ANNUAL MIFIDPRU DISCLOSURES REPORT
– FOR THE YEAR ENDED 30 NOVEMBER 2022

JEFFERIES INTERNATIONAL LIMITED

CONTENTS

1 OVERVIEW AND BASIS OF PREPARATION

1.1 BUSINESS BACKGROUND

Jefferies International Limited (hereinafter also referred to as "JIL" or "the firm") is the UK incorporated subsidiary of Jefferies Financial Group Inc. ('Jefferies'). Jefferies is a full-service investment firm listed on the New York Stock Exchange.

On 1 November 2022, the firm's intermediate holding companies merged into Jefferies Financial Group Inc. primarily to streamline the reporting process to the Securities and Exchange Commission in the United States of America. As a result of the mergers, the firm is now a direct subsidiary of Jefferies Financial Group Inc..

The firm provides clients with capital markets and financial advisory services, institutional brokerage and securities research services. The firm provides research and trade execution in equities, fixed income and a full range of investment banking services including underwriting, merger and acquisition, restructuring and recapitalisation advisory services.

1.2 SCOPE AND TRANSITIONAL PROVISIONS

This Annual MIFIDPRU Disclosures report ('report') has been prepared to fulfil the regulatory disclosure requirements set out by the Financial Conduct Authority ('FCA') in the Prudential Sourcebook for MIFID Investment ('MIFIDPRU') Chapter 8. This report relates to the activities and position of JIL for the year ended 30 November 2022, which represents the end of the relevant financial accounting period.

The firm has adopted the transitional provisions under MIFIDPRU TP 12, for its first MIFIDPRU 8 disclosures report, for the year ended 30 November 2022, as the Investment Firms Prudential Regime was implemented on 1 January 2022. Under TP 12, the firm is not required to disclose MIFIDPRU 8.7 Investment Policy.

The scope of this report relates primarily to the firm's governance arrangements, own funds, own funds requirements and remuneration policy and practices for the year ended 30 November 2022. A high level overview of the firm's Risk Management Framework is included in this report. Disclosures on risk management objectives and policies are covered in Section 3 of this report and also the Annual Report and Financial Statements published on Jefferies' corporate website https://ir.jefferies.com/resources/regulatory-information/default.aspx.

1.3 FREQUENCY OF PUBLICATION AND VERIFICATION

This report is published annually, concurrently with the Annual Report and Financial Statements, in accordance with the regulatory guidelines and is available on Jefferies' corporate website https://ir.jefferies.com/resources/regulatory-information/default.aspx.

This report was validated, reviewed and approved internally by senior management and the Board of Directors. This report is not required to be subject to independent external audit, except where data is equivalent to that included in the Annual Report and Financial Statements. Such data has been subjected to external audit in line with the verification process of the Annual Report and Financial Statements process.

2 GOVERNANCE & RISK OVERSIGHT

2.1 BOARD OF DIRECTORS

2.1.1 BOARD AND DIRECTORSHIPS

The Board of Directors of the firm is responsible for the long-term success of the firm by creating sustainable value for the firm's sole shareholder, Jefferies Financial Group Inc., whilst safeguarding Jefferies' name, reputation and credit rating. Figure 1 shows the number of directorships held by members of the JIL Board ('the Board'). The Board sets the firm's strategy, in line with delegated authority from the shareholder, and oversees its implementation through the approved Business Plans ensuring that those are pursued within the Board-approved Risk Appetite.

Figure 1: JIL Number of Directorships Held by Members of the JIL Board for the year ended 30 November 2022

	Directorships	
Name	**Executive**	**Non-Executive**
Huw Tucker	1	0
Joel Maryles	0	1
Jacob Katz	0	1
Linda Adamany*	0	4
Mahnaz Safa	0	3
Nicholas Williams	0	2
Peter Forlenza**	1	2

* Linda Adamany was appointed a Director of Vitesse Energy, Inc. post year end, effective 13 January 2023.
** Peter Forlenza resigned from the Board on 30 November 2022.

In accordance with the FCA Handbook (SYSC): (1) Directorships within the firm and its parent undertakings are counted as a single directorship; and (2) Directorships in organisations which do not pursue predominantly commercial objectives are not included.

2.1.2 Board Recruitment

Recruitment for, and appointment of, a member of the Board combines an assessment of technical capability and knowledge base as well as competency skills. The Nominations Committee formalises the process for the appointment of new Board members by identifying and recommending for approval, by the Board, candidates to fill Board vacancies having evaluated the balance of knowledge, skills, diversity (including gender) and experience of the Board. When recruiting members to the Board, the Committee considers a broad set of qualities and competencies and assesses the time commitment required.

