

**NYSE AMERICAN LLC
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2020066386507**

TO: NYSE AMERICAN LLC

RE: Jefferies LLC, Respondent
CRD No. 2347

Between January 2018 and September 2022 (the “Relevant Period”), Jefferies LLC’s (“Jefferies” or the “Firm”) supervisory system, including written supervisory procedures, was not reasonably designed to achieve compliance with Rule 101 of Regulation M (Activities by Distribution Participants) under the Securities Exchange Act of 1934 (“Exchange Act”), in violation of NYSE American Rule 3110(a) and (b). Consent to a censure and a \$15,600 fine (resolved simultaneously with similar matters for a total fine of \$250,000).¹

* * *

Pursuant to Rule 9216 of the NYSE American LLC (“NYSE American” or the “Exchange”) Code of Procedure, Jefferies 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, NYSE American will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Jefferies 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 NYSE American, or to which NYSE American 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 NYSE American:

BACKGROUND AND JURISDICTION

1. Jefferies became a member of the NYSE American in May 2012 (Equities approved in November 2017), and its registration remains in effect. Jefferies is based in New York, New York and has approximately 2,400 registered representatives and 40 branch offices. The Firm has no relevant formal disciplinary history.

VIOLATIONS

2. Exchange Act Rule 101(a) of Regulation M, in relevant part, makes it unlawful for

¹ Those matters were brought by FINRA, Investors Exchange, LLC, The Nasdaq Stock Market LLC, Nasdaq BX, Inc., Nasdaq PHLX LLC, New York Stock Exchange LLC, NYSE Arca, Inc., and NYSE National, Inc.

underwriters, broker-dealers, and other distribution participants to directly or indirectly “bid for, purchase, or attempt to induce any person to bid for or purchase, a covered security during the applicable restricted period.”² As defined in Rule 100(b) of Regulation M, a distribution participant’s restricted period for a covered security generally begins one or five business days prior to the determination of the offering price and ends upon the distribution participant’s completion of participation in the distribution. Thus, attempts by distribution participants to bid for, purchase, or induce others to bid for or purchase a covered security during the applicable restricted period are generally prohibited, absent the ability to rely upon an available exception. Such bids, purchases, or inducements can undermine the integrity of the market by artificially stimulating demand and supporting the pricing of the offering.

3. NYSE American Rule 3110(a) requires members to “establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules.”
4. NYSE American Rule 3110(b) requires members to “establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules.”
5. During the Relevant Period, Jefferies’s supervisory system and written supervisory procedures (“WSPs”) were not reasonably designed to achieve compliance with Regulation M.
6. More specifically, during the Relevant Period, Jefferies did not conduct supervisory reviews of its determinations whether an offering qualified as a distribution, of whether its determinations of applicable restricted periods were accurate, or to ensure that the Firm did not engage in impermissible trading or bidding activity during restricted period. As a result, Jefferies did not identify whether it purchased shares of covered securities during their restricted periods.
7. In addition, the Firm’s WSPs were not reasonably designed to achieve compliance with Regulation M. For example, the Firm’s WSPs described the various requirements of Regulation M. However, the WSPs did not reasonably describe steps to achieve compliance with Regulation M, such as conducting supervisory reviews to verify whether an offering qualified as a distribution, that applicable restricted periods were accurate, or to ensure that the Firm did not engage in impermissible trading or bidding activity during restricted periods.³
8. Accordingly, Jefferies violated NYSE American Rule 3110(a) and (b).

² A distribution participant is an underwriter, prospective underwriter, broker, dealer, or other person who has agreed to participate or is participating in a distribution. *See* Exchange Act Rule 100(b). A covered security is any security that is the subject of a distribution, or any reference security. *See id.*

³ In September 2022, Jefferies took steps to revise its supervisory system and WSPs.

SANCTIONS

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

Censure and fine in the amount of \$15,600 (resolved simultaneously with similar matters for a total fine of \$250,000).⁴

The Firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The Firm has submitted a Method of Payment Confirmation form showing the method by which it will 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 herein are imposed pursuant to NYSE American Rule 8310 and shall be effective on a date set by NYSE Regulation staff.

II. WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under the NYSE American Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal 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 Exchange's Board of Directors 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 Chief Regulatory Officer of NYSE American; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC"), and Committee for Review ("CFR"); any Director, DAC member, or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE American employee; or any Regulatory Staff as defined in Rule 9120 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 communication prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the

⁴ Those matters were brought by FINRA, Investors Exchange, LLC, The Nasdaq Stock Market LLC, Nasdaq BX, Inc., Nasdaq PHLX LLC, New York Stock Exchange LLC, NYSE Arca, Inc., and NYSE National, Inc.

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 by NYSE Regulation, and accepted by the Chief Regulatory Officer of NYSE American pursuant to NYSE American 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. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be deemed final and shall constitute the complaint, answer, and decision in the matter, 10 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE American Rule 9310(a)(1)(B);
 - 2. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by the Exchange, or any other regulator against the Firm;
 - 3. NYSE American shall publish a copy of the AWC on its website in accordance with NYSE American Rule 8313;
 - 4. NYSE American may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE American Rule 8313; and
 - 5. 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 the Exchange, or to which the Exchange is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Exchange is not a party.
- D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.

- E. 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. A Corrective Action Statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of NYSE Regulation or its staff.

The Firm certifies that, in connection with each of the Exchange's requests for information in connection with this matter, the Firm made a diligent inquiry of all persons and systems that reasonably had possession of responsive documents and that all responsive documents have been produced or identified in a privilege log. In agreeing to the AWC, the Exchange has relied upon, among other things, the completeness of the document productions and the privilege log.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on the Firm's 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 the Firm 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 this AWC.

December 16, 2024

Date

Jefferies LLC,
Respondent

By: Michael J. Sharp
Michael J. Sharp
Executive Vice President

Reviewed by:

Paul Tyrrell

Paul M. Tyrrell
Sidley Austin LLP
60 State Street, 36th Floor
Boston, MA 02109
(617) 223-0350
Counsel for Respondent

Accepted by FINRA

December 16, 2024

Date

Carly M. Kostakos
Carly M. Kostakos
Senior Counsel
FINRA, Department of Enforcement

Signed on behalf of NYSE American LLC,
by delegated authority from its Chief
Regulatory Officer