

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73183 / September 23, 2014

INVESTMENT ADVISERS ACT OF 1940
Release No. 3929 / September 23, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16154

In the Matter of

Barclays Capital Inc.,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTIONS 203(e) AND 203(k) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A
CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Barclays Capital Inc. (“BCI” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

Summary

This matter concerns violations of the Advisers Act by BCI, a dually-registered investment adviser and broker-dealer, arising from systemic failures at BCI after it acquired Lehman Brothers Inc.'s ("Lehman's") advisory business in September 2008. When BCI attempted to integrate this advisory business into its existing business, it did not take the necessary steps to assure that its infrastructure was enhanced to support the newly acquired advisory business, it failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act, and it failed to make and keep certain required books and records. These deficiencies contributed to other violations. Specifically, BCI executed more than 1,500 principal transactions with its advisory client accounts without making the required written disclosures or obtaining client consent. Additionally, for 2,785 advisory client accounts, BCI charged commissions and fees, and earned revenues, that were inconsistent with its disclosure to clients. BCI also violated certain of the custody provisions of the Advisers Act, and it underreported its assets under management ("AUM") on its March 31, 2011 amendment to its Form ADV by \$754 million. BCI's violations resulted in overcharges and client losses approximating \$472,000, and additional revenue to BCI of more than \$3.1 million.

Respondent

1. BCI, a dually-registered investment adviser and broker-dealer, has its principal place of business in New York, New York. It has been registered with the Commission as an investment adviser since September 2008 and as a broker-dealer since June 1989. BCI is owned by Barclays Group U.S. Inc., a wholly-owned subsidiary of Barclays Bank PLC, a bank organized in England and Wales. On September 20, 2008, BCI acquired certain of Lehman's North American investment banking and capital markets businesses, including Lehman's former private investment management business. This acquisition resulted in the creation of BCI's wealth management division, now referred to as Wealth and Investment Management, Americas (formerly Barclays Wealth Americas) ("BWIM"), which provides high net worth and corporate clients with brokerage and investment management services. BCI also conducts a securities and commodities business primarily for institutional clients. BCI provides advisory services for a fee generally based on a percentage of AUM through several advisory programs, including managed account wrap fee programs. In its Form ADV dated March 30, 2012, BCI reported a total of approximately \$12 billion in AUM, for 3,644 discretionary accounts and 5,292 non-discretionary accounts. In its Form ADV dated March 31, 2014, BCI reported a total of approximately \$13 billion in AUM, for 3,315 discretionary accounts and 1,094 non-discretionary accounts.

Facts

2. Prior to September 2008, BCI's operations in the United States comprised primarily broker-dealer functions. In September 2008, BCI acquired certain of Lehman's assets, including the former private investment management business of Lehman. Upon acquiring Lehman's advisory business, BWIM¹ attempted to integrate this business into BCI's programs and platforms. Despite the rapid growth of the advisory business following the Lehman acquisition, BWIM failed to build a compliance infrastructure that was reasonably designed to prevent violations of the Advisers Act and its rules. This failure contributed to the deficiencies and violations described below, which were identified during two coordinated and concurrent examinations of BCI's advisory and broker-dealer businesses by the Commission's examination staff ("exam staff"), conducted from July 2011 through March 2012.

BCI Engaged in Principal Transactions Without Making Required Written Disclosures and Obtaining Client Consent

3. In violation of Section 206(3) of the Advisers Act, BCI, acting as a principal for its own account, purchased and sold securities for certain of its advisory client accounts without disclosing to such clients in writing before the completion of the transactions the capacity in which BCI was acting and without obtaining those clients' consent to the transactions. From January 2009 through December 2011, BCI effected 448 transactions in fixed income securities and 1097 transactions in initial public and secondary equity offerings (collectively, the "Principal Trades") for its advisory clients while BCI acted as a principal for its own account. For certain of these transactions, BCI provided no written disclosure to the clients. When BCI did send consent notices, the notices did not provide advisory clients with sufficient information (e.g., the compensation paid to BCI or what BCI had paid for the security) to enable them to make an informed decision to consent to the transactions before their completion.²

¹ For purposes of this Order, "BWIM" will be used to refer specifically to BCI's wealth management investment advisory business.

