

Commodity Futures Trading Commission Rule 1.55(k): FCM-Specific Disclosure Document

The Commodity Futures Trading Commission (“Commission”) requires each futures commission merchant (“FCM”), including Jefferies LLC (hereinafter sometimes referred to as “Jefferies”), to provide the following information to existing customers and to a customer prior to the time the customer first enters into an account agreement with an FCM or deposits money or securities (funds) with an FCM. Except as otherwise noted below, the information set out is as of February 29, 2020. Jefferies will update this information annually and as necessary to take account of any material change to its business operations, financial condition or other factors that Jefferies believes may be material to a customer’s decision to do business with Jefferies. Nonetheless, Jefferies’ business activities and financial data are not static and will change in non-material ways frequently throughout any 12-month period.

Jefferies is a direct, wholly-owned subsidiary of Jefferies Group LLC, which, in turn, is a direct, wholly-owned subsidiary of Jefferies Financial Group Inc., formerly known as Leucadia National Corporation (NYSE: JEF). Information that may be material with respect to Jefferies for purposes of the Commission’s disclosure requirements may not be material to Jefferies Group LLC or Jefferies Financial Group Inc. for purposes of applicable securities laws.

IMPORTANT NOTE: As of the end of October 2015 Jefferies ceased being a full-service FCM. As a result, Jefferies no longer carries customer or proprietary accounts or holds any customer monies or funds. While Jefferies may execute certain customer or proprietary futures orders, it no longer clears such transactions. All such activity is now carried and cleared through other FCMs.

(1) **Firm.** Jefferies’ principal place of business is located at 520 Madison Avenue, New York, NY 10022. Its phone and fax numbers are, respectively, 212-284-2300 and 646-786-5716. Its email address for purposes of this Disclosure Document is clientservices@jefferies.com. Jefferies’ website is www.jefferies.com. Jefferies’ designated self-regulatory organization is the National Futures Association (“NFA”). NFA’s website address is www.nfa.futures.org.

(2) **Principals.** The name, title, business address, business background, areas of responsibility and the nature of the duties of the principals of Jefferies are as follows:

Richard B. Handler

Title: Chairman and CEO

Business Address: 520 Madison Avenue, New York, NY 10022

Business Background: Employed with Jefferies since 1990

Areas of Responsibility: Director

Nature of Duties: Chief Executive Officer

Brian P. Friedman

Title: Chairman, Executive Committee

Business Address: 520 Madison Avenue, New York, NY 10022

Business Background: Employed by Jefferies since 2001

Areas of Responsibility: Director

Nature of Duties: Firm management

Mark Cagno

Title: Managing Director and Chief Financial Officer

Business Address: 101 Hudson Street, Jersey City, NJ 07302

Business Background: Employed by Jefferies since 2008

Areas of Responsibility: Head of Business Unit, Division or Function

Nature of Duties: Firm management

Lauri A. Scoran

Title: Managing Director and Chief Compliance Officer
Business Address: 520 Madison Avenue, New York, NY 10022
Business Background: Employed by Jefferies since 2007
Areas of Responsibility: Head of Business Unit, Division or Function
Nature of Duties: Chief Compliance Officer

Peter C. Forlenza

Title: Managing Director
Business Address: 520 Madison Avenue, New York, NY 10022
Business Background: Employed by Jefferies since 2013
Areas of Responsibility: Head of Business Unit, Division or Function
Nature of Duties: Global Head of Equities

Fred S. Orlan

Title: Managing Director
Business Address: 520 Madison Avenue, New York, NY 10022
Business Background: Employed by Jefferies since 2014
Areas of Responsibility: Head of Business Unit, Division or Function
Nature of Duties: Global Head of Fixed Income

James O'Brien

Title: Managing Director
Business Address: 520 Madison Avenue, New York, NY 10022
Business Background: Employed by Jefferies since 2018
Areas of Responsibility: Head of Business Unit, Division or Function
Nature of Duties: Head of U.S. Rates Trading