Board recruitment is subject to the approval of the Board. As part of the formal Director appointment process, Jefferies undertakes a number of additional checks, coordinated through the Human Resources Department, which include but are not limited to criminal record searches; a financial probity search; a UK directorship check; a sanction list check; an electoral register check; FCA/PRA Register search; and employment reference checks. Regulatory approval is co-ordinated through the Head of Compliance EMEA. The Nominations Committee has oversight of the induction process for new Directors and the on-going training and development of all Board members.

2.1.3 Board Diversity

Jefferies is committed to promoting a diverse workplace, and approaches diversity in the broadest sense, recognising that successful businesses embrace diversity at all levels. Diversity, Equity and Inclusion are a foundation of our firmwide culture, and we also believe that companies with diverse Board of Directors are better positioned for stronger performance and improved governance. As part of its duties, the Nominations Committee is responsible for considering a broad set of qualities, skills and competencies when recruiting members to the Board and for that purpose consider the diversity of the Board. The Nominations Committee will also periodically assess the structure, size and composition, including diversity, of the Board, and make recommendations to the Board with regard to any changes. The Board is 33% gender diverse and its independent directors are 40% gender diverse.

Diversity, Equity and Inclusion (DEI) considerations are a top priority for Jefferies evidenced by the establishment of a dedicated Jefferies Environment, Social, and Governance (ESG) and DEI Committee reporting directly to the Jefferies Financial Group Inc. Board. The firm is well represented in the discussions and planning in this area with two of its non-executive directors being members of the Jefferies ESG and DEI Committee. In addition, on 19 January 2023, the Board appointed Mahnaz Safa as the JIL DEI Champion.

Refer to Jefferies' corporate website for information on DEI https://jefferies.com/DiversityAndInclusion/Diversity-and-Inclusion/2/2797.

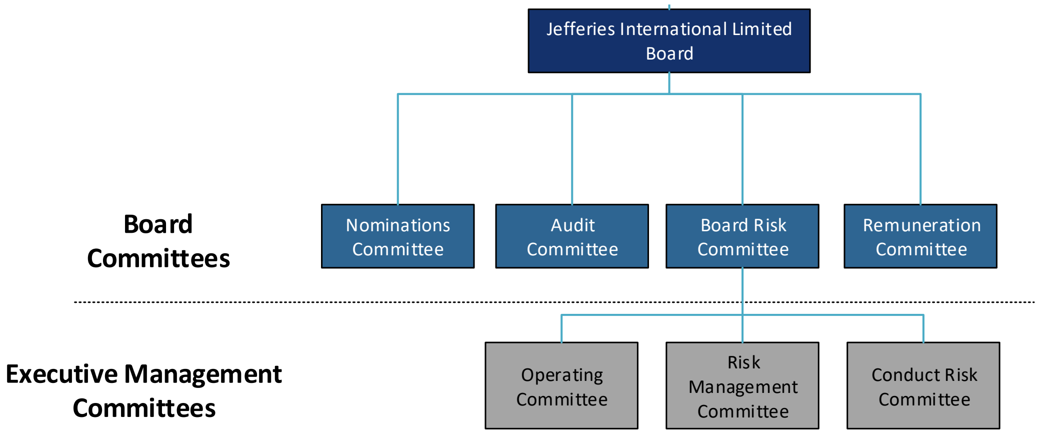
2.2 RISK OVERSIGHT COMMITTEES AND INFORMATION FLOWS

The Board requires that Senior Management including the executive members of the Board, business heads and heads of control functions, take an active role in the risk management process and require business and support functions to assist in the identification, assessment and control of all risks.

The Board has set up a hierarchy of Board and Executive Management Committees and Sub-Committees, collectively the 'Risk Oversight Committees', with the objective of ensuring an effective risk governance structure. The Board approves the Terms of Reference of each of the Board Committees and Executive Management Committees. In addition to delegating, the Board reserve certain matters to themselves as set out in the Board Charter. This arrangement enables the Board to:

- Interact effectively with the executive team which is charged with delivering the Group's agreed strategy whilst effectively managing the risks;
- Establish a robust control framework to manage risk effectively across the businesses, whilst allowing effective challenge, oversight and decision making;
- Benefit from the work of dedicated committees focused on important risk areas;
- Receive management information on compliance with the Risk Appetite; and
- Ensure clear escalation procedures are in place to enable effective decision making and risk management.

Figure 2: Board and Executive Management Committees



Through the Risk Management Framework, the Board requires a comprehensive and integrated view of risk and risk management and the use of a common risk language and taxonomy across the firm. They also approve the standardised form, frequency and content of the risk information they require to be presented to Board meetings.

2.2.1 Board Committees

The members of each of the Board Committees are all non-executive directors. In 2022 the Board Risk Committee met 6 times, the Audit Committee met 5 times and each of the Remuneration Committee and Nominations Committee met 4 times.

