SUPPLEMENT

Jefferies

Jefferies Group LLC

U.S.$2,500,000,000 Euro Medium Term Note Programme

This Sixth Supplement dated 2 April 2020 (this "**Supplement**") to the Base Prospectus dated 5 July 2019 (the "**Base Prospectus**") (as supplemented by the First Supplement dated 14 August 2019; the Second Supplement dated 18 October 2019; the Third Supplement dated 16 December 2019; the Fourth Supplement dated 22 January 2020; and the Fifth Supplement dated 24 February 2020) is prepared in connection with the U.S.$2,500,000,000 Euro Medium Term Note Programme (the "**Programme**") established by Jefferies Group LLC (the "**Issuer**").

This Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

This document constitutes a Supplement for the purposes of the Prospectus Directive. References herein to this document are to this Supplement including the document annexed hereto. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement, is in accordance with the facts and does not omit anything likely to affect the import of such information.

A copy of the Issuer's quarterly report on Form 8-K as filed with the United States Securities and Exchange Commission on 26 March 2020, has been filed with the Central Bank and is annexed as Annex 1 hereto.

A copy of the Issuer's annual report on Form 10-K/A (Amendment No. 1) as filed with the United States Securities and Exchange Commission on 27 March 2020, has been filed with the Central Bank and is annexed as Annex 2 hereto.

Any statement contained in the Base Prospectus or a document incorporated by reference in the Base Prospectus shall be considered to be modified or superseded to the extent that a statement contained or incorporated by reference in this Supplement or in any other subsequently filed document that is incorporated by reference in the Base Prospectus modifies or supersedes such statement.

Certain statements included or incorporated by reference herein may constitute "forward looking statements". Forward-looking statements include statements about the Issuer's future and statements that are not historical facts. These forward-looking statements are usually preceded by the words "believe," "intend," "may," "will," or similar expressions. Forward-looking statements may contain expectations regarding revenues, earnings, operations and other financial projections, and may include statements of future performance, plans and objectives. Forward-looking statements also include statements pertaining to the Issuer's strategies for future development of its business and products. Forward-looking statements represent only the Issuer's belief regarding future events, many of which by their nature are inherently uncertain. It is possible that the actual results may differ, possibly materially, from the anticipated results indicated in these forward-looking statements. Information regarding important factors that could cause actual results to differ, perhaps materially, from those in the Issuer's forward looking statements is contained in the Base Prospectus and other documents the Issuer files.

Any forward-looking statement speaks only as of the date on which that statement is made. The Issuer will not update any forward looking statement to reflect events or circumstances that occur after the date on which the statement is made, except as required by applicable law.

Where there is any inconsistency among the Base Prospectus and this Supplement, the language used in this Supplement shall prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of this Supplement.

Save as disclosed in this Supplement, there has been no significant change in the financial or trading position of the Issuer and its subsidiaries, taken as a whole, since 30 November 2019. Save as disclosed in the Base Prospectus and this Supplement, there has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole since 30 November 2019.

Annex 1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSIO
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): March 26, 2020

Jefferies Group LLC
(Exact name of registrant as specified in its charter)

Delaware	**001-14947**	
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**I**

520 Madison Ave., New York, New York	**10022**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: 212-284-2550

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation o following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Na o
4.850% Senior Notes Due 2027	**JEF /27A**	**New Y**
5.125% Senior Notes Due 2023	**JEF /23**	**New Y**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities A chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company: ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition pe
new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition

On March 26, 2020, our parent company, Jefferies Financial Group Inc., issued a press release containing financial result
February 29, 2020. A copy of the press release is attached hereto as Exhibit 99 and is incorporated herein by reference.

The information provided in this Item 2.02, including Exhibit 99, is intended to be "furnished" and shall not be deemed "
18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by refer
the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

The following exhibit is furnished with this report:

Number	Exhibit
99	March 26, 2020 press release
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signe
undersigned hereunto duly authorized.

Jefferies Group LLC

Date: March 26, 2020

/s/ Roland T. Kelly

Roland T. Kelly

Managing Director and Associate Gener

FOR IMMEDIATE RELEASE

Jefferies Announces First Quarter 2020 Financial Results
All-Time Record Quarterly Results at Jefferies Group

New York, New York, March 26, 2020—Jefferies Financial Group Inc. (NYSE: JEF) today announced its financial resul
February 29, 2020.

Highlights for the three months ended February 29, 2020:

- Net income attributable to Jefferies Financial Group common shareholders of $113 million, or $0.37 per dil
- Pre-tax income of $158 million
- Jefferies Group quarterly record total net revenues of $1,171 million, pre-tax income of $235 million, net ea return on tangible equity of 16.1%[1]
  - Record Investment Banking net revenues of $577 million, including record Advisory net revenues of
  - Total Equities and Fixed Income net revenues of $494 million
  - Asset Management revenues (before allocated net interest[2]) of $33 million
- Merchant Banking pre-tax loss of $54 million
  - Positive contributions from Vitesse, Idaho Timber and FXCM, were more than offset by noncash cha HomeFed's Fulton Mall joint venture investment related to a softening of the Brooklyn real estate ma value of our investment in JETX to reflect the impact of oil price declines during the quarter; also inc million from effective short-term hedges against mark-to-market and fair value decreases in our Merc
- Repurchases of 14.7 million shares for $325.5 million, or an average price of $22.21; 277.1 million shares c shares outstanding on a fully diluted basis[3] at February 29, 2020
  - Additional share repurchases since quarter-end of 8.0 million shares for $139.7 million, or $17.44 per million share repurchases, 269.1 million shares outstanding and 292.4 million shares outstanding on a
- Jefferies Financial Group had parent company liquidity of $1.9 billion at February 29, 2020. Jefferies Grou liquidity buffer of $6.4 billion of cash and unencumbered liquid collateral at February 29, 2020, which repr sheet.

Rich Handler, our CEO, and Brian Friedman, our President, said:

"Jefferies Group's all-time quarterly record net revenues of $1.17 billion and return on tangible equity of 16.1%[1] demons leverage and opportunity of our business. For years, we have invested and believed in the capacity of our team and operat of our culture and business model, and are gratified by these results. We had determined that 2020 would be a year in wh the potential and capabilities of our Investment Banking, Equities, Fixed Income and Asset Management platforms, and t demonstrate our considerable progress. Our first quarter also reflects record performance in mergers, acquisitions and adv underwriting and better performance in debt underwriting, with broad contribution from our sector teams and regional pr Income results were strong and we believe consistent with our continually enhanced market position.

"Our all-time record quarterly results are all but ancient history, given the recent lightspeed change in the economy and fi highlight that Jefferies entered this period of duress in the healthiest position in our history. The global Coronavirus afflic global economy and all financial markets. Our Investment Banking backlog remains solid, reflecting what our clients wa visibility on what can realistically get accomplished under current market conditions. While waiting for conditions to imp for more traditional transactions, we are pivoting to more actionable investment banking solutions that are possible due tc such as rescue financings, rights offerings, restructurings and alternative methods of getting much needed liquidity to our the combination of time for the health crisis to pass, along with the onset of much needed large-scale government stimulu begin to heal, with the eventual return of some form of normalcy for our clients. The three week initial shock of the econ affected our Equities, Fixed Income and Asset Management businesses. More recently, those businesses have begun to st securities inventory and asset management investments remain diversified and the aggregate of all mark-to-market losses reasonable. We have already experienced some rebound from the lowest levels last week.

"Our firm was able to transform swiftly to a "virtual organization," with most people working from home and as a result, even with highly elevated trading volumes, is remarkably strong. We believe we are gaining market share, at least that is Our people have proven to be the difference maker once again in a period of stress. We are committed to navigating these leaning upon the strength of our employee-led culture, and our "never stronger" capital position, competitive strength anc devote all resources throughout our global firm to best assist our broad client base in dealing with the multitude of challer environment presents.

"Jefferies Group's $46.2 billion balance sheet at quarter-end continues to be straightforward, highly liquid and supported permanent capital. Consistent with recent period ends, Level 3 assets continue to be modest at a total of $346 million, or l Our distressed energy exposure is a fraction of that of a few years ago. Additionally, Jefferies Finance, our corporate lend loan commitments across various industries, but none in the energy or hospitality sectors. Only a very small proportion oi credit to clients are to the energy, leisure/gaming and hospitality sectors.

"Jefferies Financial Group had parent company liquidity of $1.9 billion at February 29, 2020. This reflects significant ass past several years and strong cash flow generation from our remaining businesses, and is after significant share buybacks our historic practice, Jefferies Group continues to maintain a large liquidity buffer which totaled $6.4 billion of cash and u at February 29, 2020, representing 14% of its total balance sheet.

"Jefferies book value per share was $33.74 and tangible book value per fully diluted share[5] was $24.74 at the end of the f the 8.0 million of incremental shares repurchased since quarter end, Jefferies tangible book value per fully diluted share[5]

Separately, Jefferies announced that having completed the repurchase of shares under the previous authorization, the Boa share repurchase authorization of $100 million. Shares may be repurchased by Jefferies from time to time in the open mai otherwise.

In addition, the Jefferies Board of Directors declared a quarterly cash dividend equal to $0.15 per Jefferies common share record holders of Jefferies common shares on May 18, 2020.

We expect to file our Form 10-Q on or about April 8, 2020.

* * * *

Amounts herein pertaining to February 29, 2020 represent a preliminary estimate as of the date of this earnings release an our Quarterly Report on Form 10-Q with the Securities and Exchange Commission ("SEC"). More information on our res month period ended February 29, 2020 will be provided upon filing our Quarterly Report on Form 10-Q with the SEC.

This press release contains “forward-looking statements” within the meaning of the safe harbor provisions of Section 27A
and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements about our future
historical facts. These forward-looking statements are usually preceded by the words “should,” “expect,” “intend,” “may,
Forward-looking statements may contain expectations regarding revenues, earnings, operations, and other results, and ma
performance, plans, and objectives. Forward-looking statements also include statements pertaining to our strategies for fu
businesses and products. Forward-looking statements represent only our belief regarding future events, many of which by
uncertain. It is possible that the actual results may differ, possibly materially, from the anticipated results indicated in the
Information regarding important factors, including Risk Factors that could cause actual results to differ, perhaps materiall
looking statements is contained in reports we file with the SEC. You should read and interpret any forward-looking stater
file with the SEC.

Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk. T
assumed that future performance of any specific investment or investment strategy will be profitable or equal the corresp
level(s).

For further information, please contact:

Teresa S. Gendron
Chief Financial Officer
Jefferies Financial Group Inc.
Tel. (212) 460-1932

1 Return on tangible equity (a non-GAAP financial measure) equals our first quarter of 2020 annualized net earnings LLC divided by our tangible Jefferies Group LLC member’s equity (a non-GAAP financial measure) of $4,311 mil Refer to page 8.
2 Allocated net interest represents the allocation of a ratable portion of Jefferies Group LLC’s long-term debt interest LLC’s Asset Management reportable segment, net of interest income on Jefferies Group LLC’s Cash and cash equi liquidity, which allocation is consistent with Jefferies Group LLC’s policy of allocating such items to all its busines Group LLC’s summary of Net Revenues by Source on page 7.
3 Shares outstanding on a fully diluted basis, a non-GAAP measure, is defined as Jefferies Financial Group’s commo restricted stock units and other shares. Refer to schedule on page 10 for reconciliation to U.S. GAAP amounts.
4 Pro forma adjustments are non-GAAP measures and adjust the February 29, 2020 shares outstanding and book valu made subsequent to quarter end. Refer to schedule on page 10 for reconciliation to U.S. GAAP amounts.
5 Tangible book value per fully diluted share, a non-GAAP measure, is defined as Tangible book value divided by sh diluted basis. Tangible book value, a non-GAAP measure, is defined as Jefferies Financial Group shareholders’ equ Intangible assets, net and goodwill. Shares outstanding on a fully diluted basis, a non-GAAP measure, is defined as common shares outstanding plus restricted stock units and other shares. Refer to schedule on page 10 for reconcilia

Summary for Jefferies Financial Group Inc. and Subsidiaries
(In thousands, except per share amounts)
(Unaudited)

Net revenues

Income before income taxes and income (loss) related to associated companies
Income (loss) related to associated companies

Income before income taxes
Income tax provision

Net income
Net (income) loss attributable to the noncontrolling interests
Net loss attributable to the redeemable noncontrolling interests
Preferred stock dividends

Net income attributable to Jefferies Financial Group Inc. common shareholders

Basic earnings per common share attributable to Jefferies Financial Group Inc. common shareholders:
Net income

Number of shares in calculation

Diluted earnings per common share attributable to Jefferies Financial Group Inc. common shareholders:
Net income

Number of shares in calculation

A summary of results for the three months ended February 29, 2020 is as follows (in thousands):

	Investment Banking and Capital Markets (1)	Asset Management (1)	Merchant Banking (1)	Corporate	Parent Compan: Interest
Net revenues	$1,148,829	$ 20,329	$204,559	$ 9,792	$ –
Expenses:					
Compensation and benefits	620,924	22,221	17,190	9,858	–
Cost of sales (2)	52,874	6,307	72,443	—	–
Interest expense	—	—	8,773	—	12,78
Depreciation and amortization	19,116	625	18,841	888	–
Selling, general and other expenses	205,958	12,105	73,080	6,800	–
Total expenses	898,872	41,258	190,327	17,546	12,78
Income (loss) before income taxes and loss related to associated companies	249,957	(20,929)	14,232	(7,754)	(12,78
Loss related to associated companies	—	—	(67,855)	—	–
Income (loss) from before income taxes	$ 249,957	$ (20,929)	$ (53,623)	$ (7,754)	$(12,78
Income tax provision					
Net income					

A summary of results for the three months ended February 28, 2019 is as follows (in thousands):

	Investment Banking and Capital Markets (1)	Asset Management (1)	Merchant Banking (1)	Corporate	Pare Comp Inter
Net revenues	$658,247	$ 30,745	$132,692	$ 4,193	$
Expenses:					
Compensation and benefits	361,314	16,854	13,903	17,521	
Cost of sales (2)	47,136	4,732	66,921	—	
Interest expense	—	—	8,256	—	14,'
Depreciation and amortization	17,330	455	15,294	855	
Selling, general and other expenses	177,350	7,740	29,022	7,160	
Total expenses	603,130	29,781	133,396	25,536	14,'
Income (loss) before income taxes and income related to associated companies	55,117	964	(704)	(21,343)	(14,'
Income related to associated companies	—	220	27,093	—	
Income (loss) before income taxes	$ 55,117	$ 1,184	$ 26,389	$(21,343)	$(14,'
Income tax provision					
Net income					

(1) We now present Asset Management as a separate reporting segment. Prior year amounts have been reclassified to c disclosure.