Kym Arnone

Title: Managing Director
Business Address: 520 Madison Avenue, New York, NY 10022
Business Background: Employed by Jefferies since 2015
Areas of Responsibility: Head of Business Unit, Division or Function
Nature of Duties: Joint Head of Municipal Finance

(3) **Jefferies' Business.** The significant types of futures and non-related futures business activities and product lines engaged in by Jefferies are as follows:

Jefferies operates and is managed as an institutional securities broker-dealer which provides several types of financial services, including sales, trading, financing and market making activities in equity, high yield, corporate bond, mortgage- and asset-backed, municipal, government and agency, convertible and international securities, as well as fundamental research and prime brokerage services. Jefferies provides investment banking services comprising securities underwriting and distribution and financial advisory services, including advice on mergers and acquisitions, recapitalizations and restructurings.

As noted above, until late October 2015 Jefferies had operated as a full-service FCM. In that capacity, Jefferies had executed and/or cleared customer and non-customer transactions in exchange traded futures and options contracts; had carried accounts to hold such transactions; and held customer and non-customer funds to margin such transactions. Although Jefferies continues to be registered as an FCM, it no longer carries such accounts or holds such funds. While Jefferies may continue to execute certain customer orders for exchange traded futures and options, it no longer clears such transactions.

This section also includes, among other things, the exchanges and clearing organizations used by Jefferies on behalf of customers (please see Part 1 through 4 below).

Activity/Product Line	Percentage of Assets	Percentage of Capital
Financing (Borrows and Reverse Repos)	32.0%	2.2%
Financial Instruments Owned:		
Global Rates	12.6%	7.2%
Public Finance	2.9%	1.5%
Global Credit	8.0%	6.6%
Equities	5.7%	11.5%
Private ABS/MBS	.3%	1.7%
Money market instruments	10.3%	1.2%
Other inventory	1.1%	2.1%
Fixed assets	2.4%	6.0%
Goodwill & intangible	5.5%	31.4%
Rec from brokers, clearing org & customers	11.3%	6.2%
Other assets	7.9%	22.4%

(4) Jefferies' Customer Business. Jefferies' business on behalf of its customers, in its capacity as an FCM, is as follows:

- Types of customers: Corporate and Institutional (including Hedge Funds).
- Markets traded: Financial, e.g., interest rate, stock index and currency.
- International businesses: The majority of Jefferies' current futures customers are based in the U.S, with some customers based in Europe and Asia.

As noted above, in late October 2015 Jefferies became a non-clearing FCM. In doing so, it also significantly reduced the number and type of futures customers it serviced. Going forward Jefferies anticipates servicing only a relatively small number of futures customers, primarily institutional customers who wish to trade financial futures or options contracts. Such customers will have their accounts carried and cleared by other FCMs. As a result, Jefferies will no longer hold customer monies or property. The third-party FCMs, who clear and carry the customers' accounts, will now hold those customers' assets.

Part 1

Exchanges used on behalf of customers	
Chicago Board of Trade	ICE Futures Europe
Chicago Mercantile Exchange, Inc.	ICE Futures U.S.
EUREX	

Part 2

Swap Execution Facilities used on behalf of customers
None

Part 3

Clearinghouses used on behalf of customers	
Chicago Mercantile Exchange	ICE Clear Europe
Eurex Clearing	ICE Clear U.S.

Part 4

Carrying Brokers used on behalf of customers
None

Permitted Depositories, Custodians and Counterparties

As noted above, in late October 2015 Jefferies became a non-clearing FCM. In doing so, it also ceased carrying customer futures accounts and accepting customer funds to margin futures and options transactions.

Nevertheless, a summary of Jefferies' policies and procedures concerning the choice of bank depositories, custodians and counterparties to permitted transactions under CFTC § 1.25 are set out below in order to comply with applicable CFTC rules.

