

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130356147-01**

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 7, 2013, FINRA accepted an AWC in which the firm was censured and fined \$550,000, of which \$7,500 was for violations of SEC Rule 10b-10 on trade date August 2, 2011.

On November 1, 2013, FINRA accepted an AWC in which the firm was censured and fined \$115,000, of which \$15,000 was for violations of SEC Rules 17a-3 and 17a-4, NASD Rule 3110 and FINRA Rule 4511 during the periods January 1, 2011 through March 31, 2011 and October 1, 2011 through February 3, 2012.

On December 26, 2013, FINRA accepted an AWC in which the firm was censured and fined \$3,750,000 for, among other things, violations of SEC Rule 17a-4, NASD Rule

3110 and FINRA Rule 4511 from at least 2002 through April 2012.

On June 20, 2014, in NYSE Arca, Inc. Proceeding No. 20110275670-02, a FINRA Hearing Officer considered an Offer of Settlement and Consent between the firm and FINRA, on behalf of NYSE Arca, Inc., and imposed a censure and fine of \$700,000 for, among other things, violations of SEC Rules 17a-3 and 17a-4 during the period approximately September 2008 through December 2012.

SUMMARY

In Matter 20130356147, the Trading and Market Making Surveillance ("TMMS") Section of the Department of Market Regulation (the "staff") reviewed the firm's equity trading and market making activity for compliance with various regulatory requirements on trade date September 19, 2013 (the "review period").¹

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm failed on eight occasions to provide written notification disclosing to its customer its correct capacity in the transaction. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 10b-10 and FINRA Rule 2232(a).
 2. The firm failed to make, keep, and preserve transaction confirmations for up to 33 institutional customers from in or about October 2008 through March 2015. The conduct described in this paragraph constitutes separate and distinct violations of SEC Rules 17a-3 and 17a-4, FINRA Rule 4511 (for violations occurring on or after December 5, 2011), and NASD Rule 3110 (for violations occurring before December 5, 2011).
- B. The firm also consents to the imposition of the following sanctions:

A censure and fine of \$22,500 (comprised of a \$12,500 fine for the SEC Rule 10b-10 and FINRA Rule 2232(a) violations and a \$10,000 fine for the recordkeeping violations).

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.

¹ Additional issues identified in this examination related to Order Audit Trail System ("OATS") reporting, recordkeeping and supervision will be resolved separately in connection with Matter 20140417499.

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.

June 2, 2016

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:

6-8-16

Date

Signed on behalf of the

Director of ODA, by delegated authority


Justin Chretien
Chief Counsel
Department of Market Regulation