

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090189008-01**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Jefferies LLC, Respondent
Broker-Dealer
CRD No. 2347

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Jefferies & Company, Inc. (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The firm became a FINRA member on March 1, 1963, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has no prior relevant disciplinary history.

SUMMARY

In connection with Matter No. 20090189008, the Short Sales Team of the Department of Market Regulation conducted reviews of the firm's compliance with Regulation SHO Close Out and Rule 204/204T requirements for the review period September 23, 2008 through March 30, 2011 (the "review period").

FACTS AND VIOLATIVE CONDUCT

1. Beginning on September 29, 2008 and continuing through December 11, 2008, in one (1) instance, as reflected in Exhibit A, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from a short sale, and did not close the fail-to-deliver position by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by SEC Rule 204T(a). The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 204T(a).
2. Beginning on February 24, 2009 and continuing through March 30, 2009, in one (1) instance, as reflected in Exhibit B, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from a long sale, and did not close the fail-to-deliver position by purchasing securities of like kind and quantity within the time frame prescribed by SEC Rule 204T(a)(1). The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 204T(a)(1).
3. Beginning on March 9, 2011 and continuing through March 22, 2011, in one (1) instance, as reflected in Exhibit C, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from a short sale, and did not close the fail-to-deliver position by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by SEC Rule 204(a). The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 204(a).
4. Beginning on March 22, 2011 and continuing through March 30, 2011, in four (4) instances, as reflected in Exhibit D, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from a long sale, and did not close the fail-to-deliver position by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by SEC Rule 204(a)(1). The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 204(a)(1).
5. Beginning on November 24, 2009 and continuing through December 9, 2009, in one instance, as reflected in Exhibit E, the firm had a fail-to-deliver position at a registered clearing agency in an equity security that resulted from a sale of a security that the seller was deemed to own pursuant to §242.200 and intended to deliver once all restrictions on delivery had been removed, and did not close the fail-to-deliver position by purchasing or borrowing securities of like kind and quantity within the time frame prescribed by SEC Rule 204(a)(2). The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 204(a)(2).

6. During the review period, in nine-hundred sixty-seven (967) instances involving an equity security, the firm accepted a short sale order from another person, or effected a short sale for its own account, without first borrowing the security, or entering into a bona-fide arrangement to borrow the security, and submitted the short sale for clearance and settlement to a participant that had a fail-to-deliver position at a registered clearing agency in such security that had not been closed out in accordance with the requirements of paragraphs (a) of SEC Rule 204. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 204(b) of Regulation SHO.

- B. The firm also consents to the imposition of the following sanctions:

A censure and a fine of \$15,000.

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or

body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 - 4. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that *it may not deny the charges or make any statement that is inconsistent with the AWC* in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

5/21/13
Date

Respondent
Jefferies LLC

By: [Signature]
Name: MICHAEL J. SHARP

Title: GENERAL COUNSEL

Reviewed by:

[Signature]
Kevin J. Campion

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Kevin J. Campion
Sidley Austin, LLP
1501 K St., N.W.
Washington, D.C., 20005
202-736-8084

Accepted by FINRA:

7/3/13
Date

Signed on behalf of the
Director of ODA, by delegated authority

[Signature]
Thomas R. Gira
Executive Vice President
Department of Market Regulation

Jefferies LLC
Matter No. 20090189008

Security	Close-Out Date (if any)	Quantity Required to be Closed Out	Final Close-Out Date	Days Beyond Close-Out Date	Average Unmet Close-Out Obligation
SGAL	9/29/2008	9,912	12/11/2008	50	4,692

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Security	Close Out Settlement	Quantity Remaining to be Settled	Final Settlement Date	Days Beyond Close Out Date	Amount Remaining to be Settled
NECB	2/24/2009	1,219	3/30/2009	24	1,219

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Security	Close-Out Date (US\$)	Quantity Required to Close-Out	Date Close-Out	Days Beyond Close-Out Date	Average Unmet Close-Out Obligation
SOMX	3/9/2011	4,357	3/22/2011	9	1,480

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Security	Close-Out Date (T+35)	Quantity Remaining to be Closed Out	Date Closed Out	Days Beyond Close-Out Date	Amount Remaining to be Closed-Out Obligation
CABL	11/24/2009	58,861	12/9/2009	15	58,861