Jefferies' Evaluation, Assessment Process and Selection of Permitted Depositories:

Jefferies' Global Credit Risk Management Department ("GCRM") would be responsible for the annual review of all customer segregated funds depositories in the unlikely event Jefferies were to resume accepting customer funds to margin futures and options transactions. Evaluation criteria are intended to ensure that Jefferies adopts an evaluation process which reviews potential depositories against substantive criteria relevant to the safe custody of customer funds. Criteria used in the evaluation must address a depository's capitalization, creditworthiness, operational reliability and access to liquidity. The criteria must also address risks associated with concentration of customer funds in any depository or group of depositories, the availability of deposit insurance, and the regulation and supervision of depositories. Derivative Clearing Organizations are subject to the Credit Department's Clearing House Policy.

Jefferies' Treasury and/or Operations Departments must seek GCRM approval prior to opening any new depository account.

(5) **Material Risks.** Jefferies is required by applicable CFTC rules to describe its material risks, accompanied by an explanation of how such risks may be material to Jefferies' futures customers, and of entrusting funds to Jefferies. As noted above, Jefferies has ceased carrying customer futures accounts and no longer accepts customer funds to margin futures and options transactions. To the extent no futures customer funds are now entrusted to Jefferies, the material risks undertaken by Jefferies should not be material to its customers. Nevertheless, out of an abundance of caution, Jefferies' material risks include, without limitation:

(i) With respect to the nature of investments made by Jefferies please read the following overview:

Overview: In order to assure that it is in compliance with its regulatory capital requirements and that it has sufficient liquidity to meet its ongoing business obligations, Jefferies holds a significant portion of its assets in cash and U.S. Treasury securities guaranteed as to principal and interest.

Jefferies trades in equities, equity options, commercial paper, certificates of deposit, corporate debt securities and municipal bonds. It also invests in other short-term highly liquid instruments such as money market instruments. Additionally, Jefferies holds other assets classified as investments for balance sheet presentation that are not liquid. As of the end of February 2020 (the most recent publicly available data), the financial instruments owned by Jefferies were as follows:

Financial Instruments Owned	As of September 30, 2019 (in millions)
Global Rates	3,399
Public Finance	776
Global Credit	2,171
Equities	1,525
Private ABS/MBS	90
Money market instruments	2,771
Other inventory	295
Total	11,027

(ii) With respect to Jefferies' creditworthiness, leverage, capital, liquidity, principal liabilities, balance sheet leverage and other lines of business you should know; Jefferies is not a public entity; however, it recently received a long-term credit rating of BBB from S&P. Jefferies' direct parent company, Jefferies Group LLC, has a long-term credit rating of BBB- from S&P. Jefferies leverage (total assets, as adjusted, over regulatory capital of \$6,064.0 million) as of February 29, 2020 was 3.92 times;

(iii) With respect to risks to Jefferies created by its affiliates and their activities, including investment of futures customer funds in an affiliated entity you should know; Jefferies no longer carries or clears trades for its affiliates. Further, to the extent Jefferies no longer accepts customer funds to margin futures or options transactions, Jefferies does not invest customer funds with its affiliates; and

(iv) With respect to any significant liabilities, contingent or otherwise, and material commitments you should know; the majority of Jefferies' liabilities are due to securities customers, brokers, dealers and securities clearing organizations in the normal course of clearing and settling securities transactions. Jefferies does, however, have significant liabilities including secured financing transactions and financial instruments sold, but not yet purchased.

(6) **Designated Self-Regulatory Organization.** Jefferies' designated self-regulatory organization is the NFA. NFA's website address is www.nfa.futures.org.

(7) **Material Complaints or Actions.** With respect to any material administrative, civil, enforcement or criminal complaints or actions filed against Jefferies where such complaints or actions have not concluded, and any enforcement complaints or actions filed against Jefferies during the last three years you should know:

Given the regulated nature of Jefferies as a broker-dealer, various business lines are, from time to time, involved in litigation and regulatory matters arising out of the conduct of its business. Based on currently available information, Jefferies' management does not believe that any matter will have a material adverse effect on its financial condition, although, depending on the results for a particular period, an adverse determination or settlements could be material for a particular period. Additionally, Jefferies' Form BD that describes any settled regulatory matters may be obtained by following the links at <http://www.finra.org> (click on BrokerCheck).

