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FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2022075734201

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

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

Pursuant to FINRA Rule 9216, Respondent Barclays Capital Inc. 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 in this AWC.

I.

ACCEPTANCE AND CONSENT

A. Respondent accepts and consents to the following findings by FINRA without admitting or denying them:

BACKGROUND

Barclays Capital Inc. has been a FINRA member since October 1987. Headquartered in New York, New York, the firm employs approximately 2,900 registered representatives in its 18 branch offices. Barclays' business includes options and equities trading on behalf of itself and customers, as well as underwriting and market making.[1]

OVERVIEW

Between December 1, 2020 and May 23, 2022, Barclays effected 25,711 short sale orders without locating securities available to borrow, in violation of Rule 203(b)(1) of Regulation SHO of the Securities Exchange Act of 1934 and FINRA Rule 2010.

Between December 2020 and September 2023, Barclays violated FINRA Rules 3110(a) and 2010 by failing to establish and maintain a supervisory system reasonably designed to achieve compliance with the locate requirements of Rule 203(b)(1) of Regulation SHO.

For these violations, Barclays is censured and fined $140,000.

[1] For more information about the firm, including prior regulatory events, visit BrokerCheck® at www.finra.org/brokercheck.

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FACTS AND VIOLATIVE CONDUCT

This matter originated from Barclays' FINRA Rule 4530 filing.

Barclays failed to comply with the locate requirement of Rule 203(b)(1) of Regulation SHO.

Rule 203(b)(1) of Regulation SHO, known as the "locate requirement," states that a broker-dealer may not accept a short sale order in an equity security from another person, or effect a short sale in an equity security for its own account, unless it has (i) borrowed the security or entered into a bona-fide arrangement to borrow the security, or (ii) has reasonable grounds to believe that the security can be borrowed so that it can be delivered on the date delivery is due, and (iii) has documented compliance with subsection (b)(1). A broker-dealer must, therefore, locate securities available for delivery before effecting short sales for its own account. Rule 203(b)(2)(iii) of Regulation SHO provides an exception to the locate requirement for short sales effected by a market maker in connection with bona-fide market making activities in the security for which the exception is claimed.

FINRA Rule 2010 requires members to observe high standards of commercial honor and just and equitable principles of trade in the conduct of their business. A violation of Rule 203(b) is also a violation of FINRA Rule 2010.

Between December 1, 2020 and May 23, 2022, Barclays effected 25,711 short sale orders without obtaining a locate in violation of Rule 203(b)(1). During this period, when a trading desk requested a new proprietary trading account, Barclays sometimes reused an existing dormant account instead of opening an entirely new account. In certain instances when the firm reused a dormant account that had previously been used by a market making desk, the firm failed to remove the market maker coding from the account. These accounts were incorrectly coded as market maker accounts engaging in bona-fide market making activities, and the firm improperly relied on the bona-fide market making exception to the locate requirement rather than obtaining and documenting a locate as required by Rule 203(b)(1).

Therefore, Barclays violated Rule 203(b)(1) of Regulation SHO and FINRA Rule 2010.

Barclays failed to reasonably supervise for compliance with the locate requirement.

FINRA Rule 3110(a) requires a member firm to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules. A violation of FINRA Rule 3110 also constitutes a violation of FINRA Rule 2010.

From December 2020 through September 2023, Barclays failed to establish and maintain a supervisory system reasonably designed to achieve compliance with Rule 203(b) of Regulation SHO. Although the firm had a supervisory system to monitor its use of the bona-fide market making exception, it did not have a system in place to ensure that reused accounts were no longer designated as market making accounts if they were no longer associated with the firm's market making business.

Therefore, Barclays violated FINRA Rules 3110(a) and 2010.

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

- a censure and

- a $140,000 fine.

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 after the execution of this AWC, the monetary sanction imposed in this matter.

The sanctions imposed in this AWC shall be effective on a date set by FINRA.

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 its acceptance or rejection.

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 its subject matter 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 right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party. Nothing in this provision affects Respondent's testimonial obligations in any litigation or other legal proceedings.

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

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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.

The undersigned, on behalf of Respondent, certifies that a person duly authorized to act on Respondent's 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 Respondent understands and acknowledges that it is permitted to retain an attorney at its expense to review and provide legal advice regarding the AWC before agreeing to the language and signing the AWC; that FINRA does not represent or advise it and Respondent cannot rely on FINRA for legal advice; that Respondent 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 in this AWC and the prospect of avoiding the issuance of a complaint, has been made to induce Respondent to submit this AWC.

April 20, 2026
Date

Fiona Fallon
Barclays Capital Inc.
Respondent

Print Name: Fiona Fallon

Title: Director - US Head of Regulatory Inquiries

Accepted by FINRA:

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

April 20, 2026
Date

Román J. Rodriguez
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Counsel
FINRA
Department of Enforcement
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New York, NY 10281