Investment Firms Regulation Disclosures
– FOR THE YEAR ENDED 30 NOVEMBER 2021

JEFFERIES GmbH

April 2022

CONTENTS

1 OVERVIEW AND BASIS OF PREPARATION

1.1 BUSINESS BACKGROUND

Jefferies (Jefferies Group LLC and its subsidiaries) is a global investment banking firm providing clients with capital markets and financial advisory services, institutional brokerage and securities research. It provides research and execution services in equity, fixed income, and foreign exchange markets, and a range of investment banking services including underwriting, mergers and acquisitions, restructuring and recapitalisation, and other advisory services, with all businesses operating in the Americas, Europe and Asia. Jefferies Group LLC is a wholly owned subsidiary of Jefferies Financial Group Inc. (NYSE: JEF), a diversified holding company.

Jefferies operates in the United Kingdom (UK) through Jefferies International Limited ("JIL"), registered in the UK and regulated by the FCA, and in Europe through JIL's subsidiary, Jefferies GmbH.

Jefferies GmbH hereinafter also referred to as "JEG" or "the firm" was founded on June 21, 2017 and is registered in the Commercial Register B of the Local Court of Frankfurt am Main under Commercial Register Number HRB 108812. The registered office is located at Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany. Jefferies GmbH is authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

The firm is licensed to undertake the investment services listed below:

Authorisations/Activities	Date issued	End effective as of
Contract brokerage (Section 1 (1a) sentence 2 no. 2 KWG)	27.11.2020	25.06.2021
Contract brokerage (section 2 para. 2 no. 5 WpIG)	26.06.2021	
Investment advice (Section 1 (1a) sentence 2 no. 1a KWG)	14.01.2019	25.06.2021
Investment advice (section 2 para. 2 no. 4 WpIG)	26.06.2021	
Investment brokerage (Section 1 (1a) sentence 2 no. 1 KWG)	14.01.2019	25.06.2021
Investment brokerage (Section 2 (2) No. 3 WpIG)	26.06.2021	
Proprietary trading (Section 32 (1a) KWG)	27.11.2020	25.06.2021
Proprietary trading (Section 15 (3) WpIG)	26.06.2021	
Own account trading (Section 1 (1a) sentence 2 no. 4 KWG a.F.)	14.01.2019	25.06.2021
Own account trading (section 2 para. 2 no. 10 WpIG)	26.06.2021	
Underwriting business (section 1 para. 1 sentence 2 no. 10 KWG)	14.01.2019	25.06.2021
Underwriting business (section 2 para. 2 no. 2 WpIG)	26.06.2021	
Financial commission business (section 1 (1) sentence 2 no. 4 KWG)	14.01.2019	25.06.2021
Financial commission business (section 2 (2) no. 1 WpIG)	26.06.2021	
Placement business (Section 1 (1a) sentence 2 no. 1c KWG)	14.01.2019	25.06.2021
Placement business (section 2 para. 2 no. 8 WpIG)	26.06.2021	

JEG, supported by JIL, undertakes certain operational activities, namely research and trade execution in equities, fixed income, foreign exchange and investment banking services, including initial public offerings, underwriting, mergers and acquisitions, restructuring and recapitalization and other advisory services.

The firm has established branches in the following locations within the EU:

- Amsterdam (Investment Banking)
- Copenhagen (Sales/Trading, since 28 June 2021)
- Madrid (Sales/Trading, Investment Banking)
- Milan (Investment Banking, Sales/Trading)
- Paris (Investment Banking, Sales/Trading)
- Stockholm (Investment Banking, Sales/Trading)
- Warsaw (Investment Banking, since 19 January 2022)

1.2 REGULATORY FRAMEWORK, SCOPE AND FREQUENCY OF DISCLOSURES

With Directive (EU) 2019/2034 on the supervision of investment firms ("Investment Firms Directive" or "IFD") and Regulation (EU) 2019/2033 on prudential requirements for investment firms ("Investment Firms Regulation" or "IFR"), the European legal framework for investment firms was introduced. The new supervisory framework was implemented on 26 June 2021 with the introduction of the Law on the Supervision of Securities Institutions (Wertpapierinstitutsgesetz, WpIG) and the directly applicable IFR. JEG is classified as a medium-sized securities institution pursuant to Section 2 (17) WpIG.

