

Jefferies Japan Dark Pool (JEFCross) Information

January 2024

A. Operating Company

JEFCross is operated by Jefferies (Japan) Limited, Tokyo Branch (referred to as “Jefferies”), a JFSA registered Financial Instruments Business Operator:

Corporate Registration: Jefferies Japan Limited, Kanto Local Finance Bureau (FIBO) No.220

Address: 100-0006 Tokyo Midtown Hibiya 30th Floor Hibiya Mitsui Tower 1-1-2 Yurakucho, Chiyoda-ku, Tokyo

Telephone: 03-5251-6100 (Main)

Japan Representative: Ryotaro Tsutsumi

Established: November 1996

Exchange Membership: Tokyo Stock Exchange, Osaka Exchange

Association Membership: Japan Securities Dealers Association, Financial Instruments Mediation Assistance Center, Type II Financial Instruments Firms Association

Investor Protection Member: Japan Investor Protection Fund

Board of Directors: Jeff Hutchins, Conor Dolan

B. Details of JEFCross matching methodology

- JEFCross has 2 functions, namely normal Dark Pool matching and Parent Level Cross.
- In the normal Dark Pool matching it matches orders within the best bid and offer prices that are available at the primary exchange (Tokyo Stock Exchange).
Thus its operating hour is the morning session & afternoon session of the Tokyo Stock Exchange.
- Matching Priority is price and time.

For Parent Level Cross please refer to the appendix below.

C. Trading Rules

- Eligible Clients: Professional clients and brokers/dealers who have been onboarded to Jefferies and/or its affiliates only.
- Refusal: JEFCross might refuse orders for various reasons. The reasons include, but are not limited to, orders which are deemed to be too big or too frequent, or orders in a name on Jefferies' Restricted List.
- Venue Selection: Each client can select to use/not use JEFCross.
- Proprietary trading: Jefferies and/or its affiliates may conduct proprietary trading in JEFCross.

D. Guarantee of Price

- JEFCross does not guarantee that a price at the time of matching is always favorable price at the time of the execution.
- Nevertheless JEFCross will never intentionally execute orders in an unfavorable manner to clients.

E. Price Improvement Effectiveness

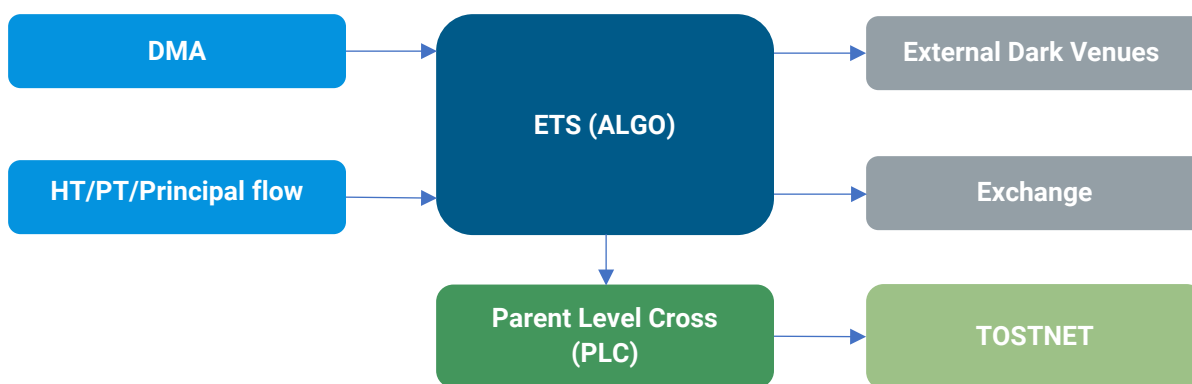
- Jefferies will periodically review the effectiveness of price improvement by JEFCross as well as other external Dark Pools.
- Report is available upon request.

F. Appendix: JAPAN Parent Level Cross (PLC)

1. ABOUT JAPAN Parent Level Cross (PLC)

Parent Level Cross (PLC) which matches orders at the parent level. PLC aims to improve execution performance by crossing overlapping scheduled algorithmic orders.

For example, consider two working orders in a VWAP ALGO for the same name (XYZ) but on opposite sides. Based on the predicted volume curve, the BUY VWAP order estimates that it would need to execute 1,200 shares over the next 5 minutes. On the other hand, the SELL order estimates that it would need to sell 2,200 shares over the next 5 minutes. Both orders could decide to enter into a Parent Level Cross for 1,200 shares (lower of the above two numbers) for a duration of 5 minutes. Once the cross period of 5 minutes is over, the two orders will receive an execution of 1,200 shares at the VWAP price during the 5-minute period. While the BUY order does not need to execute any shares in the public markets, the SELL order only needs to execute 1,000 shares over the 5-minute period.



2. Eligibility

All Electronic Trading Solutions - **ETS (ALGO)** eligible users enabled for Parent Level Cross are eligible. Enabled users, who have elected to interact with the PLC, may elect to stop interacting with in PLC anytime by contacting our ETS team.

3. Matching Price

PLC executes orders using a VWAP price calculated based on eligible trades from Primary Exchange. Calculated VWAP price may be outside Best Bid and Offer (**BBO**) of the primary market at the time of execution.

4. Matching Priority

Orders are matched based on the following priority: Price, Size and Time.

5. Operating Hours

PLC operates in the continues session of the morning session & afternoon session for the Tokyo Stock Exchange

6. Order Cancellation

PLC can only be accessed indirectly via ETS. Any order cancellation request received in the middle of a VWAP crossing cycle will result in a pro-rated cross with the residual cancelled back to user.

7. Execution Methodology

- ALGO Parent Order A having a Child Order Plan to buy 1000 shares at next 2 minutes VWAP price, ALGO Parent Order B having a Child Order Plan to sell 2000 shares at next 3 minutes VWAP price upon execution schedules set to each strategies.
- Both Child Order Plans are sent to the PLC, it will inform ALGO Engine that 1000 shares can be traded for 2 minutes VWAP price at the end of 2 minutes time window.
- ALGO Engine A will send 1000 shares buy child order and ALGO Engine B will send 1000 shares sell child order to the PLC. Then the PLC will send both orders to ToSTNeT for execution @ VWAP price for past 2 minutes.
- The execution price will be “VWAP price for past 2 minutes” thus can be out of BBO of the primary market at the time of execution.

Disclaimer

Jefferies and its affiliates shall not be liable for any damage incurred by the client as a result of any events not caused by the willful misconduct or gross negligence of Jefferies, including but not limited to the following events:

- (1) Delay or failure in the transmission of information between Jefferies (or an affiliate of Jefferies) and the client due to failure of telecommunications equipment, telecommunications lines or other systems or infrastructure;
- (2) Errors or defects in the contents of the system or information provided by Jefferies and/or its affiliate to the client;
- (3) Hacking by a third party of telecommunications lines between Jefferies and/or its affiliate and the client;
- (4) Claims over intellectual property rights, claims of infringement thereof, or other claims by a third party against the system provided by Jefferies or its affiliate to the client and which impede the provision of such system;
- (5) Execution of the transaction despite Jefferies having processed the cancellation or modification of the relevant order within a reasonable time after receiving a request from the client to cancel or modify such order; and
- (6) Transactions that are not executed at the price, volume, or time requested by the client.

Contact

If you need information of execution venue, matched price and time, and/or referred price and time of your order please contact your Jefferies covering salesperson.