

November 12, 2013

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Via Email to rule-comments@sec.gov

Ms. Elizabeth M. Murphy
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number SR-FINRA-2013-042; Release No. 34-70676
Barclays Capital Inc. comment on FINRA proposed rule change to require alternative trading systems to report volume information to FINRA and use unique market participant identifiers

Dear Ms. Murphy:

Barclays Capital Inc. (“Barclays”) welcomes the opportunity to comment on the above-referenced rule proposal from the Financial Industry Regulatory Authority (“FINRA”). Barclays is a full-service investment bank that owns and operates Barclays ATS (“LX”), which is one of the largest alternative trading systems (“ATSs”) in terms of US equity volume traded.¹ LX is part of Barclays’ equities liquidity strategy, designed to assist the firm in providing best execution to its clients.

FINRA’s current proposal would require each ATS to report to FINRA the aggregate weekly share volume and number of trades executed within the ATS. In addition, FINRA would require each ATS to acquire and use a single, unique market participant identifier (“MPID”) when reporting information to FINRA. FINRA would publicize the weekly data for equity securities on its website on a delayed basis.

Barclays fully supports the objectives of FINRA’s proposal – to improve the regulator’s ability to surveil for compliance with FINRA rules, Securities and Exchange Commission (“Commission”) rules, and the federal securities laws; and to enhance transparency of individual ATS volumes in a way that preserves the anonymity of sensitive trade activity. We anticipate that the proposal will improve FINRA’s ability to protect investors and promote fair and competitive markets through enhanced oversight and transparency of transactions within ATSs.

FINRA’s objectives are fully aligned with Barclays’ approach to managing LX. Earlier this year, Barclays publicly announced its commitment to disclosing LX volumes on a monthly basis, despite the lack of a regulatory requirement.² Our commitment to reporting volumes, together with other initiatives undertaken to share information about how we operate LX, demonstrate our belief that transparency benefits not only our clients, but the market overall. We encourage efforts to standardize ATS transparency across the industry and feel that FINRA is well-positioned to do so.

¹ LX is currently the #1 reporting dark pool. Sources: Rosenblatt Securities, TABB Group. (October 2013)
Further information on LX can be found at: <http://group.barclays.com/disclosures/important-ats-disclosures>. We welcome the opportunity to discuss LX at greater length with the Commission, the Staff, and FINRA.

² See “Barclays Announces Commitment to Reporting Dark Pool Volume” (May 20, 2013). LX reports volumes to Rosenblatt Securities and TABB Group.

We commend FINRA for recognizing the benefits of making standard ATS statistics accessible to the public on a delayed basis. As the market structure continues to evolve, this transparency will assist traders in finding natural sources of liquidity and allow them to make more informed decisions about their trading. It will also give the investing public a reliable and uniform source of data which can be used to help understand and evaluate ATSS as a significant segment of the market structure. Further, this will complement the Commission's recent initiatives regarding transparency and analysis of market structure data, which we similarly support.

While supporting the proposal, we would like to suggest two changes to better achieve its objectives.

- **Reporting requirement.** In the proposal, FINRA envisions a time when "the use of unique MPIDs by ATSS could eventually obviate the need for self-reporting of trading information to FINRA." Barclays' current use of a unique MPID for LX would make the additional weekly reporting requirement unnecessary, redundant, and cumbersome. We encourage FINRA to eliminate the weekly requirement for any ATS operator upon a firm's demonstration of effective compliance with the MPID requirement.
- **Fees.** In the proposal, FINRA describes its intention to establish fees and restricted terms for certain users of the data. While we acknowledge that calculating and publishing the data will require some effort by FINRA, we recommend that FINRA follow the example of the Commission, which has made trade information freely accessible to the public via <http://sec.gov/marketstructure>. The accessibility of aggregate ATS volume information will facilitate analysis, trend tracking, and greater understanding of ATSS as market centers. Also, given that the firms providing trade reports already go to considerable expense to comply with reporting requirements, it is counterproductive to charge firms to get aggregated data back again. The plan to charge a fee conflicts with the principles of accessibility and transparency that are being promoted in this proposal.

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We appreciate the Commission's consideration of the issues raised above in connection with FINRA's proposal. We remain eager to provide further input should the Commission, the Staff, or FINRA wish to discuss any of these issues at greater length.

Yours sincerely,



William White
Head of Electronic Trading
Barclays Capital Inc.