The purpose of this report is to comply with the disclosure obligations required by Part 6 Disclosures of Investment Firms in the IFR and §54 of WpIG for the year ended (y/e) 30 November 2021.

This disclosures report is for the y/e 30 November 2021 and is the first publication for the firm following the implementation of the new prudential regime. It is published on an annual basis using the accounting reference date. Prior to 30 November 2021, JEG's disclosures were consolidated as part of JIL's disclosures.

1.3 OTHER DISCLOSURES

Whilst the firm is a sub-group of Jefferies Group LLC, the information disclosed in this document is not necessarily indicative of Jefferies Group as a whole, nor is it comprehensively representative of the Jefferies Groups' activities in any particular region, nor does it preclude possible changes in policy, strategy, risk appetite or approach. Investors, stakeholders, or other users seeking information on capital adequacy, risk exposures and risk management policies should consult the public disclosures of Jefferies Group.

Jefferies Group is committed to disseminating concise and transparent disclosures of its capital resources and risk management practices. In addition, complementary disclosures to this document may be found in different reports. Where the IFR & WpIG Framework disclosures focus on regulatory capital information and risk management, other disclosures include Jefferies Group public disclosures and financial statements.

- ***Jefferies Group LLC Regulatory Disclosures:*** Jefferies Group is required by the US Securities and Exchange Commission (SEC) to file public disclosures at a consolidated group level. Some of the information in these disclosures is applicable to the firm. These disclosures can be found at:

  http://ir.jefferies.com/

- ***JIL Regulatory Disclosures:*** JIL is required by the Financial Conduct Authority (FCA) to file public disclosures at a consolidated group level. Some of the information in these disclosures is applicable to the firm. These disclosures can be found at:

  http://ir.jefferies.com/

- ***Financial Statements:*** These disclosures should be read in conjunction with the financial statements of JEG and JIL. These can be found at:

  https://www.bundesanzeiger.de/

  https://beta.companieshouse.gov.uk/company/01978621/filing-history

  http://ir.jefferies.com/

2 GOVERNANCE AND RISK OVERSIGHT

2.1 BOARD AND DIRECTORSHIPS

The JEG Management Board and Supervisory Board (together the "Board") are responsible for the long-term success of the firm by creating sustainable value for the firm's sole shareholder, Jefferies Group LLC, whilst safeguarding Jefferies Group's name, reputation and credit rating. Figure 1 shows the number of directorships held by members of the JEG Management Board and Supervisory Board (together the "Board"). The Board sets 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: Number of Directorships Held by Members of the JEG Board for the year ended 30 November 2021

		Directorships	
Name	**Position**	**Executive**	**Non-Executive**
Ulrich Böckmann*	Head of Investmnet Banking	1	0
Alex Hofmann**	Head of Investment Banking	1	0
Gregor Klaedtke*	Chief Financial Officer (Speaker)	1	0
Andy Sager**	Chief Financial Officer	1	0
Daniel Oldeweme	Head of Sales & Trading	1	0
Evie Vanezi	Chief Risk Officer	1	0

*Ulrich Böckmann was appointed as Member of the Management Board on 1 September 2021.
*Gregor Klaedtke was appointed as Member of the Management Board on 1 January 2021.
**Alex Hofmann resigned as a Member of the Management Board on 31 August 2021.
**Andy Sager resigned as a Member of the Management Board on 31 December 2020.

Figure 2: Number of Directorships Held by Members of the JEG Supervisory Board for the year ended 30 November 2021

		Directorships	
Name	**Position**	**Executive**	**Non-Executive**
Huw Tucker	Member	1	0
Nicholas Williams	Member	0	2

Directorships within the Jefferies Group are counted as a single directorship.

2.2 JEG MANAGEMENT BOARD RECRUITMENT

Recruitment for, and appointment of, a member of the JEG Management Board combines an assessment of technical capability and knowledge base as well as competency skills. The appointment process includes an evaluation of the balance of knowledge, skills, diversity (including gender) and experience of the JEG Management Board collectively by reference to a suitability assessment. When recruiting members to the JEG Management Board a broad set of qualities and competencies is considered together with an assessment of the time commitment required. Jefferies is committed to promoting a diverse workplace, and approaches diversity in the broadest sense recognising that successful businesses embrace diversity at all levels.