² As a general matter, an investment adviser must disclose to an advisory client any adverse interest that the adviser might have, "together with any other information in his possession which the client should possess" to facilitate an informed decision by the client whether to consent to a principal transaction. *See* Advisers Act Rel. No. 40, 1945 SEC LEXIS 139, *3 (Jan. 5, 1945); *see also Interpretation of Section 206(3) of the Investment Advisers Act of 1940*, Advisers Act Rel. No. 1732 at n.9, 1998 SEC LEXIS 1483, *8 (July 17, 1998) (to ensure informed consent, Section 206(3) should be read together with other subsections of 206 to require disclosure of facts necessary to alert the client to the adviser's potential conflicts of interest in a principal or agency transaction). That information must include the capacity in which the adviser is acting, 15 U.S.C. §80b-6, and, depending upon its materiality to a particular transaction, also may include: (1) the cost of the security to the adviser if sold to a client; (2) the price at which securities could be resold if purchased from a client; and (3) the best price at which the transaction could be effected, if more advantageous to the client than the actual transaction price ("best price"), *Interpretation of Section 206(3) of the Investment Advisers Act of 1940*, Advisers Act Rel. No. 1732 at n.9, 1998 SEC LEXIS 1483, *8 (July 17, 1998).

4. For the Principal Trades, BCI received a total of \$2,853,119.62 in revenue.³ It has reimbursed or credited this amount, in addition to \$383,307.89 in interest, to affected clients.

BCI Charged Commissions and Fees, and Earned Revenues, That Were Inconsistent With Its Disclosure to Certain of Its Advisory Clients

5. From September 2008 through December 2011, in violation of Section 206(2) of the Advisers Act, BWIM charged commissions and fees, and earned revenues, that were inconsistent with what was disclosed to certain of its advisory clients. The commissions, fees and revenues occurred as a result of BWIM's errors in processing new clients, in placing trade orders, and in failing to maintain adequate procedures relating to its advisory billing processes.

6. These commissions, fees and revenues occurred in several ways. First, certain clients were enrolled in particular wrap fee investment advisory programs offered to advisory clients in which the client agreed to pay a specified fee (which was determined as a percentage of the client's assets held in the wrap fee account) for advisory and execution services. However, in 31 such accounts, BWIM also charged undisclosed commissions on equity trades in addition to the wrap fees.

7. Second, BWIM charged certain advisory clients who were referred to one of its advisory programs by a certain third party service provider, or solicitor, higher fees than other clients that were not referred but who participated in the same program. BWIM, in turn, paid solicitation fees to the solicitor. However, BWIM failed to ensure that the referred clients received adequate disclosure that they were paying higher fees than those clients who were not referred but participated in the same program.⁴ The higher fees affected approximately 54 accounts.

³ This number is comprised of \$275,542.77 for the fixed income trades and \$2,577,576.85 for the initial public and secondary offerings.

⁴ Rule 206(4)-3(a)(1)(iii) under the Advisers Act requires that cash payments for client solicitations be paid pursuant to a written agreement to which the adviser is a party. With certain exceptions not relevant here, the agreement must: (1) describe the solicitation activities and the compensation received; (2) contain an undertaking by the solicitor to perform his/her duties under the agreement in a manner consistent with the instructions of the investment adviser and the provisions of and rules under the Advisers Act; and (3) require that the solicitor, at the time of the solicitation, provide the client with a current copy of the investment adviser's written disclosure statement ("brochure") and the solicitor's written disclosure document. Rule 206(4)-3(a)(2)(iii)(A). The Adviser must receive from the client, prior to or at the time of entering into an investment advisory contract, a signed and dated acknowledgement of receipt of the brochure and the solicitor's written disclosure document. Rule 206(4)-3(a)(2)(iii)(B). Rule 204-2(a)(15) requires the adviser to make and keep written acknowledgments of receipt obtained from clients pursuant to Rule 206(4)-3(a)(2)(iii)(B) and copies of the documents delivered to clients by solicitors pursuant to Rule 206(4)-3. BWIM lacked procedures for complying with Rule 206(4)-3 and could not determine if, at the time of a solicitation, the solicitor provided advisory clients with documentation required by the rule.

