

Customer Relationship Summary

Jefferies LLC and Jefferies Investment Advisers, LLC (“JIA”)

EFFECTIVE JUNE 30, 2020

Jefferies LLC (“we” or “us”) is registered with the Securities and Exchange Commission (SEC) as a broker-dealer and is a member of both the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

There are free and simple tools available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/crs), which also provides educational materials about broker-dealers, investment advisers, and investing.

I. What investment services and advice can you provide me?

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you. Depending upon your needs and investment objectives, we can provide you with services in a brokerage account or an investment advisory account through our affiliate, Jefferies Investment Advisers LLC (“JIA”), an investment adviser registered with the SEC. With this in mind, it is important to note that our financial advisers (a/k/a account executives) are dually licensed, which means they are both a registered representative with FINRA and a registered investment adviser representative with the SEC. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. This document is intended to give you a summary of the type of services we provide and how you pay for these services.

For international clients, this relationship summary is required by law and should not be construed as a promotion of Jefferies LLC’s nor JIA’s products and services. In addition, not all product and service offerings are available to all non-U.S. Residents.

We offer [brokerage services](#). A typical brokerage service is where you instruct us what and when to buy and sell securities in your account. We can recommend securities transactions or investment strategies to you with the exception of certain self-imposed limitations (e.g., other than ETFs and close-end funds your investment adviser may not recommend transactions in an equity security that has not been approved by us, is not listed on a national stock exchange and does not meet certain minimum rating or price criteria). Our recommendations to you are based on your financial profile (e.g., age, net worth, investment

experience), objectives (e.g., income, capital appreciation, speculation, trading profits), and risk tolerance (e.g., conservative, moderate, speculative), and our understanding of the securities we suggest, among other factors. It is important for you to know that, in a brokerage account, you will make the ultimate decision regarding the investment strategy and the purchase or sale of securities in your account. We do not monitor your brokerage account for you which means you are responsible for reviewing the investments in your account to assess whether your investment mix is appropriate for you.

Our affiliate, JIA, offers different investment options and services, including discretionary accounts and non-discretionary accounts. If you choose to open a discretionary account, you are allowing your financial adviser or a third party manager to buy and sell investments in your account without having to ask for your permission in advance of the transaction. Conversely, in a non-discretionary account your financial adviser may recommend investments, but he/she must first obtain your permission before executing a transaction. JIA also offers customized Financial Planning Services designed to help you assess your financial situation and assist in the pursuit of your long-term financial objectives. JIA’s Financial Planning Services are designed to be a cooperative experience tailored to your personal goals and customized to the complexity of your individual circumstances. For more information regarding the Financial Planning Services Program, please refer to the JIA Financial Planning Services ADV, Part 2A Brochures for Wrap Fee Program, Commission Based Discretionary Accounts, and Financial Planning Services. JIA monitors your advisory account for you as part of its advisory services in accordance with the terms of your advisory agreement. The frequency and limitations of JIA’s account monitoring depends on the advisory program that you select.

Account Minimums and Other Limitations:

In both brokerage and investment advisory accounts, there may be limits imposed on the investment products available to you based on factors such as account limitations and client eligibility requirements.

CONVERSATION STARTER:

Questions you may want to ask your financial adviser

“Given my financial situation, should I choose a brokerage service? Why or why not? Should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?”

II. What fees will I pay?

Principal Fees and Costs:

With a **brokerage account**, you will pay us a transaction-based fee, generally referred to as a commission, every time you buy or sell an investment. We have an incentive to encourage you to trade more because you will be charged more fees when there are more trades in your account. These fees may be assessed in a number of ways and at a minimum, will be reflected in your trade confirms, product offering documents or account statements. With stocks or exchange-traded funds (ETFs), this fee is usually a commission based on the number of shares bought or sold or the value of the investment. For other products, such as corporate or government debt (i.e., bonds), this fee (typically called a “mark-up” for buys and a “mark-down” for sales) is part of the price you pay for the transaction. With mutual funds, this fee (typically called a “load”) reduces the value of your investment and is embedded in the purchase price (although for some funds there is a load payment upon sale). Some investments impose additional fees after purchase has been made that will similarly reduce the value of your investments over time. For example, if your account holds a mutual fund, money market fund or ETF or similar product, the account will be charged certain standard fees (e.g., 12b-1 fees, management and administrative fees) by the fund manager.

For **advisory accounts**, our affiliate JIA offers several fee arrangements, including wrap fees, commission-based fees, and negotiated fees. For example, with a *wrap fee program*, you will be charged a single or bundle fee which is generally based on a percentage of the value in your account. This fee includes services such as investment advice, brokerage services, and administrative

expenses. Another option is a Commission-Based Discretionary Account where you pay a negotiated commission rate. Under this arrangement, JIA receives a portion of the commission for managing the account to cover consulting, administrative and advisory services, trade execution and reporting services. The remaining portion of the commission is paid to a third-party service provider for the clearing, brokerage custody and other related services. JIA also offers an Annual Financial Planning Services program where fees are negotiable, at our or our Financial Adviser’s sole discretion and may vary drastically from client to client based on a number of factors.

Other Fees and Costs:

With a brokerage account you may be charged additional fees including custodian fees, account maintenance fees, and others depending on the products and services we provide you. Our Broker-Dealer Brochure (see link below) provides more information about the products we offer and our fees. Similarly, with an advisory account, you may pay additional fees including Fund redemption fees, electronic fund and wire transfers, conversion fees for American Depositary Receipts (ADRs), and fees relating to trading in foreign securities.