- **Board Risk Committee** –The Committee reviews management information on the risk profile of the firm and recommends the risk appetite statements to the Board.
- **Audit Committee** –The Committee assesses and provides oversight on regulatory matters, reviews disclosures, significant financial reporting issues and material information in annual reports. It evaluates external and internal auditors, reviews the management letter and response, approves the annual audit plan and reviews the adequacy of internal controls.
- **Nominations Committee –** The Committee is responsible for identifying and recommending for approval, by the Board, candidates to fill Board vacancies, having evaluated the balance of knowledge, skills, diversity and experience of the Board.
- **Remuneration Committee** – The Committee is responsible for ensuring the firm's annual Remuneration Policy Statement and remuneration structures comply with the relevant regulations *(see Section 6 for more details).*

2.2.2 Executive Management Committees

Executive Management Committees meet more frequently, typically at least monthly. The Committees oversee specialised areas and escalate significant issues to the Board Committees and the Board accordingly.

The firm's Executive Management Committees include:

- **Risk Management Committee** - supports the Board in the development of the Risk Appetite Statements for Principal Risks. Responsible for oversight of the risk profile and limit framework across the firm including all business lines in line with the Board-approved risk appetite.
- **Operating Committee** - is the key forum for coordination and communication between the corporate/control functions together with the management of operational risk across the business and it reviews operational risk events, key risk indicators and any other operating issues.

- **Conduct Risk Committee** - supports the Board in the development of the Conduct Risk Appetite Statements and oversees the Conduct Risk profile. Reviews significant Conduct Risk matters as they arise (both business and employee related).

3 RISK MANAGEMENT

3.1 RISK MANAGEMENT OVERVIEW

The firm has clear risk management objectives and a well-established approach to deliver them through a core Risk Management Process. At a strategic level, the risk management objectives are to:

- Identify the sources of risk and determine the Principal Risks to the firm.
- Determine Risk Appetite Statements, both qualitative and quantitative, including limits to manage the business in line with the risk appetite.
- Ensure sufficient financial resources to support the business plan and to meet applicable regulatory requirements under both normal and stressed periods.
- Enable the business lines to make decisions within a solid risk framework, with transparency on risk return decisions and with strong governance structures.
- Ensure that business growth plans are properly supported by effective risk analysis and stress testing.
- Help business management control and coordinate risk-taking across the Firm.

The Board believes that risks and uncertainties faced by the firm are satisfactorily mitigated through the comprehensive systems of controls, senior management oversight and its Risk Management Framework that has been implemented through the firm.

3.2 THREE LINES OF DEFENCE MODEL

The firm has adopted the Three Lines of Defence operational model which ensures segregation of duties and demonstrates the roles, responsibilities and accountabilities for risk, control and decision making. The approach adopted includes:

- **First Line** - responsible for initiating and directly identifying and managing the risks. Includes those that commit the firm's liquidity and capital resources.
- **Second Line** – responsible for providing independent oversight and challenge and for monitoring risk-taking.
- **Third Line** – responsible for providing assurance on the effectiveness of governance, risk management and controls.

3.3 RISK MANAGEMENT DEPARTMENT

The independent Risk Management Department ('Risk Management'), headed by the International Chief Risk Officer (CRO) forms the second line of defence. Risk Management consists of eight teams: Market Risk; Electronic Trading Risk; Liquidity Risk; Credit Risk; Operational Risk; Enterprise Risk; Model Risk; and Office of the Chief Operating Officer (COO).

The Board approves the mandate of the Department and the job specification for the CRO as part of the RMF. The CRO reports directly to the CEO and meets with the Board at least quarterly to provide updates on the firm's risk profile and compliance with the Risk Appetite Statements.

3.4 PRINCIPAL RISKS

The firm identifies Principal Risks, which are defined as those which are foreseeable, continuous, and material enough to merit establishing specific control frameworks and more granular analysis of the risk types. The Board approves the determination of the Principal Risks and requires Risk Appetite Statements established for each Principal Risk for Board approval on an annual basis.

The Principal Risks identified by the firm and their definitions are as follows:

- **Strategic risk:** the risk resulting from adverse business decisions, inappropriate business plans, ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic and competitive environments.
- **Market risk:** the risk of loss due to fluctuations in the market value of positions attributable to changes in market variables.

- **Credit risk:** the risk of loss due to adverse changes in a counterparty's credit worthiness or its ability or willingness to meet its financial obligations in accordance with the terms and conditions of a financial contract. Credit risk also includes settlement risk.
- **Liquidity and funding risk:** the risk that the firm, although solvent, does not have sufficient liquidity resources available to enable it to meet its cash or funding obligations as they fall due, or can secure such resources only at excessive cost.
- **Operational risk:** the risk of financial or non-financial impact, resulting from inadequate or failed internal processes, people and systems, or from external events. Includes outsourcing risk, regulatory and litigation risks.
- **Conduct risk:** the risk that inappropriate execution of the firm's business activities is a detriment to its customers, counterparties, clients, markets or the firm itself.
- **Model risk:** the risk of losses resulting from decisions that are based on the output of models, due to errors or weaknesses in the design and development, implementation, or improper use of the models.