JEG Management Board recruitment is subject to the approval of the shareholder in accordance with German law. As part of the formal Director appointment process, Jefferies undertakes a number of additional checks, coordinated through the Human Resources, Compliance and Legal Departments, which include but are not limited to: academic verification, address verification, credit check, CV analysis, directorship search, employment verification, fitness and propriety, ID document verification, criminal record search, professional qualifications verification and compliance data base checks. The Legal Department co-ordinates the regulatory approval process together with the induction process for new Directors and the on-going training and development of all Board members.

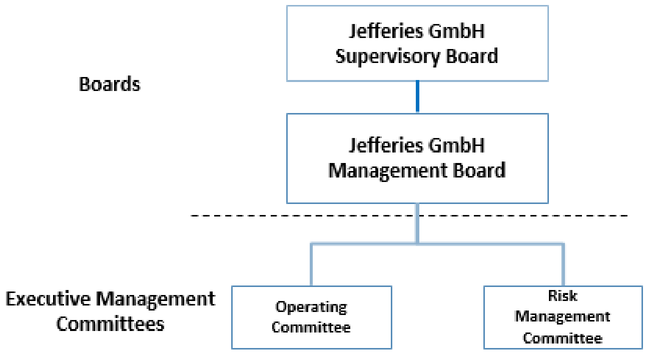
2.3 RISK OVERSIGHT COMMITTEES AND INFORMATION FLOWS

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 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 Executive Management Committees. 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 focussed 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 3: 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 require standardised form, frequency and content of the risk information they require to be presented to Board meetings.

2.3.1 EXECUTIVE MANAGEMENT COMMITTEES

The Executive Management Committees meet at least monthly.

- **Risk Management Committee** - supports the Board in the development of the Risk Appetite Statements for Market, Credit, Operational (including conduct), Strategic, Liquidity and Funding Risk. 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. The members are comprised of three members of the Management Board: Chief Risk Officer (Chair), Chief Financial Officer and Head of Sales and Trading.
- **Operating Committee** - is the key forum for the management of Operational Risk across the business and it reviews Operational Risk events, Key Risk Indicators (KRIs) and any other operating issues. The members are comprised of the Chief Financial Officer (Chair), Chief Risk Officer together with the heads of the key corporate / control functions.

2.3.2 EXECUTIVE SUB-COMMITTEES

The firm's Executive Sub-Committees oversee specialised areas and escalate significant issues to the Operating Committee, Risk Management Committee and the Board (as needed).

- **New Business Committee** - reviews new business, products and activities and extensions of existing businesses, that may introduce materially different or greater risks than those of a business' existing activities.
- **Credit Committee** - considers applications for new, interim and temporary credit limits and approves those within its decision authority. Considers any emerging credit risk matters.
- **Product Governance Committee** - maintains and operates the process for the approval of new products, and significant adaptations of existing products, manufactured by JEG together with those distributed by JEG.
- **Transaction Approval Committee** - reviews and approves proposals involving capital markets transaction commitments.

The firm also has participation as a member at the following European sub-committees (being sub-committees in relation to both JEG and, its parent, JIL):

- **Operational Liquidity Management Committee** – ensures effective management and control of the firm's funding and liquidity profile and strategy, liquidity risk appetite compliance and adequacy of liquidity resources.

- **Outsourcing Committee** – approves new critical outsourcing arrangements and ensures the implementation of the firm's Outsourcing Policy.
- **Model Governance Committee** - approves the model risk policy and sets common standards for managing model risk, and reviews and approves all model validation reports.
- **Stress Testing Steering Committee** – responsible for the review and approval of all assumptions and methodologies for stress testing and scenario analysis.
- **Privacy Committee** – responsible for maintaining oversight of privacy risk, including the review of privacy risk appetite, key risk indicators, and any data breaches.
- **Best Execution Committees** – responsible for monitoring activities, management information, and any best execution issues relating to the business.

The Firm's senior employees are, in addition, attendees in various other European and Global committees.

