March 12, 2014

Paul R. Eckert, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
1875 Pennsylvania Avenue NW
Washington, DC 20006

Re: In the Matter of Jefferies LLC
Waiver Requests under Regulation A and Rules 505 and 506 of Regulation D
Administrative Proceeding File No. 3-15785

Dear Mr. Eckert:

This responds to your letter dated March 12, 2014 ("Waiver Request"), written on behalf of Jefferies LLC ("Jefferies") and constituting an application for waivers of disqualification under Rule 262 of Regulation A and Rules 505(b)(2)(iii)(C) and 506(d)(2)(ii) of Regulation D under the Securities Act of 1933. In the Waiver Request, you requested relief from such disqualifications that may arise as to Jefferies under Rule 262 of Regulation A and Rules 505 and 506 of Regulation D by virtue of the Commission's order imposing remedial sanctions pursuant to Section 15(b) of the Securities Exchange Act of 1934, entered on March 12, 2014 in In the Matter of Jefferies LLC, Release No. 34-71695 (the "Order").

Based on the facts and representations set forth in your Waiver Request, and assuming Jefferies complies with the Order, the Commission, pursuant to delegated authority, has determined that Jefferies has made a showing of good cause under Rule 262 of Regulation A and Rules 505(b)(2)(iii)(C) and 506(d)(2)(ii) of Regulation D that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rules 505 and 506 of Regulation D by virtue of the entry of the Order. Accordingly, the relief requested in the Waiver Request regarding such disqualifications that may arise as to Jefferies under Rule 262 of Regulation A and Rules 505 and 506 of Regulation D by virtue of the entry of the Order is granted. Any different facts or representations in the Waiver Request or non-compliance with the Order might result in a different conclusion.

Very truly yours,

Sebastian Gomez Abero
Chief, Office of Small Business Policy
Division of Corporation Finance
March 12, 2014

BY ELECTRONIC DELIVERY AND FEDERAL EXPRESS

Sebastian Gomez Abero, Esq.
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: In the Matter of Jefferies LLC; File No. 3-15785

Dear Mr. Gomez Abero:

This letter is submitted on behalf of our client, Jefferies LLC ("Jefferies"), the settling respondent in the above-captioned administrative proceeding brought by the Securities and Exchange Commission (the "Commission"). Jefferies hereby requests, pursuant to Rule 262 of Regulation A and Rules 505(b)(2)(iii)(C) and 506(d)(2)(ii) of Regulation D of the Commission promulgated under the Securities Act of 1933 (the "Securities Act"), waivers of any disqualifications from relying on exemptions under Regulation A and Rules 505 and 506 of Regulation D that may be applicable as a result of the entry of an order against Jefferies (the "Order") on March 12, 2014, which is described below.¹

BACKGROUND

The staff of the Division of Enforcement has engaged in settlement discussions with Jefferies in connection with the above-captioned administrative proceeding brought by the Securities and Exchange Commission (the "Commission"). Jefferies hereby requests, pursuant to Rule 262 of Regulation A and Rules 505(b)(2)(iii)(C) and 506(d)(2)(ii) of Regulation D of the Commission promulgated under the Securities Act of 1933 (the "Securities Act"), waivers of any disqualifications from relying on exemptions under Regulation A and Rules 505 and 506 of Regulation D that may be applicable as a result of the entry of an order against Jefferies (the "Order") on March 12, 2014, which is described below.¹

¹ In the Matter of Jefferies LLC, File No. 3-15785 (Mar. 12, 2014).

² Jefferies has also entered into a non-prosecution agreement ("NPA") with the U.S. Department of Justice ("Department") relating to Litvak and certain Jefferies’ employees in the Firm’s Mortgage and Asset-Backed Securities Trading Group’s purchase and sale of residential mortgage-backed securities ("RMBS")—including to or from Legacy Securities Public-Private Investment Funds ("PPIFs") as part of the Public-Private Investment Program ("PPIP") created and partially funded by the United States...
In the Offer, solely for the purpose of settling these proceedings, Jefferies agreed to consent to the issuance of the Order making certain findings and to consent to the jurisdiction of the Commission over it and the subject matter solely for purposes of that action. Pursuant to the Offer, Jefferies admitted to certain facts to be contained in the Order.

The Order, which was issued in March 2014 pursuant to Exchange Act Section 15(b)(4), resolved the Order's allegations that Jefferies failed reasonably to supervise Jesse C. Litvak ("Litvak") and certain other representatives on Jefferies' mortgage-backed securities ("MBS") desk with a view to preventing and detecting their violations of the federal securities laws during the time period from 2009 to 2011. Litvak was a managing director and senior trader of residential MBS ("RMBS"). Among Litvak's and the other representatives' job responsibilities during this time was to trade RMBS on a principal basis with counterparties. In doing so, Litvak and other representatives of Jefferies would purchase RMBS from one customer and sell the same RMBS to another customer on the same day ("intra-day trades"). Litvak and others on the MBS desk would also purchase RMBS, hold them in inventory and sell them to another customer at a later date ("inventory trades"). The Order found that from 2009 to 2011, Litvak and certain other representatives lied to, or otherwise misled, customers about the price at which Jefferies had bought RMBS and consequently the amount of the firm's profit on the trades. This misconduct deceived customers about the price at which Jefferies had recently acquired the RMBS. Jefferies' implementation of its supervisory procedures relating to review of its MBS desk representatives' electronic communications with customers was inadequate to prevent and detect these misrepresentations to customers. The Order censured Jefferies. In addition, the Order required Jefferies to pay disgorgement of $4,200,402, prejudgment interest thereon of $292,515, and a civil penalty of $4,200,402. Jefferies was also ordered to comply with undertakings enumerated in the Order, including the undertaking to retain an Independent Compliance Consultant within 30 days of the issuance of the Order.