3.5 PRINCIPAL RISKS MANAGEMENT

3.5.1 CREDIT RISK MANAGEMENT

JIL is exposed to credit risk from banks, broker-dealers, hedge funds and other clients, as well as a member of exchanges and clearing organisations.

Credit risk is managed in accordance with the framework set by the Jefferies Credit Risk Management Policy and Procedures (the 'Credit Risk Policy'). This is responsible for identifying counterparty credit risk throughout the trading businesses, establishing counterparty limits, and managing and monitoring those credit limits. The Credit Risk Policy is approved annually by the Risk Management Committee and includes:

- defining credit limit guidelines and credit limit approval processes;
- determining the analytical standards and risk parameters for the on-going management and monitoring of credit risk;
- considering exposures to a single counterparty or groups of connected counterparties, counterparties in the same country or region, and/or in the same sector;
- approving counterparties and setting counterparty limits, taking into account applicable enforceable netting agreements, collateral or other acceptable forms of credit risk mitigation negotiated by the Legal Department and within parameters set by the Credit Risk Policy;
- negotiating, approving and monitoring credit terms in legal and master documentation;
- actively managing daily exposures, exceptions, and breaches; and
- monitoring daily margin call activity and counterparty performance, in concert with the JIL Collateral Management Department.

The firm utilises a number of legal and market available credit risk mitigants to manage counterparty risk.

3.5.2 MARKET RISK MANAGEMENT

Market risk may arise from a variety of activities including market-making, trading, underwriting, and investing. The firm's trading strategies to manage market risk include exposure diversification, concentration and illiquidity controls, and the establishment of economic hedges in related securities, including derivatives.

The management and reporting of the firm's regulatory exposures and capital requirements against applicable internal limits and thresholds, and regulatory requirements is carried out independently by the Regulatory Controllers Department.

Market risk is managed in accordance with the framework set by the Jefferies Market Risk Management Policy.

The Market Risk Management team ('Market Risk Management') is a function independent of the revenue-generating units that monitors all trading activities.

Market Risk Management designs and develops risk management approaches which are subject to ongoing review. Risk exposures are monitored against pre-defined limits daily and reported as part of the suite of internal risk reports produced by Risk Operations.

Market Risk Management uses a wide range of techniques to manage the market risks inherent in our businesses/portfolios, including Value-at-Risk (VaR) for internal risk management and reporting purposes Recognizing the limitations in using VaR as an isolated measure, Market Risk Management uses additional measures and methodologies that complement VaR in assessing, monitoring and managing market risk. These include inventory position and exposure limits on a gross and net basis; scenario analysis and stress testing; Risks-Not-in-VaR (RNIV) reports; risk sensitivities; exposure and collateral concentrations; aged inventory monitoring; Level 3 assets size; and performance analysis metrics. The stress testing methodology includes the assessment of illiquid and concentrated positions via appropriate liquidity horizons or haircuts.

3.5.3 Operational Risk Management

Operational risk is managed in accordance with the framework set by the Jefferies Operational Risk Management Policy, as approved by the Risk Management Committee. This is a key component of the firm's Risk Management Framework and includes governance; application of common principles and standards; collection and analysis of operational risk events and exposures; proactive operational risk management; and periodic review and analysis of business metrics to identify and recommend controls and process-related enhancements. It is supplemented by several policies and controls including:

- bottom-up Risk & Control Self-Assessment (RCSA) by each Department, aggregated to form the Risk Register;
- top-down RCSA with controls assurance testing against the assessed risks;
- event reporting requirements, detailing the timing and process of reporting;
- key indicators subject to measurable thresholds reflecting the risk tolerance of the business;
- ad-hoc risk assessments, triggered by a Board or Senior Management request, on a specific business line, support area, product, process or system; and
- consistent operational risk taxonomy for data classification, aggregation and trend analysis.

3.5.4 Conduct Risk Management

Conduct Risk is recognised by the Board as one of the firms' Principal Risks. The Board retains overall responsibility for Conduct Risk. The Board has defined the firm's Conduct Risk Appetite Statement, ensures that Conduct Risk matters are considered when determining strategy, and mandates various policies and procedures to enable the firm and its staff to fully understand and comply with the regulatory and ethical standards expected of them. Business line management are the first line of defence against Conduct Risk, with Compliance, Human Resources and Operational Risk being the second line, and Internal Audit the third.