(2) Includes Floor brokerage and clearing fees.

The following financial tables provide information for the results of Jefferies Group LLC and should be read in conjuncti
Annual Report on Form 10-K for the year ended November 30, 2019. Amounts herein pertaining to February 29, 2020 re
as of the date of this earnings release and may be revised in Jefferies Group LLC's Quarterly Report on Form 10-Q for th
2020.

Jefferies Group LLC and Subsidiaries
Consolidated Statements of Earnings
(Amounts in Thousands)
(Unaudited)

	February 29, 2020
Revenues:	
Commissions and other fees (1)	$ 179,535
Principal transactions	371,902
Investment banking	592,002
Asset management fees and revenues (2)	11,720
Interest	294,668
Other (1)(2)	29,729
Total revenues	1,479,556
Interest expense	308,860
Net revenues	1,170,696
Non-interest expenses:	
Compensation and benefits	635,230
Non-compensation expenses:	
Floor brokerage and clearing fees	60,580
Technology and communications	89,184
Occupancy and equipment rental	27,503
Business development	29,957
Professional services	44,665
Underwriting costs	17,529
Other	30,670
Total non-compensation expenses	300,088
Total non-interest expenses	935,318
Earnings before income taxes	235,378
Income tax expense	64,013
Net earnings	171,365
Net earnings (loss) attributable to noncontrolling interests	(2,024)
Net earnings attributable to Jefferies Group LLC	$ 173,389
Pre-tax operating margin	20.1%
Effective tax rate	27.2%

(1) In the third quarter of 2019, Jefferies Group LLC reorganized the presentation of certain other fees, primarily relate offered to clients. Jefferies Group LLC's Consolidated Statement of Earnings reflects the reclassification of revenu revenues to Commissions and other fees for the three months ended February 28, 2019. There is no impact on Tota change in presentation.

(2) In the fourth quarter of 2019, Jefferies Group LLC reorganized the presentation of revenues from arrangements wh of revenues and/or profits of strategic asset management partners. Jefferies Group LLC's Consolidated Statement o reclassification of revenues of $0.4 million from Other revenues to Asset management fees and revenues for the thr 2019. There is no impact on Total revenues as a result of this change in presentation.

Jefferies Group LLC and Subsidiaries
Selected Statistical Information
(Amounts in Thousands, Except Other Data)
(Unaudited)

	Februar 202
Net Revenues by Source:	
Advisory	$ 343
Equity underwriting	131
Debt underwriting	117
Total underwriting	248
Other investment banking	(14
Total investment banking	577
Equities	245
Fixed income	248
Total capital markets	493
Other	77
Total Investment Banking and Capital Markets (1) (2)	1,148
Asset management fees and revenues (3)	11
Investment return (3) (4) (5)	20
Allocated net interest (4) (6)	(10
Total Asset Management	21
Net Revenues	$1,170
Other Data:	
Number of trading days	
Number of trading loss days	
Average firmwide VaR (in millions) (7)	$

(1) Includes net interest revenue of $2.9 million, $22.6 million and $4.6 million for the quarters ended February 29, 20 February 28, 2019, respectively.
(2) Allocated net interest is not separately disaggregated in presenting our Investment Banking and Capital Markets re Jefferies Group LLC's Net Revenues by Source. This presentation is aligned to our Investment Banking and Capita measurement.
(3) In the fourth quarter of 2019, Jefferies Group LLC reorganized the presentation of revenues from arrangements wh of revenues and/or profits of strategic asset management partners. Jefferies Group LLC's Net Revenues by Source revenues of $0.4 million from Investment return revenues to Asset management fees and revenues for the three mo There is no impact on Total Asset Management revenues as a result of this change in presentation.
(4) Net revenues attributed to the Investment return in Jefferies Group LLC's Asset Management reportable segment h separately present Investment return and Allocated net interest (see footnotes 5 and 6). This disaggregation is inten and to make clearer actual Investment return. We believe that aggregating Investment return and Allocated net inte Investment return by including an amount that is unique to Jefferies Group LLC's credit spreads, debt maturity pro risks and allocation methods, none of which are pertinent to the Investment returns generated by the performance o
(5) Includes net interest expense of $6.4 million, $5.2 million and $1.2 million for the quarters ended February 29, 202 February 28, 2019, respectively.
(6) Allocated net interest represents the allocation of Jefferies Group LLC's long-term debt interest expense to Jefferie Management reportable segment, net of interest income on Jefferies Group LLC's Cash and cash equivalents and o to page 8).
(7) VaR estimates the potential loss in value of Jefferies Group LLC's trading positions due to adverse market movem horizon with a 95% confidence level. For a further discussion of the calculation of VaR, see "Value-at-Risk" in Par Discussion and Analysis" in Jefferies Group LLC's Annual Report on Form 10-K for the year ended November 30,

Jefferies Group LLC and Subsidiaries
Financial Highlights
(Amounts in Millions, Except Where Noted)
(Unaudited)

	February 29, 2020
Financial position:	
Total assets (1)	$46,203
Average total assets for the period (1)	$55,333
Average total assets less goodwill and intangible assets for the period (1)	$53,518
Cash and cash equivalents (1)	$ 4,901
Cash and cash equivalents and other sources of liquidity (1) (2)	$ 6,371
Cash and cash equivalents and other sources of liquidity - % total assets (1) (2)	13.8
Cash and cash equivalents and other sources of liquidity - % total assets less goodwill and intangible assets (1) (2)	14.4
Financial instruments owned (1)	$17,897
Goodwill and intangible assets (1)	$ 1,810
Right-of-use assets (1) (3)	$ 512
Total equity (including noncontrolling interests) (1)	$ 6,332
Total Jefferies Group LLC member's equity (1)	$ 6,313
Tangible Jefferies Group LLC member's equity (1) (4)	$ 4,503
Level 3 financial instruments:	
Level 3 financial instruments owned (1) (5)	$ 346
Level 3 financial instruments owned - % total assets (1) (5)	0.7
Level 3 financial instruments owned - % total financial instruments (1) (5)	1.9
Level 3 financial instruments owned - % tangible Jefferies Group LLC member's equity (1) (5)	7.7
Other data and financial ratios:	
Total long-term capital (1) (6)	$12,706
Leverage ratio (1) (7)	7.3
Tangible gross leverage ratio (1) (8)	9.9
Adjusted tangible gross leverage ratio (1) (3) (9)	11.0
Number of trading days	61
Number of trading loss days	4
Average firmwide VaR (10)	$ 7.39
Number of employees, at period end	3,822

N/A — Not Applicable

Jefferies Group LLC and Subsidiaries
Financial Highlights - Footnotes

(1) Amounts pertaining to February 29, 2020 represent a preliminary estimate as of the date of this earnings release an Group LLC's Quarterly Report on Form 10-Q for the quarter ended February 29, 2020.

(2) At February 29, 2020, other sources of liquidity include high quality sovereign government securities and reverse r collateralized by U.S. government securities and other high quality sovereign government securities of $638 millio million, being the estimated amount of additional secured financing that could be reasonably expected to be obtain financial instruments that are currently not pledged after considering reasonable financing haircuts. The correspond sources of liquidity at November 30, 2019 were $973 million and $377 million, respectively, and at February 28, 2 $365 million, respectively.

(3) Jefferies Group LLC adopted the new lease standard on December 1, 2019 using a modified retrospective transitio reported financial information for historical comparable periods is not revised and continues to be reported under t effect during those historical periods. We elected not to reassess whether existing contracts are or contain leases, or initial direct costs of existing leases upon transition. At transition on December 1, 2019, the adoption of this standa ROU assets of $520 million, reflected in Premises and equipment in Jefferies Group LLC's Consolidated Statemen

(4) Tangible Jefferies Group LLC member's equity (a non-GAAP financial measure) represents total Jefferies Group L goodwill and identifiable intangible assets. We believe that tangible Jefferies Group LLC member's equity is mean as financial companies are often measured as a multiple of tangible equity, making these ratios meaningful for inve

(5) Level 3 financial instruments represent those financial instruments classified as such under Accounting Standards C at fair value and included within Financial instruments owned.

(6) At February 29, 2020, November 30, 2019, and February 28, 2019, total long-term capital includes Jefferies Group $6,374 million, $6,214 million and $5,742 million, respectively, and total equity. Long-term debt included in total l amounts outstanding under the revolving credit facility, amounts from secured term loans and the amount of debt n as applicable.

(7) Leverage ratio equals total assets divided by total equity.

(8) Tangible gross leverage ratio (a non-GAAP financial measure) equals total assets less goodwill and identifiable int tangible Jefferies Group LLC member's equity. The tangible gross leverage ratio is used by rating agencies in asses leverage ratio.

(9) Adjusted tangible gross leverage ratio (a non-GAAP financial measure) equals total assets less goodwill and identi right-of-use assets divided by tangible Jefferies Group LLC member's equity less right-of-use assets.

(10) VaR estimates the potential loss in value of Jefferies Group LLC's trading positions due to adverse market movem horizon with a 95% confidence level. For a further discussion of the calculation of VaR, see "Value-at-Risk" in Pa Discussion and Analysis" in Jefferies Group LLC's Annual Report on Form 10-K for the year ended November 30,

Jefferies Financial Group Inc.
Non-GAAP Reconciliation

The following table reconciles Jefferies Financial Group non-GAAP measures to their respective U.S. GAAP measures. M non-GAAP measures are useful to investors as they allow them to view our results through the eyes of management, whil across historical periods. These measures should not be considered a substitute for, or superior to, measures prepared in a

Jefferies Financial Group Book Value and Shares Outstanding GAAP Reconciliation

The table below reconciles our book value to tangible book value and our common shares outstanding to fully diluted sha except per share amounts):

	As Reported, February 29, 2020	1 A
Book value (GAAP)	$ 9,348,955	$
Less, Intangibles assets, net and goodwill	(1,918,068)	
Tangible book value (non-GAAP)	$ 7,430,887	$
Common shares outstanding (GAAP)	277,109	
Restricted stock units ("RSUs")	22,267	
Other	1,004	
Fully diluted shares outstanding (non-GAAP) (2)	300,380	
Book value per share outstanding	$ 33.74	
Tangible book value per fully diluted share outstanding	$ 24.74	

(1) Reflects the repurchase of 8.0 million shares of the Company's common stock for $139.7 million after February 29
(2) Fully diluted shares outstanding exclude preferred shares as they are antidilutive. Fully diluted shares outstanding i the target number of RSUs issuable under the senior executive compensation plans.

Annex 2

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended November 30, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF**

For the transition period from _ to _

Commission file number 1-14947

JEFFERIES GROUP LLC
(Exact name of registrant as specified in its charter)

Delaware	**95-4719745**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
520 Madison Avenue, New York, New York	**10022**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (212) 284-2550
Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
5.125% Senior Notes Due 2023	**JEF/23**	**New York Stock Exchange**
4.850% Senior Notes Due 2027	**JEF/27A**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: Limited Liability Company Interests

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter. $0 as of May 31, 2019.

The Registrant is a wholly-owned subsidiary of Jefferies Financial Group Inc. and meets the conditions set forth in General Instructions I(1) (a) and (b) of Form 10-K and is therefore filing this Form 10-K with a reduced disclosure format as permitted by Instruction I(2).

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JEFFERIES GROUP LLC AND SUBSIDIARIES

Explanatory Note

We are filing this Amendment No. 1 to our Annual Report on Form 10-K for the fiscal year ended November 30, 2019, solely to add Berkadia Commercial Mortgage Holding LLC financial statements as of December 31, 2019 and 2018, and for the years ended December 31, 2019, 2018 and 2017 included in Item 15 (c), Financial Statement Schedule as required pursuant to Rule 3.09 of Regulation S-X. This Amendment No. 1 on Form 10-K/A amends Jefferies Group LLC's Annual Report on Form 10-K for the fiscal year ended November 30, 2019, filed with the U.S. Securities and Exchange Commission on January 29, 2020 ("Original Report").

This Amendment No. 1 does not reflect events occurring after the filing of the Original Report and does not modify or update disclosures as originally filed, except as required to reflect the additional information provided herein.

Part IV

Item 15. Exhibits and Financial Statement Schedules

(a)1. Financial Statements

The financial statements required to be filed hereunder are listed on page S-1. *

(a)2. Financial Statement Schedules

The financial statement schedules required to be filed hereunder are listed on page S-1. *

(a)3. Exhibits

3.1 Certificate of Formation of Jefferies Group LLC effective as of March 1, 2013 is incorporated herein by reference to Exhibit 3.2 of Registrant's Form 8-K filed on March 1, 2013.

3.2 Certificate of Conversion of Jefferies Group LLC effective as of March 1, 2013 is incorporated herein by reference to Exhibit 3.1 of Registrant's Form 8-K filed on March 1, 2013.

3.3 Limited Liability Company Agreement of Jefferies Group LLC dated as of March 1, 2013 (with Schedule A supplemented effective May 23, 2018) is incorporated herein by reference to Exhibit 3.3 of Registrant's Form 10-K filed on January 29, 2019.

