

**NEW YORK STOCK EXCHANGE LLC
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NOS. 2019-12-00042 & 2019-07-00026**

TO: New York Stock Exchange LLC

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

During the period from July 3, 2019, through January 31, 2020, (the “Relevant Period”) Barclays Capital Inc. violated: (1) NYSE Rule 123C(3) (Cancellation of MOC, LOC, and CO Orders), (2) NYSE Rule 7.35B(f)(2) (Cancellation of MOC, LOC, and Closing IO Orders), and (3) NYSE Rule 3110 (Supervision). Consent to a censure and \$120,000 fine.

* * *

Pursuant to Rule 9216 of the New York Stock Exchange LLC (the “NYSE” or the “Exchange”) 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, the NYSE will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Barclays 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 the NYSE, or to which the NYSE 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 the NYSE:

BACKGROUND AND JURISDICTION

1. Barclays is a registered broker-dealer with its principal place of business in New York, New York. Among other lines, Barclays conducts a securities brokerage business that includes trading on the NYSE. Barclays has been a member of the NYSE since September 2008.
2. This matter arose out of an investigation by NYSE Regulation into Barclay’s cancellation of Market on Close (“MOC”) and Limit on Close (“LOC”) orders on ten days over a seven-month period.

VIOLATIONS

3. During the Relevant Period, Barclays violated NYSE Rule 123C or NYSE Rule 7.35B by improperly cancelling 5,853 MOC or LOC orders after the prescribed cut-

off time.¹ The Firm further violated NYSE Rule 3110 by failing to implement a supervisory system and controls reasonably designed to achieve compliance with NYSE Rules 123C and 7.35B.

The Firm's Improper Cancellations

4. During the Relevant Period, NYSE Rules 123C(3) and 7.35B(f)(2) governed the cancellation of MOC and LOC orders. Those rules provided, among other things, that: (i) between 3:50 p.m. and 3:58 p.m., MOC and LOC orders may only be cancelled or reduced in size to correct a "legitimate error;" and (ii) after 3:58 p.m., MOC and LOC orders may not be cancelled or adjusted for any reason except as provided for in Rules 123C(9) or 7.35B(j)(2) (Extreme Order Imbalances at or Near the Close).
5. On days when the scheduled close of trading was at 1:00 p.m., rather than the customary 4:00 p.m., the above-mentioned time restrictions were applied three hours earlier. *See* NYSE Rule 123C.40; NYSE Rule 7.35B(f)(2). Thus, the rules provided that between 12:50 p.m. and 12:58 p.m., MOC and LOC orders may be cancelled or reduced in size only to correct a "legitimate error;" and (ii) after 12:58 p.m., MOC and LOC orders may not be cancelled or adjusted for any reason except as provided for in Rules 123C(9) or 7.35B(j)(2).
6. Throughout the Relevant period, NYSE Rule 3110(a) required, in pertinent part, that member organizations shall establish and maintain a supervisory system "that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules." NYSE Rule 3110(b)(1) further required each member organization to "establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules."
7. On ten trade dates during the Relevant Period, Barclays improperly cancelled 5,853 MOC or LOC orders after the proscribed cut-off time. These cancellations circumvented blocks put in place by the Firm for late cancellations as a result of several systems failures at the Firm. These failures concerned, among other things, the failure to accurately program the blocks to address early closes on July 3, 2019, and November 29, 2019, the failure to prevent the cancellation of child orders upon cancellation of a parent order, and the failure to accurately program a block in connection with the Firm's transition to the NYSE Pillar trading platform.
8. The Firm did not cancel these orders to correct a "legitimate error" or in connection

¹ NYSE Rule 7.35B applies to trading on the NYSE Pillar trading platform, while Rule 123C applies to pre-Pillar trading.

with extreme order imbalances at or near the close. Accordingly, each of these cancellations violated NYSE Rules 123C(3) or 7.35B(f)(2).