Each employee is responsible for their own conduct in carrying out their role and to ensure that such conduct is consistent with the ethical values of respect, honesty and integrity. Such conduct includes acting in compliance with all the relevant laws, rules and regulations that impact on the employees' role. The Board has mandated various policies and procedures to enable the firm and its employees to understand and fully comply with the regulatory and ethical standards expected from them.

3.5.5 Funding and Liquidity Risk Management Framework and Process

Funding and Liquidity risk is managed through the implementation of the Liquidity Risk Management Framework.

This sets out the limits supporting the liquidity risk appetite statement; identifies the funding and liquidity risks inherent in the business and funding models; and sets out the tools through which those liquidity risks are measured, managed, monitored and controlled including stress testing, early warning indicators, liquid asset buffer management, intra-day liquidity management and funds transfer pricing.

Funding and liquidity risk and how it is managed is assessed as part of the Board-approved Internal Capital Adequacy and Risk Assessment (ICARA).

3.6 RISK APPETITE FRAMEWORK

The Board-approved Risk Appetite Framework sets the overall approach through which risk appetite is established, communicated, and monitored. Risk appetite sets the 'tone from the top' and provides a basis for ongoing dialogue between the Board and management with respect to the firm's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

One of the overarching principles of risk appetite is that the firm should have sufficient financial resources to support the business plan and to meet applicable regulatory requirements under both normal and stressed periods, as well as in strained macroeconomic conditions, without recourse to Jefferies.

The Board's quantitative Risk Appetite Statement metrics are reported to the Board and Risk Management Committee through the Risk Dashboard. The metrics are also translated by management into risk limits which are monitored on an ongoing basis and reported to Risk Management and the Front Office, with any breaches reported to the Risk Management Committee.

4 OWN FUNDS

JIL's own funds (i.e. capital resources) comprises of Common Equity Tier 1 (CET 1) capital of fully issued ordinary shares and Tier 2 capital. The firm does not hold any Additional Tier 1 capital.

The below tables comply with MIFIDPRU disclosure requirements:

- Figure 3 details the composition of regulatory own funds for the year ended 30 November 2022.
- Figure 4 details a reconciliation of own funds to the capital in the balance sheet per the audited financial statements of the firm.
- Figure 5 provides a description of the main features of the CET1 capital issued by the firm for the year ended 30 November 2022.

Figure 3: Composition of regulatory own funds for the year ended 30 November 2022

	Composition of regulatory own funds	£000	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	1,367,105	*
2	**TIER 1 CAPITAL**	1,128,643	
3	**COMMON EQUITY TIER 1 CAPITAL**	1,128,643	
4	Fully paid up capital instruments	573,843	Note 25 Share Capital
5	Share premium	61,620	Statement of Changes in Equity
6	Retained earnings	407,049	Statement of Changes in Equity
7	Accumulated other comprehensive income	-	
8	Other reserves	102,437	Statement of Changes in Equity
9	Adjustments to CET1 due to prudential filters	(5,261)	Figure 4: CET 1 Capital Deductions**
10	Other funds	-	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(11,045)	
19	CET1: Other capital elements, deductions and adjustments	(11,045)	Figure 4: CET 1 Capital Deductions**
20	**ADDITIONAL TIER 1 CAPITAL**	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	**TIER 2 CAPITAL**	238,462	
26	Fully paid up, directly issued capital instruments	238,462	Note 20 Creditors: amounts falling due after more than one year
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	T2 instruments 2: Other capital elements, deductions and adjustments	-	

**Own funds include 2022 profit after tax of £116,576,000.*
***Refer to Figure 4 for a reconciliation of total CET 1 capital deductions in the Audited Financial Statements.*

Figure 4: Own Funds: Reconciliation of Regulatory Funds to Balance Sheet in the Audited Financial Statements

		Balance sheet as in audited financial statements	Balance sheet under regulatory scope	Adjustments to CET 1 and Capital Deductions from CET 1	Cross reference to Figure 3
		£000	£000	£000	
1	Tangible and intangible fixed assets	39,432	39,432	(314)	19
2	Right-of-use assets	85,417	85,417		
3	Investments	93,837	93,837		
4	Deferred tax asset	8,936	8,936	(8,936)	19
5	Financial assets at fair value through profit or loss	3,041,355	3,041,355	(4,836)	9 and 19
6	Trade and other receivables	3,433,687	3,433,687		
7	Cash and cash equivalents	677,913	677,913		
	Total Assets	**7,380,577**	**7,380,577**		
1	Financial liabilities at fair value through profit or loss	2,219,694	2,219,694	(2,220)	9
2	Creditors : amounts falling due within one year	3,662,172	3,662,172		
3	Lease liabilities	9,209	9,209		
4	Creditors: amounts falling due after more than one year	238,462	238,462		26
5	Lease liabilities	98,460	98,460		
6	Provisions for liabilities	7,631	7,631		
	Total Liabilities	**6,235,628**	**6,235,628**		
1	Ordinary shares	573,843	573,843		4
2	Share premium	61,620	61,620		5
3	Capital contribution	99,429	99,429		8
4	Foreign exchange translation	3,008	3,008		8
5	Retained earnings	407,049	407,049		6
	Total Shareholders' equity	**1,144,949**	**1,144,949**		