4.1 Senior Debt Indenture, by and among Jefferies Group LLC and Jefferies Group Capital Finance Inc. and The Bank of New York Mellon, as Trustee, dated May 26, 2016 is incorporated herein by reference to Exhibit 4.1 of the Registrant's Form 8-A filed on January 17, 2017.

4.2 Indenture, dated as of March 12, 2002, by and between Jefferies Group LLC (formerly Jefferies Group, Inc.) and The Bank of New York Mellon, as Trustee, is incorporated herein by reference to Exhibit 4.3 of the Registrant's Form 10-K for the fiscal year ended December 31, 2002 filed on March 28, 2003.

4.3 First Supplemental Indenture, dated as of July 15, 2003, to Indenture dated as of March 12, 2002 by and between Jefferies Group LLC (formerly Jefferies Group, Inc.) and The Bank of New York Mellon, as Trustee, is incorporated herein by reference to Exhibit 4.2 of the Registrant's Form S-3 Registration Statement filed on July 15, 2003 (No. 333-107032).

4.4 Second Supplemental Indenture, dated as of December 19, 2012, to the Indenture dated as of March 12, 2002, by and between Jefferies Group LLC (formerly Jefferies Group, Inc.) and The Bank of New York Mellon, as trustee, is incorporated herein by reference to Exhibit 4.1 of the Registrant's Form 8-K filed on December 20, 2012.

4.5 Third Supplemental Indenture, dated as of March 1, 2013, to the Indenture dated as of March 12, 2002 by and between Jefferies Group LLC (formerly Jefferies Group, Inc.) and The Bank

	of New York Mellon, as Trustee, is incorporated herein by reference to Exhibit 4.3 of the Registrant's Form 8-K filed on March 1, 2013.	
4.6	Other instruments defining the rights of holders of long-term debt securities of the Registrant and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. Registrant hereby agrees to furnish copies of these instruments to the Commission upon request.	
4.7	Description of Registrant's Securities	*
23.1	Consent of Deloitte & Touche LLP.	*
23.2	Consent of Deloitte & Touche LLP.	*
23.3	Consent of PricewaterhouseCoopers LLP.	**

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JEFFERIES GROUP LLC AND SUBSIDIARIES

31.1	Rule 13a-14(a)/15d-14(a) Certification by Chief Financial Officer.	**
31.2	Rule 13a-14(a)/15d-14(a) Certification by Chief Executive Officer.	**
32	Rule 13a-14(b)/15d-14(b) and Section 1350 of Title 18 U.S.C. Certification by the Chief Executive Officer and Chief Financial Officer.	**
101	Interactive data files pursuant to Rule 405 of Regulation S-T, formatted in Inline Extensible Business Reporting language (iXBRL): (i) the Consolidated Statements of Financial Condition as of November 30, 2019 and 2018; (ii) the Consolidated Statements of Earnings for the years ended November 30, 2019, 2018 and 2017; (iii) the Consolidated Statements of Comprehensive Income for the years ended November 30, 2019, 2018 and 2017; (iv) the Consolidated Statements of Changes in Equity for the years ended November 30, 2019, 2018 and 2017; (v) the Consolidated Statements of Cash Flows for the years ended November 30, 2019, 2018 and 2017; and (vi) the Notes to Consolidated Financial Statements.	*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the iXBRL document.	**
101.SCH	iXBRL Taxonomy Extension Schema Document.	**
101.CAL	iXBRL Taxonomy Extension Calculation Linkbase Document.	**
101.DEF	iXBRL Taxonomy Extension Definition Linkbase Document.	**
101.LAB	iXBRL Taxonomy Extension Label Linkbase Document.	**
101.PRE	iXBRL Taxonomy Extension Presentation Linkbase Document.	**
104	Cover page interactive data file pursuant to Rule 406 of Regulation S-T, formatted in iXBRL (included in Exhibit 101).	**

(c) Financial Statement Schedules

Jefferies Finance LLC financial statements as of November 30, 2019 and 2018, and for the years ended November 30, 2019, 2018 and 2017	*
Berkadia Commercial Mortgage Holding LLC financial statements as of December 31, 2019 and 2018, and for the years ended December 31, 2019, 2018 and 2017	**

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* Included in Part IV in Jefferies Group LLC's Annual Report on Form 10-K for the fiscal year ended November 30, 2019, which was initially filed with the U.S. Securities and Exchange Commission on January 29, 2020.
** Filed herewith.

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JEFFERIES GROUP LLC AND SUBSIDIARIES

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K/A report to be signed on its behalf by the undersigned, thereunto duly authorized.

JEFFERIES GROUP LLC
(Registrant)

Dated: March 27, 2020

By: /s/ Teresa S. Gendron
Teresa S. Gendron
Interim Chief Financial Officer
(duly authorized officer)

Berkadia Commercial Mortgage Holding LLC

2019 Consolidated Financial Statements

Berkadia Commercial Mortgage Holding LLC
2019 Consolidated Financial Statements
Contents

Report of Independent Auditors

To Board of Managers of Berkadia Commercial Mortgage Holding LLC

We have audited the accompanying consolidated financial statements of Berkadia Commercial Mortgage Holding LLC and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for the years then ended.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Berkadia Commercial Mortgage Holding LLC and its subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying consolidated statements of income, of comprehensive income, of changes in equity and of cash flows of Berkadia Commercial Mortgage Holding LLC and its subsidiaries for the year ended December 31, 2017 are presented for purposes of complying with Rule 3-09 of SEC Regulation S-X; however, Rule 3-09 does not require the 2017 financial statements to be audited and they are therefore not covered by this report.

/s/ PricewaterhouseCoopers LLP

McLean, Virginia
March 16, 2020

Berkadia Commercial Mortgage Holding LLC
Consolidated Balance Sheets
As of December 31, 2019 and 2018

(in thousands of dollars)	Audited 2019	2018
Assets		
Cash and cash equivalents	$ 45,780	$ 29,497
Restricted cash	21,447	7,095
Servicing advances and other receivables	130,004	176,766
Investment securities available for sale	25,453	24,511
Investment security at fair value	96,799	111,326
Loans held for sale at fair value	1,015,711	1,298,109
Loans held for investment at fair value	75,188	94,476
Loans held for investment at amortized cost, net	671,126	527,406
Mortgage servicing rights, net of valuation allowance of $15.1 million and $5.3 million as of December 31,2019 and 2018, respectively	924,419	874,644
Intangible assets, net	15,658	21,183
Other assets	119,320	107,897
Total assets	$ 3,140,905	$ 3,272,910
Liabilities		
Financial guarantee liability	$ 326,083	$ 311,091
Accrued compensation and benefits	126,762	113,048
Accounts payable and other liabilities	83,775	73,573
Secured borrowings	541,154	771,037
Commercial paper	1,472,000	1,472,000
Total liabilities	2,549,774	2,740,749
Commitments and Contingencies (Note 20)	-	-
Equity		
Members' equity	592,515	534,405
Accumulated other comprehensive loss, net of tax:		
Net unrealized gain (loss) on investment securities	360	(599)
Net foreign currency translation adjustment	(1,744)	(1,645)
Total accumulated other comprehensive loss, net of tax	(1,384)	(2,244)
Total equity	591,131	532,161
Total liabilities and equity	$ 3,140,905	$ 3,272,910

The accompanying notes are an integral part of these consolidated financial statements.

Berkadia Commercial Mortgage Holding LLC
Consolidated Statements of Income
Years Ended December 31, 2019, 2018 and 2017

	Audited		Unaudited
(in thousands of dollars)	**2019**	**2018**	**2017**
Revenues and Other Income			
Mortgage servicing fees	$ 211,132	$ 190,933	$ 160,822
Net gains	300,087	282,749	252,761
Interest income	142,939	158,843	137,832
Loan origination fees	159,913	162,760	149,104
Brokerage commission income	93,665	87,453	82,551
Other income	71,428	57,624	41,778
Total revenues and other income	979,164	940,362	824,848
Expenses			
Salaries, incentive compensation and employee benefits	388,602	364,384	323,984
Depreciation and amortization	170,062	157,249	144,027
Impairment (recovery) of mortgage servicing rights, net	9,763	(14,344)	(8,012)
Brokerage commission expense	70,630	64,165	55,994
Interest expense	44,639	54,479	42,282
Other expenses	78,206	76,658	72,671
Total expenses	761,902	702,591	630,946
Income before income tax provision	217,262	237,771	193,902
Income tax provision	2,883	3,064	3,172
Net income	$ 214,379	$ 234,707	$ 190,730

The accompanying notes are an integral part of these consolidated financial statements.

Berkadia Commercial Mortgage Holding LLC
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2019, 2018 and 2017

	Audited		Unaudited
(in thousands of dollars)	**2019**	**2018**	**2017**
Net income	$ 214,379	$ 234,707	$ 190,730
Other comprehensive income (loss):			
Net unrealized holding gains (losses) on investments arising during the period, net of tax	959	675	(1,106)
Less: reclassification adjustment for net gains (losses) included in net income [1], net of tax	-	(751)	139
Net change in unrealized holding gains (losses) on investments, net of tax	959	(76)	(967)
Net foreign currency translation adjustments arising during the period, net of tax	(99)	(917)	377
Other comprehensive income (loss), net of tax	860	(993)	(590)
Comprehensive income	$ 215,239	$ 233,714	$ 190,140

[1] Reported as a component of net gains in the consolidated statements of income.

The accompanying notes are an integral part of these consolidated financial statements.

Berkadia Commercial Mortgage Holding LLC
Consolidated Statements of Changes in Equity
Years Ended December 31, 2019, 2018 and 2017

(in thousands of dollars)	Members' Equity	Accumulated Other Comprehensive Loss	Total
Balance, January 1, 2017 (Unaudited)	$ 427,756	$ (661)	$ 427,095
Net income	190,730	-	190,730
Other comprehensive loss	-	(590)	(590)
Dividends paid	(145,977)	-	(145,977)
Balance, December 31, 2017 (Unaudited)	472,509	(1,251)	471,258
Net income	234,707	-	234,707
Other comprehensive loss	-	(993)	(993)
Dividends paid	(172,811)	-	(172,811)
Balance, December 31, 2018 (Audited)	534,405	(2,244)	532,161
Net income	214,379	-	214,379
Other comprehensive income	-	860	860
Dividends paid	(156,269)	-	(156,269)
Balance, December 31, 2019 (Audited)	$ 592,515	$ (1,384)	$ 591,131

The accompanying notes are an integral part of these consolidated financial statements.

Berkadia Commercial Mortgage Holding LLC
Consolidated Statements of Cash Flows
Years Ended December 31, 2019, 2018 and 2017

	Audited		Unaudited
(in thousands of dollars)	2019	2018	2017
Operating Activities			
Net income	$ 214,379	$ 234,707	$ 190,730
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Net gains	(300,087)	(282,749)	(252,761)
Depreciation and amortization	170,062	157,249	144,027
Impairment (recovery) of mortgage servicing rights, net	9,763	(14,344)	(8,012)
Other adjustments to net income	2,930	(69)	3,936
Net change in assets and liabilities which provided (used) cash:			
Servicing advances and other receivables	46,596	97,807	(51,920)
Other assets	(16,423)	(29,956)	1,808
Accrued compensation and benefits	13,725	14,331	14,492
Accounts payable and other liabilities	(5,164)	(5,504)	(5,563)
Proceeds from sales of loans held for sale	18,374,700	17,918,376	17,416,515
Origination of loans held for sale	(17,994,236)	(18,240,030)	(16,444,968)
Net cash provided by (used in) operating activities	516,245	(150,182)	1,008,284
Investing Activities			
Purchases of property and equipment	(5,546)	(9,072)	(7,135)
Proceeds from sales of and repayments of loans held for investment	482,300	600,527	519,882
Origination of loans held for investment	(601,248)	(403,832)	(611,043)
Purchases of investment securities available for sale	-	-	(35,202)
Proceeds from maturities of investment securities available for sale	-	-	17,536
Proceeds from sales of investment securities available for sale	-	24,483	-
Proceeds received from investment security at fair value	27,586	35,018	45,943
Purchases of mortgage servicing rights	(1,012)	-	-
Purchases of equity-method investments	-	(14,000)	-
Other investing activities, net	(200)	(100)	(5,195)
Net cash (used in) provided by investing activities	(98,120)	233,024	(75,214)
Financing Activities			
Net (decrease) increase in secured borrowings	(231,796)	53,053	(843,814)
Proceeds from issuance of commercial paper	1,772,000	1,472,000	1,472,000
Repayments of commercial paper	(1,772,000)	(1,472,000)	(1,472,000)
Contingent consideration payments	(1,428)	(1,774)	(1,032)
Dividends paid	(156,269)	(172,811)	(145,977)
Net cash used in financing activities	(389,493)	(121,532)	(990,823)
Effect of Foreign Exchange Rates on Cash	2,003	5,439	(3,433)
Net increase (decrease) in Cash and cash equivalents and Restricted cash	30,635	(33,251)	(61,186)
Cash and cash equivalents and Restricted cash, January 1	36,592	69,843	131,029

Cash and cash equivalents and Restricted cash, December 31	$	67,227	$	36,592	$	69,843
Supplemental Disclosures of Cash Flow Information						
Income taxes paid	$	1,889	$	2,910	$	2,730
Interest paid		45,530		53,683		37,981

The accompanying notes are an integral part of these consolidated financial statements.

Berkadia Commercial Mortgage Holding LLC
Notes to Consolidated Financial Statements
(2017 not covered by the auditor's report)

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1. Organization and Operations

Berkadia Commercial Mortgage Holding LLC is a holding company of various subsidiaries (together with its subsidiaries, the "Company") engaged in mortgage banking, investment sales, and servicing of commercial/multifamily real estate loans. The Company's principal subsidiaries include Berkadia Commercial Mortgage LLC ("BCM"), Berkadia Proprietary LLC, and Berkadia Real Estate Advisors LLC.

The Company's members are wholly-owned subsidiaries of Jefferies Financial Group Inc. ("Jefferies") and Berkshire Hathaway Inc. ("Berkshire Hathaway"), with each member holding a 50% voting membership interest and a 45% economic interest in the Company. A privately-held equity firm holds the residual 10% economic interest with no voting membership interest in the Company.