8. Third, BWIM received undisclosed revenues from certain advisory clients whose retirement account cash balances were held in deposit accounts and invested in money market funds for which those clients were ineligible. BWIM made these investments through automated sweeps or directed investments, and those investments resulted in undisclosed revenues to BWIM that were in addition to the advisory fees the clients were paying. BWIM earned revenue in excess of advisory fees from 2,256 advisory retirement accounts as a result of its placing these clients in investments for which they were ineligible.

9. Fourth, BWIM charged undisclosed processing fees to 397 advisory client accounts in connection with certain fixed income transactions.

10. Finally, BWIM charged 47 advisory clients in excess of the fees previously disclosed that clients would be charged for investment advisory services.

11. For these commissions, fees and revenues, BCI reimbursed or credited a total of approximately \$568,392, inclusive of interest, to affected clients.

BCI Violated the Custody Rule

12. According to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), for client funds and securities over which BCI had custody, it was required to ensure that those funds and securities were subject to verification by an annual surprise examination by an independent public accountant.⁵ See Rule 206(4)-2(a)(4). Because it did not have an adequate procedure for identifying and extracting certain client information from its systems, BWIM did not identify more than 800 of its advisory accounts to the independent public accountant that performed BCI’s 2010 annual surprise examination.

13. BCI was contractually permitted under certain circumstances to withdraw client funds maintained with a third-party qualified custodian upon its instruction to the custodian with respect to limited partnerships and limited liability companies in its Barclays Wealth Advisor Series platform. As such, for purposes of the Custody Rule, BCI had custody of the assets of those entities. See Rule 206(4)-2(d)(2)(ii). The Custody Rule requires BCI to have a reasonable basis, after due inquiry, for believing that the qualified custodian sent account statements, at least quarterly, to each of BCI’s clients for which the qualified custodian maintains funds or securities, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period. See Rule 206(4)-2(a)(3). The statements must be sent to each beneficial owner. See Rule 206(4)-2(a)(5). BCI did not have a reasonable basis to believe, after due inquiry, that such account statements were sent, and it did not qualify for an exception (the “audit exception”) from this requirement of the Custody Rule because it did not distribute the 2010 audited financial statements for the limited partnerships and limited

⁵ The Custody Rule was amended in December 2009, effective March 12, 2010. The conduct here post-dated March 12, 2010.

liability companies in its Barclays Wealth Advisor Series platform to each beneficial owner within the time period required by the Custody Rule.⁶ See Rule 206(4)-2(b)(4).

14. Additionally, for client funds and securities over which BCI had custody because a related person to BCI maintained those funds or securities, BCI was required to obtain from its related person a written internal control report prepared by an independent public accountant. See Rule 206(4)-2(a)(6)(ii). Specifically, certain of BCI's advisory client accounts were maintained at Barclays Bank Delaware, Barclays Wealth Trustees (U.S.), N.A., and Barclays Private Bank and Trust Ltd., all related persons to BCI. BCI failed to obtain internal control reports from those related persons from August 1, 2010 to October 31, 2011.⁷

BCI Failed to Adopt and Implement Written Policies and Procedures Reasonably Designed to Prevent Violations of the Investment Advisers Act and the Rules Thereunder for Its Advisory Business

15. BCI failed to comply with the requirement in Rule 206(4)-7 under the Advisers Act that every Commission-registered investment adviser adopt and implement written policies and procedures reasonably designed to prevent violations, by the adviser and its supervised persons, of the Advisers Act and the rules thereunder. Although BWIM had written compliance policies and procedures, those policies and procedures suffered from deficiencies and weaknesses, and were not reasonably designed to address certain aspects of its businesses, such as those risks that arose as a result of BCI's dual role as investment adviser and broker-dealer. BWIM's deficient policies and procedures included those relating to principal trading, regulatory filings, marketing and solicitation arrangements, fee billing, portfolio management, custody, and books and records.

BCI Failed to Make and Keep Certain Books and Records

16. BCI failed to make and keep certain required books and records. These deficiencies related to its use of technological platforms that did not reliably transmit data between BCI's systems. BCI's numerous issues with accurately capturing information prevented it from identifying its advisory clients and the capacity in which it executed securities transactions in order to adequately perform compliance, surveillance and review services, including reviews of any exception reports and alerts. These deficiencies also resulted in significant problems in producing complete and accurate information in response to the exam staff's requests. For example, it could

⁶ Pursuant to the Custody Rule, BCI was required to provide audited financial statements for the fiscal year ended December 31, 2010 by April 30, 2011. BCI provided these audited financial statements to beneficial owners subsequent to July 2011.