(8) **Customer Funds Segregation.** Set out below is a basic overview of customer fund segregation, FCM management and investments, that apply to FCMs and joint FCM/broker-dealers. While Jefferies itself no longer holds or accepts customer funds, this basic overview is being provided to comply with applicable CFTC rules.

Customer Accounts. FCMs may maintain up to three different types of accounts for customers, depending on the products a customer trades:

- (i) a **Customer Segregated Account** for customers that trade futures and options on futures listed on U.S. futures exchanges;
- (ii) a **30.7 Account** for customers that trade futures and options on futures listed on foreign boards of trade; and
- (iii) a **Cleared Swaps Customer Account** for customers trading swaps that are cleared on a DCO registered with the Commission.

The requirement to maintain these separate accounts reflects the different risks posed by the different products. Cash, securities and other collateral (collectively, **Customer Funds**) required to be held in one type of account, e.g., the Customer Segregated Account, may not be commingled with funds required to be held in another type of account, e.g., the 30.7 Account, except as the Commission may permit by order. For example, the Commission has issued orders authorizing ICE Clear Europe Limited, which is registered with the Commission as a DCO, and its FCM clearing members: (i) to hold in Cleared Swaps Customer Accounts Customer Funds used to margin both (a) Cleared Swaps and (b) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such Cleared Swaps and foreign futures and foreign options; and (ii) to hold in Customer Segregated Accounts Customer Funds used to margin both (c) futures and options on futures traded on ICE Futures US and (d) foreign futures and foreign options traded on ICE Futures Europe, and to provide for portfolio margining of such transactions.

Customer Segregated Account. Funds that customers deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on futures exchanges located in the U.S., i.e., designated contract markets, are held in a **Customer Segregated Account** in accordance with section 4d(a)(2) of the Commodity Exchange Act and Commission Rule 1.20. **Customer Segregated Funds** held in the Customer Segregated Account may not be used to meet the obligations of the FCM or any other person, including another customer.

All Customer Segregated Funds may be commingled in a single account, i.e., a customer omnibus account, and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside of the U.S. that has in excess of \$1 billion of regulatory capital; (iii) an FCM; or (iv) a DCO. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's customers. Unless a customer provides instructions to the contrary, an FCM may hold Customer Segregated Funds only: (i) in the U.S.; (ii) in a money center country; or (iii) in the country of origin of the currency.

An FCM must hold sufficient U.S. dollars in the U.S. to meet all U.S. dollar obligations and sufficient funds in each other currency to meet obligations in such currency. Notwithstanding the foregoing, assets denominated in a currency may be held to meet obligations denominated in another currency (other than the U.S. dollar) as follows: (i) U.S. dollars may be held in the U.S. or in money center countries to meet obligations denominated in any other currency; and (ii) funds in money center currencies may be held in the U.S. or in money center countries to meet obligations denominated in currencies other than the U.S. dollar.

30.7 Account. Funds that **30.7 Customers** deposit with an FCM, or that are otherwise required to be held for the benefit of customers, to margin futures and options on futures contracts traded on foreign boards of trade, i.e., **30.7 Customer Funds**, and sometimes referred to as the **foreign futures and foreign options secured amount**, are held in a **30.7 Account** in accordance with Commission Rule 30.7.

Funds required to be held in the 30.7 Account for or on behalf of 30.7 Customers may be commingled in an omnibus account and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside the U.S. that has in excess of \$1 billion in regulatory capital; (iii) an FCM; (iv) a DCO; (v) the clearing organization of any foreign board of trade; (vi) a foreign broker; or (vii) such clearing organization's or foreign broker's designated depositories. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's 30.7 Customers. As explained below, Commission Rule 30.7 restricts the amount of such funds that may be held outside of the U.S.