The Company originates commercial/multifamily real estate loans for the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the Government National Mortgage Association ("Ginnie Mae") and the Federal Housing Administration ("FHA"), individually an "Agency" and collectively the "Agencies," using their underwriting guidelines, and sells the loans (or issues related mortgage-backed securities) after the loans are funded. Provided the Company adheres to established underwriting guidelines, the Agencies (or institutional investors) purchase the principal amount of the loans plus accrued interest (or related mortgage-backed securities), and the Company retains the servicing rights. With respect to FHA loans, institutional investors purchase the related Ginnie Mae mortgage-backed securities and the U.S. Department of Housing and Urban Development ("HUD") provides insurance coverage. In addition, the Company assumes a shared loss position throughout the term of each loan purchased or credit enhanced by Fannie Mae under its Delegated Underwriting and Servicing ("DUS™") program. The Company also brokers loans for other third-party capital providers such as insurance companies, conduits, debt funds, banks and other financial institutions.

The Company is one of the largest servicers of commercial/multifamily real estate loans in the United States with a servicing portfolio of approximately 18,500 loans and an unpaid principal balance of $278.9 billion as of December 31, 2019. BCM is a rated primary, master and special servicer for commercial mortgage-backed securities ("CMBS") transactions, an approved servicer of Agency loans, and carries out servicing activities on a contracted basis for third parties such as insurance companies, banks and other financial institutions.

In addition, the Company originates commercial/multifamily real estate loans that are not intended to be sold or brokered to third parties ("proprietary loans"). Such loans include interim financing to borrowers who intend to refinance on a longer-term basis with a third party.

The Company operates an investment sales platform focused on commercial/multifamily real estate assets. The Company provides services related to the acquisition and disposition of commercial/multifamily real estate assets, including brokerage services, asset review, market research, financial analysis and due diligence support.

2. Risks and Uncertainties

The Company is exposed to interest rate and other market risks associated with its portfolio of loans and investment securities. Changes in the level of interest rates or changes in yield curves, as well as changes in interest rate spreads, could adversely affect the estimated fair value of the Company's portfolio of loans and investment securities and its net income.

The Company is exposed to liquidity risk associated with its ability to manage unplanned changes in funding sources and its ability to meet obligations when they come due. The Company's mix of funding sources includes commercial paper and third-party financing arrangements as further discussed in Note 16. A portion of the Company's operations is funded by commercial paper notes with minimum credit rating requirements. The ratings of the commercial paper notes are linked to that of Berkshire Hathaway, as guarantor of an unconditional and irrevocable surety bond issued by a wholly-owned subsidiary of Berkshire

Berkadia Commercial Mortgage Holding LLC
Notes to Consolidated Financial Statements (continued)
(2017 not covered by the auditor's report)

Hathaway. Unplanned changes or reductions in funding sources could adversely affect the Company's ability to run its business and meet its obligations when they come due.

The Company's ability to generate income through mortgage loan sales to institutional investors depends in part on programs sponsored by Fannie Mae, Freddie Mac and the FHA, which purchase loans from the Company and/or facilitate the issuance of mortgage-backed securities in the secondary market. In September 2019, the Federal Housing Finance Agency announced that Fannie Mae's and Freddie Mac's multifamily loan purchases would be capped at $100 billion for each government sponsored enterprise ("GSE") for the period from October 1, 2019 through December 31, 2020. The new caps apply to all multifamily business with a stipulation that at least 37.5% of the cap be allocated to mission-driven affordable housing. Fannie Mae, Freddie Mac and the FHA are subject to regulatory and legislative reform and could be substantially modified or eliminated in the future. Any discontinuation of, or significant reduction or change in the operations of these programs, including a change to the conservatorship of Fannie Mae and Freddie Mac, could materially affect the Company's results of operations and cash flows.

As further discussed in Note 19, the Company assumes a shared loss position throughout the term of each loan originated under the Fannie Mae DUS™ program. Negative trends in the financial position of related borrowers, values of collateral underlying related loans, loan delinquencies and loan defaults could materially affect the Company's results of operations and cash flows.

The Company's business and earnings are affected by general economic conditions, particularly in the commercial/multifamily real estate industry. The Company's business and earnings are sensitive to changes in supply and demand of real estate properties and fluctuations in real estate debt financing markets. Unfavorable economic conditions could have an adverse effect on the Company's business, including decreased demand for new loans and servicing of loans originated by third parties.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes the estimates utilized in preparing the consolidated financial statements and accompanying notes are reasonable. Actual results could differ from these estimates and assumptions.

The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, and Welsh Road Funding LLC ("Welsh Road Funding"), a consolidated variable interest entity ("VIE") designed for the sole purpose of issuing commercial paper notes. The Company consolidates Welsh Road Funding as it is the primary beneficiary of this VIE.

VIEs are also commonly used in CMBS transactions for which the Company is the primary, master, or in some instances, special servicer. The primary beneficiary is the party who has both (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance; and (2) who, through its interest in the VIE, has the obligation to absorb losses or a right to receive benefits from the VIE that could potentially be significant to the VIE. To assess whether the Company has either of the above, management considers all the facts and circumstances relevant to the Company’s role and responsibility as servicer of assets held within the VIE, including the right other decision makers have in certain instances to remove the Company as servicer. As a result of this assessment, management has concluded that the Company is not the primary beneficiary in relation to VIEs for which it is servicer of the underlying assets. Management performs periodic reassessments of whether changes in facts and circumstances regarding the Company’s involvement with a VIE would cause the Company’s consolidation conclusion to change.

All material intercompany balances and transactions have been eliminated in consolidation.

Berkadia Commercial Mortgage Holding LLC
Notes to Consolidated Financial Statements (continued)
(2017 not covered by the auditor's report)

The Company's operations include significant transactions conducted with affiliated entities as more fully described in Note 21.

Reclassifications
Certain prior period amounts in the accompanying consolidated financial statements and notes have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported net income or equity.

Cash and Cash Equivalents
Cash and cash equivalents include cash in banks and in overnight investments. The Company also considers all highly liquid investments with an original maturity of 3 months or less to be cash equivalents. Cash equivalents are reported at cost, which approximates fair value. The Company had no cash equivalents as of December 31, 2019 and 2018.

Restricted Cash
Restricted cash represents cash that is restricted as to withdrawal or usage and primarily includes amounts required to meet certain regulatory liquidity ratios as more fully described in Note 4 and amounts required to be maintained in connection with a secured borrowing agreement as more fully described in Note 16. Restricted cash is reported at cost, which approximates fair value.

Servicing Advances and Other Receivables
Servicing advances and other receivables are reported at net realizable value in accordance with Accounting Standards Codification ("ASC") Topic 310, Receivables. As a master servicer, the Company is generally required to advance funds to a securitization trust to cover delinquent payments on securitized loans and any taxes and insurance premiums not paid by borrowers or covered by borrowers' escrow funds, provided that the servicer determines that the advances will be recoverable from loan payments or liquidation proceeds in the future. In certain circumstances, the Company has similar obligations to advance funds in connection with loans under which the Company is a primary servicer. Servicing advances are subject to periodic review to ensure continued recoverability. Servicing advances, along with accrued interest thereon, have priority over the rights of other investors in a securitization. As a result, a reserve for uncollectible servicing advances was not required as of December 31, 2019 and 2018.

Interest income, mortgage servicing fees and related revenue are recognized on an accrual basis as earned. Amounts earned but not yet collected are reported as a component of servicing advances and other receivables in the consolidated balance sheets.

Investment Securities Available for Sale
The classification of investment securities is based on management's intent with respect to such securities in accordance with ASC Topic 320, Investments - Debt and Equity Securities. Investment securities classified as available for sale are carried at fair value with unrealized gains and losses reported as a component of accumulated other comprehensive income, net of tax. Realized gains and losses on the sale of investment securities are determined using the specific identification method and recognized in current period earnings.

The Company's investment securities available for sale in an unrealized loss position are reviewed quarterly to identify declines in value that are other-than-temporary. In evaluating whether a decline in value is other-than-temporary, the Company considers several factors including, but not limited to, the following: (1) the extent and duration of the decline; (2) the reason for the decline in value (e.g., credit event, currency or interest rate related, including general credit spread widening); and (3) the financial condition and near-term prospects of the issuer.

GAAP requires that other-than-temporary impairment be recognized in earnings for a debt security in an unrealized loss position when an entity either (1) has the intent to sell the security or (2) more likely than not will be required to sell the debt security before its anticipated recovery. For all debt securities that meet either of these two criteria, the Company recognizes an impairment, which represents the difference between the security's amortized cost basis and its estimated fair value. If the Company intends to sell or it

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is more likely than not that it will be required to sell an impaired security prior to recovery of its amortized cost basis, the security is other-than-temporarily impaired, and the full amount of the impairment is recognized as a loss through earnings. Otherwise, losses on securities which are other-than-temporarily impaired are separated into: (1) the portion of loss which represents the credit loss; and (2) the portion which is due to other factors. GAAP requires that the Company analyze its ability to recover the amortized cost by comparing the net present value of projected future cash flows with the amortized cost of the security. The credit loss portion is recognized as a loss through earnings while the loss due to other factors is recognized in other comprehensive income, net of tax.

Investment Security at Fair Value

The Company owns a 14.3% beneficial interest in a trust that holds various types of first and second lien, performing and non-performing residential mortgage loans as well as home equity lines of credit that were initially purchased by Berkshire Hathaway from a third party and subsequently transferred into a trust. The Company and the other two beneficial owners (both subsidiaries of Berkshire Hathaway) have rights to the cash flows related to the underlying assets of the trust based on their percentage ownership of the trust. The transferability of the Company's beneficial interest is subject to the approval of the other two beneficial owners. The Company has elected to carry the investment at fair value in accordance with ASC Topic 825, Financial Instruments ("ASC Topic 825"). The investment is valued using a discounted cash flow model for which significant inputs include discount rate, prepayment speeds and net expected credit losses. Changes in fair value are recognized in earnings as a component of net gains in the consolidated statements of income.

Loans Held for Sale at Fair Value

The Company originates loans for the Agencies using their underwriting guidelines, and typically sells such loans approximately 30 to 45 days after the loans are funded. The Company has elected to carry loans held for sale at fair value in accordance with ASC Topic 825 due to the short duration that such loans are held on the consolidated balance sheet. Prior to funding, the Company enters into a commitment to sell loans at a fixed price. Management utilizes the contractually agreed-upon related forward sales commitments to estimate fair value. Included in this classification are FHA loans in the process of being modified in accordance with established Agency guidelines pending issuance of new Ginnie Mae mortgage-backed securities.

Loan origination fees and direct loan origination costs are recognized in earnings as incurred. Interest income is recognized on an accrual basis. Realized gains and losses on the sale of loans and unrealized gains and losses on loans held for sale are reported as a component of net gains in the consolidated statements of income.

Loans Held for Investment at Fair Value

The Company owns a syndicated interest in certain unsecured commercial loans from one corporate issuer as of December 31, 2019 and 2018, and has elected the fair value option in accordance with ASC Topic 825, because the loans trade over-the-counter. Management utilizes a third-party pricing service to estimate fair value. Management has the intent and the ability to hold these loans for the foreseeable future or until their maturity or payoff. The syndicated interest in certain unsecured commercial loans had an aggregate unpaid principal balance of $75.0 million and $98.8 million as of December 31, 2019 and 2018, respectively, and an aggregate fair value of $75.2 million and $94.5 million as of December 31, 2019 and 2018, respectively.

Interest income is recognized on an accrual basis. Unrealized gains and losses on loans held for investment are reported as a component of net gains in the consolidated statements of income.

Loans Held for Investment at Amortized Cost

The Company owns a portfolio of proprietary loans that are carried at amortized cost, net of an allowance for loans losses. Management has the intent and ability to hold these loans for the foreseeable future or until their maturity or payoff. Loans held for investment are subject to the establishment of an allowance for loan losses in accordance with ASC 310-10 (impairment measured on an individual loan basis) and ASC 450-50 (impairment measured at a portfolio level). Impaired loans are defined as loans for which principal

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and interest will not be collected in accordance with the contractual terms of the loan. As of December 31, 2019 and 2018, all loans were current. Management did not identify any impaired loans and therefore did not record a specific allowance for loan losses in accordance with ASC 310-10. In accordance with ASC 450-50, the Company recorded an allowance for loan losses of $2.4 million and $3.3 million as of December 31, 2019 and 2018, respectively.

Derivative Financial Instruments
The Company enters into loan commitments to extend credit to third parties. The commitments to extend credit are for mortgage loans at a specific interest rate. These commitments generally have fixed expiration dates or other termination clauses and may require a fee. The Company is committed to extend credit to the counterparties as long as there is no violation of any condition established in the commitment contracts. The Company simultaneously enters into an agreement to sell such mortgages to third-party investors at a fixed price. Both the loan origination and forward sale commitments qualify as derivative financial instruments.

The Company accounts for its derivative activities in accordance with ASC Topic 815, Derivatives and Hedging. The Company recognizes all derivatives on the consolidated balance sheets as assets or liabilities, as appropriate, measured at fair value. The change in fair value of the derivatives is recognized in current period earnings as a component of net gains in the consolidated statements of income.

Mortgage Servicing Rights
In accordance with ASC Topic 860, Transfers and Servicing, the Company capitalizes originated mortgage servicing rights at estimated fair value when the related loans are sold. The Company records purchased mortgage servicing rights at their cost at the time of acquisition, which approximates the fair value of such assets. Subsequent to origination or acquisition, mortgage servicing rights are carried at the lower of amortized cost or fair value. Amortization expense is recorded for each stratum in proportion to, and over the period of, the projected net servicing cash flows and is reported as a component of depreciation and amortization in the consolidated statements of income.

