

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2014041656301**

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

RE: Barclays Capital, Inc., Respondent
CRD No. 19714

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Barclays Capital, Inc. ("Barclays" 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 Barclays 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

Barclays has been a member of FINRA since October 1987. The Firm is the United States-based investment banking arm of Barclays PLC, and employs approximately 3,500 registered individuals.

RELEVANT DISCIPLINARY HISTORY

Barclays has no relevant formal disciplinary history with the Securities and Exchange Commission, any self-regulatory organization, or any state securities regulator.

OVERVIEW

From October 20, 2012 through May 2014, Barclays violated NASD Rule 2711(h)(5)(A) and (B) by failing to accurately disclose the percentage of covered companies for which it had provided investment banking services during the previous twelve months in the distribution of ratings sections of 40,376 equity research reports.

Further, from September 2008 through June 2015, Barclays violated FINRA Rule 2711 (h)(8) by failing to disclose in 3,073 research reports that it was a market maker in the securities of the covered company. The Firm also failed to adopt and implement written supervisory procedures (“WSPs”) reasonably designed to ensure compliance with the requirements of NASD Rule 2711(h)(5) and (8).

FACTS AND VIOLATIVE CONDUCT

1. Barclays’ Research Report Disclosure Violations

NASD Rule 2711 is intended, in part, to provide transparency to investors with respect to conflicts of interest that could impact the objectivity and reliability of research reports. Investment banking and market making relationships between a member and the company it covers through research are among the most concerning conflicts for which the Rule requires disclosure.

Investment Banking Relationships

Rule 2711(h)(5)(A) requires that members disclose in each research report the percentage of all securities rated by the member to which the member would assign a “buy,” “hold/neutral” or “sell” rating. Rule 2711(h)(5)(B) requires that members disclose the percentage of subject companies within each of these categories for whom the member has provided investment banking services the previous twelve months (the “Client Percentage Disclosures”).

From October 2012 through May 2014, the Firm published 40,376 research reports, approximately 70% of the research reports that it issued during this period, which contained inaccurate Client Percentage Disclosures. These inaccuracies stemmed from an IT coding error in the Firm’s disclosures database, the automated system Barclays used to track and report Client Percentage Disclosures, which resulted in the Firm utilizing outdated information to report the Client Percentage Disclosures.

Market Making

Rule 2711(h)(8) requires members to disclose in equity research reports whether the member was making a market in the subject company’s securities at the time the research report was published. From September 2008 through June 2015, Barclays failed to disclose in 3,073 research reports involving 85 issuers that it was a market maker for the securities of the covered company at the time the research report was published.

Based on the foregoing, Barclays violated NASD Rule 2711(h) and FINRA Rule 2010.

2. Barclays' Supervisory Violation

Rule 2711(i) requires each member firm to adopt and implement WSPs reasonably designed to ensure that the member complies with the provisions of Rule 2711.

From September 2008 through June 2015, the Firm failed to implement adequate WSPs in that, among other things, the Firm's WSPs:

- failed to require monitoring of the accuracy of the information captured in the Firm's disclosure database under 2711(h)(5)(Client Percentage Disclosures) and (8)(Market Making);
- failed to incorporate the use of exception reports to detect potential disclosure issues under Rule 2711(h)(5) and (8); and
- relied on manual reviews of research reports that were inadequate to detect disclosure issues under 2711(h)(8).

Based on the foregoing, Barclays violated NASD Rule 2711(i) and FINRA Rule 2010.

D. Respondent consents to the imposition of the following sanctions:

- Censure; and
- Fine of \$500,000.

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

Respondent 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

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

- A. To have a Complaint issued specifying the allegations against it;
- 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, Respondent 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.

Respondent 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

Respondent 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 Respondent;

C. If accepted,

1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
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. Respondent 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. Respondent 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 its: (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; and

D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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 the Firm has agreed to its 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.

Barclays Capital, Inc.

11/24/2015
Date (mm/dd/yyyy)

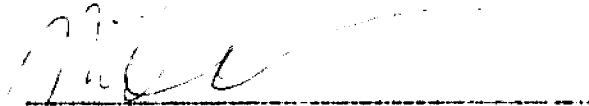
By: Penny Rosenberg
Penny Rosenberg
Director, Regulatory Compliance

Accepted by FINRA:

Jan 25 2016

Date

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



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