Figure 5: Own funds instruments for the year ended 30 November 2022

Capital instruments main features						
1	Issuer	Jefferies International Ltd.	Jefferies International Ltd.	Jefferies International Ltd.	Jefferies International Ltd.	Jefferies International Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A	N/A	N/A
3	Governing law(s) of the instrument	English Law	English Law	English Law	English Law	English Law
Regulatory treatment						
4	Transitional CRR rules	N/A	N/A	N/A	N/A	N/A
5	Post-transitional CRR rules	CET1	T2	T2	T2	T2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo	Solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary share	Subordinated loan notes	Subordinated loan notes	Subordinated loan	Subordinated loan notes
8	Amount recognised in regulatory capital (in millions)	£573.8	£116.1	£20.7	£62.2	£39.4
9	Nominal amount of instrument	£573.8	$140m (£116.1m)	$25m (£20.7m)	$75m (£62.2m)	$47.5m (£39.4m)
9a	Issue price	N/A	$140m (£116.1m)	$25m (£20.7m)	$75m (£62.2m)	$47.5m (£39.4m)
9b	Redemption price	N/A	$140m (£116.1m)	$25m (£20.7m)	$75m (£62.2m)	$47.5m (£39.4m)
10	Accounting classification	Shareholders' equity	Liability- Amortised cost	Liability- Amortised cost	Liability- Amortised cost	Liability- Amortised cost
11	Original date of issuance	N/A	4/25/2013	27-May-14	14-Dec-15	21/11/2016
12	Perpetual or dated	N/A	Dated	Dated	Dated	Dated
13	Original maturity date	N/A	30-Apr-33	31-May-34	31-Dec-30	30-Nov-36
14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A
Coupons / dividends						
17	Fixed or floating dividend/coupon	N/A	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	N/A	7.50%	7.50%	7.50%	7.50%
19	Existence of a dividend stopper	No	N/A	N/A	N/A	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	no discretion	no discretion	no discretion	no discretion
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	no discretion	no discretion	no discretion	no discretion
21	Existence of step up or other incentive to redeem	N/A	No	No	No	No
22	Noncumulative or cumulative	N/A	Non cumulative	Non cumulative	Non cumulative	Non cumulative
23	Convertible or non-convertible	N/A	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A
30	Write-down features	No	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	Non-Subordinated Creditors	Non-Subordinated Creditors	Non-Subordinated Creditors	Non-Subordinated Creditors
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A

5 OWN FUNDS REQUIREMENTS

5.1 OWN FUNDS REQUIREMENTS

JIL's own funds requirements is calculated in accordance with MIFIDPRU 4.3, being the highest of:

- its permanent minimum capital requirement under MIFIDPRU 4.4.
- its fixed overheads requirement under MIFIDPRU 4.5.
- its K-factor requirement under MIFIDPRU 4.6.

Figure 6 provides a summary of the firm's own funds requirements, K-factor requirement and fixed overheads requirement for the year ended 30 November 2022. The firm held capital above its own funds' requirements at all times.

Figure 6: Own Funds Requirements

As at 30 November 2022	£000
K-AUM, K-CMH and K-ASA	*112*
K-COH and K-DTF	*5,716*
K-NPR, K-TCD and K-CON	*242,958*
K-factor Requirement	**248,786**
Fixed Overheads Requirement (FOR)	**153,690**
Permanent Minimum Capital Requirement (PMR)	**750**
Own Fund Requirement*	**248,786**

**Maximum of K-Factor Requirement, FOR and PMR*

5.2 OVERALL FINANCIAL ADEQUACY RULE

In line with the overall financial adequacy rule (OFAR) set out in MIFIDPRU 7.4.7R, JIL must, at all times, hold own funds and liquid assets which are adequate, both as to their amount and quality, to ensure that:

- The firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential risks from its ongoing activities; and
- The firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants

The firm undertakes its own capital and liquidity assessment under its ICARA process in line with MIFIDPRU 7.9.5. The ICARA is designed to be an ongoing process that continuously ensures the firm's financial resources adequacy. The process has been embedded within the firm's Risk Management Framework. It represents a primary governance tool to manage the firm's risks and identify potential vulnerabilities. The ICARA also sets out the stress testing and scenario analysis which the firm undertakes for these risks and how the firm uses these to assess the amount of capital and liquidity required to sustain the business during periods of stress.