Management evaluates mortgage servicing rights for impairment by stratifying the servicing portfolio according to predominant risk characteristics, primarily investor and loan type (e.g., CMBS, FHA/Ginnie Mae, GSE, and other). To the extent that the carrying value of an individual stratum exceeds its estimated fair value, management considers the mortgage servicing right asset to be impaired. Impairment is recognized through the establishment of a valuation allowance, with a corresponding charge to earnings in the period that the impairment is determined to have occurred, or as a direct write-down to the mortgage servicing right asset if the impairment is deemed to be other-than-temporary. The valuation allowance is adjusted to reflect changes in the measurement of impairment after the initial measurement of impairment. Fair value in excess of the carrying value for that stratum, however, is not recognized. See Note 11 for changes in the valuation allowance for the years ended December 31, 2019 and 2018.

Management estimates the fair value of mortgage servicing rights based upon market transactions for comparable servicing assets if available or, in the absence of representative market information, based upon other available market evidence and modeled market expectations of the present value of future estimated net cash flows that market participants would expect to be derived from servicing. Because benchmark market data and quoted market prices related to specific transactions are generally not available, management estimates the fair value of mortgage servicing rights through a discounted cash flow analysis and evaluation of current market information. Cash flows are derived based upon internal operating assumptions that management believes would be used by market participants, such as prepayment speeds, default rates, interest rates, discount rates, costs to service and other assumptions (see Note 18 for significant unobservable inputs regarding "servicing value"). Actual prepayment speeds, default rates and costs to service may differ from those projected by management due to changes in a variety of economic factors; accordingly, the servicing assets actually realized, or the servicing liabilities actually incurred, as applicable, could differ from the amounts initially recorded. Management considers all available information and exercises significant judgment in estimating and assuming values for key variables in the modeling and discounting process.

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Intangible Assets
The Company's intangible assets consist of customer relationships. In accordance with ASC Topic 350, Intangibles - Goodwill and Other, the customer relationships are being amortized on a straight-line basis over their estimated useful lives ranging from 4 to 10 years. Management reviews intangible assets for impairment on an annual basis. Management may also review intangible assets for impairment more frequently if events or changes in circumstances indicate that the assets might be impaired.

Property, Equipment and Leasehold Improvements
Property, equipment and leasehold improvements are carried at cost, net of accumulated depreciation, and are reported as a component of other assets in the consolidated balance sheets in accordance with ASC Topic 360, Property, Plant and Equipment. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets ranging from 3 to 7 years. Software development costs associated with construction and improvement of internal systems are capitalized. Maintenance and repairs are expensed as incurred.

Financial Guarantee Liability
Certain mortgage loans are originated under the Fannie Mae DUS™ program. The Company assumes a shared loss position throughout the term of each loan purchased or credit enhanced by Fannie Mae under this program and receives a higher service fee in return. The Company accounts for its exposure to loss under the program with Fannie Mae as a guarantee in accordance with ASC Topic 460, Guarantees. The Company records a liability at inception for the estimated fair value of the guarantee. Management estimates the fair value of the guarantee based upon the present value of compensation expected to be received for providing the guarantee. Subsequent to inception, the liability is accreted back into earnings over the estimated life of the loans and is carried at the greater of the unamortized guarantee revenue or the estimated incurred loss. The net change in the financial guarantee liability is reported as a component of net gains in the consolidated statements of income.

Revenue Recognition
Revenue is recognized when it is realized or realizable, and earned in accordance with ASC Topic 606, Revenue from Contracts with Customers. Mortgage servicing fees, loan origination fees, brokerage commission income, and other fees are recognized on an accrual basis as earned. Gains are primarily recognized on the sale of loans and upon the capitalization of originated mortgage servicing rights when the related loans are sold. Gains related to certain derivative financial instruments are recognized when the Company enters into loan commitments to extend credit. Interest income from interest-earning assets, including interest income on loans, investment securities and servicing advances, is recognized on an accrual basis over the life of the asset based on the contractual rates and terms of the relevant contract.

Income Taxes
The Company provides for income taxes on all transactions that have been recognized in the consolidated financial statements in accordance with ASC Topic 740, Income Taxes. Accordingly, deferred taxes are adjusted to reflect the tax rates at which future taxable amounts will likely be settled or realized. The effects of tax rate changes on future deferred tax liabilities and deferred tax assets, as well as other changes in income tax laws, are recognized in the period during which such

changes are enacted. Deferred taxes are recognized subject to management's judgment that the realization is more likely than not.

The Company is a pass-through entity for U.S. federal tax purposes and therefore does not provide for federal income taxes. On a standalone basis, federal income taxes are provided for by the Company's wholly-owned U.S. subsidiaries Berkadia Commercial Mortgage Inc. and Berkadia Real Estate Advisors Inc.

Interest and penalties recognized in relation to uncertain tax positions are classified as income tax expense. The Company had no uncertain tax positions as of December 31, 2019 and 2018.

Comprehensive Income
ASC Topic 220, Comprehensive Income, establishes standards for reporting and presentation of comprehensive income and its components in a full set of general-purpose financial statements. Comprehensive income comprises all components of net income and other comprehensive income.

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Components of other comprehensive income for the Company relate to investment securities available for sale and foreign currency translation and are reported in the Company's consolidated statements of comprehensive income.

Recently Issued and Adopted Accounting Standards

In May 2014, the FASB issued ASU 2014-9, Revenue from Contracts with Customers (ASC Topic 606). The amendment requires entities to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB subsequently issued ASU 2015-14, ASU 2016-08, ASU 2016-10, ASU 2016-12, and ASU 2016-20 which provided various clarifications or technical corrections to ASC Topic 606 but did not impact the core principle of the guidance. The guidance in ASC Topic 606 supersedes the revenue recognition requires in ASC Topic 605, Revenue Recognition. Management adopted the amendments in these ASUs effective January 1, 2019. The adoption did not have a material effect on the Company's consolidated financial statements.

Recently Issued Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, Leases (ASC Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. In November 2019, the FASB issued ASU No. 2019-10, Financial Instruments - Credit Losses, Derivatives and Hedging, and Leases which updated the effective date for the amendments in ASU No. 2016-02 to fiscal years beginning after December 15, 2020. Early application of the amendments is permitted. Management has not yet assessed the impact of this new standard on the Company's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (ASC Topic 326). In November 2019, the FASB updated ASU No. 2016-13 with the issuance of ASU No. 2019-10, Financial Instruments - Credit Losses, Derivatives and Hedging, and Leases. ASC Topic 326 replaces the U.S. GAAP incurred loss impairment methodology with a new methodology that reflects expected credit losses and considers additional information when preparing a credit loss estimate. The amendments in this ASU are effective for fiscal years beginning after December 15, 2022. Management has not yet assessed the impact of this new standard on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other: Simplifying the Test for Goodwill Impairment. The simplification removes the second step from the goodwill impairment test. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. Management has assessed the impact and determined that adoption of the amendments in this new standard will not have a material effect on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement to improve the effectiveness of certain disclosure requirements associated with changes between hierarchy associated with Level 1, Level 2 and Level 3 fair value measurements. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019. Management has assessed the impact and determined that adoption of the amendments in this new standard will not have a material effect on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Intangibles - Goodwill and Other - Internal Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract which requires companies to follow the internal-use software guidance to determine whether to capitalize certain implementation costs for cloud hosting arrangements or expense them as incurred. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019. Management has assessed the impact and determined that adoption of the amendments in this new standard will not have a material effect on the Company's consolidated financial statements.

In October 2018, the FASB issued ASU 2018-17, Targeted Improvements to Related Party Guidance for Variable Interest Entities which requires indirect interests held through related parties under common

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control arrangements be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. Management has assessed the impact and determined that adoption of the amendments in this new standard will not have a material effect on the Company's consolidated financial statements.

4. Net Worth and Liquidity Requirements

BCM is subject to specific net worth requirements in connection with the seller/servicer agreements it has entered into with HUD and each of the Agencies. Failure to maintain minimum net worth requirements could result in BCM's inability to originate and service loans for respective investors and therefore could have a direct material effect on the Company's financial condition, results of operations and cash flows. BCM met all net worth requirements to which it was subject as of December 31, 2019 and 2018. The following table summarizes BCM's net worth, as defined by HUD and each Agency, and the minimum amounts required as of December 31, 2019 and 2018:

	2019		**2018**	
(in thousands of dollars)	**Net Worth**	**Minimum Net Worth Requirement**	**Net Worth**	**Minimum Net Worth Requirement**
HUD	$ 895,435	$ 2,500	$ 793,321	$ 2,500
Ginnie Mae	895,435	25,241	793,321	24,563
Freddie Mac	920,895	5,000	810,137	5,000
Fannie Mae	1,082,883	148,756	970,345	135,393

Certain of the Company's agreements with Fannie Mae allow the Company to originate loans under Fannie Mae's DUS™ Program. These agreements require the Company to maintain sufficient collateral at a third-party custodian to meet Fannie Mae's restricted liquidity requirement based on a pre-established formula. These agreements also require the Company to maintain sufficient operational liquidity. The restricted liquidity requirement under these agreements totaled approximately $96.4 million and $78.6 million as of December 31, 2019 and 2018, respectively. The Company's collateral consisted of restricted cash, U.S. Treasury securities, and an irrevocable letter of credit. The operational liquidity requirement is satisfied primarily by cash and cash equivalents on the Company's consolidated balance sheet. The operational liquidity requirement under these agreements totaled approximately $29.3 million and $26.5 million as of December 31, 2019 and 2018, respectively. The Company maintained sufficient collateral to meet both the restricted and operational liquidity requirements as of December 31, 2019 and 2018.

Ginnie Mae has a liquid asset requirement and an institution-wide capital requirement in addition to the requirement in the table above. The liquid asset requirement was $5.0 million and $4.9 million as of December 31, 2019 and 2018, respectively. The institution-wide capital requirement is a ratio of net worth to total assets of 6% or greater. The Company sufficiently met both of these additional requirements as of December 31, 2019 and 2018.

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5. Net Gains

The following table summarizes the Company's net gains (losses) reported in the consolidated statements of income for the years ended December 31, 2019, 2018 and 2017:

	Audited		Unaudited
(in thousands of dollars)	**2019**	**2018**	**2017**
Loans held for sale at fair value	$ 88,425	$ 63,049	$ 62,317
Loans held for investment at fair value	4,596	(4,405)	(2,694)
Originated mortgage servicing rights	214,936	249,541	261,920
Derivatives gains (losses)	(1,156)	1,897	(3,772)
Net change in financial guarantee liability	(14,992)	(30,502)	(85,090)
Investment security at fair value	13,059	7,257	26,389
Other	(4,781)	(4,088)	(6,309)
Total	$ 300,087	$ 282,749	$ 252,761

Net gains (losses) related to loans held for sale at fair value, loans held for investment at fair value, and investment security at fair value consist of realized and unrealized gains (losses) related to these assets. The derivatives gains (losses) presented in the table above include the change in fair values related to interest rate lock and forward sale commitments as further discussed in Note 18. The net change in financial guarantee liability represents a charge to earnings for the estimated fair value of the guarantee at inception related to originating loans under Fannie Mae's DUS™ Program and, subsequent to inception, accretion back into earnings over the estimated life of the related loans.

6. Servicing Advances and Other Receivables

The following table summarizes the Company's servicing advances and other receivables as of December 31, 2019 and 2018:

(in thousands of dollars)	**2019**	**2018**
Principal and interest advances	$ 57,624	$ 84,306
Tax and insurance advances	32,294	31,736
Total servicing advances	89,918	116,042
Proceeds receivable from loan sales and payoffs	-	16,845
Service fee receivable	19,064	18,049
Interest receivable	12,147	14,502
Other	8,875	11,328
Total	$ 130,004	$ 176,766

The Company has pledged servicing advances with a carrying value of $69.6 million and $103.3 million as of December 31, 2019 and 2018, respectively, to support its secured borrowings as further discussed in Note 16.

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7. Investment Securities Available for Sale

The following table summarizes the Company's investment securities available for sale as of December 31, 2019, by security type:

(in thousands of dollars)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Treasuries	$ 25,088	$ 365	$ -	$ 25,453
Total	$ 25,088	$ 365	$ -	$ 25,453

The following table summarizes the Company's investment securities available for sale as of December 31, 2018, by security type:

(in thousands of dollars)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Treasuries	$ 25,109	$ -	$ (598)	$ 24,511
Total	$ 25,109	$ -	$ (598)	$ 24,511

The U.S. Treasuries presented in the tables above have been pledged as collateral to meet Fannie Mae's restricted liquidity requirement as further discussed in Note 4.

The Company evaluates unrealized losses to identify those impairments that would be considered other-than-temporary. There were no securities in an unrealized loss position as of December 31, 2019. No other-than-temporary impairments were recognized for the years ended December 31, 2019, 2018 and 2017.

The following table summarizes the gross realized gains and losses recognized by the Company on sales of investment securities available for sale and the related proceeds received on such sales for the years ended December 31, 2019, 2018 and 2017:

	Audited		Unaudited
(in thousands of dollars)	2019	2018	2017
Gross realized gains	$ -	$ -	$ 141
Gross realized (losses)	-	(756)	-
Net realized gains (losses)	$ -	$ (756)	$ 141
Proceeds received	$ -	$ 24,483	$ 17,536

The gains and losses in the above table were recorded as a component of net gains in the consolidated statements of income.

The following table summarizes the contractual maturities of investment securities available for sale as of December 31, 2019:

(in thousands of dollars)	Amortized Cost	Fair Value

Due in one year or less	$ -	$ -
Due after one year through five years	25,088	25,453
Due after five years through ten years	-	-
Due after ten years	-	-
Total	$ 25,088	$ 25,453

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8. Investment Security at Fair Value

The following table summarizes the change in the carrying value of the Company's investment security at fair value for the years ended December 31, 2019 and 2018:

(in thousands of dollars)	**2019**	**2018**
Fair value at beginning of period	$ 111,326	$ 139,087
Proceeds received	(27,586)	(35,018)
Total net realized/unrealized gains	13,059	7,257
Fair value at end of period	$ 96,799	$ 111,326

Fair value adjustments are reported as a component of Net gains in the consolidated statements of income. The Company's pro-rata share of the unpaid principal balance of trust assets totaled $132.3 million and $157.7 million as of December 31, 2019 and 2018, respectively.

