

Jefferies

Jefferies Financial
Services, Inc.

520 Madison Avenue
New York, NY 10022
Jefferies.com

September 29, 2021

VIA ELECTRONIC MAIL (FOIAsubmissions@cftc.gov)

Assistant Secretary of the Commission for FOIA,
Privacy and Sunshine Acts Compliance
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: FOIA Confidential Treatment Request for Jefferies Financial Services, Inc.

Dear Sir or Madam:

Pursuant to rule 145.9 of the Commodity Futures Trading Commission's ("CFTC") regulations, Jefferies Financial Services, Inc. ("Jefferies") hereby requests confidential treatment for the attached request for temporary relief ("Request").

Please be advised that disclosure of this Request would reveal Jefferies' confidential commercial or financial information. Jefferies is therefore entitled to confidential treatment of this Request and any notes, memoranda, or other materials of any sort that are made by or at the request of the CFTC or its staff and which incorporate, refer, or relate to any information contained in the Request, pursuant to CFTC rule 145.9(d)(1)(ii). Given the sensitive nature of the information being provided, pursuant to CFTC rule 140.98, Jefferies requests that the Request be held in confidence for 120 days from the date of the CFTC's response to this Request.


Any questions regarding this request for confidential treatment, as well as any notes pursuant to the provisions of CFTC Regulation 145.9(e), should be directed to my attention. Pursuant to CFTC rule 145.9(d)(3), my contact details are:

Ms. Lauri Scoran
Chief Compliance Officer
Jefferies Financial Services, Inc.
520 Madison Avenue
New York, NY 10022

Telephone: (212) 707-6302
E-mail: lscoran@jefferies.com

Any questions regarding this request for confidential treatment, as well as any notices pursuant to the provisions of CFTC rule 145.9(e), should be directed to my attention at the address and telephone number set forth above.

Sincerely,

DocuSigned by:

49562C1C1D23483...

Lauri Scoran
Chief Compliance Officer
Jefferies Financial Services, Inc.

cc: Mr. Thomas Smith, Market Participants Division, CFTC (via e-mail only)

Jefferies

Jefferies Financial
Services, Inc.

520 Madison Avenue
New York, NY 10022
Jefferies.com

September 29, 2021

CERTIFICATION

As required by Commodity Futures Trading Commission (“Commission”) Regulation 140.99, I hereby certify that the material facts set forth in the letter dated September 29, 2021 to which this Certification is attached are true and complete to the best of my knowledge. Furthermore, if at any time prior to the issuance of a responsive no-action letter, any material representation made in this letter ceases to be true and complete, Jefferies Financial Services, Inc. will ensure that Commission staff is informed promptly in writing of all material changes in facts and circumstances.

Signed 
Lauri Scoran
Chief Compliance Officer
Jefferies Financial Services, Inc.

Jefferies

Jefferies Financial
Services, Inc.

520 Madison Avenue
New York, NY 10022
Jefferies.com

September 29, 2021

Amanda L. Olear
Acting Director
Market Participants Division
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, DC 20581

Re: Request for Time-limited No Action Relief for use of Internal Models for Capital Computations as contemplated by CFTC Regulation 23.102(f)

Dear Ms. Olear,

Jefferies Financial Services, Inc. (“JFSI”) (NFA ID: 0432443) is a provisionally registered swap dealer that will become subject to the capital rules set out in Part 23 of the rules of the Commodity Futures Trading Commission (“CFTC”) on October 6, 2021. JFSI is seeking time-limited no-action relief to permit JFSI, in computing its regulatory capital under regulation 23.101, to calculate certain market risk and credit risk charges for interest rate products using internal models that are expected to be approved for use by the Securities and Exchange Commission (“SEC”). Once that approval is obtained, JFSI will provide the certification relating to the use of models approved by other regulators that is contemplated by regulation 23.102(f). We expect the approval will be granted by the SEC on or before November 1, 2021, so the relief we are requesting can be time-limited for a period not to exceed that date.

Background

As you are aware, on October 2, 2020, JFSI submitted a draft of an OTC Derivatives Dealer (“OTCDD”) application with the Securities and Exchange Commission (“SEC”), which updated our initial draft OTCDD application dated February 2, 2019, with the intent to register as an OTCDD. JFSI will also register as a security-based swap dealer with the SEC no later than November 1, 2021. The updated application incorporated feedback from our initial draft application and seeks approval to use risk-based models to compute market and credit risk deductions for certain products in calculating the capital it must hold as an OTCDD.

Because JFSI is subject to regulation by both the CFTC and the SEC, JFSI has elected to be subject to the capital requirements of CFTC Rule 23.101(a)(1)(ii)(A). For the same reason, JFSI has been seeking SEC approval for certain of its internal models as the basis for its application to the CFTC to use those same models to calculate its market and credit risk exposures for purposes of the CFTC's capital rules. JFSI began discussing this general approach with the SEC in December of 2016 and with the CFTC in March of 2017.

After the National Futures Association ("NFA") acknowledged on October 16, 2020, that JFSI was electing to rely on SEC approval of its capital models, JFSI proceeded accordingly and submitted to the CFTC and the NFA the information about its capital models required pursuant to Rule 23.102(c)(3) (in addition to other similar materials submitted to and discussed with the CFTC since last year).

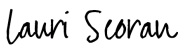
JFSI has submitted a complete OTCDD application that is under review by the SEC, but JFSI has been informed that the SEC will not approve the use of internal models prior to October 6, 2021. Until it receives SEC approval of the use of internal models requested in the application, JFSI will be unable to submit the certification described in Rule 23.102(f)(1) to obtain the CFTC's approval to use those internal models for purposes of the CFTC capital rules.

Request

JFSI, therefore, is respectfully requesting the Markets Participants Division to confirm that it would not recommend enforcement action to the Commission if JFSI uses the internal models described in its submissions to the CFTC and the NFA to calculate capital charges for certain interest-rate products from and after October 6, 2021, but before SEC approval of the models is obtained. JFSI is seeking relief for the same models and related products for which approval has been requested from the SEC. The duration of the relief would be until the SEC acts on the internal model approvals requested in JFSI's OTCDD application. It bears noting that, even with the relief requested in this letter, JFSI will carry more than two times the capital that it will be required to hold after all internal model approvals have been obtained from the SEC.

Please let us know if you need any additional information to evaluate this request.

Sincerely,

DocuSigned by:

49562C1C1D23483...

Lauri Scoran
Chief Compliance Officer
Jefferies Financial Services, Inc.
212-707-6302
lscoran@jefferies.com