3 RISK MANAGEMENT OBJECTIVES AND POLICIES

3.1 BOARD RESPONSIBILITY

The Board is ultimately responsible for the governance and oversight of risk management and ensuring adequate systems and controls are maintained to enable risks to be appropriately identified, measured, managed and monitored. With reliance on the Risk Management Framework (RMF) and the annual controls assurance testing programme undertaken by internal audit, the Board considers that the risk management systems and controls in place are adequate for the firm's strategy and risk profile. These being designed to manage rather than eliminate the risks the firm is exposed to and as such to ensure that effective risk management is embedded in all core operating and decision-making processes, and that risks are identified and managed within acceptable limits for financial risk and risk tolerances for non-financial risks.

3.2 APPROACH TO RISK MANAGEMENT

JEG develops its own business strategy, considering the Group strategy and on the basis of existing personnel and financial requirements, on the basis of a multi-year business plan approved by the Board of JEG. From the business strategy determinations of JEG, risk strategies for the main risks of JEG are defined in the business and risk strategy and the risk management framework. The risk strategy comprises the risk management objectives for all major business activities as defined in the business strategy. It defines the framework for controlled risk-taking and risk management taking into account risk concentrations.

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 the Group.

Figure 4 sets out Principal Risks and key measures used to monitor the firm's risk profile and the relationship between the Principal Risks and the risks identified under the new IFR framework. Details of the risk strategies, risk profiles and risk controls are reported in JEG's Management Report and Annual Financial Statements for the financial year from December 1, 2020 to November 30, 2021.

Figure 4: Principal Risks

Principal Risk	Relevant K-factors	Risk Management Measurement	Risk Oversight Committee(s)
Strategic Risk 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.		▪ Strategy and Business Planning Process ▪ ICAAP ▪ Capital threshold and recovery indicators ▪ Emerging Risk Register ▪ Reverse Stress Testing ▪ Recovery Plan ▪ Solvent Wind Down ▪ Stress Testing	Risk Management Committee
Market Risk Risk of loss due to fluctuations in the market value of positions attributable to changes in market variables.	Risk to markets (RtM) ▪ K-NPR ▪ K-CMG Risk to firm (RtF) ▪ K-CON	▪ Trader Mandates ▪ Market Monitoring ▪ Position / VaR limits and monitoring ▪ Stress Testing	Risk Management Committee
Credit Risk Risk of loss from resulting from the default of counterparties before the settlement of the transaction's cash flows	Risk to firm (RtF) ▪ K-TCD ▪ K-CON	▪ Exposure limits and monitoring ▪ DvP settlement risk monitoring ▪ Stress Testing	Risk Management Committee Credit Committee
Liquidity and Funding Risk Risk that JEG, although solvent, does not have sufficient financial resources available to enable it to meet its cash or funding obligations as they fall due,	Liquidity requirement	▪ Reverse Stress Testing ▪ Contingency Funding Plan / Recovery Plan ▪ Early Warning Indicators ▪ LiqV asset surplus monitoring ▪ Stress Testing (DLR)	Risk Management Committee Operational Liquidity Management Committee

or can secure such resources only at excessive cost.			
Operational Risk Risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Include model risk and regulatory risk.	Risk to clients (RtC) ▪ K-AUM ▪ K-ASA ▪ K-CMH ▪ K-COH Risk to firm (RtF) ▪ K-DTF	▪ RCSA Process and Risk Register ▪ Internal and External Loss Data Analysis ▪ Operational Risk KRIs and Dashboard ▪ Business Continuity Planning ▪ Emerging Risks Process ▪ Stress Testing	Risk Management Committee Operating Committee
Conduct Risk Risk that detriment is caused to our customers, clients, counterparties, markets or JEG itself because of the inappropriate execution of our business activities	Risk to clients (RtC) ▪ K-AUM ▪ K-ASA ▪ K-CMH ▪ K-COH Risk to firm (RtF) ▪ K-DTF	▪ RCSA Process and Risk Register ▪ Employee training and attestations ▪ Front Office Supervision ▪ Conduct Risk KRIs and Dashboard ▪ Conduct Risk Scenario analysis ▪ Stress Testing	Conduct Risk Committee

4 CAPITAL MANAGEMENT

4.1 OVERVIEW

The firm's capital base is maintained well above all minimum capital requirements, whether imposed internally or externally and whether assessed from a normative or economic perspective. The capital management framework includes strategic risk appetite statements and the capital limits framework that is supported by a comprehensive set of monitoring metrics and management information to ensure that sufficient capital is maintained for all material capital risks in addition to an internally defined capital management buffer. The objective of the capital management approach is to ensure that adequate capital resources are available to support the firm's operations given the market environment. Capital forecasts are evaluated with the following objectives:

- Support the strategic goals and business plans approved by senior management; and
- To remain adequately capitalized to be able to absorb losses and reductions in capital ratios in times of stressed conditions without material business impact.