9. Loans Held for Sale at Fair Value

The following table summarizes the Company's loans held for sale at fair value as of December 31, 2019 and 2018, by investor type:

(in thousands of dollars)	**2019**	**2018**
Permanent loans:		
Freddie Mac	$ 256,107	$ 899,678
Fannie Mae	640,953	276,823
FHA	63,760	61,755
FHA construction loans	54,891	59,853
Total	$ 1,015,711	$ 1,298,109

The Company has pledged loans held for sale with a carrying value of $1.0 billion and $1.3 billion to support its secured borrowings as of December 31, 2019 and 2018, respectively, as further discussed in Note 16.

The following table summarizes the unpaid principal balance, unrealized gains, and aggregate fair value of loans held for sale as of December 31, 2019 and 2018:

(in thousands of dollars)	**Unpaid Principal Balance**	**Unrealized Gains**	**Fair Value**
Balance as of December 31, 2019	$ 985,210	$ 30,501	$ 1,015,711
Balance as of December 31, 2018	$ 1,277,133	$ 20,976	$ 1,298,109

As further discussed in Note 18, the fair value of loans held for sale includes the fair value of forward sale commitments related to such loans. Changes in the fair value of the loans between the closing date of the loans and the balance sheet date are effectively offset by changes in the fair value of the forward sale commitments. In addition, the estimated cash flows related to servicing loans are included in the fair value of loans held for sale.

Unrealized gains in the table above include the estimated cash flows related to servicing loans of \$7.4 million and \$9.5 million as of December 31, 2019 and 2018, respectively. The remainder of the unrealized gains is primarily related to differences between the contractual interest rates on the loans and the contractual rates on the related forward sale commitments.

Realized gains of \$80.4 million, \$65.6 million and \$61.7 million for the years ended December 31, 2019, 2018 and 2017, respectively, were recognized on loans held for sale and reported as a component of Net

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gains in the consolidated statements of income. There were no loans held for sale that were 90 days or more past due or in nonaccrual status as of December 31, 2019 and 2018.

The following tables summarize the Company's loans held for sale at fair value by geographic location of the underlying collateral as of December 31, 2019 and 2018:

	2019	
(in thousands of dollars)	**Carrying Amount**	**Percent of Portfolio**
Maryland	$ 237,545	23.4%
Texas	177,230	17.4
Georgia	105,865	10.4
Other	495,071	48.8
Total	$ 1,015,711	100.0%

	2018	
(in thousands of dollars)	**Carrying Amount**	**Percent of Portfolio**
New York	$ 208,229	16.0%
California	152,484	11.7
Florida	137,068	10.6
Other	800,328	61.7
Total	$ 1,298,109	100.0%

10. Loans Held for Investment at Amortized Cost

The following table summarizes the Company's loans held for investment at amortized cost as of December 31, 2019 and 2018, by loan type:

(in thousands of dollars)	**2019**	**2018**
Adjustable rate	$ 631,592	$ 485,349
Fixed rate	41,894	45,351
Total	673,486	530,700
Allowance for loan losses	(2,360)	(3,294)
Total	$ 671,126	$ 527,406

The Company has pledged loans held for investment with a carrying value of $19.1 million and $47.3 million to support its secured borrowings as of December 31, 2019 and 2018, respectively, as further discussed in Note 16.

The Company transferred $12.8 million and $125.5 million of loan participations in its portfolio of loans held for investment at amortized cost to a third party for the years ended December 31, 2019 and 2018, respectively. These loan participations were accounted for as sales and the loans were transferred at fair value. Gains and losses upon transfer were immaterial as the loans were newly originated.

The allowance for loan losses is established, monitored and maintained using a loss forecasting model for which significant inputs include debt service coverage ratio, loan-to-value, probability of default, and loss given default. All loans were current as of December 31, 2019 and 2018; no loans were impaired and the entire allowance for loan losses was measured at the portfolio level.

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Loans are placed on non-accrual status when collection of all amounts owed is doubtful, unless the loans are well secured and in the process of collection. Loans are assessed individually, and consideration is given to payment status, collateral value, and other factors in the determination of non-accrual status.

The following tables summarize the Company's loans held for investment at amortized cost by collateral type as of December 31, 2019 and 2018:

	2019	
(in thousands of dollars)	**Carrying Amount**	**Percent of Portfolio**
Multifamily	$ 342,859	50.9%
Healthcare	286,072	42.5
Other	44,555	6.6
Total	$ 673,486	100.0%

	2018	
(in thousands of dollars)	**Carrying Amount**	**Percent of Portfolio**
Healthcare	$ 251,561	47.4%
Multifamily	216,887	40.9
Other	62,252	11.7
Total	$ 530,700	100.0%

The following tables summarize the Company's loans held for investment at amortized cost by geographic location of the underlying collateral as of December 31, 2019 and 2018:

	2019	
(in thousands of dollars)	**Carrying Amount**	**Percent of Portfolio**
New York	$ 144,529	21.5%
Florida	90,443	13.4
Virginia	74,759	11.1
Other	363,755	54.0
Total	$ 673,486	100.0%

	2018	
(in thousands of dollars)	**Carrying Amount**	**Percent of Portfolio**
Florida	$ 93,228	17.6%
California	88,434	16.7
Other	349,038	65.7
Total	$ 530,700	100.0%

11. Mortgage Servicing Rights

The following table summarizes activity related to the Company's mortgage servicing rights for the years ended December 31, 2019 and 2018:

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(in thousands of dollars)	2019	2018
Balance at beginning of period	$ 874,644	$ 752,968
Additions	215,939	249,541
Amortization	(156,401)	(142,209)
Total	934,182	860,300
Net change in valuation allowance	(9,763)	14,344
Balance at end of period	$ 924,419	$ 874,644

The following table summarizes the changes in the valuation allowance for the years ended December 31, 2019 and 2018:

(in thousands of dollars)	2019	2018
Balance at beginning of period	$ 5,317	$ 19,661
Aggregate impairments	19,121	5,317
Aggregate recoveries	(9,358)	(19,661)
Balance at end of period	$ 15,080	$ 5,317

Based on its impairment analyses, the Company recorded a net increase of $9.8 million and a net decrease of $14.3 million in the valuation allowance for the years ended December 31, 2019 and December 31, 2018, respectively.

Late fees totaled $0.2 million, $0.2 million and $0.8 million for the years ended December 31, 2019, 2018 and 2017, respectively. Ancillary fees totaled $34.6 million, $26.7 million and $19.1 million for the years ended December 31, 2019, 2018 and 2017, respectively. These fees are reported as a component of other income in the consolidated statements of income.

The Company originated mortgage servicing rights totaling $214.9 million and $249.5 million for the years ended December 31, 2019 and 2018, respectively, and purchased mortgage servicing rights totaling $1.0 million for the year ended December 31, 2019. The Company did not purchase mortgage servicing rights for the year ended December 31, 2018.

The following table summarizes the net carrying value and estimated fair value of the Company's mortgage servicing rights as of December 31, 2019 and 2018:

(in thousands of dollars)	Carrying Amount	Fair Value
December 31, 2019	$ 924,419	$ 1,015,342
December 31, 2018	$ 874,644	$ 953,745

As discussed in Note 3, management estimates the fair value of mortgage servicing rights through a discounted cash flow analysis and evaluation of current market information. The impacts of increasing the discount rate by 100 basis points and 200 basis points as of December 31, 2019 results in a decrease in fair value of $33.1 million and $64.3 million, respectively.

12. Loans Serviced

The Company originates, and either sells to or directly places with investors, loans that are secured by commercial and multifamily properties. Investors generally retain the Company to collect the monthly principal and interest payments and perform certain escrow-related and other services. The Company also carries out servicing activities on a contracted basis for third parties such as insurance companies, banks and other financial institutions. From time to time, the Company purchases the right to service loans on behalf of others.

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The following table summarizes the Company's aggregate servicing portfolio as of December 31, 2019:

(in thousands of dollars)	Number of Loans	Unpaid Principal Balance	Weighted Average Rate	Weighted Average Remaining Maturity (years)
Fee for service	9,971	$163,798,837	4.42%	7.6
CMBS [1]	1,062	9,542,181	4.75	4.8
Agency	5,736	84,839,325	4.11	10.6
Other	1,717	20,697,311	4.27	11.0
Total	18,486	$278,877,654	4.33%	8.7

The following table summarizes the Company's aggregate servicing portfolio as of December 31, 2018:

(in thousands of dollars)	Number of Loans	Unpaid Principal Balance	Weighted Average Rate	Weighted Average Remaining Maturity (years)
Fee for service	9,690	$131,940,158	4.57%	7.9
CMBS [1]	1,471	10,670,869	5.10	4.3
Agency	5,227	75,917,602	4.24	10.7
Other	1,570	16,824,221	4.46	10.5
Total	17,958	$235,352,850	4.48%	8.8

(1) The Company is the named special or designated sub-special servicer on approximately $2.0 billion and $0.9 billion of loans for which it also acts as the primary or master servicer as of December 31, 2019 and 2018, respectively. Such loans are reported as a component of CMBS in the tables above.

Included in the above tables are $61.1 billion and $56.6 billion of loans serviced under subservicing arrangements as of December 31, 2019 and 2018, respectively.

The following table summarizes the Company's servicing portfolio by the five largest geographic locations of the underlying collateral as of December 31, 2019 and 2018 *(in thousands of dollars)*:

2019			2018		
	Carrying Amount	Percent of Portfolio		Carrying Amount	Percent of Portfolio
California	$ 39,088,380	14.0%	California	$ 36,598,593	15.6%
New York	23,837,215	8.5	New York	22,036,892	9.4
Texas	23,420,180	8.4	Texas	21,491,325	9.1
Florida	19,853,396	7.1	Florida	18,510,083	7.9
Illinois	9,545,461	3.4	Virginia	9,362,652	4.0
Other	163,133,022	58.6	Other	127,353,305	54.0

Total	$278,877,654	100.0%	Total	$235,352,850	100.0%

As servicer, the Company is responsible for managing, on behalf of its investors, approximately $4.3 billion and $3.8 billion of funds as of December 31, 2019 and 2018, respectively, which are held in custodial accounts for purposes of collecting and distributing principal and interest and for funding repairs, tenant improvements, taxes and insurance related to the mortgaged properties it services. These funds are not owned by the Company and are held in segregated bank accounts at third-party financial institutions or invested in permitted investments. Accordingly, these funds are not included in the consolidated balance sheets of the Company. Earnings on these funds amounted to $32.7 million, $26.1 million and $14.3 million for the years ended December 31, 2019, 2018 and 2017, respectively, and are reported as a component of interest income in the consolidated statements of income. The Company pays interest to third parties on a portion of these funds. Such interest amounted to $1.4 million, $1.1 million and $0.7 million for the years ended December 31, 2019, 2018 and 2017, respectively, and is reported as a component of interest expense in the consolidated statements of income.

13. Intangible Assets

The following table summarizes the Company's intangible assets, comprised of customer relationships, as of December 31, 2019 and 2018 (*in thousands of dollars*):

2019			2018		
Original Balance	**Accumulated Amortization**	**Carrying Value**	**Original Balance**	**Accumulated Amortization**	**Carrying Value**
$ 49,237	$ (33,579)	$ 15,658	$ 49,237	$ (28,054)	$ 21,183

The Company's remaining weighted average amortization period was 3.0 years as of December 31, 2019. The Company did not acquire any new intangible assets in 2019 or 2018. The Company recorded amortization expense on its intangible assets of $5.5 million, $7.0 million and $7.9 million for the years ended December 31, 2019, 2018 and 2017, respectively. Amortization expense on intangible assets is reported as a component of depreciation and amortization in the consolidated statements of income.

The following table summarizes the estimated aggregate future amortization expense related to the Company's intangible assets as of December 31, 2019:

(in thousands of dollars)

Year Ending December 31:	
2020	$ 5,524
2021	4,954
2022	4,669
2023	437
2024	74
Thereafter	-
Total	$ 15,658

14. Other Assets

The following table summarizes the Company's other assets, as of December 31, 2019 and 2018:

(in thousands of dollars)	**2019**	**2018**
Property, equipment and leasehold improvements at cost	$ 62,837	$ 58,271
Accumulated depreciation and amortization	(41,405)	(34,025)
Property, equipment and leasehold improvements, net	21,432	24,246
Prepaid expenses	63,535	50,440

Derivative assets	7,726	4,931
Loans receivable from related parties	10,990	9,920
Equity-method investments	12,324	12,979
Other	3,313	5,381
Total	$ 119,320	$ 107,897

Property, equipment and leasehold improvements include net capitalized software costs of $1.2 million and $2.4 million as of December 31, 2019 and 2018, respectively. The Company recorded depreciation and

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amortization expense related to its property, equipment and leasehold improvements of $8.1 million, $8.0 million and $8.8 million for the years ended December 31, 2019, 2018 and 2017, respectively, which is reported as a component of depreciation and amortization in the consolidated statements of income.

15. Accounts Payable and Other Liabilities

The following table summarizes the Company's accounts payable and other liabilities, as of December 31, 2019 and 2018:

(in thousands of dollars)	**2019**	**2018**
General accounts payable and accrued expenses	$ 26,903	$ 31,706
Good faith and escrow deposits	32,997	22,913
Contingent liabilities	13,331	12,260
Derivative liabilities	3,722	1,941
Due to Agencies	5,118	4,251
Other	1,704	502
Total	$ 83,775	$ 73,573

16. Secured Borrowings and Commercial Paper

The following table summarizes the Company's outstanding secured borrowings, commercial paper, and weighted average contractual interest rates in effect as of December 31, 2019 and 2018:

	Amount		**Weighted Average Rate**	
(in thousands of dollars)	**2019**	**2018**	**2019**	**2018**
Secured borrowings	$ 541,154	$ 771,037	2.93%	3.77%
Commercial paper	1,472,000	1,472,000	0.05	0.06
Total	$ 2,013,154	$ 2,243,037	0.82%	1.34%

The Company's third-party borrowing agreements contain customary net worth and other financial covenant requirements. The Company was in compliance with its covenant requirements as of December 31, 2019 and 2018.

