclosed by the rules and policies of the Securities & Exchange Commission, the New York Stock Exchange and other regulators. Transactions must be properly authorized and recorded on a timely basis in order to permit preparation of financial statements that fairly present the financial condition of the Company and to maintain accountability for the Company's assets. Our objective is to produce understandable, clear disclosures about the activities of the Company to our shareholders on a timely basis.

## **D. Use of Company Funds or Property**

### **1. Policy**

The Company's policy is to require each employee to account for the use of funds and property belonging to the Company or its customers, to prohibit the personal use of such funds or property and to prohibit questionable or unethical disposition of Company funds or property.

### **2. Guidelines**

**a. Personal Use of Company or Customer Property.** No employee shall appropriate or permit any other employee to appropriate for his or her personal use any funds or property belonging to the Company. Misappropriation of funds or property is theft and, in addition to subjecting an employee to possible regulatory and criminal penalties, may result in the employee's dismissal.

**b. Payments to Others.** In general, employees may not, directly or indirectly, give or permit to be given, anything of value, including gifts, gratuities, use of property or other goods or services, to a customer. Employees may engage in ordinary and usual business travel and entertainment, such as business meals or attending a sporting event or show with a customer's employees or representatives. Please refer to the Company's Gift & Entertainment Policy for more details.

**c. Improper Expenditures.** No payment by or on behalf of the Company shall be approved or made if any part of the payment is to be used for any purpose other than that described in the documents supporting the payment. Records shall be maintained which in reasonable detail accurately and fairly reflect the transactions they describe and the disposition of any assets of the Company.

- d. **Software.** No employee shall illegally reproduce software. Employees of the Company who make, acquire or use unauthorized copies of computer software are subject to civil and criminal penalties and possible dismissal.

## **Conflicts of Interest and Corporate Opportunities**

### **A. Policy**

It is not possible to provide a precise, comprehensive definition of a conflict of interest. However, one factor which is common to all conflicts of interest is the possibility that an employee's actions or decisions will be affected by an actual or potential divergence between his or her personal interests and those of the Company. A particular activity or situation may be found to involve a conflict of interest even though it does not result in any financial loss to the Company and irrespective of the motivations of the employee involved.

Employees must avoid other employment or business activities, including personal investments, which interfere with their duties to the Company, divide their loyalty or create, or appear to create, a conflict of interest. Each employee should promptly report any situation or transaction involving an actual or potential conflict of interest to his or her supervisor or the General Counsel. No such transaction may be entered into without the prior written approval of the Company. The Company's determination as to whether a conflict exists or is harmful shall be conclusive.

### **B. Guidelines**

1. **Interest in Competitors, Customers or Suppliers.** No employee or member of his or her immediate family shall serve as a director of, or have a substantial interest in or business relationship with, a competitor, customer or supplier of the Company, which could create a divided loyalty or the appearance of one. For purposes of this section, ownership of a "substantial interest" shall not be deemed to include an investment representing one percent or less of any class of securities of a publicly-traded corporation, provided that the value of the investment does not represent more than 20% of the net worth of the employee or family member.
2. **Receipt of Gifts, Favors, Etc.** No employee or member of his or her immediate family shall solicit or accept from any person or outside concern which does business or competes with the Company, any compensation, gift of cash (or equivalent), extravagant gift, loan, lavish entertainment or other substantial favor for his or her personal benefit. This section shall not prohibit employees or members of their respective immediate families from obtaining loans, made or provided in the ordinary course of business, or other services from banks or other financial institutions which may have relationships with the Company.
3. **Interest in Transactions.** No employee shall engage in any transaction involving the Company if the employee or a member of his or her immediate family has a substantial interest in the transaction or can benefit directly or indirectly from the transaction (other than through the employee's normal compensation), unless the transaction or potential benefit and the interest have been disclosed to and approved by the Company. Any person who has the opportunity to invest or to otherwise participate in such a transaction shall prepare a memorandum describing the proposed transaction which shall be submitted to the Global Head of Compliance or the General Counsel or his designee. A copy of the memorandum will be provided to the Chairman of the Corporate Governance and Nominating Committee of the Board of Directors, or any other member designated by the Committee, if the request is from an executive officer of the Company, or, if for anyone else, to the Executive Committee of Jefferies & Company for consideration and action by that committee. A written notice shall be provided to the requesting person of the action taken by the relevant committee. A quarterly report of all such actions taken by the Executive Committee shall be provided to the Corporate Governance and Nominating Committee.
4. **Other Employment.** No employee shall be employed by or accept remuneration from, or perform any services for, any competitor or supplier of the Company, except as specifically authorized by the