Customers trading on foreign markets assume additional risks. Laws or regulations will vary depending on the foreign jurisdiction in which the transaction occurs, and funds held in a 30.7 Account outside of the U.S. may not receive the same level of protection as Customer Segregated Funds. If the foreign broker carrying 30.7 Customer positions fails, the broker will be liquidated in accordance with the laws of the jurisdiction in which it is organized, which laws may differ significantly from the U.S. Bankruptcy Code. Return of 30.7 Customer Funds to the U.S. will be delayed and likely will be subject to the costs of administration of the failed foreign broker in accordance with the law of the applicable jurisdiction, as well as possible other intervening foreign brokers, if multiple foreign brokers were used to process the U.S. customers' transactions on foreign markets.

If the foreign broker does not fail but the 30.7 Customers' U.S. FCM fails, the foreign broker may want to assure that appropriate authorization has been obtained before returning the 30.7 Customer Funds to the FCM's trustee, which may delay their return.

If both the foreign broker and the U.S. FCM were to fail, potential differences between the trustee for the U.S. FCM and the administrator for the foreign broker, each with independent fiduciary obligations under applicable law, may result in significant delays and additional administrative expenses. Use of other intervening foreign brokers by the U.S. FCM to process the trades of 30.7 Customers on foreign markets may cause additional delays and administrative expenses.

To reduce the potential risk to 30.7 Customer Funds held outside of the U.S., Commission Rule 30.7 generally provides that an FCM may not deposit or hold 30.7 Customer Funds in permitted accounts outside of the U.S. except as necessary to meet margin requirements, including prefunding margin requirements, established by rule, regulation, or order of the relevant foreign boards of trade or foreign clearing organizations, or to meet margin calls issued by foreign brokers carrying the 30.7 Customers' positions.

The rule further provides, however, that, in order to avoid the daily transfer of funds from accounts in the U.S., an FCM may maintain in accounts located outside of the U.S. an additional amount of up to 20 percent of the total amount of funds necessary to meet margin and prefunding margin requirements to avoid daily transfers of funds.

Cleared Swaps Customer Account. Funds deposited with an FCM, or otherwise required to be held for the benefit of customers, to margin swaps cleared through a registered DCO, *i.e.*, **Cleared Swaps Customer Collateral**, are held in a **Cleared Swaps Customer Account** in accordance with the provisions of section 4d(f) of the Act and Part 22 of the Commission's rules. Cleared Swaps Customer Accounts are sometimes referred to as LSOC Accounts. LSOC is an acronym for "legally separated, operationally commingled." Funds required to be held in a Cleared Swaps Customer Account may be commingled in an omnibus account and held with: (i) a bank or trust company located in the U.S.; (ii) a bank or trust company located outside of the U.S. that has in excess of \$1 billion of regulatory capital; (iii) a DCO; or (iv) another FCM. Such commingled account must be properly titled to make clear that the funds belong to, and are being held for the benefit of, the FCM's Cleared Swaps Customers.

Investment of Customer Funds. Section 4d(a)(2) of the Act authorizes FCMs to invest Customer Segregated Funds in obligations of the United States, in general obligations of any State or of any political subdivision thereof, and in obligations fully guaranteed as to principal and interest by the United States. Section 4d(f) authorizes FCMs to invest Cleared Swaps Customer Collateral in similar instruments.

Commission Rule 1.25 authorizes FCMs to invest Customer Segregated Funds, Cleared Swaps Customer Collateral and 30.7 Customer Funds in instruments of a similar nature. Commission rules further provide that the FCM may retain all gains earned and is responsible for investment losses incurred in connection with the investment of Customer Funds. However, the FCM and customer may agree that the FCM will pay the customer interest on the funds deposited.

Permitted investments include:

- (i) Obligations of the United States and obligations fully guaranteed as to principal and interest by the United States (U.S. government securities);
- (ii) General obligations of any State or of any political subdivision thereof (municipal securities);
- (iii) Obligations of any United States government corporation or enterprise sponsored by the United States government (U.S. agency obligations);
- (iv) Certificates of deposit issued by a bank (certificates of deposit) as defined in section 3(a)(6) of the Securities Exchange Act of 1934, or a domestic branch of a foreign bank that carries deposits insured by the Federal Deposit Insurance Corporation;

- (v) Commercial paper fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (commercial paper);
- (vi) Corporate notes or bonds fully guaranteed as to principal and interest by the United States under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (corporate notes or bonds); and
- (vii) Interests in certain money market mutual funds.