The size and composition of the firm's capital base is determined by a number of factors, including regulatory minimum capital requirements as well as internal stress tests and capital methods.

In accordance with draft European Banking Authority guidelines ("EBA Guidelines") for Supervisory Review and Evaluation Process (SREP), the firm will adopt an internal capital adequacy and risk assessment process ("ICARAP"), which includes the internal capital adequacy assessment process (ICAAP) and an internal liquidity adequacy assessment process ("ILAAP"). The processes include the analysis of financial impact to determine any additional capital requirements, capital adequacy calculations, stress testing and scenario analysis, a mandatory wind-down plan as well as all the information on liquidity adequacy.

Prior to the implementation of IFR & WpIG prudential framework in June 2021, the firm assessed its internal capital and liquidity assets on a quarterly basis and reports the results through the Internal Capital Assessment Report and the Liquidity Risk Management Framework.

4.2 CAPITAL ADEQUACY ASSESSMENT

The assessment seeks to ensure that the firm's Risk Bearing Capacity, equivalent to capital resources or own funds, remains sufficient to cover the potential impact arising from the firm's material risks. Refer to JEG's Management Report and Annual Financial Statements for the financial year from December 1, 2020 to November 30, 2021 for details of the firm's capital adequacy assessment process.

4.3 OWN FUNDS AND OWN FUNDS REQUIREMENTS

As for y/e 30 November 2021, the firm's capital requirement is based on the Fixed overhead requirement, as these are higher than both the Total K-Factor requirement and Permanent minimum capital under the requirements of the IFR & WpIG.

Figure 5 shows the firm's own funds requirement for the y/e 30 November 2021.

Figure 6 shows the composition and size of own funds for the y/e 30 November 2021 based on the audited financial statements.

Appendix 1 summarizes the composition of regulatory own funds. Appendix 2 shows own funds reconciliation with audited financial statement. Appendix 3 presents the main features of own instruments issued by JEG. Appendix 4 provides an overview of the K Factor requirements and Fixed overheads requirements calculation.

Figure 5 Own funds requirement for the year ended 30 November 2021

Own funds requirement as at 30 November 2021	**€k**	**€k**
Permanent minimum capital requirement	750	
Fixed overhead requirement	22,355	
Total K-Factor requirement	22,131	
Own Funds requirement		**22,355**

Figure 6 Composition and size of own funds for the year ended 30 November 2021

Own Funds Composition as at 30 November 2021	€k	€k
Shareholders funds per the financial statements	122,727	
Additional value adjustments	(2,010)	
Total Common Equity Tier 1 Capital		**120,716**
Total Tier 2 Capital		**0**
Total Own Funds		**120,716**
Common Equity Tier 1 ratio		**540%**
Total Capital Ratio		**540%**

5 REMUNERATION

The relevant provisions of the KWG and Institutvergütungsverordnung ("IVV") and the "Guidelines on sound remuneration policies" (EBA/GL/2015/22) of the EBA Guidelines dated June 27, 2016 apply with regard to remuneration systems of such institutions up to 26 June 2021. With effect from 26 June 2021, remuneration structures and disclosures are to be made in accordance with article 51 of IFR. However, final ordinance implementing IFR had not entered force in Germany by the end of the financial y/e 30 November 2021 as such JEG has prepared these disclosures on a proportionate basis and taking into account that it was not classed as a "significant institution" within the meaning of KWG, Section 25n, and therefore not required to identify Material Risk Takers on a solo basis for the y/e 30 November 2021.

5.1 REMUNERATION POLICY AND THE DECISION-MAKING PROCESS

Jefferies' compensation policies and practices are designed to be flexible to support the Firm's objectives in a highly competitive market, improve individual and corporate performance and contribution while managing risk effectively and taking into account relevant conduct issues. The principles for the remuneration of JEG employees substantially mirror those set out for employees of Jefferies Group whilst taking into account the relevant provisions of the KWG, IVV and EBA Guidelines.

