

UK Tax Strategy

Introduction

This document sets out our tax strategy in relation to our attitude to tax risk and planning, how we manage tax risk, and our relationship with the UK tax authorities. This statement has been approved by the Board of Directors of Jefferies International Limited (“We” or “the Firm”)¹ and is intended to satisfy our obligations set out in Finance Act 2016, Schedule 19, Paragraph 16(2).

The Firm is a global investment bank providing insight, expertise and execution to investors, companies and governments. The Firm provides a full range of investment banking, sales, trading, research and strategy across the spectrum of equities, fixed income and foreign exchange, as well as wealth management. Jefferies International Limited is a wholly owned subsidiary of Jefferies Group LLC and part of the Leucadia National Corporation group.

Commitment to Compliance

The Firm is committed to fulfilling its UK tax obligations in accordance with all relevant laws. Compliance for us means filing all required reports and returns without material error or misstatement and adhering to taxpayer codes of conduct to which we are signatories, both compulsory and voluntary.

Managing Tax Risk

Risk

We have a low tax risk appetite, where tax risk is defined as the residual risk of non-compliance with tax obligations resulting in financial loss or reputational damage to the Firm. We aim to keep tax risks to a minimum through appropriate policies, management and governance.

Management

Our Tax department consists of qualified, experienced professionals tasked with managing the Firm’s tax affairs. We maintain documented policies and procedures with respect to compliance obligations. In addition, the Tax department reports to the Firm’s Operational Risk function on a regular basis.

The Tax department maintains oversight of front office functions within the Firm in order to manage tax risk from a transactional perspective. All proposals for new transactions or business lines are assessed by the Tax department and regular contact with the Firm’s internal projects function means that management of tax risk is embedded within the decision-making process.

Tax risk assessment undertaken by our Tax department consists of an ongoing process of documenting facts and circumstances, reviewing supporting documentation and conducting thorough technical analysis. We use expert advisers where necessary and discuss matters with HMRC on a prospective basis, as appropriate.

The Firm ensures the appropriateness of its accounting and tax records on an ongoing basis to enable us to meet our compliance obligations. We document and confirm this to HMRC annually in accordance with the Senior Accounting Officer (SAO) regime.

Governance

The Firm’s Chief Financial Officer (CFO) has overall Board responsibility for UK taxation matters. The International Head of Tax (IHOT) is responsible for the governance of UK tax matters and reports to the CFO. In addition, the IHOT reports to the Chief Tax Officer (CTO) of Jefferies Group LLC who is also the CTO for Leucadia

¹ For the purposes of this document, “the Firm” also includes members of the Leucadia National Corporation group established in the UK.

National Corporation, the Firm's ultimate parent. The IHOT regularly reports to the CFO and CTO, and periodically to the Firm's Audit Committee.

The Firm maintains strong governance in respect of the management of its UK tax affairs with documented standards and procedures in place. In addition, the Tax department maintains a dialogue with Internal Audit and Operational Risk functions, reporting on processes and controls as well as undertaking regular risk assessments and acting to mitigate identified risks.

Our Attitude to Tax Planning

As a signatory to the Code of Practice on Taxation for Banks (the Code) we are committed to ensuring that tax planning supports genuine commercial activity. Jefferies' Code of Ethics sets out the requirement for all employees to comply not only with the letter, but also with the spirit, of all applicable laws.

We operate in a competitive environment and must constantly adapt to rapidly changing circumstances in order to best serve our clients, markets and other stakeholders. Against this backdrop we aim to manage our UK tax position efficiently, both in terms of deploying the right amount of resources to tax compliance as well as by supporting commercial decision-making through appropriate tax due diligence and planning.

In fulfilling this role, we follow certain general principles:

- We do not engage in tax planning other than that which supports genuine commercial activity;
- We do not structure transactions in a way that we consider would give rise to a UK tax result that is contrary to the intentions of Parliament;
- We do not promote tax structuring arrangements to other parties;
- We consult with advisers where necessary and implement planning only where such consultation concludes with a high degree of comfort on tax matters;
- We adhere to the Code when considering tax matters.

Our Relationship with HMRC

We aim to maintain a strong, professional relationship with HMRC, predominantly through regular contact with our Customer Relationship Manager (CRM) and other appointed officers. We are transparent in our dealings with HMRC and proactive in discussing any issues of concern, as appropriate.

November 2017