Secured borrowings
The Company participates in the Fannie Mae "As Soon As Pooled" funding program. There is no expiration date to the program except for mutual termination rights of both parties. The Company's maximum borrowing capacity under the program was $500.0 million as of December 31, 2019 and 2018. There were no loans pledged as collateral under this program as of December 31, 2019. Loans with a carrying value of $27.1 million were pledged as collateral as of December 31, 2018. After approval of certain loan documents and shortly after closing, Fannie Mae will fund 99% of the loan balance on a secured basis until such time the loan is purchased by Fannie Mae and the borrowing is repaid. Borrowings under this program bear interest at one-month LIBOR plus 130 basis points with a LIBOR floor of 35 basis points. There was no balance outstanding under this program

as of December 31, 2019. The balance outstanding under this program was $26.6 million as of December 31, 2018. Interest expense totaled $0.2 million, $0.2 million and $1.4 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The Company has a secured borrowing agreement with a third-party lender that is collateralized by eligible servicing advances. The Company is permitted to borrow up to 90% of such advances. The agreement had a maximum borrowing capacity of $55.0 million and $85.0 million as of December 31, 2019 and 2018, respectively. Servicing advances with a carrying value of $69.6 million and $103.3 million were pledged as collateral as of December 31, 2019 and 2018, respectively. The balance outstanding under this agreement was $46.0 million and $83.0 million as of December 31, 2019 and 2018, respectively. In connection with this agreement, collections on the pledged servicing advances are held in a restricted cash account with the

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lender and totaled $0.2 million and $0.8 million as of December 31, 2019 and 2018, respectively, and are reported as a component of restricted cash in the consolidated balance sheets. Such collections are generally returned to the Company on a weekly basis. The maturity date of the agreement is July 31, 2020. Borrowings bear interest at one-month LIBOR plus 100 basis points. Interest expense, including amortization of debt issuance costs, totaled $1.9 million, $3.8 million and $3.2 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The Company has a secured borrowing agreement with a third-party lender that is collateralized by eligible Agency loans and the Company is permitted to borrow up to 100% of the unpaid principal balance of such loans. As of December 31, 2019, the maximum facility base amount was $800.0 million with a maturity date of July 27, 2020. As of December 31, 2018, the maximum facility base amount was $800.0 million and there was a temporary facility amount of $400.0 million that terminated on January 31, 2019. Loans with a carrying value of $357.9 million and $497.3 million as of December 31, 2019 and 2018, respectively, were pledged as collateral. The balance outstanding under this agreement was $185.1 million and $300.4 million as of December 31, 2019 and 2018, respectively. Borrowings bear interest at one-month LIBOR plus 115 basis points. Interest expense, including amortization of debt issuance costs, totaled $11.6 million, $19.7 million and $16.7 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The Company has a secured borrowing agreement with a third-party lender that is collateralized by eligible Agency loans and the Company is permitted to borrow up to 100% of the unpaid principal balance of such loans. As of December 31, 2019, the maximum facility base amount was $500.0 million with a maturity date of June 22, 2020, and there was a temporary facility amount of $250.0 million with an original maturity date of January 31, 2020, which was subsequently extended to April 30, 2020. As of December 31, 2018, the maximum facility base amount was $500.0 million and there was a temporary facility amount of $500.0 million. Loans with a carrying value of $290.9 million and $619.7 million as of December 31, 2019 and 2018, respectively, were pledged as collateral. The balance outstanding under this agreement was $268.4 million and $296.7 million as of December 31, 2019 and 2018, respectively. Borrowings under this agreement bear interest at one-month LIBOR plus 115 basis points. Interest expense, including amortization of debt issuance costs, totaled $17.1 million, $26.4 million and $19.6 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The Company has a secured borrowing agreement with a third-party lender that is collateralized by eligible Agency loans and the Company is permitted to borrow up to 100% of the unpaid principal balance of such loans. As of December 31, 2019, the Company had a $30.0 million committed and $1.5 billion uncommitted facility borrowing limit. The facility has a maturity date of March 13, 2021. As of December 31, 2018, the Company had a $30.0 million committed and $270.0 million uncommitted facility borrowing limit. Loans with a carrying value of $332.3 million and $137.0 million as of December 31, 2019 and 2018, respectively, were pledged as collateral. The balance outstanding under this agreement was $41.6 million and $64.3 million as of December 31, 2019 and 2018, respectively. Borrowings under this agreement bear interest at one-month LIBOR plus 115 basis points. Interest expense, including amortization of debt issuance costs, totaled $12.2 million, $2.9 million and $0.0 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The Company has a secured borrowing agreement with a third-party lender that is collateralized by eligible proprietary loans and the Company is permitted to borrow up to 50% of the unpaid principal balance of such loans. As of December 31, 2019, the maximum facility amount was $50.0 million with a maturity date of July 10, 2020. The maximum facility amount was $50.0 million as of December 31, 2018. Loans held for investment at amortized cost with a carrying value of $19.1

million and $47.3 million as of December 31, 2019 and 2018, respectively, were pledged as collateral. There was no outstanding balance under this agreement as of December 31, 2019 and 2018. Borrowings under this agreement bear interest at daily floating LIBOR plus 185 basis points. Interest expense, including amortization of debt issuance costs totaled $0.2 million, $0.3 million and $0.5 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Commercial Paper

Welsh Road Funding issues commercial paper notes with a maximum issuance amount of $1.5 billion as of December 31, 2019 and 2018. The notes are issued in terms no greater than 364 days. Interest on the

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notes is based on a market index and resets monthly. As of December 31, 2019, the remaining term of the individual notes outstanding ranged from 16 days to 359 days and are rolled over at maturity.

Proceeds are advanced to the Company under a variable funding note ("VFN") and, in turn, lent to the Company's affiliates for funding and operational purposes. These intercompany advances are eliminated in consolidation. A wholly-owned subsidiary of Berkshire Hathaway insures the advances of Welsh Road Funding and thus indirectly insures the repayment of the commercial paper notes. The performance of this wholly-owned subsidiary is guaranteed by Berkshire Hathaway. The commercial paper notes issued by Welsh Road Funding qualify as permitted investments under various pooling and servicing agreements with respect to certain CMBS trusts and other investors for which the Company is a servicer. The Company, in its capacity as servicer, invests certain escrow funds in permitted investments where allowable, including the commercial paper notes issued by Welsh Road Funding. Interest expense totaled $0.9 million, $0.7 million and $0.6 million for the years ended December 31, 2019, 2018 and 2017, respectively.

17. Income Taxes

The Company is a limited liability company treated as a pass-through entity for U.S. federal income tax purposes. Accordingly, there is generally no benefit or expense for federal income tax in the Company's consolidated financial statements.

On December 22, 2017, the Tax Cuts and Jobs Act (H.R. 1) (the "Tax Act") was signed into law. The Tax Act is a comprehensive bill that did not materially affect the Company's consolidated financial statements because the Company is a pass-through entity for U.S. federal income tax purposes.

The Tax Act contains significant changes to corporate taxation for years beginning after December 31, 2017 including (i) the reduction of the corporate income tax rate from 35% to 21%, (ii) the acceleration of expensing for certain business assets, (iii) additional limitations on the deductibility of interest expense, and (iv) limitations on the deductibility of entertainment expenses. The changes to corporate taxation did not materially affect the federal income taxes of the Company's wholly-owned U.S. subsidiaries, Berkadia Commercial Mortgage Inc. and Berkadia Real Estate Advisors Inc.

The following table summarizes the components of the Company's consolidated income tax provision for the years ended December 31, 2019, 2018 and 2017:

	Audited		Unaudited
(in thousands of dollars)	**2019**	**2018**	**2017**
Current income tax provision:			
Federal	$ 428	$ 150	$ 1,056
State	1,635	696	1,001
Foreign	792	1,623	1,067
Total current income tax provision	2,855	2,469	3,124
Deferred income tax provision (benefit):			
Federal	(264)	253	(261)
State	327	342	328
Foreign	(35)	-	(19)
	28	595	48

Total deferred income tax provision (benefit)			
Total income tax provision	$ 2,883	$ 3,064	$ 3,172

An analysis of the difference between income tax expense at the U.S. federal statutory rate and the Company's total income tax provision for the years ended December 31, 2019, 2018 and 2017 is as follows:

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(in thousands of dollars)	Audited 2019	Audited 2018	Unaudited 2017
Income tax expense at the U.S. federal statutory rate	$ 45,625	$ 49,932	$ 67,866
Impact of change in federal corporate tax rate	-	-	521
Income not subject to federal income tax	(44,862)	(49,064)	(66,621)
State income taxes	1,946	989	1,275
Other, net	174	1,207	131
Total income tax provision	$ 2,883	$ 3,064	$ 3,172

As of December 31, 2019 and 2018, net deferred tax assets were comprised of the following:

(in thousands of dollars)	2019	2018
Total deferred tax assets	$ 3,928	$ 3,340
Total deferred tax liabilities	(4,709)	(3,094)
Deferred tax assets, net	$ (781)	$ 246

As of December 31, 2019 and 2018, the Company's deferred tax assets were primarily related to the Fannie Mae DUS™ liability and purchased mortgage servicing rights. The Company's deferred tax liabilities were primarily related to originated mortgage servicing rights.

Management believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets; therefore, no valuation allowance has been established as of December 31, 2019 and 2018.

During 2018, the Company decided not to reinvest the undistributed earnings of its India subsidiary and repatriated $3.8 million back to the U.S. No earnings were repatriated in 2019. With respect to U.S. taxes on undistributed earnings, the Company should not incur any additional U.S. taxes on such distributions as a result of the Tax Act and as a pass-through entity for U.S. federal income tax purposes. In 2018, the Company paid taxes of $0.8 million to the Indian government on the earnings it repatriated in 2018.

When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely-than-not be realized. The determination as to whether the tax benefit will more-likely-than-not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. At this time, the Company does not have any tax positions that are uncertain.

The Company operates in multiple tax jurisdictions, both within and outside the United States. From time to time, the Company may be under examination in certain tax jurisdictions and remains subject to examination until the statute of limitations expires for the respective tax jurisdiction. Within specific countries, the Company may be subject to audit by various tax authorities, or subsidiaries operating within the country may be subject to different statute of limitations expiration dates.

The following table summarizes the tax years that remain subject to examination in the Company's major tax jurisdictions as of December 31, 2019:

United States - federal	2016 and forward
United States - states	2015 and forward
India	2017 and forward

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18. Fair Value Measurements of Assets and Liabilities

Fair Value Definition and Hierarchy
The Company applies the provisions of ASC Topic 820, Fair Value Measurement ("ASC Topic 820"), to financial assets and liabilities that are accounted for at fair value on a recurring basis. For such assets and liabilities, fair value is the price the Company would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at that date. In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

The Company has categorized its assets and liabilities into a three-level hierarchy based on whether the significant inputs to the respective valuation technique are observable or unobservable. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Company categorizes financial assets and liabilities recorded at fair value on its consolidated balance sheets as follows:

Level 1 Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Fair value is based on significant inputs other than Level 1 inputs, which are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices for identical or similar assets and liabilities in less active markets.

Level 3 Fair value is based on at least one or more significant unobservable inputs for the asset or liability. These inputs reflect the Company's view about the assumptions market participants would use in pricing the asset or liability.

Valuation Techniques

Loans Held for Sale at Fair Value
The fair value of loans held for sale includes both the fair value of the related forward sale commitments and the estimated cash flows related to servicing the loans. The fair values are based primarily on contractually agreed-upon fixed sales prices and are categorized as Level 2 within the fair value hierarchy. These loans are typically sold within 30 to 45 days after funding.

Loans Held for Investment at Fair Value
The fair value of the Company's syndicated interest in certain unsecured commercial loans is based on quoted market prices for identical or similar assets in less active markets. These loans are categorized as Level 2 within the fair value hierarchy.

Investment Securities Available for Sale
The fair value of U.S. Treasury notes is based on unadjusted quoted prices in active markets for the identical asset. These securities are categorized as Level 1 within the fair value hierarchy.

Investment Security at Fair Value
Fair value is based on a discounted cash flow model for which significant unobservable inputs include discount rate, prepayment speed and net credit losses. Increases in discount rates and credit losses, or decreases in prepayments speeds, would adversely impact the fair value of the investment security. This security is categorized as Level 3 within the fair value hierarchy.

Derivative Assets and Liabilities
Forward sale commitments on loans that have not yet funded are priced based on contractually agreed-upon fixed sales prices in relation to market interest rates and are reported as a component of other assets or other liabilities and categorized as Level 2 within the fair value hierarchy.

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Interest rate lock commitments include the fair value of the cash flows related to servicing loans and are priced based on contractually agreed-upon loan interest rates in relation to market interest rates as well as using an internally developed model including considerations for counterparty risk and are reported as a component of other assets or other liabilities and categorized as Level 3 within the fair value hierarchy. The Level 3 derivatives are interest rate lock commitments that result from the Company's loan origination activities and are reflected as derivative assets or liabilities at fair value on the rate lock date. These derivatives expire upon the funding of the underlying mortgage loans and become part of the loans' carrying value. The initial recording, periodic fair value adjustments and loan carrying value adjustments at expiration are all based on fair value which is significantly impacted by unobservable inputs. As a result, while these derivative contracts are outstanding, all fair value changes are considered unrealized. Significant unobservable inputs include discount rate and prepayment speed. Increases in discount rates or prepayments speeds would adversely impact the fair value of the interest rate lock commitments.