The duration of the securities in which an FCM invests Customer Funds cannot exceed, on average, two years.

An FCM may also engage in repurchase and reverse repurchase transactions with non-affiliated registered broker-dealers, provided such transactions are made on a delivery versus payment basis and involve only permitted investments. All funds or securities received in repurchase and reverse repurchase transactions with Customer Funds must be held in the appropriate Customer Account, *i.e.*, Customer Segregated Account, 30.7 Account or Cleared Swaps Customer Account. Further, in accordance with the provisions of Commission Rule 1.25, all such funds or collateral must be received in the appropriate Customer Account on a delivery versus payment basis in immediately available funds.

No SIPC Protection. Although Jefferies is a registered broker-dealer, it is important to understand that if you were to deposit funds with Jefferies for trading futures and options on futures contracts on either U.S. or foreign markets or cleared swaps such funds would not be protected by the Securities Investor Protection Corporation (as noted elsewhere in this disclosure Jefferies is no longer accepting such funds).

For additional information on the protection of customer funds, please see the Futures Industry Association's "Protection of Customer Funds Frequently Asked Questions" located at <https://fia.org/articles/fia-issues-protection-customer-funds-faq>.

(9) **Filing a Complaint.** With respect to information on how a customer may obtain information regarding filing a complaint about Jefferies with the Commission or with Jefferies' DSRO you should know:

A customer that wishes to file a complaint about Jefferies or one of its employees with the Commission can contact the Division of Enforcement either electronically at <https://www.cftc.gov/Forms/tipsandcomplaints.html> or by calling the Division of Enforcement toll-free at 866-FON-CFTC (866-366-2382).

A customer that wishes to file a complaint about Jefferies or one of its employees with the National Futures Association can contact NFA either electronically at <http://www.nfa.futures.org/basicnet/Complaint.aspx> or by calling NFA directly at 800-621-3570.

(10) **Relevant Financial Data.** With respect to the location where Jefferies' annual audited financial statements are made available, you should know that: Jefferies' annual audited financial statements for its fiscal year 2019 may be found at [https://www.jefferies.com/CMSFiles/Jefferies.com/files/JEFFERIESLLCAUDITEDFINANCIALS\(1\).pdf](https://www.jefferies.com/CMSFiles/Jefferies.com/files/JEFFERIESLLCAUDITEDFINANCIALS(1).pdf).

With respect to Jefferies' financial data as of the most recent month-end of February 29, 2020 when the Disclosure Document is prepared you should know:

- (i) Jefferies's total equity, regulatory capital (which includes subordinated liabilities approved by its regulators), and net worth, all computed in accordance with U.S. Generally Accepted Accounting Principles pursuant to SEC Rule 15c3-1 and CFTC Rule 1.17, are as follows; Jefferies' Member's Equity (Net Worth) and Regulatory Capital, as of February 29, 2020 were \$3,914,007,000 and \$6,064,007,000, respectively.
- (ii) Jefferies engages in proprietary trading of futures contracts, principally for hedging equity and fixed income security positions. As of February 29, 2020, the dollar value of Jefferies' proprietary margin requirements amounted to \$40,359,000. Because as of late October 2015 Jefferies had ceased accepting and holding customer funds for purposes of margining futures and options transactions, the dollar value of Jefferies' proprietary margin requirements represented 100% of its aggregate margin requirement.
- (iii) The applicable CFTC rule requires Jefferies to provide the smallest number of futures customers, cleared swaps customers, and 30.7 customers that comprise 50 percent of the Jefferies's total funds held for futures customers, cleared swaps customers, and 30.7 customers. Since as of late October 2015 Jefferies ceased accepting and holding customer funds for purposes of margining futures and options transactions, it now has no such customers.
- (iv) Jefferies' proprietary trading generally consisted of exchange listed products to hedge its fixed income and equity proprietary activities and, therefore, had zero aggregate notional value of non-hedged, principal over-the-counter transactions.
- (v) As of February 29, 2020, Jefferies had a \$300 million secured short-term loan outstanding. Jefferies borrows money from Jefferies Group LLC on an unsecured basis. Jefferies also has a committed line from a bank for an intraday loan up to \$150 million; since this is an intraday loan Jefferies does not have an outstanding balance at the end of any given day.