Company. In addition, no employee should have any supplementary employment that might cause embarrassment to or jeopardize the interest of the Company, interfere with its operations or adversely affect the productivity of other employees. No employee may be employed by, or accept compensation from, any other person or entity pursuant to any business activity outside the scope of his or her relationship with the Company unless the employee has received prior written approval from the Company. For those employees who work for registered broker-dealer subsidiaries of the Company, additional procedures for notice and approval are contained in the applicable compliance manual for that subsidiary.

**5. Corporate Opportunity.** No employee shall acquire, or derive personal gain or profit from, any business opportunity or investment which comes to his or her attention as a result of employment with the Company and in which he or she knows the Company might reasonably be expected to participate, without first disclosing all relevant facts to the Company and offering the opportunity to the Company. Participation in any such business opportunity or investment is subject to the approval of the Company pursuant to its policies and procedures relating to private investments and outside business activity.

### **Confidential and Proprietary Information**

#### **A. Policy**

The Company protects confidential and proprietary information held by and/or entrusted to it, including information with respect to the identities and activities of its customers.

#### **B. Guidelines**

**1. Confidential Information.** Information relating to past, present or future activities of the Company or any of its customers which has not been publicly disclosed, or information designated by management as confidential, shall not be disclosed to persons outside of the Company.

**2. Nonpublic Information.** No Company employee or agent shall improperly use or disclose material, nonpublic information that he or she obtains as a result of association with the Company. Improper use of material, nonpublic information includes but is not limited to, its use in connection with any securities transaction in which the employee or a member of his immediate family has a beneficial interest or the communication of nonpublic information to persons outside the Company who may use the information to purchase or sell securities.

**3. Personal Information.** Information relating to another employee's medical, financial, employment, legal or personal affairs is confidential and may not be disclosed to anyone, inside or outside of the Company, without the employee's consent or unless required by law or regulation. Personal information relating to our clients is protected under the Company's privacy policies and applicable law.

### **Privacy Policy**

The Company is at the center of a family of related companies. 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 customer's nonpublic personal information. Every employee must agree to hold all client information confidential and to comply with this privacy policy established by Jefferies.

The Company protects nonpublic information from access by third parties by maintaining physical, electronic and procedural safeguards. We limit access to client 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.

## Fair Employment

### Policy

Jefferies is committed to providing equal employment opportunities to all persons in accordance with the full range of laws that govern fair employment practices and nondiscrimination.

### Harassment

#### A. Policy

Jefferies is committed to providing a workplace free of sexual harassment as well as harassment based on factors such as race, color, age, gender, sexual orientation, national origin, ancestry, religion, marital status, medical condition, disability, pregnancy, or veteran status. The Company strongly disapproves of and will not tolerate such harassment of employees by managers, supervisors, or co-workers. The Company will also attempt to protect employees from such harassment by non-employees in the workplace.

#### B. Procedures

Harassment includes any unwelcome verbal, physical or visual conduct that (1) creates an intimidating, offensive or hostile working environment; (2) unreasonably interferes with an individual's work performance; or (3) otherwise adversely affects an individual's employment opportunities. Harassing conduct includes, but is not limited to, the following: slurs, negative stereotyping, ethnic jokes, written or graphic material, displaying offensive objects, or threatening, intimidating or hostile acts that denigrate or show hostility or aversion towards an individual or group because of race, color, age, sex, sexual orientation, national origin, ancestry, religion, marital status, medical condition, disability, pregnancy, or veteran status.

