

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20120316451-01**

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. (the "firm" or "Respondent") 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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 December 17, 2010, FINRA accepted an AWC in which the firm was censured and fined \$42,500, of which \$7,500 was for Order Audit Trail System ("OATS") reporting violations and \$5,000 was for violations of Securities Exchange Act of 1934 Rule 10b-10 ("SEC Rule 10b-10") that occurred on February 18 and 19, 2009.

SUMMARY

In matter 20120316451, the Trading and Market Making Surveillance ("TMMS") Section of the Department of Market Regulation (the "staff") reviewed the firm's trading activity, as set forth in Exhibit A, for trade date August 6, 2012 (the "review period").

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm transmitted to OATS 58 reports that contained inaccurate, incomplete, or improperly formatted data.¹ Specifically, the firm: (a) submitted 37 inaccurate or incomplete special handling codes; (b) double-reported 19 reportable order events; (c) failed to submit 15 execution reports and one route report; (d) submitted 15 inaccurate desk reports and one inaccurate combined order/route report; (e) submitted 15 inaccurate account type codes; (f) submitted nine inaccurate times of desk receipt or order receipt; (g) omitted two limit prices; and (h) failed to report an order to OATS. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
2. During the review period, the firm's customer confirmations were inaccurate or incomplete in that the firm: (a) failed on 10 occasions to disclose the correct capacity in which it acted and the correct type of remuneration; (b) failed on 10 occasions to disclose the correct capacity in which it acted; and (c) failed on four occasions to disclose to its customer that the transaction was executed at an average price. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10 and FINRA Rule 2010.
3. During August 2012, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to FINRA Rule 5310, Supplementary Material .06. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) the identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented. The conduct described in this paragraph constitutes a violation of NASD Rule 3010 and FINRA Rule 2010.

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

- 1) A censure;
- 2) A fine of \$40,000 (consisting of a \$25,000 fine for the OATS violations, a \$7,500 fine for the SEC Rule 10b-10 violations, and a \$7,500 fine for the supervision violation); and
- 3) An undertaking to revise the firm's WSPs with respect to the areas described in paragraph I.A.3 above. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal

¹ Additional OATS reporting violations identified in this matter will be resolved separately in connection with matter 20130356147.

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 revised its WSPs to address the deficiencies described in paragraph I.A.3; and (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) 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 sanction(s) 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 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 Chief Legal Officer, 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 accordance with FINRA Rule 8313;
 - 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.

August 29, 2015
Date

Respondent
Barclays Capital Inc.

By: Penny Rosenberg

Name: Penny Rosenberg

Title: Director

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

8/27/15
Date

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

Tina Salehi Gubb
Tina Salehi Gubb
Chief Counsel
Department of Market Regulation