

BATS EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110259764-01

TO: BATS Exchange, Inc.
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Barclays Capital Inc., Respondent
Broker-Dealer
CRD No. 19714

Pursuant to Rule 8.3 of the Rules of BATS Exchange, Inc. ("BATS"), Barclays Capital Inc. (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, BATS will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm 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 BATS, or to which BATS 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 BATS:

BACKGROUND

The firm has been a member of FINRA since October 19, 1987, and a member of BATS since August 18, 2008, and its registrations remain in effect.

RELEVANT PRIOR DISCIPLINARY HISTORY

The firm has no relevant disciplinary history.

SUMMARY

In 20110259764, the staff in the Market Making Analysis Section of FINRA's Department of Market Regulation (the "staff"), on behalf of BATS, reviewed the firm's compliance with BATS Rule 11.20, during the periods of June 2, 2010 through June 22, 2010, and July 6, 2010 through July 14, 2010.

In 20140435709, the staff, on behalf of BATS, reviewed the firm's compliance with SEC Rule 611 of Regulation NMS during the period September 1, 2012 through October 7, 2013.

FACTS AND VIOLATIVE CONDUCT

20110259764

1. During the periods of June 2, 2010 through June 22, 2010, and July 6, 2010 through July 14, 2010, the firm failed to reasonably avoid displaying and engaged in a pattern or practice of displaying quotations that locked or crossed a protected quotation. The conduct described in this paragraph constitutes separate and distinct violations of BATS Rule 11.20.

20140435709

2. During the period from September 1, 2012 through October 7, 2013, the firm failed to take reasonable steps to establish that the intermarket sweep orders ("ISOs") it routed met the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. The conduct described in this paragraph constitutes a violation of SEC Rule 611(c) of Regulation NMS and BATS Rule 11.9(d).
3. During the period from September 1, 2012 through October 7, 2013, the firm failed to establish, maintain, and enforce written policies and procedures that were reasonably designed to prevent trade-throughs of protected quotations in NMS stocks that do not fall within any applicable exception, and if relying on an exception, are reasonably designed to assure compliance with the terms of the exception. Specifically, the firm's exception reports did not capture odd-lot ISOs that did not meet the definitional requirements set forth in Rule 600(b)(30) of Regulation NMS. The conduct described in this paragraph constitutes a violation of BATS Rules 3.1 and 5.1.

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

- A censure and a fine of \$32,500 (\$15,000 for the trade through violations, \$10,000 for the supervision violations and \$7,500 for the locked/crossed violations).
- An undertaking to submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, no later than 30 days after the AWC becomes final, a signed, dated letter or e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, acknowledging that the firm revised its written supervisory procedures to address the deficiencies described in paragraph I.A.3 above, and the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 imposed in this matter.

The sanctions imposed herein shall be effective on a date set by BATS.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under BATS Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- B. To be notified of the Statement of Charges 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 Appeals Committee of the BATS'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 prejudice of the Chief Regulatory Officer ("CRO"), in connection with her 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 BATS Rule 8.16, 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 CRO, pursuant to BATS Rule 8.3;
- 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 BATS or any other regulator against the firm;
 - 2. this AWC will be published on a website maintained by BATS in accordance with BATS Rule 8.11, *Interpretations and Policies .01*. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; and
 - 3. 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 BATS, or to which BATS 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 BATS 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 BATS, nor does it reflect the views of BATS 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.

9/11/15
Date

Barclays Capital Inc.,
Respondent

By: Penny Rosenberg
Name: Penny Rosenberg
Title: Director

Reviewed by:

Counsel for Respondent
Barclays Capital Inc.

9/15/2015
Date

Tamara Schademann
Tamara Schademann
Chief Regulatory Officer
BATS Exchange, Inc.

ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A firm check or bank check for the full amount; or
- Wire transfer.

Respectfully submitted,

9/1/15
Date

Respondent
Barclays Capital Inc.,

By: Penny Rosenberg

Name: Penny Rosenberg

Title: Director