Sexual harassment includes unwelcome sexual conduct which creates a hostile, offensive or intimidating work environment. Accordingly, no one, whether a supervisor or not, may engage in or use offensive flirtation, advances, propositions, verbal abuse, "kidding" or degrading words of a sexual nature to describe an individual or display sexually suggestive objects or pictures in the workplace.

If you have a complaint regarding any type of harassment, then it is your responsibility to report such conduct immediately to your supervisor. If you are uncomfortable addressing the issue with your supervisor, report the conduct to a member of the Legal Department or Human Resources, as soon as possible. The complaint will be investigated promptly and in confidence to the extent possible. If an investigation confirms that harassment has occurred, appropriate corrective action will be taken. Such action may include discipline up to and including termination of the offending employee or employees. With regards to acts of harassment by customers or vendors, corrective action will be taken after consultation with the appropriate management personnel.

#### C. California Employees

For our California employees, in addition to Sections A and B of our Harassment policy, the following California-specific provisions apply. Any California employee believing that he or she is a victim of harassment has the right to present his or her claim to the California Department of Fair Employment and Housing ("DFEH"). If the DFEH finds evidence that there has been a violation of the law, that agency may initiate administrative proceedings that can lead to a public hearing before the Fair Employment and Housing Commission. If the Commission finds that the law was violated, it can order appropriate remedies including back pay, front pay, compensatory damages, fines, an offer of the position denied, or other affirmative relief. Further information may be obtained from the DFEH or the Commission by contacting the local office of the DFEH at 611 West 6th Street, #1500, Los Angeles, CA, 90017 telephone number (213) 439-6799.

State law prohibits retaliation against individuals for opposing unlawful harassment, or for filing a complaint with the DFEH, or otherwise participating in an investigation, proceeding or hearing conducted by the DFEH or the Commission. The Company will not tolerate any such retaliation.

An employee has up to one year to file with the DFEH. Therefore, the Company requests that any employee with a complaint regarding harassment make every effort to present the complaint to management promptly for investigation and, if valid, corrective action by management, prior to invoking the assistance of the DFEH.

### **Insider Trading**

The Company has ethical and legal responsibilities to maintain the confidence of its shareholders and the public markets generally, to protect as valuable assets confidential and proprietary information developed by or entrusted to it, and to adopt policies and procedures to prevent improper benefits from being derived by the Company's employees through the misuse of Company assets.

The following policies and procedures are applicable to all the Company's employees and any violation of them may subject the person involved to dismissal and civil or criminal penalties. Additional policies and procedures applicable to our broker-dealer subsidiaries are included in the compliance manuals for those companies.

#### **A. Policy Statement on Insider Trading**

Employees of the Company shall not engage in transactions in any securities, whether of the Company or of any other public companies, while aware of material, nonpublic information regarding such securities (so-called "insider trading"). In addition, employees shall not communicate such material, nonpublic information to any person who might use such information to purchase or sell securities (so-called "tipping"). Information developed by research analysts may sometimes be considered material and non-public, but may if appropriately obtained be disseminated to the customers of the Company.

While the law concerning insider trading is not static, it is generally understood that the law prohibits:

(a) Trading by an insider while in possession of material, nonpublic information;

(b) Trading by a non-insider while in possession of material, nonpublic information where the information either was disclosed to the non-insider in violation of an insider's duty to keep it confidential or was misappropriated; or

(c) Communicating material, nonpublic information to others.

#### **B. Who is an Insider?**

The concept of "insider" is broad. It includes officers, directors and employees of a company. In addition, a person can be a "temporary insider" if he or she enters into a special confidential relationship in the conduct of a company's affairs and, as a result, is given access to information solely for the company's purposes. A "temporary insider" can include, among others, a company's attorneys, accountants, consultants, bank lending officers and the employees of such organizations. In addition, the Company may become a "temporary insider" of a company it advises or for which it performs other services. According to the Supreme Court, the company must expect the outsider to keep the disclosed, nonpublic information confidential and the relationship must at least imply such a duty before the outsider would be considered an insider.

