

FINRA

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20100234353-01**

2013 OCT -9 AM 10:08

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. (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

The firm became a member of FINRA on October 19, 1987, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On June 10, 2011, FINRA accepted an AWC, which imposed a censure and a fine of \$10,000 for Trade Reporting and Compliance Engine ("TRACE") reporting violations, with an undertaking to report to TRACE transactions that were not previously reported, during July 1, 2008 through September 30, 2008.

SUMMARY

In connection with 20100234353, 20110269375, 20110286624, 20110284002, 20110291413, 20110308348, 20120308589 and 20120316757 the TRACE Team of the Department of Market Regulation (the “staff”) conducted a review of the firm’s compliance with TRACE reporting during the periods of April 1 through June 30, 2009 (the “2nd quarter 2009 review period”), January 1 through March 31, 2010 (the “1st quarter 2010 review period”), January 1 through March 31, 2011 (the 1st quarter 2011 review period”), April 1 through June 30, 2011 (the “2nd quarter 2011 review period”), April 1 through September 30, 2011 (the “2nd and 3rd quarters 2011 review period”), May 10 through September 30, 2011 (the “May 10 through September 30, 2011 review period”) and October 1, 2011 through February 3, 2012 (the “October 1, 2011 through February 3, 2012 review period”).

FACTS AND VIOLATIVE CONDUCT

20100234353

1. During the 2nd quarter 2009 review period, the firm failed to report to TRACE the correct contra-party identifier for 818 transactions in TRACE-eligible securities. These transactions constituted approximately eight percent of the inter-dealer transactions in TRACE-eligible securities that the firm should have reported to TRACE during the 2nd quarter 2009 review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(6).
2. During the 2nd quarter 2009 review period, the firm failed to report to TRACE 95 transactions in TRACE-eligible securities that it was required to report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(b)(1).

20110269375

3. During the 1st quarter 2010 review period, the firm failed to report to TRACE the correct contra-party identifier for 491 S1 transactions in TRACE-eligible securities. These transactions constituted approximately seven percent of the S1 inter-dealer transactions in TRACE-eligible securities that the firm should have reported to TRACE during the 1st quarter 2010 review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(6).
4. During the 1st quarter 2010 review period, the firm failed to report to TRACE 68 S1 transactions in TRACE-eligible securities that it was required to report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(b)(1).

20110284002 & 20110286624

5. During the 1st quarter 2011 review period, the firm failed to report to TRACE the correct time of execution for 894 P1 transactions in TRACE-eligible securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).
6. During the 1st quarter 2011 review period, the firm failed to report to TRACE 11 P1 transactions in TRACE-eligible securities that it was required to report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(b)(1).
7. During the 1st quarter 2011 review period, the firm failed to show the correct time of execution on the memorandum of 714 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Rule 3110.
8. During the 1st quarter 2011 review period, the firm failed to preserve for a period of not less than three years, the first two in an accessible place, the memorandum of 12 brokerage orders. The conduct described in this paragraph constitutes a violation of SEC Rule 17a-4 and NASD Rule 3110.

20110291413

9. During the 2nd quarter 2011 review period, the firm failed to report to TRACE 2,136 S1 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted approximately five percent of the total S1 transactions in TRACE-eligible securities that the firm reported to TRACE during the 2nd quarter 2011 review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

20110308348 & 20120308589

10. During the period April 1, 2011 through September 30, 2011, the firm in 73 instances served as managing underwriter, other than a secondary offering, and failed to report such distribution or offering to FINRA Market Operations within the time frame set forth by FINRA Rule 6760(c). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760(c).

20120316757

11. During the October 1, 2011 through February 3, 2012 review period, the firm failed to report to TRACE the correct time of execution for 201 P1 transactions in TRACE-eligible securities. These inaccurate reports constituted approximately 15 percent of the P1 inter-dealer reports that the firm should have submitted to TRACE during the October 1, 2011 through February 3, 2012 review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).

12. During the October 1, 2011 through February 3, 2012 review period, the firm failed to show the correct time of execution on the memorandum of 201 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 17a-3 and NASD Rule 3110 (for conduct prior to December 5, 2011) and FINRA Rule 4511 (for conduct on or after December 5, 2011).

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

A censure and a fine in the amount of \$115,000 (comprised of \$100,000 for the TRACE reporting violations and \$15,000 for the record keeping violations).

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. It 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 sanctions 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 record;
 - 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: (i) testimonial obligations; or (ii) 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.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

October 8, 2013
Date

Respondent
Barclays Capital Inc.

By: Penny Rosenberg
Name: Penny Rosenberg
Title: Director

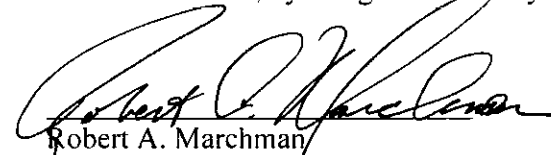
Reviewed by:

Attorney Name: _____
Counsel for Respondent

Accepted by FINRA:

11/11/13
Date

Signed on behalf of the
Director of ODA, by delegated authority


Robert A. Marchman
Executive Vice President
Department of Market Regulation