Additional Information:

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. To obtain information on fees and cost specific to our brokerage accounts, [click here](#). To obtain information on fees and cost specific to JIA investment adviser accounts, [click here](#) to obtain JIA’s latest filing of Form ADV, Part 2A Brochures for Wrap Fee Program, Commission Based Discretionary Accounts, and Financial Planning Services.

CONVERSATION STARTER:

Questions you may want to ask your financial adviser

“Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?”

III. What are your legal obligations to me when providing recommendations? How

else does your firm make money and what conflicts of interest do you have?

Standard of Conduct:

As a broker-dealer we must abide by certain laws, regulations, and standards in our interactions with you. We must treat you fairly and comply with a number of specific obligations. When we provide you with a recommendation, we have to act in your best interest and not place our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. In this regard, when we provide recommendations, we must eliminate these conflicts or tell you about them and reduce them. You should understand and discuss these conflicts with us because they can affect our recommendations to you.

Broker- Dealer - Examples of Ways We Make Money and Conflicts of Interest:

Conflicts can arise in instances where we may have a financial incentive to recommend certain products or services to you. Here are some examples to help you understand what this means:

- A. Proprietary Products** – investment products that are issued, or managed by us or our affiliates (e.g., alternative investment, structured note) where we have an incentive in selling it to you because we earn more as a result of the compensation paid to us;
- B. Third-Party Payments** – we receive compensation in the form of 12b-1 fees (i.e., a fee used to pay for a mutual fund’s distribution costs and is often used by the fund manager to compensate brokers for selling the fund), in addition to the fees we charge you for buying a mutual fund;
- C. Revenue Sharing** – the manager or sponsor of a product or service or a third-party share with us the revenue it earns on those products or services (e.g., Sweep Program where excess cash is placed in a money market fund; while you do not pay us for this service, the fund will share with us the fees it charges your account); and
- D. Principal Trading** – buying and/or selling securities for our clients from our own inventory (i.e., a Jefferies LLC principal account) where we will earn more money as a result of such sale or purchase than we would if we acted as your agent.

As an investment adviser, JIA, is held to a fiduciary standard that covers its advisory relationship with you which includes monitoring your portfolio, investment strategy and investments on an ongoing

basis. When JIA monitors your portfolio, it means JIA will perform a periodic assessment of the investments in your account to determine whether they are performing consistent with your account’s stated investment strategy. Similar to brokerage services, conflicts can arise in your investment adviser account where JIA may have a financial incentive to offer or recommend clients to invest in certain products or services. JIA must eliminate these conflicts or tell you about them in a way you can understand, so that you can decide whether or not to agree to them. For information on JIA’s policies regarding conflicts of interests, go to [Advisorinfo.sec.gov](https://advisorinfo.sec.gov) for JIA’s latest Form ADV, Part 2A Brochures for Wrap Fee Program, Commission Based Discretionary Accounts, and Financial Planning Services.

Investment Adviser - Examples of Ways We Make Money and Conflicts of Interest:

With one exception, the examples highlighted above under Broker-Dealers applies to JIA which means the same conflicts exist with JIA’s advisory clients. The exception is principal trading, we do not trade as principal in connection with JIA’s advisory services.

CONVERSATION STARTER:

Question you may want to ask your financial adviser

“How might your conflicts of interest affect me, and how will you address them?”

IV. How do your financial advisers make money?

Your financial adviser’s compensation is based on the services he/she provides and the investment products that are bought and sold in your account. You should know that compensation differs based on the type of products that is sold to you. While there is no compensation differentiation based on the volume of any investment product sold, our financial advisers may receive compensation that increases proportionately to the amount of sales activity in your account. We do not offer sales contests, quotas, or non-cash compensation for our financial advisers; however, they are eligible to receive incentive compensation and bonuses based upon the amount of their compensation, length of service and the revenue they produce. In addition, financial advisers are eligible to receive non-cash compensation from certain product sponsors that can include occasional gifts, meals, and event tickets.

We offer recruiting packages to financial advisers joining from other firms, which gives your financial adviser an incentive to enter employment with us and to recommend opening accounts with us regardless of the comparative benefits clients they

service receive at other financial firms. The recruiting package may offer compensation in the form of an unsecured forgivable loan and other bonuses based on achieving certain revenue and asset thresholds at the time a financial adviser joins us.

V. Do you or your financial advisers have legal or disciplinary history?

Yes, visit [Investor.gov](https://www.investor.gov) for a free and simple search tool to research the firm and our financial advisers.

CONVERSATION STARTER:

Question you may want to ask your financial adviser

“As a financial adviser, do you have any disciplinary history? For what type of conduct?”

VI. Additional Information

We encourage you to visit our website at www.jefferieswealthmanagement.com to obtain a copy of our relationship summary and/or additional information regarding our brokerage or investment advisory services. You can also obtain a copy of our Regulation Best Interest (Reg BI) Disclosure document as well as information describing key differences between a brokerage account and a JIA fee-based non-discretionary account [here](#). If you wish to speak with someone and/or request for up-to-date information as well as request for a copy of this relationship summary, please speak with your financial adviser. For JIA investment adviser accounts, [click here](#) to obtain JIA’s latest filing of Form ADV, Part 2A Brochures for Wrap Fee Program, Commission Based Discretionary Accounts, and Financial Planning Services.

CONVERSATION STARTER:

Questions you may want to ask your financial adviser

“Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”