### **C. What is Material Information?**

The question of whether information is "material" is not always easily resolved. Generally speaking, information is deemed "material" where there is a substantial likelihood that a reasonable investor would consider the information important in deciding whether to buy or sell the securities in question, or where the information, if disclosed, would be viewed by a reasonable investor as having significantly altered the "total mix" of information available. Individual pieces of information, each fairly viewed by themselves as immaterial, may in the aggregate be material information. This is the so called mosaic theory. Research often involves creating this mosaic and trading on this basis is not improper. Where the nonpublic information relates to a possible or contingent event, materiality depends upon a balancing of both the probability that the event will occur and the anticipated magnitude of the event in light of the totality of a company's activities. Common, but by no means exclusive, examples of "material" information include information concerning a company's sales, earnings, dividends, significant acquisitions or mergers, and major litigation. Because materiality determinations are often challenged with the benefit of hindsight, if an employee has any doubt whether certain information is "material," such doubt should be resolved in favor of not trading or communicating such information.

### **D. What is Nonpublic Information?**

Information is nonpublic until it has been communicated to the marketplace. One must be able to point to some fact to show that the information is generally public. For example, information found in a report filed with the SEC or appearing in Dow Jones, Reuters, The *Wall Street Journal* or other publications of general circulation are considered public as is publication on a Company's web site. In general, information may be presumed to have been made available to investors after twenty-four (24) hours from the formal release of such information if there are not other indicia that the information has been communicated to the marketplace.

### **E. Restricting Access to Material, Nonpublic Information**

Information in your possession that you identify as material and nonpublic may not be communicated to anyone, including persons within the Company, except as provided in the section above. In addition, care should be taken so that such information is secure. Files containing material, nonpublic information should be sealed or otherwise secured and access to computer files containing material, nonpublic information should be restricted.

### **F. Resolving Issues Concerning Insider Trading**

If, after consideration of the items set forth above, doubt remains as to whether information is material or nonpublic, or if there is any unresolved question as to the applicability or interpretation of the foregoing procedures or as to the applicability or interpretation of the foregoing procedures or as to the propriety of any action, it must be discussed with a member of the Legal Department or the Global Head of Compliance before trading or communicating the information to anyone.

### **Employee Trading**

All transactions in employee personal brokerage accounts must at all times comply with the Company's current employee trading policy and all current FINRA, SEC and other applicable regulations. If you do not have a copy of the current Employee Trading Policy, please refer to the Company Intranet or contact a Compliance Officer.

### **Employee Trading in JEF**

Certain procedures are to be followed and requirements met in connection with the trading of Jefferies securities by employees and in accounts over which employees could be expected to exercise control.

As a matter of policy, trading in Jefferies securities should be for investment purposes only. Short-term trading activity is prohibited. The following procedures apply to any trading in all Jefferies securities

(certain additional restrictions are applicable to Executive Vice Presidents and above of Jefferies & Company, Inc. and Directors and Officers of Jefferies Group, Inc. and certain other personnel who have access to nonpublic information):

(a) All securities of Jefferies are permanently on the Company's Restricted List, and employees may not solicit the purchase or sale of any Jefferies securities.

(b) All positions in Jefferies securities must be held for a period of not less than six months unless a shorter holding period for hardship reasons is approved by the Company's General Counsel or the Global Head of Compliance.

(c) No direct or indirect short-selling of Jefferies common stock is permitted. No trading in standardized or over-the-counter (customized) options relating to securities of Jefferies is permitted. Since derivative transactions relating to the securities of the Company customarily involve one party selling short or otherwise hedging the risk of the derivative instrument, all forms of hedging transactions, including derivative instruments such as collars, are prohibited.