(vi) Jefferies does not provide financing for futures customer transactions and, specifically, does not provide customer financing involving illiquid financial products for which it is difficult to obtain timely and accurate prices.

(vii) Jefferies has not written-off during the past 12-month period as uncollectable any customer receivable balances for any futures customer, cleared swaps customer or 30.7 customer.

Additional financial information on all FCMs, including Jefferies, is also available on the Commission's website: <http://www.cftc.gov/MarketReports/FinancialFCMDataforFCMs/index.htm>.

Customers should be aware that the National Futures Association (**NFA**) publishes on its website certain financial information with respect to each FCM. The FCM Capital Report provides each FCM's most recent month-end adjusted net capital, required net capital, and excess net capital. (Information for a twelve-month period is available.) In addition, NFA publishes twice-monthly a Customer Segregated Funds report, which shows for each FCM: (i) total funds held in Customer Segregated Accounts; (ii) total funds required to be held in Customer Segregated Accounts; and (iii) excess segregated funds, *i.e.*, the FCM's Residual Interest. This report also shows the percentage of Customer Segregated Funds that are held in cash and each of the permitted investments under Commission Rule 1.25. Finally, the report indicates whether the FCM held any Customer Segregated Funds during that month at a depository that is an affiliate of the FCM.

The report shows the most recent semi-monthly information, but the public will also have the ability to see information for the most recent twelve-month period. A 30.7 Customer Funds report and a Customer Cleared Swaps Collateral report provides the same information with respect to the 30.7 Account and the Cleared Swaps Customer Account.

The above financial information reports can be found by conducting a search for a specific FCM in NFA's BASIC system (<http://www.nfa.futures.org/basicnet/>) and then clicking on "View Financial Information" on the FCM's BASIC Details page.

(11) Summary of Jefferies' Current Risk Practices, Controls and Procedures. Risk is an inherent part of Jefferies' business and activities. The extent to which we properly and effectively identify, assess, monitor and manage each of the various types of risk involved in our activities is critical to our financial soundness, viability and profitability. Accordingly, Jefferies has a comprehensive risk management approach, with a formal governance structure and processes to identify, assess, monitor and manage risk. Principal risks involved in our business activities include credit, liquidity, foreign currency, legal, operational, settlement, segregation, technological and capital.

Risk management is a multifaceted process that requires communication, judgment and knowledge of financial products and markets. Accordingly, our risk management process encompasses the active involvement of executive and senior management, and also many departments independent of the revenue-producing business units, including the Risk Management, Operations, Compliance, Legal, Finance and Internal Audit Departments.

We make extensive use of internal committees to govern risk taking and ensure that business activities are properly identified, assessed, monitored and managed. We apply a comprehensive framework of limits on a variety of key metrics to constrain the risk profile of our business activities.

Note that as a result of Jefferies formerly accepting customers' money, securities or property to margin, guarantee or secure commodity futures trading, it was required by CFTC rules to have a formal Risk Management Program with respect to its futures activities ("RMP"). Since Jefferies no longer accepts customers' money, securities or property to margin, guarantee or secure commodity futures trading, it was no longer required to have a formal RMP in place. As a result, in November 2015 Jefferies terminated its RMP. While Jefferies no longer has a formal RMP for its futures business, it nevertheless continues to maintain robust risk practices, controls and procedures as described above.

This version of the Disclosure Document was first used on April 23, 2020.