5.1.1 GOVERNANCE

JEG's Supervisory Board is responsible for the remuneration of the members of the Management Board of JEG who qualify as Geschäftsleiter within the meaning of KWG, Section 25c and Section 20 WpIG. The compensation of all other employees is the responsibility of the JEG Management Board.

The appropriateness of the remuneration systems of JEG is reviewed at least on an annual basis by the Supervisory and the Management Boards of JEG, appropriately involving the JEG control functions (under the guidance of the JEG Remuneration Working Group, outlined below) and Internal Audit.

In addition to the JEG Board, the remuneration governance structure relating to JEG consists of the following bodies:

- **Jefferies Group LLC's Compensation Committee** assists Jefferies Group senior management in establishing the Group's general compensation, philosophy, and with overseeing the development and implementation of the Group's compensation programs. It ensures that the interests of Jefferies Group management and shareholders are aligned and that the remuneration systems are in line with the Group's business policy and risk strategy. To this end, it reconciles (as needed) with other remuneration committees of subsidiary entities, including the JIL Remuneration Committee (see below).

- **JIL Remuneration Committee** is a Board committee of JIL comprising the Non-Executive Directors of the JIL Board. The JIL Remuneration Committee is the body that is responsible for remuneration governance of JIL on a consolidated level, including JEG as a subsidiary of JIL. It is updated by the JEG Supervisory Board on a regular basis, at least annually, on relevant JEG remuneration regulation activities and on an ad-hoc basis on any extraordinary developments. JIL regularly conducts a risk analysis to identify material risk takers within JIL's business (including those whose roles have a material impact of JIL's risk profile but are employed or engaged in other group companies) ("Group MRTs"). Where individuals employed by JEG are identified as Group MRTs then JIL and JEG ensure that they are subject to any special requirements operated by Jefferies in relation to remuneration for Group MRTs (including rules for deferrals, payment in instruments, malus and clawback) as a result of their being identified as such. JIL Remuneration Committee meets at least three times a year.

- **Remuneration Working Groups ("RWG")** The JIL Remuneration Working Group was set up to ensure that the Control Functions are - within the context of their tasks - adequately involved in the review and monitoring of the remuneration systems for JIL and its subsidiary entities. For the y/e 30 November 2021 a separate Remuneration Working Group was set up for JEG to perform this specific function for JEG on a solo basis (in accordance with IVV, Section 3 (3)). These RWGs support and provide information and guidance to the JIL Remuneration Committee and the JEG Boards on remuneration issues, regulatory developments and practices. The RWGs are constituted of representatives from the Finance, Legal, Compliance, Risk and HR departments of Jefferies. RWG Members meet to review remuneration matters as required for JIL (at least quarterly) and JEG (at least twice a year).

Jefferies retains the services of external consultants to advise on Remuneration and Conduct matters from time to time and took advice from PriceWaterhouseCoopers in the UK and Germany for the y/e FY2021.

5.1.2 DESIGN CHARACTERISTICS OF THE REMUNERATION SYSTEM

Jefferies Group, including JEG, rewards employees and Management Board members 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 Group operates a general discretionary year-end bonus scheme, the purpose of which is to reward and incentivise employees. All employees of JEG are eligible to participate in this scheme; there are no separate bonus schemes specific to Management Board members only.

The Management and Supervisory Boards of JEG, within their respective area of competence, resolve on the total amount of variable compensation in accordance with IVV, Section 7, available for JEG applying the following process in coordination with other functions within the Jefferies Group each year. Year-end performance awards are made from annual bonus pools for the relevant financial year, calculated on a business unit basis as follows:

Jefferies Group 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 JEG financial results (as appropriate) and the wider results of JIL and the Jefferies Group;
- competitive market data and performance of the financial markets generally.

The "top down" process assesses the Group's and 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 the Group 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.

For prospective hires, in addition to the above, Jefferies will consider offering guarantee payments and/or buying out deferred variable remuneration 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 and are only paid in the first year of employment.

JEG (as with other members of the Jefferies Group) will offer retention guarantees to key individuals (existing staff, outside of their first year of employment) where it considers there is a prudential risk to the firm in the event those people were to leave.

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.