(d) Employee purchases, sales or gifts of Jefferies securities, including transactions in the employee's 401(k) and profit sharing plan accounts (other than regularly scheduled purchases) need supervisory pre-approval (Executive Vice Presidents and above need pre-clearance from the Company's General Counsel). If your account is at Jefferies, you must place your purchase or sale order with your Private Client Services representative or if you do not have a PCS representative assigned to your account, with Rob Pereira (ext. 8179) or Chris Schiffer (ext. 2596). You may place market or limit orders but all orders must be day orders only.

(e) All transactions in Jefferies securities will be prohibited during certain periods centered around the preparation and announcement of earnings results. The periods start on March 10, June 10, September 10 and December 10, and generally extend until three trading days after earnings results are publicly available.

(f) All employees are prohibited from trading any Jefferies securities if they are in possession of material, nonpublic information about the Company. Any question as to whether information is material or if it has been disclosed to the public should be discussed with the Company's General Counsel or, in his absence, the Global Head of Compliance.

### **Anti-Money Laundering Policy**

As part of our ongoing commitment to prevent money laundering and ensure that the Company is not being used to facilitate criminal activity, including terrorism-related activity, the Company has adopted an Anti-Money Laundering Policy. This policy applies to all employees and consultants working at the Company. Please thoroughly read the Policy, which serves both as the Company's mission statement and as a guide for the prevention of money laundering. It is intended to protect both you and the Company. The Policy may be found in the compliance manual of each of the Company's subsidiaries and on the Intranet.

The Company is committed to adhering to all laws and regulations designed to combat money-laundering activity and has devised controls and procedures to meet this end. *Any employee, who knowingly fosters illegal conduct, ignores suspicious activity or fails to comply with anti-money laundering laws or regulation including this policy will be subject to disciplinary action, up to and including termination of employment by the Company, as well as possible criminal and civil penalties.*

### **Information on JEF and Subsidiaries Communication of Information**

All personnel are reminded that any individual with access to material, nonpublic information about Jefferies and/or its subsidiaries should not disclose such information to anyone outside of the Company, including, without limitation, family members, business acquaintances and friends.

In addition, any communication of such information to other employees should be made only in those instances where the other person's need to know the information serves a valid business purpose of the Company. Accordingly, all information relating to the financial condition or operating results of the Company or to a major transaction in which the Company is involved or other information which a reasonable investor would consider important in reaching an investment decision should be kept confidential.

It is equally important that any information concerning the Company that is intended to be publicly disclosed be presented in an accurate manner since the Company may incur liability resulting from inaccurate or otherwise misleading information disseminated to the investing public. Employees should not discuss any confidential or sensitive information about the Company's business or the business activity of its customers outside of the Company.

Regulation FD (Fair Disclosure) ensures that all market participants have equal access to market moving, material news and in response to this regulation the Company has implemented the following policies.

### **Jefferies Authorized Spokespersons**

Only the following Jefferies employees, or their designees, are authorized to communicate with members of the press or other persons (for example, stock analysts) with respect to inquiries regarding Jefferies Group, Inc.:

Richard B. Handler, Chairman and Chief Executive Officer  
Brian P. Friedman, Chairman, Executive Committee  
Peregrine C. Broadbent, Chief Financial Officer  
Thomas E. Tarrant, Director of Marketing & Communications

## **Implementation of Policies and Procedures**

### **A. Policy**

The Code shall be interpreted and enforced, and may be amended from time to time, by or at the direction of the Company's Board of Directors. Procedures relating to accounting and auditing matters, and the submission of complaints related thereto, have been adopted by the Audit Committee of the Board and may be amended from time to time by the Audit Committee. Any employee who has a question as to the interpretation of the Code or its applicability to a specific activity, transaction or situation should submit the question to the Company's General Counsel or the Global Head of Compliance.

### **B. Violations**

Violations of any of the Code may subject an employee to disciplinary action and may be considered grounds for dismissal. Failure to comply with certain of these policies may violate applicable laws and subject the employee to criminal or civil liability or both.

### **C. Annual Review and Acknowledgment**

Upon commencing association with the Company, and annually thereafter, all employees will be required to review this Code of Ethics and complete and sign an acknowledgment provided by the Company.