

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090198473-01**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Barclays Capital Inc., Respondent
Broker-Dealer
CRD No. 19714

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Barclays Capital Inc. ("BCAP" or the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A.** The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

BCAP has been a member of FINRA since October 19, 1987, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

In connection with matter 20090198473, the staff of the Trade Reporting and Compliance Engine ("TRACE") Team of the Department of Market Regulation conducted a review of BCAP's compliance with certain regulatory requirements for the reporting of transactions in corporate bonds during the period July 1, 2008 through September 30, 2008 (the "review period").

FACTS AND VIOLATIVE CONDUCT

1. During the review period, BCAP failed to report to TRACE 74 transactions in TRACE-eligible securities that it was required to report, as identified on Exhibit A, which is attached. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(b).
2. During the review period, BCAP failed to report to TRACE the correct contra-party's identifier for 99 transactions in TRACE-eligible securities. These transactions constituted approximately four percent of the inter-dealer transactions in TRACE-eligible securities that the firm reported to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230(c)(6).

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

A censure, a fine of \$10,000 and an undertaking to report to TRACE the transactions that were not previously reported, as described in paragraph I.A.1. Within 30 business days of acceptance of this AWC by the NAC, a registered principal of the Respondent shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has reported the previously unreported transactions to TRACE; and, (3) the date the transactions were reported to TRACE.

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. The firm has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;

B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and

C. If accepted:

1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary records;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

Date 5/5/11

By HCN Walsh

Title: Chief Compliance Officer

Counsel for Respondent

Date 6/10/11

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation



745 7th Avenue, 14th Floor
New York, NY 10019
United States

May 9, 2011

To: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

Re: Statement of Corrective Action - Barclays Capital, Inc. ("Barclays" or the "Firm")
Acceptance, Waiver and Consent for STAR No. 20090198473

This Corrective Action Statement is submitted by Barclays. It does not constitute factual or legal findings by FINRA, nor does it reflect the view of FINRA or its staff.

Transaction Reporting Process Improvements

Barclays takes its trade and transaction reporting obligations very seriously and continually seeks to improve its processes, procedures and supervision. Following is a brief summary of the key steps taken by the Firm as these items were identified through our own supervisory processes or by FINRA.

- Update of existing Written Supervisory Procedures for corporate securities sales and trading.
- Daily and weekly reports to senior front office and Compliance personnel for appropriate review and follow up.
- Routine meetings with relevant personnel to review TRACE reporting performance and discuss and resolve any issues identified.
- Improved supervisory reports providing greater transparency on reporting issues.

Transaction Reporting Project

In January 2010, the Firm began a strategic project designed to review the accuracy, controls and governance related to trade and transaction reporting in the US. The Firm engaged KPMG to provide assistance and guidance to the Firm, as well as dedicating significant internal resources to this project. The Firm's goal following commencement of the TRACE reporting review in the first half of 2010, was not only to address gaps in our existing reporting, but also to properly develop a strategic model to mitigate the risk of future issues. The project was completed for TRACE reporting in the 3rd quarter of 2010. The Firm has held meetings with senior representatives from FINRA to discuss the scope of the project and continues to provide periodic updates on the status of this project.

The target operating model refers collectively to the governance structure that will exist to provide oversight and accountability related to trade and transaction reporting. To identify the target operating model, the Firm leveraged lessons learned from a similar trade and transaction reporting remediation initiative conducted in our European region, and incorporated analysis of best practices from KPMG. In summary, the target operating model consists of the following:

- Clearly defined roles and responsibilities - consists of assigning ownership and responsibility for key trade and transaction reporting processes.
- Governance - establishing clear escalation protocols and regular forums to discuss transaction reporting. Enhancements to the governance process for trade and transaction reporting are in the process of being implemented.
- Primary and secondary controls and procedures - primary controls consist of implementing enhancements to the testing and change management process, while secondary controls consist of additional monitoring through validations, reconciliations and key performance indicators. These controls, along with expected implementation dates, are discussed further below. Written procedures are being updated /developed to reflect these new processes and controls.

As indicated above, the target operating model has been completed for TRACE reporting in the 3rd quarter of 2010. In order to determine current gaps and to achieve enhanced primary and secondary controls, the following deliverables were identified:

- Defining and documenting the regulatory requirements for the applicable trade and transaction reports.
- Preparing detailed test scenarios based on the regulatory requirements and the applicable business flows.
- Running the test scenarios through the production environment to determine current gaps in reporting. A test environment is in development for quarterly recertification of test scenarios and testing of certain change-based events. The test environment and test scenarios will become the tools for the primary control, and the test scenarios will be run quarterly and in advance of major technology releases.

As the above project is on-going, the Firm anticipates that as part of the rigorous review process we may continue to identify issues that could contribute to incomplete or inaccurate TRACE reporting. As these issues are identified, the enhanced governance and control processes around trade and transaction reporting will ensure proper documentation and escalation of these issues so that the Firm can work with FINRA to provide corrected reporting as appropriate.