⁷ BCI's sole basis for having custody of these clients' assets was the fact that a related person maintained them. These related persons were not "operationally independent" from BCI because certain BCI personnel held positions with the related persons; hence, the related persons were also subject to BCI's surprise independent verification obligations. See Advisers Act Rules 206(4)-2(b)(6) and 206(4)-2(d)(5). BCI since has obtained internal control reports for Barclays Bank Delaware and Barclays Wealth Trustees (U.S.), N.A. Only one account was maintained at Barclays Private Bank and Trust Ltd. The account was terminated on March 30, 2012.

not produce a list of all accounts in which it was vested with discretionary authority and was unable to provide the exam staff with documentation regarding the disclosure to clients of solicitation fees paid to solicitors for referring those clients to BWIM. As a result of the foregoing, BCI failed to maintain accurate and complete records as required by Advisers Act Section 204(a) and Rules 204-2(a)(8) and 204-2(a)(15) thereunder.

BCI's Form ADV Disclosures Were Materially Inaccurate

17. BCI violated Section 207 of the Advisers Act when it filed its Form ADV Part 1A, dated March 31, 2011, containing material inaccuracies with respect to its AUM. Specifically, the March 31, 2011 filing underreported AUM by approximately \$754 million. BCI also miscalculated the number of accounts in various advisory programs, resulting in an overstatement of the number of accounts in certain programs, and the understatement of the number of accounts in others. BCI also omitted certain advisory programs from the March 31, 2011 filing. As a result, BCI also underreported the value of assets under custody and the total number of custody accounts in Item 9.A.

Violations

18. As a result of the conduct described above, BCI willfully⁸ violated Section 204(a) of the Advisers Act and Rules 204-2(a)(8) and (a)(15) thereunder, which require that investment advisers registered with the Commission maintain and preserve certain books and records. Rule 204-2(a)(8) requires registered investment advisers to make and keep “[a] list or other record of all accounts in which the investment adviser is vested with any discretionary power with respect to the funds, securities or transactions of any client.” Rule 204-2(a)(15) requires registered investment advisers to make and keep “[a]ll written acknowledgements of receipt obtained from clients pursuant to Rule 206(4)-3(a)(2)(iii)(B) and copies of the disclosure documents delivered to clients by solicitors pursuant to Rule 206(4)-3.”

19. As a result of the conduct described above, BCI willfully violated Section 206(2) of the Advisers Act, which prohibits an investment adviser from engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon a client or prospective client. A violation of Section 206(2) may rest on a finding of simple negligence; scienter is not required. *SEC v. Steadman*, 967 F.2d 636, 643 n.5 (D.C. Cir. 1992) (citing *SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 195 (1963)).

20. As a result of the conduct described above, BCI willfully violated Section 206(3) of the Advisers Act, which prohibits an investment adviser from, directly or indirectly, “acting as

⁸ A willful violation of the securities laws means merely “that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Id.* (quoting *Gearhart & Otis, Inc. v. SEC*, 348 F.2d 798, 803 (D.C. Cir. 1965)).

principal for his own account, knowingly to sell any security or to purchase any security from a client ... without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction.”

21. As a result of the conduct described above, BCI willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder. Rule 206(4)-2 provides, in pertinent part, that it is a fraudulent, deceptive, or manipulative act, practice, or course of business within the meaning of Section 206(4) for any registered investment adviser to have custody of client funds or securities unless, among other things, the adviser had a reasonable basis for believing that a qualified custodian was sending quarterly account statements to each of the clients for which it maintained funds or securities, identifying the amount of funds, and of each security in the account at the end of the period and setting forth all transactions in the account during the period. The rule also provides that an independent public accountant generally must verify all of the client funds and securities by actual examination at least once during each calendar year on a date chosen by the accountant without prior notice to the investment adviser (a “surprise examination”). The rule further provides that, with respect to client funds or securities maintained by a related person, the adviser must obtain from the related person, no less frequently than once each calendar year, a written internal control report prepared by an independent public accountant. The report must include an opinion of an independent public accountant as to whether controls have been placed in operation as of a specific date, and are suitably designed and are operating effectively to meet control objectives relating to custodial services, including the safeguarding of funds and securities held by either the adviser or a related person on behalf of the advisory clients, during the year. Also, as part of the internal control report, the independent public accountant must verify that the funds and securities are reconciled to a custodian other than the adviser or the adviser’s related person.