JIL has a solvent wind-down plan ('SWDP') which sets out how the firm would undertake an orderly wind down of its business while ensuring minimal adverse impact to clients, markets or its counterparties under a range of potential scenarios. The SWDP enables the Board and Senior Management to focus on key actions and critical decisions in the event of a wind down and supports timely decision-making. The SWDP also sets out a granular, bottom up analysis of the costs, timeframe, estimated liquid assets and capital required to ensure an orderly wind down.

For the year ended 30 November 2022, the firm has been in compliance with the OFAR at all times, including the FCA early warning indicator. The firm did not have to notify the FCA under MIFIDPRU 7.6.11 during the period.

6 REMUNERATION

The following remuneration disclosures are made in accordance with FCA's Handbook, SYSC[1] 19.A (IFPRU Remuneration Code, 'the Code') for the year ended 30 November 2022 in respect of JIL. These disclosures are made in accordance with the guidance on proportionality.

Remuneration disclosures made in accordance with article 450 of the UK Capital Requirements Regulation (CRR) in respect to JIL and its subsidiaries are made available on Jefferies' corporate website https://ir.jefferies.com/resources/regulatory-information/default.aspx.

6.1 REMUNERATION POLICY AND THE DECISION-MAKING PROCESS

The firm's business strategy is to provide quality services to Jefferies' clients, to increase revenues, and to provide a return to shareholders and other stakeholders. As such the compensation policies and practices are designed to be flexible to support these objectives in a highly competitive market, improve individual and corporate performance and contribution while managing risk effectively and taking into account relevant conduct issues.

6.1.1 Governance

The Board, through the Risk Management Framework, controls the taking and managing of enterprise wide risks within the Risk Appetite Framework. The Risk Appetite Framework provides a robust control framework to manage risk effectively across the businesses whilst allowing for effective challenge, oversight and decision making. Management information is provided to the Board and Risk Oversight Committees to assist in assessing issues relating to remuneration policies, practices and appropriate incentives.

The Board has established a Remuneration Committee whose members are the Non-Executive Directors of the JIL Board. The Remuneration Committee met 4 times for the year ended November 2022 and is supported by the Remuneration Working Group (RWG), which provides information and guidance to the Remuneration Committee on Remuneration Code issues and practices. The RWG is constituted of representatives from Finance, Legal, Compliance, Risk, and Human Resources.

The remit of the Remuneration Committee is set out in the Committee's charter. Principally, the Committee is responsible for:

- Annual review and approval of the Remuneration Policy Statement for JIL;
- Annual review of the firm's policies and practices for remuneration and incentives created by its remuneration system for staff generally and Material Risk Takers ("MRTs") (as defined in Section 6.3); and
- Ensuring that the firm's remuneration policy complies with the Remuneration Code and other legal and regulatory requirements and industry guidance as considered relevant.

6.2 DESIGN CHARACTERISTICS OF THE REMUNERATION SYSTEM

Jefferies rewards employees with fixed and variable remuneration. Fixed pay principally base salaries, but for certain roles also a role based allowance ("RBA") is decided by reference to a variety of factors including seniority of the role within the organisation, experience of the person in that role and competitive market data for that role.

As regards to variable remuneration, Jefferies operates a general discretionary year-end bonus scheme, the purpose of which is to reward and incentivise employees of JIL, including MRTs (see Section 6.2.1 below regarding the link between pay and performance). Year-end performance awards are made from annual bonus pools for the relevant financial year, calculated on a business unit basis as follows.

Jefferies employs a combination of "bottom-up" and "top-down" processes to determine the distribution of the discretionary component of the compensation programme for Equities, Fixed Income, Investment Banking, Research and Corporate divisions and ensure that the final compensation pool is aligned with overall Group's financial and non-financial strategic objectives.

As part of the "bottom up" process the senior management teams of each division consider:

- employee performance during the relevant year (against financial and non-financial metrics).
- divisional and business unit performance and profitability.
- the importance of the sector/business unit and the need to retain the individual.
- overall JIL financial results (as appropriate) and the wider results of the Jefferies.

[1] FCA's Senior Management Arrangements, Systems and Controls Sourcebook

- competitive market data and performance of the financial markets generally.

The "top down" process assesses Jefferies and the divisions' performances to allocate a discretionary bonus pool by division. The primary considerations include:

- Forecasts submitted by the divisional heads as part of the "bottom up" process;
- Financial performance of Jefferies and other relevant financial metrics and the respective contributions of the individual divisions;
- Ensuring all risk factors, including conduct risk, have been appropriately addressed; and
- Marketplace position on compensation rates and ratios.