Staff employed in JEG (including branches of JEG) are subject to German Remuneration Regulations, including (for y/e 30 November 2021) a cap on year-end discretionary bonuses of 200% of fixed pay (50% of fixed pay for staff in designated control functions). JIL staff providing regulated services on behalf of JEG to EU clients under an intra-group services agreement between JIL and JEG and meeting certain criteria are similarly subject to the bonus cap under Germany Remuneration Regulations. Jefferies monitors ratios between fixed and variable pay to ensure compliance with the German Remuneration Regulations for applicable staff.

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 Group, and:

- Align with Jefferies's business strategy (stated above); and,
- Encourage behaviour that supports long term financial soundness and a robust risk management framework.

5.2 LINK BETWEEN PAY AND PERFORMANCE

JEG produces an annual Business and Strategy Plan ("the Plan") which is reviewed and approved by the JEG Boards in January each year. The Plan incorporates performance targets, budgets and remuneration costs for each of JEG's businesses which are regularly reviewed by the JEG Boards 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. Since FY2020, additional awards have been 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.

5.2.1 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 2021 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.

5.3 AGGREGATE QUANTITATIVE INFORMATION ON REMUNERATION / REMUNERATION FOR MATERIAL RISK TAKERS

JEG was not a significant institution during FY2021 and as such was not obligated to identify Material Risk Takers and did not do so for the y/e 30 November 2021. The firm is not required to disclose the breakdown of staff remuneration under IVV, Section 16(5).

APPENDIX 1 - COMPOSITION OF REGULATORY OWN FUNDS

Own Funds position as at 30 November 2021		Amounts	Source based on reference numbers/letters of the balance sheet in the audited financial statements
Common Equity Tier 1 (CET1) capital: instruments and reserves		**€k**	**€k**
1	**OWN FUNDS**	120,716	
2	**TIER 1 CAPITAL**	120,716	
3	**COMMON EQUITY TIER 1 CAPITAL**	120,716	
4	Fully paid up capital instruments	50,000	12a
5	Share premium	-	
6	Retained earnings	23,281	12d
7	Accumulated other comprehensive income	-	
8	Other reserves	49,446	12b
9	Minority interest given recognition in CET1 capital	-	
10	Adjustments to CET1 due to prudential filters	(2,010)	
11	Other funds	-	
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-	
13	(-) Own CET1 instruments	-	
14	(-) Direct holdings of CET1 instruments	-	
15	(-) Indirect holdings of CET1 instruments	-	
16	(-) Synthetic holdings of CET1 instruments	-	
17	(-) Losses for the current financial year	-	
18	(-) Goodwill	-	
19	(-) Other intangible assets	-	
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	
23	(-) CET1 instruments of financial sector entites where the institution does not have a significant investment	-	
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	-	
25	(-)Defined benefit pension fund assets	-	
26	(-) Other deductions	-	
27	CET1: Other capital elements, deductions and adjustments	-	
28	**ADDITIONAL TIER 1 CAPITAL**		
29	Fully paid up, directly issued capital instruments	-	
30	Share premium	-	
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
32	(-) Own AT1 instruments	-	
33	(-) Direct holdings of AT1 instruments	-	
34	(-) Indirect holdings of AT1 instruments	-	
35	(-) Synthetic holdings of AT1 instruments	-	
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment	-	
38	(-) Other deductions	-	
39	Additional Tier 1: Other capital elements, deductions and adjustments	-	
40	**TIER 2 CAPITAL**		
41	Fully paid up, directly issued capital instruments	-	
42	Share premium	-	
43	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
44	(-) Own T2 instruments	-	
45	(-) Direct holdings of T2 instruments	-	
46	(-) Indirect holdings of T2 instruments	-	
47	(-) Synthetic holdings of T2 instruments	-	
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	
49	(-) T2 instruments of financial sector entities where the institution has a significant investment	-	
50	Tier 2: Other capital elements, deductions and adjustments	-	

APPENDIX 2 – OWN FUNDS RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

	a Balance sheet as in audited financial statements As at 30 Nov 2021 €k	b Balance sheet under regulatory scope As at 30 Nov 2021 €k	c Cross reference to Appendix 1
Assets			
3a Receivables from credit institutions	143,059	143,059	
4 Receivables from customers	128,903	128,903	
6a Trading Portfolio	2,098,859	2,098,859	
12 Property, plant & equipment	1,890	1,890	
14 Other assets	13,760	13,760	
15 Prepaid expenses	4,661	4,661	
Total Assets	**2,391,131**	**2,391,131**	
Liabilities			
1a Liabilities to credit institutions	26,821	26,821	
2b Customer liabilities	211,857	211,857	
3a Trading Portfolio	1,985,114	1,985,114	
5 Other liabilities	5,943	5,943	
7c Other provisions	38,671	38,671	
Equity			
12a Subscribed capital	50,000	50,000	4
12b Capital reserve	49,446	49,446	8
12d Retained earnings	23,281	23,281	6
Total liabilities and equity	**2,391,131**	**2,391,131**	

