

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 20120338303-01**

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 June 10, 2011, FINRA accepted an AWC in which the firm was censured and fined \$10,000 for Trade Reporting and Compliance Engine ("TRACE") reporting violations that occurred from July 1, 2008 through September 30, 2008.

On November 1, 2013, FINRA accepted an AWC in which the firm was censured and fined \$115,000, of which \$100,000 was for TRACE reporting violations that occurred from April 1, 2009 through June 30, 2009, January 1, 2010 through March 31, 2010, January 1, 2011 through June 30, 2011, and October 1, 2011 through February 3, 2012.

## **SUMMARY**

Matters 20120338303, 20130387420 and 20140410990 each resulted from sweeps conducted by the TRACE Section of the Department of Market Regulation (the "staff"). The staff reviewed the firm's compliance with TRACE reporting rules during the periods of February 6, 2012 through June 30, 2012 (the "1<sup>st</sup> half 2012 review period"), July 1, 2013 through September 30, 2013 (the "3<sup>rd</sup> quarter 2013 review period") and January 1, 2014 through March 31, 2014 (the "1<sup>st</sup> quarter 2014 review period"). As a result of its reviews, the staff found the following violations:

## **FACTS AND VIOLATIVE CONDUCT**

### **20120338303**

1. During the 1<sup>st</sup> half 2012 review period, the firm failed to report to TRACE 3,719 S1 transactions in TRACE-eligible corporate debt securities within the time required by FINRA Rule 6730. These late transactions constituted four percent of the total S1 transactions in TRACE-eligible corporate debt securities that the firm was required to report to TRACE during this 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.
2. During the 1<sup>st</sup> half 2012 review period, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of FINRA, concerning timely and accurate reporting of TRACE-eligible securities. Specifically, the firm's supervisory system did not include written supervisory procedures providing for: (1) a statement of the supervisory step(s) to be taken by the identified person(s); and (2) a statement as to how often such person(s) should take such step(s). The conduct described in this paragraph constitutes a violation of NASD Rule 3010 and FINRA Rule 2010.

### **20130387420**

3. During the 3<sup>rd</sup> quarter 2013 review period, the firm failed to capture the correct time of trade execution for 1,008 S1 transactions in TRACE-eligible corporate debt securities. As a result, the firm: (i) failed to report to TRACE the correct time of trade execution for 1,008 S1 transactions in TRACE-eligible corporate debt securities; (ii) failed to report to TRACE 1,008 S1 transactions in TRACE-eligible corporate debt securities within the time required by FINRA Rule 6730(a); and (iii) failed to show the correct time of execution on the memorandum of 1,008 brokerage orders. The conduct described in this paragraph constitutes, respectively, separate and distinct violations of FINRA Rule 6730(c)(8), FINRA Rules 6730(a) and 2010, and Securities Exchange Act of 1934 Rule 17a-3 and FINRA Rule 4511.

4. During the 1<sup>st</sup> quarter 2014 review period, the firm failed to report to TRACE 24 P1 transactions in TRACE-eligible corporate debt securities that it was required to report. These transactions constituted five percent of the P1 inter-dealer transactions in TRACE-eligible corporate debt securities that the firm was required to report to TRACE during this period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(b)(1).
5. During the 1<sup>st</sup> quarter 2014 review period, the firm failed to report to TRACE the correct contra-party's identifier for 29 P1 transactions in TRACE-eligible corporate debt securities. These inaccurate reports constituted six percent of the 477 P1 inter-dealer transactions in TRACE-eligible corporate debt securities that the firm was required to report to TRACE during this period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(6).

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

A censure and fine of \$52,500 (comprised of a \$40,000 fine for the TRACE and recordkeeping violations and a \$12,500 fine for the supervision violation), and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in paragraph I.A.2. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), a registered principal of the firm 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](mailto:MarketRegulationComp@finra.org), providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in this paragraph; 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.

6/5/15  
Date

Respondent  
Barclays Capital Inc.

By: Penny Rosenberg

Name: Penny Rosenberg

Title: Director

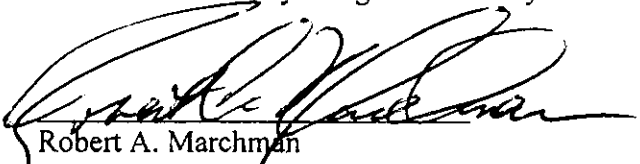
Reviewed by:

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

Accepted by FINRA:

7/9/15  
Date

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

  
Robert A. Marchman  
Executive Vice President  
Department of Market Regulation