The Firm's Failure to Supervise

9. In addition, during the Relevant Period, Barclays failed to establish, maintain, and enforce a supervisory system, including written supervisory procedures, reasonably designed to achieve compliance with Rules 123C(3) and 7.35B(f)(2) as they pertain to the cancellation of MOC and LOC orders.
10. Specifically, since becoming a member of the NYSE in 2008, Barclays had in place an MOC/LOC review procedure. That procedure required a surveillance group to review on a daily basis an exception report designed to detect potential instances of cancelling or entering MOC or LOC orders to the NYSE after the specified cutoff time. The procedure further required analysts to research the order activity, speak to a trader where applicable, document the results, and, in the event of a violation, escalate the issue.
11. However, beginning in 2013, the Firm coded erroneous logic into the surveillance underlying this report, which directly affected its ability to detect cancellations. As a result, the surveillance failed to generate any exceptions related to cancellations since 2013, including the 5,853 late cancellations identified in this matter. However, the Firm was otherwise aware in real time of all the cancellations on July 3, 2019, and some of the cancellations during January 2020.
12. In addition, Barclays also failed to promptly identify and resolve certain of the issues causing its late cancellations.
13. Specifically, two separate failures permitted the Firm's late cancellation of MOC or LOC orders on the first trade date at issue, July 3, 2019. The first related to a block in the Firm's Smart Order Router, and the second related to a block in the Firm's Connectivity Gateway. While the Firm identified and remediated the first issue, it unreasonably failed to identify or remediate the second. As a result, the failure in the Firm's Connectivity Gateway recurred on a second date, November 29, 2019, and permitted additional late cancellations.
14. Accordingly, Barclays also violated NYSE Rule 3110(a) and (b).

RELEVANT PRIOR DISCIPLINARY HISTORY

15. Barclays does not have any recent disciplinary history with respect to the late cancellation of MOC or LOC orders.

SANCTIONS

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

1. Censure and fine in the amount of \$120,000

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. The Firm has submitted a Method of Payment Confirmation form showing the method by which it will 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 Firm agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts. The Firm further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts.

II. WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under the NYSE Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal 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 Exchange's Board of Directors 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 Regulatory Officer of the NYSE; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC"), and Committee for Review ("CFR"); any Director, DAC member, or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE employee; or any Regulatory Staff as defined in Rule 9120 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 communication prohibitions of Rule 9143 or the separation of functions prohibitions of 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 by NYSE Regulation, and accepted by the Chief Regulatory Officer of the NYSE pursuant to NYSE 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. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be deemed final and shall constitute the complaint, answer, and decision in the matter, 25 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE Rule 9310(a)(1)(B);
 - 2. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by the Exchange, or any other regulator against the Firm;
 - 3. The NYSE shall publish a copy of the AWC on its website in accordance with NYSE Rule 8313;
 - 4. The NYSE may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE Rule 8313; and
 - 5. 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 the Exchange, or to which the Exchange 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 the Exchange is not a party.
- D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an

original signed copy.

- E. 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. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of NYSE Regulation or its staff.

The Firm certifies that, in connection with each of the Exchange's requests for documents in connection with this matter, the Firm made a diligent inquiry of all persons who reasonably had possession of responsive documents, and that those documents have been produced or identified in a privilege log. The Firm acknowledges that, in agreeing to the AWC, the Exchange has relied upon, among other things, the completeness of such document production.

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.

November 2, 2020

Date

Barclays Capital Inc.,

Respondent

By: Penny Rosenberg

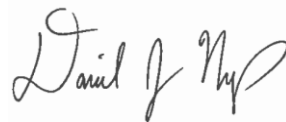
Penny Rosenberg

Director

Accepted by NYSE Regulation

November 2, 2020

Date



Daniel J. Northrop
Senior Enforcement Counsel
NYSE Regulation

Signed on behalf of New York Stock
Exchange LLC, by delegated authority from
its Chief Regulatory Officer