The following table summarizes the financial instruments measured at fair value on a recurring basis, including financial instruments for which the Company has elected the fair value option as required by ASC Topic 820, as of December 31, 2019:

(in thousands of dollars)	Level 1	Level 2	Level 3	Balance as of December 31, 2019
Assets				
Loans held for sale at fair value	$ -	$ 1,015,711	$ -	$ 1,015,711
Loans held for investment at fair value	-	75,188	-	75,188
Investment securities available for sale	25,453	-	-	25,453
Investment security at fair value	-	-	96,799	96,799
Derivative assets:				
Interest rate lock commitments	-	-	6,813	6,813
Forward sale commitments	-	912	-	912
Total assets	$ 25,453	$ 1,091,811	$ 103,612	$ 1,220,876
Liabilities				
Derivative liabilities:				
Forward sale commitments	$ -	$ 3,722	$ -	$ 3,722
Total liabilities	$ -	$ 3,722	$ -	$ 3,722

The following table presents quantitative information about significant unobservable inputs used in the fair value measurement of financial instruments categorized within Level 3 of the fair value hierarchy as of December 31, 2019:

(in thousands of dollars)	Fair Value	Valuation Technique	Significant Unobservable Input(s)	Value/Range
Assets				

Investment security at fair value	$	96,799	DCF[1]	Discount rate Prepayment speed Net Credit Losses	9.00% 13.61% - 29.40% 0.21% - 4.16%
Derivative assets:					
Interest rate lock commitments		6,813	DCF[1]	Discount rate Prepayment speed	6.90% - 10.90% 1.29% - 5.59%

[1] discounted cash flow

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The following table summarizes the changes in fair value of the Company's Level 3 financial assets and liabilities as of December 31, 2019:

(in thousands of dollars)	**Loans Held for Investment at Fair Value**	**Investment Security at Fair Value**	**Interest Rate Lock Commitments**	**Total**
Beginning balance as of January 1, 2019	$ -	$ 111,326	$ 3,346	$114,672
Settlements	-	(27,586)	-	(27,586)
Total net realized/unrealized gains:				
Included in earnings	-	13,059	3,467	16,526
Net transfers into/(out of) Level 3	-	-	-	-
Ending balance as of December 31, 2019	$ -	$ 96,799	$ 6,813	$103,612
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held as of December 31, 2019	$ -	$ (6,067)	$ 6,813	$ 746

The following table summarizes the financial instruments measured at fair value on a recurring basis, including financial instruments for which the Company has elected the fair value option as required by ASC Topic 820, as of December 31, 2018:

(in thousands of dollars)	**Level 1**	**Level 2**	**Level 3**	**Balance as of December 31, 2018**
Assets				
Loans held for sale at fair value	$ -	$ 1,298,109	$ -	$ 1,298,109
Loans held for investment at fair value	-	94,476	-	94,476
Investment securities available for sale	24,511	-	-	24,511
Investment security at fair value	-	-	111,326	111,326
Derivative assets:				
Interest rate lock commitments	-	-	3,346	3,346
Forward sale commitments	-	1,585	-	1,585
Total assets	$ 24,511	$ 1,394,170	$ 114,672	$ 1,533,353
Liabilities				
Derivative liabilities:				
Forward sale commitments	$ -	$ 1,941	$ -	$ 1,941
Total liabilities	$ -	$ 1,941	$ -	$ 1,941

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The following table presents quantitative information about significant unobservable inputs used in the fair value measurement of financial instruments categorized within Level 3 of the fair value hierarchy as of December 31, 2018:

(in thousands of dollars)	Fair Value	Valuation Technique	Significant Unobservable Input(s)	Value/Range
Assets				
Investment security at fair value	$ 111,326	DCF[1]	Discount rate	9.00%
			Prepayment speed	14.99% - 61.00%
			Net Credit Losses	0.42% - 9.38%
Derivative assets:				
Interest rate lock commitments	3,346	DCF[1]	Discount rate	9.69% - 11.69%
			Prepayment speed	2.02% - 38.98%

[1] discounted cash flow

The following table summarizes the changes in fair value of the Company's Level 3 financial assets and liabilities as of December 31, 2018:

(in thousands of dollars)	Loans Held for Investment at Fair Value	Investment Security at Fair Value	Interest Rate Lock Commitments	Total
Beginning balance as of January 1, 2018	$ 4,583	$ 139,087	$ 6,116	$ 149,786
Settlements	(4,625)	(35,018)	-	(39,643)
Total net realized/unrealized gains:				
Included in earnings	42	7,257	(2,770)	4,529
Net transfers into/(out of) Level 3	-	-	-	-
Ending balance as of December 31, 2018	$ -	$ 111,326	$ 3,346	$ 114,672
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held as of December 31,2018	$ -	$ (16,696)	$ 3,346	$ (13,350)

Berkadia Commercial Mortgage Holding LLC
Notes to Consolidated Financial Statements (continued)
(2017 not covered by the auditor's report)

Fair Value of Financial Instruments
The following table summarizes the carrying value and estimated fair value of financial instruments as of December 31, 2019 and 2018:

	2019		2018	
(in thousands of dollars)	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets				
Investment securities available for sale	$ 25,453	$ 25,453	$ 24,511	$ 24,511
Investment security at fair value	96,799	96,799	111,326	111,326
Loans held for sale at fair value	1,015,711	1,015,711	1,298,109	1,298,109
Loans held for investment at fair value	75,188	75,188	94,476	94,476
Loans held for investment at amortized cost, net	671,126	671,918	527,406	527,516
Loans receivable from related parties	10,990	11,053	9,920	9,685
Derivative assets	7,725	7,725	4,575	4,575
Financial Liabilities				
Financial guarantee liability	326,083	387,543	311,091	346,219
Secured borrowings	541,154	541,154	771,037	771,037
Commercial paper	1,472,000	1,472,000	1,472,000	1,472,000
Derivative liabilities	3,722	3,722	1,585	1,585

The following methods and assumptions were used to estimate the fair value of financial instruments not measured at fair value on a recurring basis:

Loans Held for Investment at Amortized Cost
The estimated fair value was primarily based upon the estimated net realizable value of such loans determined by the present value of expected future cash flows, net of expected credit losses. These loans are categorized as Level 3 within the fair value hierarchy.

Loans Receivable from Related Parties
The estimated fair value was determined by the present value of expected future cash flows. These loan receivables are categorized as Level 3 within the fair value hierarchy.

Financial Guarantee Liability
The estimated fair value represents the guarantee fee portion of the related mortgage servicing rights and were estimated using a discounted cash flow model with the relevant assumptions used in valuing the Company's mortgage servicing rights. This liability is categorized as Level 3 within the fair value hierarchy.

Secured Borrowings

The carrying value approximates fair value due to the floating rate feature and short-term nature of the borrowings. These borrowings are categorized as Level 2 within the fair value hierarchy.

Commercial Paper
The carrying value approximates fair value due to the floating rate feature and short-term nature of the borrowings. Commercial paper is categorized as Level 2 within the fair value hierarchy.

19. Financial Guarantee Liability

As a condition of the Fannie Mae DUS™ program, the Company and Fannie Mae share in any losses throughout the term of each loan purchased or credit enhanced by Fannie Mae under the program. The Company's loss sharing with Fannie Mae is pari passu in which the Company's maximum loss percentage is approximately one-third of the original principal balance of a defaulted mortgage loan.

Berkadia Commercial Mortgage Holding LLC
Notes to Consolidated Financial Statements (continued)
(2017 not covered by the auditor's report)

The Company's maximum potential liability under the Fannie Mae DUS™ program totaled $9.2 billion as of December 31, 2019. The maximum potential liability is not representative of the actual losses the Company would incur if all of the Fannie Mae DUS™ loans were to default. The Company would only be liable for this maximum amount if all such loans were to default and if the collateral underlying such loans was determined to have no value. The carrying value of the liability totaled $326.1 million and $311.1 million as of December 31, 2019 and 2018, respectively.

20. Commitments and Contingencies

Commitments
The Company's outstanding loan commitments as of December 31, 2019 and 2018 consisted of the following:

(in thousands of dollars)	**2019**	**2018**
Commitments to originate permanent loans	$ 589,906	$ 328,458
Commitments to fund construction loans	638,095	777,098
Total	$ 1,228,001	$ 1,105,556
Commitments to sell loans	$ 2,213,211	$ 2,368,973

The Company's commitments to sell loans include the unpaid principal balance of loans held for sale in the consolidated balance sheets totaling $1.0 billion and $1.3 billion as of December 31, 2019 and 2018, respectively.

As a general matter, the Company does not issue loan commitments to originate proprietary loans.

Leases and Rentals
The Company is obligated under non-cancelable operating leases primarily for office facilities. These leases have conventional terms and conditions. The future minimum rental payments under operating leases having initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2019 were as follows:

(in thousands of dollars)

Year Ending December 31:	
2020	$ 14,711
2021	15,118
2022	14,021
2023	11,937
2024	10,513
Thereafter	33,053
	99,353
Less sublease income	(2,694)
Total	$ 96,659

Rental expense (net of sublease income), primarily for office facilities, totaled $12.1 million, $10.5 million and $10.8 million for years ended December 31, 2019, 2018 and 2017, respectively, and is reported as a component of other expenses in the consolidated statements of income.

Letters of Credit

In November 2018, a third-party financial institution opened an irrevocable letter of credit in the Company’s favor in an amount not exceeding $50.0 million listing Fannie Mae as the beneficiary. The letter of credit has an automatic one-year extension provision and was not drawn upon as of December 31, 2019 and 2018. The letter of credit expires in November 2020 and qualifies as restricted liquidity with Fannie Mae as further discussed in Note 4.

Berkadia Commercial Mortgage Holding LLC
Notes to Consolidated Financial Statements (continued)
(2017 not covered by the auditor's report)

In June 2019, a third-party financial institution opened an irrevocable letter of credit in the Company's favor in an amount not exceeding $5.0 million listing Freddie Mac as the beneficiary. The letter of credit was not drawn upon as of December 31, 2019, expires in June 2020 and satisfies Freddie Mac's small balance loans program requirements.

Litigation
In the ordinary course of business, the Company is subject to potential liability under laws and government regulations, and various claims and legal actions that are pending or may be asserted against it. As of December 31, 2019, it is the opinion of management that potential liabilities arising from pending litigation are not expected to have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows. However, due to the inherent uncertainty in litigation and since the ultimate resolution of the Company's litigation, claims and other legal proceedings are influenced by factors outside of the Company's control, it is reasonably possible that actual results will differ from management's estimates.

The Company reserves for litigation claims and assessments asserted or threatened when a loss is probable, and the amount of the loss can be reasonably estimated. No material loss contingencies were recognized for the years ended December 31, 2019, 2018 and 2017.

21. Related Party Transactions and Relationships

Transactions with Jefferies Group LLC
As an approved seller/servicer for Fannie Mae and an FHA-approved issuer of Ginnie Mae mortgage-backed securities, the Company executes such trades with various counterparties, including Jefferies Group LLC, a wholly-owned subsidiary of Jefferies. The principal amount of such trades with Jefferies Group LLC totaled $109.5 million and $367.6 million for the years ended December 31, 2019 and 2018, respectively. Net gains from settled trades totaled $2.4 million, $2.4 million and $7.8 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Relationship with Berkshire Hathaway
As discussed in Notes 2 and 16, a portion of the Company's operations is funded by commercial paper notes with minimum credit rating requirements. The ratings of the commercial paper notes are linked to that of Berkshire Hathaway, as guarantor of an unconditional and irrevocable surety bond issued by a wholly-owned subsidiary of Berkshire Hathaway.

As discussed in Note 3, the Company's Investment security at fair value provides rights to the cash flows related to the underlying assets of a trust based on the Company's percentage ownership of the trust. There are two other beneficial owners, both subsidiaries of Berkshire Hathaway, of the trust. The transferability of the Company's beneficial interest is subject to the approval of the other two beneficial owners.

22. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 16, 2020, the date at which the consolidated financial statements were available to be issued.

The Company paid a $41.5 million cash dividend to its members in February 2020.

Exhibit 23.3

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-229494) of Jefferies Group LLC of our report dated March 16, 2020 relating to the financial statements of Berkadia Commercial Mortgage Holding LLC, which appears in this Form 10-K/A.

/s/ PricewaterhouseCoopers LLP

McLean, Virginia
March 27, 2020

Exhibit 31.1

RULE 13a-14(a)/15d-14(a)
CERTIFICATION BY THE CHIEF FINANCIAL OFFICER

I, Teresa S. Gendron, certify that:

1. I have reviewed this annual report on Form 10-K/A of Jefferies Group LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2020

By: /s/ Teresa S. Gendron

Teresa S. Gendron
Interim Chief Financial Officer

Exhibit 31.2

RULE 13a-14(a)/15d-14(a)
CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER

I, Richard B. Handler, certify that:

1. I have reviewed this annual report on Form 10-K/A of Jefferies Group LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2020

By: /s/ Richard B. Handler

Richard B. Handler
Chief Executive Officer

Exhibit 32

Rule 13a-14(b)/15d-14(b) and Section 1350 of Title 18 U.S.C.
CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

I, Richard B. Handler, Chief Executive Officer, and I, Teresa S. Gendron, Interim Chief Financial Officer, of Jefferies Group LLC, a Delaware limited liability company (the "Company"), each hereby certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Company's periodic report on Form 10-K/A for the period ended November 30, 2019 (the "Form 10-K/A") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-K/A fairly presents, in all material respects, the financial condition and results of operations of the Company.

* * *

CHIEF EXECUTIVE OFFICER	INTERIM CHIEF FINANCIAL OFFICER
/s/ Richard B. Handler	/s/ Teresa S. Gendron
Richard B. Handler	Teresa S. Gendron
Date: March 27, 2020	Date: March 27, 2020

A signed original of this written statement required by Section 906 has been provided to Jefferies Group LLC and will be retained by Jefferies Group LLC and furnished to the Securities and Exchange Commission or its staff upon request.