

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2015044133101**

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

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

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent 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 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

Barclays became a FINRA member on October 19, 1987, and registered with the Securities and Exchange Commission (SEC) on June 13, 1989. The Firm's headquarters is in New York, New York. The Firm has 14 branch offices and approximately 2,800 registered individuals. The Firm is a commission-based brokerage firm that provides trading execution, clearing, and investment banking services to institutional customers.

RELEVANT DISCIPLINARY HISTORY

Respondent does not have any relevant disciplinary history with the SEC, any state securities regulators, FINRA, or any other self-regulatory organization.

OVERVIEW

From April 30, 2013 to June 30, 2016 (review period), Barclays failed to fully and accurately report its short interest positions in certain foreign-listed securities. More specifically, during the review period, the Firm over-reported 35 short interest positions in foreign-listed securities by 6,489,738 shares and failed to report 18 positions in

foreign-listed securities totaling 6,275,073 shares. As a result of the foregoing reporting errors, the Firm violated FINRA Rules 4560 and 2010.

FACTS AND VIOLATIVE CONDUCT

1. FINRA Rule 4560 requires member firms to maintain a record of short interest positions in all customer and proprietary firm accounts in all equities securities (subject to certain exceptions not applicable here), and to regularly report such positions in a manner as prescribed by FINRA. A violation of Rule 4560 constitutes a violation of FINRA Rule 2010.
2. As explained by FINRA Regulatory Notice 12-38, “Short-Interest Reporting” (RN 12-38), Rule 4560 requires member firms to report short interest positions in dual-listed securities, that is, foreign-listed securities where the security shares an International Securities Identification Number with a U.S.-listed or traded security.
3. On 14 of 20 sampled settlement dates during the review period, Barclays over-reported its short interest positions in dual-listed securities by 35 positions totaling 6,489,738 shares. More specifically, on 13 of the sampled settlement dates, the Firm reported 76 short interest positions totaling 12,388,903 shares, when it should have reported 42 short interest positions totaling 5,939,241 shares. Those reporting errors resulted from situations where the Firm held positions in both the foreign-listed and domestic security in the same proprietary account. In those situations, due to a coding issue, the Firm failed to offset the two positions to determine whether the Firm held a short position and the number of shares that should be reported for the dual-listed security. Upon receiving notification from FINRA of the reporting deficiencies, Barclays addressed the coding issue that gave rise to the violations. On the remaining sampled settlement date, the Firm over-reported one position totaling 40,076 shares due to a manual error.
4. In addition, on six of 20 sampled settlement dates during the review period, Barclays failed to report 18 short interest positions totaling 6,275,073 shares in certain foreign-listed securities. More specifically, on five of the sampled settlement dates, the Firm failed to report 17 short interest positions totaling 6,145,973 shares. These failures resulted from a flawed manual review whereby the Firm failed to recognize that a security that was trading on a foreign market had become dually-listed in the United States. Upon receiving notification from FINRA of the reporting deficiencies, Barclays addressed the oversight that gave rise to the violations. On the remaining sampled settlement date, the Firm failed to report one position totaling 129,100 shares because Barclays’ third party vendor failed to timely update the Firm’s data concerning its dual-listed securities.
5. By virtue of the foregoing, Barclays violated FINRA Rules 4560 and 2010.

B. Respondent also consents to the imposition of the following sanctions:

1. Censure; and
2. Fine of \$125,000.

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 an inability 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; and
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future action brought by FINRA or any other regulator against Respondent;
 - 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 Respondent'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. 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 Respondent 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 it to submit it.

August 24, 2020

Date

Barclays Capital Inc.
Respondent

By: Penny Rosenberg

Print Name: Penny Rosenberg

Title: Director

Reviewed by:

[Attorney Name]
Counsel for Respondent
[Firm Name]
[Address]
[City/State/Zip]

Accepted by FINRA:

August 25, 2020

Date

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

Rachel Browder

Rachel Browder
Principal Counsel
FINRA
Department of Enforcement
15200 Omega Drive
Rockville, Maryland 20850