22. As a result of the conduct described above, BCI willfully violated Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, which require, among other things, that a registered investment adviser adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder by the adviser and its supervised persons.

23. As a result of the conduct described above, BCI willfully violated Section 207 of the Advisers Act, which makes it “unlawful for any person willfully to make any untrue statement of a material fact in any registration application or report filed with the Commission . . . or willfully to omit to state in any such application or report any material fact which is required to be stated therein.”

BCI’s Remedial Efforts

24. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by BCI and cooperation afforded the Commission staff. After the joint examination by the Commission’s exam staff, BCI took a number of steps to identify and address various deficiencies, and to address compliance and structural issues. BCI has reimbursed or credited its affected clients approximately \$3.8 million, including interest. In addition, BCI developed and is implementing an action plan in consultation with outside experts.

Undertakings

25. Independent Consultant. Within 270 days of the date of this Order, BCI shall retain an independent compliance consultant (“IC”) not unacceptable to the Commission staff. The IC’s compensation and expenses shall be borne exclusively by BCI. Prior to the retention of the IC, BCI shall provide to the staff of the Commission a copy of the engagement letter detailing the IC’s responsibilities, which includes the reviews to be made by the IC as described in this Order.

- a. BCI shall require that the IC:
 - i. no later than 180 days after being retained by BCI, conduct a review (the “Review”) to assess the adequacy of BCI’s policies, procedures, controls, recordkeeping, and systems, in particular those relating to: (1) BWIM’s trading and investment parameters, billing, reporting, and the related processing of new clients; (2) BCI principal trading for or with BWIM advisory clients; (3) the disclosures to BWIM advisory clients regarding the fees BCI earns, or pays solicitors, in connection with client accounts; (4) the identification of advisory accounts for annual surprise examination and Form ADV filing purposes; (5) the distribution of annual audited financial statements of entities for which BCI is authorized to withdraw client funds maintained with a custodian upon its instruction to the custodian; and (6) the receipt of written internal control reports for related persons that maintain custody of assets of BWIM advisory clients; and
 - ii. within forty-five (45) days from the completion of the Review, submit a written and detailed report of its findings to BCI and to the Commission staff (the “Report”), which shall include a description of the review performed, the names of the individuals who performed the review, the conclusions reached, and the IC’s recommendations for changes or improvements (the “Recommendations”).
- b. BCI shall adopt all Recommendations contained in the Report within sixty (60) days of the Report; provided, however, that within forty-five (45) days after the date of the Report, BCI shall in writing advise the IC and the Commission staff of any recommendation that BCI considers to be unduly burdensome, impractical, or inappropriate. With respect to any recommendation that BCI considers unduly burdensome, impractical, or inappropriate, BCI need not adopt that recommendation at that time but shall propose in writing an alternative policy, procedure, or system designed to achieve the same objective or purpose. As to any recommendation on which BCI and the IC do not agree, BCI shall attempt in good faith to reach an agreement with the IC within sixty (60) days after the date of the Report. Within fifteen (15) days after the conclusion of the discussion and evaluation by BCI and the IC, BCI shall require that the IC inform BCI and the Commission staff in writing of the IC’s final

determination concerning any recommendation that BCI considers to be unduly burdensome, impractical, or inappropriate. BCI shall abide by the final determination of the IC and, within ninety (90) days after a good faith agreement between BCI and the IC or a final determination by the IC, whichever occurs first, BCI shall adopt and implement all of the recommendations that the IC deems appropriate.