Jefferies will consider offering guarantee payments and/or buying out deferred variable remuneration for prospective hires where the hire is of particular importance to the firm for achieving its business objectives. Guarantees and buy-outs are subject to senior management approval.

Depending on the level of an employee's total compensation, variable remuneration may either be paid in unrestricted or restricted cash (guaranteed or buy-out awards are always restricted). Where awards are restricted, they are subject to vesting and clawback terms. Save as described below, the firm does not apply the bonus cap to staff (which limits bonuses to a specific multiple of base salary), however, it monitors the ratio of fixed to variable compensation for MRTs to ensure adherence with the General Requirement of the Code.

Jefferies considers that its remuneration practices are appropriate, taking into account the size, internal organisation and the nature, scope and complexity of the activities of the Jefferies, this:

- Aligns with Jefferies's business strategy (stated above); and
- Encourages behaviour that supports long term financial soundness and risk management framework.

6.2.1 Link between Pay and Performance

JIL produces an annual Business and Strategy Plan for JIL ('Plan') which is reviewed and approved by the Board in January each year. The Plan incorporates performance targets, budgets and remuneration costs for each of the businesses which are regularly reviewed by the Board against the Plan. In the event of the firm's performance being weak, the bonus pool and any distributions will be reduced accordingly at the discretion of the senior management of the relevant business unit.

The discretionary nature of the bonus scheme enables management to review individual employee performance against financial and non-financial measures and to take appropriate action to reduce or otherwise extinguish any entitlement to bonus on the grounds of failure to comply with risk, conduct and/or compliance policies even where performance against financial targets would otherwise have led to a bonus being awarded. For example, Conduct Risk breaches (including breaches of risk limits) may result in the imposition of financial penalties which potentially reduce or eliminate bonus awards. For the year ended 30 November 2022, additional awards were made for positive conduct contributions rewarding staff who have made a significant contribution to promoting Jefferies' values, including supporting Jefferies' initiatives on Diversity and Inclusion as well leading by example in demonstrating and supporting good compliance culture and putting clients first, always. Any such reductions or additional awards are expressly shown on the individual's compensation sheet.

When determining employee performance awards, the factors considered include, but are not limited to:

- An employee's performance during the year, against financial and non-financial metrics, with specific attention to stand-out performance, active contribution and adherence to expected risk, conduct and compliance requirements;
- Performance and profitability of the business unit, the relevant legal entity, and the wider Jefferies group;
- Overall contribution of the individual to the business unit performance;
- Importance of the sector / business unit and the need to retain the individual; and
- Competitive market data and performance of the financial markets in general.

6.2.2 Vesting

The performance awards are announced and paid in the fiscal quarter immediately following the end of the financial year to which the bonus relates, provided the individual is a Jefferies' employee on the date that the award is made and is not under notice, whether given by Jefferies or the employee, to terminate their employment. Further, individuals will not be eligible to receive bonus awards where they are suspended or under investigation for conduct that could result in termination for misconduct.

Jefferies' current practice is to pay end-of-year performance bonuses in cash up-front. The vesting periods applicable to 2022 restricted awards range between one and four years to encourage employees to take a long-term perspective. Using its discretion under the proportionality principle, the firm does not disclose information on vesting remuneration.

6.3 AGGREGATE QUANTITATIVE INFORMATION ON REMUNERATION

Figure 7 presents the aggregate quantitative remuneration by business area for MRTs in the Firm for the year ended 30 November 2022. For year ended 2022, JIL MRTs were identified in accordance with SYSC19A and broken down into:

- "Senior Management": includes all employees who are registered with the FCA as performing Senior Management Functions (SMF), and all employees who (whether or not a SMF) have responsibility for the management and supervision of a significant business line or who head a business line that has a material impact on the firm's risk profile; and,
- "Other MRTs" include all other employees (other than Senior Management) whose professional activities could have a material impact on the firm's risk profile.

Figure 7: Aggregate Remuneration for the year ended 2022

£ millions	Senior Management	Other MRTs	Other staff	Total
Fixed remuneration	6	37	112	155
Variable remuneration	24	130	74	228

The firm identified 159 Material Risk Takers for the year ended 2022. £20 million of guaranteed variable remunerations were made for the year ended 30 November 2022 to 17 Material Risk Takers.

Figure 8 presents the breakdown of variable payments to Senior Management and Other Material Risk Takers for the year ended 30 November 2022.

Figure 8: Breakdown of variable payments in 2022

	Senior Management		Other MRTs	
£ millions	Deferred	Non-deferred	Deferred	Non-deferred
Cash	13	11	62	68
Shares	-	-	-	-
Share-linked instruments	-	-	-	-
other forms of remuneration	-	-	-	-
Total	13	11	62	68