DISCUSSION

Jefferies understands that the entry of the Order may disqualify it, affiliated entities, and other issuers from relying on certain exemptions under Regulation A and Rules 505 and 506 of Regulation D promulgated under the Securities Act. Jefferies is concerned that, should it be deemed to be an issuer, predecessor of the issuer, affiliated issuer, general partner or managing member of an issuer, solicitor, or underwriter of securities or in any other capacity described in Securities Act Rules 262, 505, and 506 for the purposes of Securities Act Rule 262(b)(3), Rule Government through the Troubled Asset Relief Program ("TARP"). In the NPA, Jefferies, among other things, stipulated to certain facts and agreed to pay a monetary penalty in the amount of $25,000,000, inclusive of (a) any restitution paid to victims, up to $11 million, and (b) any monetary penalty imposed by the Commission.
505(b)(2)(iii), and Rule 506(d)(1)(iv), Jefferies and other entities with which Jefferies is associated in one of those listed capacities and which rely upon or may rely upon these offering exemptions when issuing securities would be prohibited from doing so. The Commission has the authority to waive the Regulation A and D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. See 17 C.F.R. §§ 230.262, 230.505(b)(2)(iii)(C), and 230.506(d)(2)(ii).

Jefferies requests that the Commission waive any disqualifying effects that the Order may have under Regulation A and Rules 505 and 506 of Regulation D as a result of its entry as to Jefferies on the following grounds:

1. Jefferies’ conduct addressed in the Order does not pertain to offerings under Regulation A or D. Rather, the conduct alleged in the Order relates to Jefferies’ failure to implement its procedures regarding review of customer correspondence in a manner that would reasonably be expected to prevent and detect the violations by Litvak and the other representatives. Furthermore, the alleged failure to supervise conduct in the Order, as described above, and covered by the Order relate to conduct made more than three years ago.

2. Jefferies has taken steps to address the conduct alleged in the Order. Prior to the issuance of the Order, Jefferies made improvements in its supervisory system, including, among other things, the implementation of targeted risk-based surveillance to supplement the previous procedures for reviewing electronic communications. This surveillance includes sampling trades with specified pricing profiles and reviewing the relevant trade data against the related electronic communications to identify any potential misrepresentations or inappropriate dealings in those transactions. In addition, Jefferies made detailed voluntary disclosures concerning this matter, cooperated with the Commission Staff in its investigation of the matter as well as with the criminal authorities who investigated Litvak’s scheme, and plans to reimburse its customers for the full amount of its profits on the trades involving misrepresentations. Jefferies also terminated the employees it determined to have engaged in misconduct. The Order would require Jefferies to comply with certain undertakings relating to, among other things: (a) Jefferies to retain an independent compliance consultant (“Consultant”) to conduct a review of any and all policies and procedures deemed relevant by the Consultant to preventing and detecting fraud in the MBS desk (and any other fixed income department the Consultant determines is susceptible to the same misconduct described in the Order) including, but not limited to, the policies and procedures relating to the supervisory review of employees’ electronic communications; (b) Jefferies to require the Consultant to submit an Initial Report to Jefferies and to the Commission staff describing the review performed, the conclusions reached, and any recommendations deemed necessary to make the policies and procedures adequate; (c) the Consultant to complete its review and submit a written final report to Commission staff describing the review made of Jefferies’ policies and procedures relating to preventing and detecting fraud in the fixed income
departments as selected by the Consultant, the conclusions reached and the recommendations made by the Consultant, and how Jefferies is implementing the Consultant’s final recommendations; (d) Jefferies to take all necessary and appropriate steps to adopt and implement all recommendations contained in the Consultant’s Final Report; (e) Jefferies to submit to the Commission staff an affidavit setting forth the details of its efforts to implement the Consultant’s recommendations as set forth in the Final Report and its compliance with same; and (f) Jefferies to certify, in writing, compliance with the undertakings.

3. The disqualification of Jefferies and any of its affiliates from relying on the exemptions under Regulation A and Rules 505 and 506 of Regulation D would, we believe, have an adverse impact on third parties that have retained, or may retain in the future, Jefferies and other entities with which Jefferies is associated in one of those listed capacities in connection with transactions that rely on these exemptions.

4. For a period of five years from the date of the Order, Jefferies will furnish (or cause to be furnished) to each purchaser in a Rule 262 of Regulation A, Rule 505, and Rule 506 offering that would otherwise be subject to the disqualification under Rule 262 of Regulation A, Rule 505, or Rule 506(d)(1) as a result of the Order, a description in writing of the Order a reasonable time prior to sale.

In light of the grounds for relief discussed above, we believe that disqualification is not necessary under the circumstances and that Jefferies has shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission, pursuant to Rule 262 of Regulation A and Rules 505(b)(2)(iii)(C) and 506(d)(2)(ii) of Regulation D, to waive the disqualification provisions in Regulation A and Rules 505 and 506 of Regulation D to the extent they may be applicable as a result of the entry of the Order as to Jefferies. 3

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Please do not hesitate to call me at the number listed above if you have any questions.

Sincerely,

[Signature]

Paul R. Eckert