APPENDIX 3 – OWN FUNDS MAIN FEATURES

Template EU IF CCA: Own funds: main features of own instruments issued by the firm For the Financial Year 30 November 2021			
1	Issuer	Jefferies GmbH	Jefferies GmbH
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
3	Public or private placement	Private placement	Private placement
4	Governing law(s) of the instrument	German Law	German Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary share	Capital Infusion
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR 50	EUR 50
7	Nominal amount of instrument	EUR 50	EUR 50
8	Issue price	N/A	EUR 50
9	Redemption price	N/A	EUR 50
10	Accounting classification	Shareholders' equity	Shareholders' equity
11	Original date of issuance	N/A	10/20/2020
12	Perpetual or dated	N/A	N/A
13	Original maturity date	N/A	N/A
14	Issuer call subject to prior supervisory approval	N/A	N/A
15	Optional call date, contingent call dates and redemption amount	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends	N/A	N/A
17	Fixed or floating dividend/coupon	N/A	N/A
18	Coupon rate and any related index	N/A	N/A
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A
22	Existence of step up or other incentive to redeem	N/A	N/A
23	Noncumulative or cumulative	N/A	N/A
24	Convertible or non-convertible	N/A	N/A
25	If convertible, conversion trigger(s)	N/A	N/A
26	If convertible, fully or partially	N/A	N/A
27	If convertible, conversion rate	N/A	N/A
28	If convertible, mandatory or optional conversion	N/A	N/A
29	If convertible, specify instrument type convertible into	N/A	N/A
30	If convertible, specify issuer of instrument it converts into	N/A	N/A
31	Write-down features	No	No
32	If write-down, write-down trigger(s)	N/A	N/A
33	If write-down, full or partial	N/A	N/A
34	If write-down, permanent or temporary	N/A	N/A
35	If temporary write-down, description of write-up mechanism	N/A	N/A
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
38	Link to the full term and conditions of the intrument (signposting)	N/A	N/A
‘N/A’ - the question is not applicable			

APPENDIX 4 – OWN FUNDS REQUIREMENTS, K FACTOR REQUIREMENTS AND FIXED OVERHEADS REQUIREMENT

Own funds requirement as at 30 November 2021	€k	€k
Permanent minimum capital requirement	750	
Fixed overhead requirement	22,355	
Total K-Factor requirement	22,131	
Own Funds requirement		**22,355**

K-factor requirements as at 30 November 2021	€k	€k
Client money held (K-CMH)	2	
Risk to client (RtC)		2
Net position risk (K-NPR)	8,945	
Risk to market (RtM)		8,945
Trading Counterparty Default (K-TCD)	11,153	
Daily Trading Flow (K-DTF)	1,345	
Concentration risk (K-CON)	686	
Risk to firm (RtF)		13,183
Total K-factor requirements		**22,131**

Fixed Overheads Requirement calculation as at 30 November 2021	€k	€k
Total expenses of the previous year after distribution of profits		**161,426**
Less:		
Staff bonuses and other remuneration	(23,143)	
Employees', directors' and partners' shares in net profits	0	
Other discretionary payments of profits and variable remuneration	0	
Shared commission and fees payable	(2,097)	
Fees, brokerage and other charges paid to CCPs that are charged to customers	0	
Fees to tied agents	0	
Interest paid to customers on client money where this is at the firm's discretion	0	
Non-recurring expenses from non-ordinary activities	0	
Expenditures from taxes	(8,243)	
Losses from trading on own account in financial instruments	(38,524)	
Contract based profit and loss transfer agreements	0	
Expenditure on raw materials	0	
Total deductions :		**(72,007)**
Annual Fixed Overheads of the previous year after distribution of profits		**89,419**
Fixed Overheads requirement @25%		**22,355**