- c. Within ninety (90) days of BCI's adoption of all of the Recommendations as determined pursuant to the procedures set forth herein, BCI shall certify in writing to the IC and the Commission staff that BCI has adopted and implemented all of the IC's Recommendations.
- d. BCI shall cooperate fully with the IC and shall provide the IC with access to such of its files, books, records, and personnel as are reasonably requested by the IC for review, except to the extent such files, books, or records are protected from disclosure by any applicable protection or privilege such as the attorney-client privilege or the attorney work product doctrine.
- e. To ensure the independence of the IC, BCI: (1) shall not have the authority to terminate the IC or substitute another independent compliance consultant for the initial IC, without the prior written approval of the Commission staff; and (2) shall compensate the IC and persons engaged to assist the IC for services rendered pursuant to this Order at their reasonable and customary rates.
- f. BCI shall require the IC to enter into an agreement that provides that for the period of engagement and for a period of two (2) years from completion of the engagement, the IC shall not enter into any employment, consultant, attorney-client, auditing or other professional relationship with BCI, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the IC will require that any firm with which the IC is affiliated or of which the IC is a member, and any person engaged to assist the IC in performance of the IC's duties under this Order shall not, without prior written consent of the Commission staff, enter into any employment, consultant, attorney-client, auditing or other professional relationship with BCI, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years after the engagement.
- g. BCI shall not be in, and shall not have an attorney-client relationship with the IC and shall not seek to invoke the attorney-client privilege or any other doctrine or privilege to prevent the IC from transmitting any information, reports, or documents to the Commission staff.

26. Recordkeeping. BCI shall preserve for a period of not less than six (6) years from the end of the fiscal year last used, the first two (2) years in an easily accessible place, any record of BCI's compliance with the undertakings set forth in this Order.

27. Notice to Advisory Clients. Within ten (10) days of the entry of this Order, BWIM shall prominently post on its principal website a summary of this Order and a hyperlink to the entire Order in a form and location not unacceptable to the Commission staff. BWIM shall maintain the summary and hyperlink on the website for a period of twelve (12) months from the entry of this Order. Within thirty (30) days of the entry of this Order, BWIM shall send a letter in a form acceptable to the Commission staff to all existing advisory clients notifying them of the entry of this Order, and containing a summary of this Order, via mail, e-mail, or such other method as may be acceptable to the Commission staff. If sent electronically, the letter shall contain a hyperlink to the Order. If sent by mail, the letter shall contain a URL where the Order can be viewed and provide the client the opportunity to request a copy of the Order. Within fourteen (14) days of such a request, BWIM shall deliver a copy of the Order to the client. Furthermore, for twelve (12) months after the entry of this Order, to the extent that BWIM is required to deliver a brochure to a client and/or prospective client pursuant to Rule 204-3 under the Advisers Act, the brochure shall provide notice of the entry of this Order, contain a URL where the Order can be viewed, and provide the client or prospective client the opportunity to request a copy of the Order. Within fourteen (14) days of such a request, BWIM shall deliver a copy of the Order to the client or prospective client.

28. Deadlines. The Commission staff shall have the authority, in its discretion, to extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

29. Certifications of Compliance by Respondent. BCI shall certify, in writing, compliance with its undertakings set forth above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and BCI agrees to provide such evidence. Unless otherwise directed by the Commission staff, all Reports, certifications, and other documents required to be provided to the Commission staff pursuant to these undertakings shall be sent to Valerie A. Szczepanik, Assistant Director, Asset Management Unit, New York Regional Office, Securities and Exchange Commission, 200 Vesey Street, Suite 400, New York, NY 10281-1022, or such other person or address as the Commission staff may provide, with a copy to the Office of Chief Counsel of the Enforcement Division.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent BCI's Offer.

Accordingly, pursuant to Section 15(b) of the Exchange Act and Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that:

A. Respondent BCI cease and desist from committing or causing any violations and any future violations of Sections 204(a), 206(2), 206(3), 206(4), and 207 of the Advisers Act and Rules 204-2, 206(4)-2 and 206(4)-7 thereunder.

B. Respondent BCI is censured.

C. Respondent BCI shall, within ten (10) days of the entry of this Order, pay a civil money penalty in the amount of \$15,000,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. 3717. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Barclays Capital Inc. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Julie M. Riewe, Co-Chief, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549, or such other person or address as the Commission staff may provide.

D. Respondent BCI shall comply with the undertakings enumerated in Sections 25-29 above.

By the Commission.

Brent J. Fields
Secretary